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This month we start to catch up on our mainstream programme, so the *NEWSLETTER* is a week earlier than planned to allow for a second issue within the month:

**1 of 2 - Behaviour and decision making (Part 1)**

My writing this feature coincides with news that the Indian company, Tata, has just taken over Jaguar and Land Rover . . .

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*Appendix 1*

*attached*

**2 of 2 - Roald Dahl, "Tales of the unexpected"**

The news has been full of tales: the failure of the FSA to supervise Northern Rock and BA's woes at . . .

*Appendix 2*

*attached*

**And of course, the thought for the month:**

The recent comments by Dr. Philip Hunter, the Chief Schools Adjudicator, following on from the "Brighton experiment" about mixing children in schools to create greater social equality have caused great controversy.

Perhaps not your Editor's place to comment on what is best for children, nor if the Education System has failed or not over recent years. The point for this SIG is:

"was the decision taken solely with the children in mind, or were the greater implications on society considered? In particular, the effects on congestion and pollution and even parents work time/careers by the need for still more transporting of children by buses and cars over greater distances".

Maybe they were, but if so, this information was not available in the media reports. Your Editor puts the point that Decision Makers need to allow for knock on effects beyond their own sphere of activity.

Please note that the next *NEWSLETTER* should be out late April whilst the follow up material for this month's topics is still fresh.

But we still need **your** contributions on any subject related to our sphere of research. So please get those letters coming in.

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## *Appendices*

### **1 of 2 – Behaviour and decision making**

My writing this feature coincides with the news that the Indian company, Tata, has just taken over Jaguar and Land Rover. In considering “behaviour” in a risk management sense, it is perhaps not a bad idea to reflect briefly on the history of the commercial behaviour aspects of the decline of the British volume car industry.

However, we first ought to clarify the word “behaviour”. The term is usually associated with children or miscreant youth, in fact not a very nice word at all. On reference to the *Oxford Thesaurus*, most alternatives: conduct; bearing and deportment, to name three, aren’t really helpful. However, in the second meaning of the word (in the sense of the *behaviour of a machine*) there were a couple of familiar terms that might assist our cause: PERFORMANCE and OPERATION. Perhaps we should have become the “People, Communication and (human) Performance SIG”. Anyway, in the following comments on British Leyland, I will refer to Performance for the managers and Behaviour for the workforce:

In 1973, your editor was employed as manager of the Birmingham branch of an insurance broker. In the personal lines department were a number of clients who worked for BL at Longbridge (the former Austin works). There was much talk (which was often treated with some myrth) over the antics of *Red Robbo* and his union chums who had bogus workers and workers asleep on the night shift. With hindsight, we all realise what many thought at the time how tragic and shameful this employee (and Union) behaviour was – indirectly it let the Japanese car manufacturers into our home market with a vengeance and at the higher end of the market, lead to the loss of orders from Jaguar to Mercedes and BMW.

### *Editorial Opinion*

I would argue that this sort of behaviour is often a delayed reaction to a chain of events set in force by earlier more fundamental “performance failures of management” that lead to poor morale. In British Leyland’s case (then British Motor Corporation) this probably started during the grouping process of the mid 50s with the combination of a controversial and perhaps even patronising view of home market demand and mediocra communication and sometimes overbearing relationship with the workforce and unions.

BMC came about by the apparent need to merge several of Britain’s car makers into a single larger unit. Senior management thought that customers would wish to remain loyal to the old brand names, so by the late 1950s a major factor in marketing was the priority given to “badge engineering”. Austin, Morris and all the other old makers’

names were continued and produced in the original factories with the same workers, but often there were single car designs that were clones of each other.

But it wasn't all bad news, there was creativity – the Mini came out in 1959 and was an enormous success and set a design trend for small cars for the future. This probably masked some of the other problems of suspect strategic planning, including both the mid-range car models and the deeper cultural difficulties that were by then fast emerging.

*Comment* – how often do we see management use good results in one department to cover up something wrong in another.

## 2 of 2 – Roald Dahl, “Tales of the unexpected”

The news has been full of tales: the failure of the FSA to supervise Northern Rock and BA's woes at Terminal 5 also stand out in my mind.

### *Editorial Comment*

This is at a time when I was preparing for the forthcoming students' examination workshops at the University of Warwick. In the Module 1 core text, there is a quote from *Roald Dahl* talking in the 1980s about the difference in traffic danger to children since his childhood in the 1920s and how it was safer for him and his sister to play in their road in rural Wales than in modern times. The core text states that *Dahl's* “perceived risk” was not “objective risk” as there were in fact more proportional road deaths to children in the 1920s than the 1980s. I would argue that *Dahl's* “perceived risk” was correct *in the context that he was speaking in* as the “objective risk” from the statistics proved his point! I will explain, but first:

**For the benefit of younger members – Roald Dahl was an author who wrote some wonderful short stories with twist endings – many of these were made into a successful TV series which was enhanced by haunting music at the end when the “twist” was revealed.**

The facts of the matter were that most of the child deaths concerned in the 1920s happened in and around the big cities and towns where children were at play in the streets especially in the working class /slum areas near factory gates. In rural Wales where *Dahl* and his sister lived his perceptions were actually “not incorrect”, as indeed were those of Professor Adams when he wrote the text with the hindsight of the bigger picture – so you see the problem ([the People Risk here is in the interpretation of the statistics, especially by decision makers – we will have another look at this soon](#)).

### **“The Rock”**

The thread started off with mention of the FSA – the failure of Northern Rock was certainly “a tale of the unexpected” to them, or was it? My attention has been drawn to the latest edition of the *Sunday Times* (30th March), **Business Section**, which covers the situation with the headline, *“FSA pleads guilty to Rock errors”*.

The article goes on refer to a meeting on 20<sup>th</sup> February 2006 saying that the day to day team recommended that at the bank needed an Arrow Review every two years, but the Arrow Panel decided that the Rock “should be placed under the microscope” every three years.

Ruth Turner of the FSA wrote a major feature for us about the ARROW Framework, which appeared in installments in October 2006 (NEWSLETTER No 10) then with comment on the first item from David Hillson added in November 2006 (NEWSLETTER No 11) and concluding in April 2007 (NEWSLETTER No 15).

Newer members can obtain copies of these back issues from the [irm Website](#) or the Editor direct.

The article then said this was “a gesture of goodwill”, but went on to say that there were parallel discussions about how new European rules could be used to release cash from its balance sheet. The tale continued with comment that weeks before the bank hit trouble, there was a deal done which the Rock’s chief executive said “would pave the way for huge increases in dividends and share buybacks”. Further, there was data relating to FSA / Rock meetings between January 2005 and August 2007.

*Editorial comment* - There was no offering about *when* the bank *really* hit trouble, and I am not even sure where the paper got the headline from, nor the comment “gesture of goodwill”. Also the feature writer stops short of saying that the people involved with the negotiations for the release of capital under European rules etc. had the “bigger picture”. Anyway, the point of this to us is that there are echoes of Communication and People Organisational Cultural issues that we saw in our earlier research of BP in North America and were no doubt evident in the British Airways and Heathrow scenario (which I have not got space to report on in this Issue)

Anyone have any comments to make about the Rock/FSA or BA/Heathrow and all their difficulties, please?

#### *Footnote: And another tale of the unexpected*

To conclude, a light hearted tale of irony: In my story of the the British Motor Corporation in the 1950s, I spoke of badge engineering - let us look at the mid-range saloons: Each of the main independent manufacturers that made up BMC (Austin, Morris/MG, Wolsley and Riley) had their own models, all bar two of which were somewhat dated by the mid 50s in spite of facelifts.

High management’s solution was to bring out a single car, cost being saved by retaining the old technology, but with an Italian (Farina) designed bodyshell which was perceived as being more saleable - consequently we had the Austin Cambridge, Morris Oxford, MG Magnette and Wolsley and Riley versions of the same car - classic badge engineering! As an aside, the other great tragedy of this was that the the old MG Magnette ZA (and the ZB facelift model) and it’s lower powered Wolsley sister car were probably the best cars of that class produced in the period and should have been allowed to evolve naturally.

Decission Makers must consider the result of their actions with regard to *all* performance objectives, not just the immediate matter in hand and beyond the short term fix. This will be looked at in our next issue, publication of which will be brought forward. However, managers cannot be expected to see too far into the future, we would be a little harsh to blame the managers of the 1950s for the following - or would we?

The eventual irony of the BMC/BL story was that the jigs for one of these outdated mid-range cars, the rather bulbous Morris Oxford were sold to India and became a fundamental part of the development of the motor industry in that country - now

the story has gone full circle, at least in part. (Your Editor hears haunting music in his head)