

Does playing 'hardball' with your staff pay off?

It would seem tough times are ahead at telecoms company Cable & Wireless.

In a company-wide memo, leaked to the *Sunday Times* last week, the company's new executive chairman John Pluthero laid out the short-term future of the firm in no uncertain terms.

He wrote: "Congratulations, we work for an under-performing business in a crappy industry and it's going to be hell for the next 12 months."

Describing the challenge ahead as "one of the biggest business turnarounds attempted in British industry in the last 50 years," Pluthero also announced a number of job cuts.

"That's just the start," he said. "As we reduce the number of customers we serve, fix some of our problems, strip out layers of management, we will need fewer people to run the business."

He added: "If you are worried that it all sounds very hard, it's time for you to step off the bus. This is no longer a place for the timid."

In a rallying call, he said: "There will be times when it will all seem impossible and times when you will feel on top of the world. If this leaves you saying, 'Bring it on', this is the right place for you to be."

Industry-watchers have commented on the bluntness of Pluthero's approach, so *Personnel Today* asked a number of experts to dissect his management style.

At business psychologist Kaisen Consulting, director Robert Myatt sees some strength in Pluthero's methods. He says Pluthero has outlined a clear culture for the future and is prompting people to challenge the current situation and accept that it cannot continue.

"A key step in initiating change is to minimise resistance by allowing people to 'let go' of the past," says Myatt. "Pluthero is creating a 'burning platform' - 'if we don't change, we're all doomed'. When people accept this reality, they are more likely to be motivated by the future change."

However, Myatt has reservations about Pluthero's 'one size fits all' approach.

"Central to engaging people in change is answering the question 'what's in it for me?'. It's clear why the change is needed from a business perspective, but what are individuals going to get out of it apart from a lot of stress and hard work," he says.

Marc Atherton a business psychologist at Sparta Consulting, is also unsure whether all employees will grasp Pluthero's challenge by the horns.

"His approach might be fine if the recipients are all of a type to respond positively to a challenge framed this way," he says.

"But its confrontational style is unlikely to inspire trust and commitment in its recipients as it might be read as indicating as form of leadership which is dictatorial and singular."

According to Atherton, successful change leadership requires that employees are positively engaged.

"Where followers have a degree of reservation in terms of trust in the leader, change initiatives often fail to deliver their full potential," he says.

For Helen Kalyan, HR manager, Novotel London West it is exactly Pluthero's straight-talking that will earn him the trust of his staff.

"Long-term trust between employees and companies are built around no-nonsense transparency," she says.

However, Kalyan feels his approach is "too emotive".

"The comments paint a clear picture of the company's new culture and that there is hard work ahead. But emotion often means extremity, and can destabilise even good people," she says.

"There is also the risk that some of the message is lost behind this emotion rather than sending out a clear call to action."

But achieving this delicate balancing act ability between taking tough decisions and maintaining employee morale is a test for even the most respected companies says Russell Hobby, associate director at management consultancy the Hay Group.

"Our research with the Fortune 'Most Admired' companies shows that successful companies are far more likely to confront reality than their less successful peers," he says.

"The trick, however, is to engage the whole workforce in that reality and inspire them to do something about it - realism, not pessimism is the key."