

trading results for the company's third quarter showed continued difficult market conditions, and an operating loss in the core communications business of £130 million.

## HIGHLIGHTS OF THE LEADERSHIP CONFERENCE

Parton spoke at the beginning and at the end of the two-day conference. In between, there were presentations by external advisors and many opportunities for participants to discuss the key issues in discussion groups.

### PARTON'S OPENING SPEECH: THE BUSINESS SITUATION AND PRIORITIES

In his opening speech, Parton focused on the immediate priorities to get Marconi back on an even keel:

- To pay the bills—that is, to reduce operating expenses to £1 billion per annum.
- To ensure that Marconi would generate enough cash to sustain itself as a viable business.
- To have an appropriate capital structure—by disposing of non-core businesses, buying back bonds, and renewing bank facilities.
- To grow the business profitably through differentiation of the product portfolio and service.

He expected everyone to leave the conference with a clear understanding of:

- Company direction.
- Efforts to reduce the cost base.

- Developing a platform for growth.
- Leading the people through the crisis.

Regarding the Marconi Way, Parton said:

We need to do something about how to reinforce and communicate this going forward. After all, the values are for bad times as well as good.

## THE CHANGE CURVE

An external consultant introduced a framework for addressing the question of how the managers and their direct reports were coping with the emotions of change. He presented a framework called "the change curve" showing how people typically react to change in stages. (See Figure 1.)

The audience was polled (using keypads for anonymity) about the stage they felt they were in individually and the stage they felt the employees were in. The results were as shown in Figure 2. On another question, "Have you considered leaving Marconi in the last three months?" 62 percent of the participants answered yes.

## WORKSHOP

Parton divided the delegates into breakout groups and asked each for their suggestions to help people commit to change. The aim of the session was to help people talk through some of the emotions they had felt at the company's change of circumstances and to "exorcise some demons." Some common themes that emerged across the various groups were:

- The executive team needed to be more visible to middle managers and employees.

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FIGURE 1

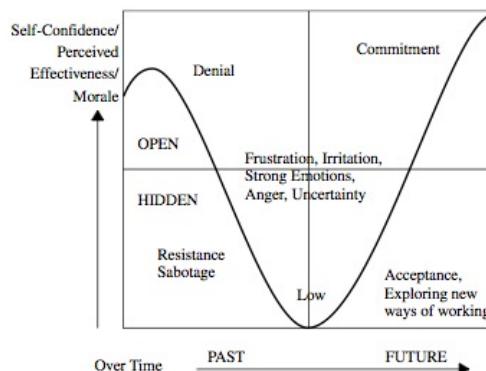
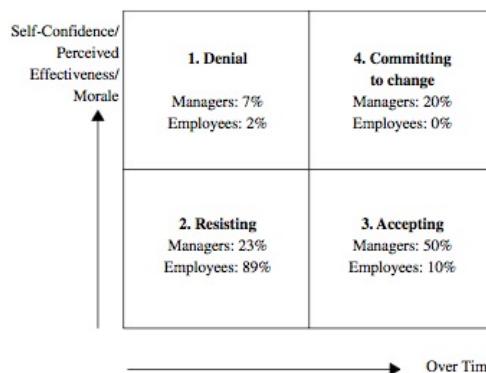


FIGURE 2



- “Stop living for the next quarter. Develop a long-term strategy.”
- The multiple changes in the organizational structure created a lot of confusion: Some managers did not know whom they reported to or were unclear about their responsibilities.
- Need for more communication from Parton on the strategy so that they would have a clear view of what was to be done.

INVESTOR RELATIONS—  
AN EXTERNAL VIEW

A consultant from a firm specializing in investor relations talked about what the investment community thought of