

Turning Downturn Into Major Upturn

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During the Nineties, Britain was losing up to seven companies an hour, 24 hours a day, seven days a week. By 2003 it was about two an hour. That's bad for everyone. A failure is costly for all stakeholders; customers, suppliers, employees, community, financial institutions, and owners.

So what can be done about it?

The answer lies in the productivity level and focus of all staff. But it starts with the board and the productivity and focus of the directors themselves. This is tackled by having a 'Downturn Strategic Plan', constructed by using the views and feelings of everyone involved in the business. It represents the operating platform for the business in the same way that an operating platform enables a computer system to function.

Managing a downturn requires the senior managers to stop thinking that the company is composed of individuals with individual job descriptions and a layer-on-layer authority structure. Research has shown that the average employee performs at about 30 to 35% of available energy. If properly motivated in an atmosphere of 'fair play', the employee will input about 50% of his available energy. An uplift in productivity of about 35% is possible and can immediately deal

Case One: The Clothing Company plc

This publicly quoted up-market menswear group was losing money. It was under pressure from bankers and other lenders. The institutional shareholder was uneasy, with the share price depressed to 32p.

The decision was made to establish a more formal Business Operating Platform. It would focus the management team on key areas by fully utilising the views of all staff and operatives; by committing management to more ambitious targets, and by monitoring progress.

As a result, the company re-engineered its manufacturing, which improved both production and quality. It enhanced customer relations by establishing a more viable organisation structure. It streamlined production planning and control systems. The high-quality product designs and prompt delivery soon led to increased customer and retailer confidence, and sales quickly started to rise. Within two months, turnover was up by 30% and gross operating margin by 9%. Earnings per share rose from 2.87p to 9.14p, and the shares shot up to 120p. Within a year they were named a 'share to buy' by the Investor's Chronicle.

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with any discomfort caused by the downturn.

How is this done? A formal Business Operating Platform is created to knit together the management people across and up

and down the organisation. This enables people to adapt rapidly to change and to become more agile in implementing new strategies. It wires together all the staff, management and IT systems so that business initiatives and programmes can become actionable and results can be achieved effectively.

How is this possible? By using a method, Team Action Management (TAM), which is designed to satisfy both internal and external stakeholders. This simple process creates what has often been suggested in theory, but never with a practical process.

TAM achieves the objects of traditional motivation theory. It is designed to:

- Give the employees a 'vision' or strategic direction which they would like to commit themselves to work towards.
- Let the employees make decisions concerning their own workplace.
- Form teams to achieve results.
- Increase participation
- Create an atmosphere of fair play.

The TAM process makes possible three things; (1) To build on the views and ideas of everybody involved, both within and outside the organisation. (2) To weld the responsible managers and professionals together to achieve the common and agreed end-results (3) To produce the agreement and commitment to get the right things done.

The main obstacle that all organisations face is how the many employees (each with their own personality and attitude), can be welded together to create a single-minded approach to dealing with the enormous problems of change and business development.

TAM is a menu with which to plan the required development projects. It leads the management team through step by step until they actually create the documented Business Operations Platform. The use of an Action Planning Team or Committee ensures that the speed of implementation is fast and dynamic and that communication between the parties is optimal. The overall programme follows these steps:

Step 1. A team is appointed to achieve the published results. The team will be those who are

Case Two: The Chemical Processing Company

The Scottish plant of a Swiss pharmaceutical and chemical multinational suffered from low morale, a serious lack of initiative, and a tendency to pass on blame. This resulted in a slow response to changing market needs and new technological developments, followed by especially low yields. Management was actively looking for methods and techniques to correct the low morale and give the Scottish operation greater stature and initiative in development of new product and new markets, and greater efficiency and commitment - quickly.

A formal Business Operating Platform was set up using the TAM process. It was decided that the CEO should personally present the change programme to all employees, inviting them to actively participate in appraising the company through frank evaluation of their own work-related situations. This exercise raised 1,400 issues, equivalent to seven per employee.

To deal with these, 56 specific action programmes were agreed with each assigned to one of the management team. The results were fed back to the workforce by the CEO in a special report which also explained in detail the business objectives and strategies based on the issues that were raised through employee participation.

The improvement in operations and continued display of commitment to improve the site led to a new Vitamin C plant investment, costing £140 million, employing over 400 extra people, and providing a significant increase in profits for the parent company. Today the site is the biggest Vitamin C production site in Europe.

The use of an Action Planning Team or Committee ensures that the speed of actual implementation is fast and has dynamic effects

best suited to carrying out the work intended. Members can be co-opted persons or those directly reporting to the manager in charge. A TAM instructor is appointed who with an assistant will be responsible for the programme.

Step 2. The schedule of events, along with the objective state-

ment, ring binders and dividers is given to each team member.

Step 3. The team assembles and is given a short explanation of the steps which will be followed and why. They are all instructed on completing 'planning issues'. Plans are laid for getting such issues from both team members and all other staff who can make a meaningful contribution. If there is a financial character to the project, the team and staff support are trained in the finance and management accounting system.

Step 4. Issues are collected from all employees. Then a working session is held which consists of a series of steps designed to make possible a comprehensive listing of actions which will be

implemented; along with the cost benefits of each action. These actions are assigned to members of the team. Priorities, financial pro-formas, objectives and strategies are also produced during this step. A complete document is given to all team members at the time when they leave the working session.

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Step 5. The 'plan of attack' is summarised and presented to any higher authority whose approval is required before the implementation and control phase is formalised. Once approved, a schedule of reviews is published showing when individual team members will meet with the team leader to discuss progress on individual actions. This includes monthly team reviews where progress is reported.

Through the strategic use of the collected ideas, and because of the transparency of the action plans, trouble can be spotted and corrected quickly. An important feature is that everyone knows what everyone else is doing, what they are responsible for, and how far each phase of the plan has been implemented to date.

Monitoring continues until the results are obtained. The process is ended when the recommended improvements have been made. Managing a downturn thus sim-

ply requires creating an operating platform that produces a single corporate brain to which, acting as one, not as individuals, all staff can relate.

The design of the organisation's psychology should be guided by four principles. First, the organisation should provide for a clear-cut line of authority headed by a chief executive, whose job is basically 'corporate planning'. That means looking forward as opposed to being oriented to the current operations.

While the CEO should be less preoccupied with the here and now, he or she should be more focussed on development issues, directing their own attention to the important and leaving the urgent to those responsible in each operational area.

Second, genuine receptivity is required at the top. The CEO should create levels of psychology from the top to the bottom of the company, starting at the top with being receptive themselves to new methods, new ideas, and new products and services.

The receptive CEO needs the support of directors who appreciate the current state-of-the-art applications (such as advances in management and IT systems), and who are capable of recognising their potential value in specific opportunity areas for the company.

Moreover, due allowance must be made for having trained skilled staff armed with the ability to structure, solve and carry out changes related to their own workplace.

Third, ultimate success derives from a culture that provides for cooperation and participation among the organisation's members. This means that the structure needs to assure support

from the senior authority, agreement and commitment at the level of responsibility where the work must be supervised, and the willing acceptance of any change by those affected at the level of impact.

The mental process for decision-making and action is fast for the individual but slow for the group as a whole. TAM closes the gap, so many think and act as one

Finally, the mental process for decision-making and action is fast for the individual but slow for the group. This is because in a group/team the participants' individual assumptions and expectations may contain differences which manage to block or disrupt the common decision-making process.

The whole team is immobilised by any individual expressing doubt about the likely success of the proposed action, which may lead to a problem of apathy among the team members. Combat these problems by creating a corporate brain, so that the many think and act as one. Team Action Management makes it possible for a team to think as quickly as an individual. ■

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