

CASE STUDY: INTERNATIONAL INDUSTRIAL COMPONENTS DESIGNER AND MANUFACTURER

Unraveling Culture and Leading Transformational Change

The Challenge

Outdated Attitudes and Products Stall Sales and Profits

“We don’t do change, and we don’t do innovation.”

This deeply-held belief had unconsciously guided the company and its people for more than 60 years. After all, why change when you’re a successful company with the best products in the market?

However, when industrial component sales and profit margins decreased over five consecutive years, the CEO and senior executives were shocked, and inexorably, they realized their company’s products, strategies, and processes required a major overhaul.

The company’s future success—possibly its long-term survival—demanded wide-ranging innovation that would transform everything from its products and routes to market through to structure and leadership.

The Solution

Only People Can Drive Innovation and Change

RHR International knows that driving successful long-term change in a

business is all about the people—curious, open-minded people—who are mentally and emotionally agile, embrace challenge, and are prepared to take calculated risk. These people always exist in a company, but a strongly-defined culture, a lack of good talent process, and a singular focus on tasks over goals can make them hard to find.

Indeed, this company needed agile, creative people with an eye to the future to drive the cultural shift required to embed and embrace innovation and create leading-edge products and processes. RHR International was brought in to audit which leaders were capable of leading the company to a new vision and future, and which leaders were not.

To drive initial engagement in the process, RHR adapted delivery to the company’s logical, practical employees—many of whom were engineers or had related backgrounds. RHR carefully explained the process in more detail than usual. As a result, the fully-informed employees became more accepting, and even welcoming, instead of being distracted by fear and worry.

RHR’s initial assessment work identified two key indicators that

defined leadership effectiveness: length of tenure and distance from center. The data showed that the shorter the tenure, the more forward-thinking and progressive the employees were likely to be. Whereas, the more senior, long-time executives were passive and over time had become too accepting of the status quo. Further, a greater distance from the center revealed leaders who were more creative and willing to take calculated risks to deliver results in their region. These two indicators were consequences of a strong operating climate and controlling leadership style from the top.

Moreover, RHR International’s objective assessments showed that only half of the senior executives were ready to play an active role in shaping and embracing a new vision. The remainder, including members of the senior executive team, were ill-equipped, unwilling, or unable to make the shift. Subsequently, RHR’s talent audit, specifically its proprietary Readiness for ScaleSM model, provided further declarative data on internal leaders and their readiness to step up and take on a role with greater complexity or size.

After the initial audit, RHR played a role in building a new sustainable culture to support innovation and growth. Key employees in pivotal roles were coached on their leadership skills around innovation and change. Concurrently, RHR made clear business recommendations. The most radical was removing the innovation leaders from the divisions and creating a separate innovation team to focus across all products and areas of the business. This change was both strategic and symbolic, signalling that innovation was important and owned by the business as a whole, not by separate divisions with their own agendas and product set.

The Results

People Transform a Company, Its Products, and Processes for Top-and Bottom-Line Growth

The assessment data overall informed decisions around how to structure their business and best deploy existing

talent. The Readiness for ScaleSM assessment findings ensured the company had a selection of 80 internal employees ready to step into the roles that had so recently been vacated. Further, as the new strategy unfolded, and new roles emerged, the business had sight of which talent was best placed to succeed. This ensured momentum was not lost in the change journey, and the business could pick up the pace and execute on the new growth agenda. More specifically, the 80 middle-ranking employees, all previously considered junior and not identified as future leaders, were carefully prepared with targeted development plans to drive innovation company-wide.

What's the impact? Each of those 80 employees took on three targeted change-making actions daily—that's more than 240 company-wide every day. Multiply that behavior weekly, monthly, and so on to imagine the

impact and how it will inspire and drive further momentum.

In just three years, innovation leaders have transformed this company, replacing its entire suite of mechanical components with smart, connected products that are the only option in this digital age and deliver more value to their customers. These products are also designed, built, and distributed far more effectively thanks to a new IT infrastructure and business system platforms. The company is now asset-light after optimizing operations and rationalizing dozens of factories to maximize efficiencies based on client locations and supply-chain opportunities.

People who embrace innovative change have successfully transformed this company, its products, and its processes to support constant top-and bottom-line growth in a constantly evolving environment.

ABOUT RHR INTERNATIONAL

RHR International LLP is an independent global leadership consulting firm whose mission is to unlock potential in leaders. Through its behavioral lens, RHR has worked side by side with CEOs, board directors, and senior executives for more than 70 years, helping them acquire the knowledge, wisdom, and skills necessary to achieve business results.

RHR's practical solutions, guided by in-depth analytics, lead to business outcomes that further clients' success. RHR offers Executive Bench[®], Board & CEO Services, Senior Team Effectiveness, Leading Transformational Change, Executive Development, and Executive Assessment across industry sectors. For more information, visit rhrinternational.com.

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