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## Cultural Alignment and Change

### Heavy Vehicle Manufacturer

#### Situation

Over four years, Implementation Engineers worked continuously with a major manufacturer of heavy vehicles at their plants in the US, UK, France, Belgium, Brazil and Japan. The objective was to completely “remake” the company from top to bottom in order for them to regain their competitiveness. That work incorporated our experience with Cultural Alignment and Change, so this case study focuses just on that part of our work along their journey.

There is a select group of American companies whose names have become synonymous with great engineering and quality. They seem so secure that problems are unthinkable. But then for our client the unthinkable happened, and after 50 consecutive years of profits and unrivaled domination of their industry, they ran into potentially fatal trouble. In three years, they had lost nearly a billion dollars.

The crisis was caused by a combination of factors, but most significantly, foreign competition with manufacturing efficiencies started to undercut them via comparable products in world markets. Our client’s response to the challenge was nothing less than the total transformation of the company.

#### Approach

The first step in the turnaround strategy was to establish the goal, which was to become the world’s lowest cost, highest quality producer. This meant confronting and beating the best that competitors could achieve and building on a reputation for outstanding product design and manufactured quality — and making sure that this would be maintained and subsequently improved through new product introduction and improved features on existing models.

The vehicle for transformation, like many revolutionary concepts, was actually very simple. Recognizing that the real issue was cultural change, since it is people and not technology that create change, we believed it was essential for each of the 30 plants around the world to develop its own unique vision of where it was going and how to get there, with assistance from the headquarters and, where appropriate, Implementation Engineers.

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The long term plan for improving competitiveness that we developed was based on consecutive implementation of consolidation, simplification, automation and integration, with application of the “Just-in-Time” manufacturing approach where appropriate. The process used to create vision ensured ownership by the plant and a format that made communication easy while retaining interplant compatibility.

So, while we were working to cut manufacturing costs by 20%, in parallel we were getting plant operations aligned to the vision. Key steps taken were to challenge the traditions, motivate and mobilize the people to accept and accelerate change, and provide a master plan and the language to communicate it.

We developed surveys specifically for our client, which were given to everybody from the supervisory level up to top plant management. The surveys were meant to measure the following:

- Did the people even understand what the top management vision was and how it would drive the transformation of the business?
- Did the people understand how the business would look differently after the transformation and that their jobs could potentially look different too?
- Did they agree that it was the right thing to do?
- Did they believe that top management would really follow through with it and that it would be implemented?

Once we knew the results of the surveys by area and level of the organization, we could understand the gap between where the employees currently were in their thinking and where they needed to be to ensure the transformation was carried out.

That enabled Implementation Engineers to develop a plan needed to get the organization aligned to the vision and the work ahead of them. As we started implementing this plan, we would resurvey every three months to measure the progress being made in the people’s feelings toward the transformation, e.g., we needed to see progress in the people’s understanding, acceptance and buy-in. This was crucial in accelerating the implementation of the technical changes to the manufacturing facilities, but also ensuring that those changes implemented, would be sustained.

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## Results

The results were that we did indeed help our client to meet the 20% manufacturing cost reduction, and then surpass it. The company regained its global dominance in the market place.

While Implementation Engineers is proud of the visible manufacturing plant changes and reorganization with their new layouts, equipment organized around products and not processes, and material logistics; we know that the transformation of the business would have taken longer and potentially been too late, had we not worked hard to develop the organization and align it around the new business.