

July 2009

Taking Stock: It pays to put your people first!

Mitsubishi Motors Australia Ltd & LHH Breakfasts

On May 28 and 29, Lee Hecht Harrison and Adecco sponsored Breakfast Seminars in Sydney and Melbourne featuring Robert McEniry, President and CEO of Mitsubishi Motors Australia.

In Melbourne, the Seminar drew over 75 attendees, and in Sydney, over 135 guests attended.

Robert gave a comprehensive and heartfelt presentation on the corporate restructuring of Mitsubishi Motors in Australia over the last nine years, culminating in the cessation of manufacturing operations in February 2008.

Robert's presentation posed the core theme that **looking after people is good business.**

By being responsible and respectful towards employees "who are the company", Mitsubishi acted with commendable corporate citizenship, and in doing so, maintained product quality, retained organisational pride, and protected both market share and brand over the course of this major restructure.

Executive management put themselves in the shoes of those who would ultimately be impacted by this decision; the 930 employees who, on average, had worked for Mitsubishi some 20+ years. Many of Mitsubishi's people had not worked for any other organisation and had little or no experience of the vagaries of the job market.

Robert McEniry demonstrated Mitsubishi were truly prepared to do whatever it took to ensure that staff, customers, suppliers, dealers and Mitsubishi stakeholders were supported before, during and after the closure of manufacturing operations.

The company implemented a communications strategy which ranged from companywide CEO briefings to small-group "on the couch" sessions, so that staff were not only informed of what was going on but had their needs and concerns listened to.

In addition to some of the best redundancy support ever offered in Australia, two key support initiatives were rolled out.

"Project Rebound" was a multifaceted transition program designed to help staff take stock, look around, explore options & make decisions. It included information seminars, financial advice, counselling, job retraining, outplacement services, government support and a highly successful careers expo where individual staff were able to connect with prospective employers.

"For All the Good Times" was a morale maintenance initiative to help celebrate the contribution of all Mitsubishi employees. This program included celebratory breakfasts, departmental get-togethers, gifts and competitions, and a central focus on the last Model 380 to be produced at Tonsley Park so that staff knew that their efforts mattered and their continued commitment to quality, safety and customer service really counted.

Government statistics found that 65% of award staff secured new employment, with the balance opting for retirement, self-employment, choosing to pursue further study or still looking for employment.

As for the business outcomes - at the time of the closure announcement, Mitsubishi still had approximately 1000 motor vehicles to manufacture.

Independent quality manufacturing assessments showed the quality actually *improved* over this time, and continued to be at the front of its market segment.

Critically, Mitsubishi has maintained its place amongst motor vehicle manufacturers and importers in the Australian market.

So Robert's key message that when undertaking corporate restructuring "**It pays to put your people first**" certainly held true.

Robert McEniry closed his presentation with five key points:

1. Provide every possible support to your employees in assisting them to move onto their new futures.
2. Treat employees with equity, dignity and respect.
3. Communicate & communicate – open, truthful and consistent.
4. Balance the interests of all stakeholders – treat all as partners.
5. Manage the restructuring as a project.



The feedback from those who attended Robert's presentation was exceptional:

Robert is a rare and compassionate Business Leader, who has clearly shared the pain and shouldered the true impact of implementing an 'Economic & Business Decision' which has forever changed the lives of 'His People'. Hats off to him, and thank you to LHH for giving us the opportunity to hear and share his story.

- Senior Consultant, P&C Transition Support, National Australia Bank

I thought the topic was exceptional and perfectly aligned to LHH. It gave me some really good thought starters for my business, although we have different challenges...

- General Manager, Human Resources, Reliance Petroleum

This was one of the best sessions I have attended for many years.

- HR Manager, Commodities & Corporate, AWB Ltd

Thank you Robert for sharing Mitsubishi's story with us!



More good reading!

An article in the May 2009 issue of *Harvard Business Review* carries a similar message. In **The Right Way to Close an Operation**, Kenneth W. Freeman of Kohlberg Kravis Roberts in NY, says leaders must use "soft hands" as well as "hard hands" to be successful. While taking tough decisions about shrinking or closing operations, they must also remain closely involved in the implementation, ensuring that employees, customers, suppliers, and communities are treated with consideration and compassion because "Morality aside, such behavior is good business." He describes in detail what he means by using *soft hands*.

Whether a man is burdened by power or enjoys power; whether he is trapped by responsibility or made free by it; whether he is moved by other people and outer forces or moves them -- this is of the essence of leadership.

[Theodore H. White]

Through My Eyes: a story of organisational change through the eyes of different participants

A CEO

I've just got off the phone to my wife. It is 7.00 o'clock on a Thursday evening and I'm in the office, alone, trying to look reality in the eye. It's hard to focus. There is no good news. The economy is spiralling downward and taking us with it. We have been fighting hard to keep our heads, think clearly, strategise, reconfigure, hold it together. But the red ink continues to flow and it seems we have some cold hard facts to face. We need to make cuts, stem the flow, tie off the arteries, if our business is to survive. I'm so sorry love, but it looks like I'm going to miss out on dinner and the kids storytime!

The leadership team meets tomorrow to determine which operations we can merge or streamline, and which will have to be closed down. Either way this means hundreds of jobs lost. We need to figure out how we can support our people – those who will go and those who will stay. Directly after the meeting, I will meet with HR to discuss our options. We must communicate clearly and well, and make sure our staff know we will do everything in our power to help them through this time. We have always prided ourselves on our culture of caring... we can't give up on that now.

There is no good news... for now. We must act decisively, but with foresight, navigate our way through this period of turmoil and ensure that staff and customers maintain trust, hope and good will. Then, when the turnaround begins, we will certainly be smaller, but perhaps more agile and adaptable, will remain cohesive and connected, not insular, and be resilient and open to new possibilities.

I am not looking forward to tomorrow, or the day after, and perhaps not the days and weeks to follow, but I *am* beginning to feel some enthusiasm and optimism, a resurgence of energy and determination. I work with a great bunch of experienced and knowledgeable executives who have strong and supportive networks. The economy will recover and our company will survive and grow.

