



ROCHE MANUFACTURING

BACKGROUND

Roche Manufacturing Ltd (Roco) is a family business, set up by Jimmy Roche in 1988. It is a product orientated manufacturing business with its main strengths lying in the design and production of bespoke equipment used in various industries, including agriculture and construction. The products are marketed under the logo RoCo. Full details of our product range can be viewed at www.roco.ie.

Initially, Roco designed a range of machines for handling and erecting poles used in the electric and telecom utility sectors. In the early 1990's, it developed a range of equipment for wrapping and handling of round bales for the agricultural sector. In the mid 1990's the construction industry was experiencing a boom in Ireland and Roco developed machinery for the manufacture of "Precast Hollow Core Concrete Flooring". This business grew substantially over the following years, with Roco becoming the market leader domestically. It also developed export sales, with 30% of turnover being exported by 2000.



GROWING PAINS

As time moved on Jimmy became aware that in order to grow the business further, the company would need to focus its energy on export markets. To this end he decided to restructure the business internally. Restructuring was carried out in three main areas:

1. To develop a professional management team by appointing a production manager and an in-house engineer to head up the engineering department.
2. To develop an export marketing strategy. In order to do this, Jimmy Roche embarked on a two year MSc with particular emphasis on export marketing. (This course was completed on July 2009.)
3. To build a modern factory to achieve better efficiency in manufacturing and increase competitiveness. Activity commenced at the new factory in January 2008, with the official opening in May of the same year.

CRISIS

Towards the end of 2008, like most other businesses, Roco experienced a sharp fall in demand for its products. This was triggered by the financial collapse internationally and exacerbated by a massive deterioration in the construction sector in Ireland. This combined with a fall in consumer confidence signalled the start of a very steep downward curve in the economy. By early 2009 the situation was becoming even worse. The Roco management was faced with very worrying decisions, which it was reluctant to take. This was mainly due to the fact that it had never been faced with such a set of circumstances before. In its twenty years of existence, it never had to make anybody redundant. This was new territory for Jimmy Roche, requiring leadership to manage the changing circumstances of the company.

Roco was invited to join the FutureSME project in 2008 and was extremely interested in being involved in a project that could improve its competitiveness. At the kick-off meeting in Strathclyde University in January 2009, Jimmy met Dr. Ardawan Lalui of Lalui Leadership (www.lalui.com), one of the research partners with a specific focus on developing leadership paths for SME owners and managers. Jimmy outlined the challenges he was faced with and, as a result, it was decided to carry out a pilot transformation programme in Roco as part of the research for the FutureSME project.

Lalui Leadership was established in 2000 by Dr. Ardawan Lalui to provide leadership services. He has developed an integrated approach to leadership development which works at four different levels:

- 1) Personal Leadership
- 2) Inter-Personal Leadership
- 3) Team Leadership and
- 4) Organisational Leadership



CHANGE MANAGEMENT

Ardawan visited Roco, meeting with Jimmy individually and also with the management team. The primary task involved defining the over-riding objectives of the company in its present circumstances. These were;

- To cut costs, the main costs being wages.
- To protect the skill base Roco had developed over the years.
- To put a leadership strategy in place to manage the retrenchment process while, at the same time, maintaining the confidence of all those involved.

Ardawan made a presentation to the Roco management team, outlining the dynamics which are involved in organisations and groups. He described tools, such as the Big 7, to define how and why individuals behave as they do. These discussions acted as a backdrop to the issues at hand. This led



to a non-judgemental group analysis of the challenges facing the company and, through this process, the management team began to address the issues and come up with solutions.

This was followed by a sequence of one to one meetings by Ardawan with each individual. The purpose of this was to address any sensitive issues that individuals did not find themselves able to address at group level. As the process evolved, a high level of understanding emerged among the group, and fears began to be dispelled. Over a period of time, a consensus emerged from the management group regarding the steps necessary for the survival of the company.

The major decisions were:

- Cut wages by 30% across the board.
- Three day week, organised in such a way that the company would function properly.
- To re-deploy people across various activities in order to keep costs at a minimum. (For example, we are now sharing our design engineer with another company through a subcontract arrangement).
- To initiate a regular review process to keep people informed about how the situation was developing.

CONCLUSION

The actions taken were radical and extreme. The leadership skills learned helped the group, particularly Jimmy, to understand the change process. Everybody co-operated fully in a positive way and, as a result, costs are now under control. Four people took voluntary redundancy, but this was done in a positive and sensitive way.

LESSONS

To quote Jimmy Roche "Very often we think of leadership in the context of the development and growth of a company. Leadership skills must be demonstrated at all times in order to achieve our goals. In an ever-changing world our goals may change as our environment changes. We must realise change can be imposed upon us by circumstances outside our control, however as leaders within our own companies and communities, we must have the skills to react appropriately to the challenges we have faced and will face in the future. Roco is not "out of the woods" yet, but thanks to Ardawan's help we are better prepared to manage new challenges as they present themselves."