Conclusions and Recommendations

The purpose of the study was to identify communication strategies adopted by companies and if possible propose a framework for developing a communication strategy for organizational turnaround. Organizational turnaround for the purpose of this study was further defined as the improvement in organizational performance indicated by a change in networth of the organization from a negative to a positive amount. To ensure that the turnaround was sustainable a turnaround cycle time of 6 years was considered. 9 organizations that had turned around during 1995-2005 were selected for the study and case studies of communication during turnaround of each organization were written. Following conclusions are drawn & recommendations are made on the basis of this study

1. Lack of attention to Communication, in current turnaround literature

On the basis of literature review, role and impact of communication during turnaround was established. Although no turnaround study was found to be completely devoted to communication during turnaround, several turnaround studies mentioned the role and impact of communication during turnaround. (Balogbin & Pandit, 2001; Harker & Sharma, 2000; Khandwalla, 1989, 1992; Kow 2004; Meliones, 2000).

2. Need to constantly align managerial decisions to environmental reality

Case studies of 9 companies that had turned around during 1995-2005, were written. Each case study was analysed to identify whether it’s sickness was due to environment or managerial decision making or misalignment of the two. The results support the arguments of Sheppard and Chowdhury (2005) who asserted that “failure is not typically the fault of either the environment or the organization, rather it must be attributed to the misalignment of the organization to the environmental realities”. The results of analysis of various cases support this view. ABCL took ten years to realign itself to changes brought in by globalization of Indian economy and the loss in the process was so significant, that it had to close down one of its units producing hydrogenated oil. AFL realized that there was rampant excise evasion in the industry
and one of its units could not survive unless it aligned itself to the environmental reality. It resolved to maintain its ethical standard; it closed down the unit and diverted its energy to find an alternative route. TBEL realized that it had launched RTS food much before the Indian consumer was ready to consume it. It was eventually forced to switch its focus on markets abroad where the environment was ready to accept their products. The results are interesting as in the first organization (ABCL) the company owing to inability to realign in time was forced to close down one of its units; in the second organization (AFL) it purposely decided not to align itself to the environmental demands and therefore changed its future course. The third organization (TBEL) accepted the new reality and quickly realigned itself to the environmental demands and thereby exhibited a very quick recovery. Thus, the results support the view that both environment and managerial decisions contribute towards defining the fate of an organization. They further support the view that often managers make inadequate managerial decisions owing to blindness to environmental change (ABCL) or resource constraints or inadequate information etc. and may make wrong managerial decisions that finally lead to sickness in an organization.

3. **Turnaround: a miraculous achievement**

From a list of 5787 listed companies (source: Prowess, CMIE), 705 companies were found to have turned sick during 1995-2005. However, only 39 companies from these 705 (7.69%) were able to turnaround. When these companies were contacted for research study, 6 companies were found to have just turned around owing to equity brought in by the promoter but were still struggling to set themselves on the growth path. It is evident from this result that turnaround in sick organizations is a miraculous achievement worth a study and that many organizations, when faced with such tough times, may land up into any of the new states ranging from liquidation, languishing, struggling to turnaround.

4. **Sick state: A result of disabling forces emanating from stakeholders**

When an organization is in a sick state it faces numerous internal and external challenges Richardson, Nwankwo & Richardson (1994) note that such crises, damage the quality of life for the different groups of people associated with the organization. for example, at a personal level, big emotional and social costs are incurred as the organization becomes a less rewarding place in which to work (employees) or with which to do business (suppliers, customers, banks etc.). Organizational restructurings, lay-offs, redundancies, customer delivery breakdowns and failures to pay creditors, for example worsen traditional standards of working and
living for a host of stakeholders. These challenges act as disabling forces emanating from various stakeholders and directed towards the sick company and also each other. They are depicted in Figure 3.2 Theoretical Framework and Propositions. In each of the organization studied, the results support the view, as each turnaround management interviewed, shared its experiences of challenges faced in dealing with various stakeholders.

5. **Central role of the top management**

In order to turnaround a sick Company, the theoretical model proposed in this study purported that the first and foremost condition for initiation of turnaround effort was that the top management takes responsibility of enabling a turnaround of the sick company. (Harker & Sharma, 2000; Hofer, 1980). Other researchers have emphasized on the importance of role of triggers and necessary managerial role of recognizing and analyzing these triggers to enable a turnaround. (Francis & Mariola, 2003; Gopinath, 2005; Scherrer, 2003). Khandwalla (1989) goes to the extent of outlining ‘Change in Top Management’ as an essential element for turnaround. This was depicted in the chapter 3 Figure 3.3 by placing the management into the central position and indicating it as the entity that now manages the enabling and disabling forces emanating from other stakeholders. The exhibit further depicts the role of managerial action required, to manage these forces, to enable a turnaround. The results of this study support the theoretical proposal, as in all organizations studied, the management, when the promoter and management were separate and the management was responsible (IPL, NTCL), and the promoter management when the two were the same (TBEL, ABCL, NJMCL, HJMCL, AFL), consciously assumed responsibility to turnaround the ailing company. In all the cases, the management was clear on the objectives it had set for each stakeholder, to achieve the turnaround. The managerial actions taken thereafter resulted in the change for the better.

6. **Role of communication: an undocumented reality**

It is notable that none of these 9 companies had separately documented a communication strategy or plan though all of them strategized the actions to be taken. Partial documentation under varying titles was noticed in different companies studied. TBEL termed its mobilization efforts as *Fun at Work* programmes while NTCL employed what they call a *two-way communication model* for regular monitoring. ABCL on the other hand said it documented its decisions as minutes of the meeting while ESCL insisted that communication planning was an important regular ongoing process.
7. **Proposed theoretical framework: mandatory but incomprehensive**

Each component of the theoretical framework proposed in Framework 3.2, was completely or partially employed by all the 9 companies studied. This is to say that every turnaround management addressed at least one of the objectives for at least one of the stakeholder listed in the framework. It was also established that for the objective addressed, at least one of the listed communication actions was employed by the turnaround management. However, the set of Proposition P tested, further established that each of the framework components – list of stakeholders, objectives and communication actions, was incomprehensive.

8. **Framework 6.1: a more comprehensive framework**

The proposed communication framework in chapter 3 Framework 3.2 was augmented by adding to the list of stakeholders, the additional stakeholders that the 9 companies studied, had addressed. Similarly, the list of objectives and the communication actions employed thereof, by each company studied, were compared with the list of objectives and communication actions mentioned for each stakeholder and the lists given in the framework were augmented. The resulting framework given in Framework 6.1 is proposed as a more comprehensive framework than that proposed in Framework 3.2. The validity of the framework is established as it is based on primary research data though whether it takes care of all the possible situations or challenges in different organizations is still not established.

9. **Most frequently addressed stakeholders**

A closer look at the stakeholders addressed during turnaround reveals that the 6 stakeholders mostly addressed by the 9 companies studied, were employees, unions, customers, banks and financial institutions, government and suppliers. Most of the turnaround strategy literature deals with employee communication (Balgobin & Pandit, 2001; Harker & Sharma, 2000; Khandwalla, 1989; Kow, 2004a, 2004b; Meliones, 2000) though Harker & Sharma (2000) also indicate the need to present a detailed turnaround plan to Board of Directors and Banks and Financial Institutions, to gain their support. However, Khandwalla (1989) in his study additionally identified communication actions adopted to address objectives set for unions, government, suppliers and customers.

The results of the present study indicate that these six stakeholders were addressed most frequently by the 9 companies studied. Further, management of all the 9 companies studied, addressed the employees and the customers for some turnaround
objective. The other four stakeholders however were not essentially addressed by managements of all the 9 companies studied.

10. **New Stakeholders: less frequent though critical**

The two additional stakeholders addressed by some of the companies studied and not mentioned in the theoretical framework proposed, were Industry Association and Social Activist groups. TBEL had to address a social activist group as this group actively interacted with the union and the workers, and could influence the latter. To ensure that no anti-establishment sentiment was promoted, the management interacted with the group, as and when required. Ravi Nigam shared how they had to address the hostile perceptions of this group towards the American origin of the new promoters.

Both ESCL and NJMCL actively participated in the industry association activities as voicing their concerns to the government or interacting with peers to keep track of industry developments, had a significant *impact* on their business. In case of ESCL, the government’s decisions on sugar levy and in case of NJMCL the government’s decision on JMPA were very critical. These companies had to remain updated on latest industry developments. Also, owing to their strong positions in the industry associations, they could influence the government and hence attempted to benefit from the clout. Thus, these two stakeholders though not addressed frequently cannot be rejected as less critical.

It is therefore recommended that a turnaround management must consciously identify the stakeholders that may have the capacity to affect the company’s performance.

11. **Most frequently addressed objectives**

The 10 most frequently addressed objectives by the 9 companies studied, were found to be: mobilization of organization, initial control, internal co-ordination, negotiation of support of banks and FIs and neutralization of their pressures, negotiation of support of government and neutralization of its pressures, negotiation of support of suppliers and neutralization of their pressures, sourcing industry information for quick cost reduction, revenue generation, building credibility among employees, ignore current market and find a new market.

The results support the literature as the 9 most frequently addressed objectives by turnaround managements of companies studied, were also listed in the theoretical framework proposed originally in chapter3 Framework 3.2.
However, the tenth most popular objective, ‘Ignore current market and find a new market’, identified from the 9 companies studied, was found to be more popularly addressed (6 out of 9 companies addressed it) than the two objectives (negotiation of support of Unions and neutralization of Union’s pressures and negotiation of support of customers and neutralization of customer’s pressures) listed on the basis of literature review in the theoretical framework given in Framework 3.2.

12. **Additional Objectives identified**

Nine new objectives namely, ‘ignore current market and develop new market’, ‘build credibility among suppliers’, ‘ensure desirable quality of supplies’, ‘keep track of industry developments’, ‘managing retrenchment’, ‘influencing the government policies’, ‘ensuring cross cultural communication with customers’ and ‘gaining and neutralizing the support of Social Activist groups’ were identified. The number of companies that addressed these objectives varied (6 for 1st objective, 5 for 2nd and 4 for next 2 objectives, 3 for next 3, 2 for 1 and 1 for last 2 objectives). As discussed in chapter 6 Results and Analysis the importance of these objectives was high. The list prepared by assimilating these objectives is presented in Framework 6.1 and is more comprehensive than that proposed on the basis of literature review.

13. **Most frequently employed communication actions/ interventions**

Table 6.7 indicates actions that the 9 turnaround Companies adopted to achieve a given objective. One may implicate from this table that those communication actions that were employed by most of the companies to achieve a given objective, have a significant impact on the outcome of the attempt to achieve the objective.

Some of the more frequently adopted communication actions (7 or more companies adopted these actions) were ‘make decisions transparent’, ‘inject urgency in the communication plan’, deal with concerns of employees in an open and honest manner. Offer feedback sessions’, ‘articulate a few highly concrete targets for the company for the next few months’, ‘top managers must emphasize on integrity, fairness, hard work, resourcefulness and concern for the staff during interactions with the staff”, ‘keep enhancing communication technology’, ‘offer constant feedback to keep the organization on track’, ‘seek support and concessions etc. from Banks and/or FIs’, ‘keep Banks and FIs posted on the progress of the turnaround’, ‘seek support, concessions etc. from the government’ and ‘brief relevant government departments on the problems and strengths of the unit and some tentative turnaround plan, ‘focus advertising and promotion to be more sharply focussed’, All these objectives were
also listed in the initial proposed framework developed from the literature. Thus the finding support the turnaround literature.

14. New Communication Actions/Interventions identified

Forty one new communication actions/interventions have been added to the initial framework and presented in Framework 6.1. This new list of 100 communication actions adopted by turned around companies is thus more comprehensive. Further studies may be done to make it still more comprehensive, if possible.

15. Net Surfing: A skeptical though essential acceptance

While all companies studied, provided net surfing facilities to its employees, some of them have highlighted benefits of providing these facilities in common computing areas. These benefits include increased interaction, improved time management, higher resource sharing, security checks and better discipline.

16. Email: an official but monitored communication channel

All companies studied, employed email as an official channel of communication. However, some companies adopted a policy of monitoring the email communications for reasons such as security and cross-cultural communication gaps.

17. LAN more popularly implemented than WAN

While LAN was implemented to smoothen the communication flow within an office, several companies are still struggling to have a WAN in place.

18. ERP: a daunting challenge, worth the effort

All companies that had employed ERP package agreed that implementing ERP was a major expense for a company reviving from sickness. However, all of them also agreed that it was a major challenge to implement it owing to the discipline required to reap its benefits. There was also a consensus that ERP implementation brought with it a significant improvement in performance.

19. Not so popular Communication technologies

Many communication technologies such as SMS and websites still do not seem to have made a mark in proving their worth to reviving companies. These technologies were not extensively employed by the companies studied.
20. *Need to customize the proposed framework*

It would be pertinent to mention here that even for the limited number of organizations studied in this research work, no consistently applicable communication strategy was found. The strategy varied depending on the unique situation in which the organization was poised.

Thus, any management preparing to turnaround a company may benefit from the communication strategy framework presented in this study in Framework 6.1, if it integrates it with the turnaround strategy of the company by prudently identifying the turnaround objectives for each stakeholder.

**Overall recommendation for employing the CS for OTA**

A management attempting to turnaround a declining organization, must identify the stakeholders that have to play a critical role in enabling the turnaround strategy adopted. The critical stakeholders mentioned in the framework may be referred to as a checklist to ensure that all critical stakeholders have been considered before finalizing this list.

For each stakeholder identified as critical, the management must identify communication objectives on the basis of the turnaround strategy adopted. The communication objectives for each stakeholder, mentioned in the framework may be referred to as a checklist to ensure that possible relevant communication objectives have been considered.

Thereafter, the framework guides on what communication actions/ interventions must the management adopt to achieve the communication objectives identified. Thus, CS for OTA framework provides guidelines to both strategize and implement the communication strategy desirable for enabling an organizational turnaround.