

Identifying and unlocking the synergy between sister companies.

Focus:

Getting synergy from an organisation; Management responsibility; Resolving Corporate and Local objectives; Strategy design and strategy mapping; Balanced Scorecard; Facilitation and management team dynamics; tangible results.

Client:

A group of five international engineering companies owned by a major Utility player.¹

Client need:

A group of 5 companies located across Europe, and owned by the corporate entity, needed to operate as an International team supporting each other, rather than separate units.

How can we bring the diverse, and culturally different, management team together? How can we unlock the synergy that should exist within the group and create a whole that is more effective than the individual companies.

Overview of project:

The client operated an international business in the design, build, implementation & operation of plant across the world. The five companies in the group each brought different skills and knowledge to the process. Two were valued for their innovation and technology, another for its movement into "design and operate", one for its quality of project management. All were valued for their knowledge of their local markets.

There were synergies that would improve the whole group, however, so far, little had happened. The management teams were not working together. How do we create a cohesive strategy for the group that will unite the management around common goals and bring the synergy explicitly to the surface to be acted upon and delivered?

Using the Balanced Scorecard strategy mapping approach we elicited the group strategy from the centre. This provided a framework that enabled us to identify where the strengths were in each of the other business units.

We then elicited the strategy of each business unit whilst using the corporate strategy map as a framework. This ensured we covered all the aspects within each business unit. It meant we were able to let each business unit express its direction in terms of the opportunities it saw in its local market; as well as ensuring there was a common thread amongst each of the players.

All the strategies were brought together for comparison. From this the strengths of individual players could more explicitly be identified and the question asked: How can this unit contribute to the whole picture. This included some that were not apparent before and enabled us to identify where synergy could be obtained.

The Managing Directors from each company were then brought together to see, review and discuss the whole picture, to gather their individual feelings and get commitment. At this meeting there was some friction as one Director saw their role in the group quite differently to the others. We helped to get this issue to the surface so it could be discussed and resolved. Ultimately this MD left the group and another was appointed.

From this they agreed their overall objectives and responsibilities for ensuring that the cross working happened and synergy was extracted. Clear links were established under a contract of "You are the best at this, take the lead and help us all to develop these skills, building upon our knowledge and experience as well."

Results and Benefits:

The work was central to driving synergy out within the group. The value put on it, for a group with a turnover of approximately £100m, was around £10-20m in cost savings and a 20-30% increase in revenue. This excluded the substantial impact on the contracts they managed, which were of the order of £4bn in total value.

Later we re-visited the client. There, on the wall, was the recognisable derivative of that original strategy map and balanced scorecard. They had used it to drive significant change in culture through the group and change the focus as the market had changed. It was still in active use and, despite changes to management and key staff, still central to communicating the strategy some 5 years after the original project.

Want to know more?

This is one of a series of case studies and discussion papers published by Excitant Ltd.

About *Excitant Ltd*

Our name represents what we do:

Stimulate and improve organisations to perform better.

We are a niche consultancy. We specialise in helping Management teams:

- Develop, clarify and agree their strategy
- Communicate the strategy so the whole organisation is mobilised
- Work more effectively as a team, learning together, as the strategy evolves
- To bring about change in organisations, by developing the beliefs, culture and behaviours of high performance
- Ensure strategy and performance leads to results.

For more information, contact:

Phil Jones, Managing Director
M 07 711 711 123
phil@excitant.co.uk

Note:

1 This engagement was carried out by Excitant staff, prior to Excitant being formed. The client still maintains a relationship with Excitant.