
**John Crennan Presentation
to
Community Health
CEO's**

6 August 2010

Change Management

OR

**‘Different’ Management Practices
to Stimulate Fresh Thinking**

JAC Experiences

- 24 Years of Company Standards on Conservative 'Vanilla' Management behaviour
- 20 Years of following ones natural Management behaviour

Presentation Contents

- Snapshot of the HSV Success Story – Doing things differently to Holden
- Career Summary of Strongly Held Beliefs
- Questions

The HSV Story

The First 20 Years

The World of HSV (6 Business Areas)

- Performance Cars
- Marketing of Lifestyle Products
 - Apparel
 - Licensed Products
 - Merchandise
 - T2 Ride Days
 - Customer Appreciation Program
- Motor Sport
 - Walkinshaw Performance Technology Group
 - Holden Racing Team (Holden Factory Team)
 - HSV Dealer Team (HSV Factory Team)
 - Sponsorship and Business Partner Management
- Performance Parts
 - HSVi Holden Sports Options
 - HSV Sports Parts
- Replacement Parts
- HBD Elizabeth
 - LPG, Export Prep, Fleet modifications for Holden

Background

HSV was established:

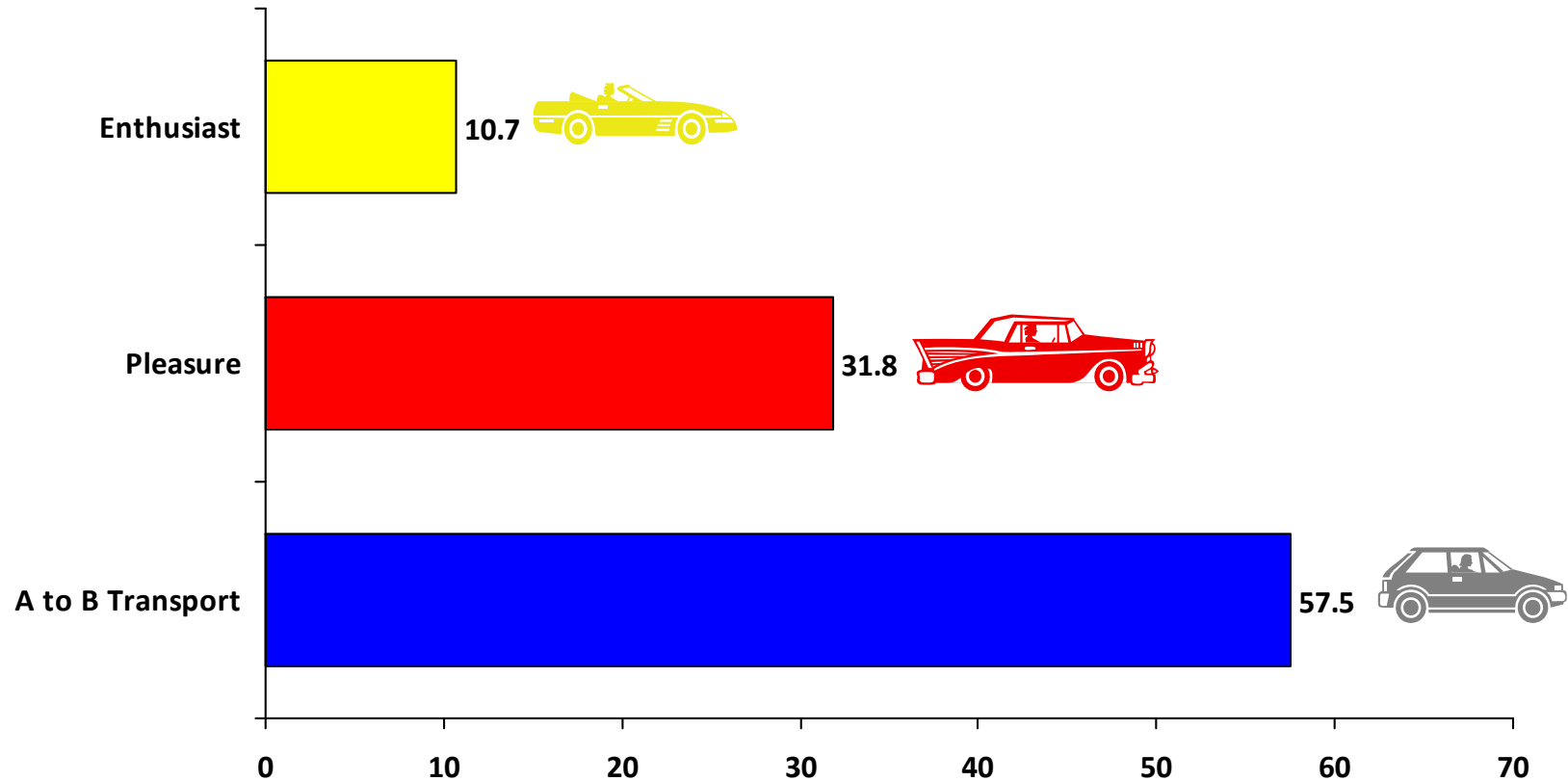
- In October 1987 with an Agreement between Holden and TWR (UK)
- As a niche performance vehicle manufacturer to design, manufacture and sell an exciting range of high performance niche vehicles for the enthusiast segment
- To build on over 30 years of Holden commitment to motor sport and performance motoring in Australia
- To conduct Holden's motor sport programs
- To develop an apparel and merchandise business
- To support the niche performance business with the appropriate parts and accessories support infrastructure

HSV Today ...

- Is the recognised leader in Australia and New Zealand of performance niche cars
- Has built nearly 60,000 cars
- Currently has a model range of 6 vehicles
- Is recognised as best practice niche performance road car and racing business model in GM World
- Has established a successful new automotive business entity – apparel and merchandise
- Has been responsible for investments exceeding \$120 million in development of V8 Supercar Motor Racing Series
- Has sustained sound profitability

Australian Attitudes to Driving

Driver attitudes as % of population



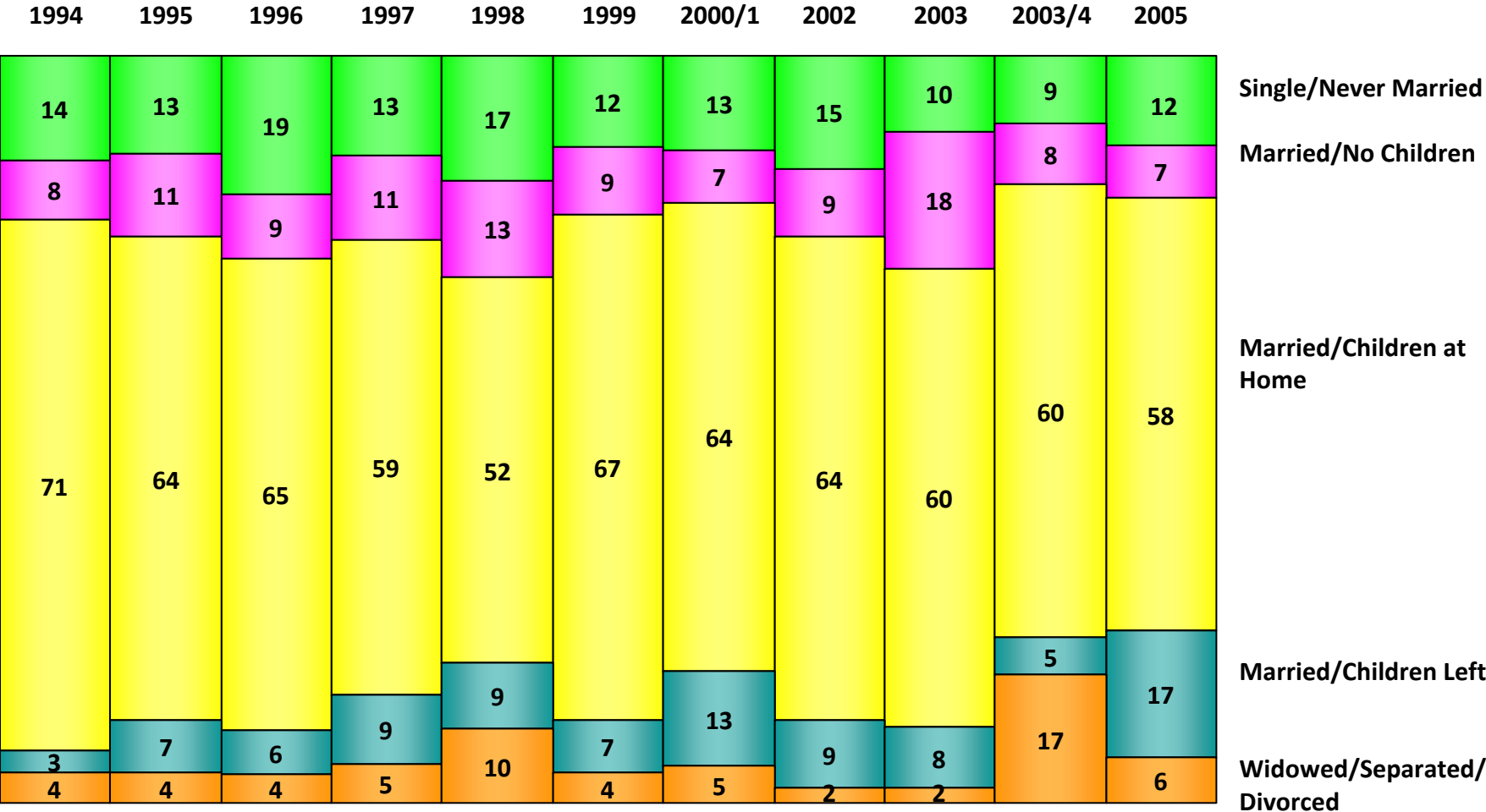
HSV Owner Profile

(No Different to the Enthusiast of Any Other Car Brand)

- Fanatical about their car brand
- Obsessed with individuality
- Heavy readers of car magazines
- Regularly watch and attend car races
- Regard their car as a collector's item/
investment
- Maintain their cars in peak condition
- Seek out friends and networks with similar
interests
- Expect special treatment from the factory
(don't like dealers)
- Very discerning and hard to please on dealer
service

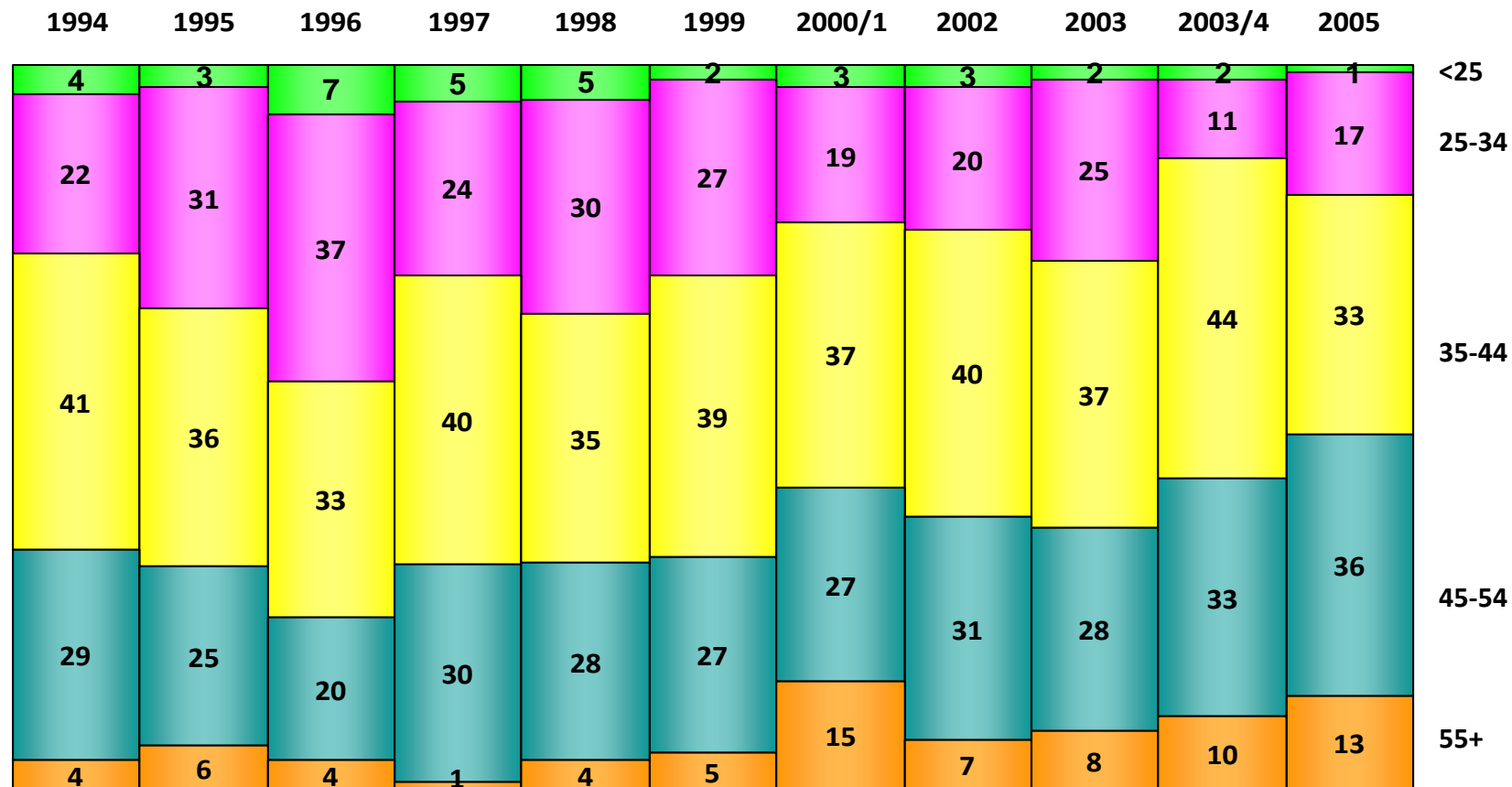


HSV Owners – Marital Status

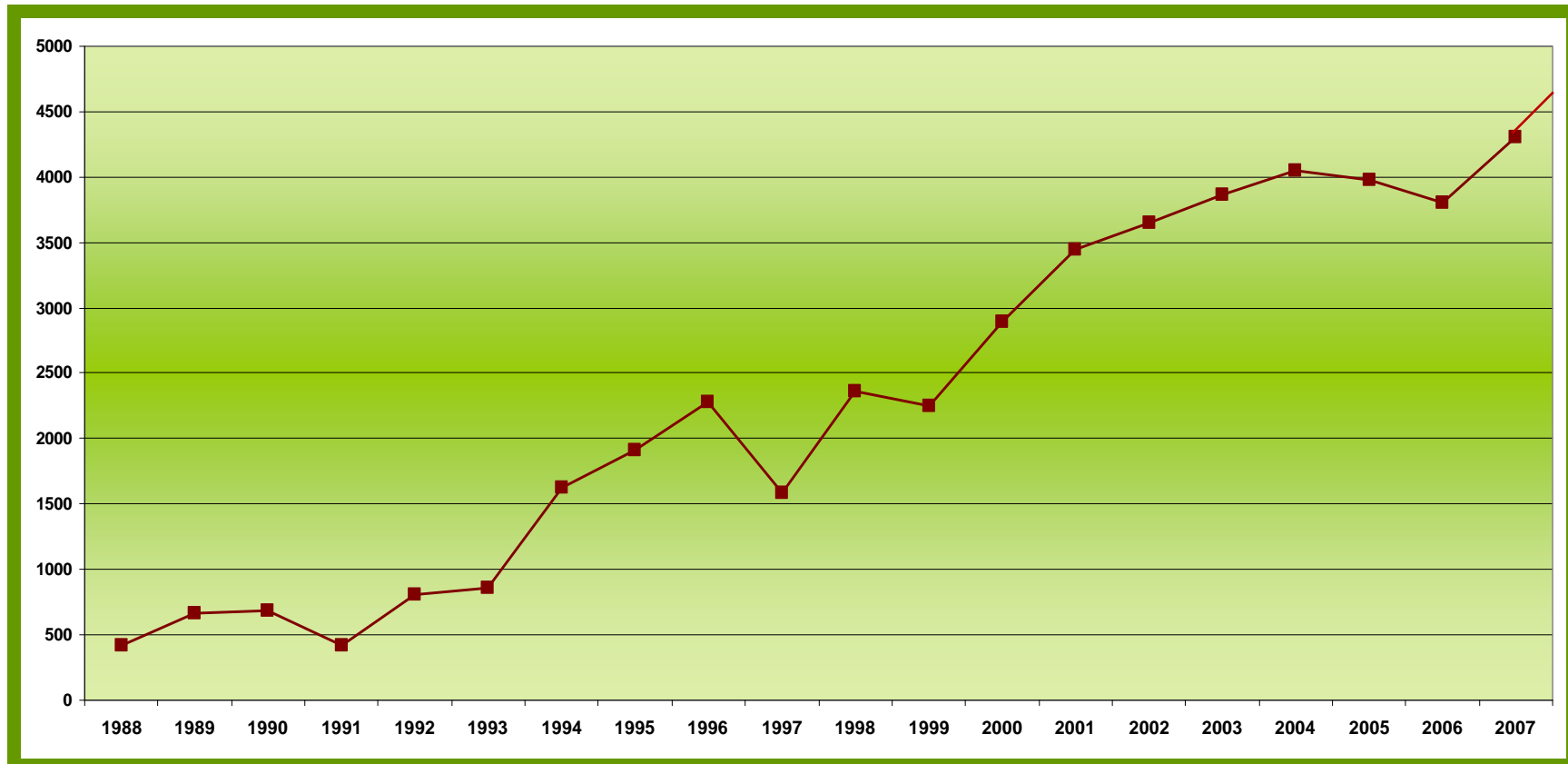


HSV Owners – Age

% all owners



Bragging Rights – Retail Sales ... 20 Years



Bragging Rights – Racing Results

Australian Champions

- 1996
- 1998
- 1999
- 2000
- 2001
- 2002
- 2006
- 2007

= 8

Bathurst Wins

- 1990
- 1996
- 2001
- 2002
- 2003
- 2004
- 2005
- 2009

= 8

10 Success Factors

1. The Priority meetings in the Company

- i. The Product Strategy Group (fortnightly)
- ii. The People Planning Group (monthly)
 - a. HR
 - b. Employee Review Group
- iii. The Dealer Advisory Group (quarterly)

10 Success Factors

2. Distribution of Products Through a Limited Number of Dealers

- Dealers required to perform to a standard superior to that of the marketing and service of mainstream products
- Classic niche sales and marketing approach
- Personalised attention to dealers and customers that comprehensively exceeded Holden activities

10 Success Factors

3. Differentiation

- Company Style - same solid business protocols and standards as Holden but a more personalised emphasis on understanding what niche is about:
 - More flair
 - More excitement
 - More passion
 - More fun
 - More entrepreneurial licence
 - More directly engaged with all the key stakeholders/staff/media/suppliers/customers
- Product
 - Different styling

10 Success Factors

3. Differentiation (continued)

- Promotions
 - WOW factor – get only one chance to make a statement
- People
 - Fire in belly
 - Twinkle in eye
 - Flair
- Premises
 - Theme café
 - Apparel in reception
 - Showroom with heartbeat

10 Success Factors

4. Customer Intimacy Programs

- Open door policy to the public
- Premises are customer welcoming:
 - Showroom which showcases the business
 - Motor sport themed café
 - Apparel and merchandise shop
 - HSV and motor sport museum tours
- Watch your car being built program
- Appreciation Pack – 6 weeks after car purchase
- Quality Customer Magazine
- Race Team Membership Program
- HSV Owners Club
- Internet based communication
- Frequent Buyers program
- Reserve Build Numbers
- Open Days
- Race Car Ride Days

10 Success Factors

5. Emphasis on Sales

- Sales plans before marketing plans the priority
- All staff exposed to selling/customer contact
 - Motor shows
 - Apparel sales
 - Race team events/hospitality
- Spoil the dealers (trips)
- Personalised handling of customer complaints
- Completion of written report after all dealer calls
- Celebrating sales triumphs with staff and dealers
- Maximise competitor dealer calls
- Visual scoreboard of daily, monthly and YTD results in all parts of the business
- Incentivise sales staff and dealers
- Presentation skills development programs
- Conduct regular sales campaigns involving all staff
- Build competition between departments

10 Success Factors

6. Solid understanding of the culture and operational character of large companies, and adapt to the differences in the way small and large companies operate

10 Success Factors

7. Free Ink

- Holden 120,000 cars annually
- HSV 4,000 cars annually
- 50/50 on publicity

10 Success Factors

8. **Concentrate on five essential marketing and communication avenues for the enthusiast market niche (that were also very cost efficient)**

- Free Ink
- The website (our daily newspaper)
- Motor Shows
- Business partners and sponsors
- Database

10 Success Factors

9. Clear focus on the youth market

- All activities/promotions, etc – seen to be ‘cool’
- Extraordinary success with apparel and merchandise – high appeal to youth
- Cross promotions with ‘cool’ brands
- Create mystique with our brand

10 Success Factors

10. Connectivity with Motor Sport

- The fuel and adrenalin that drove HSV
- The use of race drivers as key ambassadors/ spokesmen for the company
- Use of drivers on product group/drive programs
- Results on race track testimony to HSV engineering capability
- Instil a culture of how precious time is to get things done
- Importance of the scoreboard controlling your actions/ effectiveness/accountability

Business 'Heartbeat'

- Speed (as in getting things done)
- Winning, achieving, just do it, make it happen
- Highly competitive
 - Internal
 - External
- Open door/open phone
- Front door heartbeat/pulse
- Edgy, provocative, entrepreneurial, individualistic, finessed aggression
- No unions

**My Two Most Compelling Findings
in the
Automotive Industry
(and business overall)**

The Two Most Crucial Business Functions That Deliver Business its Full Potential

Product Planning

Products that are correctly aligned relevant to their market segment and have an edge over the competition

Sales and Distribution Channels

Ensuring your products are made available to the consumer, by the best people, in consumer friendly facilities

Career Summary of Strongly Held Beliefs

(*Primary relativity to Car Industry)

Strongly Held Beliefs

The two most important management reports to the CEO are:

- a. The Executive in charge of Product Planning; and
- b. The Executive in charge of Sales and Distribution

Management time should be allocated:

- 50% internal business/projects/meetings
- 40% external business/customers/retailers/advisors
- 10% handling the 'bouncers'

Monthly meetings are for strategy and planning. Weekly meetings are for operating, tactics, priorities. Don't have a meeting unless an agenda is circulated at least 24 hours before and minutes with action responsibilities 24 hours after.

If you have to have one, keep the HR function in perspective. HR should set/recommend policy, but don't allow HR run the business get between the manager and staff.

Strongly Held Beliefs (Continued)

Managers don't have to treat their staff equally but they should treat them fairly.

Managers learn little when staff tell them what they want to hear and just pump the boss's tyres up. Managers only grow and learn when they are willing to let those around them challenge, criticise and say no, and express their genuine opinions.

The main thing is to always make the main thing the main thing.

If a Manager has a choice of a new hire from the city versus the country, always select the candidate off the farm. Always back your initial 10 second impression of a candidate.

Outstanding Managers never need to advertise or use an Agency to make senior appointments.

Strongly Held Beliefs (Continued)

Leaders display a tireless level of enthusiasm, energy and exceptional work ethic at all times to all stakeholders.

A leadership personality which exhibits a degree of rascal, scallywag, fun, larrikin and charismatic streak gains more respect and performance stretch from staff much more so than a boring, vanilla, bland, conservative style.

Leaders who have an ability to win the game off their own foot, particularly when backs are to the wall and solutions are needed, gather great respect. Demonstrable flashes of brilliance, particularly on getting deals over the line are huge staff motivators.

Leaders should have their own discernible brand character and flair, but still need a commitment to the basics – reliability, modesty, trustworthiness.

Strongly Held Beliefs (Continued)

Happy and passionate staff usually equate to happy and passionate customers.

Walk the office and/or office floor once a day, know the names of at least 200 of your employees and know the names of all employees with five years service or more on site.

Never underestimate the profound benefits of retaining good staff either on the factory floor, in the general office or on the management team. Business stability and consistently good results are the product of staff loyalty. Good leaders seldom lose good staff.

There is no such thing as a deal that cannot be done between parties.

Very good sales people can adapt and make very capable marketing people but seldom do good marketing people 'cut it' in sales.

Strongly Held Beliefs (Continued)

Companies that have a strong emphasis and commitment to the sales function generally have a very discernible heartbeat and sales mood that is 'felt' as you enter their front door.

Good sales operators relish customer/client contact. Below average sales operators blame paperwork/admin tasks for their inability to spend maximum time with customers.

The investment businesses make in advertising, promotion and sponsorship is in total disproportion to the investment made in sales personnel, sales planning and sales processes.

Many Companies get the sales and marketing functions blurred. They should be totally separated and report to the CEO.

Don't wait any longer than 3 consecutive months of market share loss to make changes/take corrective action. Nothing will ever change unless

Strongly Held Beliefs (Continued)

A massive lack of sales talent exists. Universities don't do degrees in sales, only marketing. The scoreboard always looms large in sales and performance is instantly apparent.

A Marketing budget for a campaign should only be agreed to once every angle for free ink has been exhausted. Place as much emphasis on the free ink plan as you would the paid advertising plan.

The term Marketing should be changed to Brand Management. The most important marketing function is to build brand equity. Marketing staff need to be quite precise in ensuring their actions/communications never ever bruise the brand.

Market research is a very questionable practice (except forward model product clinics). If you and your staff live the business and spend 40% of your time in the field you will gain the purest and most accurate research you need to make decisions that reflect the sentiments of your customers.

Strongly Held Beliefs (Continued)

Too many Marketing Managers view advertising and spending their budget as their primary responsibility. The advertising 'lollyshop' can easily become the comfort zone where disproportionate time is spent.

The Company database (including past purchasers) should be the marketing department's most valued assets and most fertile source of new business. It needs to be carefully segmented by all publics and its accuracy/currency spot on.

Differentiation strategies are the most profound game winner in any marketing plan.

Never underestimate the damage internal staff gossiping can do when it reaches such proportions to become part of the company's culture.

Summary

Nothing will ever change unless you make a change

The definition of insanity is doing the same thing over and over and over again and expecting there will be a change in the outcome or results