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This report is one of a series produced for faculty members. In each report we give a review of a topic within finance and management, offering both analysis of the relevant theory and a review of the practical application of appropriate management techniques.

If you have any comments or suggestions for future topics, please contact robert.russell@icaew.com

The information contained in this and previous issues of this publication is available (to faculty members only) on the faculty website at icaew.com/fmfac

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FOREWORD

CHANGE MANAGEMENT AND REORGANISATION

Corporate restructuring ranges from reallocating job roles to existing staff or changing reporting lines to the complete dismantling of a division or the entire organisation, but it would be unusual for anyone reading this not to have been through a reorganisation of some kind.

Baldwin Bell Green analysed the top 500 US companies from 1955 to 2012, reviewing their survival rates in 20-year blocks of time. The rate of mortality was 41% of all companies in the top 500 in the US 20-year period from 1955 to 1975. This rose to some 75% in the seventeen years between 1995 and 2012. This rapid rise in company collapse was blamed on their failure to diversify and change, even though they will have undergone some form of reorganisation in this time. It may be that reorganisations need to be thorough and comprehensive to offer long-term protection.

Forbes conducted similar research and found that only one of the top 100 companies in 1917 was still in the top 100 in 2013, although another 21 were still trading. The one company left in the top 100, GE, has undergone multiple reorganisations over the years.

Conducting a reorganisation is not going to be a guarantee to save a moribund company, but failing to ever look at how the company performs and delivers its products and services could result in its demise. Companies offering niche products may have more immunity from the need for diversification, but every company undergoes change at some point in its life and a few will be undergoing restructuring on an almost continual basis.

Boston Consulting Group conducted a rigorous review of required factors which almost guaranteed reorganisation efforts – these are on page 8.

We hope that the articles in this report might help with your reorganisation – best of luck!

Please email stephen.ibbotson@icaew.com or robert.russell@icaew.com if you have any thoughts about this or other reports.

Robert Russell

These reports are produced quarterly and are sent to members of the Finance and Management Faculty. You can join the faculty at icaew.com/fmjoin or call +44 (0)1908 248 250. Cost for one year is from £90.



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