

*Statement of Qualification  
Change Leadership*

## Divestiture of a Consumer Products Company

### Engagement Description

Developed a change architecture to support the implementation of five major change projects (e.g., SAP, Integrated Supply Chain, organizational restructuring). Coached executive team in reinforcing a new culture.

### Situation

This client was a \$500M business unit of a Fortune 100 Company. The parent company had divested it to KKR and a group of executives. The divested business unit had a well-known product line, but was experiencing severe competition from new entrants in the market.

Specific profitability and new product introduction targets had been established as part of the divestiture agreement with the investment banker (KKR). These targets were not being met, and the executive team had about 6 months to turn the situation around. A new sense of urgency was required..

Employees of the company were long term employees steeped in the parent company's culture. They were accustomed to receiving funding from the well-capitalized parent company and delivering only revenue growth targets. Profitability was a secondary criterion. The CEO recognized the need to transform the culture...from a paternalistic, slow responding one to a results-oriented, entrepreneurial one. Even some members of the leadership team continued to act according the norms of the culture carried over from the parent company.

The leadership team had initiated several major changes to support the divestiture and achieve independence from the parent company. These changes included:

- Implementation of SAP company wide
- Reengineering the supply chain
- Consolidating and eliminating manufacturing and distribution sites

- Restructuring/downsizing most parts of the organization.

Under normal conditions any one of these was a major change that would have taxed the resources and change capability of a company. However, this was a severe situation that required urgent action in a paternalistic culture.

### Solution Development

Solutions conducted a cultural alignment assessment. The purpose of the assessment was to evaluate the degree to which the structures and processes were supporting the organization's new business objectives. The assessment revealed a culture that did not support the new business objectives. There were also five key change initiatives that were not integrated. Solutions led a process (including a two-day offsite, followed by personal coaching from Solutions) that developed a new set of leadership behaviors. Solutions collaborated with the executive team to develop an overall change architecture and sequence. A second off-site was conducted to create awareness among the rest of the management personnel regarding the urgency of the business situation and the change process. Each executive took ownership in communicating that to the rest of their staff and began modeling new behaviors. Solutions continued to personally coach each of the executives to institutionalize those new behaviors. Once the operating behaviors to support the "Act Fast" culture had been clarified, new systems and structures were developed to support the business objectives. Solutions identified the new roles that the implementation of the SAP processes created. Solutions also identified new organization structures and roles required to support a new integrated supply chain. New metrics were implemented to focus individuals and groups on inventory reduction and profitability.

### Summary of Results

- Achieved investment bank targets

*Experts in Manufacturing*

- Established new culture and executive behaviors to support new “Act Fast” culture.
- Diffused new culture in 6 months

