



Global Engineering Management Conference

Tackling today's global management challenges.

GEMC 2010 Interview Series:

Janelle Montgomery
Principal, The Keystone Group

1. What is different about managing turnarounds for technology intensive companies? In your consulting experience are there specific frameworks/methodologies that work better for technology companies?

Technology-intensive companies tend to have a high proportion of their costs in personnel relative to, say, a manufacturing company. This may make a turnaround seem easier because there are costs that can be cut quickly to increase cash flow. On the other hand, much of a technology company's intellectual property assets are tied to these same personnel. So as you trim costs, you have to be very careful not to lose all that valuable knowledge, and there may be a steep learning curve to understand which IP truly drives cash flow.

2. How do you guide global engineering companies through corporate restructuring exercises by causing the least amount of disruption to the inherent talent or future growth of the company?

Every turnaround has to balance the company's immediate survival needs against its future prospects. In almost every case, capital investments and new product development efforts are the first things to be postponed or cancelled to preserve cash. Sometimes you can find creative means of retaining talent at a reduced cost, like putting people on furlough rather than outright downsizing, but there is definitely no easy answer. Each situation has to be evaluated carefully, and you must take into account different jurisdictions' employment laws.

3. How should engineering managers position/manage their teams through downturns?

Communication is essential. Once the announcement is done, gather the survivors, hold round tables, communicate the new road map, etc. As hard as it may be to look your team in the face after a downsizing, managers must get out of their offices and be highly visible and accessible. Managers also need to own the change - blaming 'corporate' tells your team you have no control over their future, decreasing their confidence

even further. Also, we see sometimes that people will 'let themselves go' in times of high emotional stress, so it is important that the managers take care of themselves (hit the gym, good hygiene, etc) to set the right tone for the group.

Janelle Montgomery is a Principal at The Keystone Group and provides manufacturing and distribution companies with strategy and operations, turnaround and merger-integration consulting, drawing on over 20 years' experience in financial and operational transformations in a variety of industries. For GEMC 2010, Mr. Montgomery will be leading the sessions on Keys to Managing Consolidation in a Global Market and High Quality Leadership in the Global Environment. More information on her sessions is available at <http://asmeconferences.org/gemc10/tracks.cfm>