

Specialty Chemicals

Organizational Change Project: Building Customer Account Teams



Executive Summary: Specialty Chemical company ATOFINA (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 one of our industrial clients, where prices were stagnant and products had become commodities with few differences, the key to a dramatic turn-around was the people, and their leadership.

When we met this customer, they were a \$100 million division in a large global specialty chemical company. Unfortunately, they 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 had demonstrated a weak leadership response to these challenges. Also, there were divisive 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.

Our team met with this new leader, who was one of the company's most progressive and people-oriented leaders. He immediately understood the practices and principles about building higher levels of individual and team performance, and how that could impact his financial results. Together, we designed a performance enhancement 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 leadership behavior change from front line employees, as well as the managers, so that teams could function and collaborate in high-performing, customer-centered ways.

InnerWork's Change Management Approach

We first worked with the general manager to segment the division's customer base into "A" level, high-priority accounts currently under contract, and identified key customer accounts in their four major markets to "win" away from competitors. The rationale was that if the majority of these accounts were under contract eventually, market share and profitability would be restored. What was crucial to maintaining their key accounts and winning away new large accounts, however, was not price or product performance, since the products had become increasingly a "commodity" and prices were generally competitive in all their markets. It was, rather, a human performance issue.

Despite the low morale and internal conflict, the key was to help the employees change how they viewed themselves and each other, and transform their beliefs about what they could accomplish individually and collectively working in teams. But these were no ordinary teams. The strategy was to build cross-functional "Key Account Teams" to rebuild the people, customer focus, and profit. With these teams, the plan was to "out service" their competition and gain share, rather than gain share by cutting price.

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.

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 the account team Sales leaders to position and facilitate cross-company team building meetings with their best customers, where we helped both companies clarify mutual expectations, build trust and relationships at multiple levels in the account, and co-developed "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 \$9.5 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, front-line leadership, support, communication, mutual 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, Chester Springs, PA, 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.