WHY ENSURING A SMOOTH CHANGEOVER AT THE TOP MAKES GOOD BUSINESS SENSE

Perfect exit means closing the door quietly as you go

Timing your exit is the most difficult part of business and political life. Sometimes it's all under your control, sometimes others show you the door. Consultant Richard Finn examines the tricky business of making that departure.

Tony Blair has announced that he will leave his job by the end of this Parliament, and now we have Sven-Goran Eriksson, the England football manager, announcing he will be going six months before he actually leaves.

This is a relatively rare occurrence, though it happens more often in government than it does in business.

The American people have known that George Bush was leaving in four years' time from the moment he was re-elected.

But what is the impact on the people around a leader whose time is up?

How do they maintain their motivation, commitment, followership? All the things we know characterise good leadership.

In the political world, it seems the announcement of someone leaving is open season for small-p politics to run riot.

Blair, with three defeats in Parliament since he made his announcement, watches as his support and control of the party leak away.

For Bush the possible contenders are already lining up to show they can replace him by opposing some of his policies.

In football, what can it feel like to be a member of a team whose coach is on the way out, hearing all the discussion about replacements, just as you are about to take part in the most critical competition of your career?

Collateral damage

This vacuum in leadership is why well-managed businesses try to ensure that nothing of the sort happens to them.

The failing chief executive is ousted quickly, perhaps after internal machination.

The investment banker who has been offered a job in another organisation is given his private things and escorted off the premises.

The divisional executive who is performing badly, is – after due process – exited quickly.

The valuable member of staff who refuses a reorganised job is put on garden leave.

Business organisations have created a whole range of tactics to ensure that the collateral damage of a senior colleague leaving is as limited as possible.

What they know is that the organisation, and its success, is more important than any one individual.

Leaders, and key employees are replaceable – the history, culture, performance and success of an organisation is not.

So the well-managed business, as well as taking decisive decisions when faced with poor performance, or a potential exit, plan for these events to happen.

Succession plans will exist for every key employee and every key job – it is not just senior people who are critical to business success. Successors will be groomed to take over so that so far as is possible they are ready, and don't have to learn too much, or make too many mistakes in a new job.

Exposed

Organisations that don't plan in this way leave themselves exposed to poor performance, reduced motivation and loyalty among team members, and disillusion among their shareholders/stakeholders/voters.

■ Richard Finn can be contacted on 01622 631841 or 07802 316891.

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■ A good business or political leader will have their exit route mapped out

■ Moving on – England manager Sven-Goran Eriksson

Finance

Selling off the family silver

The spate of British corporate sales to foreign buyers is causing concern, says Kent-based consultant Richard Finn

You will have noticed the rush by foreign organisations to buy up UK companies.

BOC (nee British Oxygen) has been picked up by a German company. Pilkington was purchased by a Japanese conglomerate; P&O is now owned by a Dubai based organisation; O2 was sold to Spain's Telefonica; the Spanish Bank Santander bought Abbey; The Body Shop has been sold off, to L'Oreal.

And it won't stop there.

BAA is being given the once-over by a Spanish company.

The Stock Exchange has, it seems, been the subject of a bid by pretty well every Bourse in the World, with the Nasdaq leading the field at the moment.

Exploration

A few weeks ago Gazprom was looking at Centrica.

And now BG Group, the exploration arm of British Gas, is being given the treatment by Exxon Mobil from the US.

In Kent, Mid Kent Water and Folkestone and Dover Water Company, electricity and trains are all owned or part-owned, by foreign companies.

Excuse me - but what is going on?

Pretty well every valuable UK enterprise seems to be in play, including what we used to call the public utilities.

Selling off the odd company is part of what being in an open market is all about, but when the sell-off becomes a torrent, the cumulative impact needs to be understood.

Is it sensible to be in a position where a large proportion of the companies that employ British citizens are controlled by organisations based abroad?

Is it safe to be in a situation where many of our basic utilities are controlled outside the UK borders?

The current situation seems to be analogous to what happened in the dotcom boom - and then bust.

For a range of perfectly good reasons when looked at company by company, dotcom share prices were hiked to ridiculously high levels.

This fashion turned into hysteria, ignoring the cumulative impact of increasing share values - until the bubble burst and a great many people got hurt.

Already more than 50 per cent of employees of British-based companies are actually employed by private equity companies. If we then add the trend to foreign ownership of an increasing number of others, it looks like we have lost control of a large proportion of our wealth creation.

This national take-over seems to be supported by the Government and European Commission which have recently told off the French and Spanish governments for what has been called Economic Nationalism - protecting "strategic organisations" from foreign takeover.

While the British Government seems happy for airports and defence companies to be taken over by foreign interests, as well as a good many others, the French have taken their protectionism to the point where Danone, the milk products company is seen as strategic and out of bounds.

Spanish and Italian governments are also erecting barriers to make foreign takeovers of strategic organisations difficult.

So why are we seen as rich pickings by so many different countries?

First, British companies are cheap relative to companies in other countries.

Second, the short-termism created by investors looking for liquidity and good returns makes it difficult for boards to say no to a good cash offer.

Assets

Third, the employment law conditions are quite favourable and as Paul Myners, chairman of Marks and Spencer, has said: "All the big risks for directors are in turning a bid down knowing the share price will fall."

Individually perhaps, this sell-off of our economic assets as well as the way we keep the country running is economically justifiable. But seen in aggregate it seems dangerous not to manage the potential collateral damage to the country and to the source of our wealth and security.

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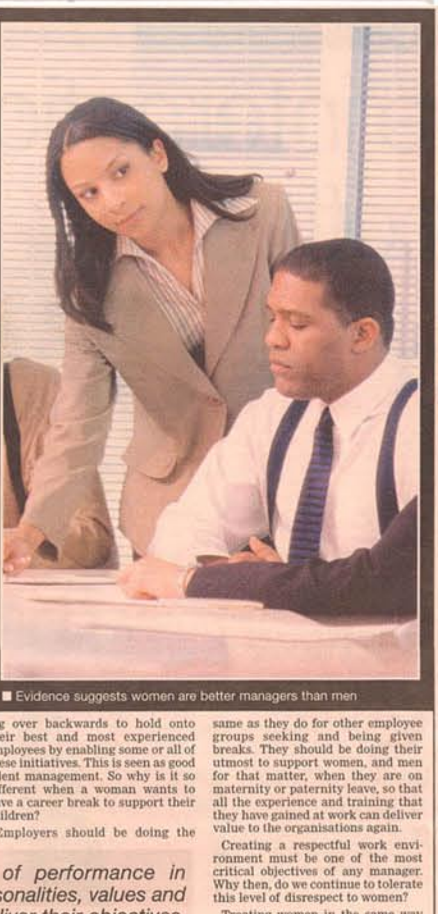
■ Richard Finn

Are women better managers than men? In this first of an occasional series, **Richard Finn**, an experienced business consultant based in Detling, near Maidstone, argues that they often are – but employers are letting them down

Recognition of their workplace value is what women want



■ Evidence suggests women are better managers than men

A recently-elected United Kingdom Independence Party MEP said that a woman's place was by the kitchen sink, or words to that effect, inferring that their place was not at work.

If we leave aside the obvious sexist and legal issues surrounding what he said, the question becomes: what value do women create at work?

A good deal of evidence exists to suggest that women are much better managers than men; management is about supporting people so that they can be effective. This takes concern, perceptiveness, a willingness to invest time and a highly developed competence to listen and hear.

Men, on the other hand, tend to be very task orientated, driven by objectives and burdened with their own self-esteem.

Who would you rather be managed by?

Teams are an increasingly important source of performance in organisations; what we know about good teams is that the best have a wide variety of personalities, values and skills as well as the expertise that is required to deliver their objectives. Women are likely to deliver a greater variety of these components than a room full of men.

Something just above half of the population are women, and as we heard over the summer, girls are beating the boys year-in year-out in the exam tables. Why on earth would we ignore this enormous reservoir of talent at all levels of our organisations?

And yet, look at your organisation: what percentage of the board is female? It is a miserable 13 per cent across the UK, and only four per cent of the FTSE 100 companies have female executive directors. What proportion of your senior managers are female? In the UK it has gone up by nine per cent to 31 per cent since 2000. What proportion of your IT department is female? What levels of job in your organisation are mainly filled by women?

Equal pay for equal jobs? Only you can answer that question for your business, but the employment tribunals are full of women successfully appealing about unequal pay and discrimination in promotion.

There is much talk about high-performing women aping men to become successful. Perhaps we should turn the argument on its head and say that if men started learning some lessons from women at work, there is a fair chance that they would be very much more effective as leaders and managers.

So what can the reason be for this continued discrimination against women at work, when all the evidence is that they make a very distinctive contribution and are equal to men in every skill set?

Could it be that for biological reasons they have career breaks? Let's take a good look at career breaks.

An increasing number of employees of both sexes are seeking career breaks, at all ages. Many young people want to see the world before they are too old to carry a rucksack. Many people seeing retirement looming look to fulfil a dream of travel or community work before they retire completely.

Many employers give sabbaticals as a matter of policy to long-serving employees. Many people, through no fault of their own, have long illness breaks. Many employers are trying to entice retirement age employees back part-time, often with summer or winter breaks in between working periods.

Employers are increasingly bending over backwards to hold onto their best and most experienced employees by enabling some or all of these initiatives. This is seen as good talent management. So why is it so different when a woman wants to have a career break to support their children?

Employers should be doing the same as they do for other employee groups seeking and being given breaks. They should be doing their utmost to support women, and men for that matter, when they are on maternity or paternity leave, so that all the experience and training that they have gained at work can deliver value to the organisations again.

Creating a respectful work environment must be one of the most critical objectives of any manager. Why then, do we continue to tolerate this level of disrespect to women?

Treating women in the same way as every other employee group, ensuring that over time they can deliver of their best, is only common sense. The trouble is it's not very common!

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■ Jubilant – girls from The Ravensbourne School, Bromley, receive their GCSE results

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He was a director for Crane Davies Management Consultants and Henley Distance Learning, an affiliate of Henley Management College. In the 1980s, he was head of department at Mid Kent college, he was a consultant to Kent Music School and a member of Kent Education Committee 1974 - 1984. He has also been a freelance current affairs and sports presenter for BBC radio. He writes regularly on people strategy, HR transformation, leadership and organisation development.

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