



Issues paper

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1 Introduction

This paper presents the main issues that emerged from the interviews carried out Alister Wilson, as part of the preparation for the meeting.

The interviews were structured around the following questions:

1. If you could speak to someone from 2020 who could tell you about the business's markets and the company itself, what would you ask?
2. What is your vision for the business?
3. What are the consequences for the business if your vision isn't realized?
4. What needs to change to make the business successful?
5. Looking back, are there particular lessons – successes, failures - from the last 10 years that the business can learn from?
6. What needs to be done now to make sure your vision is realised?
7. If you had the power to make anything happen, is there anything else you would do?

2 A world of opportunity

- 2.1 We need to be open and adaptable to a continuing global economy.
- 2.2 We have to become more global. Business in the EU and US is building the cash and we need to use that to fund growth in the emerging markets. Otherwise we're just looking at 2-3% growth. So I'd look for an even volume base across west and east. At the moment it's only 5% in the east.
- 2.3 We should take our knowledge and experience of growing the US and European markets into the developing economies. It's not just cut and paste, though – it's about understanding the particular needs of the new markets and adapting our knowledge in order to succeed.
- 2.4 The market in China is huge, there are billions of customers. The consequences are serious if we don't reach our targets: competition is powerful and quick, we must compete, we should know what we should do and do it better the the business way.
- 2.5 Different countries [and markets] have their own distinctive culture. You have to utilise local expertise and knowledge to understand that culture.
- 2.6 There are different cultures to deal with in different cultures. What is the customer need and how do you communicate with them? You have to change the way you talk to influence them and to gain their respect.
- 2.7 We need to do a lot of work in new markets to see how they look and to understand them. We need a dedicated team. A lot of this will be driven by sales and we need market research and co-ordinated intelligence. We need to take some people away from the current day to day job and focus on this. And we have to be out there, in the markets to understand them.

3 Customers

- 3.1 Put customers in the middle of our circle. We don't now.
- 3.2 We have to develop relationships with customers that are more concrete than today, rather than looking at this and that in emerging markets without a clear plan to move forwards.
- 3.3 We should periodically meet customers - whether big and global or small and local - to talk about performance and ask what their vision for their market is. The more we can communicate, the more we understand each other and can build relationships.
- 3.4 Are we really focusing on and increasing the satisfaction of customers, increasing our quality in great manufacturing plants?
- 3.5 We are very concentrated on a few customers - and they are able to negotiate strongly.
- 3.6 The business will have to invest vast amounts to keep up with new customers.
- 3.7 Investments in new and risky markets should be in line with customer and market demand so that it is not too precarious from a people point of view.

4 Growth

- 4.1 The business is not growing as fast as it could. Product line 1 is growing, but it is organic growth – about 5 or 6% a year. With Product line 2, there is much more opportunity to grow faster, an increase of 10 to 15%.
- 4.2 If we do not continuously grow, then we will lose who we are. If we don't deliver this continuous growth we will spiral downwards and it will be hard for the business to survive. It may not be the mega growth of the technology sector, but if we can't deliver a steady 2% growth, we won't continue as a business.
- 4.3 If we keep doing what we've done well for the last 6 or 7 years – which has been very aggressive – I believe we'll have a very good future. But it all depends on the strategy for growth. If we stop growing, I believe we'll be threatened by our competitors. We have to be big, strong to compete.
- 4.4 Investment in major acquisitions is something we're not good at. We pay over the odds for businesses; they're purchased on the basis of being available rather than if they can grow; we had an aggressive strategy to double size of company in a short time, but it didn't work... So how do we grow in future - boring steady rate, no acquisitions for 2 years?
- 4.5 What's our expectation for Asia? We should grow the business by 10% over the next 5-8 years. That's a very different proposition from Europe and the US. Our business growth is not aggressive enough today. It's not very exciting. Getting from 4% to 10% is the difficult bit...
- 4.6 We've had problems with organic growth – so I'd like to see faster growth in the emerging markets.
- 4.7 Both our customers and our suppliers are huge – I'm concerned about what's going to happen. If you look at this chain, I think we are the weakest link. If we don't keep growing, I think we could be smashed by our customers and suppliers

5 Creating Value

- 5.1 Markets will be very, very connected in the future and our customers will demand sustainable solutions. We have to think very hard about this, all the way along the value chain.
- 5.2 We need to try and develop new products with our customers in a more collaborative way. Many of the projects we have developed here have come from good experiences in Europe – but it is always our customers who have seen something they like in Europe and who ask us to copy it. It is reactive. We have to be more integrated within their supply chain and manufacturing process. This is how we will create value – if we end up competing only on cost, we will find it very tough.
- 5.3 We can maximise quality and minimise cost by working more closely with the customer to understand their requirements in more detail.
- 5.4 We should choose the business areas carefully. Innovation will be essential to meet the tight margins – especially so the customer can see how we create value.
- 5.5 Product line 2 is good at working with clients, at creating new ideas to put on the table. They have good processes, lots of ideas, meet customer demand. We should investigate this for the Product line 1 side of the business. I don't know the process, but it would be good to develop relationships with Product line 2 to see how they do it.

6 Vision and strategy

- 6.1 You can't drive the business only through finance – you have to think about strategy.
- 6.2 The strategic plan is something we need to do and it needs to be integrated with the action plan – but the strategic plan takes forever to put together, so we lose the time to do the action and think about our activities. So the action plan is put together at the last minute and we run out of time. Does the strategy plan actually inform the action plan?
- 6.3 We need to formulate a clear vision and what we want to achieve as an organisation and then push that down the organisation and make sure it is understood and clear to everyone, then assign responsibility to people to implement the vision into a strategy, tactics and operational level, so we get on the right track.
- 6.4 We need to step back and clarify the strategy. There's a chasm between the Product line 1 and the Product line 2 approach and no clear feeling whether Product line 2 is part of the future or not. Senior management really needs to be clear about the Product line 2 future and then do an even better job of merging the cultures, practices, strategies and so on across both sectors.
- 6.5 Especially in Product line 2, we are having to think about too many changes in the company in very short periods of time. It is time to settle and say this is what we need to do and not make (further) strategy changes. The true vision is shared amongst key stakeholders, including London. It is understood and agreed by action managers. Once we share the vision and identify the common spot, it should work.
- 6.6 We have to define a clear strategy and communicate it clearly so that the plan is aligned behind it. A long term strategy should not be changed in light of short term challenges or performance. Things go up and down and you have to stick to the strategy. – otherwise it's NOT a strategy.
- 6.7 We need to learn to look at our strategy every year rather than cast it in stone.
- 6.8 From where I sit, I don't see much external analysis of the strategy: whether the strategy is working; how we are doing relative to our competitors; risk vs return.
- 6.9 If we want plans to last, we need to focus on them and do the things we have agreed to do – we shouldn't try and get into new things. The key is to see our strategic priorities with a wide vision. We should focus on fewer strategic projects.

16 Culture

- 16.1 We reinvent the wheel because we lost the people and the expertise. We love initiatives! The flavour of the year was innovation, now its balanced scorecard. By the nature of my job, I love initiatives, but I find even I'm saying 'here we go again!' Do we have initiative fatigue?
- 16.2 There are still parts of the business, particularly where it is unionised where the allegiance is more to the union than it is to the company.
- 16.3 The majority feel appreciated by the business, but there are still too many "living in the past" who make it difficult for us to move forward.
- 16.4 We must make sure our employees are really satisfied so that every day they wake up and want to come to work, that they love working at the business. Are we good at these things or not?
- 16.5 Corporate people don't have such a good reputation, they point out problems. They have to work in a different way – proactively - and find ways to help the plant deliver. They have to be part of the solution rather than saying 'just do it' and then going back to corporate.
- 16.6 We are too micro managed and it needs to be macro; leaders should not be involved in the day to day operations but lead by task, objective and example (so they can focus on the long term and strategy).
- 16.7 I'm a regional manager and I'd like to work in another department. I've been in [this function] for a long time and I'd like to improve my knowledge in another department.
- 16.8 It is important to be honest and transparent, to have humility with others and to adapt this type of behaviour when facing challenges within the organisation.

17 Leaders

Approach

- 17.1 Leaders must behave with the Company's interest at the forefront, but they also need to create an environment of autonomy, where people can be educated or trained to make the right decisions to meet our key demands and challenges. Leaders should educate, train, coach.
- 17.2 There is a trend towards motivating others to deliver the results instead of instructing and telling - empowering and motivating them to deliver and ensuring that they have the resources to do so. But in [this geography], there is a wide range of leadership styles and still a lot of the old school. In the long term, I don't think this can be sustained without empowering and transferring the ownership to others.
- 17.3 Developing people is the key, developing technical and management skills and competences, encouraging people to take responsibility at regional and local level.
- 17.4 Our leaders need to be prepared to take limited risks.
- 17.5 Leaders should be hands on. They should attract and develop people.
- 17.6 If I was in charge, I'd get all my global leaders together for a week and listen to them. Just listen. I'd take everything that I heard from them and put a plan together to deal with it. Now, though, it's all top down leadership, with no bottom up. I'd change that.
- 17.7 Generally, one of the things leaders need to do is listen to their people and what's going on in the marketplace. Also take more risk.
- 17.8 Leaders should focus on strategy building and leave execution to managers and functional leaders. They should anticipate how the business as a whole could look - the bigger picture.

Leadership

- 17.9 Strong leadership comes from those who understand the collaborative side of things – leaders who move people in and have the strength of character to do things and understand that at the end decisions need to be made. Strong leaders excel at bringing the team along and are skilled at recognising when strong teams are in place and then letting them run.
- 17.10 Leaders should really lead more by example and give people the freedom to manage their area of business and responsibility, driven by clear objectives and results on the business in the long term.
- 17.11 Leaders in the business tomorrow will have a good understanding of the business they are in, they'll be committed to the business, have vision and the ability to implement **and** to go to customers.