SWP 60/91 "BUSINESS SUCCESS AND 1992: THE NEED FOR EFFECTIVE TOP TEAMS"

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Business Success and 1992: The Need for Effective Top Teams

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ABSTRACT

That competitiveness in the single European market is recognised by some companies as a challenge providing opportunities, that it is seen by others to be a threat, has been the message communicated in numerous publications. This present study contributes further knowledge by identifying the various active pursuits of companies in making their visions of successfully competing in Europe a reality, and by highlighting the requirements for a company to become successful post 1992.

Successful management is required to establish a long term strategic intent for Europe in order to be competitive and for a company to be a 'winner' post 1992. The 'winners' so far are the companies who have pan-European organisational infrastructure, who can manage manufacturing, brands, distribution, on a European-wide basis.

"If visions cannot capture the imagination of practical men, or offer tangible and unequivocal benefits, they will remain visions, and their pursuit will have the opposite effect to that intended" (Robin Leigh-Pemberton, Governor of the Bank of England, in his address to bankers and businessmen at the Annual Mansion House Dinner, 1988)

Introduction

In the run up to 1992 managers are required to make certain crucial decisions - decisions to secure the future of the company, to expand into Europe or develop the home base; decisions about the right/appropriate structure to adopt to exploit the opportunities, or to defend the present position; decisions about training/retraining and development of personnel to cope with the changes that are likely to occur.

The question that is dealt with in this article concerns "what is your company doing to prepare for 1992 and Europeanisation?". The literature provides a wealth of information about what companies are doing to prepare for 1992 and is summarised in the section headed 'Messages from the Media'.

Results of a recent postal survey sent to top executives in the UK, carried out by Cranfield School of Management, indicate that there are three types of preparation taking place. There are those companies who are actively preparing for Europe through mergers/acquisitions, joint ventures/partnerships, establishing a firm European base, establishing links, developing products/services, and, training and development. There is

another group who are gathering general information about Europe and 1992. The third group includes those who are not pursuing a strategy towards 1992. The article goes into more detail about each of these groups.

The results have been analysed, not only in relation to company characteristics such as size (number of employees) and structure of the company, but also in the way the company is run, taking into account the maturity of those managers at the top, their generalist/specialist skills, and management styles (that is, flexibility, valuing performance, their ways of communicating and motivating).

The summary, based on the results, gives some indication as to the successful, post 1992 business organisation.

1992 - Messages from the Media

Expansion, Growth, Development

Believing that they would increase their 'clout' in export markets; that they would strengthen their position, and accelerate their growth; recognising the likely economies of scale in manufacturing, in distribution, and in marketing; and considering it economic to pool management resources, and optimise financial arrangements, some companies have elected to expand and develop through mergers and acquisitions[1]. By broadening international marketing and research and development skills, they have foreseen considerable commercial and technical benefits.

Due to the openness of London's financial market, it has been thought probable that UK companies would be more vulnerable to continental takeovers[2], and that weaknesses in industries such as the motor car, textile and clothing, would be exploited by stronger EC competitors. For these reasons, it has been suggested that takeover bids have been launched in attempts to forge alliances rather than fall prey to others.

In recognising the benefits to be accrued through gaining access to the customer base of other countries, some companies have formed business links with firms in Europe, whilst other companies have recognised a greater challenge in actively establishing a European base, by forming partnerships or entering into joint ventures[3].

It is recognised that the opportunities of 1992 are also open to competitors aiming to increase their own market share. This, it has been thought, would result in the prices of products coming down, with profits subsequently diminishing, which in turn would affect how much could be invested in researching and developing new products. Research and development of new products does demand heavy investment and those who have believed that profits were likely to diminish have been reported as having rationalised their product range, focusing on only those products that have been most successful.

A contrary viewpoint has argued that with the removal of trade barriers, a wider range of products was likely to be available, and this has been one of the reasons why companies have looked at ways in which they might strengthen their sales penetration.

Training and Development

There does not seem to have been an overall common policy concerning training and development. Looking at how 1992 is likely to impact on the people in a company, in addition to vocational training[4], senior managers and equally sales staff, have been seen to require training. It is this area of training and development that has posed one of the greatest challenges for companies, for the results of a number of surveys have shown that there is an enormous gulf between training in the UK and that of other European countries.

From these surveys the most common initiative being undertaken is that of language training[5]. Undoubtedly convinced of the benefits of having on board personnel with languages and a sympathy for understanding the ways of others of different nationalities, some companies have been recruiting multilingual team members with European expertise, and in their search for managers of increasingly high calibre, others have appointed graduates with language skills.

Project teams specialising in 1992 have been set up to establish contacts at the professional level and to gain greater knowledge of European and member countries' legislation.

Success demands not only patience and careful planning, but also commitment from those at the top who, through skilful and positive handling, can communicate the same throughout the organisation.

Survey Results

The results are based on a postal survey of 600 top executives in the UK. Details of the sample can be broken down by industry sector, company size and structure and, the focus of the article, whether the organisation is preparing for Europe or not.

A cross section of industries is represented in the survey - manufacturing (consumer), manufacturing (industrial), retailing, transportation, financial services, management consulting, construction, industrial and product design, and educational and training services.

The majority of companies are small in size (less than 100 employees), accounting for 42% of the sample, and 18% of the sample have over 2,500 employees.

Of the four basic structures, 52% of executives identified functional to be the structure of their organisation, 10% product, 25% divisional, and 13% matrix.

In terms of preparing for Europe, 48% of companies indicate some form of active preparation towards Europeanisation and 1992, with 25% at a pre-strategy planning stage, whilst 27% are currently not, nor indicate any future intention of considering a role in Europe.

Thus, what has become apparent from analysis is that there are three main groups of companies. The first group includes those who are pro-active towards Europeanisation and 1992. They are actively pursuing a strategy towards Europe by way of expansion, growth or development and in so doing they have been termed 'initiators'.

The second group contains those who are not actively pursuing a strategy for Europe, but are said to be 'thinking about it'. They tend to be gatnering information in general or are obtaining information on specific issues. In the article they are described as 'deliberators'.

The third group includes those companies who say that they are not actively pursuing any form of preparation for Europe. Not all of these firms believe it necessary to expand into Europe. This group has, therefore been defined as 'rejectors'.

A fourth group (approximately 6% of the sample), are those companies who say that they have already prepared for Europe in some way, and are not likely to pursue any form of preparation as they 'are already there'. In addition there are those who say that they 'do not need to' as countries like the US are their market, not Europe. This fourth group is not dealt with in the report as they number so few.

The Initiators

As has been written in a number of journals, the Single Market offers a potential 320 million or so consumers[6,7]. It is not surprising, therefore, that a fair proportion of the initiators (20%) are manufacturers of consumer products.

The reality of the Single Market and this consumer potential has meant that nearly two thirds of companies have the intention of increasing their market share, in geographical/regional areas (59%), and over a half in product areas (57%).

The most likely way for initiator companies to increase their market share is through expansion, growth or development.

Expansion, Growth. Development

The size of the company, an issue that is not covered to any great extent in previous research, is likely to be a predeterminant in the way in which the company expands or develops. It is all too easy to be influenced by comments such as 'to be successful, you must merge', but find that the company is too small to even contemplate it. Figure 1, relating to size, is based on data arising from the research.

Insert Figure 1: Effect of Size

The smaller companies, 37% of which are initiators, are likely to choose to either form links, develop their products or services, or consider increasing sales penetration in Europe.

By undertaking joint ventures or partnerships, companies increase in size so that competition with medium and large-sized companies is then a possibility. As medium-sized companies (42% of which fall into the initiator category), the establishment of a base in Europe is one way to remain competitive in the single market.

Through mergers and acquisitions, 21% of initiators are among those medium-sized companies opting to secure their futures by becoming large enough to compete with the other 'giants'. Further mergers and acquisitions are being sought by those large companies with global ambitions.

Table 1 indicates those strategies being pursued by companies in order to compete in the increased market. Mergers and acquisitions, usually associated with medium to large sized companies - and given a lot of exposure in the media - come third, whereas establishing links, and establishing a European base are considered by the greater percentage of respondents to be the more appropriate means of preparing for Europe through expansion/growth/development.

Table 1: Expansion/growth/development of those companies preparing for 1992

Option	% of companies
Establishing links	20
Establishing a European base	19
Mergers and Acquisitions	17
Joint ventures/partnerships	16
Developing products/services	15
Increasing sales penetration	14
Consolidating home base	7
Takeovers	0

175 companies are preparing for Europe through expansion/growth/development. Percentage figures are based on this figure.

Establishing Links

The survey shows that, of those preparing for Europe through expansion/growth/development, establishing links is the most common initiative being undertaken. As one company states, "*We are networking with European based organisations to jointly serve European organisations*", and another that, "*We are establishing a European network capability, and a presence in Brussels*". By making contacts, another explains, "*We are establishing relationships with EC countries where their products and our products mutually support each other*".

Establishing a European base

In response to formidable challenge and great opportunities, the corporate strategy of some 19% of those companies surveyed continues to be directed towards establishing a firm base in Europe. Hence, company profiles are becoming increasingly European, enabling them to take advantage of the large market. The survey identifies one such company stating, "*We are establishing a new manufacturing plant in Portugal, together with distribution centres in Brussels and eventually in West Germany*".

Mergers and Acquisitions

Numerous examples of mergers and acquisitions have been highlighted in previous research.

But Sir James Goldsmith, Anglo-French financier, describes those companies that agree to merge, as doing so for either '*imperial aggrandisement*' or, in contrast to that, as "*two people fighting to support each other from the marketplace*". (Stated at a debate organised by the Association of Corporate Treasurers, 1989.)

Nevertheless, mergers and acquisitions have created major international groups, forming pan-European giants in the manufacturing industry and in the energy markets; and in the financial sector, strong bases have been cemented.

What is clear from the survey, however, is that mergers and acquisitions do not receive an emphasis that previous research has shown. This is possibly due to the size of those companies in the survey, and also to an increasing awareness on the part of companies of the risk of being swept along with the tide of mergers and acquisitions, and of negotiating such undertakings as purely defensive measures through fear - fear of falling prey to others, or of missing opportunities. It is realised that before any merger or acquisition is undertaken, companies need on-the-ground expertise and a wide range of local contacts.

Takeovers

Previous research uses the term 'takeover' quite freely, but what is interesting to note from the survey is that not one company states that it is involved in a takeover. A likely reason is that for managers, the word 'takeover' evokes many sensitive issues and is, therefore, viewed negatively as, more often than not, takeovers are hostile. As Sir James Goldsmith stated in his address to the Association of Corporate Treasurers

in 1989, "*The very best takeovers are thoroughly hostile. I've never seen a really good company taken over: I've seen only bad ones*".

Joint ventures/Partnerships

In the hope of signing wide-ranging agreements, which might further lead to the adoption of world-wide strategies, a number of joint ventures/partnerships are taking place in the run up to Europeanisation. As one company states: "*Having studied the consequences, unless we establish financial or marketing relationships with EC partners, we cannot afford to stretch our resources*". Another notes that, "*Many companies are endeavouring to arrange UK joint ventures, or something similar, with major European manufacturers*".

Developing products/services

British businessmen have been criticised for doing 'practically nothing' towards Europe and have, reportedly, been warned that if they continued in that way, they would 'face drastic reductions in their products' markets'.

The survey indicates that only 15% of companies are concentrating on developing their products in order to remain competitive. There are those who state, "*We are developing new products for particular European market segments which are key to our company that has started in France*", and another who has "*appointed a new Sales and Marketing Director to develop new products and/or markets*".

Increasing sales penetration

Whether new, or whether already well established, products require to be marketed and sold. One company is quoted as having "*appointed an Export Sales Director and an Export Sales Manager who will orchestrate all our export marketing activities, concentrating on European opportunities*".

Training and Development

In an expanding company, the key to growth lies in providing better training for those already in their employ and for any new recruits, and in retraining, to cope with the demands of any job changes that are likely to ensue.

In the survey, less than 10% of those companies interviewed are undertaking any form of training and development (Figure 2).

Insert Figure 2

Staff Awareness

A sizeable number of those participating in the research responded with little more than vague notions of developing their staff's awareness of 1992's implications. With regard to senior management some companies

state that "*All senior staff have attended an in-company seminar on the subject*"; others are "*... familiarising senior managers of possible implications*"; and yet others have arranged "*... attendance at seminars and awareness meetings in marketing, finance and legal aspects*".

Language training

'Sell in the other person's language, but buy in your own' is thought to be an increasingly correct maxim, as negotiations are considered to require at least a knowledge of the languages of the European community.

Indeed, according to the findings of the research, language training is the most common initiative that companies are taking in preparation for 1992, particularly if an organisation wishes to sell in Europe.

But more than a knowledge of another language is required when technical and industrial information is prepared for publication. Written material must be quite correct - correct grammatically, idiomatically and technically. As Janie Jeffreys, the Managing Director of EIBIS International warned in 1989, "*If your literature, advertisement or article gets even one technical term badly wrong in a subject in which you claim to be expert, it can destroy your credibility immediately*".

However, Sir John Harvey-Jones in his address to the Law Society Conference in Cardiff (1988) asserted his belief that Britain enters the single market with several advantages, not only of already having experience of operating in other countries, but also due to the fact that "*English is the international language of commerce*".

From former publications, this same view is held by those who are looking beyond 1992, one of whom has been quoted as claiming, "*English is the language of the international capital markets. The Americans do not speak French, nor do the Japanese*". Moreover, previous reports indicated that many British businessmen agree that they meet few people on their foreign travels who do not speak or understand English.

Recruitment/Appointments

Just as Coopers/Deloittes and KPMG Peat Marwick McLintock, for example, have recruited graduates on the Continent, for UK training schemes; just as Citicorp has created an opportunity to widen the spread of senior management in Europe by having appointed a senior corporate officer for Europe and the Middle East, so too the survey highlights appointments being made in those other organisations which recognise the benefits of having on board personnel with responsibilities for undertaking European language audits and training, for developing contacts, for researching markets; or appointing a "*Mr 1992*" and a "*Euro White Knight*", having responsibility for training staff in general.

Project teams

Not only at the individual level does earlier literature reinforce the findings that recruitment and appointment of personnel with language and culture expertise is being undertaken, but also at a group level, with reports having highlighted project teams that have been set up to focus on 1992. For example, ICL has set up a

special project team, a European Strategy Board, keeping their eye on the reduction of trading constraints; with responsibility for acquisition and joint venture proposals; and for acting like a research and development centre, feeding new ideas to operating divisions in different national markets. In the financial sector, the large players in London have assembled teams of different nationalities and backgrounds.

The Deliberators

Pre-Expansion, Growth, Development

The deliberators, like the initiators, also realise the potential of Europe, as 20% of deliberators are dealing in consumer products. This does not necessarily mean that they produce the goods but are more likely to sell them, as a large number of them are wholesale and retail businesses. At present they are contemplating the type of action they should take, but it would seem that their intention is to increase market share in geographical/regional areas (56%).

Although the majority of those companies in the deliberator category are small in size (52%), what is equally worthy of note is the fact that there are yet 14% of large companies 'thinking about Europe', indicating that, contrary to what might be expected, largeness of size is not necessarily synonymous with swiftness of action.

Indeed, the study identifies two main reasons for the reflective position of these companies - either they are restrained by the excessive application of rules and regulations within the company, or they are very thorough in their preparation.

Of those who consider their actions hindered by rules and regulations, 87% are likely to have managers who insist on being regularly briefed concerning new initiatives, and who stress the importance of following 'established work procedures'.

Those who are thorough are likely to be seeking objective and independent advice, and further information from a number of external sources in order to obtain more detailed knowledge specific to their company requirements. For example, they may be researching into potential markets, observing EC rules, regulations and standards, identifying possible threats from competitors, or are looking at possibilities for expanding or developing into the rest of Europe. The survey identifies the main sources that such companies are utilising, and the actions that they are subsequently undertaking.

A small proportion of these companies is contacting professional advisers and government bodies for advice on legal matters, such as employment legislation, liability, and copyright. They are also using the DTI for advice on Community legislation, for example, and for summaries of current and future proposals for European measures that will effect necessary business changes. The BSI is being approached for technical and quality points on labelling rules, specifications and standards.

Meetings are being arranged by several organisations with representatives of trade associations; with the CBI, one member of which "*attends internal committee meetings of key directors*"; another firm keeps "*abreast of opinions and actions*" via the DTI's arranging surveys in France, Germany, Spain and Italy; whilst yet another conducts a "*think tank on a regular basis*".

Whilst a reasonable number of these companies are gathering what information they can by attending conferences and presentations, others recognise the value of information that can be gained through their attendance at trade missions and exhibitions; with still others arranging fact-finding tours and visits into Europe. However, the majority of deliberator companies are encouraging employees to participate in workshops, and to attend seminars, both externally and internally.

Internally, the bulk of information is being collated from various reading materials, ranging from ISO publications, and research reports, to journal articles. Over and above the information obtained from reading reports, a proportion of organisations are funding independent research into their specific requirements, with audits of training and development needs being undertaken in preparation for 1992 and beyond.

The Rejectors

The rejectors, who feel that Europe offers no potential whatsoever, tend to be in the financial/insurance services sector (18%), which is a significantly higher percentage than that indicated in this sector under the initiator and deliberator headings.

Non-Expansion, Growth, Development

Although a number of the rejectors indicate that they intend to increase their market share in geographical/regional areas (45%), it is likely to be taking place in the UK rather than in the rest of Europe.

Again, the majority of rejector companies are small in size (53%), with 39% medium sized, and a further 8% large companies.

One of the reasons given for non expansion, growth or development is: "*we are concentrating on our home market because we are too small*". They are opting to 'consolidate the home base' as a means of remaining competitive, with one firm stating "*We see no point in risking the fortunes of our small company in overseas ventures when there is an adequate home market which offers greater penetration*"; and another that at present intends "*to consolidate our home base and our niche specialisations*".

A small proportion, less than 1%, stated that they were not preparing because of 'poor management within the company'.

Having identified the various ways in which initiator and deliberator companies, in their responses to the survey, are preparing for 1992, whichever way forward is considered to be 'the right one' for an organisation, strategies must to be formulated. Most importantly, the 'vehicle for implementing strategies' requires debate and decision - the structure of the organisation.

Structure

The survey identifies four basic structures - functional, product, divisional and matrix. Table 2 shows how these four basic structures are broken down into initiators, deliberators and rejectors.

Table: 2

Structure:	Initiators (%)	Deliberators (%)	Rejectors (%)
Functional	48	56	62
Product	11	4	9
Divisional	25	23	24
Matrix	16	16	6

Chi-square = 13.16617, significance = 0.04047

Currently, small to medium sized companies adopt a functional structure whilst larger corporates adopt a matrix structure in order to effectively interface with their operating businesses.

Table 3

	Number of employees			
Structure	<100 (%)	100-499 (%)	500-2,499 (%)	2,500+ (%)
Functional	67	59	33	19
Product	9	7	13	12
Divisional	10	27	36	50
Matrix	13	7	18	20

Chi-square = 89.47135, significance = 0.00000

Although our research highlights that a functional structure is adopted by the vast majority of those small to medium sized companies studied, what is worthy of note is that even for the largest organisations, the functional structure appears to offer equally as much flexibility to action business issues, as does the matrix structure, with 19% functional and 20% matrix in those companies numbering 2,500 and over.

Figure 3 below reveals that all structure types are considering the role they have to play in Europe, in sc much as the type of structure a company deems most appropriate for the running of its business does not have a significant impact on its ability to react to the challenge of the single market.

Insert Figure 3

It would appear, therefore, that it is not necessarily the size nor type of structure of a company that are the most important issues when it comes to preparing for 1992, but it is possibly the way the company is managed within its structure.

Effective management of a company is unlikely to take place unless the organisation structure is clearly defined and is understood by its managers and executives. A number of companies in the survey (87%) point out that *"most managers in this organisation could accurately sketch out the company's organisation structure"*.

To express figuratively all that has gone before, for a company to successfully reach its destination in Europe is dependent on who is doing the 'driving' - that is, if the vehicle is mechanically sound and in working order (structure); if the route is well-planned and discussed (strategies), what is likely to ensure a 'trouble-free' journey is the calibre of whoever is behind the wheel (the managers in the Top Team).

Successful Management for Europe and 1992

In an address to the Law Society Conference in Cardiff (1989) Sir John Harvey-Jones asserted his belief that the single market will result in a dramatic reduction in the number of European companies when he expressed, *"We are looking at a degree of attrition that we've not experienced at any time. In my judgement, at least half the European companies will disappear"*. A sobering thought.

What our findings indicate is that if a company is to be competitive *and* survive in Europe post 1992, there is a crucial need for the company to have its vision of a future in Europe. That is, a vision has to be shared by the members of the top team, the company managed in a style that is open, and communications clearly showing, throughout the organisation, the ways in which the vision is to be achieved.

A Positive Team at the Top

Maturity

The maturity of each member of the top team is a vital consideration when it comes to addressing key issues and making and implementing decisions. As can be seen in Table 4, the results highlight key behaviours which indicate maturity in senior managers, such as in the way the members of the top team listen to each

other, the ease with which they talk together, and openly discuss sensitive issues, such as the way the company is organised. Through mature debate and discussion emerge understanding of, and trust in, each other. Table 4 shows that the initiators and deliberators, who can be said to be 'European', are more likely to have managers who have a positive attitude towards the Top Team.

Table: 4

	Percentage agreement			
Members of the Top Team:	**Initiators** (%)	**Deliberators** (%)	**Rejectors** (%)	Chi-square Significance
Are easy to talk to	79	78	62	**
Openly discuss sensitive issues	59	60	46	**
Have an understanding of each other	57	64	50	*
Trust each other	65	68	57	*
Will implement decisions made in the Top Team	71	82	62	**
Will address long and short term issues	58	56	43	*
Among the members of the senior management group, there is open discussion about the way the company is organised	72	73	58	**

* - 95% significance level
** - 99% significance level

Figures based on rating data on 'agreement/disagreement' scale.

In the pursuit of success, team members must pull in the same direction, holding similar views as to the future direction of the company, so that decisions taken concerning both short and long term issues, are likely to be realistically implemented.

The study shows that in those companies in which the members express different views as to the future direction of the company, (34%) of managers hold a negative attitude towards the top team. However, the rejectors do acknowledge that if differences on issues are resolved at an early stage, then there is likely to be a better understanding of the structure and an improved ability to deliver goods/services on time - a fact appreciated by the initiators.

If visions for the future are shared by the members of the Top Team, then support for each other in their jobs is the natural outcome. 88% of initiators and 87% of deliberators feel that the members of the Top Team are supportive of them in their job, whereas a statistically significant lower percentage (75%) of rejectors benefit from the necessary support required in their role. They consider their Top Team to be less supportive.

With understanding and trust, with colleague support, issues are likely to be addressed that much more

to occur in the rejector companies. These range from the way the business/particular functions are run, issues of cost management and control, issues affecting the long term, to personal and professional relationships between Top Team members, all of which, in time, will affect the very future of the organisation.

It would seem that the rejectors fail to demonstrate that level of maturity required if a team is to be described as positive. In effect, the degree of maturity of the members of the top team impacts, either positively or negatively, on the business, on the organisation itself, and on the people within it.

Generalist and Specialist Skills

Findings from the study reveal that a fine balance of both generalists and specialists in the top team is desirable, if a company is to successfully respond to market demands. That is to say that there should not be a preponderance of either generalists, or specialists. Each has his/her valuable contribution to bring to the effectiveness of the top team.

The study indicates that rejectors (49%), are more likely to agree that the members of the Top Team identify more with the function/department for which they are accountable, rather than with the body corporate, as opposed to the initiators (36%) and the deliberators (35%). An imbalance in a Top Team is likely to adversely affect both personal and professional relationships, when those focused purely on their own function/department may fail to appreciate the problems of other function/departments. This in turn may impact negatively on the business with a failure to meet market demands, which could affect the success of the organisation as a whole.

Management Style

In addition to those characteristics outlined above, a positive team is likely to adopt a management style which is 'flexible', so that the openness of the top team members is able to permeate the whole organisation.

Flexibility

Be it functional, product, divisional or matrix, a structure that is managed in a 'flexible' way facilitates response to the internal and external environment. In other words, it allows senior and middle management to manage and interrelate in an open, problem-responsive way, rather than being role and status oriented.

The survey identifies certain characteristics of those companies being managed in an 'inflexible' way. Such companies are predominantly rules and regulations oriented, so that managers who work for a company that lacks flexible management tend to over-stress the importance in following established work procedures. Moreover, they tend to respect only those people who stick to the rules. Table 5 shows the differences among the three groups. Whereas, both deliberators and rejectors are more likely to follow established work procedures and respect those persons who stick to the rules, the initiators are more likely to do what they

think best and observe the protocol later. In this way, the initiators are more 'entrepreneurial'/independent in activity.

Table: 5

Rules and regulations:	Percentage agreement: Initiators (%)	Deliberators (%)	Rejectors (%)	Chi-square Significance
It is important to follow established work procedures	53	68	65	*
I respect people who stick to the rules	32	46	46	*
I am more likely to do what I think best and observe the protocol later	71	59	60	*

* - 95% significance level
** - 99% significance level

Figures based on rating data on 'agreement/disagreement' scale.

Valuing performance

From the survey results, it would appear that companies with senior managers who value performance and professionalism are more positively regarded, than senior managers who are power oriented and/or rules and regulations oriented.

Table 6 below shows that initiators and deliberators are more likely to have a company management style that values performance and professionalism, and have senior managers who are themselves performance oriented. On the other hand, the rejectors, without such a management style, have senior managers who do only what is required of them.

Table: 6

Management style:	Percentage agreement: Initiators (%)	Deliberators (%)	Rejectors (%)	Chi-square Significance
The company's management style values performance and professionalism	72	72	60	**
Senior managers are performance oriented	59	53	42	**
Senior managers do just what is required	9	9	19	*

* - 95% significance level
** - 99% significance level

Figures based on rating data on 'agreement/disagreement' scale.

If there exist within the top team senior managers who are mature; if there has been reached a balance of generalists and specialists; if the style adopted by top team members is flexible and open, then the effects of such positive characteristics will impact on all levels throughout the organisation.

Communication

From the study, it is shown that a positive team, sharing a vision, is, through its openness of style, likely to effectively communicate its vision via the Mission Statement - one key form of communication that serves to develop an awareness of the strategies that the company aims to pursue. Through generating a positive culture throughout the organisation, lower level management and staff are more likely to identify with the Mission Statement.

Further, a positive top team will make the time to ensure that roles and objectives are understood by key managers, in terms of their main areas of responsibility and accountability. Failure to communicate clearly roles and objectives, impacts negatively, as is evident from the questions and responses below, taken from the study.

Question: Do you believe that functional/departmental/divisional objectives are clearly communicated in each part of the organisation?

Answer: No. At present communications down the line are poor. There is an assumption that things just happen.

Question: Are corporate objectives clearly communicated throughout the organisation?

Answer: No. Objectives are unclear. Senior management believe in the power of withholding information.

Table 7 below shows that initiators and deliberators, rather than rejectors, are more likely to implement effective internal communications, impacting positively on achieving corporate goals, and paying attention to clearly defining role responsibilities, all of which influence people's attitude to work, and to the company as a whole.

Table: 7	Percentage who say 'Yes'			
Communication:	Initiators (%)	Deliberators (%)	Rejectors (%)	Chi-square Significance
Are you aware of a mission statement for your company?	65	65	45	**
Do you believe that functional/departmental/ divisional objectives are clearly communicated in each part of the organisation?	80	79	68	*
Are corporate objectives clearly communicated throughout the organisation?	74	81	68	*
Senior managers have clear defined areas of responsibility	92	92	83	**

* - 95% significance level
** - 99% significance level

Figures based on rating data on 'agreement/disagreement' scale.

Job Satisfaction

The clear communication of objectives and clear definition of roles are key to the motivation of individuals. Initiators and deliberators, as well-informed individuals, with clearly defined areas of responsibility and accountability, are likely to affirm that most people at their level are satisfied with their job (72% and 72% respectively), as opposed to the rejectors (57%). Rejectors are more likely to include managers who feel they are not really stretched in their job (41% of rejectors against 23% of initiators and 28% of deliberators) and may be inclined to feel like leaving the job (11% of rejectors against, 3% of initiators and 2% of deliberators).

Summary

Competition is undoubtedly going to increase in the approach to, and after, 1992. Many developments may, and are likely to, take place within these two years and beyond. Success, however, is dependent on effective strategic management, paying particular attention to communication, interfacing, and style issues, as well as generating a positive and cohesive team at the top.

Characteristics of the way companies are managed, and who are, therefore, more likely to be successful post 1992, are summarised in the checklist below.

The successful, post 1992 business organisation must,

- have a Top Team that addresses sensitive issues
- have senior managers who are motivated; have clearly defined areas of responsibility; and do more than just what is required of them
- have managers who promote a management style that values performance and professionalism, but are also sensitive to people
- have managers/executives who are aware of a Mission Statement
- have functional/departmental/divisional objectives clearly communicated in each part of the organisation
- have a Senior Executive capable of addressing short, medium and long-term goals

Footnotes

1 For example, Woolfson K. (February 1989), "Electronics switch on to Single Market", *Financial Weekly*, p32.

2 *The Daily Telelgraph* (26th October 1988), "EEC reforms planned for 1992 could leave UK Companies vulnerable to takeover bids", p23.

3 Dudley J.W. (1989), *1992 Strategies for the Single Market*, Kogan Page, London.

4 *Management Today* (April 1988), "Europe's Risorgimento", p5.

5 IRS Employment Trends (1989), "Survey evidence in response of UK companies to 1992", IR RR 435.

6 For example, *The Economist* (February 1988), "They've designed the future, and it might just work", p41, and

7 *Business Week* (December 1988), "Reshaping Europe: 1992 and Beyond", p16.

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Woolfson K. (February 1989), "Electronics Switch on to Single Market", *Financial Weekly*, p32.

Figure 1: Size of the Company

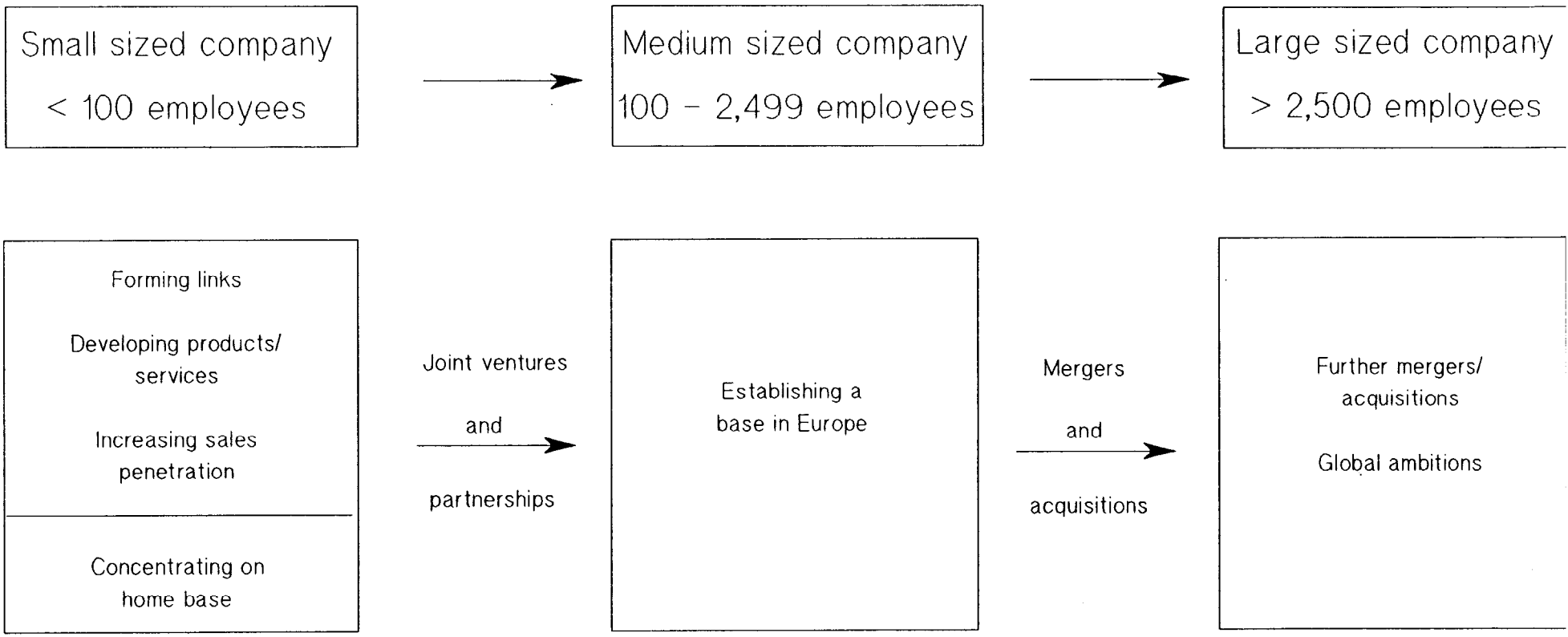

Figure 2: Training and Development

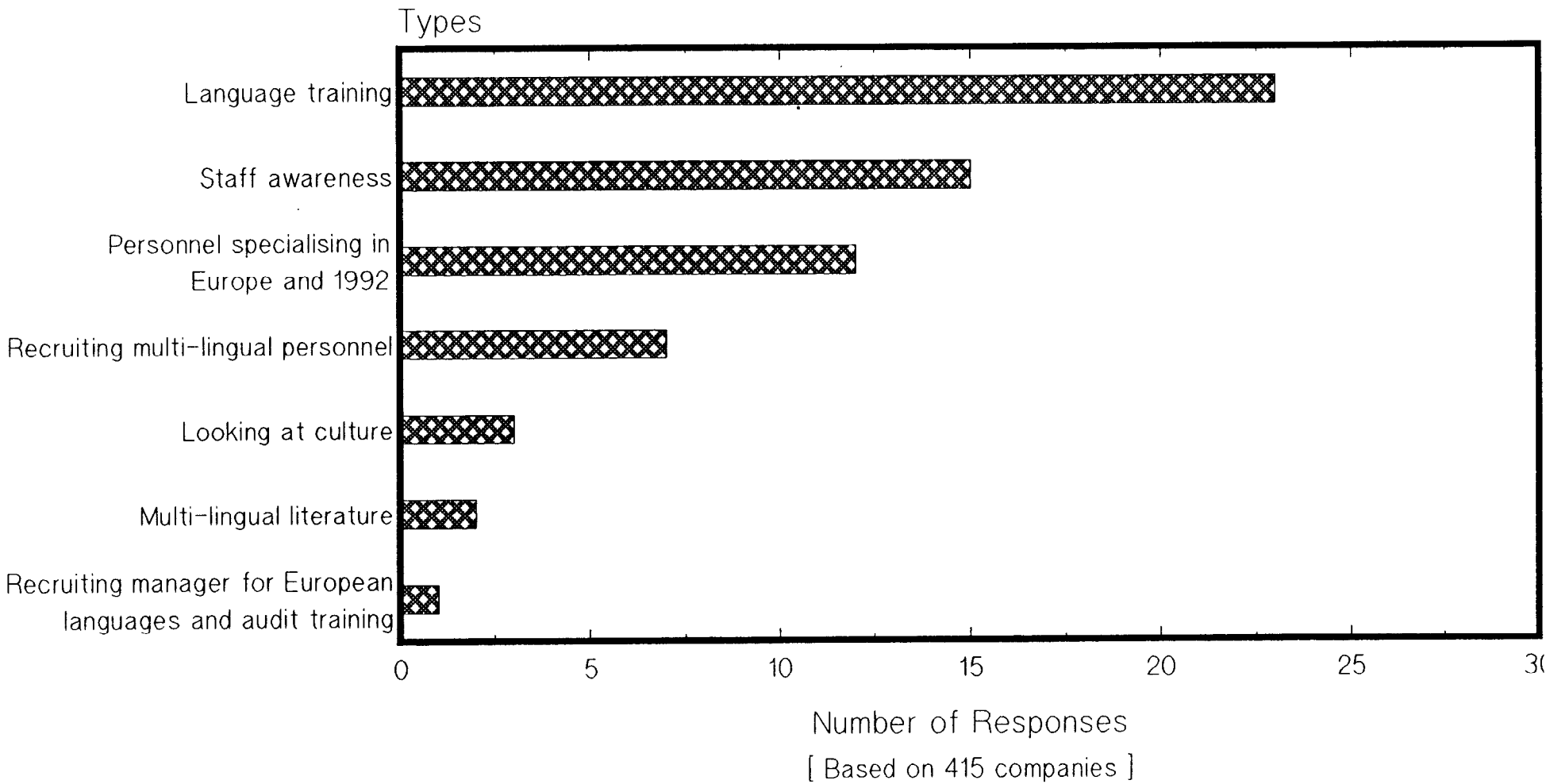
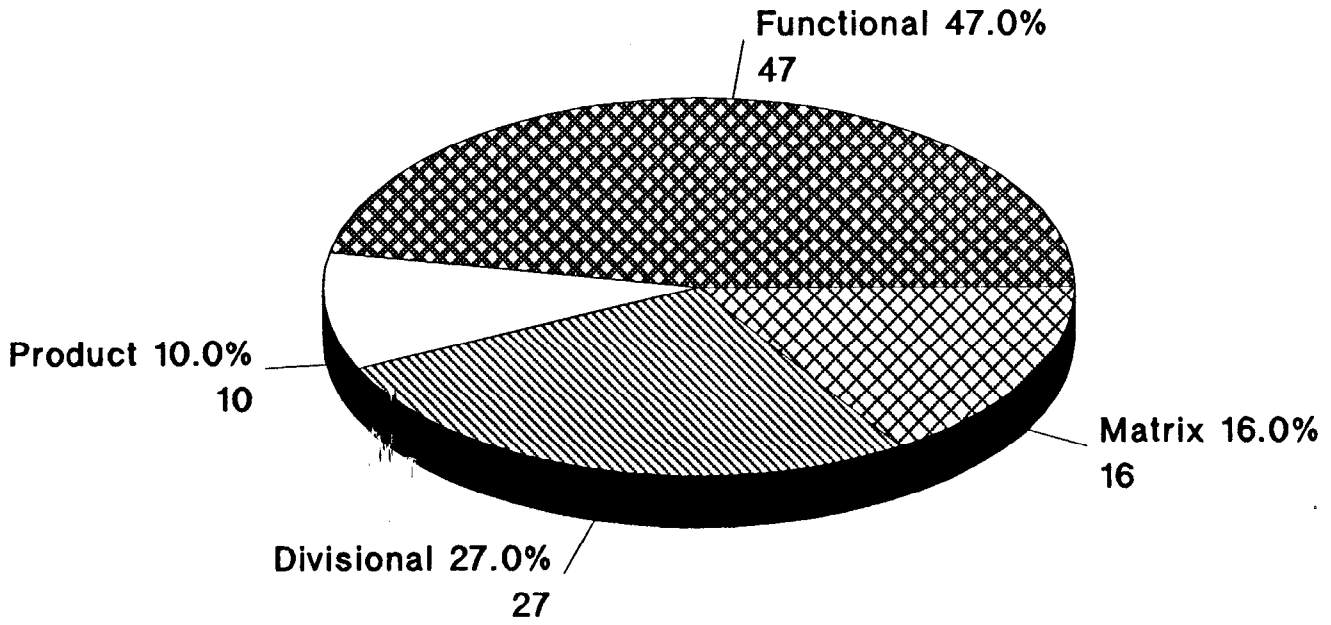
FIGURE 3: PREPARATION FOR EUROPE BY STRUCTURE