UNIT DESCRIPTION: This elective should create awareness of the reasons why organisations experience crises and what might be done to identify problems, to avoid decline and potential failure and to turnaround the organisation to enable it to succeed in the future. The symptoms and, more particularly, the causes of failure will be examined in depth, as well as the techniques, both quantitative and qualitative, that may be used to identify the onset of difficulties as early as possible. Various approaches to turnaround will be reviewed. Successful turnaround strategies will more likely be achieved if problems are recognised early.
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<table>
<thead>
<tr>
<th></th>
<th>Douglas Briggs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lecturer</td>
<td><a href="mailto:D.Briggs@mgt.gla.ac.uk">D.Briggs@mgt.gla.ac.uk</a></td>
</tr>
<tr>
<td>Email:</td>
<td>0416 336 445</td>
</tr>
<tr>
<td>Phone:</td>
<td>6488 1072</td>
</tr>
<tr>
<td>Consultation Hours:</td>
<td>To be arranged and by appointment</td>
</tr>
<tr>
<td>Lecture Times:</td>
<td>See topic list</td>
</tr>
<tr>
<td>Lecture Venue:</td>
<td>Myers Lecture Theatre</td>
</tr>
</tbody>
</table>

Your lecturer

Douglas Briggs  (B Com. B Ec. (Tas) CPA) is Honorary Senior Research Fellow in Management in The University of Glasgow Business School. He was the Director of European Management Programmes until he took early retirement in 1997. He was Director of the MBA Programme from 1985 until 1990. He developed the European Summer School for Advanced Management and is now non-executive President of ESSAM. Until 2003 he was the Academic Director of AISAM. He has lectured in Company Failure and Renewal/Corporate Transformation in the Graduate Schools of Management, University of Adelaide, the University of Western Australia, the Helsinki School of Economics and Business Administration, ESC Marseille/Provence, the Instituto Internacional San Telmo (Seville), the Aarhus School of Business and in Portugal. Douglas was one of the first members of academic staff on the creation of the Commerce Degree in the University of Western Australia.

He has been an adviser to several European business schools in the development of MBA programmes. Since retiring, he has continued these activities and is continuing to teach in a variety of schools and to deliver executive programmes.

He has been interested in corporate failure for a number of years and first introduced the topic as an MBA elective in The University of Glasgow in 1980.
UNIT DESCRIPTION

Introduction

This unit will help you to integrate much of your early learning from the MBA programme. A great deal can be learned from the examination of failed organisations, and although this may seem to be a rather negative approach, the route to failure is not always easily avoided. By reviewing failed organisations in the context of analytical models, we can become aware of the pitfalls. It is a very practical course, but related to the theories of the appropriate functions and disciplines which lead to successful management. We hope that you are able to avoid failure, or at least, to learn from it when it occurs.

Formal lectures in the early part of the course will be supplemented by case studies, use of extensive video material and presentations from the participants as the course progresses. Participants will be encouraged to introduce local material.

The goal of the unit

This elective should create awareness of the reasons why organisations experience crises and what might be done to identify problems, to avoid decline, potential failure and to turnaround the organization to enable it to succeed in the future. The first step towards revival is to know that there is a need. Therefore the course will begin with an examination of the symptoms and, more particularly, the causes of failure. This sounds rather negative, but our experience shows that the greatest barrier to successful turnaround is to accept that there is a need before it is too late. We will review the reasons why organisations have failed or are failing so that we can identify the onset of difficulties as early as possible. Techniques, both quantitative and qualitative, will be reviewed. Successful turnaround strategies will more likely be achieved if problems are recognised early. Various approaches to turnaround and the problems of re-financing will be examined with cases and examples.

As well as reviewing the failure of business organisations, attention will be given to catastrophic physical disasters such as aeroplane and railway crashes so that useful parallel explanations can be observed.

By analysing the decline of corporations and other organisations, participants will be better equipped to manage at a high level and as a director. They will better understand the interrelationships of a multiplicity of management functions and activities and therefore be better able to anticipate the emergence of problems and be aware of the remedial action needed to ameliorate potential adverse consequences. Formal lectures supported by a comprehensive study guide, illustrative and study cases with videos will provide the opportunity to apply the analytical methods presented in the course. There will be assignments for learning and assessment, group activities and case presentations, a group assignment with presentations and finally, a substantial individual assignment which may be related to an organisation of the participants’ choosing.
Learning outcomes

The learning outcomes state explicitly what the student will be able to do with the subject matter by the end of the unit. They provide a framework for teaching and assessment in the unit.

On completion of this unit, you should be able to:

- identify the symptoms and causes of failure
- understand the processes of organizational decline
- identify the onset of potential failure from within and outwith the organisation
- understand the fundamental principles of insolvency law and how it affects companies and those who manage them
- understand how to avoid failure or
- how to ameliorate its consequences
- how to identify and implement turnaround strategies

Prerequisites

Apart from the general requirements set out below, there are no specific prerequisites for this unit, but you will gain more from it if you enrol towards the end of your MBA.

This unit assumes that students have an operational competency in accounting, corporate finance, marketing and organisational behaviour.

Key dates

The course will be delivered on an intensive basis over five days between Monday 9 January and Friday 20 January. There will be breaks and group activities during most classes.

TEACHING AND LEARNING RESPONSIBILITIES

Teaching and learning strategies

The comprehensive study pack has been designed to facilitate learning of the material in an intensively delivered mode. Key articles need to be downloaded from the library to complement the pack. These are indicated in the pack.

Cases are included and participants will have frequent opportunities to work in groups to apply their understanding. The group project provides an opportunity for more in-depth investigation where participants will benefit from further investigation of additional sources to strengthen their analysis. The individual assignment can be based on an organisation of choice in order to promote interest and relevance to individual circumstances. It may be the organisation you are, or have been, working in.

The material in the pack will be discussed in class, but participants will benefit more from reading the textbook and the study pack in advance.
Charter of student rights

This Charter of Student Rights upholds the fundamental rights of students who undertake their education at the University of Western Australia.

It recognises that excellence in teaching and learning requires students to be active participants in their educational experience. It upholds the ethos that in addition to the University's role of awarding formal academic qualifications to students, the University must strive to instil in all students independent scholarly learning, critical judgement, academic integrity and ethical sensitivity. The charter outlines the rights and responsibilities for both students and staff of the university and you are encouraged to refer to the charter at:

Use of student feedback

You will be asked to complete two evaluations during this unit. The Student Perception of Teaching (SPOT) and the Student's Unit Reflective Feedback (SURF). The SPOT is an evaluation of the lecturer and the unit. The SURF is a university wide survey and deals only with the unit. Your feedback is extremely important and can be used to make changes to the unit or lecturing style when appropriate.

Over time, the unit has been developed and modified in the light of feedback and from further insights offered by participants during the course.

ASSESSMENT MECHANISM

The purpose of assessment

There are a number of reasons for having assessable tasks as part of an academic program. The assessable tasks are designed to encourage you to explore and understand the subject more fully. The fact that we grade your work then gives you an indication of how much you have achieved. Providing feedback on your work also serves as part of the learning process.

Assessment details

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
<th>Due date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group presentations and submission</td>
<td>30%</td>
<td>17 January 2006</td>
</tr>
<tr>
<td>Individual assignment</td>
<td>70%</td>
<td>Monday 10 February 2006</td>
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</tbody>
</table>
The standard of assessment

The Graduate School must ensure that the processes of assessment are fair and are designed to maintain the standards of the School and its students. The School follows the University of Western Australia’s grading system.

HD (Higher Distinction) 80-100%
D (Distinction) 70-79%
CR (Credit Pass) 60-69%
P (Pass) 50-59%
N+ (Fail) 45-49%
N (Fail) 0-44%

The School awards marks leading to these grades by using the following general criteria which are presented here as an indication of the School’s expectations. These general criteria may be supplemented by specific standards provided with regard to a particular assignment.

HD The student has a clear understanding of theory, concepts and issues relating to the subject and is able to adopt a critical perspective. The student is able to clearly identify the most critical aspects of the task and is able to offer a logically consistent and well articulated analysis within the analytic framework presented in the course. The student is able to draw widely from the academic literature and elsewhere but maintains relevance.

D The student has a clear understanding of theory, concepts and issues relating to the subject. The student is able to develop an analysis of an issue using the analytic framework presented in the course and is able to identify and evaluate the critical issues. The student is able to draw upon relevant academic and other material.

CR The student demonstrates an understanding of the analytic framework developed in the course and a partial understanding of concepts and issues. The student is able to identify some key issues and is able to present a logical discussion, but with some conceptual errors or gaps between analysis and conclusions shortcoming. The student is able to draw upon an adequate range of references and other materials.

P The student generally takes a descriptive rather than analytic approach to the subject. The student is able to demonstrate some understanding of the issues involved but does not demonstrate the ability to apply the analytical framework which had been developed in the course. Draws primarily upon course materials for referencing.

N+ The student is unable to demonstrate that he or she understands the core elements of the subject matter. The student is able to provide some insight into issues but misapplies analytic framework developed in course, omitting key factors and, for example, drawing conclusions which are not related to the preceding discussion.

N The student is unable to demonstrate any understanding of the subject matter. Material presented for assessment is unrelated to course framework and shows no effort to identify or address critical aspects of the topic.

The scaling of marks to ensure comparability between classes in an acceptable academic practice. The GSM and Board of Examiners has the right to scale marks where it is considered necessary to maintain consistency and fairness.
Assessment 1

Group assignment:

There will be groups of 5. Each case will be assigned to two groups. Other groups are expected to have read the case and to be prepared to ask questions and to make critical, but constructive comments about the presentations. Obviously the cases will only be presented against the background of the material discussed to that stage of the course, and they will be assessed accordingly. Presentations will be scheduled for 17 January 2006. A written submission is required at the same time.

Description

Prepare a full presentation to the class on the failure or potential failure of the organisation in the case allocated to your group, and where appropriate, comment on the opportunity for turnaround or on the outcome of a past turnaround and explain what you believe should have been or should be done. Also submit a written presentation of 2,000 (no more than 2,200) words. Overheads and other material (including flip charts) used in your presentation may be incorporated in your submission as appendices, but they alone will be inadequate.

Your presentation should begin with a brief resumé of the background to the case, followed by an analysis of the causes of the problems in the organisation, linking them to the issues discussed in class, specifically referring to evidence or inference in the case. Where appropriate, explain what might have been done to avert a tragedy, or why you might have adopted a different strategy in relation to a turnaround. You will be given a maximum of twenty five minutes for the presentation, following which there will be time for questions and discussion.

You may use whatever presentational style you wish. Marks will be awarded for the effectiveness of your use of technology rather than for use of a particular medium.

There will be groups of 5. Each case will be assigned to two groups. Other groups are expected to have read the case and to be prepared to ask questions and to make critical, but constructive comments about the presentations. Obviously the cases will only be presented against the background of the material discussed to that stage of the course, and they will be assessed accordingly.

Assessment criteria

Identification of the causes of failure discussed in the course, evidence to support these views, relative significance of each of the causes, what action might have been taken to avert the crisis. If your case relates to a turnaround, you will be expected to present a critical analysis of the turnaround process and approach, based on the application of ideas discussed in the course.

One-fifth of the marks allocated to this assignment will be given for the quality of the presentation.
Assessment 2

Submission time and date: 5pm, Monday 10 February 2006. A hard copy should be submitted to the GSM reception. Electronic submissions will not be accepted. The length of 2,500 words is indicative; it must not exceed 3,000 words. In addition, you may add appendices and attachments.

Description

For this assignment you may choose a company which interests you, or a case distributed, but not discussed in class. If you choose the former you will need to add a short (500 words) explanation of the organization, accompanied by an appropriate appendix providing background data and information if you think this is necessary to enable the reader to understand your submission. Students may discuss their choice of organisation with the course presenter, but ultimate responsibility for the choice remains with the student.

In no more than 3,000 words, discuss the causes of, and issues related to failure, and the processes and efficacy of the turnaround strategy, if appropriate. The focus of your assignment will depend on where the organization is in relation to its failure trajectory or to its future. You are required to explain the reasons for failure, or likely failure, in the context of the models discussed in the course including Slatter, Miller, Kets De Vries and Miller, Sull and any other relevant sources; to provide a critical analysis of the turnaround strategy adopted by the organisation, if appropriate, and your recommendations with reference to the material covered in the notes, in class discussions and from other sources. Please provide full references to other sources if you use them.

Individual submissions must be your own work, although you may profitably discuss the cases with your colleagues and pool your resources and other sources of information if you wish.

Assessment criteria

Identification of the causes of failure discussed in the course, evidence to support these views, reference to appropriate sources, the relative significance of each of the causes, what action might have been taken to avert the crisis. If your case relates to a turnaround, you will be assessed according to the application of the relevant ideas discussed in the course.

Submission of assignments

Assignments should be submitted in class on the due date or if handed into the office; a standard cover sheet should be used and a receipt issued.

Late assignments will attract a penalty of 5% per day. This penalty will be waived by the lecturer only in exceptional circumstances. No marks will be awarded to assignments submitted after other students in the class have had their assignments returned.

Papers of excessive length will also attract a penalty. The penalty will be 5% for each 300 words, or part thereof, over the word limit.

Assignments will be returned in class or through the GSM reception.

It is the intention that the marked assignments will be returned within two weeks of submission.
ETHICAL SCHOLARSHIP, ACADEMIC LITERACY AND ACADEMIC MISCONDUCT

Ethical scholarship is the pursuit of scholarly enquiry marked by honesty and integrity.

Academic Literacy is the capacity to undertake study and research, and to communicate findings and knowledge, in a manner appropriate to the particular disciplinary conventions and scholarly standards expected at university level.

Academic misconduct is any activity or practice engaged in by a student that breaches explicit guidelines relating to the production of work for assessment, in a manner that compromises or defeats the purpose of that assessment. Students must not engage in academic misconduct. Any such activity undermines an ethos of ethical scholarship. Academic misconduct includes, but is not limited to cheating, or attempting to cheat, through:

• Collusion
• Inappropriate collaboration
• Plagiarism (see more details below)
• Misrepresenting or fabricating data or results or other assessable work
• Inappropriate electronic data sourcing/collection
• Breaching rules specified for the conduct of examinations in a way that may compromise or defeat the purposes of assessment.

Penalties for academic misconduct vary according to seriousness of the case, and may include the requirement to do further work or repeat work; deduction of marks; the award of zero marks for the assessment; failure of one or more units; suspension from a course of study; exclusion from the University, non-conferral of a degree, diploma or other award to which the student would otherwise have been entitled. Refer to the Ethical Scholarship, Academic Literacy and Academic Misconduct and individual Faculty policies. For further information on the rules and procedures in respect of appropriate academic conduct you should visit: http://www.teachingandlearning.uwa.edu.au/tl/academic_conduct

Acknowledgements and plagiarism

In the course of your individual and group work assignments, you will encounter ideas from many sources. These will include journal and newspaper articles, commentaries, books, web sites and other electronic sources, original case sources, lecture materials. All MBA assignments that you submit must acknowledge all the different sources you have used. Not to acknowledge your sources is plagiarism, a form of dishonesty. Plagiarism is the misappropriation of the work or ideas of others and presenting them as your own. This is reprehensible from both an ethical and legal viewpoint. Neither the School nor the University accepts ignorance or the fact that a student’s previous acts of plagiarism had been undetected as a defence.

In order to avoid engaging in plagiarism it is your responsibility to acknowledge all of your sources in any work submitted for assessment and it is essential that you reference the work of others correctly. Where you quote directly from a source, you must ensure that any direct quotations are placed in quotation marks and are fully referenced. Even when you do not quote directly and are just referring to or expanding on the work of others, you must still acknowledge the sources of your information and ideas. Close paraphrasing in which you change a few phrases around, leave a clause out of a long sentence or put the original sentences in a different order is still plagiarism. To mark words as a quotation the entire text that has been coped should be enclosed within quotation marks. If the copied text is four or more lines in length, it may be more appropriate to set is as a separate and indented paragraph. Each time that text is copied, the source must be acknowledged with a reference citation, including the page number.

Advice on proper referencing is given below. If you have any doubts concerning appropriate referencing formats or how to acknowledge the work of others correctly, you should seek the advice of your lecturer.
Referencing

It is important that the referencing of any sources used in your written work is done properly, if only to substantiate the points you are making in your assignment or project. The Harvard style is the preferred and there are some notes for guidance which have been prepared by the library staff: ‘Citing your sources Harvard Style’

Endnote is a really good system for building up a database of references. Not everyone will want to invest the time in using this system but you should consider it if you intend to build up resource materials or plan to undertake extensive research in a particular area. The library staff have also developed a tutoring package: ‘A quick Guide to Using EndNote’ which provides the basics for using EndNote with an essay

This is linked to from the how to Use End Note page www.library.uwa.edu.au/guides/endnote/ which provides more comprehensive information.

Appeals against academic assessment

In the first instance, students are strongly advised to talk informally to the lecturer about the grade awarded. The University provides the opportunity for students to lodge an appeal against any mark which he or she feels is unfair. Any student making an appeal is under an obligation to establish a prima facie case by providing particular and substantial reasons for the appeal.

There is a 12 day time limit for making any such appeal. An appeal against academic assessment may result, as appropriate, in an increase or decrease in the mark originally awarded. The University regulations relating to appeals and the form on which the appeal should be lodged can be found in the GSM website or at

TEXTBOOKS AND RESOURCES

Textbook(s)

Recommended/required text(s)

(ISBN 0-14-027912-1)

Supplementary readings for Corporate Failure MGMT8615 are available for purchase from the Co-op bookshop. One copy will be made available in the Library Reserve Collection.

Additional/Suggested/Alternate text(s)

There is no alternative text for this course. There is an extensive additional reading list at the end of this unit outline
Additional resources and reading material

Reference List

In addition to the recommended text book, the following list includes some of the more important and useful references. A more extensive list is available if required. Unfortunately, Argenti is out of print, and although somewhat dated, if a copy can be found it is worth reading. Adams et al is Australian but lacks any discussion of turnaround. It is also expensive! During the sessions a number of failures will be examined as well as some turnaround cases. There are some good accounts of Australian corporate decline to be found in Sykes's The Bold Riders, Gottliebsen's 10 Best and 10 Worst Decisions and more recent ones in a variety of specific texts some of which are listed below. Other accounts relating to failures in Europe including Maxwell, BCCI, Barings, or accounts of physical disasters such as the Paddington railway disaster, the Longford (Victoria) explosion or accounts of successful turnaround provide interesting insights into various aspects of failure. Participants will not be expected to read them all, but during the sessions some of them will be discussed.


Gottliebsen, R. 2003, 10 Best and Worst Decisions of Australian CEOs, Viking.

Greenslade, R. 1992, Maxwell's Fall, Simon and Schuster, London,


Sadtler, D., Campbell, A., and Koch, R., Breakups Build Profits, World Executive’s Digest, pp.24-26


Participants should also consult weekly business journals and the daily business press. These publications will contain news of organisations in difficulty.

*These references are available on-line from the University Library.

**Websites**

UNIT STRUCTURE

Seminar topics

<table>
<thead>
<tr>
<th>Day</th>
<th>Week Commencing</th>
<th>Topic</th>
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<tbody>
<tr>
<td>1</td>
<td>9 January</td>
<td>The meaning and incidence of failure. Causes and symptoms of failure. (Read Peptide Chemicals and Laker Airlines cases)</td>
</tr>
<tr>
<td>2</td>
<td>10 January</td>
<td>Organisational collapse and catastrophic failure in complex systems. Inter-relationship of technical and human aspects of failure. Relating systems failure to business. (Read British Midland disaster, railway disasters, Barings Bank, National Safety Council cases)</td>
</tr>
<tr>
<td>3</td>
<td>11 January 1-15 to 5-15pm</td>
<td>Failure trajectories, failure monitoring and prediction. (Read Olympia and York, Parmalat, easyJet cases) Company visit</td>
</tr>
<tr>
<td>4</td>
<td>16 January</td>
<td>The challenge of turnaround. Approaches to turnaround. (Read Continental Airlines article, Stagecoach, Poppy King cases)</td>
</tr>
<tr>
<td>5</td>
<td>17 January</td>
<td>Some strategic options: buyouts, insolvency, re-financing. (Read Laura Ashley, British Airways cases) Participants' group presentations and assignment</td>
</tr>
</tbody>
</table>

Attendance

Participation in class, whether it be listening to a lecture or getting involved in other activities, is an important part of the learning process. For this reason the GSM has decided not to move to on-line teaching. It is, therefore, important that you attend all classes (and be on time).

More formally, the University regulations state that ‘to complete a course or unit students shall attend prescribed classes, lectures, seminar and tutorials’. Students whose attendance at MBA units that has been unsatisfactory will not be granted a pass grade. Given the intensive mode of teaching for the Summer program, absence without prior permission from the lecturer is classified as unsatisfactory.

Taping of Lectures

The Graduate School does not provide tape recordings of lectures, however if you do wish to tape record a lecture then as a matter of courtesy, you should obtain the permission of the lecturer first.