

However, financial solutions for environmental risks are not limited to insurance. Self insurance including, where appropriate, the use of captive insurance companies, as well as Alternative Risk Transfer, options and other derivatives, and pure finance solutions, all have role to play. This, together with the customised nature of the insurance covers that can be put into place, necessitate a consultative approach and an active involvement by client's staff in various departments as well as an active engagement in dialogue at board level.

## **GROWTH STRATEGY – A DECISIVE STEP IN FURTHER ACTIVITY OF THE COMPANY**

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Getting growth strategy right is a hit-and-miss process for many companies. Getting growth strategy right has always been a tricky, risk-inherent business. And today's companies face a perfect storm of three convergent economic forces: impatient shareholders, unrealistic demands for growth and a slowing economy. Some mistakes, like those above, are enormous and visible. Some are barely noticeable. The question is not whether failure can be avoided – it can't in any arena that entails risk. Rather, the question for the management of any company that wants not just to survive, but also to thrive, is: "How can we optimize the odds of profitable growth?"

To define a company's core, its management must have a deep understanding of the true strengths and unique assets that form its basis of competition. In other words, management must know its business's depth and breadth, before it can successfully expand corporate boundaries. At a minimum, companies must look at which product lines and customer segments are most profitable, which customers are most loyal and why, and which assets constitute their greatest source of market power and influence. In addition, companies must think inside their industry and examine where they can control their extended industry's profit pool.

The highest probability of success for any company expanding into an adjacency relies on many factors. These include the strength of

the company's core activity, the extent to which the adjacent activity is related to the core and a solid resource plan. While all factors are critical, management teams systematically underestimate the importance of the relation between core and adjacency.

Some of the greatest creative successes flow from the most systematic approaches to channelling talent and resources to build on core assets. The great growth companies of the next decade will be following the same rule, resetting the odds of profitable growth in their favour.

## **THE PROBLEM OF TIMBER TRADE**

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It's well known that world's forests are an important reservoir of biological wealth. They harbor more than half of all species on Earth and provide a range of other important natural services, including flood control and climate regulation (the quality of air). But the planet's forest cover is steadily decreasing as human numbers and the global economy continue to expand. Nearly half of the forests that once covered Earth have already been lost. And almost 14 million hectares of tropical forest – an area nearly 3 times the size of Costa Rica – is being destroyed each year.

International global timber trade plays the main role in deforestation. But it's not the only cause. Among others are: the cleaning of land for agriculture and grazing, fuelwood gathering and felling of trees for domestic use.

Several countries export more wood than they consume domestically, including Camerron, Canada, Gabon, Papua New Guinea. Recent years have seen particularly rapid grows in trade in more finished types of forest products such as plywood, pulp and paper. Indonesia and Malaysia now account for nearly 60% of world plywood exports, up from just 4% in 1975. This grows trend is expected to continue.

Industrial countries are the dominant players in forest products trade, accounting nearly 80% of the value of both exports and imports.