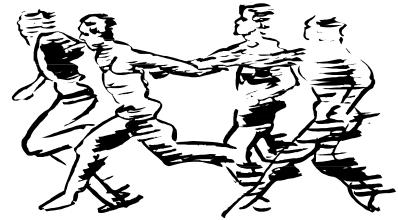


Performance Equations



Case Studies On:

Performance improvement where it really matters: the bottom line.

Construction Industry

Our client, a regional business within a major multi-national construction company, recognised a need, in mid 2001, to address the performance of one of its key operating units, Cairneyhill Quarry, located in the Central Belt of Scotland. This business unit had been a perennial under-achiever over recent years, making losses through the mid nineties before generating a less than satisfactory profit of, circa, £450k in 2000. The quarry had seen substantial capital investment in the early / mid nineties, albeit that many of the operational / engineering and marketing concepts were ill conceived. In addition to addressing the processing plant shortcomings, and repositioning the business commercially (sales volumes have increased by 75% in 2003, compared to 2001), there was an identification of the need to engender 'ownership' of the new strategy, and to enhance the chances of success of a further investment of circa £4,000k by involving the quarry management and workforce early in the process.

Performance Equations starting point was a data gathering stage to establish the key factors impacting the performance of the business unit. This stage involved the utilisation of an organisational effectiveness diagnostic instrument. The instrument specifically identified the discrete factors impacting both positively and negatively on the organisations current performance results. The analysis enabled the Managing Director to gain a clear understanding of the key performance levers that needed addressing as well as the recommended actions to deliver improved performance.

Five factors were identified as impacting on the business unit performance: A poorly communicated vision; a lack of any clear goal setting; inconsistent leadership; little evidence of teams or team working; inappropriate reward and recognition. More importantly, the analysis showed *how* these factors were impacting on performance, therefore, providing insight into how to tackle them.

Our client agreed to a facilitated 'setting the scene' workshop with senior regional management to explore the five factors in more depth and to identify the performance requirement for the unit. The workshop helped to refine the thinking and highlighted three areas of focus: Leadership development; Performance Management; Self-directed teams.

The development programme was designed with a top down approach. The senior management team were developed first in order to establish them as role model leaders. The business unit workforce was then focused on in their respective teams in order to develop their performance in the workplace.

Stage one laid the foundation for the programme by developing the leadership skills of the business unit management team. Each manager underwent a 360 degree assessment feedback in order to target the programme specifically to the needs of each cohort.

Stage two built on the leadership programme, working with the business unit management team to develop a consistent approach to managing the performance of their individuals and teams.

Stage three focused on the business unit workforce. Intact teams were trained to work as self-directed, empowered teams, with clear measurable goals and individual and collective ways of working to achieve performance targets.

The practical tools from the leadership programme have proved to be extremely successful and the client has commissioned a further series of programmes to be tailored to the wider management community, working in this and other product sectors, within the region.

The results

The results have been impressive for the business unit. 2001 saw a profit of £128k, with 2002 at £1100 and the 2003 figure being £1750k with revenues increasing by 20% and profit increasing by 33% over the course of the project. The capital investment programme is now in its final stages, with the processing plant having been substantially re-engineered and two 30 year old, value added asphalt plants having been replaced with a single unit. The 2004 budget profit will be, circa, £2000k.

Analysing company performance measures, the Managing Director has attributed 30% of the increased profit directly to the development project and the increased performance and productivity of those participating. This represents an ROI of nearly 400% on the development investment. Moreover, the practical tools from the leadership programme have proved so powerful that the client has commissioned a further series of programmes to be tailored to the wider management community within the region. The learning from the project has also led the MD to look at the capability of his top team and this is another initiative that is being progressed later in 2004.