

Managing market opening

Market opening, competition, deregulation – call it what you will but this is the major trend impacting Ireland's Semi-state organisations. Markets such as electricity, transport and gas are being opened to new competition. Recent announcements such as the break-up of CIE are seen as key moves in progressing the marketing opening agenda. The arguments for and against the opening of markets have been well rehearsed, with the case for competition being the conventional wisdom. There is, however, general recognition that a “free for all” will be in nobody's interest. Managed competition and progressive market opening, for organisations such as ESB, Bord Gais and Dublin Bus, controlled through regulators or regulatory bodies dominate the current agenda.

Given the fact that increased competition is seen as supporting ever increasing consumer expectations the challenge facing practically all semi-state organisations is how to prepare for market opening while continuing to deliver on business as usual. So what are the key building blocks needed on the journey to market opening?

What to do on the Journey - COMPETE

- **Create new structures**

Two fundamental requirements on the path to market opening is the need to improve decision-making processes and ensure strong governance is in place. The change programme for companies facing a deregulation agenda must take advantage of the opportunity to address these facets of the business. As a shift in thinking is needed to happen, programme management techniques should be used to progress on the journey and along the way develop new decision-making and governance structures. The ability to react swiftly in a competitive environment will assume greater importance in an open market. In addition, the ability to utilise additional commercial expertise can be assisted through the introduction of non-executive directors.

- **On board management**

There is little point in starting the journey without laying the foundations of support among your management team. A competitive environment entails a truly customer focused mind-set which endeavours to deliver products and services which are clearly differentiated for those of the competitors. The management team must lead from the front in this respect and create the behaviours, which will be successful in the open market. To even begin to do this the management team must believe in the necessity for change. Quite simply, if managers are not bought-in others who are must be brought in!

- **Manage Union involvement**

Early involvement of the unions is required to create a dialogue around the need to change so as to help facilitate the changes in work practices. It is important to work together with unions to formulate the most effective road map for change. In the initial sensitive stages the use of confidentially agreements should be used to “protect the thinking”.

- **Prepare Ownership Structures**

A shift in thinking about the ownership structures is required specifically to address the motivational aspects of making the change happen. Employee ownership schemes while no

guarantee for

- **Expand Management Capabilities**

The measure of any good business is the calibre of its' management. This is brought into sharp focus in a competitive environment. Often the skills required to manage in a monopoly situation are different in the some of the harder commercial skills required to compete and win.

- **Target Alliances**

- **Evaluate Competitive strategy**

Management Qualities

- **Resilience**

- **Leadership**

One of the most dramatic move to deregulation was seen in the newly formed countries that separated from the former USSR. On a due diligence visit to a cigarette factory in Estonia I experienced probably the most dramatic form of market opening possible. As part of the USSR, this factory used to receive the Tobacco from Moscow, which was bought centrally by the government and distributed to the various production facilities throughout the USSR. In a similar fashion the finished product was shipped back to Moscow for distribution. On becoming a separate state this factory suddenly entered the open economy and had to learn to compete with international competition. Add to this complete new business functions such as purchasing, sales, marketing and distribution and one can begin to understand the scale of the change they were forced to undertake. Other companies and industries – many of which not surprisingly didn't survive, replicated this. But many did, to their credit, including this factory. Through careful planning and considerable effort what was a major threat to survival became a challenge, which energised the whole company.

Damian Ringwood