

ORGANISATIONAL TRANSFORMATION: A CASE STUDY

WHAT WE DID FIRST

We invited a core management group and the business unit director to review and discuss the status quo and, more importantly, to review the key operating metrics of the business. This was at times a difficult meeting as it was the first occasion when divergent views had been "allowed" and encouraged to surface.

No one fully understood or appreciated the financial situation and this too caused great concern when the key numbers were put on a whiteboard and explained. We worked through the issues that people raised in that session and brought the meeting to an end with a general agreement that they, the "new" management team, faced three key challenges:

1. How to remodel the service and offer something that would be perceived as higher value. (This cut to the question of what the business was fundamentally about.)
2. How to stop more customers leaving and how to retain the major customers that accounted for 80% of the revenue
3. How to reduce cost of sale (COS) and running costs.

People needed some time to work through what had been a challenging session. (Some were, it must be said, excited by the prospect of change.) We proposed running a similar session a week later and we asked each of the team to circulate their ideas for dealing with the three challenges beforehand.

WHAT HAPPENED NEXT?

As the second session approached, people circulated notes as requested. Almost all focused on the first two challenges; only one person addressed COS and operating costs in support of a fundamental change of direction.

At the session itself, the energy in the room was quite different. There was a radical proposal to introduce new technology and automate the core processes. Opposing this was a closely argued defence of the status quo. A new client services team was suggested to focus on retaining wobbling clients. The two senior managers (including the business unit head) were quite clearly at loggerheads. One wanted at all costs to retain the status quo and, therefore, to preserve her concept of the purpose of the business; the other wanted to move into a related field which deeply interested him and explore opportunities there. Neither option found support in the meeting. The technology and automation option was discussed and rejected as it carried considerable cost/risk. (The technology was still under development and seemed unlikely to reduce operating costs.) The meeting felt deadlocked.

HOW WAS THE DEADLOCK BROKEN?

We took a break. I used the time to speak to the most junior member of team who had addressed COS and operating costs as part of his paper. My own view was that his proposal contained more potential than the others but I was simply the consultant. This paper had not yet been discussed in the meeting and, after the break, I opened with a suggestion that we now reviewed the remaining paper.

- The key features of the proposal were:
- Reduce abstracting activity and outsource it entirely to external abstracters.
 - Redeploy the information professionals in the unit to the creation of new content distributed via a blog and social channels as sold to paying customers as commissioned work.
 - Shift from abstracting published content to abstracting Open Source material and reduce COS and copyright fees.
 - Reduce the staff of the business unit by 50%.

No one liked this option. I offered my opinion that, irrespective of whether it was right or wrong, this was the only option that had attempted to deal with all three of the original challenges facing the management team. And for that reason alone, it deserved some further work.

We then spent just over a week working with the team gathering data on the points above; modelling new volumes and services; modelling costs; suggesting a new structure for the unit that included the staff reduction.

I presented this back to the management team and to their executive in the company to get some sense of outline approval or outright rejection. The executive, who had not been party to the meetings or outputs, were predictably pleased as their concern extended only as far as bottom line figures. The management team itself was split. Some were enthused; some accepted it as an inevitability and still doubted whether it would be possible to implement.

MAKING IT HAPPEN

Change happens all the time. In small increments. For everyone. At this point, it was necessary to engage the whole business unit and lay out the picture for the future and to discuss how we would proceed.

At a whole business unit meeting, I re-ran the presentation created for the executive and invited the management team members to run through particular sections. I spoke about the staff reduction (as someone perceived by the staff to be somewhat independent) and with the new structure.

People immediately volunteered to help with any analysis and scoping of new services.

There were, as I had anticipated, people with ideas, lots of ideas, in the group. People also approached me afterwards to raise the issue of leaving and I was able to connect them to the Group HR function for discussion about redundancy. In the end, some people (very few) were made redundant. The majority volunteered for it. The new organisation structure offered opportunities for role change and progression for a number of staff. The overall reduction in numbers impacted the senior managers most as it was quite obvious that a smaller number was now needed. The business head unit fortuitously left to pursue a new direction. The operations head who argued most for the status quo was made redundant.

The new, much smaller organisation found its momentum quickly. With its new head and with a new way of working, the unit became viable (indeed, profitable) within 18 months. The professional staff are employed on challenging and higher-value work than before and the mood and morale is clearly improved. There are fewer of them but productivity overall is up. There are fewer support staff but some bold experiments with recruiting and training young digitally savvy staff have paid off.