

Case Study: Volvo Trucks International Division

From good performance to outstanding achievements!

May 2011

Industry: Automotive

Offices:

1 Head quarter

4 Areas

Countries: Sweden,
Australia & Pacific, Latin
America, Northern
Africa & Middle East and
Sothern Africa

THE SITUATION

Volvo Trucks International Division (ID) is a very profitable part of Volvo Trucks Corporation. In spite of this profitability, the management team was suffering from significant internal tension. The president initiated a leadership development program for the management team in mid-2008 including individual coaching. The program started after a self assessment on high performing teams but also due to low employee satisfaction index in the group.

The leadership development program lasted one year. Shortly after the completion of the program, a new self assessment showed marginal improvement. An attitude survey was also performed, which resulted in an even lower employee satisfaction index than previous years, despite all efforts made in the management team during the year.

THE PROCESS

To help with the situation at hand, the president contacted Tor Eneroth Culture, Manager at Volvo Information Technology, who agreed to support the transformation journey already started. Also a consultant from Fortos (Management Consulting in Volvo), Johan Bäckman, was contracted for support. In addition two people from the ID management team became certified in the Culture Transformation Tool (CTT).

In February 2010, the ID management team participated in a Small Group Culture Values Assessment (SGA) as a structured way to go deeper into the root cause of the problems. The results from the SGA showed entropy of 33% and 5 potentially limiting values in the Current Culture. The group also participated in an exercise to estimate the monetary value of this entropy. The findings of this created a sense of urgency in the team, despite the good financial performance. It became clear that the financial outcome could be considerably strengthened through active culture work.

After the results were presented and processed in a meeting with the management team, a number of smaller group meetings were held. The smaller groups were facilitated by the two CTT-certified

members of the management team. The purpose of these smaller groups was to choose the most important values to work with to bring the team towards their desired state. These meetings were held as phone meetings to address the multiple locations of participants. At the meetings, there was dialogue around the definition of the values, how they were expressed in the daily work, and finally what actions to focus on.

Then the full team met at a live management meeting mid-2010. At this meeting, Tor and Johan facilitated the group towards the creation of their common Culture Values Plan. It was decided which values to focus on based on the work carried out in the smaller groups during the spring. Further, the plan consisted of concrete actions, responsibilities, due dates and status. The plan was from then on to be followed up on a quarterly basis, i.e. when the team met for live meetings.

In parallel with the work on the group common values, each team member participated in his or her own Leadership Values Assessment (LVA). When the group met in person, each member shared leanings with the whole group and other members were invited to share their reflections with the person in focus.

At the start of 2010, the team also began working on their strategy. This work revisited the vision and mission and formulated a strategy. The guiding principle of this work was to promote involvement and inclusion based on an "outside in" approach. A cross-functional team was formed and many co-workers were invited in the creation of the strategy. The strategy was concluded by the management team in November 2010 and launched in January 2011.

Important to point out is that the management team is on an ongoing journey, and the process was not defined or structured in advance, but rather the decisions about next step was taken along the way.

OUTCOMES

All of the energy put into the culture journey paid off. In February 2011, management conducted their second values assessment. The results were astounding:

- Entropy dropped from 33% to 6%.
- All of the top values in the Current Culture were positive.
- There were 3 matching values between Personal Values and Current Culture
- There were 6 matching values between Current and Desired Culture.
- Three of the espoused values were represented in the Current Culture.

The outcomes of these dramatic shifts have been demonstrated in numerous ways. To highlight a few, the operating income was the best ever. The team has a common language to also address "invisible" questions. The interest from the rest of the organization is growing. Among others, a journey has now also started in Australia. Chile and Argentina might be the next countries in line.

VOLVO TRUCKS ID ESPOUSED VALUES

(i.e. throughout all of the divisions)

Business & Customer Focus:

- Pro-activity
- Customer driven - *"Outside-in principle"*
- Clear result oriented objectives
- Best Business Partner

Respect:

- Active listening
- Honest feed-back
- Inclusiveness

Courage & Integrity:

- Accepting challenges
- Walk the talk
- Admitting mistakes

Partnership:

- Trust
- Win-win
- Holistic view
- Team work

Passion:

- Feeling proud
- Energy and Inspiration
- Fun