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Readings in Global Organization Design
2005 Conference Proceedings

Inglis Case - Designing a Business Unit for Growth &
Productivity in a Flat Market

by Dr. Stephen Clement and Maurice Dutrisac

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Inglis Case

Designing a Business Unit for Growth & Productivity in a Flat Market

Presented at Global Organization Design Conference

Presenters:

Dr. Stephen Clement, President, Organizational Design Inc.

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BMO Institute of Learning
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Business Unit Case Study

Inglis Ltd.

“The Appliance Company
that became # 1”

The Company That Became # 1 *Profile*

Industry:	Appliance Manufacturer 100 plus years old
Revenue/Profit:	\$450 million and dropping. Profit non-existing
Market share:	Losing Market Share at Power Retailers
Market orientation:	No. 2 player to Camco/GE
Employees:	3,700 approximately
Technology:	Problems with new product introductions

TSX traded until wholly acquired by multi-national Whirlpool Corporation

Management Style Top Down and Bureaucratic

Few Human Resources systems

Well paid employees but little turnover-entitlement culture

The Company That Became # 1

Imperatives to Inglis Executives from Whirlpool Chairman & CEO

- Increase revenues/profits to become number one in Canada.
- Increase efficiencies and effectiveness of mission critical staff.
- Remove non-critical staff.
- Steal market share from the competition in a flat market.
- Reduce expenses dramatically especially S, G & A.
- Empower all employees in spite of downsizing.

The Company That Became # 1: "*Before*"

Mindset: Inglis Chairman & CEO embattled with new owners

Operating mode:

- Structure:
 - Hierarchical & bureaucratic
 - Work levels –seven
 - Gaps & jam-ups
 - Acc/authorities - Personality driven
- Marketing/Sales:
 - Losing battle for growing Power Retailer Sector & Private Label Brand representing 30% of volume in jeopardy
- Bus. Practices & Systems:
 - A patchwork of outdated systems
- HR
 - Low morale , low productivity, low turnover, many managers coasting

The Company That Became # 1 *"After"*

Mindset:

- Canadian Business Unit of the World's largest appliance Company
- New President: **Producer (Adizes)**
overpowered level V role with **cognitive level VI**
- New Hi-POS used to seed Whirlpool's talent pool

Operating mode:

-Structure

- 5 Work levels to become a business unit
- Accountabilities/authorities – Job driven

-Marketing/Sales/Service & Parts:

- Hired high level Managers
- Market driven strategy

-Bus. practices:

- Customer / Quality focused

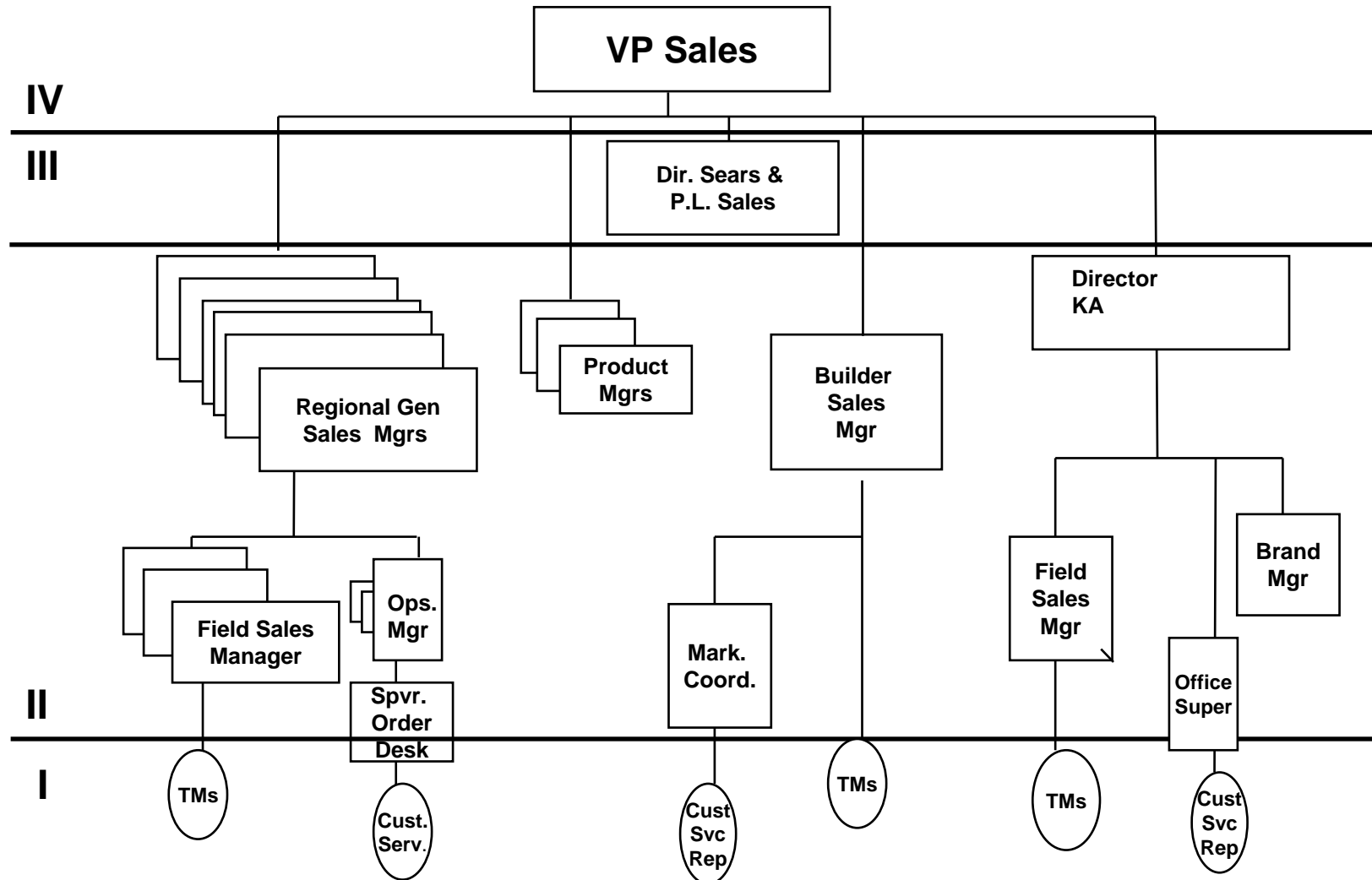
-Financials:

- Sales increased by 33% in 18 months in flat market
- Became # 1 in Canada over Camco/GE
SG& A reduced by \$60 million in 2 years

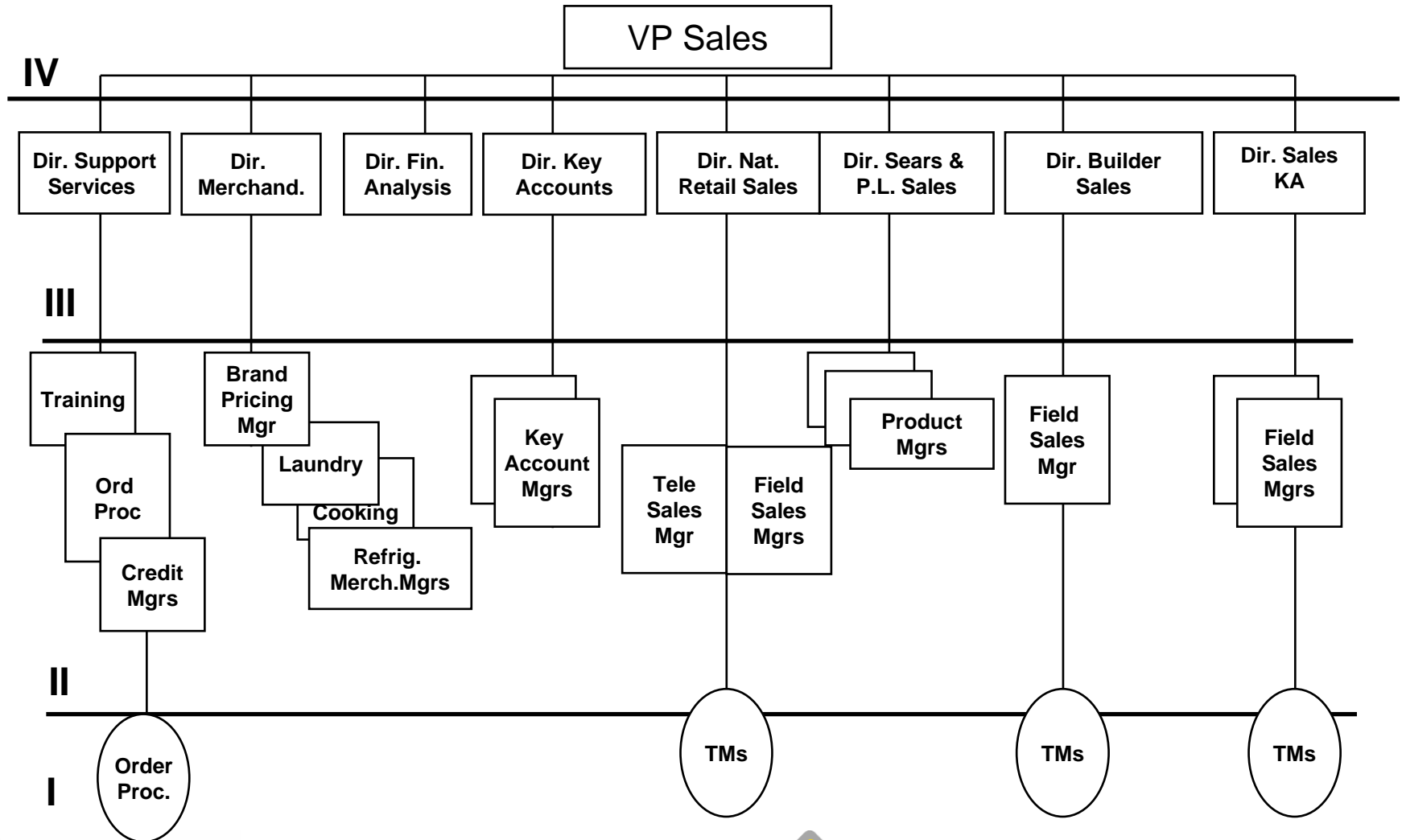
-People

- Entrepreneurial: use of six day boot camps

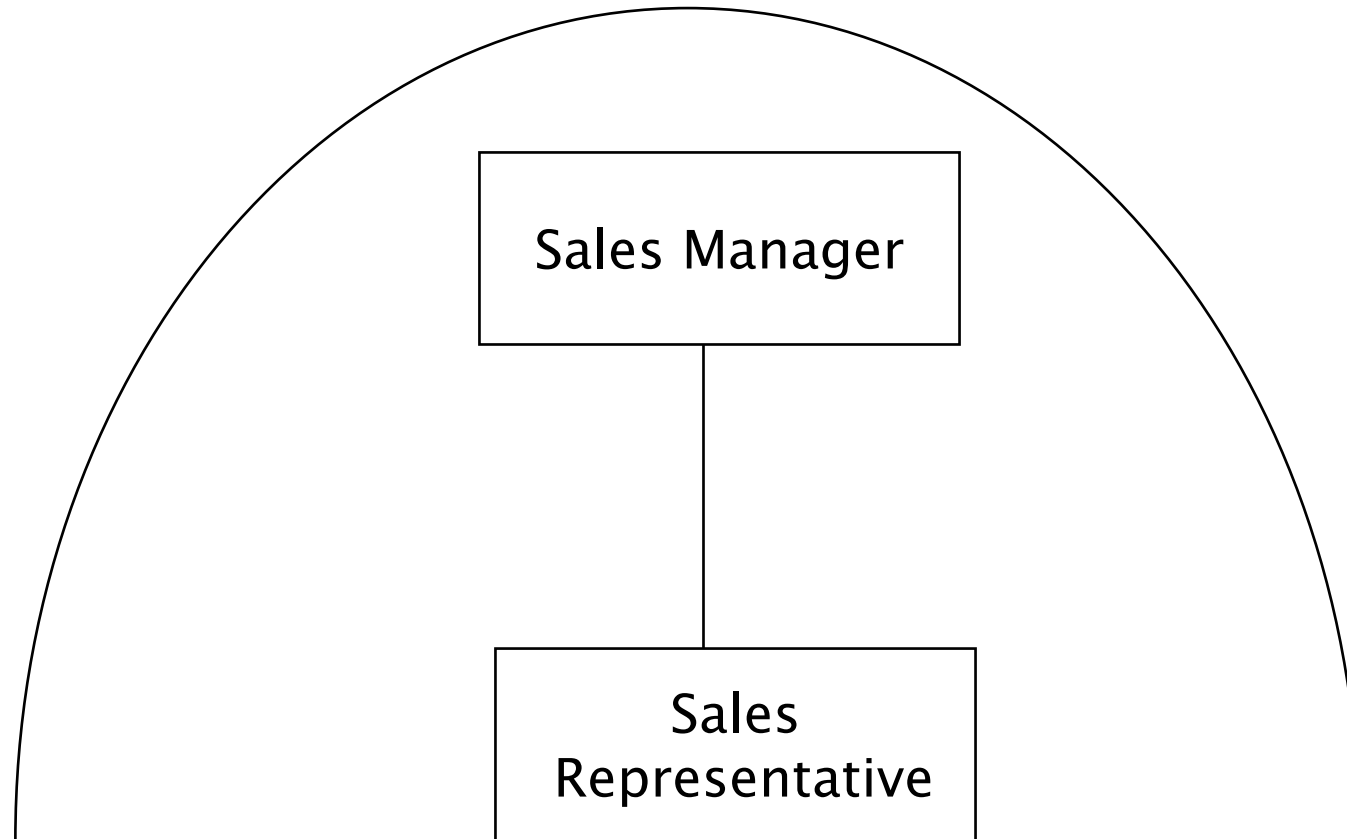
Existing Structure Sales Function: An Appliance Company



Requisite Structure Sales Function: An Appliance Company



The Basic Sales Organization



Establishing New Roles for Sales Growth Using Selling Power Quotient

Average Selling Time for Territory Managers (TMs) =30%

Average Selling Time for Telesales Rep (TSRs) =75%

BEFORE STRUCTURE REVIEW: 100 TMs and NO TELESALERS REPS:

Selling Power Quotient= 30: (100 TMs X .30)

AFTER STRUCTURE REVIEW: 80 TMs and 20 TELESALERS REPS:

TMs: $80 \times .3 = 24$ + TSRs: $20 \times .75 = 15$

Combined Selling Power Quotient = 39

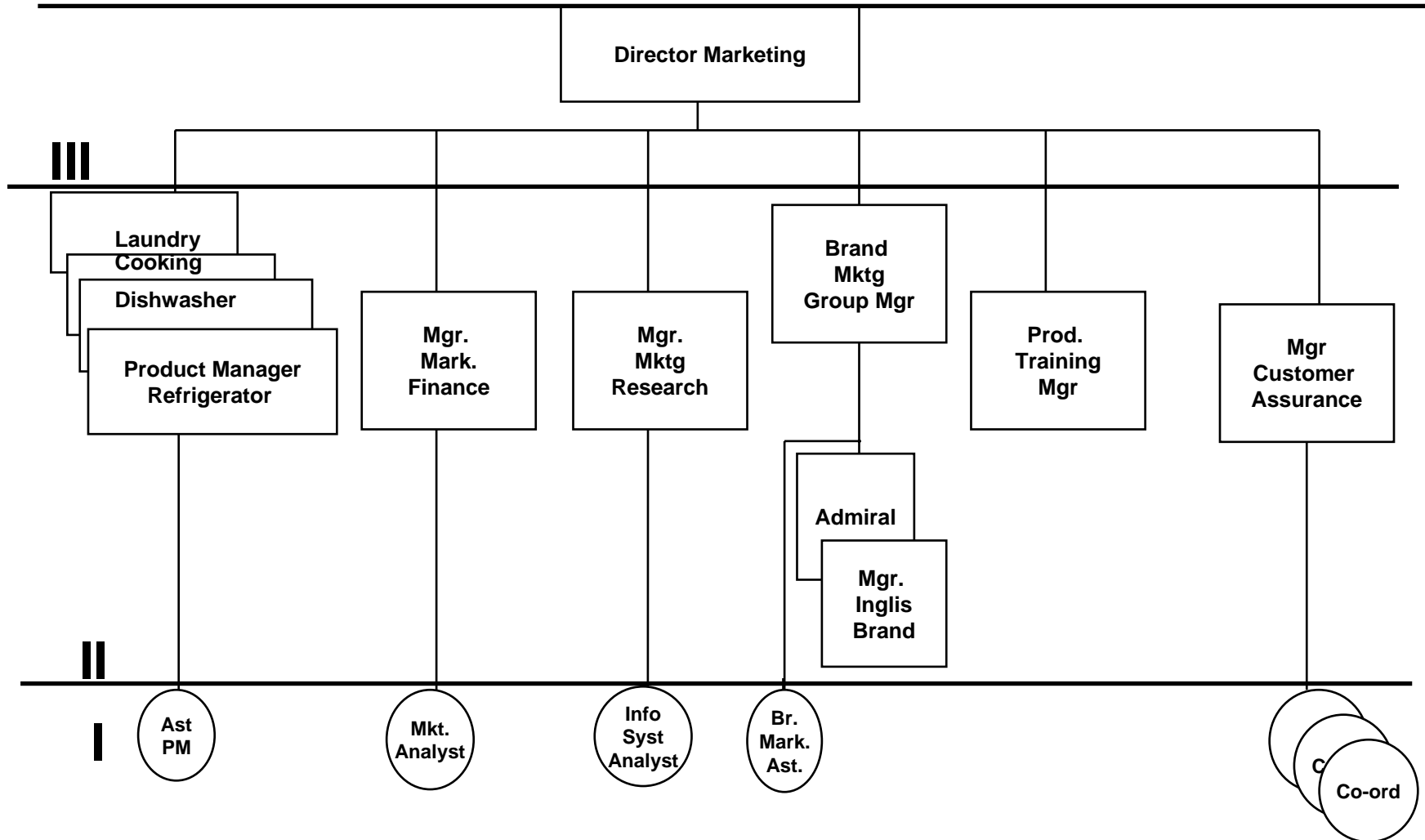
Selling Power Quotient increased by 30% with same number of Sales people and lower selling expenses

Results for Sales Function:

- New Directors brought in at level 3 New Directors roles created for Support Services, Financial Analysis, Key Accounts, National Retail Sales & Builder Sales.
- Credit Manager moved from Finance to Sales Function.
- New Sales Training position created.
- Order desk centralized from regional Admiral and Inglis sales offices.
- Admiral and Inglis sales force combined under National Retail Sales Director.
- Number of TMs reduced & Telesales increased dramatically.
- Key Account Reps are given exclusive use of global Whirlpool Brand for Power Retailers use when Whirlpool brand is taken away from a third Party Selling Firm.
- Director of Financial Analysis responsible for mining margins.
- Merchandising moved from Marketing to Sales function.
- Sales function budget is reduced by 20% in spite of addition of new Director level 3 people. Savings achieved by reducing the number of TMs, growing telesales, combining Inglis Admiral sales forces, centralizing the order desk and removing compression at level 2.
- KitchenAid sales force increased to introduce new line of luxury appliances.

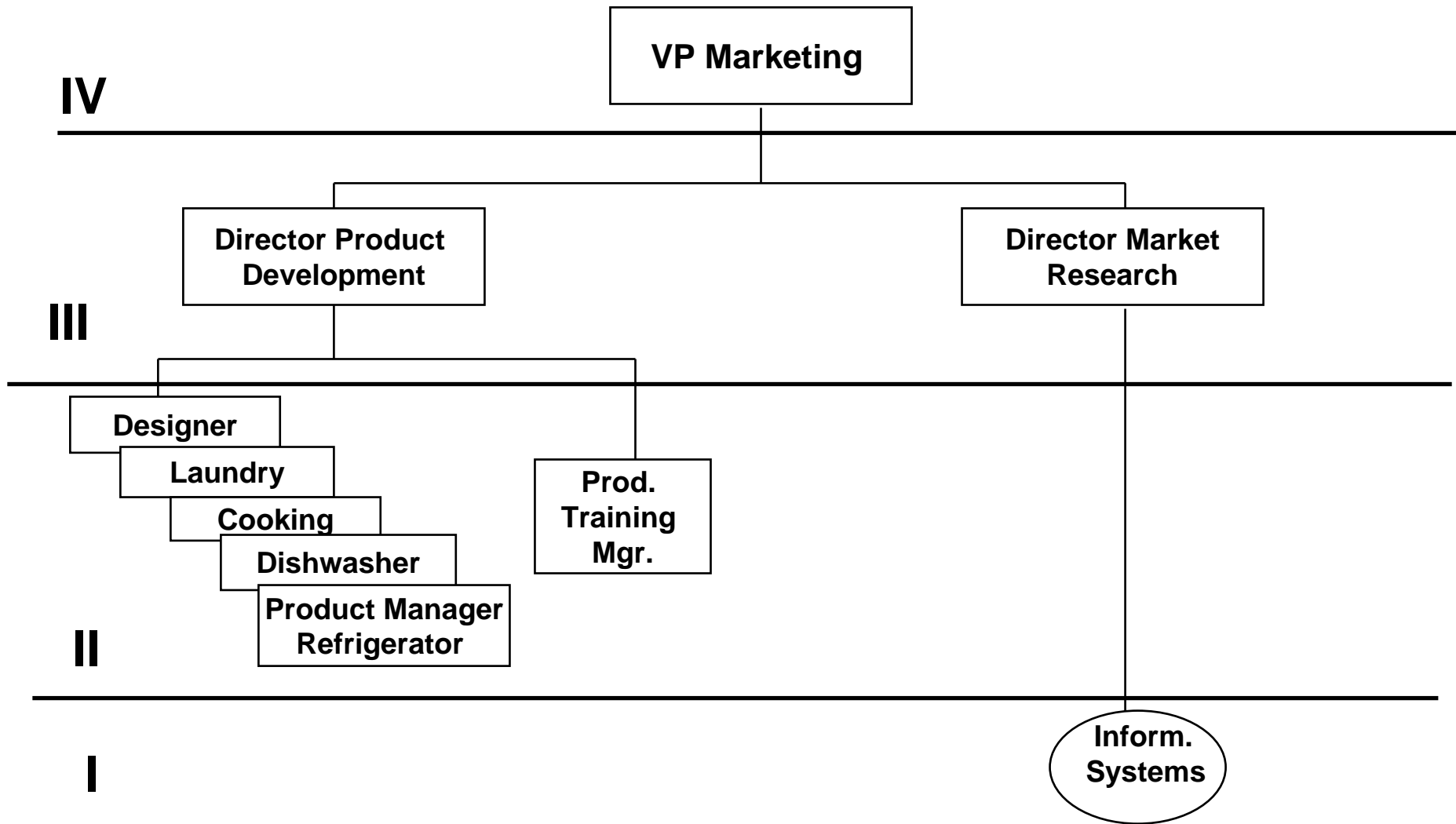
Existing Structure Marketing Function: An Appliance Company

IV



Requisite Structure Marketing

Function: An appliance company



Results for Marketing Function:

- Level 4 VP Marketing hired from Camco/GE.
- A new level 3 role Director of Product Development is created to integrate work performed by Laundry, Cooking, Refrigeration & Dishwasher Product Mgrs. as well as Designer.
- Devise clear accountabilities & authorities between Product Managers & corresponding Engineering Design Manager eg Cooking Product Mgr. works closely with Cooking Engineering Design Mgr.
- Less strategic merchandising activities encompassing monthly campaigns, POPs and “spiffs” moved to Sales function.
- Level 3 Director of Market Research role created to ensure that Inglis can predict long term needs of Canadian consumer.

Results for Parts & Service Functions:

- New level 4 capable Director hired.
- Number of branches reduced from 39 to 26.
- New technology for Service Technicians implemented & dispatch role for each branch is centralized.
- Service Technicians spend less time at branch offices.
- Parts ordering & inventory is centralized.
- Results are fewer parts in branches , faster customer response time & budget for Parts & Service function reduced by 30%.

New Project Management Function:

- New Project Management function comprising of 3 Director Projects created to handle capital projects or new product introductions in excess of \$500K.
- This is a temporary function to ensure rigor to run projects under QQTR guidelines.
- Project Managers run teams comprised of cross functional managers For example new cook top product introduction teams comprise of Cooking Product Mgr., Cooking Engineering Design Mgr., Finance, Purchasing, Plant Mgr. for Cooking Products, Merchandising Director and HR Mgr. for Cooking Products.
- Results no surprises for all project & new cook top still best product in Canada.

Information Technology Function:

- Antiquated manufacturing & order systems replaced with Whirlpool systems.
- New 3090 mainframe at Inglis removed through complex Whirlpool/Inglis/IBM deal.
- Software applications IT professionals allocated to Whirlpool Corporate IT.
- Results number of Inglis IT Function staff reduced from 100 to 20 and budget reduced by 60%. Re-allocated IT staff to Whirlpool who stayed on Inglis premises but enjoyed more complex & stimulating work.

Principles for Organizing for Growth

First Principle

PREPARE AND COMMUNICATE BUSINESS STRATEGY TO EVERY CORNER OF THE BUSINESS

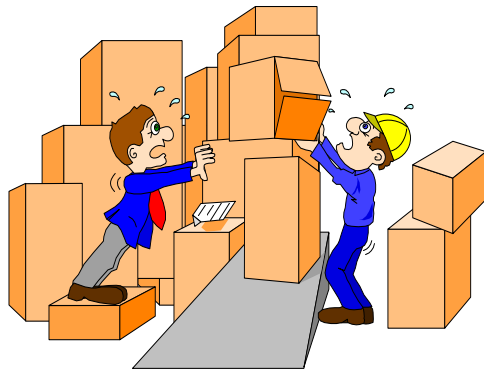
VISION FOR THE BUSINESS

BUSINESS STRATEGIES

BUSINESS VALUES

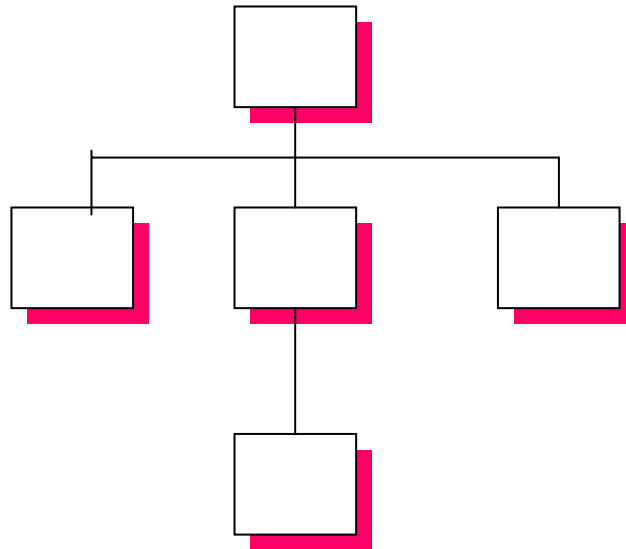
Second Principle

**ORGANIZE AROUND
STRATEGY & RESULTING
TASKS
NOT PEOPLE**



Third Principle

ORGANIZE WORK TASKS INTO A HIERARCHY OF WORK LEVELS



Fourth Principle

HAVE MINIMUM NUMBER OF WORK LEVELS

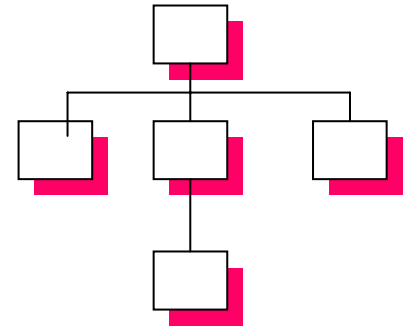
Adizes Corporate Lifecycle

Go Go companies: 2/3/4

Adolescence: 4/5/6/7

Prime: 5/6/7/8

- Each Level engages in different work tasks
- Higher level work tasks more complex than lower level tasks



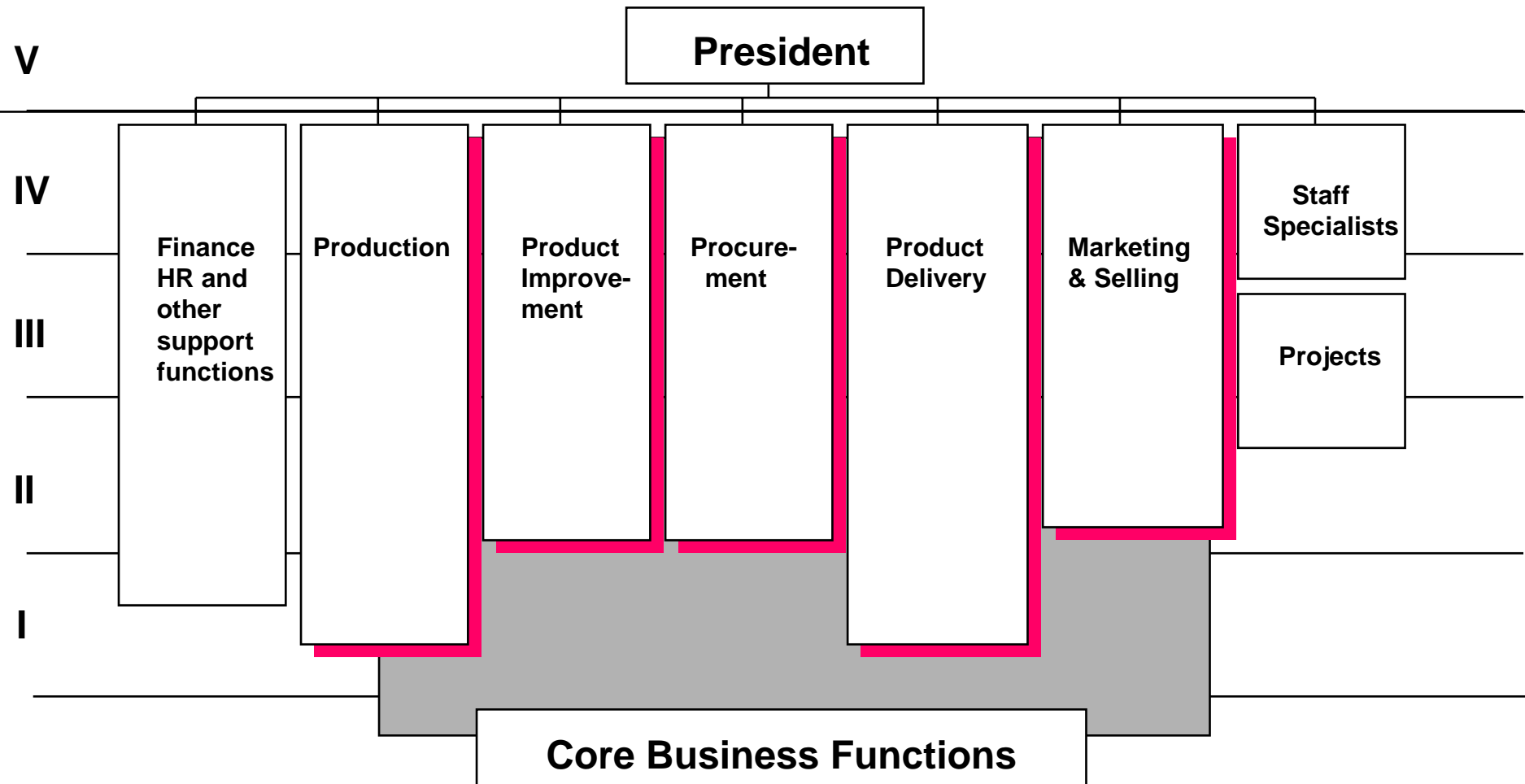
Fifth Principle

HAVE JOB TITLES REFLECT THE WORK LEVEL

Level V	President
Level IV	Vice Presidents – Function heads
Level III	Directors – Department heads
Level II	First line managers – some professionals
Level I	Plant / administrative staff

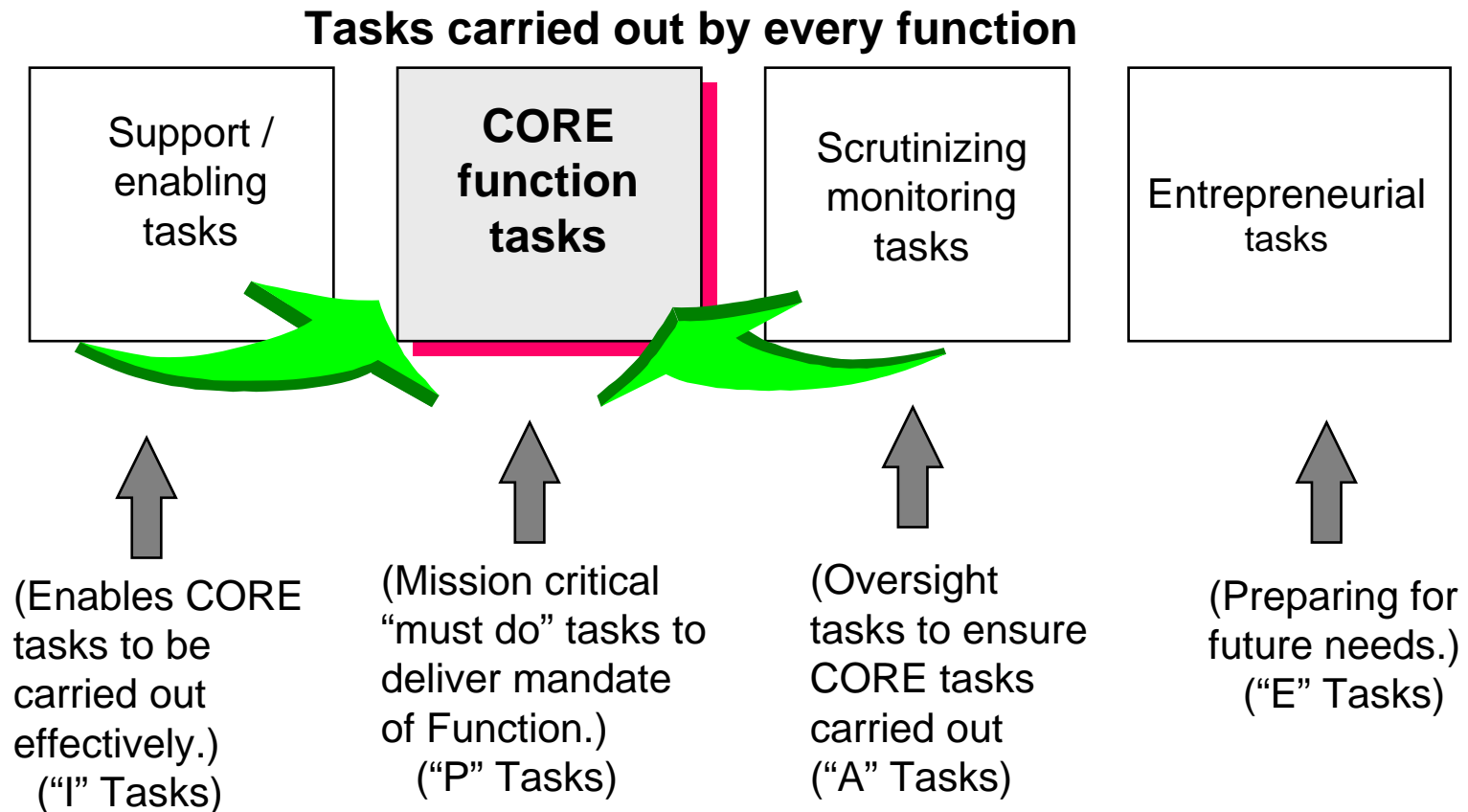
Sixth Principle

ORGANIZE AROUND CORE BUSINESS FUNCTIONS



Seventh Principle

ORGANIZE AROUND A FUNCTION'S CORE TASKS



Eight Principle

STAFFING STARTS AT THE TOP WITH THE RIGHT CAPABILITIES

Function head

Skilled knowledge appropriate for the function

Experience – track record of success

Wisdom – street smarts / knows way of world

Values – reflects the nature of the work

Temperament – absence of negative pathologies

Plus

Ninth Principle

STAFF FOR BRAIN POWER (CPU Size)

Work Complexity

Individual Capability

More

L V

L IV

L III

L II

L I

Less

More



People differ in ability to cope successfully with different levels of work complexity

Less

Plus

Tenth Principle

STAFF THE TOP TEAM WITH THE RIGHT STYLES

Management styles reflect the **CORE ROLES** that must be carried out at the top of the organization.

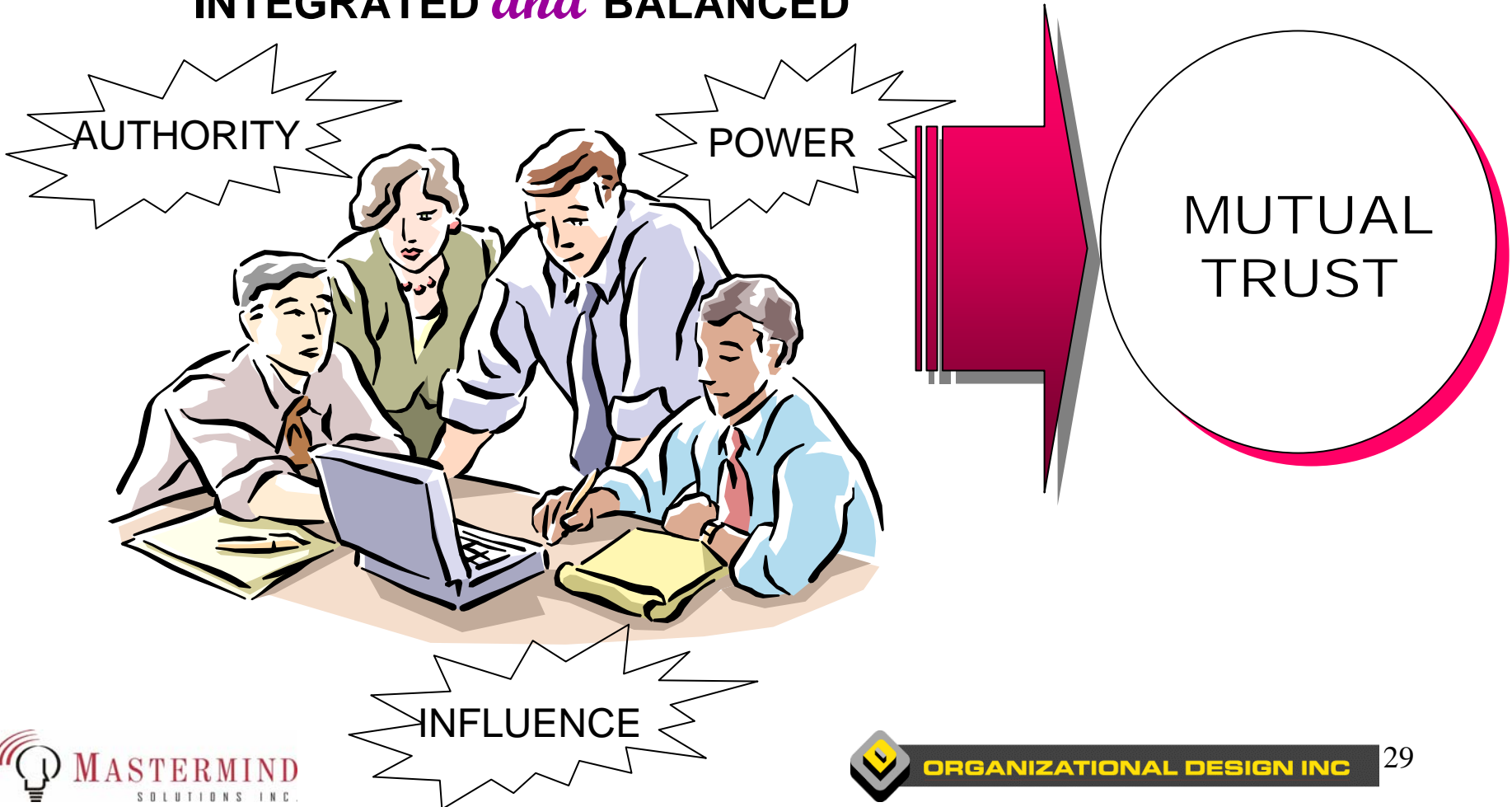
- **the PRODUCER** – make things happen – produce results
- **the ADMINISTRATOR** – keep things in order – system works
- **the ENTREPRENEUR** – anticipates the future - creates
- **the INTEGRATOR** – generates interdependence – team work

Based on Ichak Adizes Corporate Lifecycles.

Eleventh Principle

BUILD TRUST AT THE TOP COLLEGIUM

INTEGRATED *and* BALANCED



Twelfth Principle

DEFINE THE ACCOUNTABILITIES AND AUTHORITIES OF ALL MANAGERS

Position Profile

Accountabilities

Authorities

Output of direct reports

DECIDE: Veto unacceptable newcomers

Building a Team

DECIDE: Type of work assignments

Sustaining that Team to Produce Outputs

DECIDE: Personal effectiveness

DECIDE: Merit reviews

DECIDE: Removal from role

Thirteenth Principle

APPLY EFFECTIVE MANAGERIAL PRACTICES

Selection & Induction
Context Setting
Team Planning
Tasks Assignment
Team Building
Task Adjustment
Monitoring
Coaching
Appraisal
Continuous improvement
De-selection/dismissal
Manager once Removed

Managing Output

Specify Expectations



QUALITY



QUANTITY



TIME FRAME

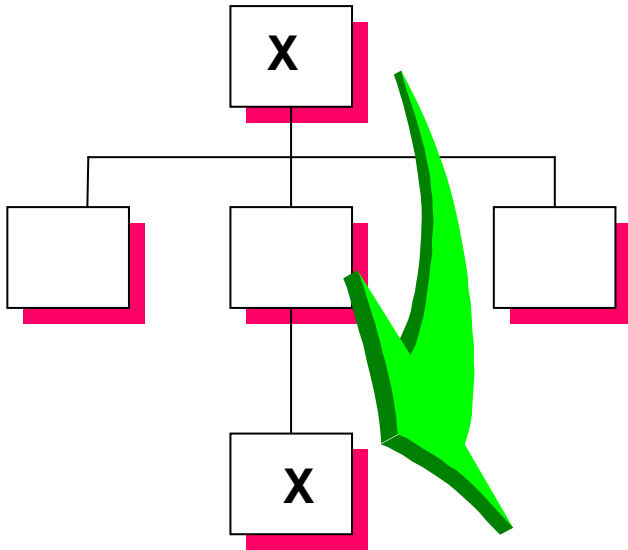


RESOURCES

QQT/R

Fourteenth Principle

OPEN A WINDOW INTO THE ORGANIZATION THROUGH “Manager-once-Removed”



Nurture company's talent pool

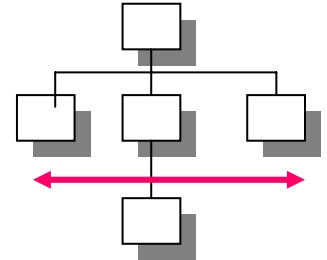
Monitor quality of leadership

Fifteenth Principle

SPELL OUT AUTHORITIES THAT RUN ACROSS THE ORGANIZATION

GETTING HELP for one's own work

- Servicing:** Authority to delay services due to lack of resources but cannot refuse requested services.
- Prescribing:** Authority to instruct another person to carry out particular activities, and that person must do so.



HAVING INPUT into another's work

- Auditing:** Authority to inspect an others work and decide whether it is or is not satisfactory within the predetermined limits.
- Coordinating:** Authority to monitor and assemble individuals to develop a common course of action.
- Monitoring:** Authority to be kept abreast of what another person(s) is doing and to point out to that person(s) alternative courses of action.
- Advising:** Authority to advise others and to try and persuade others to take his or her advise. Other parties have option of accepting or rejecting said advice.
- Collateral:** Authority of making mutual adjustments in work so that the best overall result is achieved.

Question & Answers

Steve Clement & Maurice Dutrisac would like to acknowledge:

**Forrest Christian, Associate, The Manasclerk Company
who wrote:**

The Inglis Story

“How It Became the Number One Appliance Company in Canada ”

Presenters Bio

Steve Clement & Maurice Dutrisac have been collaborating as friends and RO colleagues since they worked on the Inglis Project.

Steve Clement, the Founder & President of Organization Design Inc. lives in Houston, Texas is one of the foremost world experts on implementing organizational design, structure and talent pool systems.

For the past three years Steve has been assisting the leaders of the US Armed Forces Command in the Pentagon through the use of RO design concepts.

Maurice Dutrisac is President of Mastermind Solutions Inc., a Toronto based multi practice consulting company. Maurice is the practice leader for strategic planning, organizational design and leadership development.

His aim is not to do transactional consulting that produces small incremental gains but to help companies achieve “Big Hairy Audacious Goals” of 20% to 40% productivity & growth.

OUR PURPOSE

The Global Organization Design Society is a not-for-profit corporation registered in Ontario, Canada to promote the following objective:

The establishment and operation of a world-wide society of academics, business users and consultants interested in science-based management to improve organizational effectiveness for the purposes of:

Promoting among existing users increased awareness, understanding and skilled knowledge in applying concepts of Levels of Work Complexity, Levels of Human Capability, Accountability, and other concepts included in Requisite Organization and/or Stratified Systems Theory.

Promoting among potential users of the methods, appreciation of the variety of uses and benefits of science-based management, and access to resources.



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