



Report of the Wolfsberg Think Tank "The Role of HR in Corporate Turnarounds: A Real Case" led by Bob Watson, Group HR Director, BUPA, London, at Wolfsberg on 24 June 2004

1. BUPA was set up in 1947 by an Act of the British Parliament as a Provident Association (a sort of mutual). Today it has 42,000 employees, turnover of £ 3.4 billion (approx. US\$ 5 billion) and 8 million customers worldwide, running 36 hospitals, 45 nurseries, 30 wellness centres, and 260 care homes in seven countries (stretching from China and Australia, through Singapore, Thailand and Saudi Arabia, to Ireland and Spain). BUPA is still looking for expansion opportunities wherever there is no established health- and care-market.
2. The above sounds like a story of unbroken success but, in fact, by the mid-1990s, when the global boom was taking off, BUPA was losing money at an increasing rate (for example, their market share went down from approximately 70% to approximately 40%) - so much so that its entire future was coming into question. By contrast, after the global bust in Spring 2000, while the global market has sagged, they have continued making more and more money: their income has gone from £ 1.3 billion in 1996 to £ 3.4 billion in 2003, their trading Surplus from £ 52million to £ 135 million in the same period, and their reserves 614 million to £ 1.3 billion.
3. How was this turnaround achieved?
The first step was clearly to stop the increasing losses and this they did by the usual sorts of steps, including the closing down of some loss-making units. This stabilised the situation but did not provide any basis on which to grow, because of the major problems they faced:
 - Poor customer service
 - "Old" systems
 - Internally focused and "top" down culture
 - Failed initiatives/consultant led programmes
 - Poor quality senior management
 - No clear vision (tension between those who thought they were a bank
 - and those who thought they were a charity!).

The second step was therefore working together (NOT consultant-led!) on their own vision for themselves and they sought to find an expression which would be brief, easy to remember, and appeal equally to all their stakeholders. This they found in the phrase: "Taking Care of the Lives in Our Hands".

In addition, they settled on setting themselves commercial ('PLC'-type) financial targets and focus, and working on creating an "inclusive" culture (by which they meant not merely external things such as race and gender, but also deeper things such as hierarchy).

They also focused on improving internal communication (they have the award-winning internal publication BUPA Today, BUPA TV, and son on), instituted an ideas and awards scheme (which has also won an award - 75% of the submitted ideas get implemented!), the implementation of HR tools such as "Service Organisation Profile", Positive Performance Management, Succession Planning, and 360° Feedback.

Once they had won the battle for employees' hearts and minds, however, they discovered that the key constraint to their growth was the quality of their management. Some went voluntarily because of the new direction and culture, others had to be helped to find external employment.

Those that remained (the vast majority) were helped by a targeted, well-thought through and well-funded management and executive development programme, starting in 1997, to stretch the thinking of the senior management, to expose BUPA senior managers to the leading edge thinking on topics of strategic importance, and to learn from other organisations lessons that could be applied to BUPA's current and emerging business. The programme was unashamed in its search for the very best speakers, whatever the price.

The effort took about 3 years to begin to pay off in financial terms (which have been made clear above); however, the effort also paid off in terms of customer satisfaction and employee morale. For example, their SOP score for Leadership was 47.2 in 1996, and went up to 70.7 in 2003, their Customer Orientation was 44.8 in 1996 and 72.6 in 2003, their Ability to Change went from 40.2 to 74, and their Management Practices from 56.7 to 67.6 (all in percentages).

4. The participants in this Wolfsberg Think Tank were so taken with the case study that they kept up a barrage of questions to Mr Watson who was, in response, getting honest, thorough and thoughtful in his answers - which delighted the participants. A testimony to this was the fact that the time went by so incredibly quickly that Mr Watson had to speed through the last few slides or we would not have even got through all the material he had prepared. The only regret was that we did not have another couple of hours!

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