

## Changing the fortunes of E.ON's Corporate Customer business (D)

In total, 196 roles were to be removed from the business from a starting point of 468 (42%). Analysis of the contract-end dates for Group customers suggested that the turnaround programme should run for two years. Adrian felt this was too long a time to have people experiencing uncertainty and going through change, so he decided it would be an 18-month programme and challenged the team to find a way to fit activities to that timescale. No real analysis was undertaken to decide whether 18 months was realistic or achievable, but it was set as a top-down target. This had the effect of focusing everyone on a very specific date in the future which Adrian openly told everyone would 'simply not change'.

### Announcement

The date was set. A number of parts of E.ON UK's Retail business, which covered Residential, SME and Corporate customers, had been working on changes to improve the profitability of Retail. The business had commonly agreed that these changes would be announced on 29 January 2009: announcing changes that would affect many people's lives just before Christmas was not the right thing to do; nor was landing difficult messages immediately after the festive break. A Thursday in late January was decided on. It was believed that announcing news such as this on a Thursday would give people the chance to reflect on it overnight and ask questions before they broke up for the weekend.

Adrian wanted to adopt some simple principles for announcing the change in January:

- Announce everything he knew – in other words, have no second round of bad news;
- Be totally honest in admitting why these changes were necessary;
- Face up to people personally, both on the day and afterwards.

All colleagues plus a wider group of stakeholders were gathered in the building's atrium so they could all hear the same headlines at once. The value analysis was presented in a way that people could easily understand and remember. It was summarised as follows:

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The case was written by Adrian Merrick under the supervision of Professor Michael G Jacobides, Sir Donald Gordon Chair of Entrepreneurship and Innovation and Associate Professor of Strategic and International Management at London Business School. London Business School cases are developed solely as the basis for class discussion and are not intended to serve as endorsements, sources of primary data, or illustrations of effective or ineffective management.

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