**A Report to the Board of Directors of Sainsbury’s**

The main idea of this report is to act as a consultant for Sainsbury’s Board of Directors in helping to resolve a managemental issue, with applying relevant theories (which I have added to the end of the document) to real life. We need to have 3 recommendations which are Leadership Theory, Change Theory and Governance Theory.

I have included the main points of the essay in here. I have also created a table of contents which the writer needs to follow. The main purpose of this essay is to use the relevant management theories and apply it to the Real Life. Our chosen company is Sainsbury’s. The list of theories/topics are included in the end. Please follow the instructions.

#  TASK

* Write a report (individual submission) of 2000 words
* The scenario is that you act as that company’s **(Sainsbury’s)** Governance Advisory Committee (GAC) which will write a report addressed to the Board of Directors of that company.
* The objective is to thoroughly *understand the situation* and *prepare recommendations* for the Board to consider in relation to the elements of this module: the leadership, the governance systems and change initiatives within the company.
* Obviously, the key problem facing every company in the world today is the effects of the corona virus. In terms of this assignment however, ***any mention of the corona virus is optional***. If you want to cover some aspect of it in what is a very rapidly changing situation then feel free, but if your analysis and recommendations assume a return to normality in which your recommendations still apply, then that's fine too. BUT WE NEED TO FOCUS ON MANAGEMENTAL ISSUES AND ETC.
* You are the member who is solely responsible for writing your report.
* The report is to be addressed to the Board of Directors
* Your role in this is to represent the discussions of the Governance Advisory Committee, and to add your own personal views and insights which emerged after the meeting.

# STRUCTURE

**Section 1: Background summary (1200 words max).**

- Analysis using relevant theory of the background to the case: e.g. leadership styles, change processes, board structure etc, any provisional recommendations that were considered by members of the GAC, e.g. from the formative submission.

**Section 2: Recommendations and how to overcome barriers to implementation (800 words max).**

- Briefly indicate the problem which each recommendation is supposed to fix (this would normally be a simple reference to part Section 1 which should cover these. One problem may generate more than one of your recommendations.

- Fully justified recommendations (at least one each for leadership, change and governance) with a theoretical background and an indication of which named individuals might be involved and over what timescale.

- The recommendations may be the same as those discussed with other group members or they may be totally different. Any differences need to be explained and justified, e.g. based on changes in the real world etc. All recommendations need to be supported by relevant theory.

- Make it clear whether recommendations are linked.

- An indication of the most important one or two barriers within the company which might prevent or hinder the adoption of these recommendations, and how they might be overcome.

**In your preparation, assume the following:**

* The board is familiar with the case: it is not necessary to explain the case itself but it **is necessary to analyse it using relevant theory.**
* The board will not accept recommendations which might be perceived as unethical or illegal
* The board needs to know the details of discussions which led to the recommendations you are presenting, so they have a rounded view of the discussions within the company.
* The board understands all of the theories which you will be using to support your recommendations, but would appreciate some appendices in which the theories used are summarized.

Your job is not at stake in this context so feel free to tell the board what they need to hear.

POSSIBLE QUESTIONS THAT YOU CAN ANSWER IN YOUR SECTION 1 (not mandatory)

* What has been this company’s biggest ever problem?
* What were the effects of the problem?
* What solutions were / are being tried?
* Is this company ready to change?
* How well was the change handled?
* If the CEO left, what qualities would the replacement need?
* I f the UK economy collapsed what would be the effects on this firm?
* Who would this company most likely merge with / be acquired by? (ASDA merger can be an inspiration for this) *CMA Regulatory, Governance*

# Table of Contents (example to give an insight)

1. Explaining the issues of Sainsbury’s to the Board of Directors with relevant theories
	1. Applying Mintzberg’s Managerial Roles (2001)
	2. Applying Contingency, Behavioural and Trait models to describe the CEO
	3. Applying Dixon’s Model (1976)
	4. How we could achieve to change theses leadership/governance/change issues?

2.0 Recommendation 1 (Leadership)

 a. Using Nudge Theory

3.0 Recommendation 2 (Governance)

 a. Using Risk Heat Map

b. Using Worley and Mohrman’s Change Model (2015)

 4.0 Recommendation 3 (Change)

 a. Kotter’s 8 step

**THEORIES AND TOPICS**

|  |  |
| --- | --- |
| **WEEK**  | **Topics (theories, concepts, frameworks, findings, frameworks, lists etc)** |
| 1 | GOVERNANCE- UK Corporate Governance Code: issues of companies self-reporting- Role of government in controlling large companies- Key roles of the Board of Directors |
| 2 | LEADERSHIP- Behavioural approach to leadership (e.g. Blake and Mouton, others are available)- Trait approach to leadership (e.g. The Big 5, but other models are available)- Contingency approach to leadership (e.g. Tannenbaum and Schmidt but other models are available)- The idea of the Board of Directors ‘a leader’, according to the UKCGC |
| 3 | CHANGE- Kurt Lewin: Unfreeze-Move-Refreeze model of change- Kotter’s stages in a change process (2014) stages running concurrently |
| 4 | GOVERNANCE- Composition of the Board of Directors, structure, committees- Relationship between the board of directors, shareholders and the workforce- Influences on the Remuneration Committee in deciding CEO pay- Structure of CEO pay (CIPD 2017 framework)- Functions and responsibilities of Remuneration Committee- Existing or possible future company reporting requirements and methods in relation to [each one is a separate topic]: high pay, gender (board membership etc), gender (pay gap), ethnic minorities pay gap, disability pay gap.- CIPD (2019): Three Questions for the RemCo (Remuneration Committee) |
| 5 | LEADERSHIP- Mintzberg’s Managerial Roles (2001)- Hughes (2014) on leadership incompetence- Dixon (1976) on military leadership incompetence- Gregory (2018) on absentee leadership- Hunter et al (2010) on causes of leader error |
| 6 | CHANGEIdeas relating to being a company ready for change:- Gales of creative Destruction v. Punctuated Equilibrium- The Agile company- Change competencies- Worley and Mohrman (2015)- Quinn 8 Leadership Styles |
| **7** | [no new topics] |
| **8** | GOVERNANCE- Regulation from government v. self-regulation- Economic bubbles, when they burst, reactions and responses to them |
| **9** | GOVERNANCE- Kinds of regulation: separation of commercial/investment, dual role chairman and CEO- The rise of globalization and the global firm\* - Cadbury Report (1992): key recommendations- Walker Report (2009): key recommendations- Other Codes (Stewardship, OECD, Sarbanes-Oxley etc)- UK Corporate Governance Code July 2018 |
| **10** | LEADERSHIP- Lewin’s Force Field Analysis: Leadership, ethics and power- Ethical perspectives in decision-making for leaders:- Consequentialist approaches (e.g. utilitarianism)- Non-consequentialist approaches (e.g. moral principles)- Agent-centered approaches (e.g. virtue approach) |
| **11** | GOVERNANCE- Board of Directors and risk-related roles- Political risk, measures of political instability, consequences- Risk Assessment Scales: Impact, Likelihood: Frequency, Likelihood: Probability, Vulnerability, Speed of Onset- Risk Assessment Process- Risk Heat Maps |
| **12** | *[classes cancelled in Au19]* |
|  | **CHRISTMAS BREAK** |
| **13** | LEADERSHIPGender issues and the workplace |
| **14** | GOVERNANCEUK Bribery Act 2010; US FCPA; how to avoid corrupt practices |
| **15** | GOVERNANCEETHICS framework |
| **16** | GOVERNANCEThe ETHICS ARC Governance landscape model |
| **17** | LEADERSHIPElements of Organisational Politics (multiple sources): influencing, networking, reciprocity, coalition |
| **18** | LEADERSHIPAllen et al (1979): 7 types of political behaviour; (Rahim 1983) Managing Interpersonal Conflict Definition of power (Benfari et al 1986); French and Raven (and later Benfari’s) Sources of Power (1986); Rosenblatt’s (2011) generic steps to power mapping; Mendelow’s (1991) Power –Interest Grid; Mayer and Vermeulen’s (2005) Stakeholder Influence Mapping; Brown (2019) Rosenblatt meets Mendelow model |
| **19** | CHANGEGeneric strategy questions: current / goal / method; Individual change: conscious: Covey, Carnegie, NLP, coaching, Tipton; Governance of an association as opposed to a large commercial company. |
| **20** | GOVERNANCEStructural changes to prevent corruption; nature of leadership in a global public facing association; boardroom battle tactics |
| **21** | GOVERNANCEGovernance systems in relation to #MeTooStewardship and the Stewardship Code (roles of shareholders, ethical investors, auditors) |
| **22** | CHANGEBalogun and Hope Hailey’s Types of Change; Balogun and Hope Hailey’s Kaleidoscope Model of Change, Johnson, Scholes and Whittington’s Styles of Managing Change.Boardroom disputes: rules and tactics stemming from the Articles of Association and the Shareholder Agreement; includes reference to the company’s Statutory Books. |
| **23** | CHANGENudge Theory and its use in Change scenarios |

**SAMPLE ANSWER (shortened version)**

**Report**

**For the attention of the Board of Directors of Balfour Beatty**

*Chairman: [name]*

*Appropriate title…*

*Date…*

*Author..*

*Governance Advisory Committee members….*

**Section 1 Background Summary**

**Leadership:** Balfour Beatty has succeeded, according to most sources, due to the efforts across the firm and under the leadership of Leo Quinn, CEO since 2015. According to the Big 5 Traits (for example McCrae and John, 1992) we would suggest he appears to score highly in conscientiousness, especially during the period in late 2014 before Quinn officially became CEO, it is safe to assume the plan for ‘Build to Last’ (Kang, 2015) was thoroughly prepared and communicated among senior managers before its launch in Feb 2015. The continued presence of Quinn as CEO has seen Balfour Beatty continue to survive into the present day and the coronavirus crisis. Quinn has also branched out to other areas of UK life (for example Hackett, 2019), suggesting a highly organized mindset.

**Change:** The change process he initiated and which continues now didn’t use Kotter’s (2014) change steps as far as we know, but elements of it could be applied, specifically the sense of urgency. In March 2015 Quinn (CEO for only a couple of months) admitted publicly that Balfour Beatty’s results were ‘horrible’ (Withers, 2015) which could be interpreted as a calculated and deliberate wake-up call to the company as a whole.

**Governance:** Among many other initiatives the Balfour Beatty leadership have taken a 20% pay cut (Weinfass, 2020) in response to the effects of the coronavirus pandemic. We assume this is from their fixed pay (using the CIPD Executive Pay framework, 2017). Quinn’s salary in 2018 was £800,000 with total income (including short and long term incentives) of £4.34m. At the time of writing it is not clear whether Balfour Beatty will be laying off any workers.

Etc

Etc

**Section 2: Recommendations and how to overcome barriers to implementation**

**Recommendation 1.**

**Governance:** In the light of the coronavirus pandemic, and using Barker’s (2020) advice on succession planning, we would strongly recommend that Balfour Beatty consider who might replace Leo Quinn as CEO if Quinn were to fall ill. It is not clear from our research if Balfour Beatty’s board have considered this, but if they have then it is also important for Quinn and others to reassure shareholders and employees and other stakeholders that they have plans in place.

**Leadership:** These communications should involve mostly rational persuasion (using Yukl and Falbe’s model) from the board Chairman Philip Aiken, through timely and consistent communications in order to reassure all concerned.

Barriers for recommendation 1.

The key barrier we see is the fact that Quinn has been so successful, Balfour Beatty need to plan for his absence, or even departure, and in the short term. Board members brought in since 2016 (no board members survived Quinn’s arrival in 2015) may feel a sense of loyalty and dependence on Quinn’s consistent leadership and may be expecting a new Quinn, rather than a new CEO. We believe that Quinn himself is probably aware of this and may have made other board members aware, but in order to ensure this is the case we recommend this is discussed at the next Board Meeting. Although board meetings are usually held 8 times a year, and over two days at the London Offices (Balfour Beatty, 2017) the open discussion of this topic may be hampered by current pandemic-related restrictions, so virtual meetings would be crucial.

**Recommendation 2.**

Etc

Etc

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