

## Background

### The company

The Minth Company is a multinational company with a solid base in flavour and fragrance additives for other industries. The company is well run and has for many years had a solid profit from its core business. Through the years Minth has also succeeded in acquiring several smaller companies from adjacent industries.

Minth Industries has always focused on traditional production methods. The previous strategy, Market Boost, was based on aggressive growth targets at the expense of pretty much everything else. Despite this, for the last five years, the company has been running losses: the global competition has gotten harder.

Next to that times have changed. The media, end consumers and politicians now demand more transparency, environmental responsibility and sustainability in the production and for the safety of the consumers.

At the same time production costs have increased due to higher prices on raw material and energy and the strong global competition. Another reason why profitability has gone down the last few years.

Headquarter wants to meet these challenges by moving the market position to a more value-oriented business model with a focus on health & sustainability and using the benefits of digitalisation to reduce the costs. The newly launched strategy, Future, aims to change workflows and introduce new digitalized product lines. Combined with a marketing and branding effort this will ultimately result in a market repositioning of the entire company.

### Future

The Future strategy is divided into two initiatives:

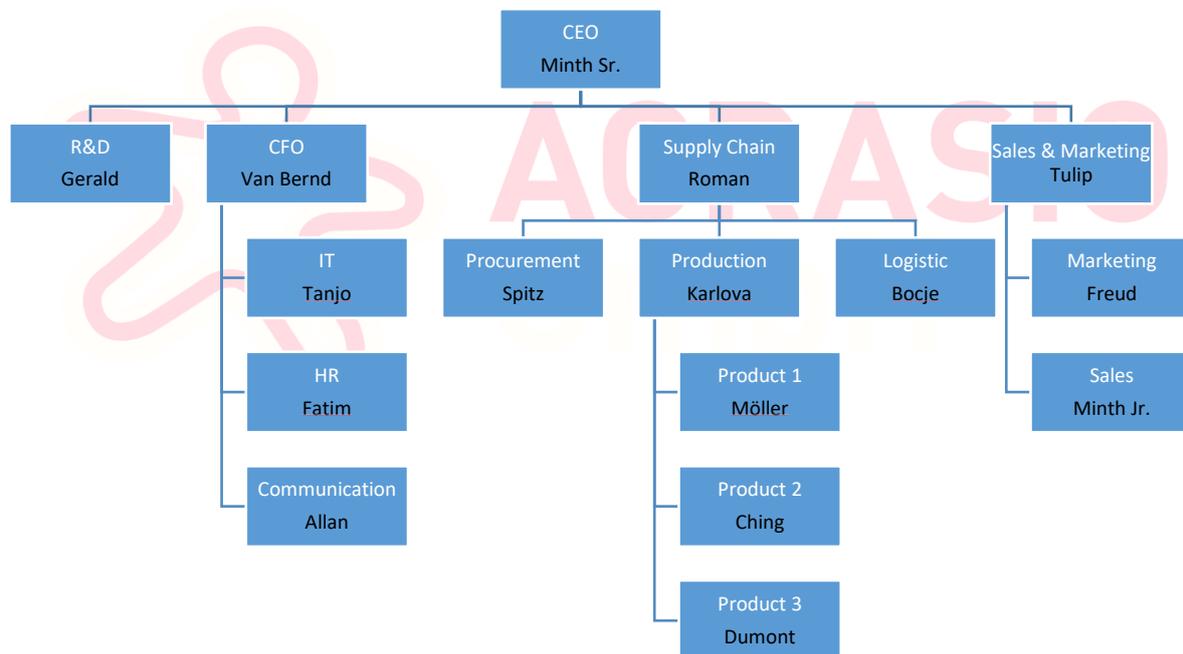
1. Eco Line: This initiative aims to evaluate the existing product line and manage on-going innovation efforts to develop new health-conscious and sustainable products. Reaching this goal will result in an updated product portfolio that will support the new market position.
2. Work Digital: This initiative aims to reduce costs through digitalisation and production optimisation. Reaching this goal will prepare the organisation for meeting possible future constraints as well as support the market position.

### Company's History

Henry Minth (born in 1856) founded The Minth Company of St. Louis, Missouri, in 1899 with himself as president and his son William as principal officer. The key to the company's success was Henry Sr.'s creation of a chemical fragrance that would reduce the cost of the molecule to 20% of the original costs!

The Minth Company originated as a supplier of chemicals, but the finally decided to specialise on fragrances and flavors. When rising demand required building the company's first factory the family decided to locate it in Raleigh, North Carolina - roughly halfway between key suppliers and fragrance customers in New York. The Raleigh plant produced its first fragrance in 1905. The following three decades witnessed important product line expansion. By the early 1940s, the company was producing high-grade chemical as an independent product line as well as for its own use. To accommodate this growth, the company added new plants throughout the US and opened sites in Europe (France & Germany) and Asia (Malaysia).

The Minth Company's stock was first issued to the public in 1950, but the family maintained its lead role in managing the corporation. J.R. Minth Sr. is the current CEO, while his daughter Jane is being prepared for this role and heads the Sales department. Generally, a Minth served as chairman of the board to provide continuity and a long-term view.



Ten months from now, The Minth Company faced one of the toughest labour negotiations in its history. Global competition had flooded The Minth Company's markets; the company had been running up losses for the first time since its founding. Substantial numbers of the salaried and hourly work force had to be laid off.

Company management embraces a range of views on the scope—even the utility—of a change management program. Like many older companies, The Minth Company had a conservative employee relations tradition predicated on preserving “management's right to manage.” Early signals from the works

council, which represented 31% of the U.S. Minth work force (and even more in Europe), were not positive. Workers at the older, less-efficient plants feel their jobs threatened by FUTURE. Workers at unionized bearing plants (in France, Germany and the US) worried that work was being diverted to their non-union counterparts (in Malaysia). Some employees felt management (especially the Head of Supply Chain) was cynically pitting plants against each other to see which would be the survivors.

### Your Role

You have been given the task of supporting the implementation the Future Strategy throughout the company. You have limited formal resources and limited formal power at your disposal so success will depend on your ability to:

- Navigate the complex stakeholder landscape and build a strong coalition
- Transition the whole organisation to reach the strategic goals keeping the risk minimal.
- Mobilize the organisation through communication and training to get buy-in from the majority.

### Mobilize

The strategy has recently been launched with an internal kick-off event. Here the CEO introduced the strategy and presented you (communication director) as the Change Manager. The two initiatives have also been announced in the company newsletter: the launch of an innovation initiative, and the launch of a workflow optimisation initiative.

The steering committee of the whole strategy rollout consists of: CEO, CFO, Head of Production, Head of R&D, Work Council representative and Head of Marketing. You must be ready to respond to issues that may surface and become roadblocks on your way to making Future Strategy a success. For one thing, rumour has it that the Employee Representative (I. Hegel) is worried about the implications of the workflow changes.

### The Stakeholders

Minth Sr., as well as his daughter, is very eager for this project to be successful, as his name and the reputation of the company are on the line. But not everyone is pleased about the strategy: especially Ms. Karlova is not very happy about the expected changes. She has been with the company for over 30 years and has barely survived the last restructuring. Her knowledge and expertise lays in the old ways of producing, and she is worried to be replaced by Mr. Möller, a young manager, who is hungry for a fast-paced career. He is also intending to use the project to push the German sites. His

other colleagues are less supportive, as they don't want to upset their boss, Ms. Karlova.

The CFO, Hans Van Berndt will soon be retired and has not attended the last two steering committee. He has asked to be excused because he was sick and then he was busy with an intense audit. Martin Roman is a good friend of the Minth family and is an official advocate of the change, but he is also in the process of setting up the new site in Malaysia and is very busy with other initiatives. Silvia Gerard has already contacted you and has provided you with information about the strategy. Her team is well represented in the project team.

### The Plans

To speed up the implementation of a new product portfolio the R&D-department has decided to change their ways of working: they have decided to use agile product development methodology and centralize their teams back to the US. They are working very closely with the marketing team, to understand and deliver the customer needs. To fasten their time to market, they have also decided to buy an external provider responsible for the chemical registration of the new products in the different regions.

On the supply chain side, the plan is to reduce the manual work and automatize as much as possible the internal and external supply flows. Next to that the suppliers have now to provide more detailed information on their ecological footprint.

While the production is getting ready, the sales team is waiting and has not yet done much to get acquainted with the new products.

### Crusade

The first of the two strategic initiatives to be launched is the Eco Line innovation initiative. Your first big challenge in the strategy rollout is to prepare for this.

Eco Line is an important part of the Future strategy, but the actual innovation process will only directly involve a few stakeholders. The Head of R&D and her team will run the day-to-day affairs of the initiative, so it is important to get her on board and engage her in running the initiative. It is also important to think ahead and to attend to the stakeholders that will run the production of the new products, as well as the stakeholders that will play a role in taking these products to market. You may not have time or resources to engage all of them. In that case you must prioritise.

Work Digital will play a significant role in the day-to-day operations of all parts of the company, but for now your main focus must be your fellow members of the project team. At this stage it is especially important to engage R&D

and the Supply Chain since new products, new practices or machinery will have a deep impact on other parts of the workflow.

The second of the two strategic initiatives to be launched is the workflow optimisation Work Digital. The production department will play a key role as well. The French plant will be closed to centralize the European production in Germany. The digitalisation of the production and the logistics will have a massive impact on the Supply Chain organisation. The remaining employees will need to be trained and upskilled.

The new ways of doing things will be integrated into daily routines. It is apparent that not everyone is entirely capable of performing well under these new circumstances. In some cases, employees lack proper knowledge and training. In other cases, they are not supported by the right IT systems. The Eco Line portfolio is now integrated in the sales database and thoroughly described in the presentation material, but most of the sales department is not really interested and is still having a hard time understanding the new strategy and therefore positioning the products to the customers. At the same time Procurement is still placing orders using an IT system that is not yet able to support the strategy's requirements and supplier benchmarks.

### *Employees per division after the implementation of FUTURE*

	<b>US</b>	<b>France</b>	<b>Germany</b>	<b>Malaysia</b>
R&D	500 (+30)	-	50	-
Supply Chain	4000 (-500)	0 (-800)	1000 (-200)	500 (+100)
Sales & Marketing	500	20	400	30 (5 in China)
# of sites	4	1 (-1)	2	2 (1 in Malaysia + 1 Sales partner in China)

## Populate

The two initiatives, Eco Line and Work Digital, are supposedly ready to get implemented and the workflows will slowly start to become a part of the company's everyday practices.

The new product portfolio is ready to get produced, but now all Supply Chain employees have been trained and the products don't seem quite ready to go to market. The sales team is still not fully engaged, and they seem to lack

support from top management. Recently the division has also experienced a sales dip.

The new workflows in the Supply Chain have been designed, but it has been a shaky start in Logistics as other initiatives have been distracting the department head.

At the same time, you must be aware of other issues that may arise and become roadblock to your progress. During the last year they have been some layoffs in Germany. These are not directly related to FUTURE, but you are not sure how this correlation is perceived among the employees.

You must also ensure that Logistics and Production are briefed and instructed properly, so their workflows stay aligned with the strategy. Recent assessments of workers' attitudes within the company showed that the workers, overall, were belligerent, angry or defiant while facing this challenging and new situation in their industry and company.

#### Task ahead

These are the different situations encountered by the Change Team throughout the transformation. Please put yourself in the shoes of this team and use the results of the exercises to put together a Change Management Program.