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# The application of action learning at board level in a business emerging from distress

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## ABSTRACT

The COVID- 19 pandemic changed familiar working practices overnight; Routine face to face meetings could not be held, accordingly, businesses were forced to replace routine meetings by digital technology to engage socially dispersed stakeholders in the task of maintaining business continuity. Radical sports cars are a motorsports business that has recently undergone turnaround and is beginning the transitional journey to recovery. Turnaround is a traumatic process for everyone involved. and generally, demands strong leadership, while on the other hand, the recovery phase requires the engagement of a diverse range of personalities and skills who are expected to form into a team with a shared vision and goals. This paper will report from an insider researcher's perspective including a short description of the business turnaround undertaken that contextualises the unexpected challenges that emerged, and, how adaptive action learning was utilised to augment other mechanisms that were able to continue through the Covid 19 crisis, thus, this work does not explore the meaning or the process of action learning, but rather provide a first-hand "lived experience" of adaptive action learning as applied to Radical sportscars. it is worth nothing here that the problems encountered, largely conform to the "wicked" descriptive.

## Introduction

Radical Sportscars is a world-class leader in the production and exporting of its own design and manufactured racing cars and track cars sold to markets around the world. Thirty-two franchised dealer partners, in twenty countries and numerous teams provide an opportunity for drivers of all ages and skill levels, to race in a portfolio of Radical Championship series at major racetracks throughout the world. Formed in 1987, the company has produced over 2300 racing cars to date. Poor leadership and ineffective management resulted in the company having serious financial and operating problems resulting in a turnaround of the business that I led as CEO, and which was successfully completed in Q1/2020.

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Then having achieved so much, a sharp rise in Covid 19 infections during March 2020 culminated in a lockdown that increased the risk to the business exponentially because the threat and concomitant impact were impossible to forecast. The effect was a hasty transition of working practices that included rapidly migrating routine meetings onto digital platforms in order to engage socially dispersed stakeholders in the task of maintaining business continuity. The uncertainty generated management stress which could have become debilitating. The board needed to address two urgent questions;

1. Can business continuity be maintained with the fundamental management routines disrupted by enforced social distancing?
2. Will enforced social distancing affect personal influencing style and approach?

I was introduced to action learning as part of the LJMU DBA programme and I recall that my first reaction is that it appeared to be an amorphous concept that was difficult to grasp and had questionable value, which led to scepticism, however, just as Covid 19 had forced the adaption of working practices, action learning offered an opportunity to expand my skills with the goal of adapting my leadership style to deal with the crisis. One benefit of working from home was that I had sufficient uninterrupted time to introduce critical reflection into the decision-making process, which I felt could conceivably replace the “gut reaction” or “informed” decisions that often prevail in face-to-face meetings.

Action learning is an unfamiliar concept in Radical, consequently, introducing it as pedagogical learning or ethos in the middle of a crisis was a potential risk, therefore, I abandoned the idea and decided to experiment using some of the techniques of action learning on people rather than with people, and felt that as CEO using the technique to augment other control mechanisms was fully justified. I was acutely aware that the combination of Radical Sportscars transitioning from distress into recovery; new senior appointments, Brexit and, Covid 19 restrictions on working practices, contrived to force upon the business, an unprecedented set of circumstances that threatened business continuity. To ensure that business continuity remained at the forefront of the leadership's agenda, a framework was created based on the embedded management routines that were in use prior to Covid; these were:

1. A schedule of routine meetings designed to monitor performance and take corrective action when needed. Albeit now being held virtually.
2. Key stakeholder attendance included investors, directors, managers and staff charged with strategy, upholding corporate governance and maintaining business continuity.
3. External stakeholder management; Banks, governing bodies, 32 dealer partners based in 20 countries.
4. Plan, do, check, act, reporting cycles assessed through defined KPI's.

When the Covid 19 pandemic caused the first lockdown in March 2020 the government had exempted key workers including manufacturing, therefore, on the basis medical solution would be found I decided to invest in new product development that could place the company in a very strong position when we emerged from lockdown. This decision

was in hindsight, one of the most important decisions I have ever taken because it delivered three critical things:

1. Projected confidence to staff and customers boosting moral.
2. Kept staff engaged and motivated.
3. Radical Sportscars launched its most successful car ever in the middle of the Covid lockdown.

This period was analogous to a 'wartime spirit' where everyone in the company focussed on the immediate task rather than the gloom of Covid 19, and leadership under these circumstances was directive.

Action learning was employed during this period to resolve complex problems that arose from the conflict of developing new products while coping with increasingly difficult operating circumstances due to the pandemic, not least of which was the supply chain.

As the Covid 19 restrictions were eased towards the end of 2020 and with the benefit of newly launched products that were breaking all sales records, the business began the transition to a more inclusive democratic style of management with emphasis on the sales and marketing functions. It appeared as though the crisis was over and Radical Sportscars had delivered on its lockdown strategy to be in a strong position post Covid.

During the first lockdown, the leadership style was singularly directive and subordinates compliant. The threat of failure concentrated efforts into the goal of surviving. The problems encountered throughout this period were complex but manageable. On the other hand, as the business emerged from lockdown and began its transition to a more democratic style, there was a noticeable increase in conflicting opinions within the board that I observed were shaped by culture, comprehension, intellect, wisdom, experience, credibility, beliefs, strengths and weaknesses of both personality and skills, however, the conflicting opinions could at times be a moderator of mono-dimensional views on complicated subjects, and as such, could produce positive results. Conversely, the shift exposed the "differences" in participant's styles, personality traits and ambitions which often initiated polarised disagreements and caused an inexorable increase of wicked, intractable problem as certain individuals pursued their own agenda or interpretation of agreed actions.

The increase in wicked problems was caused by a combination of factors:

1. Some senior individuals and stakeholders pursued an agenda to influence outcomes based on their own interests and objects.
2. The resultant conflict at board level undermined trust as multiple camps emerged.
3. The exponential rise in intractable wicked problems that resulted absorbed a huge amount of management time with no benefit to the business and only served to further undermine trust and destabilise the board.

When an increase of wicked problem was first observed I believed the issues were caused by a variety of psychological states including anchor heuristic. This is an inflexible state of mind and is the most difficult to influence in any way that does not conform to the individual's belief that they understand the problem regardless of others' views, and

consequently, act according to their own beliefs. This may also be a causation factor but one I have discounted because on reflection, I concluded the actions of certain individuals were deliberate, and, subsequently concrete evidence emerged that conclusively proved this was the case.

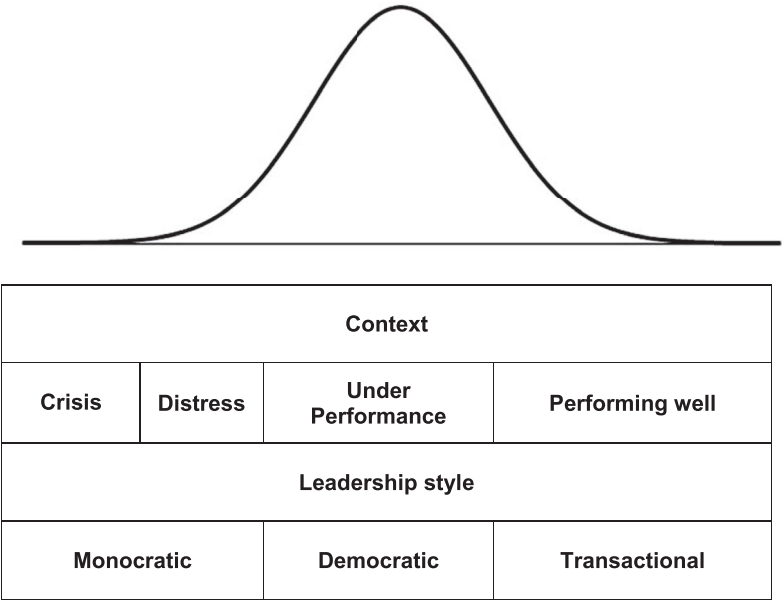
It is perhaps remarkable that this unacceptable behaviour appeared to manifest itself over a relatively short period of 4 months, however, on reflection, it was evident in some individual's behaviour much earlier but nowhere near to the same extent as during the transition from crisis to democratic management. The foregoing resulted in a complete restructuring of the board which underlines the damage that this period caused, the dichotomy is that it was caused while radical was achieving record levels of performance.

## Conclusions and discussion

I have decades of experience operating at the board level and it is not unusual to experience issues that result in a change to the structure of the board, the business or both. What is unusual in this case is that I have never experienced such a seismic change when a company is performing so well. Action learning was instrumental in revealing the behaviour of individuals that was in clear contravention of governance frameworks that exist to protect the business and its stakeholders. Action learning and what has been revealed as a result of critical reflection have moved me through several paradigms which at the start of the process were not anticipated and were most definitely a shock. One effect is that reflective practice has slowed me down, which given my job as CEO of a race car company is an oxymoron. I began the account of practice with two urgent questions and have added a third which I now address:

1. Can business continuity be maintained with the fundamental management routines disrupted by enforced social distancing?
  - a. Technology platforms enabled virtual meetings to take place without interruption and facilitated adaption of control frameworks. I do not anticipate a return to old practices.
2. Will enforced social distancing affect personal influencing style and approach?
  - a. I became acutely self-aware of my own personal influencing style and impact. Leadership style needed to adapt to the business context; monocratic, democratic, transactional.
  - b. Managing a team remotely removed the subtle communicating signals that are invisibly present when engaging in face-to-face discussions, consequently, virtual meetings required a much more precise form of engagement to influence participants.
3. Pre-Covid management often relied on "gut reaction or gut instinct" to do the job. Is gut reaction better described as bias or expertise?
  - a. A straw poll of this question amongst colleagues was revealing. The result was roughly 50/50, whereas pre Covid, it would have probably been skewed towards expertise.

The data collected throughout this experiment was a mixture of quantitative data derived from KPI's and qualitative data derived from abductive discussion. The incidence



**Figure 1.** Observed wicked problem volume as a function of the business context.

of wicked problems was revealed using both methods by triangulating the quantitative data with narrative qualitative information using critical reflection to gain a better understanding of what I was observing and contrasting it with actual progress on numerous topics. The perceived wicked problems were recorded on a simple frequency chart. The analysis indicated that wicked problems were proportionate to the prevailing business context i.e. crisis produced rather less intractable problems and democracy produced more, which when configured against context produced part of a normal distribution curve. It would be fascinating to understand if on the transition of a business to a transactional state, the wicked problems reduce to form a normal distribution curve, thus, I hypothesise that wicked problems are constantly present in business and are proportional to the context (Figure 1).

An illustration of the hypothesis that wicked problems are proportional to the state of the business.

This account of practice is a record of what actual events; accordingly, I relate strongly with the view that adaptive action learning is best learnt through a lived experience which requires adaption to the context and content, and leaders exercising intelligence, experience, skill and wisdom to decipher the causality of problems, and form remedial strategies and action to overcome them, thus, action learning needs to be done in order to be learned, learning alone is inadequate (Revans 1998). The acknowledgment that wicked problems occur, and are proportionate to the context of the business, significantly influenced the critical reflection process and stimulated fresh thought on how to remedy intractable issues. Hence, adaptive action learning is a useful technique to enable leaders to learn about their own self, and the impact they have on outcomes and colleagues. The learning experience is difficult to definitively describe in words or

in terms of its measurable impact, however, adaptive action learning, and in particular critical reflection, has undoubtedly had a considerable influence on me as an individual, that manifests in more incisive questioning of a subject and the propensity to reject superficiality and seek substance. I hope this AoP stimulates fresh thought on the subject particularly on the general context and content that exist within a business environment that under certain conditions, led to wicked problems, and provides a valuable source of insight that may be used as a bridge between academia and industry.

### Disclosure statement

No potential conflict of interest was reported by the author(s).

### Notes on contributor

*Joe Anwyll* is an experienced CEO with highly developed skills in business turnaround and performance improvement. His turnaround experience spans public and privately owned businesses, where he was appointed to lead transformational change.

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