

Introduction

Business continually needs to adapt to the changing environment in which it operates. In recent years a key element of this environment has been that of increasing customer expectation. Modern customers want far more than ever before deciding who to buy from. When they deal with an organisation they want to deal with a sales team that is fully informed, able to focus on their specific needs and provide suitable solutions.



Customers are not simply looking for good products. Rather, they seek good products which address their individual needs and buying requirements. The result is that business organisations today must be marketing rather than production-orientated.

- The production-orientated company of the past concentrates on making good products, selling what they make - they were disappointed when they did not sell all manufactured goods.
- The modern marketing orientated company first finds out what the customer requires and then provides the good quality solution regarding product that meets the customer's requirement. The solution therefore sells the product and service.

This case study looks at how Corus, one of the world's leading steel companies, has developed a market focused approach. This involved an extensive process of change management to enable the company to gain a competitive advantage in a fast moving marketplace.

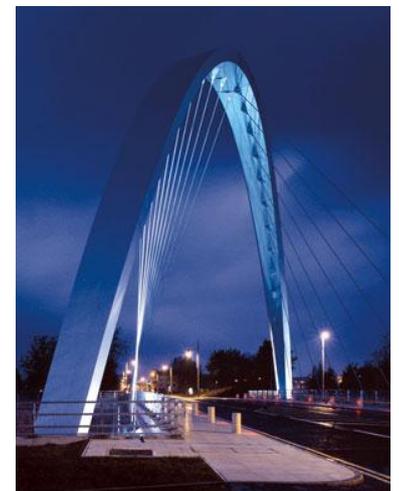
The focus is on one of Corus' key business units - the Construction and Industrial Unit which manufactures sections and heavy plates for the construction, energy, shipbuilding, process plant and engineering sectors; coil plate and reversing mill plate for a wide range of end-uses, rod for wire drawing and semi-finished products for re-rolling and further processing into many industrial and consumer goods.

Developing a clear strategy

Organisations must have a clear sense of direction if they are to be effective. This involves establishing a goal and a strategy (plan) to achieve this goal. Corus has established its goal (for its Construction and Industrial Business Unit):

'Achieve a 15% return on net assets with real profit growth through the cycle by providing products, solution and expertise to our customers in the construction and industrial markets.'

This is to be achieved by using the resources of the business unit to sustain a leading position in the market in the UK, Europe and in global markets whilst also maximising profits. Corus is seeking to drive down its cost of production while continuing to focus on doing those things that it does best. At the same time, it is also seeking to build new skills and expertise.



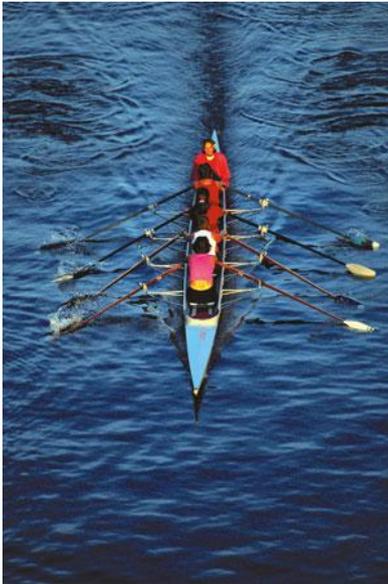
Partnership approach

One of the major actions involved in the new strategy is that of creating partnerships with customers and suppliers that change the market or transform the interface with customers.

What this means, is that a customer like British Waterways will deal with one Corus account manager rather than having to buy different types of steel from a range of sales staff and locations as was the case in the past. The new account managers at Corus not only need to be enterprising but also have an extensive understanding of the company they work for, its range of products and of the needs of the companies that they are selling to.

Corus' customers are businesses seeking solutions in wire drawing, foundations, ship building, energy, heavy engineering and construction steel amongst others. Today they are able to build a relationship with one point of contact - the account manager who represents Corus (a multi-product organisation).

Organisational culture



We use the term 'culture' to describe the typical approach within an organisation. Culture refers to the personality of an organisation and the shared beliefs. It also encompasses the written and unwritten policies and procedures that determine the ways in which the organisation and its people behave and solve business problems.

You can quickly get a feel for the culture of an organisation just by looking around the company and talking to the people who work for it. For example, some organisations are very dynamic and its people are encouraged to take risks. Others are backward-looking and rarely take risks.

A key change that has taken place in Corus' organisational structure has been in the organisation of sales accounts teams. Before the merger Corus operated with product based sales teams operating from four different geographical locations. Corus has sought to develop a customer focused business culture based on developing high performance teams.

The new emphasis has been on bringing the management of sales to a centralised area at Scunthorpe. Now empowered sales account managers have the responsibility for managing accounts with individual customers. The new account manager is entrusted to know all aspects of the business aided by the latest Information and Communications Technology systems.

Managing change

Changing the culture of an organisation requires a great deal of skill. Change management is always most successful when the participants in the change process feel involved.



The key drivers for the change process were the emphasis on getting everyone to see themselves as working as part of a single business unit and to make sure that the focus was on the customer. The training programme assisted by consultancy therefore emphasised the key objective for teams within the unit as being – 'We want to be indispensable to our customers'.

The change process at Corus has not been easy both on account of the extensive changes taking place in the business environment and because of the sheer scale of the changes required. People used to working in specific product areas and in specific locations now needed to change their mind-set to realise that they were working in a single business unit producing a variety of products to the benefit of the customer. They needed to take shared responsibility for these products, and for the success of the business unit.

Corus has had to develop an extensive process for managing change particularly in its sales force. It had to move from a situation in which there was a hierarchical structure in which many of the sales staff expected to be told what to do. Managing change has involved a process of breaking staff away from the comfort zone of behaving in a certain way, "If you do what you have always done, you get what you always got" to developing new ways of working in which the new account managers have considerable responsibility: to sign off deals and to negotiate contracts for example.

An important aspect of the change was that of relocating employees to Scunthorpe. Previously the sales force had been located across the country e.g. in Motherwell (central Scotland) and Teesside. The new staff needed to be re-trained in new areas so that they could work with new products and new systems. Not everyone was prepared to make the move or to make the change in the way they worked.

Training to fill gaps

Corus therefore had to engage in a drive to fill the gaps by interviewing to fill vacancies. It was then necessary to engage in an extensive training programme so that everyone involved with the new way of working was familiar with new approaches and was familiar with how their new roles differed from previous roles.

Training programmes were implemented in late 1999 and by early 2000 the company began to reap some of the benefits although it will take a long time for the real impact of the change to be felt. The training programmes involved familiarising people with a range of products that were new to them, new markets, and new ways of dealing with people. An account management course was a key component of the training.

Barriers to change

Corus has been seeking to create high performance teams within its business units in order to improve performance and particularly to build stronger relationships with customers. While it has been pursuing this strategy it has been faced with an external environment which contains many hostile factors. The major hostile factor has been the strength of the £ and the weakness of the Euro which has made it particularly difficult for UK manufacturers. Corus is one of the UK's top ten exporters; its aim is to retain regular customers' existing orders and to win new ones in a competitive market place, which is not helped by the weakness of the euro.



One of the major difficulties faced in the early days of introducing the change was the sheer volume of learning that needed to take place, as individuals had to take on board a lot of new information and ways of working. Another difficulty was that while the objective was to get account managers to create account development plans, talk to customers and develop an awareness of their customers' strategies, they were often unable to do this until the nitty-gritty operational activities such as handling enquiries and entering orders had been effectively carried out.

In simple terms the account managers were having to carry out administrative tasks within the organisation. Corus therefore realised that it had to make new appointments at clerical levels in order to ensure that account managers could concentrate on more defined management tasks.

Another barrier to change was that of 'invisible walls' that existed between people within the unit. Previously contact had been made over the phone between people at different locations and dealing with different products. Now these people were working in an open plan office at the same location in Scunthorpe but at first there was still a reluctance to share ideas and to develop common systems - many people wanted to continue working with the old patterns.

A key part of the process of change was therefore to develop a teamwork approach so that everyone in the business unit could start to work as a high performance team member. In addition common systems needed to be established to create a consistency of approach so that for example there would be standardised approaches to handling orders, dealing with complaints from customers, etc.

Conclusion

Changing an organisation is not easy particularly when people are used to doing things in a set way. Managing that change process is not easy when an organisation is faced by a hostile environment (in this case the strength of the £ against the Euro). However, change is essential in a dynamic business environment.

Corus is beginning to reap some of the rewards of its change management process. Customers feel more confident now that they can deal with one account manager who is familiar with their business and their problems and can provide tailor made solutions. Within Corus, team members are now becoming more confident in their roles and have come to grips with the need to work more closely together using shared systems.

The £ continues to be strong so it will take time for the results of the new strategy to be fully realised. However, the changes are in place to secure a future for the business and the people.