

7days

Newsletter - Winter 2008

Welcome to the 7days winter 2008 newsletter; our chance to share with you our news and views on the current business environment and let you know what we have been up to. It has been an extremely busy time for us in terms of new client assignments and we have included in the newsletter two recent case-studies to illustrate some of our work. One focuses on cost reduction and restructuring and the other on engaging a workforce for improved performance. We would also like to draw your attention to the testimonial on the back page from Tim Brooks, Managing Director, Guardian News & Media.

Naturally, like all of you our thoughts are focused on what we have seen happening in the global markets. As the 'downturn' really starts to bite in the 'real' economy everyone is having to act. We have seen an increasing trend for our core business offering, organisation re-design and restructuring, which has been driven by the need to cut operational costs. However it is clearly essential to do this while maintaining competitive advantage and increasing customer service.

Our view is that this is the time to reshape and realign your organisation to survive the 'downturn' and take advantage of the 'upturn' when that happens. Now is the time to get 'fit for tomorrow'.

Talking of which we have just finished filming for a CBI production that will be released on DVD entitled 'Fit For Tomorrow'. We were asked to contribute our views on how to 'manage in a downturn'. For a sneaky peek, go onto our website at www.7days.co.uk to watch.

Best Wishes, Jill Foley & Louise Palmer, Founders and Joint MD's

Navigating through the troubles . . . One of our distinguished Advisory Board members, Luke Mayhew, Chairman of Pets at Home, Bank and non-exec of WH Smith, gives us his views on how best to manage through the current financial challenges...

"Over the last 5 years, the focus for many CEOs would have been around delivering their 'great new initiatives', their new growth ideas or future visions. As we experience a significant downturn the real challenge for CEOs is to put those plans aside and focus the business back onto its core.

To my mind the real priority in a downturn is to get back to the basics; to really look after your existing customers. In essence making sure that your core customer base are well looked after, that you are answering their needs, their demand for value and are keeping them close to you.

Another key area of focus for managing in a downturn has to be cash. We all know 'cash is king' but in times of growth when things are going well it tends to get put aside and we celebrate profit growth or sales growth instead. However, in a downturn you absolutely need to focus back on cash and that can mean taking some very, very hard decisions about priorities, about investment and about capital expenditure.

How much of a challenge to your business a downturn is, depends on where you start. It will be a moment of truth for those businesses that have squeezed out the cash during the good times and failed to invest for the future. There will be no room to do that now. For those businesses that have managed that delicate balance between shareholder return and reinvesting well in the business for the long term, will start in a much better position to survive. The challenge is holding on, doing the basics right, using cash wisely and positioning yourself to take advantage of the upturn when it comes."



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One Moment in Time

Caroline Piercy and Daryl Edwards report from Virgin Media

With close to 10 million customers and a fibre optic network capable of delivering the fastest broadband speeds in the UK, Virgin Media is uniquely positioned to be the market leader in the provision of broadband services, one of the most exciting areas of growth in the media and technology sectors. Coupled with its leading Video on Demand service and a growing mobile business, Virgin Media is spearheading the next generation of communications in the UK. However, all this is set against a backdrop of fierce competition, fast changing technology, and ever increasing customer expectations. Virgin Media recognises this is the moment for them to realise their potential, as customers become more informed of the importance of fast reliable broadband to deliver their communications and entertainment needs. There is also recognition of the need for change in the way it operates to meet the demands of this changing market.

7days was invited to conduct a diagnostic study to determine how Virgin Media could continue to dramatically improve customer service, reduce its cost base and position itself better to realise increased revenue growth. A small team of 7days consultants with expertise in financial modelling and organisation effectiveness, analysed all parts of the business through structured interviews, site visits and analysis of available business intelligence and industry benchmarks.

Our initial analysis highlighted an organisation bearing the cost of growth through merger and acquisition; a complex jigsaw of different technologies over its cable network, with high associated maintenance costs. In addition, we identified an organisational structure of people dispersed across 700 sites, operating in silos. Importantly there was no end-to-end accountability for delivery to the customer.

Our recommendations focused on driving **significant cost efficiencies** through consolidating activities, reducing duplication and strengthening leadership and accountability. At the same time we looked to

“7days provided us with a structured approach and methodology that brought discipline and focus to how we reviewed our business and operating model. This helped to accelerate progress particularly through the ‘lock-in’ stage of our organisation blueprinting.”

Neil Berkett, CEO, Virgin Media

“7days worked with our senior team to develop a new operating model for Virgin Media. Their expertise and experience in this area allowed us to develop an organisation and ways of working which aligned to our strategy. This resulted in significant benefits to our business, and an engaged management team committed to owning and delivering the new operating model.”

Howard Watson, CTO, Virgin Media

future proof the organisation by introducing a strategically aligned and customer led operating model and structure.

The operating model was developed with Virgin Media’s leadership team, over several months, and enabled a simplified view of the organisation with clear ownership of the customer experience. The operating model developed during the diagnostic, and the associated opportunities this presented to reduce costs and deliver better service to customers, soon became the single most powerful message for change

in the organisation. It became the starting point for business workstream teams to further develop the design for the new organisation.

Accelerated Transformation

The design work following on from the diagnostic was conducted within functional workstream teams comprising senior business managers facilitated by 7days, using the ‘7days Wheel[®]’ methodology. This phase further developed thinking around the possible opportunities within the functions and, importantly, started to embed new thinking about organisation design. This phase culminated in a one week detailed design “lock-in”, where around 170 people were taken off site and in just one week, facilitated by 7days, discussed, negotiated and documented the detailed design, to a level which enabled implementation planning to commence.

Moving towards implementation

The lock-in was a huge success in terms of breaking down silo’d thinking, resolving issues impacting different parts of the business and demonstrating the commitment of the leadership team. Through the design phase and the lock-in, Virgin Media has successfully built a critical mass of people fully equipped to take the organisation into implementation.

Top 5 tips for restructuring

It is our firm belief, shared by many of our clients, that only by restructuring for greater effectiveness can you drive sustainable cost efficiencies. We get concerned when we hear that organisations have just cut costs without reshaping; will they be able to ensure that cost does not just come back (i.e. in the form of contract workers, consultants, etc) in 6 or 12 months time.

To avoid this happening, here are the 7days top 5 restructuring tips for better performance:

1. **Restructure for performance effectiveness to cut costs:** *doing one without the other will not deliver you the right results, it is like trying to get fit and lose weight through a crazy diet rather than exercise; sure you may be 'thinner' but you won't be 'fitter'*
2. **Cut once and cut hard:** *the drip, drip of headcount reduction is a bigger drag on morale and performance than being decisive and taking the tough decisions*
3. **Avoid the 'elastic band' effect:** *so often costs cut quickly come back in other ways. Avoid this not only through maintaining focus but also managing costs tightly in the months after your restructure*
4. **Allow those who leave to do so with dignity:** *it is not their fault, this is situational. Treating them well, with honesty and dignity, will pay dividends in the long-run. Remember they may still be your customer, will definitely know your customers, and will know those still in the organisation*
5. **Engage the 'survivors':** *focus on those leaving is right, doing so at the expense of those remaining is not. Engage them in what the future is all about and they will rally around your vision, and commit to your plans for growth.*

It is our experience, borne out of working on many restructuring programmes, that the ones that deliver the best cost reduction are those primarily driven by designing and implementing effective structures.

Morrisons - a retail success

Peter Mack tells us how this retailer is engaging all its people



Having started life as a market stall in Bradford in the 1890s, **MORRISONS** is now the 4th largest Supermarket chain in the

UK. They have achieved outstanding success, gaining market share from all their larger rivals by communicating their vision to be *'the food specialist for everyone'* and convincingly delivering that vision with shoppers through their strategy of *'Fresh / Value / Service'*. *'Fresh'* meaning freshly prepared food, locally sourced and in season; *'Value'* meaning quality and freshness offered at a price people like, and natural *'Service'* by helpful, friendly and well-trained people.

The new CEO, Marc Bolland, has mapped out an ambitious optimisation and growth agenda for the business going forward, and delivering this agenda requires new ways of working as well as a significant investment in internal infrastructure. Morrisons also recognise that to achieve this scale of change, engaging their workforce from top to bottom is key, so they have been working with 7days to deliver a company-wide engagement programme which will 'create the conditions for future success'.

Firstly, Morrisons worked with 1000 people to determine what their values were and what they stood for. Their values are a combination of what will be needed to achieve the future growth agenda, and values which protect the heritage of what has always made Morrisons great historically.



Continued on next page . . .

7days worked with Morrisons to support the cascade of the values to all 114,000 colleagues across their retail, manufacturing, logistics and head office functions in four steps:

1. **Engaging the Top 50 leaders** through a leadership event
2. **Engaging the next 650 senior leaders** through a conference, in which they were given skills and a toolkit so they could properly engage a further 10,000 managers in the vision and values
3. **10,000 managers then experienced the vision and values**, and were equipped to cascade them to their people
4. **The vision and values were then shared with all colleagues**, until all 114,000 had been reached in over 400 locations over a three month period



The Values Toolkit in a Box

We used a range of materials and methods to achieve this, including films featuring Morrisons people, an easy to use training 'workshop in a box',

10 minute bite sized coaching sessions and an attractive guide to the values which all colleagues now own.

Building on this success, 7days then worked alongside the internal Morrisons team to introduce a regular communications mechanism to embed and reinforce the vision and values. Called 'Gimme 5', this is a simple five minute face to face briefing which all teams will have with their managers once a month.



A Department Manager delivering a monthly "Gimme 5" briefing

significantly greater volume of applications. Their recent business results also clearly show the increase in performance which a more engaged workforce generates:

- Morrisons have welcomed an extra 500,000 customers in the past year
- Morrisons are seeing a higher rate of share growth than any of the other major supermarkets
- Morrisons became the first supermarket to win all 3 of the biggest awards in retail:
 - Supermarket of the Year: 2008 Retail Industry Awards.
 - Grocer of the Year: The Grocer Gold Awards 2008
 - Retailer of the Year: Retail Week Awards 2008

What has all this achieved?

Morrisons are already starting to see significant improvement in important people measures: a decrease in labour turnover in excess of 10% and

Morrisons facts;

1. 4th largest UK food retailer
2. 370 stores with 9 million customers a week
3. 117,000 colleagues work at Morrisons
4. UK's 5th largest food manufacturer
5. Only UK supermarket to be awarded "Carbon Trust Standard" by the Carbon Trust.
6. Morrisons new Kidderminster store wins 'Greenest' supermarket in UK award

Morrisons at its best is a great company and our challenge is to perform consistently at our best, right across the business. This starts with all our people living the values.

Because 7days invested in understanding the unique Morrisons culture, the vision and values cascade and 'Gimme 5' have been extremely well received. They have been two of the most talked-about initiatives by our people, and have certainly strongly contributed to the improvements we are seeing in our key people measures.

Norman Pickavance, Group HR Director



Dr John R Wells, 7days Advisory Board member is appointed to top job in leading Business School

We are delighted to inform all our readers that John Wells, one of our founder Advisory Board members, has taken up the position of President of IMD (International Institute for Management Development) in Lausanne and holds the Nestle Professor Chair.

Commenting on his new role, John said: *"I'm delighted and honoured to be offered the leadership position of one of the best business schools in the world and I'm grateful for the confidence that Matti Alahuhta and the Search Committee have shown in choosing me as its next president. Peter Lorange's strong leadership has built IMD into the premiere institution it is today and his shoes will be difficult to fill. With the support of a great faculty and a very strong Board, consisting of leaders of some of the world's greatest companies, I am confident that we can enhance and grow this fine institution into an even greater global presence."*

John joined IMD after a long and distinguished academic and business career. He rejoined the Harvard Business School faculty in 2002 as the James M. Collins Fund Senior Lecturer in Strategy. In August 2003, he was appointed Professor of Management practice. He taught the core strategy course in the MBA program, his own elective on Strategic Agility and numerous executive programs. In the process he wrote over 30 cases and teaching notes.

His current research addresses how companies increase their agility through innovative approaches to strategy, structure and systems. He is also examining the role of responsible leadership in business and society.

About IMD

IMD was founded in 1990, created in a merger of two independent business schools - IMI, founded by Alcan Aluminium Ltd. and IMEDE, founded by Nestlé SA. IMD has a long history of providing executive education. Today, it is a global meeting place, delivering the best in "real world" learning.

IMD was ranked top for Executive Education in the 2008 FT Business School Survey and No. 1 in the world by the Economist Intelligence Unit in October 2008, for full-time MBA programmes.



About our Advisory Board

Our Advisory Board is an important part of what 7days is all about. They are a group of exceptional individuals who advise and counsel us on our client offerings and business strategy. Many also work directly with us and our clients on shaping effective solutions. Apart from John Wells, other Advisory Board members include Caroline Marland (ex. MD of Guardian News & Media), Carol Leonard (Chairman, Whitehead Mann Board Services Practice), Luke Mayhew (Chairman at Pets at Home and Director of WH Smith, Brambles Industries and Tate Enterprises), Carl Leaver (Director of M&S International, M&S Home and M&S Direct), Alex Wilson (Group HRD, BT) and Charles Gurassa (Chairman of LOVFiLM Int., MACH S.à.r.l., National Trust Enterprises and 7days Limited . He is also Non-Executive Director of Whitbread Group plc, Trustee of both Whizz-Kidz and The National Trust and sits on the Advisory Board for York University and Alpitour SpA).

If you would like further information regarding working with us and our board please contact us at open@7days.co.uk



7days Interim Management

Over the last few years we have been finding interim HR Executives and Program / Project Managers for our clients. Following on from some notable successes, we are now formalising this aspect of our relationship with clients, and launching a new service offering, "7days Interim Management".

7days Interim will focus on finding executive & management talent for HR / people transition activities, program management roles and internal communication positions. We look forward to partnering with our clients and helping to find them the best available talent to fill their short-term management requirements.

Want to find out more?

Contact us at hello@7days-interim.com

In the past 12 months we have worked with some great clients - and one of them has his say about the experience

guardian.co.uk **theguardian** **TheObserver**

Tim Brooks, Managing Director, Guardian News & Media, November 2008.

"I engaged 7days to work on a root-and-branch restructure of all the business departments of Guardian News & Media. We wanted to do this work to streamline the business; properly reflect the changing nature of our work (for example, the increasing importance of digital activities, and the need for a faster pace of decision-making); and get costs and working practices right before the move into our new HQ building in 2008.

The 7days team work collaboratively and intensively with the chosen team(s) from the business. Their approach is characterised by clarity and frankness; a diligent collection of data to inform the decision-making, which favours their scrupulous preference for fact over sentiment; a polite refusal to duck difficult questions, and the courage to put their knife to the throat of our sacred cows; and a very high level of intelligence, coupled with a very friendly and approachable style. Our chosen teams often felt that they were put through the wringer by the 7days process: tears were shed, and tables and indeed walls were thumped. But they emerged from it not only fiercely proud of and attached to their new departmental blueprints; but also rather fond of our consultants as individuals.

And I can think of no higher praise than to note that once we were finished with the business departments, our editor-in-chief Alan Rusbridger, having watched the process work out, asked the team to work with him and the editorial management on a complete restructure of our editorial teams, - the most profound change to our editorial processes since computers were invented - which completed just ahead of our move. I am very happy to discuss our experience of 7days in more detail with anyone thinking of working with them."

And a few other we have worked with;



Organisation Design



Leadership Development



Talent Management



Deutsche Bank

Engagement



What can we do for you?

7days, The Old Rectory, Windsor End, Beaconsfield, Bucks., HP9 2JW