



2011 WINNING CASE STUDY
Operational Performance in the Private
Sector
Boxwood with Trader Media Group



Cutting costs and focusing on the core business enables fundamental transformation

Executive Summary

When a traditional publishing business with sales declining at a rate of 26% per year met the biggest recession since the 1920's, radical measures were called for.

Trader Media Group (TMG) is one of Europe's largest specialist multimedia publishers with titles including Auto Trader - the UK's number one automotive website and magazine. Whilst still profitable, TMG's magazine publishing arm was fighting for survival. The structural shift between printed titles to digital channels had accelerated dramatically. Online options now dominated the classified advertising market. In addition, car sales, and in turn advertising demand, had plummeted in response to the global recession. Demand for advertising fell close to 30% in a single month.

TMG had instigated many different initiatives to address these issues and was steadily migrated revenue and profits online. Whilst the company was managing the structural migrating well, the additional burden of a severe cyclical downturn made it clear that urgent, step change was required. Boxwood was engaged to help.

A joint Boxwood / TMG team developed and delivered a comprehensive plan for radically reducing costs – and succeeded beyond expectations. Twelve regional centres were reorganised to three in just fifteen weeks. Costs reduced by **53%** year on year - with **no loss of revenue** through the transition.

But as well as ensuring the survival of the publishing business, the programme also fundamentally transformed it. New ways of working were implemented, and customers moved from the periphery to the very centre of the business. The transformation provided a sustainable platform for the future.

Nine months after project completion, both revenue and EBIT had increased by **20%** - a testament to TMG's vision, and Boxwood's success in creating the capability to deliver it.

Project and approach

The client problem

TMG had grown rapidly with the bringing together of a number of regional businesses and classified titles. By 2008, however, the classified advertising industry had fundamentally changed.

Websites had replaced magazines as the dominant medium for classified advertising to the extent that sales for TMG's traditional classified titles were declining at a rate of 26% per year.

TMG had entered the online space at an early stage and was well advanced in transforming itself from a print to a digital business. Its websites, such as the flagship autotrader.co.uk, were now delivering the vast majority of revenue and profit.

However the vast majority of management time and effort was being spent on the publishing business. Reliance on manual processes and duplication of functions across regions had created ongoing issues and inefficiencies.

When the global financial crisis hit, the situation became critical. With car dealerships closing the demand for advertising fell 30% in a single month. Unless costs could be radically reduced, the survival of the publishing business was under real threat.

While closing down the publishing business was an option, it had a number of negative implications. The magazines provided an effective reinforcement of TMG's online offerings, and TMG's multimedia capabilities provided a point of difference for the brand. Further, finding a way to extend the life of the publishing business would allow TMG to better manage the final stages of transformation to a fully digital business, and ensure existing business was retained through the transition.

A project team had been established to address the issues the publishing business was facing. However, they had been working in disparate groups spread around the country with different approaches, different plans and little buy-in from the business. Decisions made on one day were often overturned by a different forum on another. As a result, little real progress had been made.

Seeking a consulting partner with acknowledged strengths in execution and a strong track record of delivery, TMG approached the Management Consultancies Association for advice. From a short-list, Boxwood was selected.

Setting a clear direction

A joint TMG / Boxwood team led by Group Operations Director David McMinn was established to deliver the objective of reducing costs in the publishing business. The initial task was to agree a clear direction and focus. The team began by locking itself away for two days to replan the entire programme and, importantly, agree a single approach to delivery, planning, reporting, and governance.

During the seven week 'Prepare' phase which followed the team interviewed around 130 people from all parts of the organisation to develop a deep understanding of the business, and the issues. This also began the process of real engagement with the business – a key element which had been lacking in previous initiatives.

During this phase Boxwood challenged the original scope of the programme, which was heavily focused on a single objective of shutting down offices. While this would be a large part of the solution, Boxwood argued that more fundamental changes to core processes were required to make the business truly sustainable. Despite some resistance this view was accepted and the scope was widened accordingly.

At the end of the Prepare phase the team submitted a radical and comprehensive transformation plan to the TMG board. The following Monday, the transformation began.

Transformation

The plan centred around a major reorganisation from twelve regional offices to three. To support this, every salesperson in the publishing business would move to a new home-based working model. In addition, 12,000 customers would move to a new way of doing business with TMG. Many would switch from regular visits from salespeople to a completely new self-service model, supported by call centre teams. Regional publications would also be reduced from 12 to 9 by merging three pairs of regional titles (stronger titles merging with weaker ones to protect revenue).

The transition was meticulously planned and executed. Office and title mergers were phased, allowing the team to make the best use of resources and to learn and improve the process along the way.

Just fifteen weeks after the announcement, the transformation was complete.

Outcomes

Radical cost reduction

The programme exceeded expectations for cost savings, delivering an impressive 53% year on year reduction. This was achieved without any decline in revenue – in fact a rigorous revenue protection plan meant revenue actually increased by 2% during the transition period!

With the economic situation deteriorating, the need to achieve results quickly was vital. The timeframe for achieving the transformation – just fifteen weeks – was significantly faster than most in the business (and the shareholders) thought possible.

As part of the process Boxwood was also asked to work with the IT function, implementing a new operating model which reduced IT operating costs by 15% in just 12 weeks and delivered some key operational improvements; for example reducing the time to create new customer websites from five days to two.

A foundation for the future

The rationalisation of the publishing business ensured its survival and helped TMG to manage the transition to a digital business more effectively - but it also provided a sustainable platform for future growth.

As well as transforming the business in terms of processes, structures, systems and ways of working, the project turned around TMG's poor record of delivering change, built the organisation's ability to execute and created the confidence that future initiatives could be successfully delivered.

One measure of Boxwood's success in creating the capability to deliver lasting change is that nine months after programme completion, both revenue and EBIT had increased by 20%. The company continues to grow at double digit levels today!

Challenges and success factors

Communication

Resistance to the changes from both staff and customers was a major risk. To counter that a comprehensive communications approach was developed.

A coordinated series of announcements saw a member of the senior management team deliver the same message at each location, at the same time. Having senior managers 'front up' face to face was key. Despite the reality that some staff would lose their job, one executive received an ovation for the honesty and respect for staff that was shown by the way the announcement was made. TMG staff commented that communications had never been managed in such a professional way before.

Bringing customers into the centre

TMG's position in the market had led to complacency, which meant there was initially little consideration within TMG of how the rationalisation would affect customers – creating a significant risk of defection. The joint TMG and Boxwood team strongly challenged this attitude and succeeded in changing the way customer needs were thought about.

'Customer journeys' were developed which clearly set out the impact on customers and what the new process would mean for them. The thoroughness of this approach helped convince customers that the process was well thought out and offered real benefits.

In the end, the focus became as much as anything about managing customer transitions – a major shift for TMG. It also initiated a significant cultural change within TMG, which saw customers placed at the centre of TMG's future strategy.

Building capability

Boxwood's approach was based on creating a lasting change capability within TMG itself to ensure the results achieved would be sustainable.

From the start, ownership of the transformation remained clearly with the business. Each workstream was led by TMG people, supported by Boxwood consultants. Boxwood's role was well understood - to drive, challenge, encourage, support and coach.

A major focus for skills transfer was project management and execution. Inability to execute had been a major weakness in TMG's previous transformation efforts. The TMG Project Management Office (PMO) was seen as overly bureaucratic, and IT rather than business focused. As such, it lacked the necessary 'clout' within the business to make things happen.

Boxwood worked with the PMO to develop their understanding of fundamental change concepts and tools, adapting Boxwood's methodology to suit the TMG environment. The PMO staff incorporated this approach so successfully that they gained accreditation from the Association for Project Management (APM).

The skills transfer also included the recruitment and development of a change function within TMG. This group of change agents in effect bridged the gap between the business and the Project Management Office. They ensure that all new initiatives adhere to the fundamental principles of successful change projects.

A lasting legacy

Boxwood's approach is based on the belief that above all, it is the ability to execute that drives real competitive advantage. That ability is the real legacy of their work with TMG.

Boxwood's final contribution was to work with TMG's executive team to develop their five-year strategic plan. The difference now is that it is backed up by a robust delivery plan - and an organisation with the discipline, rigour and self-belief to deliver it.

Client feedback

"When anyone wants to do anything new they have to go through the „Boxwood process“ – we need clear sponsorship and accountability, a comprehensive plan, a business case and the engagement of those that will be affected."

John King, Chief Executive Officer Trader Media Group

"The publishing business has gone from strength to strength – we are driving growth into markets that people were only too ready to write off. It just shows what you can do when you put customers first, when you work hard to understand what drives value into their businesses, when you've got a focused and energised team. We have come a very long way in a very short period of time."

David McMinn, Managing Director, Trader Publishing

"Engaging consultants is a serious decision for any leadership team and we needed to be absolutely sure that the firm we chose had the ability and drive to deliver. Boxwood's skill at engaging quickly at all levels in our organisation coupled with a no-nonsense, grounded approach to implementation got the programme off to a fast start and convinced us we had made the right choice. We did take a chance in choosing Boxwood, as we had never worked with them before. But, like their other clients that we spoke to during our selection process, we have been absolutely delighted with the results."

Andrew Miller, Chief Executive Officer, Guardian Media Group (formerly Chief Finance Officer, Trader Media Group)