

Since 2002, global engineering group Morgan Crucible has gone from a company in crisis to one with a clearer sense of purpose and a share price that has risen seven-fold. A new approach to corporate communication has played a key role in this turnaround. Victoria Gould and Hilary Scarlett describe how, by working in partnership with the company's leaders, a new culture of communication is being developed.

Making communication part of the plan at Morgan Crucible

Developing a climate of communication to drive change

By Victoria Gould and Hilary Scarlett

In August 2004, the *Financial Times* heralded Warren Knowlton, CEO of Morgan Crucible, as the “turnaround king.” But when Knowlton joined Morgan in 2002, he found a company in turmoil. During the late 1990's, the previous management team had been on an acquisition trail buying companies all over the world. But there had been little integration, leading to duplication of effort, lack of co-ordination, high costs and overheads and poor overall management. By 2002, profits had taken a nose-dive and the company had heavy debts to repay. A major restructuring and significant cultural change was needed to create a unified global organization rather than a collection of disparate companies.

A daunting task

One of the reasons Knowlton had been attracted to Morgan Crucible was his past success in leading two major restructurings – one at Owens

Corning in the US and the other at Pilkington. During both these change programs he had learned the value of internal and external communication and the need to win the understanding and support of employees. But historically, Morgan had done very little in the way of structured internal communication and no one had specific responsibility for this function. So a first step in April 2003 was my appointment as director of group communications [Victoria Gould had previously been working as a chartered accountant in the head office finance team].

There were a number of challenges ahead: major change and redundancies on the horizon; a largely shopfloor-based workforce that had joined through acquisition and felt little affinity or loyalty to the company; lack of formal channels and communication infrastructure; no designated communication team and little experience in this area; and a diverse workforce spread across 100 sites and 42 countries.

As the new director of group communications, I was given some broad objectives to create an external PR strategy for media and analysts and, internally, to support those sites that would be most affected by the restructuring. With no team in place to provide support, communication

Morgan Crucible is a global engineering group employing about 9,500 people in sites around the world. Morgan designs, develops and supplies a broad range of products made from carbon and ceramic materials. They also make crucibles, furnaces and foundry products.

consultancy Scarlett Associates was appointed to help create a communication strategy to deal with the challenges ahead.

Setting up a global network

The first step was to create an internal communication strategy to support the business through significant change. Without a formal communication team in place, it was going to be essential to get the then five Global Business Units (GBUs) and their senior managers to support the strategy and play a role in shaping and delivering it.

Having seen communication networks struggle in other organizations because the team was too junior, we asked for senior managers to be our network. We wanted people who were close to, or part of, the leadership teams in each of the GBUs so that they would have the access and influence to make sure communication was supported right across the business.

We also wanted the network – which represented not just the GBUs, but some of the important countries in terms of future strategy for Morgan (China, India and Brazil, for example) – to challenge us and make sure the approach would work. Their role was to take the strategy back to their regions and make it work within the culture of each GBU and country.

To emphasize the importance of communication, the CEO attended each of the network meetings. He shared his personal insights on the business – how it was doing, what needed to change and areas in need of attention. He also constantly reinforced the importance of making sure employees understood what was happening, why, and what each person's role was in helping to turn the company around.

Key elements of the strategy

The network first met in Sofia, Bulgaria in September 2003 – a significant location as shifting more manufacturing to eastern Europe was to be part of the new business strategy. We presented an outline of our employee communication strategy and together with the network agreed what it should focus on. Six key elements were agreed on:

1. Roles and responsibilities for members of the network and the corporate center.
2. Common principles governing communication across Morgan (i.e. what we were collectively trying to achieve).
3. Channels of communication (for all Morgan employees and for the network itself).
4. How to get urgent news out across the

Victoria Gould is director of group communications at The Morgan Crucible Company plc. Previously, Gould worked as a chartered accountant within the company's finance team.



Hilary Scarlett is director of Scarlett Associates, a London-based employee and change communication consultancy. She can be contacted at: hilary@scarlettassoc.com



5. A team meeting process for all GBUs.
6. How we would measure and track our progress.

Creating a benchmark to track progress

We were keen to set up an initial benchmark for communication and gauge how employees felt about the changes and the company overall. But there was concern among members of the leadership network. The company was going through radical change with site closures, redundancies and non-core businesses being sold. Senior managers were understandably worried about the kind of responses a survey might elicit. To gain the support of the skeptics, we kept the questionnaire short (just 12 questions) and focused on three areas:

1. understanding of Morgan's overall direction;
2. quality of communication; and
3. the employee's relationship with Morgan.

To reassure managers, we stated that the focus would be on the *actions* taken by the GBUs as a result of the research, rather than on how positive or negative the actual results were. We knew there would be some negative feedback, but to generate constructive feedback the survey included a few open-ended questions, such as, what's working well?

Another reason for keeping the questionnaire

↓ KEY POINTS:

- After a series of acquisitions and little integration, by 2002, profits at Morgan Crucible had taken a dive and the company was in crisis.
- The appointment of a new director of communications reflected the CEO's belief that communication was vital to win employees' support and turn the company around.
- A partnership between the CEO, communication and a network of senior managers has improved communication across the company.
- Recognizing managers as the key to engaging employees in change, workshops were designed to improve their communication skills.

- ◁ simple and easy to administer was to encourage managers to distribute the questionnaire to over 100 sites, and get them completed and back to us. Morgan had never done anything like this before, so we didn't want the task to become too onerous.

“Having a quantitative benchmark was a turning point for the group.”

Due to some friendly rivalry between the GBUs, they devised their own plans to make sure each site received a high response rate. Incentives ranged from offering free tea, coffee and sweets while respondents were completing their questionnaires, to a donation to a local charity for each completed survey. This led to response rates as high as 94 percent at some manufacturing sites.

Reviewing the survey results

The survey went out in November 2003 and at the next network meeting we reviewed the initial findings. Having a quantitative benchmark proved to be a real turning point for the group. For many senior managers coming from an engineering or sales and marketing background, the figures began to make our work feel much more real and having a benchmark gave them an incentive to push for improvements the following year.

The initial review of the findings was largely focused on what we could do to improve communication and employees understanding of the organization and its strategy. We gave each GBU the results for that specific unit, the Morgan “norm” and the site results. We didn't share unit data across all the units as we didn't want to create a league table. We wanted managers to focus on taking action rather than becoming preoccupied with which units were the “winners” or “losers” in terms of survey results.

Developing line-manager communication

Several priority actions emerged from our initial benchmark survey, the most urgent being the need to clarify the communication role of line managers and help them develop the necessary skills. So in early 2004, we developed a communication workshop for all managers, from shopfloor supervisors to directors.

Two members of the leadership network agreed to pilot-test the workshop. The event was very practical, dealing with issues such as handling change and running team meetings on the shopfloor. Participants were then invited to a follow-up meeting a month later to see how they were using what they had learned, what was working and what they were still struggling with. This also gave managers an opportunity to share ideas and learn from one another.

As budgets were limited during this period of restructuring, we trained HR and other managers to facilitate the workshops. In each country where the training was rolled out, a group of about 12 facilitators was identified. Having a team this size worked well as the group was small enough to have a sense of camaraderie and mutual support. In between workshops, facilitators shared ideas on how best to run some of the sessions.

Creating global internal media

Another important step was to find ways for internal communication to create a sense of a unified global organization. So we looked at how our media could support this. The corporate website and intranet had been revamped, but in a manufacturing-based organization these are of limited use.

Because of their greater ability to reach shopfloor workers, two global newsletters were introduced. One focused on broader, global business issues and the other on providing news and shorter articles. To reflect the company's cultural diversity, these newsletters are translated into French, German, Spanish, Italian, Brazilian Portuguese, Korean and Chinese.

A new external approach

In addition to our internal efforts, we focused on our external communication too. Perhaps not surprisingly given Morgan's poor financial performance in 2001 and 2002, relationships with financial analysts were strained by 2003. The company had a history of making promises and not delivering so the analysts and financial media were somewhat skeptical about what we had to say.

Our external strategy changed to become: keep a low profile and don't court publicity. We decided to focus on delivery and let the results speak for themselves. We set out five clear objectives for the company:

1. Simplify the business structure.
2. Instill a performance-based culture across the organization.

3. Accelerate and extend restructuring.
4. Turn around under-performing businesses.
5. Dispose of operations that fail to meet core criteria.

External communication started to focus on what Morgan has achieved rather than what it might do and the financial community was won over when our results proved that the company was on the road to recovery. In 2003 only two analysts covered Morgan, now there are 14 and the share price has climbed from an all-time low of 26 pence in February 2003 to £2.38 at the time of writing.

Leading communication from the top

There were significant changes for Morgan Crucible during 2004, such as site closures and changes in the leadership team. But throughout the year, the leadership network made sure that employee communication became part of their way of working.

The CEO acted as a great role model, spending much of his time traveling from site to site and making a real effort to talk to employees at all levels. His message was clear: "Leadership must come from all levels within the Group. It's not reserved for the Board, executive committee or any single team. Likewise, communications must be well done at every level."

He repeated time and again that "a day spent in head office is a day wasted." This sent out a strong message to other senior managers: spend time with employees and customers, not sitting in your office. He also conveyed some clear messages to employees, such as, start to get closer to your customers and if you can see better ways of doing things tell someone, or just get on and implement those improvements.

Tracking progress

The employee survey was repeated in November 2004 and 2005 and compared with the results from the 2003 survey. This has been the real test to see whether all the hard work put in by the leadership network and other managers has had any impact on employees' understanding of and attitudes towards their business unit and Morgan as a whole.

The 2004 results showed positive shifts – and in some cases, significant leaps – on almost all of the 12 core questions. In particular, there's been a strong improvement in the number of employees saying they understand the direction of the company. This positive shift continued in 2005.

It's particularly pleasing that despite all the

change, restructuring and site closures over the past few years, the data shows that each year, more and more employees feel that Morgan is treating them fairly. Anecdotal evidence also suggests that communication is working well and the network is due to meet again in early 2006 to review the 2005 survey and share the good practices that have been put in place.

On a practical note, one lesson we've learned since the first survey is that it's much easier to process the results through one data-processing company rather than leaving each GBU to process their own data and send us the results as we did in 2003.

Key learnings

Looking back over the last three years, here are some of the other key lessons we've learned about changing and improving communication:

- There is great value in having a senior-level network to drive communication. It makes sense to involve people who have the influence to get things done.
- But recognize that these are busy people – use their time efficiently by developing simple tools to help them, and bring them together at key times only.
- Take a consultative approach with business units and aim for a partnership from the start.
- Data can be hugely useful in getting people fired up, especially the skeptics.
- When setting up a communication function from scratch, don't take on too much. Decide what the four or five key elements are and focus on these.
- Keep things as simple as possible. The survey and line-manager training proved effective because they had clear, practical objectives.
- Getting the CEO's visible support and role-modeling is crucial. Fortunately, our CEO had a genuine desire to be out talking to employees and he set the standard for all managers.

The turnaround for Morgan is nearly complete. It has gone from a company in crisis to a more respected, unified and financially stable organization. The challenge now is to ensure that the new attitude to communication becomes embedded in the culture of the organization, and to develop a strategy that clearly supports sustainable growth. scm

CONTACT

Victoria Gould
Morgan Crucible

e-mail:

victoria.gould@morganplc.com