

From Champagne showers to the back of the grid: A case study of Williams Racing

MANAGEMENT DECISIONS

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The future of Williams

May 2020

At the board meeting all options for the team's future are discussed. Claire's main concern is maintaining the family brand name but she also wants to save the team and its employees. With Williams haemorrhaging money, the board has undertaken a strategic review of the company's future after announcing a £13 million loss in revenue. The loss comes from the team's poor performance, loss in sponsorship and commercial rights due to the cancelling of races during the pandemic. In addition, Williams has had to furlough staff to weather the storm of Covid-19 and face the realisation that future redundancies are a real possibility without new financial backing. Claire had stated that they would rather sell the company than lose staff who she has described as 'family'. The discussion goes on for hours and is emotionally charged, yet the board agrees on a new strategic direction and subsequently publishes a press release:

"Options being considered include, but are not limited to, raising new capital for the business, a divestment of a minority stake in WGPH, or a divestment of a majority stake in WGPH including a potential sale of the whole company whilst no decisions have been made regarding the optimal outcome yet, to facilitate discussions with interested parties, the company announces the commencement of a 'formal sale process'" (Cooper, 2020).

The door to Williams' future has now been opened to all potential possibilities. The timing of the announcement also raises questions regarding the upcoming Concorde Agreement deadline. At the time of publishing their press release, Williams had not signed the agreement, increasing speculations about the future of the organisation. With the agreement looming, it appears that Williams would like to be certain about the direction of the company before signing on for another five years. Claire maintains that no final decision has been made however they wish to have the issue resolved within the next few months. This indicates that the future of Williams in F1 is truly dependent on financial intervention.

August 2020

After a few months of consideration Claire felt that selling the company would be the only way to save her father's legacy. Allen & Co. and Lazard have been selected as Williams financial advisors, handling any potential offers for investment or sale. The advisors further presented several interested venturers to the board who showed interest in purchasing Williams Grand Prix Holdings PLC. Among the potential venturers was Dorilton Capital, a private US investment firm with a vision for Williams' future and a vested interest in preserving the Williams heritage. Dorilton Capital is intent on keeping the Williams name, the office in Grove, and the family

feeling that surrounds the company. In the press release from Williams the team announce the completion of the acquisition and why Dorilton was chosen:

“Dorilton recognises and appreciates the importance of respecting and retaining Williams’ heritage and culture and is committed to maintaining its identity. The team will continue to race and compete under the Williams brand, with the chassis name remaining unchanged. Dorilton has no plans to relocate the team from Grove, its traditional home” (Williams Grand Prix Engineering Limited, 2020).

Claire further explained that Dorilton was chosen as they shared the same values, as well as passion for the sport and the Williams team. The combination of Dorilton’s financial firepower and respect for the sport, they were a clear choice to bring the Williams team back to life. Dorilton valued the Williams family’s input and offered Claire the chance to stay on and lead the team. However, Claire ultimately decided that it was in the best interest of the new owners and the Williams team to step away from racing.

The new era – F1 2021 Season

After the end of the 2020 season Claire cleans up her desk at the office in Grove which has been her second home. Saying a painful goodbye to the team members who have been part of her family for so many years, Claire leaves Williams for the final time.

For the 2021 season, the new Dorilton-owned Williams team has hope for the future with the new budget cap within F1 that will level the playing field in the sport, hopefully giving Williams a chance to fight their way up the grid. On top of that, the new owners have changed things up. They are taking advantage of the loosened regulations from 2017 and relieve pressure from the team by outsourcing the gearbox and power unit to Mercedes – allowing the in-house team to focus on the chassis more.

Overall, the Williams team is filled with a renewed fighter spirit and optimism for the future. The financial investment provided a high degree of security and allowed people to focus on building the best car possible. The management team feel that they now have what it takes to stay competitive, outlining a ten-year plan to bring the company back to its former glory. The new owners have been claimed to not be afraid to think outside of the box. Although it will not be an overnight change, the new team sees the benefits of outsourcing where you can, especially when you can get parts from the top teams in the sport. Their new appointed senior advisor Jenson Button said: “I understand it's been a family business for so long and they've wanted to produce everything themselves but sometimes you can't” (Reuters, 2021).

Evaluating question

Do you think that Claire made the right decision? Why? And do you think Dorilton’s new approach will keep the Williams heritage intact as intended, or is their new strategy sailing them away?
