



Tips to Improve Performance

Clear thinking and strong communication are essential when seeking to revitalise a struggling organisation. **Mary-Anne Baldwin** reports on how poorly performing businesses can be transformed



Improving business performance takes strong leadership and immense effort, but neither will have impact if the company's customers, staff and other stakeholders don't believe in its future. A good leader will be able to create buy-in from everyone involved and use it to drive change.

When looking to bolster the performance of a company or division, **Matthew Tait**, Business Restructuring Partner at BDO, emphasises the value of communicating a clear strategy to all involved.

"One risk to recognise about businesses in distress is management's tendency to lock the doors to the bunker. Despite the evidence, they can believe that no one sees what's going wrong. Nothing could be further from the truth. Staff, customers, competitors, will know what is happening," he says.

"A good turnaround plan needs to be agreed by the stakeholders as opposed to being imposed on them. You must understand what you need from each stakeholder – it could be time, funding, or a change in work practices. You also need to understand what the turnaround offers them; if it doesn't give anything to key stakeholders then the turnaround won't work."

Change can be worrying for anyone, but the greatest fear comes from not being informed about where it will lead.

As **Joe Berwick**, Business Development Manager at Criticaleye, highlights: "A clearly communicated strategy is the cornerstone of any successful change programme, and it is the leader's responsibility to ensure it's well-received by all stakeholders."

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We spoke to a range of business leaders, each of which have been through a restructuring, to find out how they managed their stakeholders. Here's what they had to say:

1. Reassure Your Customers

When **Vanda Murray**, Criticaleye Board Mentor and Non-executive Director at Bunzl, led the turnaround of conservatory provider, Ultraframe, where she was UK MD and Group Marketing Director, she knew all key stakeholders had to be involved. "You must engage with them on a meaningful level about what they need, what their issues are and how you will work together," she says. "The core of the turnaround story should always be the same and it should be based on reality, but you will clearly want different messages for different stakeholder groups."

One move **Vanda** made early on in Ultraframe's turnaround was to reassure customers that the company was reacting positively to market changes.

"The competitor had copied the product and halved the price, the product wasn't quite as good but it was good enough. Our customers were leaving us in droves; it was a critical situation and action needed to be taken very quickly," **Vanda** explains.

"I spent a week on the road speaking with all of the top customers to really understand what was happening. I spoke to most of the senior people in the company and then modelled how it could survive. We made it very clear what we hoped the timeline would be and we told them about our milestones to show we were on track. That was really important for them."

2. Build the Right Executive Team

When **Andrew Richards** took over as Managing Director of Britvic's newly acquired Irish operations, recession had just hit the country.

"We saw a procession of poor numbers, poor productivity and a poor marketplace performance across almost the entire spectrum. The business was failing," he explains.

Andrew realised that he needed a team fit to take the business through Ireland's recession; that meant very honest conversations with his executives, culminating in five of the seven leaving the business.

"In my first 90 days, one of my goals was to assess the nature of the loadbearing team," says **Andrew**. "When I arrived, the Britvic Group Chief Executive had confidence in the Britvic Ireland executive team we'd inherited, but as we spent time pressure-testing the plan >



it became apparent that a lot of people weren't capable of making the journey.

"The first person to exit the executive team, which was within three or four months, was the HRD. He was very well intending but not capable of managing a progressive HR agenda, and he recognised that."

This process needs to be maintained throughout the change programme – while it's common to make initial changes to the executive team, continued assessment will ensure the team still carries the skills it needs as the business evolves. "Those who initially feel they're engaged and involved can begin to lose the energy to continue," **Andrew** explains.

3. Restore Staff Morale

Low morale will take its toll on any business in decline; it can blight productivity, stain your company culture and lead your best staff towards the door. While emotions are bound to run high, there are ways to improve things – the most important of which are openness and clarity.

"People know when you are being straightforward with them. I talked to the staff in small groups of their own teams, so they felt comfortable enough to ask questions. I was as honest as I could be with them about the changes that would happen," explains **Vanda**.

The greatest fear for many employees will be redundancy, so it is important to ensure it is handled properly. "We allowed people to leave with dignity and their heads held high, as much for them as the people left behind," says **Vanda**.

It's also important to understand how cultures vary across regional and international operations. **Bryan Marcus**, now Chairman of JBR Capital, recalled his experiences while being CEO of Volkswagen's Latin American financial services division, VWFS.

Tasked with the turnaround of loss-making businesses, **Bryan** says: "I was a Brit leading a turnaround of German-owned banks in Brazil and Mexico, so the cultural, regulatory and operational challenges were numerous. From my experience, the critical success factors were openness with shareholders, consistency with local stakeholders and to 'walk the talk' with the local management teams."

4. Communicate With the Board

Having led the turnaround of an international division, **Bryan** is familiar with the complexities of dealing with a distant board, as he explains: "Having worked in a local corporate, one of the challenges I faced was being part of a global corporation with global standards. You need to manage the pressure from headquarters and meet shareholder expectations while creating the time and space for the transformation to take root locally," he explained.

Andrew faced similar issues at Britvic Ireland and found face-to-face communication was the remedy. "Some of my group executives and board colleagues had less sympathy or understanding of the situation I was in," he explained.

"One of the ways I tried to work through that was to get the Chairman and a

couple of non-execs over to explain what we were grappling with, that's how I tried to manage my stakeholders back at the group level. Once I'd got them on the ground to see the situation first hand, they started to understand the challenges better."

Whether you meet your stakeholders in person or build a rapport from afar, it's imperative that you earn their confidence. As **Matthew** explains: "You need to have a trusted starting point otherwise people will hear the same messages reiterated but never believe it."

And as much as you may want it, widespread improvements won't happen without the belief of others. ■

These insights were shared during Criticaleye's recent Global Conference Call, [Conducting a Successful Turnaround](#).

Featuring Commentary From:



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