

CASE STUDY

LEADERSHIP

When leadership fails in a crisis



Tanya M. Marsh is a leader by default, an uncomfortable position for anyone with more ambition than ability. Her predecessor and CEO, Dominic Caito, whose surname coincidentally means leader in Sicilian, failed in his attempt to lead an ill-advised management buyout of the diverse conglomerate Gardling Beston. Both were senior executives there at the time. Caito's ensuing resignation led to an unusually public but not unexpected spat that saw several members of the C-Suite resign or simply fall by the wayside.

Gardling Beston's board talked confidence, but the group quickly showed cracks in several divisions. Internal factions formed, customers started to migrate to competitors in many units and some key executives left to avoid getting caught up in the turmoil.

Marsh began life as a banker and held several senior executive and consulting roles before being appointed, somewhat surprisingly as Company Secretary at Gardling Beston. Her elevation to CEO came about when, due to the circumstances in which they found themselves, the board panicked. Hiring an external candidate was not an option, it was felt such an act would send the wrong message to the markets. In the absence of an outright clear candidate from within the group, to the surprise of many,

Marsh was appointed in to the top job. She was felt to be the least offensive to warring divisions and the most palatable if not perfect choice. Marsh was the compromise(d) candidate.

Most observers of this once great company now say that the board allowed themselves to be deluded in to thinking that Marsh would unify the in-fighting executives within Gardling Beston. That her renowned attention to detail would ensure more cracks would not open and her well known persistence and resilience would enable the group to push on through the many difficult challenges it faced.

From that point on, however, Marsh instead gave a masterclass in how not to lead in a crisis. A litany of poor choices and worse decisions. It is unclear whether her miscalculations were all her own doing or whether she was listening to the wrong voices.

Marsh began, many would say naively, by insisting that the Chairman call an early AGM. The Chairman counselled Marsh against such a move, advising that the group should be able to demonstrate concerns were being addressed and show signs of turnaround before taking such action. Marsh insisted it was her show, taking the view she should go big or go home and



proceeded to hold one of the largest ever shareholder meetings in corporate history. Though the meeting was well supported, it served little consequence. Several resolutions were voted down, US asset manager Jackson Collins Inc, a tough but major shareholder in Gardling Beston, who were set against her appointment, took every opportunity to undermine her. As a result, Marsh now found herself with even tighter handcuffs and less room to reposition the group than before the AGM.

It became apparent quite quickly that while Marsh had a good eye for detail, she had no clear strategy for the group. Her efforts to develop such, failed to include the heads of group business units. Her lack of communication and closed decision-making style was a gift for her detractors within the organisation, some of whom fought for the CEO role themselves.

Marsh's failure to first unite group leadership meant some of her "team" were more interested in positioning for another attempt at securing the top role for themselves than an internal ally. Her lack of detail and clarity confused group customers and key suppliers, sometimes making decisions only to soon rescind them. At both internal and external events, she regularly offered stakeholders, including large

investors, little more than platitudes. "We're getting there" the FT reported was her well worn-phrase, "yes, but where are we getting to Tanya" became the ironic reply.

When Marsh and her team eventually outlined their strategy for the business, it was poorly received by investors and customers alike. Prior to its first scheduled release at a group facility, coinciding with a visiting dignitary, someone on her board persuaded her to pull the presentation which ultimately made her look incompetent and indecisive.

When she did at last present her negotiated programme "Paths to Value", several commentators slammed it as "past its value" and only likely "to further erode value and confidence in the group". Many of Gardling's business units overlap their customers. It is in this area that investors and commentators saw real value to be unlocked. However instead of adapting Gardling's business model towards that which key stakeholders were asking, she remained steadfast on the groups original plan. That was until she was no longer steadfast.

Having invested a significant amount of her own and Gardling Beston's goodwill and credibility in her plan for the business, her more recent investor calls and general town hall communications indicated she now

planned to bring the group back to what key stakeholders were calling for three years ago, causing immense frustration. During her time in charge, while competitor firms have grown in value, Gardling's share price dropped 10% and threatened a possible collapse.

What exactly are Marsh's leadership strengths and where are her gaps? Certainly she comes across as an appealer rather than influencer. While charisma is no guarantee of leadership ability, leaders find it difficult to function effectively without it. There are always factions within organisations positioning for one advantage over another. Leaders need to be able to work through breakdowns, achieve consensus and bring all stakeholders, however dissenting, on the journey with them.

Communication, collaboration and consistency are vital to restoring confidence, in a crisis. Today, despite her apparent lack of real leadership competence, the gravity of the challenges the organisation faces and many calls for her resignation and replacement, Marsh remains as CEO of Gardling Beston.

What action would you take if you were Chairman or CHRO of Gardling Beston?

What would you have done differently if you were Tanya Marsh?

What would you have done differently if you were Theresa May?