

TI AUTOMOTIVE (B): BUILDING A GLOBAL TEAM

Research Associate Colleen Lief prepared this case under the supervision of Professor Daniel Denison as a basis for class discussion rather than to illustrate either effective or ineffective handling of a business situation.

Be careful what you wish for! After leading a successful culture change in the North American HVAC group of TI Automotive in Michigan, Kuppler was named vice president and general manager for global HVAC operations.

Corporate culture would undoubtedly be an issue at the global level, if for no other reason than TI's HVAC group maintained facilities in eleven countries around the world. The scattering of the workforce around a wide geographic area and the influence of diverging national cultures would make Kuppler's efforts to improve the effectiveness and cohesion of HVAC's global operations more critical and more challenging.

The idea would be to extend the success of the change process that was initially rolled out in North America but to improve it based on employee feedback. First stop would be Europe, where the HVAC group operated in Spain, Italy, Germany and the Czech Republic. But would the same approach that brought an enhanced work environment and impressive financial performance also prevail in a European setting?

First Denison Survey in Europe: 2004

Once employees in North America had seen their Denison results, it confirmed what they already knew deep down. With the insight and steady hand of the leadership team, they reformulated the way they worked together and, without great fanfare, decided the future would be different from the past.

So, one of the first moves undertaken in Europe was the administration of the Denison survey to get the pulse of the organizational culture. Although he was managing this culture change from Michigan, Kuppler sensed that the strength of the European staff members was in their disciplined approach, respect for authority and dedication to following through on tasks. However, employees seemed skeptical of new initiatives and, therefore, less willing to candidly share their feelings and ideas. This group needed convincing that real change would come, no matter what they did or how much they talked. Kuppler's job this time was made more complex by the fact that five operating languages were in use at the European facilities. He had his work cut out for him but he had the strong support of the global HVAC leadership team he created with representatives from around the division.

The results in Europe were both different and more alarming than the initial survey feedback in North America in 2003. (*Refer to **Exhibit 1** for the 2004 Denison survey results of European HVAC operations.*) Consistency, which was not so much of a problem for North America, turned out to be the weakest trait for Europe. The agreement index, within the Consistency trait, came in with a score of 17. The next lowest scores were noted in Capability Development and Empowerment. In general, there were many "white spaces" on the Denison graphic, which meant that there were many opportunities for improvement.

What Happened Next?

The survey results were available in June 2004 and the first involvement meetings were scheduled for that same month. Once again, the agenda for the meeting included the presentation of the group's results and votes on establishing priorities for action plans. A vision and strategy for the European unit was discussed and clarified. The next meeting was scheduled for November 2004.

As in North America, Kuppler worked with his leadership team representatives to set up business teams throughout Europe. In all, 30 were established across the global business group by the time he was finished. Standard metrics and regular progress reporting was required of the teams. Communication among teams was heightened through the use of the intranet. Kuppler noted:

This was not a tightly planned effort from the start. It was more watching how things evolved over time and continuously obtaining employee feedback for improvement as we defined and updated our priorities. We learned what to emphasize as we went along. And we got a better appreciation for how culture touches everything.

Second Denison Survey in Europe: 2005

After all the work on improving the work environment in HVAC Europe, everyone was curious to see the results from the next Denison survey in 2005. The changes were dramatic. (*Refer to **Exhibit 2** for a comparison of the 2004 to 2005 Denison survey results.*) Much improvement was noted, with the results being better in every category. While there was still much to be done, particularly in the three indices comprising Consistency – Core Values, Agreement, and Coordination & Integration, which were all in the second quartile – the leadership team had much to feel good about. As reflected in **Exhibit 3**, HVAC operations in Europe moved forward in a variety of ways. There were signs of progress in everything from financial performance against plan to new business wins to safety, quality and strategy advanced in the years since the first survey and the subsequent team building action agenda.

While there were significant differences in the North American and European organizations, the European leadership team took a similar approach and tried to create fundamental organizational changes. Here are some of the common themes of the approach:

1. Initiation of team structures.
2. Alignment of vision, strategy, objectives, metrics and rewards.
3. Implementation of Denison survey and formal action planning.
4. Involvement meetings and business team meetings.
5. Establishment of extensive capability development processes.
6. Regular communication and team activities.

Some of the key components of this formula included:

- Extensive use of the Denison 360 degree performance appraisal instrument for senior managers.
- A commitment to regular development evaluations and training for all.
- Exchange programs for employees of global HVAC work sites.
- Establishment of specific learning goals, behavior changes and performance feedback at regular intervals.
- Institution of the “You are a Leader” global leadership training program, as illustrated in **Exhibit 4**.

Kuppler came to believe that the only way to survive as individuals and as a firm in the increasingly precarious auto industry was to strengthen the team. Rewarding success, developing individual capabilities, encouraging employee involvement, lining up behind one comprehensive and well-understood vision and

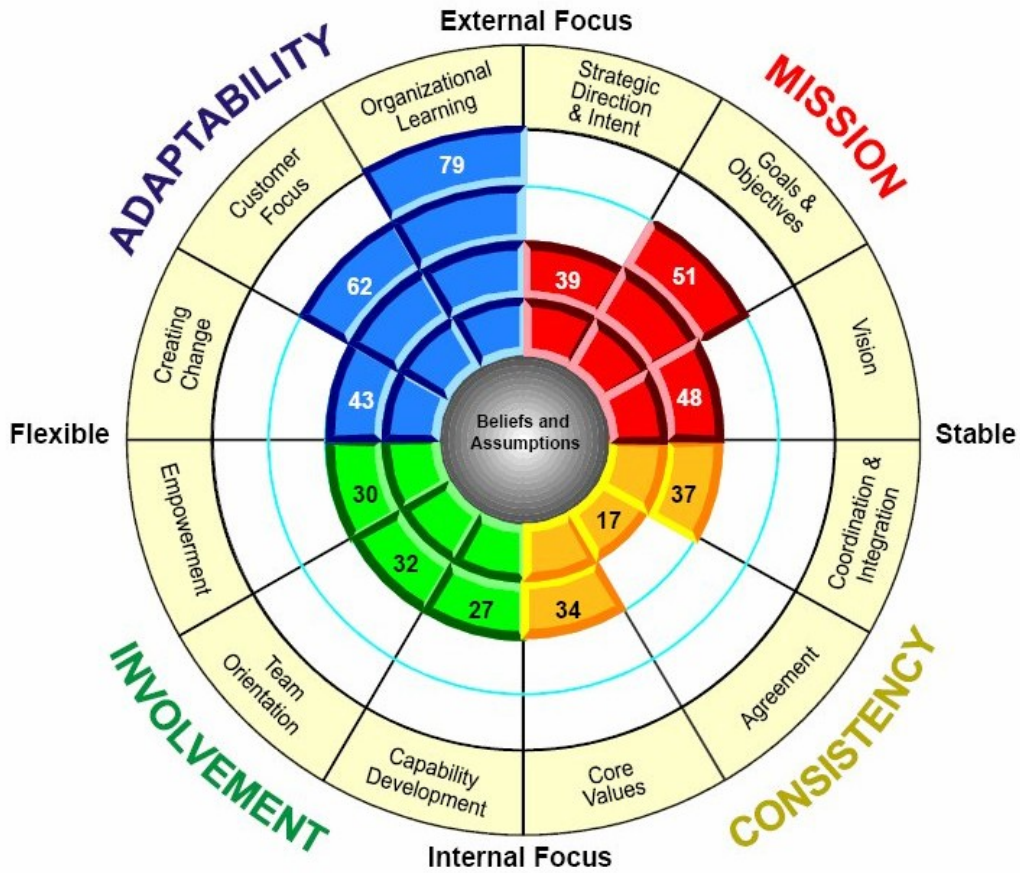
regular follow-up and communication all led to substantial achievements and made TI a healthier, more enjoyable place to work.

What Comes Next?

After successes in culture change in North America and Europe, Kuppler went on to head the North America brake and fuel business and the North American HVAC group based in Michigan in 2007. He introduced his leadership and teamwork ideas to this work unit, as well. In mid-2008, following the ascension of a new CEO and implementation of a new global organizational structure, Kuppler left TI. But looking back on his efforts, he reflected:

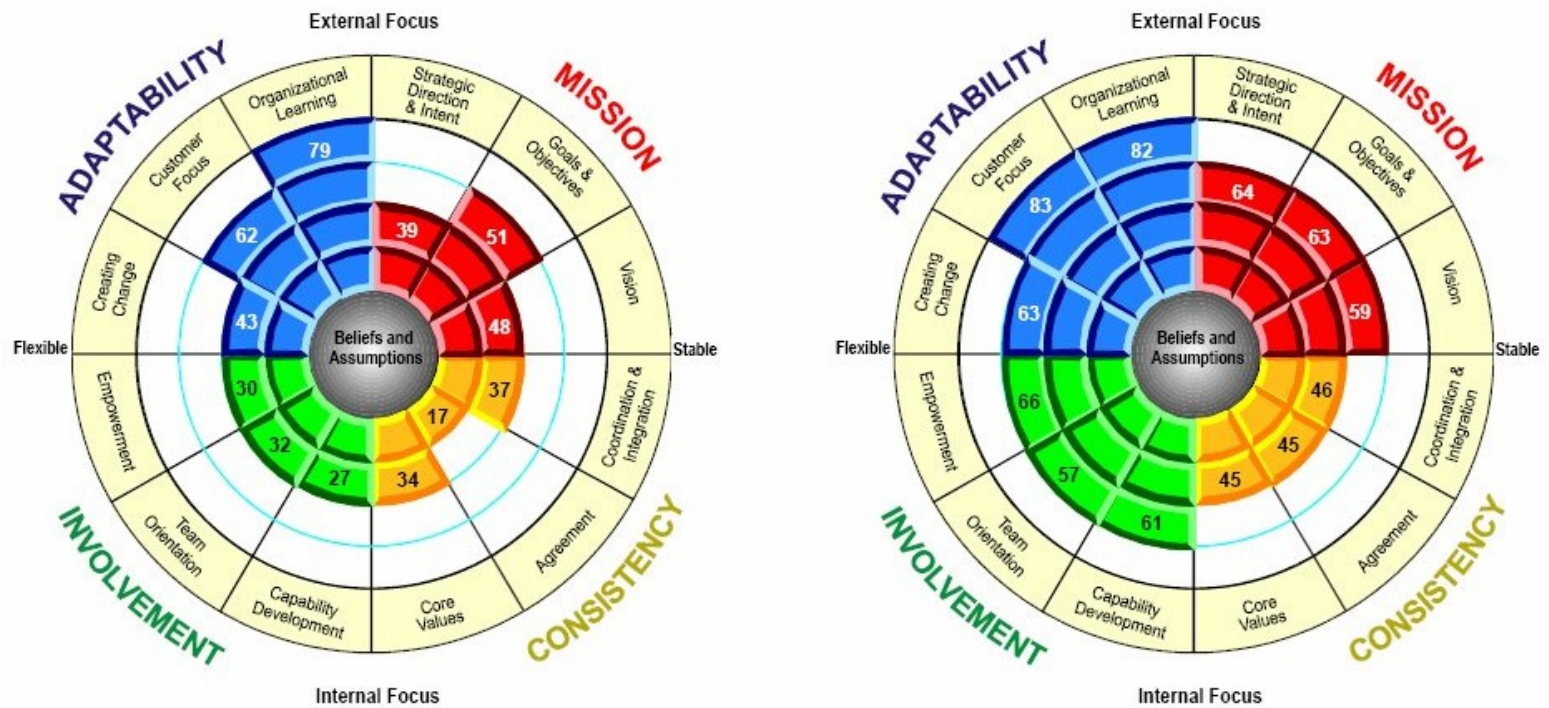
The most important factor in our success was the freedom given to me and our leadership team by my boss. He had confidence in me and my ideas. He trusted me to run the businesses the way I thought best. After reading literally hundreds of leadership and management books, I had ideas I wanted to try out. He gave me the opportunity to follow my instincts and knowledge. And, the results were satisfying – a more involved workforce and substantially improved performance when we initially managed the culture change.

Exhibit 1
Denison Survey Results: 2004
(HVAC – Europe)



Source: Company information

Exhibit 2
Denison Survey Results: 2004 vs. 2005
(HVAC – Europe)



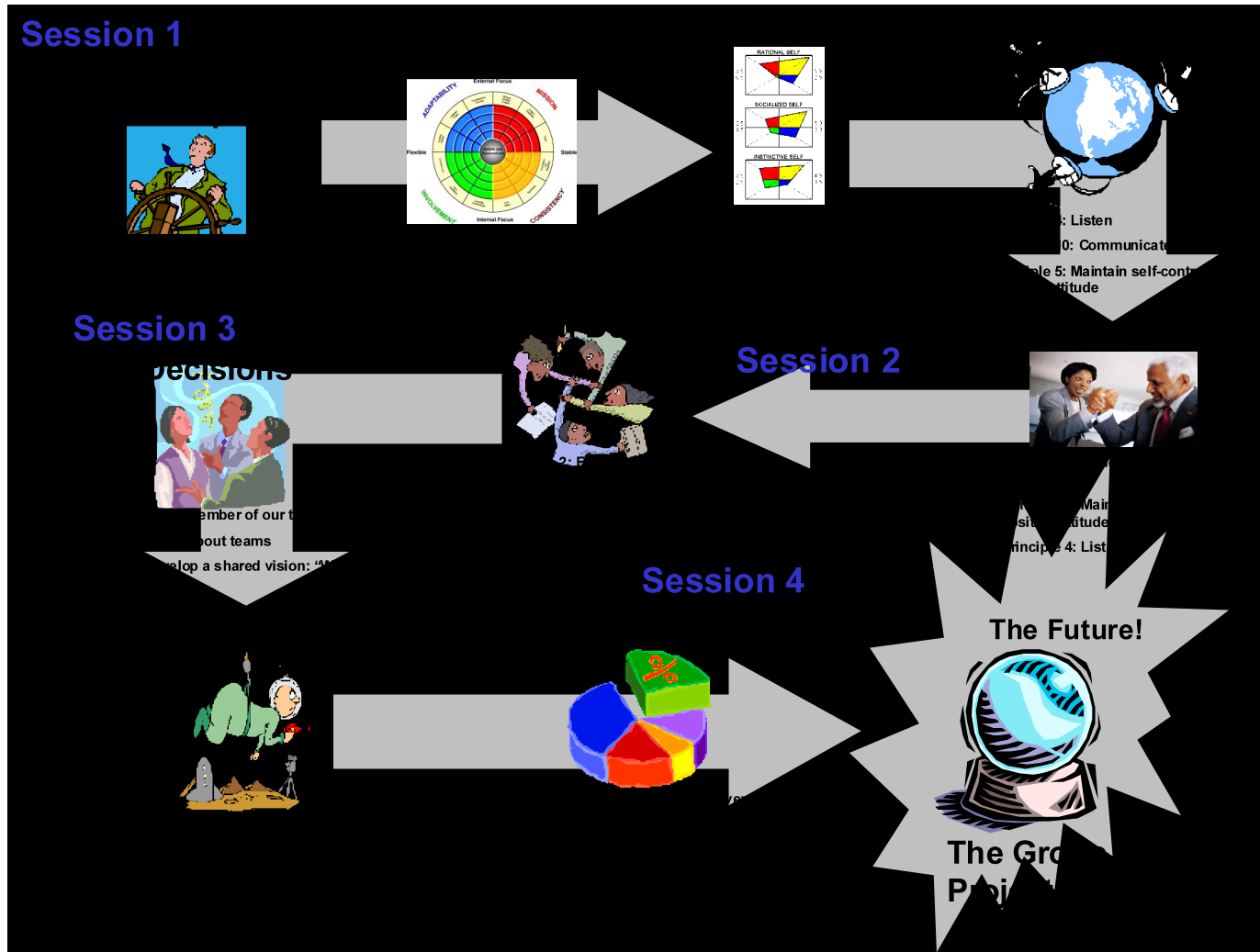
Source: Company information

**Exhibit 3
Improved Culture = Improved Results**

	2002	2003–2006
Profit	<ul style="list-style-type: none"> • On plan 	<ul style="list-style-type: none"> • 03–05: Beat profit plan • 06: NA restructuring
Quality	<ul style="list-style-type: none"> • 37 PPM 	<ul style="list-style-type: none"> • Single digit PPM
New Business Wins	<ul style="list-style-type: none"> • 2 non-GM wins in prior 5 years 	<ul style="list-style-type: none"> • Over 20 non-GM wins
Globalization	<ul style="list-style-type: none"> • No Asia presence 	<ul style="list-style-type: none"> • 4 programs won in Asia • New plant established in China
Global Leadership	<ul style="list-style-type: none"> • 8 leaders in 5 years 	<ul style="list-style-type: none"> • 1 leader
Global Coordination	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • Extensive global coordination

Source: Company information

Exhibit 4 You are a Leader Global Leadership Training Program



Source: Company information