Stuck! – The legacy and the leftovers of the downturn

By Steve Bernard – May 2014

As the downturn is officially declared 'over' and the economy changes gear, a number of worrying trends persist as a perilous overhang. Here is a digest of what's #trending in corporate UK.

No Investment: Apart from large capital expenditure and acquisitions or restructuring costs, businesses continue to sit on their hands and on the whole, are not investing in local or organic growth initiatives.

Leftover – Sadly for many, since 2008 anything that wasn't bolted down was abandoned. For many now, the short term argument will therefore be, "well if we did without it before, we can just carry on that way, can't we?" Example: Customer Contact systems

Unrealistic Growth Expectations: Suddenly losses and not meeting market expectations have been replaced in the vocabulary by double digit growth or doubling EBITDA expectations.
Leftover – What appears to be missing is additional senior management time, and dialogue to work on the *how* this is achieved and what kind of investment it will take to get there. The holding position seems to be a lone Executive providing all of the targets, but who is removed from the actual creation of solutions below.

Restructuring: Corporate restructuring remains high; senior management populations are particularly susceptible to restructuring and there is little or no stability of management communities.
Leftover – In the last 4 years, it was deemed acceptable to leave the bridge unmanned; the argument was all hands on deck were needed with managers diving in to low levels of detail. There appears to be no recognition of the need to restore confidence by having a well informed and capable management team and a recognisable face of leadership. In the downturn, appointment committees would argue a case for sticking with the leader we have (better the devil you know scenario). What we are not yet seeing is a recognised search for particular leaders and leadership styles matched to the organisations needs according to where it is in its lifecycle. Nobody seems to be tracking the number of managers long serving employees will have experienced in a short space of time (senior management churn). In my own career, the record is still held by Barclays Bank (3 restructurings and 3 managers in 3 departments in 364 days – 2003).

Instead of spending 100% of time chasing ever higher targets, leaders of UK organisations would do well to dedicate just 10% of that effort on learning from the recent past, making better plans that are more effectively implemented.