FinServe – a financial services company

FinServe is an interesting company. It is small, but competes with offshoots of very large corporations. It is UK based, but its market includes much of the EU – and it has no office locations elsewhere in the EU. It is based in a small town in the North West of England, but its major UK clients are all in the South East. As with all financial services companies, it is heavily dependent on having good information technology – but, at the time of the MTL assignment, its main database management system was basic and rather out-of-date. It had two main sectors to its market. It was strong in the one that was declining and weak in the one that was expanding. Moreover, new EU regulations applying to the market had been announced, but not yet implemented. These would have the effect of accelerating the decline of the one sector of the market while also accelerating the growth in the other.

While the impending changes were well known, the exact effect was less well understood.

It was in relation to those last two points that the strategic issues arose. The declining market comprised large producers, and was numerically small and focused, but with high volumes and margins; the expanding market comprised brokers and agents, and was numerically large, unfocused and with small margins. At the time, a new database management system had been ordered, but was not yet fully commissioned. It was due to go on line during the 6 months following the MTL assignment.

Some of the implications were that there would be a significant rate of change, in a company that had previously operated in a stable market, and had become adjusted to that happy state. The management team had grown accustomed to not having to consume their time with strategic issues and had become rather operationally focused. In an effort to secure large accounts, the company had taken customer focus to an extreme, in terms of developing a high degree of customer responsiveness by adapting service offers to constantly changing fashions. The latter was a problem, in that it would be impossible to continue that pattern with a larger number of smaller accounts, with generally smaller margins.

All this pointed to the need for an organisation with a high level of capacity for adapting to a changing external environment – but there were considerable doubts about the then capacity of the organisation to do so, and even more about the ability of the management team to develop such a capacity. All the senior management team members were strong on technical skills and knowledge, with very considerable industry experience. The snag was that technical skills and knowledge would not necessarily equate to the ability to develop a resilient organisation – and the industry experience was mainly in the wrong sector.

The MTL project had three main objectives. These were:

- To establish the degree to which the FinServe organisation was currently capable of adapting its internal and external processes and practices to a rapidly changing environment.

- To establish what actions would be needed to develop a greater capacity for organisational adaptation and learning, so that the demands of a changing market could be met.

- To start the change process without needing 'heavy' management direction from above.

A precondition for success in achieving this last objective was a management commitment from the start that whatever came out of the exercise would get wholehearted management support, in two different ways. The first was that employees engaged with the process of discovery and change could get on with whatever organisational development work that was collectively decided by them as necessary – the practical application of the Confucian expression “First find people you can trust, and then trust them”. The second was that management action to 'fix' whatever was established as an issue, (but that was beyond the power of the people identifying it), would duly be provided.

As it happened, this was not a problem, as the MD was totally open to feedback on the nature of the organisation. In fact, he and two of his Board colleagues, during one meeting that occurred before the project started, declared themselves to be unsure about why the behaviour of the organisation was sometimes not as they expected . They were very sure of their technical, product and market expertise, but freely acknowledged that managing the organisation, as an entity in its own right, was not their strong suit.

During the same meeting, it was also suggested that it might be that part of the problem facing FinServe was the essentially conservative nature of its business. The actuarial function at FinServe exerted a strong influence over the design of FinServe's products. Their approach to risk was about minimising the possible longer-term exposure of FinServe, and this included their own estimates of the effect of regulatory and other changes in their key markets. Their assessment of the risks associated with selling FinServe products through smaller outlets was that is was higher than through the major producers. Unfortunately this meant a rather restrictive approach to the products targeting the expanding piece of FinServe's market.

Another piece of the cultural mix concerned the marketing / selling model that had evolved over time. It had become normal to focus nearly all the resources applied to developing the 'major producers' sector of the market on account management. There were numerically few target accounts, and FinServe had existing business with most of them. All of these accounts were targeted by competitive suppliers, and it was crucially important that FinServe should retain them all. There was no marketing function in FinServe that operated in this (declining) sector.

By contrast, a small marketing function operated in the sector comprising smaller agents and brokers. The need for this marketing function was partly driven by the previous FinServe weakness in this sector, and partly by the fact that there were in excess of

25,000 potential outlets to be reached – no small challenge for a small field sales force. That was were the norms of behaviour came in.

For major producers, especially with the extreme focus on providing the customer what they said they wanted, any opportunity, (including potential accounts in the EU), would result in someone from sales, or a company director for that matter, leaping on a train or aeroplane and dashing off into the dawn to do the customer's bidding. This was both an application of the conservative attitude towards risk, and an exception to it. In the case of an existing account, the risk of losing it had to be minimised at all costs. In the case of a potential new EU account, there appeared to be little analysis of the potential and risk of winning the possible business – the approach applied with UK accounts was automatically rolled over on to potential EU accounts.

Again, by contrast, an enquiry from a small agent or broker in the UK might get a field sales person to call, but it was just as likely to get a set of literature through the post. On this occasion, it appeared to be the costs associated with direct selling to 25,000 outlets that was the driving force – hardly the kind of norm that would underpin the requirement to get into the 'small outlets' sector of the market.

The project

It was decided that the MTL intervention would have three distinct stages. The first would use Magus Indexer, as this product is designed directly to assess the existing level of organisational resilience. Resilient organisations are those that constantly adapt to a changing environment. In resilient organisations all employees contribute to the process of seeking, sensing and interpreting signals indicating a need to change; all employees contribute to the process of testing new ways of working and implementing those that are successful; all employees are able to get important items on the strategic agenda, where they do not have the resources, including information and power, to make the required changes themselves.

The outputs from Magus Indexer would be used as part of the design process for a second stage, and this would use Magus Networker.

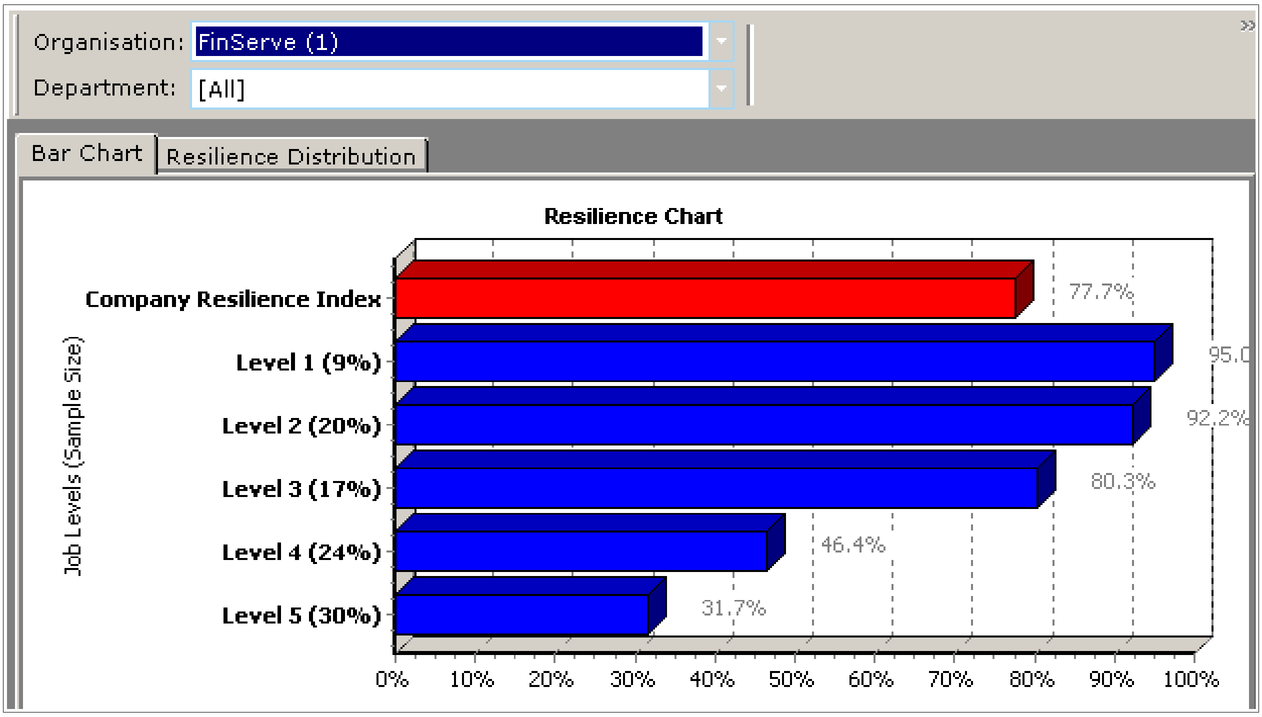
The outputs from both of the first two stages would be used as input information to a short series of workshops. All respondents to the first two stages would be invited to attend. Their objective for those workshops was to identify the priority issues identified, identify the causes of those issues, and agree action to be implemented by themselves to fix whatever was so identified. Their 'reports' would also include a request for management action, outside their own group, where this was required.

This paper deals with the Magus Indexer part of the intervention. The Magus Networker piece of the intervention is described in a different paper.

The designed sample had 72 people nominated to provide data through Magus Indexer. 69 actually completed the questionnaire, giving a response rate of 96%. This high response rate is not unusual with Magus Toolbox discovery and change applications, since the design of the front end of the intervention is designed to raise the motivation of people to participate. The questions used to collect data are specifically non-judgemental and observational. Respondents find these indirect questions non-threatening.

The FinServe results

The very first results from the review of the state of resilience appeared to bear out the expressed fears of the directors of FinServe – see the chart below:



For this chart, Magus Indexer calculates the 'Index of Resilience' for the company as a whole, reported as the red bar in the chart. The index is calculated as a percentage of the maximum attainable Index of Resilience – the theoretically 'perfect' organisation that does not actually exist!

The figure for the company as a whole – using the whole sample of 69 sets of data – is very high at 78%. Magus Indexer, however, also calculates the same index by level. In this context, 'level' means reporting distance from the most senior person in the organisation. Level one data generates an index of 95% - implying a nearly perfect organisation, in terms of its resilience. By the time levels 4 and 5 are reached, the Index of Resilience has dropped to 46% and 32% respectively.

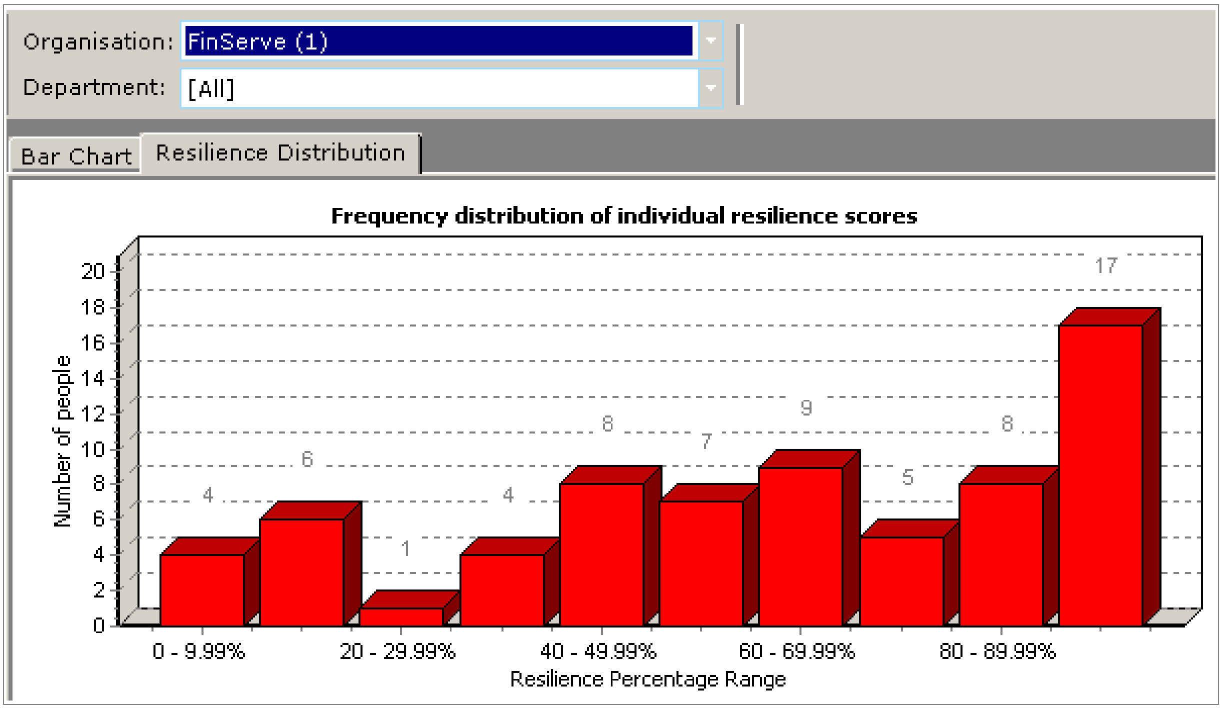
It needs to be borne in mind here that the question set used by Magus Indexer for data collection does not touch directly on the issue of organisational resilience. No questions are asked on this subject.

The underlying model used by Magus Indexer is based in research conducted in 1990 to determine why some organisations can 'turn on a sixpence' while others find it an almost unsurmountable task. Through the research a continuum of organisations was identified, with those that are 'change disabled' at one end to those that are 'change enabled' at the other. The correlations that distributed the organisations in the research along that continuum were all about the processes and practices that were used to manage the organisation, plus the behaviour of individual managers.

The question set used in Magus Indexer is all about those organisational practices and processes, and the observed behaviour of managers going about their ordinary jobs. The input data are driven through an inference engine, which interprets the data, using the results of the research project noted above, and defines the characteristics of the organisation, both in terms of its overall resilience and in terms of 15 dimensions of that resilience – see the notes below.

Given the results in the chart shown above, it would appear that that way that senior managers think the company operates has relatively little to do with the reality as experienced by more junior people.

In Magus Indexer, the indexes calculated for the organisation as a whole and by level, are qualified in a chart showing the distribution of indexes, when calculated from the individual sets of responses generated by respondents. This chart is shown below:



There are two key points about the data contained in this chart. The first is that there are significant numbers of respondents whose data, when interpreted, suggest that the organisation is anything but resilient. The second is that there are 17 people, represented in the bar at the right of the chart, whose data suggest that the organisation is in the very top flight of resilient organisations. It is the data from those 17 people that are heavily distorting the Index of Resilience of the organisation as a whole.

Organisational resilience

The 1990 research used a model with 100 characteristics of organisations to map the position of the companies in the sample along the continuum of change disabled to change enabled. 100 criteria are fine for a research project, but over the top for a practical, working, organisational development tool. For Magus Indexer, the 100 criteria have been reduced down to just 15. The complete set of Magus Indexer outputs are shown in the table on the following page, with the positive versions of the criteria on the left and the negative versions on the right.

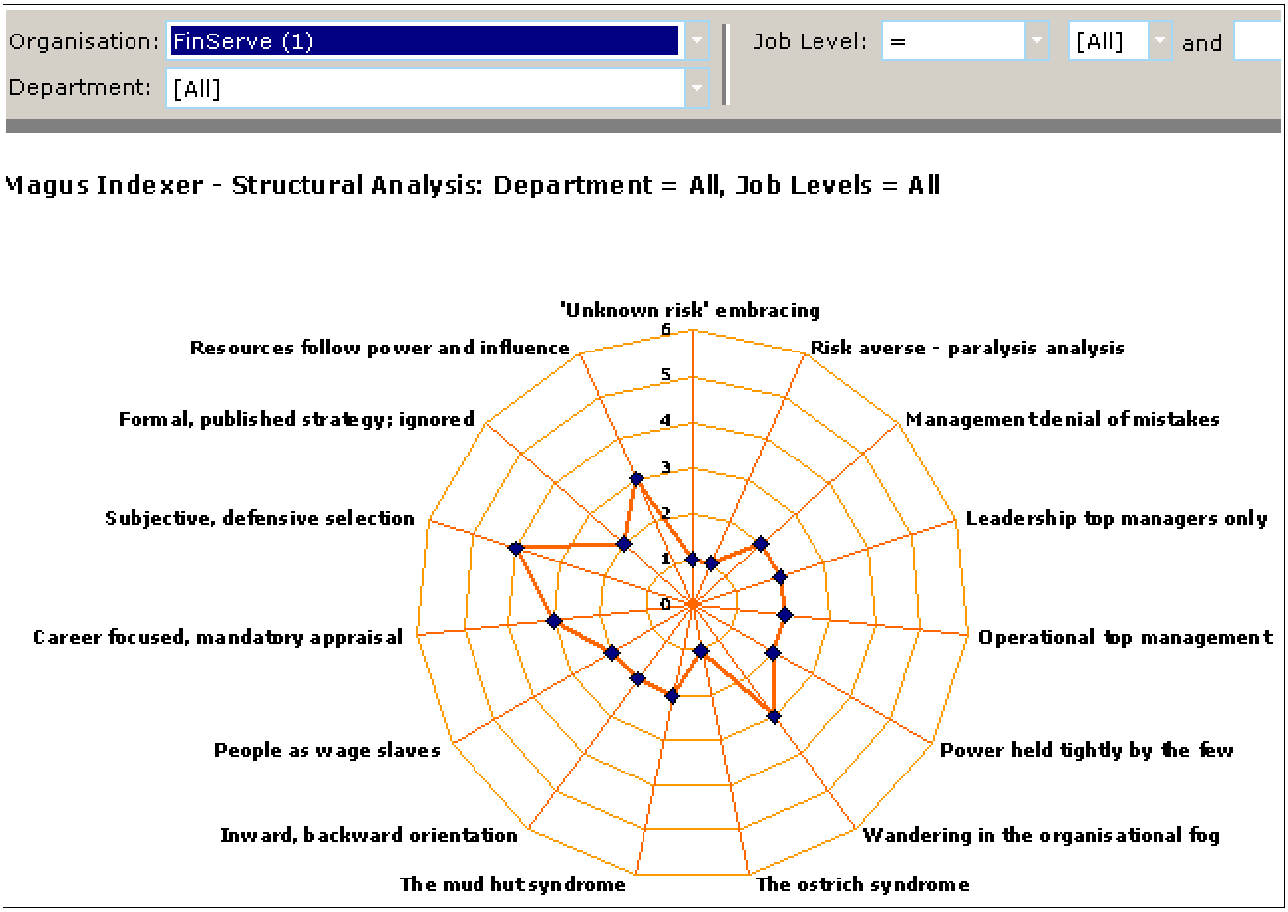
Making decisions involving risk, after assessing probability and seriousness of risks and how to manage them	'Unknown risk' embracing - often 'taking a chance' because of attractive possibilities and un-assessed risks
Accepting risk - making decisions balancing assessed probability and seriousness of risks and expected benefits	Risk averse - analysis paralysis - never making the move until certainty beckons - often when it is too late
Top management - the drivers and exemplars of open feedback and experiential learning	Top management - denies mistakes instead of learning
Leadership is demonstrated and valued throughout the organisation	Leadership is assumed to be the responsibility of and something that happens in top management
Top management - the learning brain of the organisation	Top management - the operational arms and legs of the organisation
Power to decide and influence important decisions is widely and openly distributed throughout the organisation	Power is held tightly by a small group of people and often exercised covertly through power brokers
There is a clear sense of direction in the business - everyone knows - and their contribution to it	Few seem to know where the business is heading - it's a bit like wandering around, lost in the fog
Helicopter vision is practised at the top - critical issues anticipated and actioned - adaptive learning is the norm	The ostrich is emulated - head in sand waiting for the outside world to deliver a swift kick up the posterior
Cross functional working and temporary power coalitions for problem solving are the norm	The mud hut syndrome is alive and well - everyone in their own little mud hut, doing their own thing - in isolation
Managers throughout the organisation focus on future oriented issues relating to the outside world	Managers tend to have an inward looking, backward facing, short term focus on performance issues
People are valued as THE key business asset, and seek responsibility and chances to contribute to the strategy	People are treated as wage slaves, who only get into motion if they are bribed (carrot) or threatened (stick)
Performance appraisal is embraced and welcome, and underpins a focus on continual improvement	Appraisal is formal and mandatory, and tends to produce an emphasis on career development and training needs
Selection processes are open, and driven by objective, analytic assessment of skills vs. job needs	Selection processes driven by who you know / halo effect -defensive measures protect against mistakes
Strategy development is influenced widely through the organisation - through an informal,emergent process	Strategy is published as formal documents and presentations, and gets little attention from employees
Resource allocation is openly driven by business priorities - customer facing groups take first place	Resources follow power and influence, and spenders (overheads) get preference over earners (producers)

If the positive set of criteria on the left is a perfect description of the organisation, then it would be argued that it is perfectly resilient, or change enabled. If the negative set of criteria on the right is a perfect description of the organisation, then the opposite would be argued – the organisation would be perfectly non-resilient, or change disabled. Neither extreme has yet been discovered.

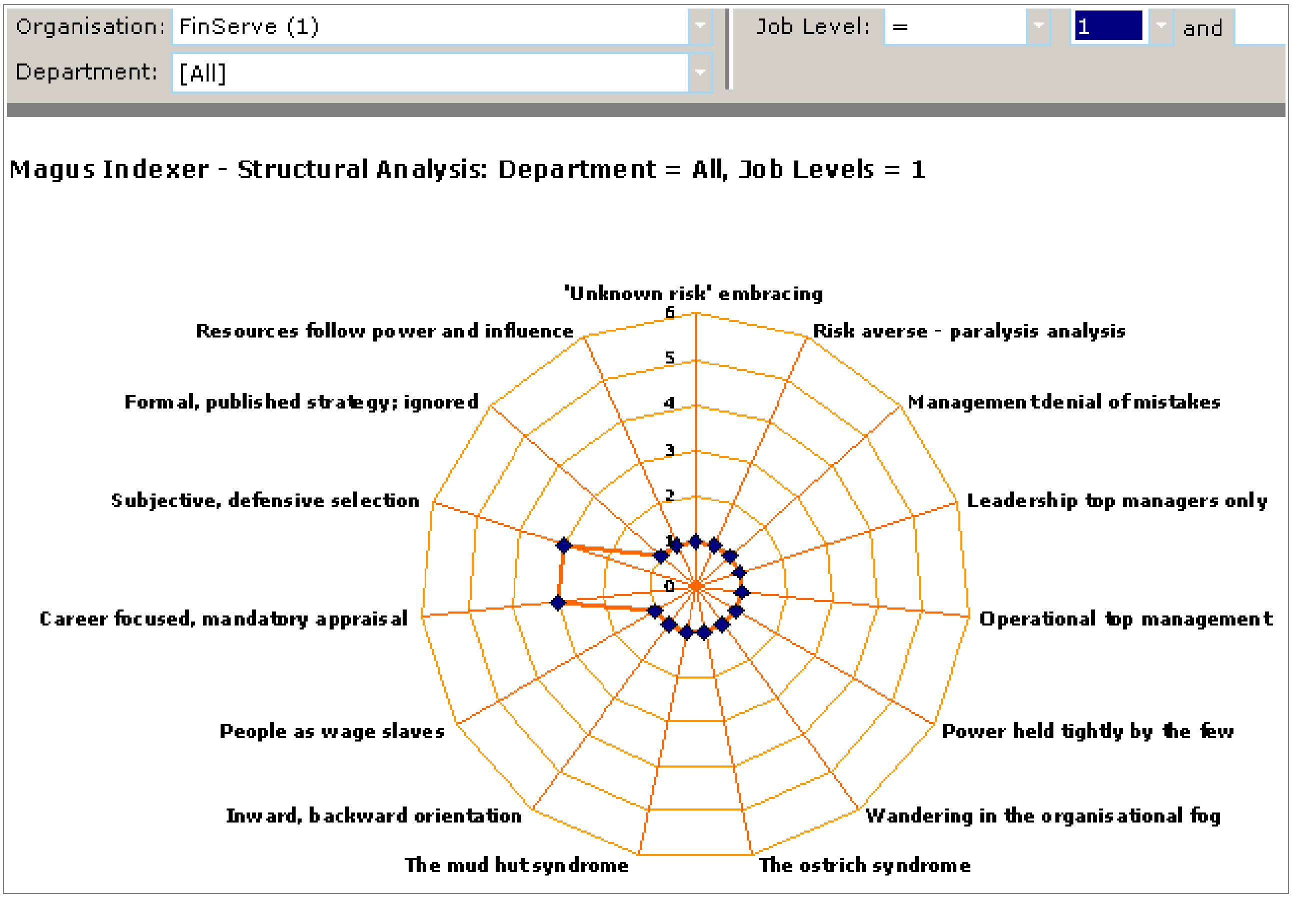
More FinServe results

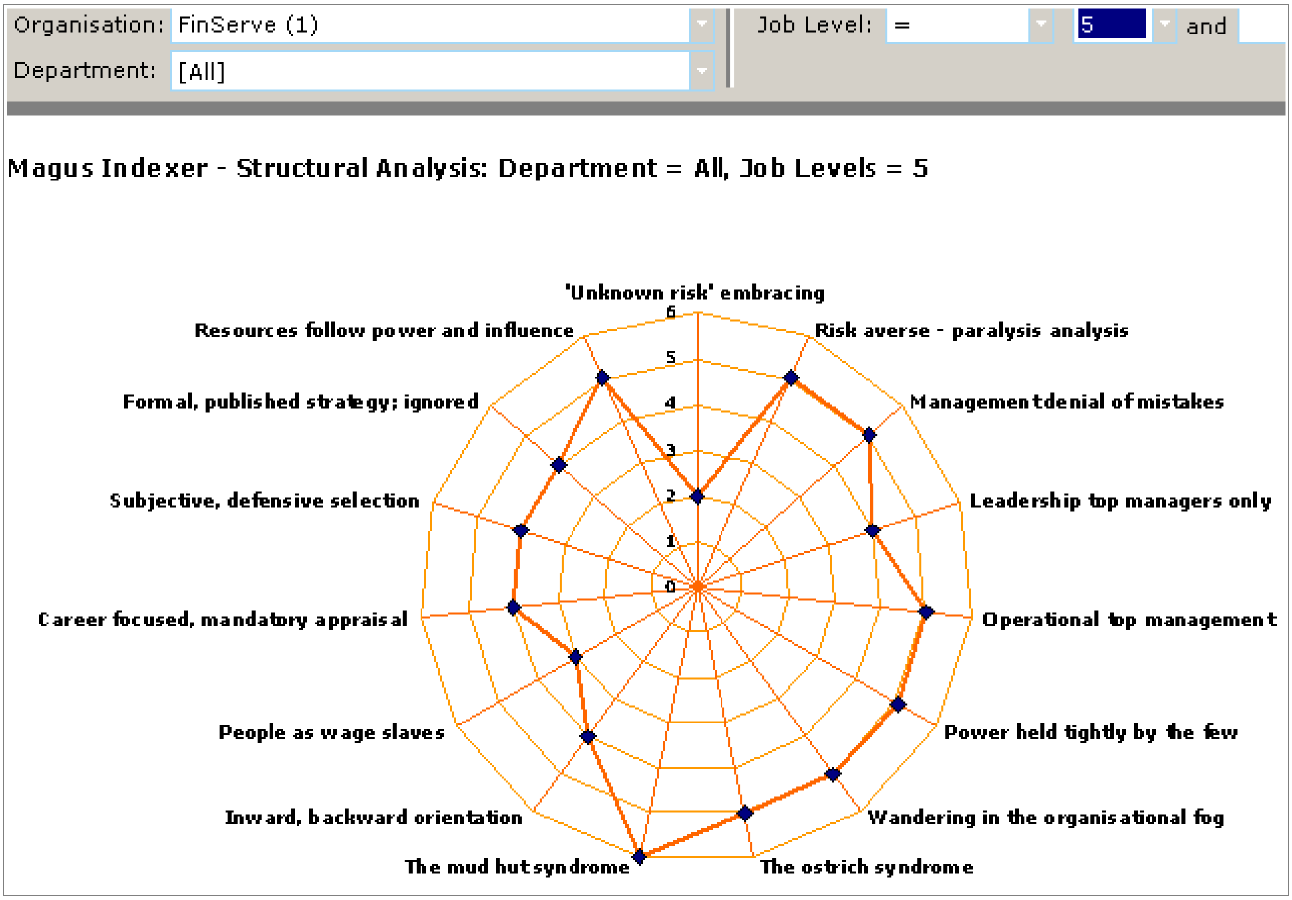
Magus Indexer provides a 'report form' of the main outputs, using a table similar to the one on the previous page. On many PC screens, there is too little space to show this without the need for scrolling up and down to check all the results. Generally, the radar-chart form of report is preferred, as it suffers less from this space restriction. This report is illustrated below. The 15 criteria are represented in their negative versions, with an abbreviated set of words – again to save space. The significance of the issues is indicated by the distance of the points in the radar chart from the centre of the chart – the greater the distance, the more significant the issue. The database can be cut in many different ways.

The chart shown here is for all departments and all levels in the FinServe sample. It should be remembered that there were large differences in the Index of Resilience when calculated for different levels. The differences in input data will have the effect of 'smoothing' the output report chart, and will mask some key issues when the Magus Indexer querying tool is used to filter the data. Having said that, it is interesting to note here that both 'risk' outputs have the minimum possible score. The outputs with high scores are two HR-related issues (selection and appraisal) and one relating to the distribution of power and another to a sense of lack of direction.



The two output charts below illustrate the results for level 1 and level 5.





While the difference between the two sets of outputs is dramatic, it may be noticed that the output relating to unknown risks remains low, confirming the view of the conservative nature of the organisation. The questions used in Magus Indexer are non-judgemental and observational. This means that there is ample support for the contention that the way the directors think the organisation works does not connect well with the observations of the most junior people in the sample.

One conventional way of interpreting this results would be that of lack of communications between senior management and operational people. On this occasion, the evidence was that there were frequent and largely informal contacts between the two groups, which suggests that a different explanation needs to be found. The issue becomes not one of lack of communications but the nature and content of those communications.

The clue is given by insights from two sources. The first was in the accepted (historical) lack of any perceived need for the management team to spend much time on strategic issues. This links with the high score in the chart for 'Operational top management'. The second is the great technical knowledge and industry experience of the directors. In almost classic fashion, this 'greatest strength' had become their 'greatest weakness'.

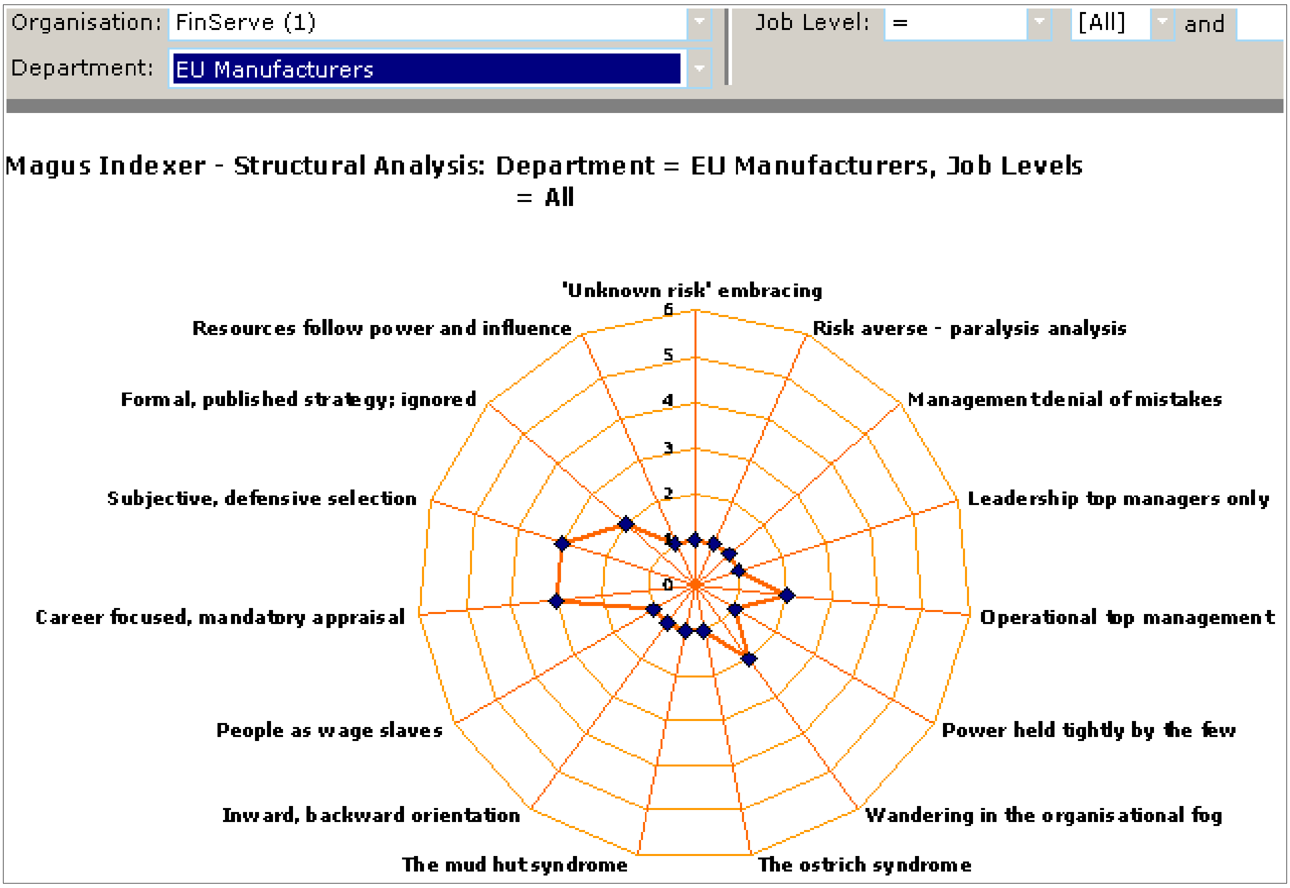
The reality, as experienced by operational people, was that most of those workplace contacts with senior people were focused heavily on individual customer issues, mainly with the large producers, and short term results. The high level of very good personal contacts with senior people in key accounts had also become a mill stone around the collective neck of the organisation, with theoretically accountable people being bypassed with some regularity. Customers became educated in the idea that decisions could be procured directly from senior managers, often along with attractive concessions. This turned out to be a habit that was difficult to stop.

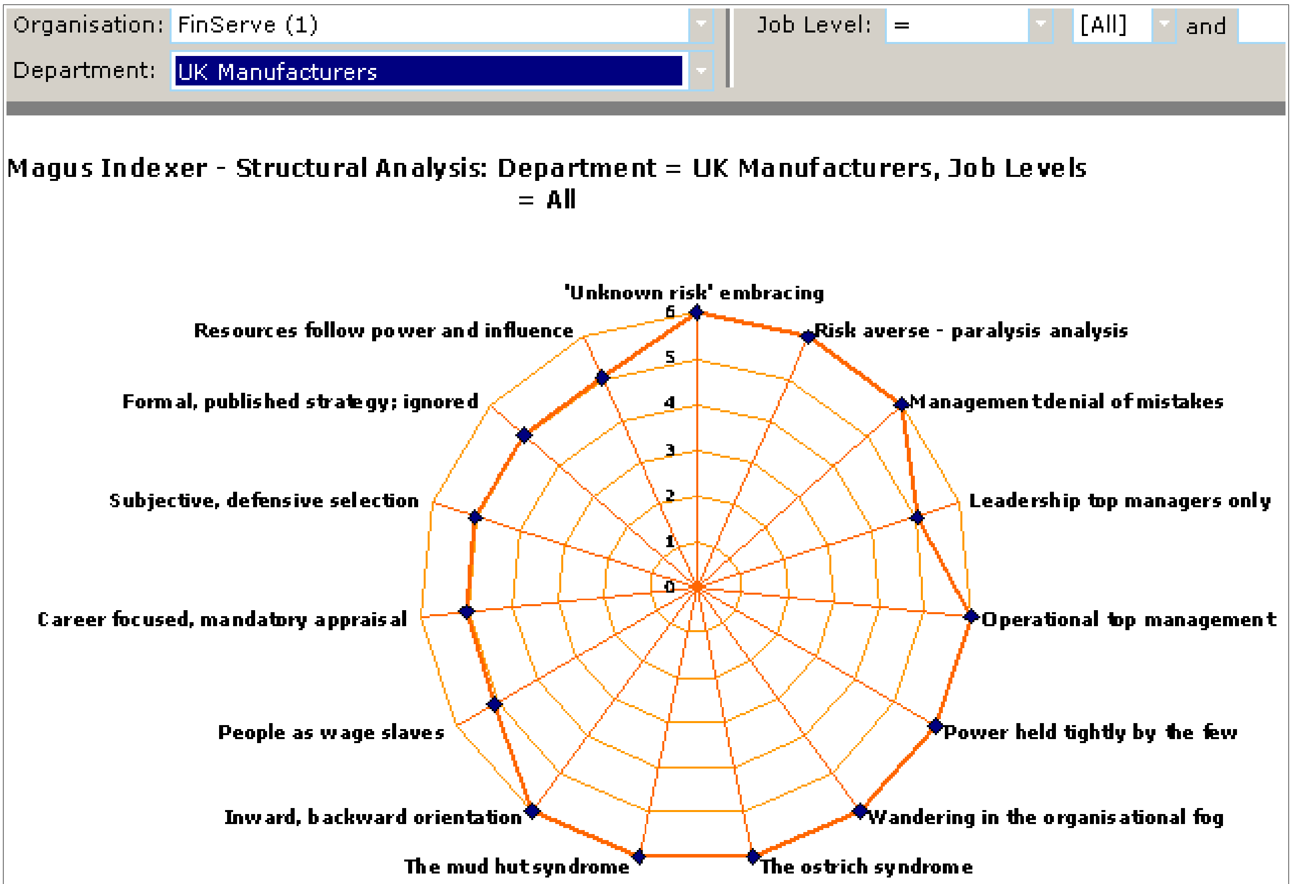
In passing, it might be noted that there is ample evidence to support the insight that, in negotiating terms, it is senior people who make the softest deals; who give away the largest concessions; and who claw the least back to balance the concessions given. There appear to be three reasons for this pattern. One – senior people can't be seen to fail to 'get the deal'. Two – senior people have the least detailed knowledge of the company's products and services, and the preexisting relationships. Three – senior people don't have to pick up the pieces afterwards, when the poor old account manager has to try to convert a bad deal into good business.

A few moments of reflection will probably suggest that some of the other outputs in the chart above can be linked logically with the observations noted above. The lack of focus on strategy would link with 'ignored strategy' output, as well as the 'wandering in the organisational fog' output. The high score for 'operational top management' links neatly with 'leadership for top managers only' and 'power held tightly by the few'.

Finally, whenever there is high pressure on achieving short term results, whether or not that pressure is intended or a by-product of the sort of (often innocent) questions asked by managers, the result is often divisive – in this case tagged as the 'mud hut syndrome'. When, as in this case, results are tied to individual incentives, the difficulties can be extreme. As long ago as 1986, (Out of the crisis), W Edwards Deming pointed out the divisive nature of incentives, but too few senior managers today have learned that particular lesson.

Some of the most interesting insights generated by Magus Indexer come from comparing different departments. Here are the charts for two operational groups:





The interesting point here is that these two sets of results are generated from the data provided by two groups of operational people, doing more or less the same job, in an open office, more or less next to each other. The only real difference is that one set is transacting on the telephone with people in the UK office of a EU manufacturer, while the other group is doing exactly the same with people in the UK office of a UK manufacturer. And yet the data the two groups provided on their observations of what was going on around them, while they were at work, doing their jobs, were very different.

While there were many influences on the experiences of the two sets of people, the main driver turned out to be something very simple – and easy to fix. All the industry experience, and good contacts that had developed over years, that was a key strength of the directors, turned out all to be with UK manufacturers. The unwitting 'interference effect' was thus targeted on one group of accounts and not the other. Another great asset of the senior management team was their openness to feedback, and, while painful, they took the message on board immediately, and set up a new account management system. The key characteristics of this system included very clear accountability for the account managers, and a set of transaction rules straight out of the account management book.

It was agreed, for example, that any manager, anywhere in the organisation who took and implemented decisions, in respect of an individual account, would become the account manager from that day on. Faced with the possibility of being at the beck and call of **ALL** their accounts, large and small, the directors wisely decided that discretion was the better part of valour – and beat a hasty retreat! Another rule was that account managers could call on anyone in the organisation, in any role, and (reasonably) issue them an objective in relation to an individual account, and that person would then be accountable for reporting back to the account manager on success or failure.

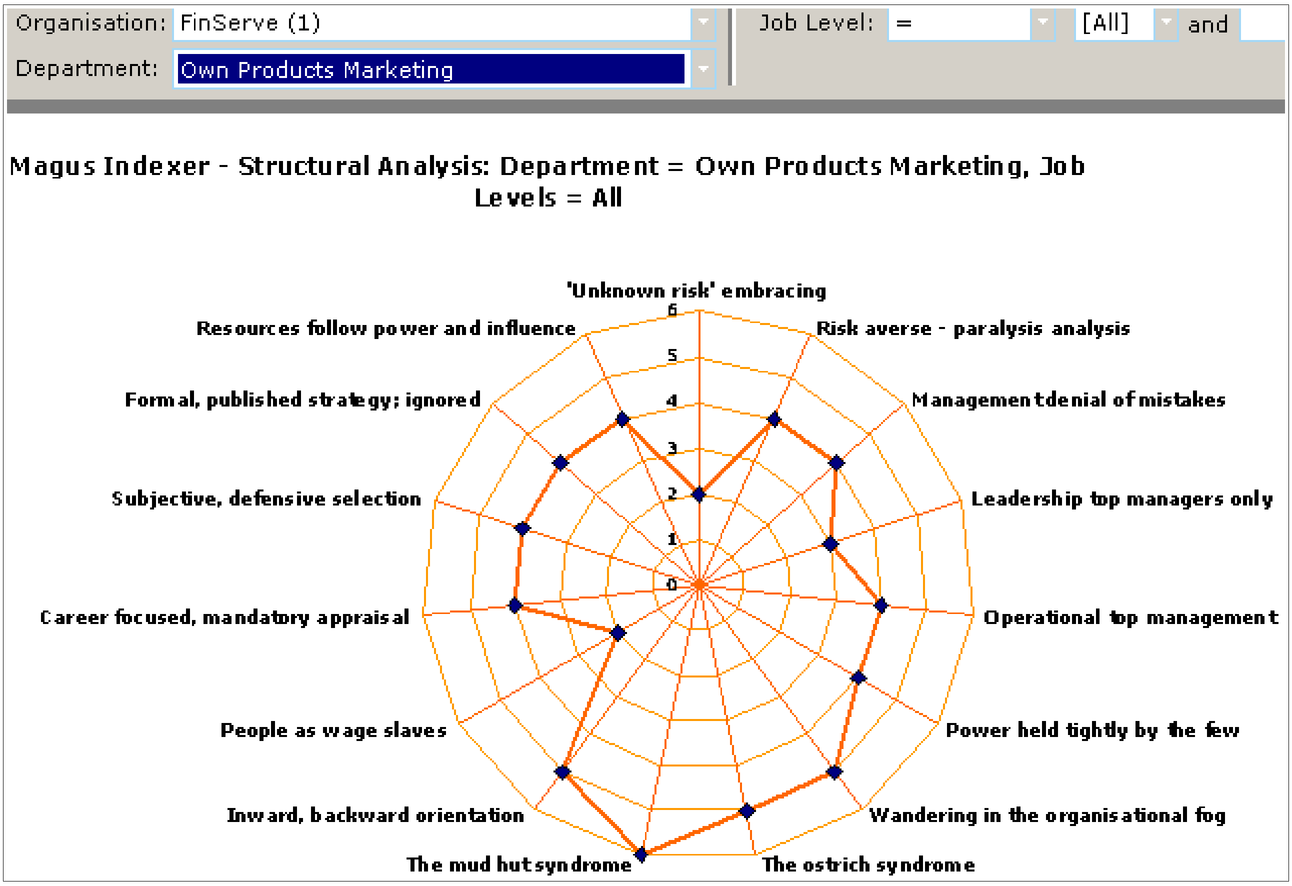
Another interesting insight was developed through the facilitated workshops, that were run post the data collection stage, when the charts illustrated above, (and others), were shown to respondents to the Magus Indexer questionnaire. These sessions were conducted with the support of the Magus Indexer diagnostic tool.

This product provides a series of questions, specific to each output, to be discussed (as prompted by the results), by delegates at the workshops. The design is intended to help the groups navigate their way through complex issues, pursuing whatever priorities they decide are appropriate. The process is one of identifying causes of priority issues, and then, in turn, identifying developmental actions to treat the causes.

The insight identified, in this particular case, was partly driven by the high level of 'interference' from senior managers, in the one sector of the market, and the extreme degree of customer responsiveness that was a hall mark of the FinServe services. This had produced a serious example of the 'plates spinning on sticks' syndrome. This is organisational version of the stage performer who managers, by dint of great rushing about, to keep an extraordinary number of plates spinning on the top of very thin sticks.

The effect at FinServe was that many operational people went home on a Friday night exhausted after the week's exertions, but still exhilarated because they had managed to stop all of the plates from falling to the ground. A problem in one sense, but another coming up over the horizon, that management had a need to prevent or minimise – or else... But more of that later.

The last of the radar charts shown here covers the results for the only marketing department in FinServe – the one that looked after the 'small agents and brokers' sector of the market.



While the results are not as extreme as those for the operational people looking after UK manufacturers, there are some interesting points arising. There is a cluster of high (negative) scores in the lower-right part of the chart. The cluster comprises:

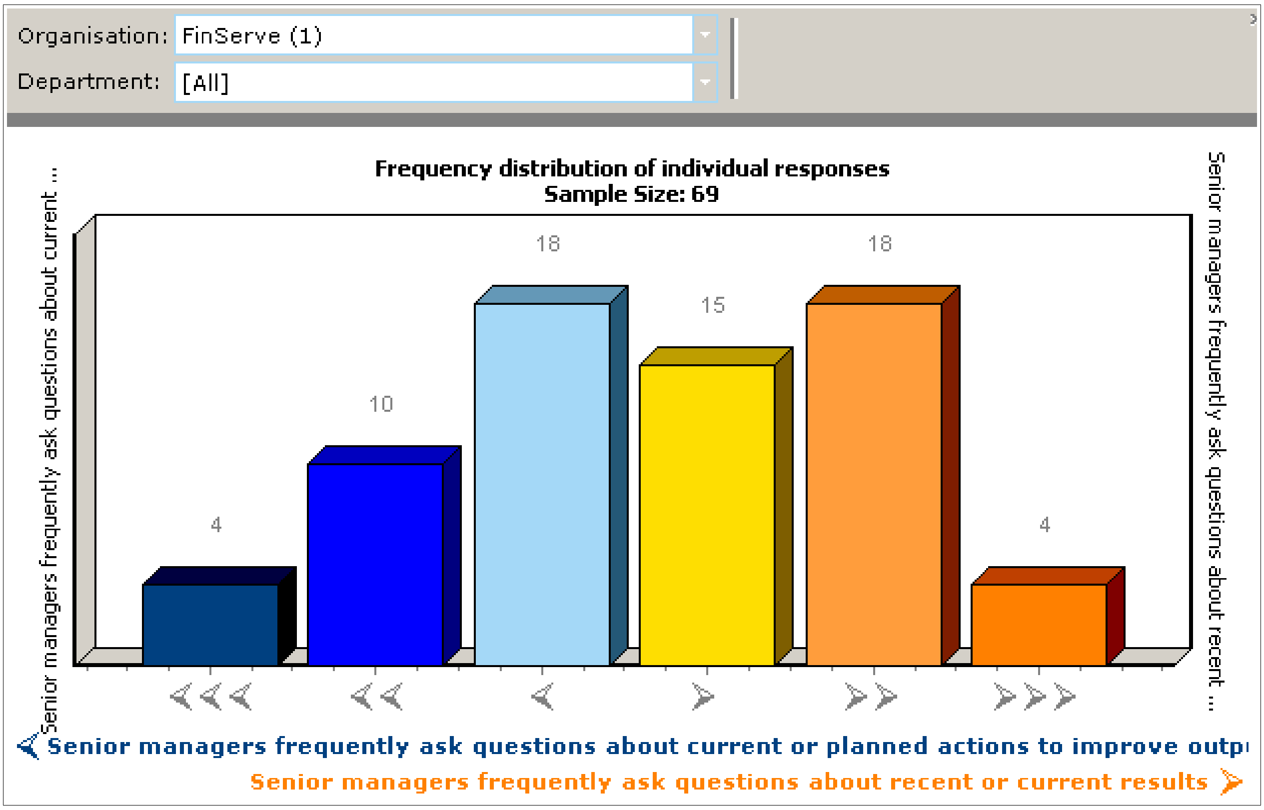
- Inward, backward orientation
- The mud hut syndrome
- The ostrich syndrome
- Wandering in the organisational fog

This was the result from the small department that, over time, had failed to get real support on the need for change, given the changing nature of the market. The manager had battled with senior managers (focused on short term numbers) to try to get them to think more strategically, and had still got the short straw time and again on product development needs. Marketing was located in a corner of an open office, but, as described, the department could have been in a separate building, given the way it felt to be at work.

Magus Indexer can produce many more charts, from a simple database, than the set shown thus far. Before going on to summarise the results, and the action that was initiated as a result of the workshops, there is just one other type of chart produced by Magus Indexer, which will illustrate the way it can be used.

There are several reasons for using the type of indirect, non-judgemental, observational questions as used with Magus Indexer. The avoidance of data contamination is the main reason. A second is that, by the very nature of observational questions, the answers record some of the actual processes and practices used within the organisation, together with some key aspects of management behaviour. These charts show the actual responses given to the questionnaire. (Again, only a small selection has been used).

Where clusters of responses are discovered, located within department, levels or levels-within-departments, then these can lead directly to insights about which might need to be different. This is illustrated in the charts shown below:

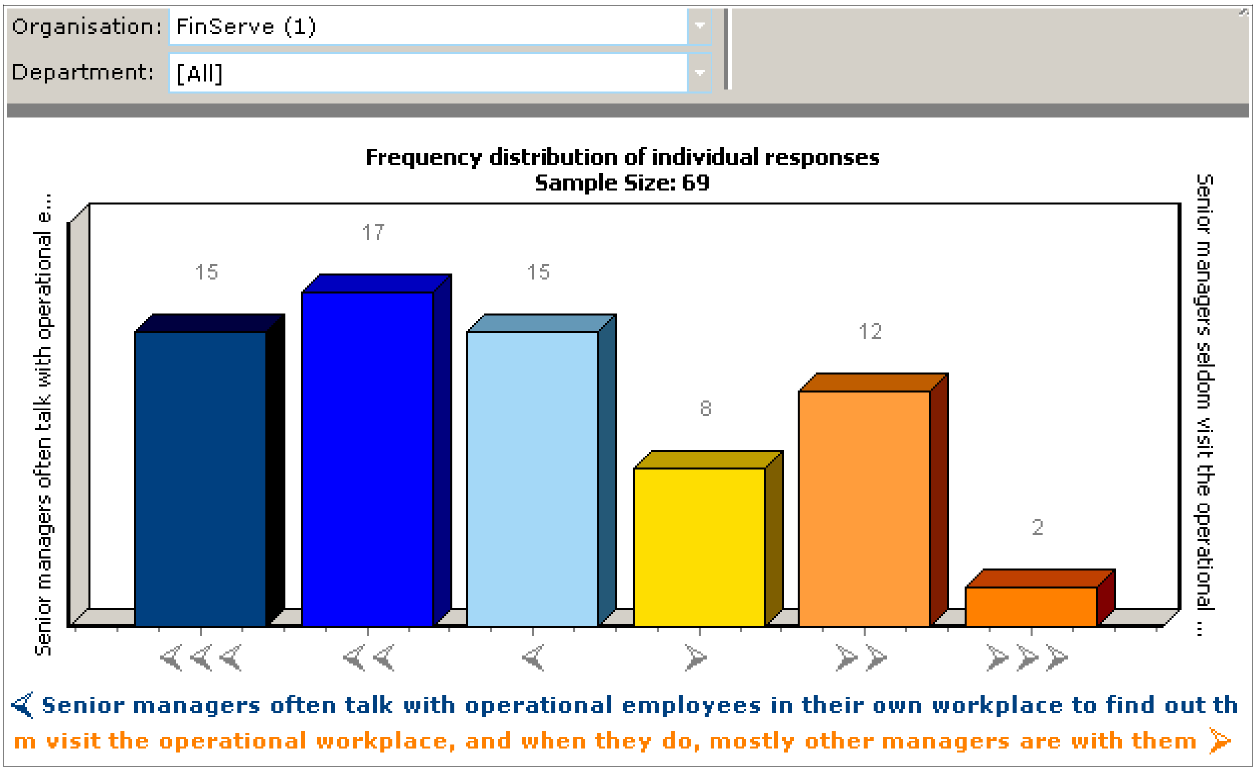


This first chart reflects the sort of questions asked by managers. The distribution is roughly normal, but with rather more questions directed to recent or current results, than to developmental actions. (39 focused on results; 32 focused on developmental actions).

The interesting question is about which groups of people are on the receiving end of the 'short-term results' focused questions. Running the same query, by department and then by level, it turns out that the senior managers generally ask results-focused questions across the organisation, but mainly targeting people in the two most junior levels – in the sample, levels 4 and 5. (Not illustrated in the charts shown).

Given the high level of 'plates-spinning-on-sticks' activity, perhaps this result is not very surprising. The lack of developmental activity among these groups is both a cause and an effect. Lots of senior manager questions on short-term results means that people will focus on those results; spinning all those plates on sticks means that there is no time or energy left for developmental activity; no developmental activity means that the state of the spinning plates is commonly precarious, leading to more activity to keep them spinning.

The pattern around the way senior managers visit employees in their workplace is, however, very different.



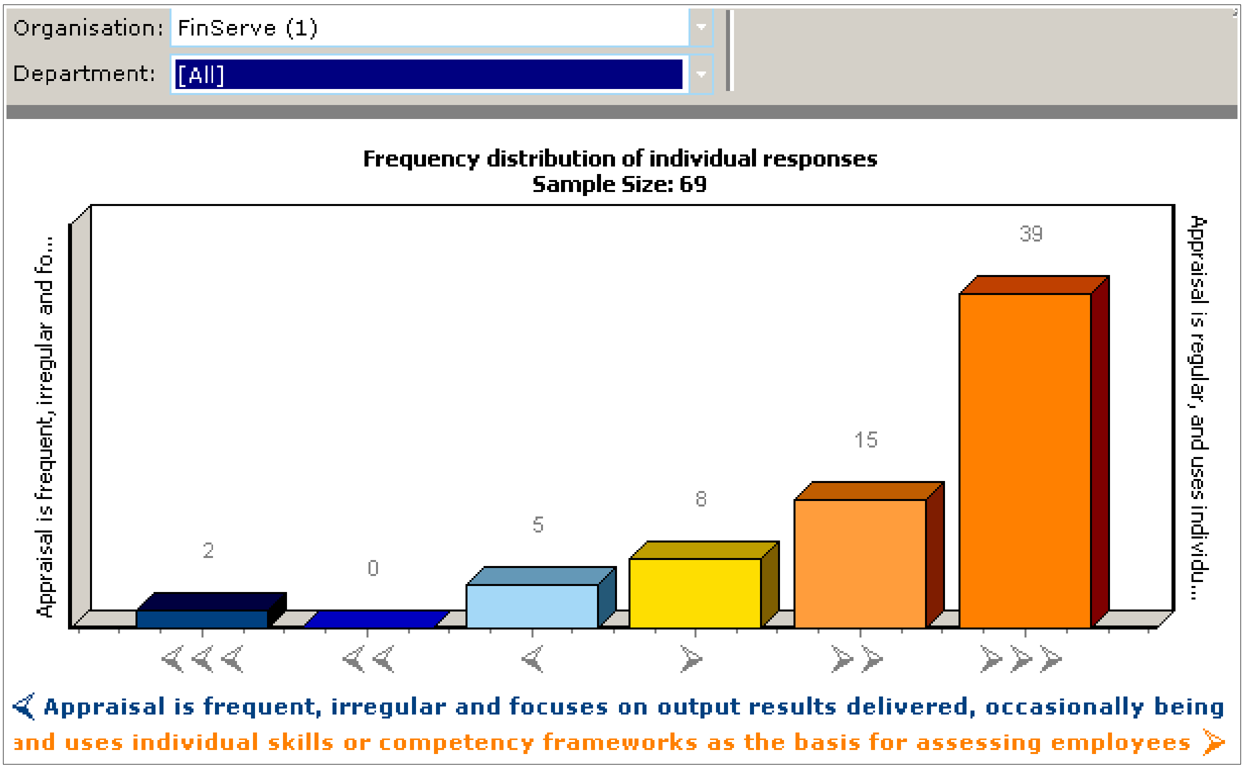
(With apologies, these images are reduced in size, to enable them to be reproduced on an A4 page, without loss of quality. In the normal Indexer screen, both the drop-down list of topics can be seen, as well as the full text of the questions at the bottom of the report window.)

In this case, the distribution is skewed to the left – 47 responses compared with 22. The implication is of an informal management style, with senior managers often talking to employees, **in their own workplace**, and accessing the views of employees. We know from the previously discussed question what a common topic of those questions is. In this case, the interesting insights are generated less by querying the database by level, but more by department.

The three departments who seem to be most excluded from this informal style of accessing employees' views are Own Products Marketing, European Sales, and HR. When looking at the polar charts of outputs for these departments, all show a high (negative) score for the mud hut syndrome, with two – the marketing and sales functions – collecting the highest possible (negative) score of 6. (Not illustrated here).

It might be considered that the behaviour pattern described above could be connected with the feeling of being sort-of-outcasts – that is, not within the mainstream part of the business. In practice, the European Sales people reported by anecdote, during the workshops, much the same sort of experience as Own Products Marketing – trying to get strategic changes and other issues on to the agenda, but not having much success.

The last chart – shown below – has a different pattern again:



This time the distribution is skewed heavily to the right – 7 plays 62.

It may seem odd, although the implied paradox occurs again and again, that in a company where so much attention is paid to 'getting the numbers' the formal appraisal system totally ignores the question of results and focus on skills or competencies instead. The relationship, on this occasion, identified through information collected via the workshops, was that little had been done to define either departmental or individual accountabilities. This made any sort of performance-based appraisal effectively impossible. Certainly, with the huge downward pressure on short-term numbers, any sort of appraisal with a sensible balance of maintenance standards and development goals and activities was quite out of the question.

In passing, there is a sort of naive belief that if only we have lots of people with the right skills, (or in the prevailing jargon 'competencies'), then excellent performance will automatically follow. Sadly, there is no evidence to support this contention. Given that there are several critically important drivers of (organisational) performance other than employee skills, this is hardly surprising. What is surprising is the prevalence of competency-based appraisal, especially given the fact that all it appears to drive is demand for more training and career development. By the way, can anyone tell us what an individual competency is? Something that is not already covered by those very old fashioned words 'knowledge', 'skills' and 'attitudes'?

The Outcome

All of which is very interesting, but 'So what?' If no effective action flowed from the work, and if the organisation was not able to renew itself in time to make the transition to enable it to capitalise on the changes coming to the market, then all we would have had would have been some pretty pictures and some interesting conversations.

To cover the entire output from the workshops, and the developmental actions that flowed from the analysis, would require a substantial paper. Given that big, fat reports rarely if ever produce serious action, the following is very much a summary of the headlines of what was produced through the intervention.

First, the good news. Of the many great strengths of FinServe that appeared from the process of analysis, several stood out as remarkable. There was a tremendous level of employee commitment to the company, and to its ongoing development and success. The senior management team was highly regarded by almost everybody in the organisation – the sort of back-biting that often occurs in organisational hierarchies was almost totally absent.

While not without its problems, the high level of customer responsiveness had created a competitive edge that had resulted in the acquisition of the major share of the large producers sector of the market – and one that was difficult for competitors to emulate. Operational people were both very loyal and devoted to their own key accounts, while at the same time very ready to help out their colleagues handling other accounts - when there were too many plates spinning on those particular sticks.

The specialist knowledge that had developed about the existing database management system, and how to manipulate it, was extreme. It was this that had underpinned the ability of the company to be so responsive. While it was recognised that this was a two-edged sword, with the expected arrival of a new DBMS, it was reckoned that people who could lick the cranky old system into shape would absolutely fly with a shiny new one to play with.

The technical expertise in FinServe, including in back office functions, was of a very high order. There was every reason to believe that applying that expertise to the design of new products would result in products of high intrinsic quality.

There was a widespread acceptance of the need for the business to change its operational methods and a willingness to engage with that change process.

The key issues

- Excess focus on achieving short-term numbers, mainly focused on the 'large producers' sector of the market

- Excess focus on unquestioning acceptance of the need to provide what customers asked for – 'commitments to deliver' made before what was possible was checked with the people who would have to 'make it work'

- Almost total lack of optimisation of the existing systems – the human system was full of 'heroes' making a broken system work

- A new-product, new-account system completely inappropriate to handle the demands of a numerically large market sector composed of small individual outlets

- Far too many operational decisions being 'kicked upstairs', with senior managers too ready to take the decisions on, and do the work of more junior people – a classic self-fulfilling prophesy

- The IT department not playing on corporate strategy at all – a very odd position for a financial services company
- The two major growth opportunities open to FinServe effectively sidelined as far as any strategic thinking was concerned
- 'Across-the-board' lack of strategic direction, resulting in often contradictory 'strategies' being pursued by departments within the organisation

The developmental actions

- The IT Director was nominated to lead the cross-boundary, multi-level project to define a new strategy for the business. This included Own Products Marketing and European Sales
- The development of a 'menu system' for defining products to meet customer needs. This work was done by a mixture of sales people, from all three market sectors – large producers, small outlets and European sales – and the operational people who had the task of getting new products up and running on the system
- Own Products Marketing completed a project to segment the 'small outlets' market, to identify the best opportunities for growth with 'standard products' off the menu
- The creation of a (very) small support team, staffed from existing operational people, for the 'own products' sales team. This office fielded inquiries, provided information where requested, and booked appointments for the field sales people. When not processing incoming calls, they pro-actively contacted the defined 'best opportunity' targets to set up sales appointments.
- The scrapping of all development projects in IT that could be subsumed into the new DBMS on its way. These were replaced by high priority projects, defined by operational people, to increase the flexibility in the new product, new account part of the system, to reduce the number of plates spinning on sticks
- A new account management system, with very clear accountability for account managers, which effectively removed senior managers from the system, except as resources for account managers to use
- Job contributions and performance accountabilities clarified for all roles
- The old system of competency-based appraisal, with links to annual salary increase was scrapped, and replaced by one that emphasised the two-way nature of accountability for performance between manager and direct report, and that also created a balance of attention on maintenance standards and development activities
- Following on the practice established through the workshops, (which were attended

by senior managers as 'ordinary delegates'), informal forums were established for employees to provide feedback to and ask questions of the bosses, instead of the bosses asking (the wrong type of) questions of the employees

- The senior management team, being on the lion-hearted side of courageous, took all the messages on board, and agreed to change their personal ways – and did!

The missing piece of the puzzle

All of which was great news, except that there was one small grey cloud on the horizon. When the cloud was pointed out to the senior management team, they were rather miffed to have completely missed that particular threat. Which demonstrates that some clouds really do have silver linings, as the senior management team decided that the subject of employee motivation, and what 'makes people tick' when they are at work, was something they had to learn more about – and they did.

Remember all those plates spinning on sticks? The 'exhausted-exhilaration' that operational people felt when they went home on Friday night? The potential threat was this. The organisation had long been accustomed to living in and surviving a frenetic work pattern, mainly about problem solving and 'getting stuff done' for the customer, often in spite of huge odds. Inevitably, for operational people at least, this meant a huge amount of collaboration with their colleagues, often with people from other groups, and often done by breaking the rule book. If the company sorted out its new-product, new-account processes, got the menu system up and running, developed an IT system that was more support than barrier, where would these people get their buzz from? In the loss of this 'buzz', the spectre of low staff turnover converting to high turnover, with a consequent loss of skills, loomed large.

Fortunately, the new focus on developmental activity just needed a new management style to go with it, and the problem was avoided – just in time!

The final outcome

As all of this happened more than two years ago, the most recent events are unknown. What can be described is the state of play about one year after the project was completed.

The new DBMS went in with all the usual alarms that accompany complex, new DBMS. But it survived and made a major contribution to bringing about a state of heightened calm to the place. The other major contributor to the calm was the new menu system, which reduced the number of plates and sticks.

Operational people started to be engaged with high priority target accounts in the expanding piece of the market, and were part of the process of helping to define and understand the customers' needs in a new, fast-changing market.

Sales to large producers were stable, but margins went up as costs came down – enabling more competitive prices to be charged – which enabled FinServe to secure its market share. Sales to smaller accounts were growing slowly, but somehow margins grew there as well ... None of the sales growth was accompanied by a growth in employee numbers.

