

2013 SPRING SYMPOSIUM PART 2 - CASE STUDY

Part 2 of our Symposium invites participants to work together in considering a case study, Provincial Mutual; a failing organisation. The case study paints a brief picture of a medium sized financial services organisation which is struggling to maintain market share and remain competitive in its sector. Some of the problems firmly centre on the people, the organisation and the way in which responsibilities are discharged and our Symposium partners will address these issues with delegates through a facilitated question and answer session.

PROVINCIAL MUTUAL – THE CASE STUDY

Provincial Mutual is a long established, traditional sized FTSE 250 financial services company which has languished as a bottom quartile sector performer for a number of years.

A major change programme was identified as a way forward four years ago but despite enormous costs, little has been achieved. The major change was the transferring of call centre and back office activities to India – based more on the fact that others were doing it, rather than on a well-argued business case. This has proved to be a flawed strategy with UK staff and clients very unhappy with the arrangements and levels of service and costs reaching unacceptable levels. Other than that, the change initiative which was launched with the apparent support of the Board and Executive, soon fizzled out as middle managers found it impossible to meet on-going targets while at the same time identifying change opportunities which, if implemented, could see their responsibilities apparently reduced.

There has also been consistent speculation in the financial press that the company is a takeover target for a Spanish bank and, despite numerous denials, the story will not go away.

Indeed, many of the company's managers believe the board to be in discussions with the bank.

Following the early retirement of the incumbent, a new CEO was appointed two years ago with an outstanding industry track record and highly-regarded management skills. He has carried out a review of the business and many of his proposals involve reversing earlier decisions and concentrating the business on its core financial activities as a niche player appealing to the 50+ age group.

Again, following an early retirement, you were appointed as board-level HR Director 12 months ago, having been headhunted when between jobs. You were uncertain about the role but were impressed with the CEO and persuaded by his vision of the future. Having spent a year with the company you realise that the Board is a dysfunctional mix of well networked but less than progressive old contacts who have little interest or appetite for running a dynamic, forward-looking organisation. They are well remunerated and have substantial share holdings. They appointed the long standing FD and Operations Director and have a major influence on the Executive and the way that the CEO is allowed to operate.

One of the Non-Executive Directors has approached you on a confidential basis. He claims to be speaking on behalf of the Chairman and they want to oust the CEO, who has 'destabilised things and doesn't seem to listen to the Board'. He wants you to help remove the CEO, whom you still like and feel with the right support could turn the company around and replace him with 'someone they have in mind' - the nephew of an old school friend of one of the current NED's. He is anxious that it is done quickly, with minimum fuss and no adverse publicity, and assures you that you will be an integral part of the company's future.

The Chairman would also welcome your views on the rest of the Executive Team of five and suggestions as to potential successors for each post - internal and external. You are to meet privately with the Chairman and two NED's in a week's time.

How do you respond, what are the issues you need to consider and what is your action plan going forward?