Section I: Context of Communication during Turnaround

Environment is an important situational element that has a strong impact on an organization’s strategic direction, the process by which strategic direction is shaped and the way an organization’s resources are secured (Hamel & Prahlad, 1994). With the globalization of economy and fast paced technological developments, the environment is constantly changing. The organizations therefore, also have to change so as to be able to survive and thrive in the changing environment.

Evidence from studies on managerial decision making and strategic management suggest that managers often prove unable to account for environmental change in their plans owing to resource constraints, inadequate information or blindness to environmental changes (Maheshwari, 2000; Mezias & Starbuck, 2003; Pfeffer & Salancik, 1978). Maheshwari (2000) examined the reasons for organizational decline and suggested context-specific turnaround process. According to this study, the decline is primarily an outcome of inaction of managers and inappropriate actions of managers in response to environmental reality. The causality variables to explain inaction and inappropriate actions were classified as organization specific such as sunk investment, specialized assets etc. and environment specific such as legal, political, social and economic constraints.

Organizations are at varying risk of experiencing changes in the environment for which they are not prepared (Aldrich & Pfeffer, 1976; Carrol, 1984; Kelly & Amburgey, 1991; Khandwalla, 1992; Mone, Mckinley & Barker, 1998). Thus, based on the managerial response, organizations could on one hand outperform themselves in the new business scenario or on the other hand, deteriorate to the extent of sickness.

Management of some sick Companies accept the failures and finally liquidate the Companies while on the other extreme there are companies that are able to revive from the sickness (turnaround) and once again flourish in the new environment. This scenario is depicted as ‘Organizational changes in a changing environment’ in Figure 3.1.
Sutton and Callahan (1987) provided empirical evidence to assert how filing bankruptcy under Chapter 11 tarnishes the image of the management which is discredited by internal and external stakeholders for the failures. In accordance with Kurt Lewin’s theory these stakeholders exert *enabling or disabling forces on the organization*. This is exhibited in Figure 3.2. During organizational decline the balance of forces tilts towards disabling forces.

Literature provides enough evidence to substantiate the central role that management must play to enable the organizational turnaround (Barker & Barr, 2002; Barker & Patterson, 1996; Francis & Mariola, 2003; Harker & Sharma, 2000; Huang & Snell, 2003; Pandey & Verma, 2005). Some researchers have asserted that it is imperative to change the management to initiate the process (Barker & Barr, 2002; Barker & Patterson, 1996; Francis & Mariola, 2003). In any case, the management (Board along with the CEO) must own the managerial responsibility to turnaround performance of the declining organization (Francis & Mariola, 2003). The balance of forces must shift with the *management assuming central role* and experiencing the forces emanating from various stakeholders. The management must define a turnaround strategy so as to manage the forces emanating from various stakeholders. This is exhibited in Figure 3.3.
Figure 3.1: Organizational Changes in a Changing Environment

- Globalization of Economy
- Liberalization of Markets
- Changes in Technology
- Corporate Citizenship

Environmental Changes

Organization

Managerial Decisions

Thrive

Deteriorate

Turnaround

How?

Resource Constraints

Inadequate Information

Blindness to environmental changes

Struggle

Languish

Liquidate

Source: Developed by the researcher on the basis of literature review
Figure 3.2  
Enabling and Disabling forces on a sick company

Source: Prepared by the researcher on the basis of literature review
Communication is critical in the strategy formation and implementation stages. According to Sloma (1985), for a turnaround to be successful there must be a plan and it must be documented and communicated. The plan must be tailored to the particular firm at a particular point in time. Motivation of the people in the organization in implementing the plan is also vital.

Besides, total commitment to strategic management, organizational change, adequate communication, and accurate performance measures are key to definitive turnarounds. Farkas (1991) reviewed corporate turnaround literature and conducted four case studies to identify salient factors in organizational turnarounds and determined whether these factors were evident within transit organizations that had attempted to manage change strategically. All the four organizations had initiated turnarounds post organizational decline or perceived decline. He found that relatively minor reorganizations were made in all the cases and commitment to strategic change varied and that all cases could have improved their communication below the middle management levels.

Literature also recommends that all segments of the organization be included in the information flow for a decline to be stopped. Guy (1989) found that most employees prefer to receive information from management; yet many receive it from the ‘grapevine’. He asserted that it is important for formal channels of information to confirm information gained from informal sources.

Khandwalla (1989) with the help of three cases (Canadian Cellulose Company (Can Cel), State Timber Corporation of Ceylon (STC) and Bharat Heavy Plate and Vessels of India) in three countries and literature survey of studies in the US, Britain, Europe and India outlined ten elements of corporate turnaround management. These elements are: change in top management, credibility building actions by the new management, initial control of finance, purchases, capital expenditure, negotiation of support of outside stakeholders and neutralization of external pressures, quick pay-off projects and actions, quick cost reduction, revenue generation, asset liquidation for generating cash, mobilization of the organization for turnaround and internal co-ordination. For each of these elements Khandwalla then illustrated the range of actions involved in a turnaround (See Annexure 3.1: Elements of Corporate Turnaround as suggested by Khandwalla, 1989). The role of communication as documented in these actions is as given in Table 3.1.
Table 3.1: Elements requiring communication intervention

<table>
<thead>
<tr>
<th>S No</th>
<th>Element</th>
<th>Communication as possible action</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Credibility building actions by the new management</td>
<td>Publicize success in resolving a current crisis or problem (that has been resolved by resourcefulness and perseverance)</td>
</tr>
<tr>
<td>2</td>
<td>Initial Control</td>
<td>Order preparation of daily, weekly and monthly cash forecasts</td>
</tr>
</tbody>
</table>
| 3    | Negotiation for support with outside stakeholders and neutralization of external pressures | • Brief groups of stakeholders (including unions, financial institutions, major suppliers and customers) on the problems and strengths of the unit and some tentative turnaround plan.  
• Get stakeholders to suggest turnaround steps  
• Seek support, concessions etc. from stakeholders  
• Evolve jointly a broad turnaround strategy  
• Keep stakeholders posted on the progress of the turnaround |
| 4    | Quick Cost Reduction                              | Increase certain essential costs such as those involved in installing a computer based better market and govt. policies-related information systems, budgeting etc.                                             |
| 5    | Revenue Generation                                | Unfocused advertising and promotion be more sharply focused. Eg: Sophisticated equipment manufacturers may cut down advertising and step up promotion; FMCG manufacturers may contact small grocery shops for retailing; may contact mass distributors for distribution of products etc. |
| 6    | Mobilization of organization for turnaround       | • Repeated affirmation by corporate management of the Company’s mission, core values, and the primary goals of profit and growth and the relationship of these three  
• Brief the staff on the actual state of affairs to displace rumors and gossip  
• Articulate a few highly concrete targets for the company for the next few months  
• Involve the staff in identifying solvable problem areas through management meetings, quality circles, task forces etc.  
• Clarify managerial responsibilities, get managers to identify work-related goals for themselves, and to plan achievement of key result areas. Give them operating autonomy but strengthen accountability for quantitative performance. Reward good performance by a mix of intrinsic motivators and pecuniary incentives  
• Top managers must set an example for integrity, fairness, hard work, resourcefulness and concern for the staff by their actions and in their |
<table>
<thead>
<tr>
<th>S No</th>
<th>Element</th>
<th>Communication as possible action</th>
</tr>
</thead>
</table>
| 7    | Internal Co-ordination         | • Set up co-ordination committees for co-ordinating interdependent departments  
• Institute a monthly performance review meeting of all senior managers chaired by the chief executive, to review previous decisions, fix monthly corporate targets for sales, production, collections etc. share operating information and discuss policy issues and announce policy decisions  
• Insistence by top management that as far as possible lower level disputes should be directly settled at the level on a face to face basis |
| 8    | Change in top management       | -                                                                                                                                                                                                |
| 9    | Quick Pay-off projects         | -                                                                                                                                                                                                |
| 10   | Asset liquidation for generating cash | -                                                                                                                                                                                               |

*Source: Developed by the researcher on the basis of study done by Khandwala (1989)*

It is evident from Table 3.1 that turnaround managements were found to be employing several communication actions to enable turnaround elements/objectives. The role of communication in enabling a turnaround is thus clearly evident.

**Section II: Communication during Organizational Turnaround**

Steyn (2003) asserted that overall strategic management is inseparable from strategic management of relationships. He recommended that a strategy should be in place for each stakeholder group. For each major stakeholder the management must identify the strategic issues that affect the stakeholder and must understand how to formulate, implement and monitor strategies with that group. The strategic management literature, however, points to the lack of integrated approaches for incorporating stakeholder concerns into the strategic decision making process. Many organizations do it well with one stakeholder group but few have the processes needed to integrate a number of stakeholder concerns. Barret (2002) asserted that there should be a one-to-one correlation between what the Company has established as its strategic objectives and what is listed as the objectives for communications. In addition, the communications must be structured to translate the central strategic messages (from vision to performance or financial goals) to all employees.
It is important therefore, to identify the critical stakeholders and the turnaround objectives (element) directed towards each stakeholder. Table 3.1 is therefore reorganized and presented in Table 3.2 to indicate the *turnaround elements (objectives)* and *recommended action plan* thereof, stakeholder-wise.

**Table 3.2: Turnaround element and possible communication action, classified stakeholder-wise**

<table>
<thead>
<tr>
<th>S. No</th>
<th>Stakeholder</th>
<th>Turnaround Element</th>
<th>Possible Communication Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Staff and Employees</td>
<td>Credibility building actions by the new management</td>
<td>Publicize success in resolving a current crisis or problem (that has been resolved by resourcefulness and perseverance)</td>
</tr>
<tr>
<td></td>
<td>Initial Control</td>
<td>Order preparation of daily, weekly and monthly cash forecasts</td>
<td></td>
</tr>
</tbody>
</table>
|       | Mobilization of organization for turnaround | • Repeated affirmation by corporate management of the Company’s mission, core values, and the primary goals of profit and growth and the relationship of these three  
• Brief the staff on the actual state of affairs to displace rumors and gossip  
• Articulate a few highly concrete targets for the company for the next few months  
• Involve the staff in identifying solvable problem areas through management meetings, quality circles, task forces etc.  
• Clarify managerial responsibilities, get managers to identify work-related goals for themselves, and to plan achievement of key result areas. Give them operating autonomy but strengthen accountability for quantitative performance. Reward good performance by a mix of intrinsic motivators and pecuniary incentives  
• Top managers must set an example for integrity, fairness, hard work, resourcefulness and concern for the staff by their actions and in their interactions with the staff |
|       | Internal Co-ordination | Set up co-ordination committees for co-ordinating interdependent departments  
• Institute a monthly performance review meeting of all senior managers chaired by the chief executive, to review previous decisions, fix monthly corporate targets for sales, production, collections etc. share |
<table>
<thead>
<tr>
<th>S. No</th>
<th>Stakeholder</th>
<th>Turnaround Element</th>
<th>Possible Communication Action</th>
</tr>
</thead>
</table>
| 2     | Unions        | Negotiation of support of outside stakeholders and neutralization of external pressures | • Brief unions on the problems and strengths of the unit and some tentative turnaround plan.  
• Get them to suggest turnaround steps  
• Seek support, concessions etc. from stakeholders  
• Evolve jointly a broad turnaround strategy  
• Keep stakeholders posted on the progress of the turnaround |
| 3     | Financial Institutions | Negotiation of support of outside stakeholders and neutralization of external pressures | • Brief groups of stakeholders (including unions, financial institutions, major suppliers and customers) on the problems and strengths of the unit and some tentative turnaround plan.  
• Get stakeholders to suggest turnaround steps  
• Seek support, concessions etc. from stakeholders  
• Evolve jointly a broad turnaround strategy  
• Keep stakeholders posted on the progress of the turnaround |
| 4     | Government    | Negotiation of support of outside stakeholders and neutralization of external pressures | • Brief groups of stakeholders (including unions, financial institutions, major suppliers and customers) on the problems and strengths of the unit and some tentative turnaround plan.  
• Get stakeholders to suggest turnaround steps  
• Seek support, concessions etc. from stakeholders  
• Evolve jointly a broad turnaround strategy  
• Keep stakeholders posted on the progress of the turnaround |
|       | Quick Cost Reduction |                                                                                   | An improvement in systems to source government policies information.                                                                                     |
| 5     | Suppliers     | Negotiation of support of outside stakeholders and neutralization of external pressures | • Brief groups of stakeholders (including unions, financial institutions, major suppliers and customers) on the problems and strengths of the unit and some tentative turnaround plan.  
• Get stakeholders to suggest turnaround steps |
### Stakeholder Turnaround Element

<table>
<thead>
<tr>
<th>S. No</th>
<th>Stakeholder</th>
<th>Turnaround Element</th>
<th>Possible Communication Action</th>
</tr>
</thead>
</table>
| 6     | Customers   | Negotiation of support of outside stakeholders and neutralization of external pressures | • Brief groups of stakeholders (including unions, financial institutions, major suppliers and customers) on the problems and strengths of the unit and some tentative turnaround plan.  
• Get stakeholders to suggest turnaround steps  
• Seek support, concessions etc. from stakeholders  
• Evolve jointly a broad turnaround strategy  
• Keep stakeholders posted on the progress of the turnaround |

| Quick Cost Reduction | An improvement in systems to source customer information. |
| Revenue Generation   | Unfocused advertising and promotion be more sharply focused. Eg: Sophisticated equipment manufacturers may cut down advertising and step up promotion; FMCG manufacturers may contact small grocery shops for retailing; may contact mass distributors for distribution of products etc. |

*Source: Developed by the researcher on the basis of Table 3.1*

Moorcroft (2003) elaborated three types of communication strategies namely master strategic plan, operating plan and project plan. The strategic plan addresses what needs to be done and takes a medium approach of one to three years, so that its broad themes mirror the corporate strategy. The operational plan addresses how it is to be done and details the behavioural outcomes that the plan will deliver and the tactics and actions needed for each target audience. According to him, the plan must list the target audience – media, employees, government, analysts, customers etc. and should list the desired outcome or behaviour from the target audience.

Therefore, a list of objectives of communication with each stakeholder along with the possible communication actions, if created, could provide a basis for developing a specific Communication Strategy for an Organizational Turnaround (CS for OTA) for a given turnaround process/situation (See Figure 3.3).
Figure 3.3: A Model of Communication Strategy for Organizational Turnaround (CS for OTA)

External Stakeholders

Managerial Actions (Communication)

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>TA Elements</th>
<th>Managerial Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small investors</td>
<td>Obj 1 PCA 1</td>
<td>Objective</td>
</tr>
<tr>
<td></td>
<td>Obj 2 PCA 2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>... PCA n</td>
<td></td>
</tr>
<tr>
<td>Workers</td>
<td>Obj 1 PCA 1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Obj 2 PCA 2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>... PCA n</td>
<td></td>
</tr>
<tr>
<td>Staff</td>
<td>Obj 1 PCA 1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Obj 2 PCA 2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>... PCA n</td>
<td></td>
</tr>
<tr>
<td>Internal Enabling/Disabling forces</td>
<td>Obj 1 PCA 1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Obj 2 PCA 2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>... PCA n</td>
<td></td>
</tr>
<tr>
<td>Management</td>
<td>Obj 1 PCA 1</td>
<td></td>
</tr>
<tr>
<td>Promoter</td>
<td>Obj 2 PCA 2</td>
<td></td>
</tr>
<tr>
<td>Sick Co.</td>
<td>... PCA n</td>
<td></td>
</tr>
<tr>
<td>TA Co.</td>
<td>Obj 1 PCA 1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Obj 2 PCA 2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>... PCA n</td>
<td></td>
</tr>
</tbody>
</table>

Enabling/Disabling forces

Managerial Action

 Obj – Objective
 PCA – Possible Communication Action

Source: developed by the researcher
A literature review of studies on organizational turnaround was conducted to draw out the role of communication during turnaround, as documented by researchers in other studies.

Managements of a company attempting a turnaround lead the attempt to revive the declining company. Harker and Sharma (2000) explored the way in which leaders manage the company turnaround process. They studied the process of managing strategies and operational changes and the relationship between those processes and improved turnaround performance in the heavy engineering industry in one state of Australia. The research approach involved development of four case studies of firms of medium size over a time scale of 1980-1996. Of the four companies two were successfully turned around, in another the company was split up and half of it was sold off in a leveraged management buy-out and the bought out company was the fourth case as the new owners embarked on the rescue of the ailing business. The study concluded that the companies were in decline because organizational characteristics were out of fit with the operating environment and the companies had lost their direction and competitive edge. The study provided empirical evidence of relationship between turnaround success and leadership. The challenge, it concluded, is to develop intangible assets through the concepts of industry wisdom, destiny development and organizational enhancement.

The authors in the discussion and analysis of the three tangible assets concluded that the leaders present their turnaround plans to their sponsors in order to gain their support, they encourage inquiry, communicate destiny and take several other communication actions. "This was the case with the successful turnaround at companies Autosoft and Southern Cross. The CEO of Walker’s produced a strategic plan for his new board of directors which was: ...130 pages and 38 page financials – it was a history, a vision, an in-depth analysis, and a gut feel- and at the end of the day it was a plan that had to be put in place and not changed" (Harker & Sharma, 2000).

Kow (2004) developed a model of turnaround of business performance. According to the model a successful business turnaround requires a right mix of six elements namely, 1) an appropriate strategic vision; 2) an organizational structure; 3) a set of business processes; 4) a human resource architecture that will support the vision; 5) technological innovation that will nourish the organization as well as enhance the product ranges; and 6) an organizational culture that will accept and commit to the effort. As he elaborated each of these, he wrote about the communication action
required thereof. According to Kow, a strategic vision is key to sustainable
delivered. He laid emphasis on when and how to share the vision
with and why, and also the need to ensure that the vision is understood and bought in
completely. This, he recommended, must be done through a thought out
communications plan with visible involvement of the CEO. He recommended that the
communication plan be expanded to communicate urgency and to create
understanding at large. Again in development and implementation of business
processes Kow emphasized the need to communicate, to not only develop sound
processes but to also motivate and strengthen commitment. Kow on the other hand
warned against too many meetings with too large number of participants but
recommended periodic interviews to seek views. He also recommended a
comprehensive communications plan to address defence mechanisms of managers
and employees who are terrified in the environment of organizational culture change.
This communication plan must be a road map for employees to follow, so as to
understand what is going on, for what reason and how it will occur. Kow insisted that
the CEO be at the helm of the communication plan. Kow (2004) later modified the
earlier model to show how the six elements of the model interrelate. He emphasized
that the reality is complex and chaotic and there are no quick-fix solutions and that
each turnaround would have its unique path. He illustrated this by following the
developments during the turnaround of the Phoenix Corporation.

Yet another account of the turnaround that demonstrated the important role of
communication during turnaround was documented by Meliones (2000). He wrote a
first hand account of the Duke Children’s hospital turnaround that he led in 1996. He
illustrated the tools employed in the turnaround of the hospital and suggested survival
strategies that he says are equally applicable to any industry. The first of the three
strategies suggested was ‘Communicate, communicate, communicate’. He detailed
the importance of honestly clarifying to everyone that survival depended on cost
management; the need to listen to employees; sharing the pulpit; preparing goal-
oriented teams; constantly offering feedback; publicly celebrating employee and team
success; cultivating a sense of humour. Meliones account in the article clearly
indicated the critical role of communication in the turnaround process.

Turnaround was noted to proceed through several stages. Balgobin and Pandit (2001)
in order to study how a turnaround was enabled developed a turnaround stages
framework and then tested this framework against the case of IBM UK which
experienced a turnaround in 1988-1997. This research was part of a larger research
study that employed comparative case study method. The five stages suggested were
decline and crisis; triggers for change; recovery strategy formulation; retrenchment
and stabilization and return to growth. The study concluded that the three of the four
categories of events that aid the formulation of successful recovery plans, namely
gaining control, managing stakeholders, and improving motivation, employ several
communication actions for successful implementation.

In the turnaround studies studied some of the objectives and communication actions
recommended were found to be repetitious. Communication actions as mentioned in
all the above studies are tabulated in Table 3.3.

Table 3.3: Objective of communication and possible communication actions
(stakeholder-wise)

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Stakeholder</th>
<th>Turnaround Element (Objective)</th>
<th>Possible Communication Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Board of Directors/Shareholders</td>
<td>Gain support and time in the future (Harker &amp; Sharma, 2000)</td>
<td>Present detailed turn-around plan. Open to accept the help and advice of senior management (Harker &amp; Sharma, 2000)</td>
</tr>
<tr>
<td>2</td>
<td>Financial Institutions</td>
<td>Negotiating a contract for support (Harker &amp; Sharma, 2000)</td>
<td>Present detailed turn-around plan (Harker &amp; Sharma, 2000)</td>
</tr>
<tr>
<td>3</td>
<td>Employees</td>
<td>Involvement and Commitment for execution of the vision (Kow, 2004)</td>
<td>Develop vision with key managers (not all) responsible for the critical elements of the business. Hold special sessions for non-participating managers after the vision has been developed to gauge their reactions, to listen to their views and to gain their commitment (Kow, 2004)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Signals to shareholders and employees a disciplined approach of the leadership (Harker &amp; Sharma, 2000)</td>
<td>Documenting, and communicating to shareholders and employees, a strategic plan (Harker &amp; Sharma, 2000)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Collect industry wisdom (Harker &amp; Sharma, 2000)</td>
<td>Include key managers in the process. (Balgobin &amp; Pandit, 2001; Harker &amp; Sharma, 2000)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ascertain employees’ perception on what</td>
<td>Hire consultant to hold interviews with a cross-section of business</td>
</tr>
<tr>
<td>S. No.</td>
<td>Stakeholder</td>
<td>Turnaround Element (Objective)</td>
<td>Possible Communication Action</td>
</tr>
<tr>
<td>--------</td>
<td>-------------</td>
<td>--------------------------------</td>
<td>-----------------------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>business is and where it should go.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Set the scene for strategic workshop</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Focus the minds of the participants (Kow, 2004)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>including those selected for strategic workshop. Before these individual interviews, each participant should be given a questionnaire on the issues of the business and its lack of profitability and growth. (Kow, 2004)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Consistency in realization of objectives (Kow, 2004)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Key managers should through similar exercises develop purpose statements for their key functions (Kow, 2004)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Report progress and share lessons learnt (Kow, 2004)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Strategic vision and its implementation progress be made a consistent agenda item in all management team meetings Vision targets be reiterated with conversations focusing on how to ensure that they are met satisfactorily (Kow, 2004)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Managers and employees understand and internalize the vision</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Inject urgency in the communications plan Explain what needs to be done and why (Kow, 2004)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Prevent the workforce from thinking that the management is only guessing and is not capable of making decisions – to avoid demoralized workforce (Kow, 2004)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Make organizational structure flexible but the decisions transparent (Kow, 2004)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Not to raise unnecessary expectations (Kow, 2004)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Do not promise too much to managers (Kow, 2004)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Don’t have too many meetings Participants should be invited only on the basis of having a need to know And the ability to contribute and with overriding purpose of gainful employment (Kow, 2004)</td>
<td></td>
</tr>
<tr>
<td>S. No.</td>
<td>Stakeholder</td>
<td>Turnaround Element (Objective)</td>
<td>Possible Communication Action</td>
</tr>
<tr>
<td>-------</td>
<td>-------------</td>
<td>-------------------------------</td>
<td>------------------------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reduce turnover of qualified, competent employees (Kow, 2004)</td>
<td>HR department should arrange for periodic interviews of both new and existing employees, both individually and collectively to seek their views on the general well being of the new employees (Kow, 2004)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ensure that all employees regardless of level or location know what is going on, for what reason and how it will occur</td>
<td>CEO should be the principle person to deliver the presentation in person and as often as possible. If logistics preclude then video presentation of CEO giving messages; senior manager well versed in message and eager to listen to the concerns of the audience, fully committed to the effort be present; along with handouts that address FAQs (Kow, 2004)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Concerns of employees dealt in open and honest manner (Kow, 2004)</td>
<td>Follow up sessions offered (Kow, 2004)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Buy-in and support of all staff especially frontline staff (Kow, 2004; Meliones, 2000)</td>
<td>Note any comments or queries and answers be provided asap</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Engage employees to find out their concerns, answer their questions and to get their inputs on how to make the company a better place to work (Kow, 2004)</td>
<td>CEO must get out of the office to talk to the employees and to listen to them (Kow, 2004; Meliones, 2000; Balgobin &amp; Pandit, 2001)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Information gathering for situation analysis (Balgobin &amp; Pandit, 2001)</td>
<td>Generate goodwill by showing that management is reasonable, optimistic and determined to save</td>
</tr>
<tr>
<td>S. No.</td>
<td>Stakeholder</td>
<td>Turnaround Element (Objective)</td>
<td>Possible Communication Action</td>
</tr>
<tr>
<td>-------</td>
<td>-------------</td>
<td>--------------------------------</td>
<td>--------------------------------</td>
</tr>
<tr>
<td></td>
<td>the Company (Balgobin &amp; Pandit, 2001)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Identify competent staff (Balgobin &amp; Pandit, 2001)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Win trust and build collaborative environment (Kow, 2004)</td>
<td>Open Communication Style (Encourage employees to find answers, take decisions); (Kow, 2004)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Lead by example to build open and trusting culture (Kow, 2004)</td>
<td>Seize every opportunity to be seen as fair and trustworthy (Kow, 2004)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Gain competitive advantage (Kow, 2004)</td>
<td>Keep enhancing communication technology – email, mobile, ERP (Kow, 2004)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>People with other expertise can help build consensus (Meliones, 2000)</td>
<td>Share the pulpit (Meliones, 2000)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Change people’s roles; instead of identifying with an individual job (I am a nurse), employees should identify with goal-oriented teams (“We, the ICU team, work together to help children with heart problems”) (Meliones, 2000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Keep organization on track (Meliones, 2000)</td>
<td>Offer constant feedback (Meliones, 2000)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Motivation; Employees feel their opinion mattered (Meliones, 2000)</td>
<td>Publicize and celebrate every employee and team success (Newsletter, award, appreciation in open forum). (Meliones, 2000)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Make people respond (Meliones, 2000)</td>
<td>Cultivate sense of humour – people will respond if you can laugh at yourself (Meliones, 2000)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Get cooperation of all stakeholders: banks, suppliers, customers and employees/unions (Meliones, 2000)</td>
<td>Establish and communicate credibility (Meliones, 2000)</td>
<td></td>
</tr>
</tbody>
</table>

*Source: developed by the researcher on the basis of literature review*
While all these studies recommended communication actions or a communication plan, not even a single study was found to be focused completely on communication during turnaround. The gap is evident and therefore the need for research in the area is reaffirmed.

SECTION III: Developing A Framework of Communication Strategies For Organizational Turnaround (CS for OTA)

A framework of communication objectives and communication actions thereof directed towards different stakeholders during the turnaround process was created by combining Table 3.2 and Table 3.3. This framework is given in framework 3.1.

FRAMEWORK 3.1

Possible Communications with stakeholders for achieving turnaround elements (objectives), extracted from the study of literature on Turnaround

<table>
<thead>
<tr>
<th>Stakeholder / Turnaround Element (objective)</th>
<th>Possible Communication Action</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Board of Directors/ Shareholders</strong></td>
<td></td>
</tr>
<tr>
<td><em>Gain support and time in the future</em></td>
<td></td>
</tr>
<tr>
<td>• Present detailed turn-around plan</td>
<td></td>
</tr>
<tr>
<td>• Open to accept the help and advice of senior management</td>
<td></td>
</tr>
<tr>
<td><strong>Staff and Employees</strong></td>
<td></td>
</tr>
<tr>
<td><em>Credibility building actions by the new management</em></td>
<td></td>
</tr>
<tr>
<td>• Publicize success in resolving a current crisis or problem (using resourcefulness and perseverance)</td>
<td></td>
</tr>
<tr>
<td>• Make decisions transparent. It enhances workforce confidence in the management. Prevents them from being demoralized. Helps them understand unpopular decisions.</td>
<td></td>
</tr>
<tr>
<td>• Exercise Communication Control. Do not make unattainable promises to managers. Avoid raising unnecessary expectations</td>
<td></td>
</tr>
<tr>
<td><strong>Initial Control</strong></td>
<td></td>
</tr>
<tr>
<td>• Order preparation of daily, weekly and monthly cash forecasts</td>
<td></td>
</tr>
<tr>
<td>• Exercise Communication Control. Don’t have too many meetings. Invite participants on the basis of their need to know, the ability to contribute.</td>
<td></td>
</tr>
</tbody>
</table>
• Seek views on the general well being of the employees. Arrange for periodic interviews of employees, both individually and collectively. May hire a consultant for the purpose. Helps reduce turnover of qualified, competent employees

Planning the turnaround: Develop a plan; gain involvement and commitment in the process

• Include only key managers for development of vision
• Hold special sessions for non-participating managers after vision has been developed
• Listen to the views of all managers. Gauge their reactions
• Understand perceptions and focus minds of managing team. Set the scene for turnaround. Hire a consultant to hold interviews with a cross-section of business including members of the strategic team. Before these individual interviews, each participant should be given a questionnaire on the issues of the business and its lack of profitability and growth.

Mobilization of organization for turnaround

• CEO should deliver the vision presentation in person and as often as possible. If logistics preclude the CEO from delivering the presentation then video presentation of CEO giving messages along with a senior manager well versed in the message and eager to listen to the concerns of the audience, fully committed to the effort should be present alongwith handouts that address FAQs
• Inject urgency in the communications plan. Explain what needs to be done and why. Managers and employees should be able to see where they are headed (Kow, 2004).
• Managers and employees understand and internalize the vision
• Ensure all employees know what is going on, for what reason and how it will occur. This must be ensured regardless of level or location. Helps displace rumors and gossip
• Share the pulpit. People with other expertise can help build consensus
• Deal with concerns of employees in open and honest manner. Offer Follow up sessions
• Note any comments or queries and answers be provided as soon as possible. This will ensure buy-in and support of all staff especially frontline staff
• CEO must get out of the office to talk to the employees and to listen to them Engage employees to find out their concerns, answer their questions and to get their inputs on how to make the company a better place to work. This is a channel for information gathering for situation analysis; generate goodwill by showing that management is reasonable, optimistic and determined to save the Company; Identify competent staff;
• Employ open ended communication style that encourages employees to find answers, take decisions. It will help to win trust and build collaborative environment
• Repeatedly affirm the Company’s mission, core values, and the primary goals of profit and growth. The relationship of these three to the strategic vision and its implementation progress be made a consistent agenda item in all management team meetings
• **Articulate a few highly concrete targets for the company for the next few months**

• **Involves the staff to identify solvable problem areas and have their views on uninvolved areas.** Management meetings, quality circles, task forces etc could be employed in achieving this.

• **Rephrase people’s roles to clarify managerial responsibilities.** Instead of identifying with an individual job (I am a nurse), employees should identify with goal-oriented teams (“We, the ICU team, work together to help children with heart problems”)

• **Top managers must emphasize on integrity, fairness, hard work, resourcefulness and concern for the staff during interactions with the staff.** Seize every opportunity to be seen as fair and trustworthy. This must be supported by action.

• **Publicize and celebrate every employee and team success.** Newsletter, awards, appreciation in open forum are some of the ways of achieving the same. Makes the employees feel their opinion matters

### Internal Co-ordination

• **Offer constant feedback to keep organization on track**

• **Set up co-ordination committees for co-ordinating interdependent departments**

• **Institute a monthly performance review meeting of all senior managers chaired by the chief executive.** This is to review previous decisions, fix monthly corporate targets for production, sales, collections etc. share operating information and discuss policy issues and announce policy decisions

• **Insist that lower level disputes be settled at that level on a face to face basis**

• **Keep the atmosphere light.** Cultivate sense of humour – people will respond if you can laugh at yourself.

• **Keep enhancing communication technology – email, mobile, ERP and gain competitive advantage**

### Unions

**Negotiation of support of outside stakeholders and neutralization of external pressures**

• **Brief unions on the problems and strengths of the unit and some tentative turnaround plan.**

• **Get them to suggest turnaround steps**

• **Seek support, concessions etc. from the unions**

• **Evolve jointly a broad turnaround strategy**

• **Keep unions posted on the progress of the turnaround**

### Banks and Financial Institutions

**Negotiation of support of outside stakeholders and neutralization of external pressures**

• **Brief Banks and FIs on the problems and strengths of the unit and some tentative turnaround plan.**

• **Get them to suggest turnaround steps**
• Seek support, concessions etc. from FIs
• Evolve jointly a broad turnaround strategy
• Keep FIs posted on the progress of the turnaround

**Government**

*Negotiation of support of outside stakeholders and neutralization of external pressures*

• Brief government on the problems and strengths of the unit and some tentative turnaround plan.
• Get them to suggest turnaround steps
• Seek support, concessions etc. from government
• Evolve jointly a broad turnaround strategy
• Keep government posted on the progress of the turnaround

**Suppliers**

*Negotiation of support of outside stakeholders and neutralization of external pressures*

• Brief suppliers on the problems and strengths of the unit and some tentative turnaround plan.
• Get suppliers to suggest turnaround steps
• Seek support, concessions etc. from suppliers
• Evolve jointly a broad turnaround strategy
• Keep suppliers posted on the progress of the turnaround

**Customers**

*Negotiation of support of outside stakeholders and neutralization of external pressures*

• Brief customers on the problems and strengths of the unit and some tentative turnaround plan.
• Get customers to suggest turnaround steps
• Seek support, concessions etc. from customers
• Evolve jointly a broad turnaround strategy
• Keep customers posted on the progress of the turnaround

**Quick Cost Reduction**

*Improve systems to source industry information.*

**Revenue Generation**

*Unfocused advertising and promotion be more sharply focused. Eg: Sophisticated equipment manufacturers may cut down advertising and step up promotion; FMCG manufacturers may contact small grocery shops for retailing; may contact mass distributors for distribution of products etc.*
Framework 3.1 is abbreviated to prepare Framework 3.2. Framework 3.2 is proposed as a comprehensive list of communication objectives of companies attempting a turnaround and communication actions for addressing various stakeholders, proposed to achieve the same.

**FRAMEWORK 3.2**

**Proposed Abridged Framework of Communication Strategies for Organizational Turnaround (CS for OTA)**

**Stakeholder/ Turnaround Element (objective)/ Possible Communication Action**

**Board of Directors/ Shareholders**

*Gain support and time in the future*
- Present detailed turn-around plan

**Staff and Employees**

*Credibility building actions by the new management*
- Document, and communicate a strategic turnaround plan
- Publicize success in resolving a current crisis or problem
- Make decisions transparent
- Exercise Communication Control

**Initial Control**
- Order preparation of daily, weekly and monthly cash forecasts
- Exercise Communication Control.
- Seek views on the general well being of the employees.

**Mobilization of organization for turnaround**
- Include key managers for development of industry wisdom
- Include only key managers for development of vision
- CEO should deliver the vision presentation in person and as often as possible.
- Hold special sessions for non-participating managers after vision has been developed to share planned vision
- Inject urgency in the communications plan. Explain what needs to be done and why
- Listen to the views of all managers. Gauge their reaction
- Understand perceptions and focus minds of managing team. Set the scene for turnaround.
- Ensure all employees know what is going on, for what reason and how it will occur.
- Share the pulpit.
• Deal with concerns of employees in open and honest manner. Offer Follow up sessions
• Note any comments or queries and provide answers asap.
• CEO must get out of the office to interact with the employees and to listen to them
• Employ open ended communication style that encourages employees to find answers, take decisions.
• Repeatedly affirm the Company’s mission, core values, and the primary goals of profit and growth.
• Articulate a few highly concrete targets for the company for the next few months
• Involve the staff to identify solvable problem areas and have their views on uninvolved areas.
• Rephrase people’s roles to clarify managerial responsibilities.
• Top managers must emphasize on integrity, fairness, hard work, resourcefulness and concern for the staff during interactions with the staff.
• Publicize and celebrate every employee and team success.

**Internal Co-ordination**
• Offer constant feedback to keep organization on track
• Set up co-ordination committees for co-ordinating interdependent departments
• Institute a monthly performance review meeting of all senior managers chaired by the chief executive.
• Insist that lower level disputes be settled at that level on a face to face basis
• Keep the atmosphere light.
• Keep enhancing communication technology – email, mobile, ERP etc.

**Unions**

*Negotiation of support of Unions and neutralization of Unions’ pressures*
• Brief unions on the problems and strengths of the unit and some tentative turnaround plan.
• Get them to suggest turnaround steps
• Seek support, concessions etc. from the unions
• Evolve jointly a broad turnaround strategy
• Keep unions posted on the progress of the turnaround

**Banks and Financial Institutions**

*Negotiation of support of Banks and/or FIs and neutralization of Banks and/or FIs pressures*
• Brief Banks and/or FIs on the problems and strengths of the unit and some tentative turnaround plan
• Get them to suggest turnaround steps
• Seek support, concessions etc. from Banks and/or FIs
• Evolve jointly a broad turnaround strategy
• Keep Banks and/or FIs posted on the progress of the turnaround

**Government**

*Negotiation of support of Government and neutralization of Government pressures*

• Brief relevant government departments on the problems and strengths of the unit and some tentative turnaround plan.
• Get them to suggest turnaround steps
• Seek support, concessions etc. from the government
• Evolve jointly a broad turnaround strategy
• Keep the government posted on the progress of the turnaround

**Suppliers**

*Negotiation of support of suppliers and neutralization of suppliers' pressures*

• Brief suppliers on the problems and strengths of the unit and some tentative turnaround plan.
• Get suppliers to suggest turnaround steps
• Seek support, concessions etc. from suppliers
• Evolve jointly a broad turnaround strategy
• Keep suppliers posted on the progress of the turnaround

**Customers**

*Negotiation of support of customers and neutralization of customers’ pressures*

• Brief customers on the problems and strengths of the unit and some tentative turnaround plan.
• Get customers to suggest turnaround steps
• Seek support, concessions etc. from customers
• Evolve jointly a broad turnaround strategy
• Keep customers posted on the progress of the turnaround

**Sourcing industry information for quick cost reduction**

Increase costs incurred on communication technologies, if need be, for sourcing industry (market) information

**Revenue generation**

*Unfocused advertising and promotion be more sharply focused*

Framework 3.2 is a comprehensive list of various stakeholders that may be considered critical for enabling a turnaround. Further, the framework also lists the
communication objectives that a turnaround management may have for each critical stakeholder during the turnaround period. Communication actions that management of different successful turnaround companies employed to achieve objectives of turnaround strategy (turnaround elements) are also compiled in this framework.

An attempt has been made to prepare or comprehensive list of stakeholders considered critical during the turnaround process, based on literature survey of turnaround studies carried out across the world and reviewed for this study. Since none of the studies reviewed, provide a comprehensive communication strategy for turnaround, it may be assumed that the framework developed is not completely mandatory for every turnaround. This is to say every company that is able to enable a turnaround would necessarily have to deal with some of the critical stakeholders but not necessarily all of them. Though an attempt has been made to prepare a comprehensive list of communication audiences (stakeholders), communication objectives and communication actions (interventions), there is need to establish whether or not the lists are comprehensive. If the validity of the framework is established, then patterns in findings may be studied to understand the role and impact of communication in enabling change in general and turnaround in specific.

**Propositions to be validated**

**Proposition P_{1A}:** Every company that undergoes a turnaround would necessarily have to address one or more of the communication objectives given in the framework though not necessarily all.

**Proposition P_{1B}:** The list of communication objectives given in the proposed theoretical framework is comprehensive.

**Proposition P_{2A}:** Every company that undergoes a turnaround would necessarily have to address one or more of the critical stakeholders given in the framework.

**Proposition P_{2B}:** The list of critical stakeholders to be addressed during a turnaround is comprehensive.

**Proposition P_{3A}:** At least one of the communication actions listed in the proposed theoretical framework, is employed to realize a corresponding communication objective during turnaround.

**Proposition P_{3B}:** The list of communication actions recommended for achieving the communication objectives is comprehensive.
Proposed Model of Communication Strategies for Organizational Turnaround

It is proposed that an organization is embedded into an environment, as depicted in Figure 3.1. There are disabling forces emanating from various stakeholders that are exerting themselves on a sick company, as depicted in Figure 3.2. The management/promoter (as discussed earlier) assume the central responsibility for managing the disabling forces. Appropriate managerial decisions direct managerial actions which lead to organizational turnaround, as depicted in Figure 3.3. The managerial actions include thought out communication actions/ interventions which are designed to meet strategic communication objectives for each stakeholder. The strategic communication objectives have one-to-one co-relation with strategic turnaround objectives. Framework 3.2 presents a comprehensive list of stakeholders, objectives and communication actions which is proposed as the theoretical framework for Communication Strategies for Organizational Turnaround (CS for OTA).

This study will attempt to validate Figure 3.1, Figure 3.2, Figure 3.3 and Framework 3.2.