

Specialty Chemicals Case Study



“Failure is NOT an Option: Achieving Radical Business Growth through High Performance Teamwork”

Organizational Change Project:

Building Customer Account Teams

Executive Summary: Specialty Chemical company **ARKEMA** (Paris, France) partners with InnerWork change consultants to build and implement high performance, cross-functional teams in their top customer accounts.

Driving Revenue Growth & Change through Customer Centric Teams

Sometimes turning performance around is not only about lowering prices or improving product performance. It could be about radically changing human and organization performance.

In a major division of one of our industrial clients, ARKEMA, where prices were stagnant and products had become commodities with few differences, the key to a dramatic turn-around was the transformation of their people’s attitudes and behaviors, how they worked in teams, and how they saw their roles as leaders of results-based change.

This \$100 million ARKEMA division had been experiencing a steady five-year loss of market share in all of their major product lines. Competitors had made significant inroads in this division's business, due to ill-timed price increases by the division's former general manager, and a lack of customer focus on their key customer accounts. Internally, the people felt they had experienced significant adversity, and the performance atmosphere and employee language was filled with “victim” and “we are failing” interpretations of their situation. Also, there were divisive, conflict-laden internal employee relationships, poor cross-functional teamwork, and little respect or trust for the new general manager recently appointed, whose job was to effect a turn-around.

Failure Is NOT an Option

Our team met with this new leader, who was one of the company's most progressive and people-oriented leaders. His analysis was that his products and pricing were more than competitive, but the level of individual engagement and collaborative team performance was not adequate to protect or win new business. “We need a total mind-set change, a transformation,” he said. “And we need a way to get cross functional high performance teamwork going on with our best customer accounts. Failure is NOT an option, as executive management in Paris, France will likely sell the division if we have another bad year”.

This leader intuitively understood that higher levels of self performance and team performance would help him achieve much better business results---if he could focus higher service levels on his key accounts. Together, we designed a performance improvement project to help him return the division to its former profitability and market leadership by first rebuilding the internal teamwork and collaboration necessary to achieve these long-term goals. At the core of this project was the need to produce significant individual “mind-set” behavior change and gain full engagement from each employee, as well as the managers, so that their “high performance teams” could function and collaborate in high-performing, customer-centered ways.

InnerWork's Change Management Approach

InnerWork recommended that the general manager segment the division's customer base into "A" level, high-priority accounts currently under contract, and identify key customer accounts in their four major markets to "win" away from competitors. This segmentation was the basis for a Business Development Plan whose core strategy was the implementation of "Key Account Teams" to "out service" their competition and gain share, rather than gain share by cutting price. The rationale was that if the majority of these accounts were under contract eventually, market share and profitability would be restored.

And so, five "Key Account Teams" were formed, made up of Sales, Marketing, Technical Service, Customer Service, and Research. Two of these "account teams" were organized to strategize and capture prospective key accounts away from their competition. Also, three manufacturing teams were formed to optimize plant productivity and increase product throughput, because it was felt that if the account teams were successful over a one-year period, the division needed to have the capacity to meet new levels of customer and market demand.

Initially, there was resistance to forming "key account teams" due to the low morale and internal conflict. Some employees--particularly sales people---felt it might be "impossible" to work in cross functional account teams with technical people.

Working with the general manager, we decided to highlight a major focus on the actual business measures (i.e., account share; increases in sales; cost reductions; account retention) that would verify the changes. And they were very clear about the business measures. Using these teams, their goals were to:

- significantly increase customer service and focus in key accounts
- increase revenue and account share in the existing key accounts
- increase revenue through the acquisition of new "A" level key accounts
- decrease operating costs through cost-reduction solutions with the key accounts
- regain the number one market share position in all four markets and
- increase manufacturing throughput and capacity with minimal capital expense on plant improvements.

The Change project was launched, and central to the design was a curriculum of integrated Self Change, Team Change, and Business Change programs delivered to the teams in four two-day sessions over a six month period. In between the training sessions, we served as a Team Coach for the account teams, and helped launch their trust building, communication and meeting management processes, as well as facilitating detailed business and action plans on their accounts.

Within two – three months, these teams began to demonstrate new leadership and high performance teamwork behaviors to a high degree on both their existing and high-priority prospect accounts. In many cases, our firm worked with each team's Sales leader to position and facilitate cross-company team development meetings with their best customers, where we helped both companies clarify mutual expectations, build trust and relationships at multiple levels in the account. InnerWork senior performance consultants facilitated these joint cross-company teams in co-developing "Account Service Plans" to meet their customer's most pressing needs. These efforts began to pay off in dramatic ways, and caught their competitors completely by surprise.

As the project moved into a roll-out phase, we added six new account teams from the existing key account base, and three more new prospect account teams.

The Results

Leadership emerged at all levels, and communication and support began to flow significantly between the functions as they serviced the key accounts as a "multi-disciplinary team of experts" dedicated to their customers concerns and needs. The customers were so pleased with this team service approach, they began to shift larger and larger amounts of business to the division. Manufacturing kept pace with the increased demand, and the prospect account teams landed one new account after another. Also, a culture of high performance teamwork became the normative way of working in the division.

Within nine months, the division had produced the following results:

- a \$17 million increase in new, unforecasted gross sales for a \$100 million division
- a \$3 million decrease in operating costs (mainly through reduced shipping / logistical costs)
- a \$12.5 million gross margin return on the above two financial results
- a 50% increase in manufacturing throughput with only a minor amount of capital expense
- the establishment of 15 high performance Key Account Teams characterized by high levels of trust, leadership, support, communication, accountability, and commitment

Moreover, what was particularly striking about the "prospect" account teams was that, because they focused on and captured large "A" level accounts away from competitors, this quickly helped the division regain the No. 1 position in three of their four markets, and No. 2 in the fourth market. These market share gains have been sustainable too because of the increased loyalty, preference, and relationships built between the customers and their preferred suppliers.

After the nine-month period, and for a two-year period after the project, the division had 100% key account retention rate, meaning they lost no accounts to their competitors, and continued in many cases to increase share and position in the account. This year-over-year profitability and market share gain has kept them in the dominant market position even today.

Throughout the Change Management Project, each employee gained a deeper perspective about how their own inner leadership change and transformation is linked to superior team and organization performance; and how the power of working collaboratively, both internally and with external customers, creates not only competitive advantage, but it is a higher path to their own fulfillment through being of true service to others.

POST SCRIPT

The Wall Street Journal

"One \$100 million division of Arkema, North America Inc., part of the French oil and chemical company Total Fina, credits The InnerWork Company with saving it as much as \$3 million in operating costs, and increasing sales by \$17 million in less than one year, by showing people how to be more inspired about work and how to function as high performance teams".