

**CONCENTRATION OF RESOURCE AND EFFORT (CORE) IN BL
CARS 1979-1981. DID IT ENABLE SURVIVAL?
TO WHAT EXTENT DID LEADERSHIP STYLE IMPACT ON THE
CHANGE PROGRAMME?**

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Abstract

This work furnishes a narrative reflecting an in-depth examination of the events surrounding the Concentration on Resource and Effort (CORE) project, the major change management programme introduced by BL Cars in 19789 and completed eighteen months later. The narrative locates itself within the organisation where the author was, at the time, a middle manager closely involved with the internal communication aspects of the programme. An attempt is made to relate the managerial approach taken at the time in the contemporary political, managerial and business environment and also to compare it with a number of leading views on change management that have emerged since in order to try to validate its worth as a genuine change programme. To this end, a range of subsequent change literature has been reviewed while various sources and models are compared with the actual practices carried out by BL Cars in an attempt to validate aspects such as leadership, communication and strategic approach.

Keywords

Change; leadership; communication; automotive industry; industrial relations; 1970s Britain; Thatcherism; employee engagement.

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Introduction

This paper will attempt to critically evaluate the success of the Concentration of Resource and Effort (CORE) programme at BL Cars (1979/80) in light of subsequent developments and in the light of some of the main research into the process of change management that has been carried out since the conclusion of the programme, that is, over the past 25 years. While not attempting to assess simplistic success or failure measurements, it will take a case study approach to attempt to establish the validity of the CORE programme both in concept and execution and will look, in particular, at some aspects of leadership which became evident and try to identify areas in which these aspects affected the overall programme.

More specifically it will look at the business context of BL in 1979 and at why the organisation had to change, summarise the objectives and strategy of the proposed change programme, explain the execution as it unfolded, compare reality with some accepted theory and, finally, try to analyse the success of the venture within prescribed limits.

Sections *in italics* refer directly to my own development as a change manager throughout the lifetime of this programme. Various sources and models will be compared with the CORE programme at BL in an attempt to analyse the validity of the chosen actions.

1. The Management Context

It is easily forgotten over a distance of nearly quarter of a century, just how dramatic was the industrial soap opera which was BL Cars at the end of the 1970s, when the CORE programme was first devised.

The conglomerate was widely reported especially in the popular media as a troubled giant. It had been formed during the previous 15 years by a series of mergers among many of the traditional car manufacturers in the UK. Originally, the first merger had been between Austin and Morris to form British Motor Corporation (BMC) in 1956. This proved relatively successful and was used by the Wilson administration of 1964-9 as a template for further amalgamation, notably bringing together with Austin Morris the disparate brands of Triumph, Rover, Jaguar, MG, Wolseley, Riley, Land Rover, Leyland Trucks and Buses, Alvis – with its earth moving and military equipment arms and even Daimler, manufacturer of limousines and funeral hearses.

Political context

To an accountant – or a politician- this must have made sense. The 1960s was an era of fervent nationalism with Harold Wilson himself being credited for leading the “Backing Britain” campaign which drew heavily on contemporary culture for inspiration. Thus, the context for much of this automotive merging was not the example of other motor manufacturers in Western Europe, but the focus on pop culture personified by the Beatles and Mary Quant, both of whom had been hailed as leading British export earners during the late 1960s. To the government of the day, such a merger would have seemed a logical step in harmonizing the skills and industrial muscle of the various groups involved. It left three other large British motor groups – The Rootes Group, manufacturer of Hillman, Sunbeam, Commer and Humber, Ford Motor Company and General Motors, best known in Britain as the manufacturers of Vauxhall and Bedford. Both Ford

and Vauxhall were US owned and The Rootes Group was soon to follow, a factor which threw extra political and managerial pressure on BL Cars succeeding.

However, the merger did not go as smoothly as had been intended. While inheriting substantial capacity to manufacture vehicles – around 1.3million/annum at its peak in the early 1970s – the group had also inherited less favourable traits. One was its propensity to become entangled in complex and often bitter industrial action. During my interview for a graduate intake place in 1972, for example, I was informed that, on average, there were 1.6 strikes every single working day somewhere in the BL group across about 212,000 employees. Clearly this disrupted smooth production which, in turn, adversely affected product quality and made BL a music hall joke, at least in the media. When Arsenal were playing in the European Cup in 1979, a banner in the crowd proclaimed “Arsenal’s forwards strike faster than BL”, which was not the kind of publicity which endeared itself to those who worked there.

Organisational context

Another factor was the engineering shortcomings which had become evident to industry watchers during the 1960s and even earlier; these fatally included an inability to design and manufacture a competitive manual gearbox, resulting in high warranty costs on many products, especially those from the Austin stable, and a loss of consumer confidence and media respect. Probably the worst of these was the five-speed transmission fitted to the E series engines. This power train was fitted to the Austin Maxi from 1969-79 and in some versions of the Austin Allegro from 1972-82. These cars, although innovative in other respects – the Maxi was the first genuine hatchback while the Allegro boasted (not altogether successfully) a square steering wheel – were soon the butt of tasteless jokes among the motoring press, which was (and remains) a powerful pressure group with real influence over the automotive industry.

Another frailty was that of financial performance. As early as 1932, Rover had called in an accountant as financial adviser and trouble shooter, one H Howe Graham who had persuaded the then Chief Executive, Colonel Searle, to resign while the production facilities were completely redesigned. Searle had, apparently been associated with “financial difficulties” (Church, 1979, p197, footnote) and the subsequent change process of the 1930s had stood Rover in good stead for the following 30 years. Austin was no better for many years. In 1923, it registered a loss of over £200,000 (Church P 58) and yet was one of the more secure financial partners in the merger, mainly because it sold more units than most of the other marques.

It was to this organisation that I was recruited straight from Hull University in 1972, as the best of the four offers which I secured on the milk round. I was taken on as the sole PR graduate of that year. There had only been one graduate in the PR department before, in 1970 and the scheme had achieved only limited success. Consequently, the jury was still very much out on the value of graduates and this atmosphere was to continue for the next decade, which in itself is an interesting viewpoint about the value of change management in BL Cars. How was an organisation which had not readily embraced the value of university education going to cope with all the social, economic and political upheavals of the following two decades?

Management Context

Ownership had traditionally been in the hands of a few almost dynastic figures. Herbert Austin gave his name to half of BMC, but had died in 1941 (Church p140). Lord Nuffield had founded

Morris and MG but had long since grown tired of industry in favour of philanthropy before his death in 1963. Interestingly, even long after these captains of industry had departed, the linkages between BL Cars and many of the other major capitalist organisations active in the UK were very strong. A shareholder map of 1985, for instance, shows strong connections between BL Cars and Hill Samuel, Hawker Siddeley and Warburgs (Abercrombie and Ward, 1988, p 23) and there were both strong and cherished links with many other nationalised and semi-nationalised enterprises while I was employed at BL.

The Birth of CORE

The point in history when CORE was first proposed was in the late spring of 1979 when the initial discussions were held at Bickenhill, near Birmingham, then the Midlands central office for the volume car division, Austin Morris Ltd.

The first I knew of it was when my direct boss, Stephen Harrison, Director of Communications and Public Affairs, called me in to a high level meeting. The meeting was chaired by the then Chairman of Austin Morris, Ray Horrocks and attended importantly by Managing Director Harold Musgrove, both stellar and somewhat intimidating figures as far as a young Communications Manager – as I was – was concerned. Horrocks was the son of the notable Second World War general Sir Brian Horrocks who had given some of the first televised accounts of key battles of the European campaign. Ray was very much a chip off the old block whose thinking seemed to be fixed in a time warp of his father's glory days in 1944/5. He was described by one of the union leaflets as "a little man with a booming voice" which, although not terribly respectful, was largely accurate.

Horrocks outlined the situation to about 12 managers, mostly directors. Present were heads of Finance and Personnel (pre-dating HR) and Directors of Operations at both Longbridge and Cowley, as well as the Manufacturing Director, the Head of Business & Product Planning and the Chief Legal Adviser who also acted as Company Secretary.

Horrocks outlined the financial situation fairly tersely. In 1978, a year for which full figures were just emerging, Austin Morris had produced a shade under 500,000 vehicles (Bhaskar, 1979, p 168) but had accounted for only 18.7% of the UK market. At its peak in 1972 Austin Morris alone had taken about 43% of the same market so this was evidence of a continuing fall in market penetration which had caused great concern for both the dealers and the financiers. Also, some of the sales were not profitable. The Mini, for instance, was one of the best-known cars in the world – but the cost engineering had never been adjusted since its early financial disasters. Launched in 1959, the costing of the production process had been so badly calculated that, when I joined in 1972, each unit sold lost a nett £40. So, the more Minis that were sold, the more money was lost. By 1979, this loss had been reduced to about £26/unit but was still considerable, especially considering that BL had sold nearly 200,000 units the previous year (Bhaskar, P 168); and the Mini was already nearly 20 years old – with no discernible replacement on the horizon.

Nor was this all. A SWOT and PESTLE analysis (see Appendix 1) would have made for sorry reading – although neither of these tools was used at any stage in the CORE planning process, which seems strange now.

Competition was becoming fiercer. European manufacturers had made inroads into the UK market steadily throughout the 1970s. Imports had increased by a massive 535% in the period 1970-77 (Bhaskar p 29) while exports had reduced by 23%. (Bhaskar p 29) In part this was due to the emergence of the Japanese as a force in global markets. Japanese cars, virtually unknown in

the UK before 1970, had proved cheap, reliable and different in a stale market place. Being right hand drive to start with, the export effort was less expensive for Japanese exporters to the British market and the quality levels of aspects such as transmissions was a revelation to dealers and car buying public alike. Put succinctly, Japanese cars had pleasant, easy gearboxes, BL cars often did not. Brands such as Toyota and Honda were highly regarded for their quality levels and initially bought their way in to the market. Although there were political protests about what was seen as “dumping” – selling cars at or even below manufactured cost to gain entry into the market place – these were always turned aside by the Japanese who pointed out that the Japanese domestic market was open to all manufacturers, an assertion which was, in practice not true. Any cars exported to Japan had to comply with highly stringent requirements which, in the case of the Triumph Stag, for example, led to all the VIN plates having to be removed and repositioned 60mm to the left on the engine block. Even on a relatively small volume of exports this was a complex and expensive task to be carried out thousands of miles away from the factory in a country of only three dealers and acted as an effective brake on genuine exports.

2. The Proposed Change Programme

However, the competition was not something which BL managers believed they could affect at the inaugural meeting of the CORE team. BL was far more concerned to put its own house in order and that was seen primarily as being a cost cutting exercise. Here is one of the central tenets of the CORE programme that might explain a relative lack of long term success. The overriding objective was to take cost out of the company, not to develop and produce exciting new products, although they were seen as being part of the subsequent phase. The savings made were to contribute toward the investment needed for new product development, although this was purely a saving in operating costs, not investment capital.

However, BL was in a politically difficult position. Although not officially a nationalised organisation, in practice, the government – through the DTI and the National Enterprise Board (NEB) – was the major shareholder. The relatively easy going Head of the NEB in the Callaghan administration – Eric Varley – had just been replaced by Sir Keith Joseph for the new Thatcher administration and that was a very different political proposition. Joseph was one of the hardliners in the new cabinet, implacably opposed to spending more than absolutely necessary in the public sector and certainly not in favour of sinking yet more public cash into BL Cars. And, as Sir Michael Edwardes himself stated “Without a (realistic) corporate plan, there could be no justification for further government funding.” (Edwardes, 1983, p3). Joseph’s appointment placed the CORE programme on an entirely new level of significance. In order to stand any chance of the substantial funding needed to invest in the Metro and other new product (mainly Maestro and Montego) the organisation needed to prove that it could manage its own affairs effectively. Metro alone eventually swallowed about £280m, largely from the public purse, although the project figure at the outset of the CORE programme was less accurately estimated.

So, the corporate plan – for that is what CORE effectively became – had to demonstrate a number of strengths to a sceptical government. It had to reduce the demands on the public purse, at least in the short term. It had to begin to tackle the appalling industrial relations problems. It had to devise a sensible and realistic new model programme. It had to show that management could, once more, manage the business, by gaining acceptance to deeply unpopular decisions if need be and it needed to show that the organisation was capable of being managed – which had been in doubt ever since the days of Lord Stokes’ failure in the mid 1970s. There may have been at least

one other, hidden but very significant objective. It may well have been the case, in Edwardes' mind at least, that the plan had to prepare BL for some kind of merger or joint venture with another automotive manufacturer, because that was popularly seen as being the only realistic way in which the company could be saved. In the event, CORE achieved virtually all these objectives in the short term to some degree. In a nutshell it was, in the famous phrase of the Chairman, going to deliver manageable sections of the unwieldy group, sections of a size where managers could "get their arms around the tree".

If a crusade was to succeed it had to have a Lionhearted leader and, in that respect at least, BL was fortunate. The Chairman, Michael Edwardes was an extraordinary character. A short South African, he was a lawyer by profession but a natural manager and leader by inclination. Uncompromising and as demanding of himself as he was of his managers, Edwardes led from the front, not shirking meetings with hostile union leaders or government ministers alike. He was believed – rightly - to regularly spend about 80-90 hours a week at his Portland Square office. He kept a team of no less than three secretaries more than busy and often had to bring in extra pairs of hands to help them cope. He had a dynamism and drive the equal to which I have never seen in any other captain of industry. He had genuine charisma and he assembled a team of managers at all levels very much in his own image which may have both assisted or hindered the CORE process, helped because he could rely on like-minded managers to carry out the agreed policies and hindered because there may have been less vigorous opposition to the programme than might have been healthy.

He also had the advantage of bringing with him from Chloride (where he had previously been chairman) a disarmingly fresh view of the motor industry. Whereas Lord Stokes had always been viewed as a man with a divided sense of loyalties (being a life long member of the Labour party, he was viewed with great suspicion in the City; being the personification of capitalism he was viewed with equally great suspicion in the Labour government and the unions, a dichotomy which he never resolved) Edwardes had no such divided loyalties; all he cared about was the survival of BL, a crusade more than just a change programme which was eventually to cost him his health and his marriage. Ideologies were, for him, irrelevant except in so far as they allowed him to exert pressure on ministers and civil servants to accede to the needs of the corporation. Widely viewed as a Thatcherite, this was a misplaced label; he did not care much for the Iron Lady and often exchanged acid remarks and correspondence with her, in private as well as in public (Edwardes pp221-2).

His attitude to BL is perhaps best summed up in his own words when writing to Chloride employees in October 1977 explaining his decision to accept the offer of Chairman of BL: "The question you will ask is "Can you really hope to influence such a situation?" I don't know. The task is enormous, some would say impossible. But I am going to try because I believe that BL does have a future. It is a company which has talent at all levels. Talent that can, and must, be fully utilised. Given the right support from all in the company and government – which could mean facing up to some tough decisions - it is still possible to restore its growth and realise its full potential." Five all-absorbing years after that was written (he continued) I haven't changed my mind" (Edwardes p294)

In comparison with some of the thinking and writing about the qualities needed in a change champion, Edwardes perhaps conforms quite well if not quite aspiring to be an archetype. Carnall's discussion of the relevant qualities (2003, p 264) suggests an ability to break existing mind-sets, which was certainly present, and also abilities to suspend judgement and to hold open options for some time, both qualities possessed by Edwardes, especially in his dealings with

government. His memory also was excellent, as was that of several of the main players; thus, he appears to accord with the majority of the desired attributes in Carnall.

Others take a differing view. The, by now, famous if rather prescriptive model of a change agent developed by Buchanan & Boddy (1992) and cited in Senior (2002, p319), sub-divides such qualities into five key areas, all of which would be applicable to Edwardes.

The Personalities of CORE in the Operating Units

However, characters other than Edwardes were active in the change process as epitomised through the CORE plan. As well as Horrocks, whose role was largely behind the scenes, keeping the politicians off the backs of the senior managers, there was a highly dynamic manager who probably delivered more real outcomes than anyone else in CORE. He was Harold Musgrove, soon to be the MD of the Austin Morris Group but, at the outset of CORE, the Manufacturing Director. Musgrove had a very different background to Edwardes. He was motor industry through and through. His father had been a toolmaker at Longbridge and Harold had completed an apprenticeship before taking a part time production engineering degree. He had an apparently direct approach which many found truculent and he was known to be an aggressive bully who baulked no opposition. He was feared and respected in equal measure by all who encountered him; *when I first met him I was terrified of him - not a common reaction in my late 20s. As I grew to know him, respect and liking replaced fear and we ended up as close allies on cordial terms – but the realisation was always there that this cordiality would not save my job if I failed in any aspect of a project.*

Harold was also seen as one of the workers. He had undergone trials for West Bromwich Albion football team and he was revered in the factories in Birmingham as being hard, straight speaking and fair. In fact he was far more subtle than his public persona ever allowed for and some of the major victories over militancy were derived directly from his astute policies and reputation for telling the truth. In one respect he was a mirror of, the then, new Prime Minister. Opponents – of whom there were plenty - might not like or agree with him but they believed that he would do as he said.

Harold was strongly aided in CORE by his Longbridge-based Operations Director (later Manufacturing Director), Tony Gilroy. Gilroy was a rugby-playing native of County Cork, qualified as an accountant and with an innate ability to read character instinctively in his dealings with management and workforce alike. Polite, urbane and astute, but moody and unpredictable, Gilroy was the real iron fist in the velvet glove; it was he who took on the anarchic might of the unions at the height of the disruption and who won back the hearts and minds of the majority of the workforce despite the vast odds stacked against him. He it was who decided to sack Derek Robinson, the Red Robbo of the tabloid media, which led directly to the restoration of logic and management control in the Midlands plants. *He and I worked very closely together both then and subsequently, and he was a man for whom I had a great degree of respect.*

The combination of Musgrove and Gilroy became almost legendary in the automotive industry and it was very largely owing to their alliance that CORE can be counted a reasonable success. Gilroy's immediate task within CORE was twofold – to combat the militants, thereby regaining the managerial ground on the shop floor and to install the new manufacturing facilities for the Metro on time and on budget. Without either of these tasks being successfully completed, CORE could be said to have failed. The fact that both were achieved in a remarkably short timescale, must be attributed in no little measure to the separate but integrated teams which Musgrove and Gilroy both led and to the leadership qualities which they displayed.

Analysis of Change Champions

Was either of these men typical change champions? In one sense they broke one of the cardinal rules as stated by Fill (2002,p472) that a single senior manager should be responsible for all internal and external communications during the change programme. The communications team was very much in the Edwardes mould, direct, dedicated – in that it had no other major responsibility – and strategic in its planning of method and processes by which to raise the awareness of their interpretation of the truth. Musgrove and Gilroy, while not claiming to be communications experts themselves, nevertheless proved to be admirably clear and direct in their communications. They both appealed to the workforce and won widespread respect partly by this clarity and partly by force of personality. Musgrove, in particular, spoke the language of the shop floor and was able to claim unique credibility as a result.

Moreover their approach was exemplified by the passion with which they both believed in the future of the business. At times, this led to harsh decisions – colleagues were either supportive or marginalized; there was no position of neutrality in a crusade such as this – and neither man was noted for taking prisoners, either in the factory or the board room. Much emphasis was placed on the work ethic – which was all consuming. Those of us on the CORE team rarely either took a weekend off or finished before 9.00 at night and evenings were typified by meetings in the office of either Musgrove or Gilroy, wreathed in blue cigar smoke and fortified by strong black coffee. Over the two years or so of the CORE programme rollout, the number of managers who adhered to this regime dwindled noticeably. One had a heart attack, and others saw marriages or health suffer, but most persevered because they believed in what they were trying to achieve.

In their own way and in the historical context of society of the time, both Musgrove and Gilroy acted ethically, as did Edwardes. To take the five Ps of ethical leadership developed by Blanchard and Peale in 1998 and quoted by Fisher and Lovell (2003, P229), all three adhered to all the Ps with the possible exception of patience, which was always in short supply in the automotive industry of the late 1970s. Pride there was in plenty, prudence revealed itself in glimpses, while persistence and perspective could have been the watchwords of the CORE management ethic. Edwardes' approach to managerial promotion was summarised in the psychometric tests which he insisted all his senior managers undertook before advancement. *Mine, in 1980, proved to be a realistic reflection of his approach. Of all the qualities Edwardes was looking for in managers, drive and dynamism came out strongest. Skills, he argued, could be acquired; attitude could not. Nobody could ever deny that Musgrove and Gilroy lacked drive.*

Occasionally, they may have lacked subtlety. To compare them with Johnson & Scholes' styles of managing change (2000,p511-3), they both scored highly in intervention, direction and coercion and began a significant effort to achieve collaboration; so, a score of around 90% reflects their achievement against that parameter.

Changing the culture of BL was a prime requirement and a necessary precursor to changing the actual business. Under the Musgrove/Gilroy axis, it became more likely than it might otherwise have been. If they didn't actually create a feeling of Hudson's "from no to yo" (Hudson, 2002,p 111) they did, at least, inject a sense of pride and achievement into the whole CORE process – no easy matter when it dealt with so many redundancies and closures.

As to other qualities needed in change champions, Musgrove and Gilroy followed – whether deliberately or not – Kotter's Eight Point change model (1998, p7) with the possible exception of the final phase – institutionalizing the change process. Nothing much that went after CORE in BL

indicated that the resulting group had learned the lessons of the change programme sufficiently to be accredited as a genuine learning organisation.

3. Planning the Change – Core Objectives

In summary the objectives were:-

- to cut operating costs as far as possible
- to reassess manufacturing capacity
- to regain managerial control of the employees
- to break the militancy then current at most plants
- to successfully instal the new manufacturing facilities for the new Metro
- to successfully launch the Metro
- to build a firm platform for future joint ventures

The aims of the change programme that was CORE are interesting. We have seen how they were very largely related to saving costs but was this a justified end in itself, was there a further, hidden agenda and how does the aim of saving cost equate to some of the writings on change management?

BL's losses, as a group were subject to some clever accountancy interpretation. According to Bhaskar (1979) the profit before tax in 1978, the year prior to CORE was just £8m; after tax, that was wiped out altogether. According to Edwardes, the figure was rather worse, although he consistently refused to state any precise number in public, and this was exacerbated by the horrendous saga of industrial disputes. The toolmakers strike of 1977 alone, for example, had, according to Edwardes, lost around 250,000 vehicles (Edwardes p 13). At an average showroom cost of approximately £1,000, which equates to a loss of £250m turnover in one dispute alone. And there had been plenty of other major disputes. Certainly production had dropped from about 212,000 vehicles in 1976 to only 180,000 the following year mainly because of industrial action (Bhaskar p 168) and any shortfall was inevitably going to hit profits very hard.

Moreover, this was all operating profit – or loss. The survival of the group required new product, which, in turn required new investment and profits of even £8m, if we are to believe that figure, contained no provision for the level of investment needed. In the late 1970s, each new product required several hundred million pounds to develop and the CORE plan was to provide for at least five new models.

In July 1977, the government had managed to persuade the House of Commons to vote a provision of £100m to BL for future investment (Bhaskar p 177/8) but, even if this had been honoured by the new Conservative government – which looked unlikely in 1979 – it could have paid for no more than a facelifted model – probably the Morris Ital. an updated version of the Morris Marina, and a notoriously poor quality car. Its engines and complete running gear were derived from the Morris Minor, dated from the late 1940s and had been designed to act as a stopgap in the immediate, utilitarian post-war years. Simple and reasonably rugged – if built properly – cars like the Marina were really only desirable in ex-Commonwealth countries where they sold in modest volume from CKD (Completely Knocked Down) kits which were assembled in unskilled export markets. India was a prime market as were Jordan and Kenya and none of

those markets had the foreign exchange to provide even a small fraction of the need for new investment,

Otherwise, the aims of CORE were rather hazy. Had anyone consulted any of the change management wisdom now available – change became popular in management only a couple of decades after this – it would have been interesting to see how far the CORE objectives were reflected in perceived wisdom. For example, the Five Cs of the change processes championed by de Vries, (2003) were not noticeable by their presence in 1979 CORE aims. Concern was exemplified by the performance figures, confrontation by the need to improve the industrial relations record, clarification and crystallization by the need to decide exactly what type of motor manufacturer BL wanted to be – volume, niche or specialist, and change might have been achieved but probably only by accident. The first two were certainly present and a sterling attempt was made to achieve the third, but, overall, the level of real success in this regard must be doubted.

Indeed, one of the motivators for change in CORE could well have been the knowledge that it was essential if BL was to survive at all. Active inertia (Sull, 2002 p100/1) or something very similar had been the rule of thumb for as long as many managers could remember. I can still recall the shock of being told at the first CORE meeting that there was simply no future for anyone in the group unless we were able to bring about a programme of massive change. *Having just bought a (then, moderately expensive) house this was not personally very encouraging, a dimension I tried to apply to others who were to be much more adversely affected than I was to be.*

There is a strong parallel in Martin (1998) who identified the four main problems of a large company in crisis as being the articulation of the founders' vision – Austin and Nuffield in this case – the consolidation of steering mechanisms – the embedding of the various companies that were to form BL in their market places – third, the deterioration of necessary feedback – eminently discernible throughout the 1970s – and finally, the proliferation of organisational defensive routines – very evident in the BL of the late 1970s where the internal – and sometimes external - joke was that the Not Invented Here factor took around 75% of all management time and energy, leaving insufficient time or energy to design, develop, produce and sell new competitive products.

In the words of the ultimate architect of CORE – Michael Edwardes – the aim was to “shrink the business to a level beyond which we believed it was not safe to go.” (Edwardes p 95) In hindsight, this was not a terribly worthy or ethical aim. But in 1979 there was no hindsight and in one interpretation, CORE brought with it legitimacy to a deterioration process, born of active inertia, which had been continuing for some time.

Other writers have outlined a more catholic approach to the aims of change and some of these are interesting when compared with the relatively simplistic and focused approach set out in CORE. Blake & Mouton, (1985,p186-8) for example list a number, many of which relate to team behaviours and some of which impact on the issue of whether BL Cars learned much from the CORE programme. Replacing outmoded traditions is a central issue and one which was seriously hampering BL at the end of the 1970s; the culture was still influenced by the actions and characters of the various founders and magnates who had built up parts of the group. In most plants, for instance, directors and sometimes managers dined in dedicated dining rooms with wood panelled walls, clean linen, waitress service and, often, alcoholic drinks, all freely available as a matter of course. These dining rooms resembled gentlemen's clubs and were well removed - physically and conceptually - from the stained formica tables and aroma of cabbage which

pervaded the canteens for the rest of the staff. Only about a dozen or so directors or managers were allowed access to these rooms which often acted as an unofficial board meeting forum where strategy and tactics as well as more mundane topics were discussed daily. They survived at least until my leaving BL in 1983 and their continued existence until then cannot really be counted as a successful outcome of the CORE programme perpetuating as they did some of the deeper divides between so-called management and so-called workers.

To summarise and situate the CORE programme in time, the timescale of the progress of CORE would be:-

June 1979 – initial meetings

July-Oct 1979 - development of plan

November 1979 – internal communication effort based on roadshow culminating in employee vote

Jan 1980- Red Robbo sacked

Feb-Sept 1980 – build up of new Metro facilities at Longbridge

Oct 1980 – launch of Metro

Sept 1981 – announcement of joint venture with Honda

4. Some Cultural and Managerial Aspects of Change and the Core Programme

There were some aspects of working life which were interesting in the light they shed on the culture and tasks which CORE was attempting to change. Most of the managers at BL were men and, in some areas, such as engineering, that majority was almost absolute. Women only attained managerial status in a very few areas – Personnel and, occasionally, in Finance. Elsewhere, women were secretaries of one sort or another. Moreover, they ceased to have individual identities to a degree once they were at work. There was habit of long standing which saw secretaries take the surname of their boss, partly to differentiate what would otherwise have been a surfeit of female Christian names and partly to underline the proprietorial nature of the hierarchy. Thus, Kathy Woodfield, who worked for my boss Stephen Harrison, was universally known as Kathy Harrison despite the fact that her husband's surname was Wilson. Sandra Holmes, who worked for Gilroy, was known widely as Sandra Gilroy, which, ironically, became reality three years later when they married.

The maleness of the offices and factories was also an aspect which cannot be underestimated. When I joined originally in 1972, there were unofficial mafia in the group; the public schoolboys and the Roman Catholics. The public schoolboys were chosen from a relatively small shortlist of schools – Shrewsbury, Winchester, Oundle, Marlborough and Repton were the key establishments but others such as King's Canterbury and Ardingly were coming into fashion. Accordingly, the patois of the office was very much based in school vocabulary – we all called each other by surname only, as we had at school. This must have made it difficult for outsiders, although I never gave the matter any thought at the time.

So must the traditional public school bigotry which viewed some minorities with a mixture of distaste and, occasionally, amused tolerance. There were absolutely no concessions to inclusion or diversity – the very notion would have been laughed out of court – and the macho culture was such that managers stood or fell by their own efforts. There was also a rigid colour bar in operation in the factories, not at the specific instigation of management but at the behest of the unions who were quietly determined to preserve the best jobs for their own kind. Unsurprisingly,

this fact will not be found in any reference books but it was applied rigorously and was common knowledge throughout the group. Coloured jobs were restricted to the dirty and heavy end of the spectrum – mainly in the forges and foundries where a few West Indians worked, probably because nobody else was prepared to put up with the heat and dirt. Of Asians there was no sign, even though cities such as Birmingham, Coventry and Wolverhampton were home to many Asian populations. This is another area in which it is unlikely that BL became a learning organisation. There is no point, however, in attempting to impose the norms and values of 2005 on the culture of 1979 for that would warp the element of historicity and fatally change the appreciation of the prevailing culture of the times.

The Roman Catholic “mafia” had originally stemmed directly from Lord Stokes who was a devout Catholic but also included many of the senior managers – such as Keith Hopkins, Director of Corporate PR under Stokes – and made itself felt usually in the promotion stakes.

Structurally, BL was very much a Power culture (Handy/Harrison,) with most of the authority vested in the senior managers. The Management Resources Panel for example, the only corporate body devoted to recruiting and harnessing competitive talent, was made up of just five people, all based at corporate headquarters in London (Edwardes P59). To a lesser degree the group showed signs of both Task and Role culture, the latter in functions such as Finance and Personnel and the former in the distinct business functions which Edwardes created as part of CORE. The most significant of these functions was the identification of Unipart as a stand-alone unit, formed out of the former Parts Division at Cowley. Unipart was also notable in leadership terms for having as its first CEO one of the few senior managers with any academic or theoretical background. John Neill had been educated in his native South Africa and had completed an MBA at one of the leading universities in that country. For many years he was one of the few people in BL who knew what kind of management principles the group was following – if any - and won the respect of some of the harder line managers accordingly. His was also a sensationally successful appointment; by focusing on the brand-led marketing route which has become commonplace in recent years. It was Neill who first coined the oft-repeated marketing phrase “The answer’s Yes; now, what’s the question?”

Neill not only forged a pioneering furrow but also turned round a loss-making business into a moderately profitable one (Edwardes 1983,p168). Trying to emulate him several years later one of the only other academically qualified managers in the group – John Egan – failed to make any similar lasting improvements to Jaguar and can be held largely responsible for the ultimate takeover of Jaguar by Ford.

Another interesting issue which touches on culture was that CORE was almost wholly led by the Austin Morris division, although it applied throughout the entire BL group. The other major car manufacturing unit was Jaguar, Rover, Triumph headed by a Chairmanic equivalent of Horrocks called Geoff Herbert. Herbert was a respected production engineer with an accountancy qualification but had never shown either the personality or the inclination to run a heavily disparate business or to stand up to the likes of Horrocks and Musgrove. History has largely forgotten him and his role in the CORE effort was both low key and acquiescent. Yet Jaguar, Rover Triumph was, if anything in an even worse state than Austin Morris. Although some of the product was rather better regarded – especially the Rover 3500 executive car - product quality was even worse than at Austin Morris and manufacturing volumes were very small. Although the Triumph Spitfire had been in production for nearly 20 years when it was discontinued in 1980, for instance, only 61,000 had ever been produced. At that low volume, profit was a chimera.

Analysis of CORE objectives

Setting standards for excellence – another Blake & Mouton objective of change – was an area in which more was achieved through CORE, although partly at the expense of investing heavily in new plant and equipment, especially technology. It is easy to forget, now, how radical new technology was in the late 1970s, but it was the era of the technological revolution and BL was near the forefront of such technology, in British manufacturing terms, at least. The wizardry of the Star Wars films – the first was premiered about 15 months before CORE was conceived – had captured the public imagination and anything technological was seized upon by the media as being indicative of progress and innovation. To this extent, the huge investment (approx. £240m) in robotics at Longbridge saved the BL reputation, at least in part and the company seized every opportunity to showcase its mastery of technology, including Computer Aided design (CAD) even though it lagged behind competitors in other areas, such as quality control. It is doubtful whether the traditionalist culture of the organisation would have allowed this if CORE had not been conceived.

Other objectives, such as improving manufacturing efficiency and productivity were more tangible to the largely manufacturing based groups of senior managers who oversaw the adoption of CORE. Consequently, Just-In-Time component delivery, for example, was successfully introduced to the new Metro assembly tracks at Longbridge, despite it being claimed as a Toyota invention a few years later. (Kanji & Asher 1996,p50).

Jacobs' model of change architecture, cited by Carnall (2003, p6-7) can also be seen to have some similarities with CORE. The second two aspects in particular – discovering the future in diverse perspectives and creating commitment to action plans – were both analysed and built into the overall CORE strategy, although since Jacobs did not formulate this architecture until 1994, it cannot really be claimed that BL managers consulted this model which now enables us to see that the theoretical underpinning which one would have hoped had supported the CORE programme was almost totally lacking.

Certainly in terms of recognizable models of change architecture, CORE did not adopt any of those then available. This may have been because of ignorance of their existence – models such as the Objectives Tree (Senior 2002, p 279-80) were not published until considerably later than the CORE programme – or because nobody involved thought to consult managerial or academic theory. None of the managers involved were noted for their academic leanings; the only senior manager with any inclination towards academe was made redundant early in the programme. The others were of the pragmatic school of hard engineering management who harboured deep suspicion of anyone who had not undergone an apprenticeship on the shop floor.

Although the Lewin model (Senior 2002, p308-10) fairly accurately describes the process which CORE was to drive through the group – unfreezing, reorganizing and refreezing – any resemblance may be purely accidental; it is very unlikely that any of the CORE change managers consulted anything like this before deciding and acting. What Lewin does tell us about CORE is that it did attempt to follow this three-stage process and that, in limited ways, it was successful.

In tangible terms, the specific CORE aims were almost iconoclastic. CORE recommended closing whole or part of no less than 13 plants, involving the loss of about 38,000 jobs. Even by BL standards, this was draconian, especially when the total employment at the time was around 167,000, (Bhaskar P 64) itself down from the record high point of around 212,000 when I first

joined in 1972. Moreover, some of the proposed cuts were in politically sensitive areas. It was planned to close the plant at Speke on Merseyside, for instance, where the Triumph TR7 was manufactured. The TR7 was not, in fact, a bad car but the open top sports car fraternity had never taken to it like they had the MGB and earlier TR versions. It was seen as being too refined and bourgeois for a true sport car and it also required a large number of unique components – in that they were specially and expensively machined for the TR7 and not fitted to any other model in the range.

Speke, however, was in an area of already high unemployment and employed around 7,000 people. It had no tradition of car making, having been a factory which manufactured safes until 1959. As part of the British Leyland combine, and in reaction to Labour government pressure, Stokes had acquired the huge (103 acre) site in 1968 and then wondered what to do with it. Labour relations were terrible, among the worst in the group and, partly as a consequence, quality and productivity levels were very low. It is not as though there was no evidence already extant about the problems of trying to manufacture cars on Merseyside. Ford had opened its Halewood plant, very close to Speke, in 1959 and even the great success machine that was Ford had never come to terms with the high costs and industrial relations problems that the area embodied (Beynon, 1973,p65-88)

The TR7 never, in fact, made a profit (Edwardes P70) and production cost was very high, because many of the TR7's components were manufactured in Coventry, Birmingham or even South Wales and then had to be transported at huge cost all the way up the M6 to Speke. Exchange rates were also working against the TR7, the main export market for which was North America. Sterling/dollar movement meant that the model became steadily more unprofitable during 1978/9 and even non-motor experts such as James Callaghan and Michael Heseltine saw the wisdom of deleting it from the range and Speke from the BL map.

Even more emotive was the proposed closure of the MG factory at Abingdon in Oxfordshire. Here, the case was genuinely sad for all concerned. MG had been founded as an offshoot of the Morris company in 1923 (the initials stood for Morris Garages) and had a true tradition of car making. The products had always been moderately successful and had established a tradition of sporting, affordable cars which boasted a good reputation on the racing circuit. The current model was the MGB, which had been in production since 1961 with very few changes and, therefore, must surely have been amortised years earlier. However, the exchange rate again took its toll. With 85% of output going to the US, the dollar/sterling relationship had moved so much that BL was losing over \$1,500 on each car sold. In its last year of full operation Abingdon lost over £26m (Edwardes P72) and was one of the single most expensive elements in the whole group. But there was a lot of sentimentality about the marque. The MG Owners' Club was a very strong pressure group and several MPs owned MGs - usually old ones. There was also virtually no alternative engineering employment in Abingdon with Cowley, 12 miles up the road at Oxford, the nearest alternative – and BL was closing large swathes of that factory as well. Nobody in the CORE group was at all happy about closing Abingdon, but, as the Finance Director pointed out, there was no real alternative if the rest of the group was to survive. It was not, however, a decision which was taken lightly.

There was, therefore, in the CORE aims, a discontinuous change perspective (de Wit & Meyer 1998, p243) with all the accompanying issues, such as the sudden break with the status quo, the shock therapy and the radical creative destruction. The 7S framework, put forward by Waterman Peters and Phillips (1980, cited De Wit & Meyer, 1998, P 243) which divided the organisation into seven interconnected elements were all present in BL a year earlier. CORE tried to change the structure, strategy, systems, style, staff, skills and super-ordinate goals almost all at once. It

was a genuinely revolutionary, as opposed to evolutionary, approach but there was seen to be no other option – except to go back to the government and recommend the immediate liquidation of the whole business, which was considered briefly in 1979 as the only real option.

Another series of useful models quoted in de Wit & Meyer which are relevant to CORE's aims ("Don't automate; obliterate", P250-261) are those developed and discussed by Hammer (and originally published in HBR, July/August 1990). Stated as the essence of re-engineering, Hammer's point is that no change will be successful unless outdated rules and the assumptions which underlie these rules are first discarded. That was exactly what took place in BL in 1979-80. All cows were deemed to be non-sacred – even MG and Abingdon – and no prior assumptions or areas of sacrosanctity were created or observed.

Fundamental processes were examined from a cross-functional perspective (P255) and the whole programme was organised around the outcomes rather than the tasks (P256 et seq). So, that is one model which can be accepted as being a standard against which CORE can be measured and found to be in accordance.

When set against the Kaizen based approach of Imai, however, (de Wit & Meyer, 1998, p 261-74) the fit of theory and practice becomes less clear. The scope of the frame –breaking change outlined by Imai for instance (ibid, p282/3) does not really fit into the CORE programme, or, rather, vice versa. There was no evident attempt to reform mission or core values during the CORE programme. Values did not change; processes and scales did and so did managerial attitude and responsibility. Status and power changed a little but more within a management/union interface than a management/management interface. Revised interaction patterns certainly emerged, not always intentionally, but there were virtually no new executives. Indeed, one of the Management Resources Committee's problems at the time was to attract valid new managers to the business when there was a surfeit of other, more pleasant and apparently less challenging opportunities elsewhere. The only major exception to this was Egan who turned out to be a short term palliative but not a long term solution at Jaguar.

5. Executing the Change Programme

If devising the CORE programme had been fraught with difficult decisions and unpalatable truths, executing it was even more harrowing for many of the employees concerned. One of the first principles which had been established by the CORE team was wherever possible, all interested parties should be fully informed and, if appropriate, consulted about the methods and speed of implementation. This stopped well short of allowing any unwarranted interference – especially from the unions – but it was seen by many as a step toward a rather more enlightened management and cultural system than had previously been the case.

In this regard it follows the major principles of communicating change as laid down by Johnson & Scholes (pp526-8). In a sense this process also helped the change team to clarify exactly what had been agreed and how it was to be carried out, so there was a sense of developmental thinking which had not been overtly present during the earlier stages of discussion.

It was not a step which was taken lightly. I remember standing up in front of the CORE team and suggesting that the plan would probably work better if it were to be widely communicated to employees. I was met with a disbelieving silence punctuated with a few contemptuous snorts. Several of the less senior managers clearly thought I was deranged and waited for either Musgrove or Gilroy to shoot me down in flames. Both were ominously quiet and I frankly feared

for my future in BL Afterwards, both took me to one side and asked me to take back the idea, work up a plan for carrying it out and let them have the proposal – the following morning. So began the first of many sleepless nights. The following day only Gilroy was available and proved not only surprisingly gentle but even supportive. He made a few minor but practical suggestions and then, to my horror, suggested that it had to be passed by Edwardes for ultimate approval. To my astonishment and no little trepidation, the clearance came back very quickly with an invitation – or summons – to go to London to present the idea to John McKay. Director of Corporate Communications, myself and discuss the logistics.

These logistics were formidable and eventually only solved with the great assistance of Gilroy. In Austin Morris alone there were about 41,000 employees, of whom around 18,000 stood to lose their jobs. They were also split across a dozen sites mainly in Birmingham but also in Coventry, Oxford, Swindon and Llanelli and across both day and night shifts. My proposals had started as a few presentations to key groups of employees, outlining the plan and what it meant for that plant. Musgrove and Gilroy soon expanded this enormously into a road show that took in all 41,000 employees in all plants across both shifts – all in five working days and nights. That was the bad news. The good news was that I was given almost anything that I needed to make it happen. Although there had been no official budget for CORE, that was clearly not a realistic approach and Stephen and Bob Neville between them managed to find enough money to do the job properly. We took on a London based conference company, a professional presentation trainer and three part time secretaries all to help to make the programme happen. The plan, fully implemented, was to erect a special presentation stage – or set - on the shop floor of each factory, complete with curtains, public address system, back projection on the screen and full scale clay models of the new cars proposed in the CORE plan – usually, Metro, Maestro, Montego, Ital and Ambassador (new cars are modelled in clay before going into metal) Musgrove and Gilroy also instructed the Personnel departments at all plants to provide full cooperation. Personnel then included Industrial Relations – fatally in many cases – and this provided the interface with the unions, such as it was. Most Personnel staff were not over enthusiastic; this venture could, at a stroke disrupt all their carefully built up IR policies, but all were too terrified to gainsay either Musgrove or Gilroy. There were only two exceptions who volunteered support and to these two men (both based at Longbridge) fell the unenviable task of smoothing the way with the unions, none of which were keen on the notion but who were all powerless to stop an MD going into his own factories.

Would I have succeeded in this programme if the weight of senior plant management had not been mobilized behind me? Probably not. I was only another middle manager, with no great track record behind me in the company and ideas which were not necessarily aligned to those of the traditional plant management. In retrospect, I was also probably naive in thinking that my ideas would be in any way remotely acceptable to other middle managers. Just because I thought them logical and necessary was no guarantee that they would be similarly viewed by those who had to man-manage the workforce every day. That was a lesson which I was to learn in a way which hardened me to future change programmes in other organisations who employed me such as Dunlop, BTR and Saatchis.

The issue of employee participation in the CORE plan is an interesting one. Certainly the view of Musgrove and Gilroy was that the unions would not be allowed to be the automatic tool or channel of communication – which it had been for the last couple of decades, by default rather than by conscious planning. Unions could be informed of progress against the plan they argued but would have no sacrosanct right to information and, certainly would not be briefed before the rest of the employees. The Musgrove road show, indeed, treated union officials and shop stewards in the same light as anyone else; this did not exactly delight the very image conscious among the

union ranks because they believed it began to undermine their influence on the shop floor. Whether this was a deliberate plank of the CORE policy is debatable. The reality is that BL had enough challenges without adding jilted union leaders to the list. However, since industrial relations was one of the core aspects of the plan, and since it had to be addressed in much more vigorous terms than had happened for a generation, Musgrove and Gilroy might well have mused that it would do no harm to drag out the almost inevitable conflict into the open and have the debate on a platform with which they were entirely confident.

This however is speculative and no evidence exists to prove the issue one way or the other. My suspicion, given that I subsequently worked very closely with Gilroy in many IR scenarios, is that he probably anticipated and to a degree forced the issue to take on the unions on ground not of their choosing. Later developments might bear this out. Taylor (2005 p25) has found that the current level of employee consultation before or during a major change event is still comparatively low – 17% on average in manufacturing industry. Even though it was probably lower still in 1979, British manufacturing has clearly not moved very far in the intervening quarter of a century despite all the good intentions and official encouragement to do so. Certainly, consultation was not originally in the CORE plan and although it became so later in the process, this may well have been bowing to a perceived fait accompli than original and genuine strategic thinking.

For consultation was, in fact, introduced half way through the preparations for the Musgrove road show.

No longer was it enough to explain the policies underlying CORE – although that, in itself would have been a major step forward in UK engineering at the time. Instead, the diktat came down from on high three weeks before the road show started that all employees would be balloted on the Recovery Plan as CORE was being dubbed. I was not wholly enthusiastic about this new distraction. It seemed to me at the time that the original task – of explaining CORE – was a tall enough order as it was; to try to extract out of the process a mandate from the employees in sufficient numbers to make the plan transparently and publicly viable was a complication that I was happy to do without. However, the decree emanated from the Chairman's office and there was no point in arguing with that.

Although I tried to press the point that any road show would immediately be seen as a sort of electioneering campaign rather than an objective presentation of the facts of life, I was never going to win any debate which tried to alter the Chairman's mind. Moreover, both Musgrove and Gilroy seemed perfectly relaxed about this new dimension, although, privately, Gilroy shared some of my reservations. So, now we had not just a road show but a veritable hustings.

At first sight this was a masterstroke which would wrong foot the unions – if it worked. If it failed, it could well be a massive rod for all our backs. Edwardes committed to it very publicly on several TV interviews and even appointed the high profile Electoral Reform Society to ensure that voting was fully legal and ethical. This gave the unions and others opposed to the plan a major dilemma; they could hardly argue about the morality of a plan which had been supported by a strong majority of employees. Nor could they credibly argue against the democratic principle of one man one vote. The reclaiming of the right to manage the business, it could be argued, stemmed from this decision. No matter what the unions did they were likely to fail in their attempts to oppose what they persisted in calling the “Edwardes plan”. It was, however, to put it mildly, a high risk strategy. We were effectively asking the employees to vote for their own redundancies – and we had a shrewd suspicion that that was pushing a new found, but still fragile, confidence in our abilities to communicate openly and effectively just a little too far.

Had this principle – of balloting employees in a major change programme – been trialled widely by 1979? I am fairly certain that it had not been done, in the UK at least, until BL carried out its ballot in 1979. There was no discernible wisdom on which we could draw so that BL appeared to be carving out a new approach in employee communications. Even 25 years later, I'm not sure that it has ever been repeated, certainly not on the scale that was attempted at BL. There is no obvious reference to it in research books or articles. Taylor makes no mention of anything like it and he is one of the more likely writers in the field to explore it given that he is concentrating on the HR and IR aspects of change.

A newer study of subsequent actions at what is now BL – or was, when the paper was written – has come from Evans, Hammersley and Robertson (2001). They refer to related Rover strategies – making employees feel valued, creating a team ethos and encouraged to voice opinions - but these fall far short of the full blown ballot which was organised in 1979. They do, however, refer to the relatively new initiative taken at Longbridge in July 1999 when “In Dialogue” sessions were set up. These consisted of random groups of about 20 employees in a meeting with the site Managing Director. Discussion ranged freely with the employees free to set the agenda. However, on further examination, this looks very similar to a re-branded focus group, not a new concept and not even a particularly radical interpretation of the concept either. Votes were not taken and, although the process probably helped to create a stronger dialogue between management and workforce, it has not survived in a strong enough form to influence the latest debacle of the sale of the business – or not – to either of the Chinese automotive companies who may be interested. The parallel is not therefore exact enough to be able to say confidently that the ballot experiment had been repeated. Indeed, it is likely that no other organisation would have been brave enough – or desperate enough - to repeat the experiment unless there was no real option. In fact, Evans, et al, do not refer to the 1980 ballot at all, although they go back that far in tracing the development on organisation/employee communications, in outline terms. This would seem to be a major omission.

We all knew in 1979 that, if the ballot went against the CORE plan, the board would recommend to the government that BL should be wound up immediately because it was, to all intents and purposes, unmanageable. Therefore, our own jobs were also on the line – and had been placed at the behest of tens of thousands of people. We began to realise how politicians felt.

Elsewhere in the literature, Burnes' XYZ case study (2004) comes as close as many examples to a similar situation, albeit in the construction rather than the automotive industry. He avers (p899) that the MD of his case study tried to win over the employees by open ended and experimental changes aimed at first altering the company's culture before trying to change its structure. Nothing too revolutionary about that, but Burnes is sadly reticent about the communications aspects of this attempt. Nor does he try to evaluate its success other than in an overall context, relating it to the realisation that emergent change was not necessarily the best way of driving change forward.

6. Literature Review

One of the most interesting facets of this particular case study is the leadership displayed by senior management and it is with this aspect that the literature review will be largely concerned. It tries to suggest answers to the research question: “To what extent was the change programme linked to and affected by leadership style?”

Accordingly, some interesting comparisons come to light when the literature is reviewed for various aspects of leaderships in change. In terms of openness, for instance, it is unlikely that the BL managers involved would score very highly. The corridors of candour referred to by Bennis (1999, p.5) are not immediately apparent in the BL planning process, although the adoption of a relatively cogent internal communications policy and plan go some way towards alleviating this situation. Bennis' belief that this candour, or credibility, can engender trust (p.4) is not necessarily borne out by the subsequent events in BL. Had there been a fundamental lack of trust in the management, it is unlikely that the recovery plan would have been endorsed in ballot by such a large majority.

Other writers take a more familiar path with which to contrast the BL leadership at the time. Chaleff (2001/4) writes persuasively about the "Young Turk" trend in leadership (p.1) in which bright middle managers are forced to be more innovative than they might otherwise be in response to impediments to progress exercised by senior managers. Although this was not the case at BL, where the very senior managers played a leading and at times inspirational role in the change process, it could be argued that the complexities and real difficulties of a revolutionary approach inspired innovation that might not otherwise have been apparent or necessary. His view that bright middle managers start to reorganize or downsize in the face of senior management inertia holds up only in so far as the senior managers gave full backing to any such initiatives. None was more encouraging in this than the Chairman who backed relatively junior middle managers like myself in aspects such as internal communications. In this respect, therefore, the senior management was genuinely empowering.

Other sources offer alternative aspects for reflection. Handy's (2002) requirement to blend continuity with innovation for the good not just of a change process but that of the organisation's future as a whole, bears out the Chaleff approach. Rather more eccentrically, Hock's Chaordic Leadership (2000) – that of a self-organising, adaptive, nonlinear organisation usually operating on the edge of chaos – is an appealing parallel. BL was certainly operating at the very edge of chaos for much of its corporate life and more recent events, such as the final collapse of the Rover Group earlier this year, have reinforced that view. Hock's view that induced corporate behaviour (as opposed to compelled behaviour) is one of the key aspects of any major change process (p2) is borne out by the relative vigour of much of the middle management's genuine attempts to create a more solid and realistic business out of the chaos of nebulous structure which had been inherited from the Stokes' days of nationalisation.

As ever Kotter (1998) sounds resounding chords too. His belief that most middle managers actually want to believe that change is realistic and will work for a better (i.e. more secure) future (1998,p2-3) and the avoidance of looking for villains in all the wrong places, could have been written for BL in the late 1970s. Villains there were in plenty and often found in both the expected and unexpected places; the problem villains were the ones that avoided recognition – inertia, complacency, reliance on government, an unwillingness to manage actively for a realistic future – all these came to the surface during CORE in the form of inherited jetsam that had been lurking underneath the apparently confident exterior of a powerful organisation with vast reserves and unlimited resources. It took CORE to shock BL out of this complacency; some critics might argue that it never recovered from this shock. Moreover, in the same article, Kotter argues that great leaders continue to take risks. This is also true of the BL management at the time of CORE. CORE was not seen as the end result but as a means to the end of future security, probably in partnership with another automotive manufacturer. That this subsequently (1981) came about in the Honda link-up is evidence that senior management strategic thinking was appropriate, accurate and perceptive to a degree which had not been the case for the previous couple of decades.

Moss Kanter is perhaps more incisive in her attribution of motive to the leadership style, claiming that leadership action can be defensive and the result of flawed strategy and failure to adapt to changing market conditions (1999,p.1). Was this the case in BL? Certainly market conditions had changed dramatically in the 1970s with the opening up of the UK market to other EU manufacturers, but this was not the main threat. Indeed, BL sold with reasonable success in some European markets, notably France, Holland and Belgium but also in Spain and Italy where there were BL assembly plants. The major threat was more clearly identified in CORE as coming either from within or from relatively unrestricted competitors such as Japan and, to a lesser extent, Korea, threats which have continued and grown over the intervening years.

Moss Kanter's belief that genuine change managers become "idea scouts" (1999,p 3) who can communicate a compelling aspiration (P.5) is also appealing and borne out by the BL case. Innovative ideas – such as addressing all the (41,000) employees in one location at the same time – were proposed and seriously considered. At one stage, Villa Park football ground was booked for such an event but later cancelled because of fears over control, security and impact.

Also, elements of Scholl's Transtheoretical model (2000) are evident in the BL CORE programme. His five key stages of Precontemplation, Contemplation, Preparation, Action and Maintenance are all evident to some degree. Although this model is, perhaps rather too simplistic to apply to all the vagaries of the BL case, it does show in clear outline the common stages of progression through a change process, and these are very much in evidence during CORE. The only main question mark could be whether the leaders exhibited new behaviours convincingly during the process.

How far has the UK in general and the British automotive industry in particular learned from the BL sagas of the late 1970s? Sadly, the answer may be not very encouraging. Taylor, writing only a few months ago (2005) has suggested that an unusually large proportion of establishments (he is addressing issues in the public sector more than the private) do not provide employees with "even the most modest" access to information about their activities. Even discounting the political slant of this article, which was evidently written (and published by the Economic and Social Research Council) to try to encourage public sector managers to be more open and transparent in their activities, following the Disclosure of Information Act last year, this is a fairly damning indictment. It is also ironical that a sector long trumpeted (at least by itself) as being democratic and open is receiving this kind of criticism in contemporary Britain. There could be many political and sociological conclusions drawn from this but that would not be necessarily relevant to the case of BL in 1979.

Flexibility in BL's management was however, not in doubt and reflects some of the findings in Holland of the (Non)Sense of Management Change (Sorge & van Wittelstuijn, 2004). Their contention is that specific theories can go wrong, partly because they do not fully reflect all the aspects of an organisational threat to survival or sustainability. One consequence is that of over-generalisation (p.1221) leading to non-specific and over-generalised solutions. Had this been the overriding theory at BL, CORE could not have succeeded, so, in this respect at least it can be regarded as successful. Rather, BL's managers demonstrated a willingness to explore every conceivable avenue of management insight and subsequent activity, limited as these were in the late 1970s.

How far the employees as a whole responded, despite the overwhelming vote in favour of the recovery plan, is a rather more moot point. It needs to be pointed out, for instance, that industrial disputes did not end as soon as the plan was accepted. Indeed, some of the most serious disputes

took place after the plan had been published, voted on and was already being implemented. The full blown riots which affected Longbridge, causing injury and extensive damage, only occurred in late 1980, after Derek Robinson had been sacked. There may be a criticism of the management team here, in that it failed to perceive and predict the impact that the vote could have on some of the employees. Although many jobs had been saved, equally, some 18,000 had gone or were in the process of going. Employee teams in BL were very dynastic at this time with some jobs, especially those in favoured skilled roles such as toolmaking, being handed down from father to son and this may have further fuelled resistance.

BL management could have been more open to the concept that behavioural changes in teams, carried out through process intervention, could best be judged by fellow team members rather than by an apparently remote management structure as suggested by Moriarty & Buckley (2004). However, this would have necessitated a highly prophetic knowledge of future developments in emotional intelligence which, had it existed at all in 1979, may well have been more instinctive than empirical.

Among other respected managerial writers, Mintzberg, inevitably, has something worth saying about the issue in considering the contribution of headquarters (1979,p442-3). In BL's case, HQ was a geographically remote Portman Square which, using the Churchill Hotel as its local pub, could hardly have been further removed from the atmosphere of metal bashing and swarfega that permeated most of the manufacturing plants. Mintzberg points out that corporate management rarely has the hands-on experience of conditions which is necessary to administer a complex plant – in this case employing over 20,000 people at its height – and, thus, effectively delegates responsibility for this task to the locally based management team, whether intentionally or not. In the case of CORE, this was a deliberate and well-supported strategy which had the advantages of giving local management – Musgrove and Gilroy – latitude for decision making while ensuring that the macro level of political reporting to the new Conservative government was an onerous task from which they were well protected, at least initially. As the facilities for the new Metro were installed and commissioned, it proved impossible to keep either politicians or media away from the new plant and Gilroy in particular spent a great deal of time in an ambassadorial role when he would rather have been proving the new systems. By then, however, CORE was largely complete so the impact was not as severe as it would have been had it happened two years earlier.

One task which CORE did not attempt, however, and a task which may well have been of some use had it been completed, was the creation of a corporate vision as referred to very strongly by writers such as Barrett (2002,p225). A rather tired, even outmoded concept today, in 1979, corporate visions were not widely employed and the appearance of one at such an emotive juncture – for visions are, almost by definition emotive tools – could have cemented the progress made at various points and eased the way forward in participants' minds. Perhaps it is too simplistic to suggest that there was no vision; there was plenty of visionary talk wreathed in cigar smoke late at night in panelled offices and discreet hotels. Rather, the failure lay in not communicating such a vision clearly to the employees who were going to be asked to put it into execution and give it reality. Instead, the vision sold to employees was very much that based on the Metro launch advertising campaign which used Union Jacks, "Land of Hope and Glory" and related forms of inspiration for all audiences, internal and external. In retrospect, this was a mistake. The campaign worked well for the dealers but probably struck a false note with too many employees and certainly with the TU officials.

Even taking a Shannon & Weaver fundamental type of communications model, (Theaker, (2001,p13-17), the perils of a straight forward, objective presentation of the facts were considerable. Add in the complexities and higher risk of the Osgood-Schram or Westley-

MacLean models (Theaker, p17-8) with their associated vulnerabilities, and the chances of convincing a cynical workforce using a mixture of Elgar and flag waving were significantly lessened.

However, to be strictly fair to the senior management at BL at the time, much of CORE was a success based on some of the attributes of success as set out in various authors. There was not, for example, a failure in any of the main contexts set by Hamlin (2001,pp13-29) which identifies six different aspects of failure for managers in change, although neither was there total success in the third element, failure by managers to fully appreciate the significance of the leadership and cultural aspects of change. On all the other five measurements that Hamlin mentions, it could be said that BL's management scored relatively highly.

There is, moreover, an argument that the change process created by CORE was one that helped to adapt the contingency to the manager's idea of successful change as suggested by Burnes (2004,p16). BL managers knew they were involved in a change process which had already been designed within relatively tight parameters. These included maintaining maximum employment, preserving overseas exports, modernizing production facilities and, what was harder, production processes and developing new products which would be globally competitive. As Burnes suggests, given this context, there was unlikely to be "one best way" but there could have been a wide variety of solutions to individual components of the problems. In the event, BL managers chose to adapt some of the contingencies to their current and projected management style – for example, the introduction of new working practices, especially at Longbridge, which was dramatically outside the perceived contingencies for the successful but uneventful continuation of the company.

Looked at from a rational viewpoint, the management at BL during CORE were also vindicated by Jackson and Carter (2000) who believed that management is a process not of discovery but of invention (p114). In this case, the model does not fit the facts of CORE; then, management began as an invention but, in the process, much was discovered about the organisation and about themselves as people. In the Conclusion we shall examine briefly what happened to the major players as a result of CORE and show that most developed beyond the level with which they had come into the programme.

Indeed, it can be argued that they identified and pursued what de Wit & Meyer called a Revitalisation Path, a course of predetermined action to which they then tried to adhere despite all the various tangents along the way. Certainly they took the classic route as set out in de Wit & Meyer (1998,p305) of using external change to drive internal reorganization and converting status quo agents into change agents. The end result can be declared a qualified success when viewed through the prism of the past 25 years.

The defence of the leadership can even be taken to a higher plane. A moot question both then and later was whether the management acted ethically in designing, communicating and then enforcing a programme of radical change which sacrificed tens of thousands of jobs. A Utilitarian interpretation would suggest that they did; even if 20,000 jobs were lost – and many of these employees found gainful employment elsewhere - more than 70,000 were preserved. Without going back as far as Bentham, however, a moral defence can be found in contemporary literature. Fisher & Lovell, (2003), set out the principles of movable values and cite Chakraborty on the adoption of some Vedantic principles which may be applied to change programmes (2003,p245). In essence, these include the need to remain constant to a code of ethics and the broadening of focus on aspects which were not statistically measurable but which also brought a sense of the more ephemeral and transient rather than purely based on statistical analysis. Certainly the Metro

launch, in many ways the great culmination of CORE, was a triumph of ethical emotion over hard statistics. It might not have been the best small hatchback on the market, although it came very close to the market leaders of Fiesta and Polo, but it was certainly a good enough car to be ahead of its time and capable of competing with the more established marques on equal terms. Whether this approaches Chakraborty's concept of the eternal is something which can be debated on favourable terms. Metro helped to revolutionise automotive manufacturing in the UK in a very short time; it redefined the benchmark and, as a consequence, it also helped to lift the effectiveness of the UK and, ultimately, the European motor industry to levels which could compete with Japan. This aspect alone must have secured many tens of thousands of British and European jobs. Taking Chakraborty's belief further, it is also true that BL managers took an ethical view of leadership during CORE, thus reducing disharmony among all stakeholders; some even embarked upon a personal psychological journey in their own lives which was later to enhance much of the effort which they put into both BL and other organisations.

7) The Outcomes

The final question is, did CORE succeed? This is a bit like asking whether Hamlet was mad in that much of the answer depends on differing perspectives, each one of which may be valid in its own right but many of which may be contradictory.

To start with the tangible, the CORE Recovery Plan was endorsed overwhelmingly by the employees – 87.2% (Edwardes, pp104-6) of whom voted in favour of it despite the fact that doing so might entail them losing their own jobs. Privately, the BL Board had agreed that it needed an overwhelming support from the employees before it would sanction the plan's execution – a minimum figure of 75% was discussed (Edwardes P105). The vote represented a voting turnout of around 80%, or 106,000 employees. The media, probably correctly, interpreted this as a vote of confidence in the BL board and, in particular, Sir Michael Edwardes. At a stroke, worldwide sales began to increase even of relatively tired models such as the Allegro and Princess. It seems that it had not just been the British market which had been waiting for an encouraging outcome.

Second, a few months after the vote, Derek Robinson was sacked as a shop steward at Longbridge. Although this was only one man, the impact was tremendous. He had been the focal point of opposition to anything the management had tried to achieve, especially the CORE plan which he bitterly opposed. While his departure did not end opposition overnight, it removed the basis of organised opposition and greatly enhanced the company's ability to manage. It was also seized upon by some dealers as a reason for customers to turn to the brand. Posters proclaiming "He's Gone!" were widespread on showrooms throughout the UK and helped in the build up to the long awaited Metro launch.

Third, the Metro was launched on time and on budget (about £280m at 1980 prices) in October 1980. It was genuinely competitive and shot to the top of the sales charts as the best selling car in Britain, a position it occupied for the next two years. The hype was tremendous with even the, then, Lady Diana Spencer being seen driving one in preference to her nearly new, privately bought Fiesta.

Even the Metro achievement was not without its flaws, however. On the day of its launch, 8th October 1980, we had arranged that the BBC news magazine programme "Nationwide" would be broadcast live from Longbridge at 6.30 to cover the immense interest which we had been able to generate across the nation. I arrived at the plant at about 8.00 to find that the entire assembly

shop had gone on strike. From then until 12.30 I attempted to help solve the dispute while keeping the BBC journalists away from the truth – which would have made a much bigger story than the new car. Only when I finally sat down to lunch with the presenter, Sue Lawley, at about 1.00 was the situation remotely under control. We had been able not to solve it but to limit it to the assembly shop – a different building to the body shop and already filmed by the BBC a few days earlier so that further filming that day was not necessary. It was a potential powder keg and one from which we escaped only narrowly.

Beyond Metro, there was a reorganisation of some of the more profitable parts of BL, notably Land Rover and Jaguar, turning them into self standing business units. This was not without personal significance because Gilroy was given the role of CEO of Freight Rover, the former Sherpa van business in Birmingham which had been identified as another self standing business unit and asked that I join him as Director of Communications. This role also involved moving up to the same role for Land Rover and I became the youngest director in the group at the age of 31. Musgrove was soon promoted to Chairman while, in the aftermath of CORE, much of the dead wood left, either voluntarily or otherwise. BL actually recorded its only operating profit two years later although this proved to be an aberration and was never repeated. Later, Gilroy became CEO of Perkins Engines in Peterborough and Geoff Armstrong, the CEO of the CIPD.

Factors and outcomes post-CORE

However, some things did not change as well as had been hoped, After Metro, the other new models (Ital, Ambassador, Maestro, Montego) were not competitive enough and rapidly lost ground in the market place. Within six months of launch, new Maestros could be bought at 50% discount, a step backwards even in the motor industry. In terms of organisational learning, it would be stretching a point to say that the lessons of better communications had really been learned. Longbridge persisted for a while in the face of apathy from both management and workforce, but strikes continued, albeit at a lesser rate, for the next five years.

CORE also drove the Chairman to leave and, effectively, retire in 1983. In the wake of marriage break up (again, probably driven by CORE), he married his former PA and settled in a small estate near Dorking where he still lives. Another side effect was that his non-executive Deputy Chairman, Sir Iain McGregor, became Chairman of the National Coal Board and presided over the last national battle with the militant NUM, during the protracted coal strike of 1984. In a sense this was *deja vue* for the BL struggles and many of the same methods – letters to homes, negotiating through the media and so on – were discernible.

The most notable result of CORE, though was probably the joint venture agreement with Honda, something for which there had clearly been a need for some time if BL was to survive in the world automotive market place. Talk had been continuing for at least six months before the announcement, in October 1981 that BL and Honda would cooperate in several key areas, mainly jointly developing new models. The immediate benefit was the addition to the range of the Triumph Acclaim, a re-badged, lightly re-modelled Honda Ballade, which was not then on sale anywhere in Europe. A pleasant, if unexceptional car, the Acclaim was to buoy up BL sales for the next three years and, although never a high volume model to rival the Ford Escort, it provided a steady, profitable income stream and restored a sense of quality in the products. Unfortunately, the Acclaim was not followed up with further jointly developed models as had been originally intended and, by the end of the 1980s, the Honda deal had been allowed to decay, leaving the way clear, ultimately for BMW to take over what was left of BL in 1998. BMW, used to obedient

workforces, excellent product quality and high profits, soon came to realise that BL was not a business in accordance with most of their principles and the group was sold on again, for just £10, to the Phoenix Corporation in 2000, although the profitable parts (Land Rover and Jaguar) were either bought by Ford or, in the case of the new Mini, retained by BMW. These subsequent troubles, were not, however, the fault of CORE so much as of the subsequent management, and cannot therefore be laid at the door of the Edwardes' era regime.

Returning to the literature, there are a number of measures by which success in a change programme can be evaluated which are worth consideration. One is the table of key success factors as set out by Clarke and Garside and cited in Clarke and Manton (1997). They favour five key success factors – commitment, social & cultural, communication, tools & methodology and interactions. Of these, all were present in CORE with the possible exception of the second. The Argyris double loop learning principle, for example really never took place across the whole group, especially in Jaguar, Rover, Triumph and where it did, mainly in Austin Morris, the lessons were lost within a few short years. Moreover, Clarke & Manton's application of the model in practice (p254), applied at three distinct levels of corporate, business and project levels, was also missing in BL where the model was really only applied at corporate and isolated project levels such as Metro. The application in business units was too patchy and haphazard to be termed a success.

Alternatively, using the Smith approach (2003) which concentrates on the success factors apparent in changing an organisation's culture, CORE can safely be said not to have achieved a significant breakthrough that was lasting, although it did achieve some shorter term successes, mainly in Austin Morris and at corporate level. Smith's findings that only 19% of the culture change efforts surveyed attained breakthrough success (p259) is clearly reflected in BL at the time of CORE – nearly a quarter of a century before Smith was writing. Taking Smith's inferred requirements for successful change (p259/60), the guidance was given, the role of the sponsor (in the BL board) was clearly defined and the communication process, on the whole worked well, at least until later in the 1980s. Executive and departmental level were not all wholly aligned with the change process, a factor which may have been fatal as the 1980s dragged on with increasing inefficiencies and the tactics for revitalising stalled projects were not clearly defined; nor was the replacement process for key players leaving the organisation as clearly defined as it might have been, leading to a lack of talent later in the 1980s – although this was well outside the timescale of the CORE programme as it was originally envisaged.

Finally, the work done by Guimaraes and Armstrong (1998) would suggest that BL occupied an average position in the expectations of success in change (p81) by showing lower scores in the success rates for effectiveness in changing products, processes, structure and culture. Although some short term success were achieved in the first three areas, longer term success in the cultural area in particular proved elusive.

8. Conclusions

To take the brief list of CORE objectives on page 10 and assess them in simple terms:-

*cost cutting – the closures and redundancies had amounted to cutting costs of tens of millions of pounds from the day to day running of the organisation. Although this had also reduced manufacturing capacity, this had not been fully used for years in any case and, so cannot be said to have been a major disadvantage.

- Removal of surplus manufacturing capacity – despite subjective interpretation of the figures, even after all the cuts in the CORE plan had taken place, BL retained a capacity to produce slightly less than one million vehicles a year, far more than it could sell at that time and far more than, in practice, it has ever sold since. There was no damage to the fabric of the organisation in terms of its capacity to achieve its aims but neither was the ideal balance between capacity and production achieved.
- To regain control of the workforce – this was very largely achieved by the ballot in late 1979 with its 87.2% vote in favour of the recovery plan. Those notable voices of dissent, such as Derek Robinson, were soon to leave the organisation, either voluntarily or otherwise. Although strikes continued to rumble on they were never again either as vicious or as disabling as had been the strikes in the late 1970s.
- To combat militancy – as has been suggested in the previous point, the power of the militants was never as great again. Even Derek Robinson became a lecturer in social studies at a Black Country college and never again held union office at any manufacturing plant.
- To instal the Metro facilities – these were fully installed, on time and on budget, by the end of September 1980, actually a week earlier than had been anticipated in the CORE plan
- To launch the Metro – Metro was launched, to wide acclaim, on time in October 1980 and rapidly became the best selling car in the UK..
- To lay the foundations for a joint venture arrangement – the agreement with Honda was signed in September 1981, three months ahead of the private timetable which the BL Board had agreed.
- To lay the foundations for a future of success and security – here is the fatal consequence. Although the foundations were, indeed, laid during CORE, they were ignored by the subsequent management teams and the organisation was allowed to decay during the later 1980s and throughout the 1990s. Many reasons for this can be suggested but all lie outside the scope of this assignment.

In summary then CORE largely succeeded, although, ultimately the organisation collapsed.

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Appendix One

SWOT analysis for BL Cars in 1979.

Strengths

Extensive manufacturing capacity
Heritage of well known brands
Some performance heritage – eg Monte Carlo Rally winners for three years in the 1960s.
Affordable product
Known for innovative design engineering – eg Mini and Maxi
Limited government backing
Major UK employer (c 212,000 direct British employees in 1972)
Major export earner – 335,000 vehicles in 1977 (Bhaskar P 168)
Key employer in regions of high unemployment – West midlands, South Wales, Merseyside, Southern Scotland.

Weaknesses

Ageing models
Poor industrial relations
Major new entrants to the UK and overseas markets, especially from Japan
Cautious, unempowered management
Disparate plant sites
Expensive and traditional manufacturing processes
Poor product reliability indices
Relatively low productivity rates
Lack of secure overseas markets
Little real appetite for major change

Opportunities

New model programme already outline
Possibility of joint partnership with other automotive manufacturers
Relatively skilled and plentiful workforce which could be further developed
Heritage of the brands could lead to wave of patriotic purchasing eg MG, Mini, Jaguar, Rover
Strong expertise in CKD exports could be developed
Could use extensive manufacturing capacity to assemble vehicles for other manufacturers unable to establish a toehold in Western Europe – e g Japanese and/or Korean

Threats

Strong and growing competition from Far East and European manufacturers
Sterling strengthening on back of North Sea oil and gas finds making exports less competitive
Permanent fear of even worse industrial relations leading to crippling strike action
Related weak corporate reputation putting off customers and disheartening dealers
Company a source of focus for damaging media coverage both in UK and overseas
Possibility that newly elected Conservative government of Margaret Thatcher will run out of patience before recovery is underway

PESTLE as at mid 1979.

Political

Uneasy role in semi-nationalised position reporting to the NEB and, thus the DTI
Change of government to a new brand of Conservatism may hold unknown consequences for large loss-making industries in the public sector
Approx. 212,000 directly employed with a further 250,000 dependent on the organisation maintaining its position in UK engineering and manufacturing
Several new MPs in constituencies which host BL sites e.g. Thatcherite Hal Miller in Northfield, Birmingham – unknown reaction from MPs
Government already overburdened with loss making industries – e.g. British Coal, British Rail
Many competitive nations seen as vital trade partners – e.g. Japan, France, Germany
Many BL sites in areas of high unemployment levels – e.g. South Wales, Merseyside, Lowland Scotland

Economic

Cost to the public purse of maintaining BL Cars and all its jobs; difficult to estimate accurate figure but probably in the billions rather than the millions.
Need for at least £500m for investment in new plant and products, not being generated by falling and often largely unprofitable sales.
Risk of greater European economic integration would effectively see BL lose out to other nationalised car manufacturers – eg Renault, Fiat and, possibly VW
Strong export order book for just two elements – Land Rover and Leyland Truck & Bus
Company operating at or below break even with no prospect of securing adequate finance for essential investment
Real investment levels low throughout 1950s and 1960s as short-term profits were creamed off to reward shareholders' patience
New economic presence of North Sea oil and gas reserves may have unknown and disruptive effect on UK economy

Social

Less patience and respect for BL as a giant concern than in previous generations
More willingness to buy vehicles from overseas manufacturers as part of new consumer confidence and independence
Social upheaval of the late 1960s and early 1970s still rumbling around in society - e.g. the quest for alternative lifestyles and a willingness to abandon traditional virtues and values
Perception of manufacturing in general and engineering in particular as low paid, low status profession – e.g. the Finneston and BAAS reports both in 1977
Media almost fixated with covering the negative aspects of BL – e.g. strikes, other disputes and falling sales
Growing number of women working put less reliance on the traditional role of the working father/husband, especially in traditional areas of engineering such as the West Midlands and South Wales
Gradually improving levels of education meant that more school leavers were unwilling to work in factories doing repetitive jobs. Consequently, dynastic traditionalist plants such as Longbridge were dying out.

Technological

Product was being designed with new techniques often involving computers – e.g. CAD/CAM – which acted as an early form of digital divide and excluded many of the traditional engineers and workforce from full participation

Idea of robotic assembly was seen by unions and some workforce as a latter day industrial revolution which would cut jobs and, thus, income and security

Cars were about to become more sophisticated and technically advanced – e.g. cruise control, electric windows and sun roofs, even on-board computers were being developed for mass market products. BL expertise was not in the front line of this move but some of the competition – especially Japan and Germany – was. Thus, a competitive edge was in danger of being lost

Cars were being threatened as purchases by newer, higher tech competitive products – e.g. computers, video players, - which reduced their appeal to “gimmick buyers”

Legal

The exact legal status of BL Cars was in doubt as it was neither a fully nationalised organisation nor a privately owned company. This could lead to uncertainty about the most appropriate sources of financial investment to which to appeal

BL cars with its highly visible industrial strife was seen by many observers as a showground for relatively new laws limiting union an other strike action – e.g. secondary picketing. This would put yet further pressure on the organisation not only to perform but to be seen to be doing the right thing and complying with possible legal requirements

The legal status of some overseas subsidiaries and joint partners was in some doubt, especially after the entry of the UK into the EU (then the EC). This was particularly true for Innocenti in Italy and Leyland’s panel van operation in Turkey. There were also doubts about the legality o some of the profit-taking activities in Italy a state from which profits over a certain level could not be transferred.

Some divisions had a traditionally pragmatic approach to certain instable markets - e.g. Land Rover in the Middle East where payment was often in kind rather than hard cash, Western currency – usually US \$ - or export credit guarantees. This could lead to some bizarre looking entries in the balances sheets. One batch of Land Rovers to Iraq – not then as sensitive as now – was eventually paid for by Venezuelan oranges.

The legality of some states with whom BL Cars traded was also occasionally suspect, contracts with both Israel and the Lebanon were common and BL Cars tried to sever links with Idi Amin controlled Uganda, although this was in contravention of official Foreign office policy.

Ecological

The environment, while not attracting the awareness and emotiveness which it now does, was beginning to be recognised as a factor that had to be taken into account. The Oil crisis of 1972/3 had, ironically, assisted BL Cars because of the traditional economy of one of its power units, notably the A series engine. Nevertheless, it was recognised that fossil fuels were finite and that a new alternative would have to be found eventually. Experiments with both battery powered electric cars and gas turbine engines had already been made – one Gas turbine powered Rover BRM had famously completed the Le Mans 24 hours race in 1975 – but no satisfactory solution had been reached in any of these fields.

Some BL products were unashamed “gas guzzlers” notably the Jaguars and V8 powered Rovers and Range Rovers. Apart from being expensive to run (a V8 powered Rover 3500 would return an average of around 20mpg when matched with an automatic Borg Warner gearbox, the usual

configuration) the future attitude of both government and society to these products was not at all certain.

Recycling had not really been explored but there was inevitable waste from both the manufacturing processes and effluent and pollution from the plants. However, it would be wrong and misleading to apply a 21st century standard to a 1979 PESTLE.

TROPICS (Paton & MaCalman cited in Senior (2002)

A TROPICS table as the CORE programme could have been seen in the middle of 1979.

	Clearly defined		Ill defined	
Time	X			
Resources		X		
Objectives	X			
Perceptions				X
Interest		X		
Control		X		
Source	X			