



network looks at the work Ashridge has carried out with Electrolux which addresses the challenges and opportunities presented by globalisation

Words Toby Roe

Thinking of you

Electrolux

Colin Williams, Ashridge Programme Director, is clear on why the *Next Level Leader* programme is successful:

“The strong support and involvement of Electrolux’s senior management along with the enthusiasm and involvement of line managers have ensured that the programme is valued by all the participants and is seen as both important and highly relevant to the continuing success of the business. Importantly, we have continually developed and updated the programme to ensure that it continues to help address the changing business challenges facing Electrolux.”

Electrolux is one of the world’s leading home appliance manufacturers, with 54,000 employees in over 50 countries, selling into 150 different markets. Like many large organisations, its biggest challenges over the last few years have been around globalisation. As well as facing its traditional competitors worldwide, major new competitors such as LG and Samsung are aggressively entering Western markets, while Chinese competitors such as Haier are not far behind. Its retail trade customers are becoming more multi-national and exerting greater power in price negotiations. The cost of manufacture being lower outside Western Europe and the USA, coupled with the increasing standardisation of components around the world, has also created various pressures. This is in addition to the complexities of building a global supply chain capable of managing quality and reducing cost in developing countries.

At the beginning of Ashridge’s work with Electrolux on the *Next Level Leader* programme in 2004, the

challenge was how to move from a series of country-based businesses to a global organisation and importantly, one with a global competitive advantage. More recently, the work has been focused on how to make this sustainable in the long term. This has involved supporting Electrolux’s managers to execute the strategy based around globalisation, innovation and acceleration, but also developing managers’ understanding of themselves as leaders and team players.

Working closely with Electrolux, five key areas were identified as critical in order for the organisation to be successful:

- Acceleration – being able to get new products out quickly in very competitive markets
- Creating a global network in support of the supply chain and quick product roll out
- Reducing the complexity of the brand portfolio to benefit from clearer brand identities, lower costs and a better return on advertising

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expenditure. Importantly to position the Electrolux brand as 'premium' and worth paying more for

- Innovation – the ability to understand how customers use and will use appliances in the future. To introduce innovation that makes Electrolux products more appealing – aesthetically, practically and emotionally
- Being bold – having a willingness to take risks and explore different opportunities.

One of the challenges was the desire for speed, as part of Electrolux's acceleration strategy. From the decision to launch the programme to running the first module there was a two-month window. During this time over 30 interviews with senior managers and potential participants from across Europe, Asia and the USA were carried out to create an outline design. This was vital to gain a deep understanding of the organisation, strategy, challenges and culture to create a programme which was rooted in Electrolux's strategy.

The programme design was then further refined with the Talent Management specialists within Electrolux and was approved by all of Electrolux's top managers following a couple of iterations. This 'buy in' from the Division Heads was critical to a successful start and throughout the programme.

The result is a global leadership and strategy development programme attended by most of Electrolux's 500 senior-middle managers from all areas of the business, across Europe, North and South America, Asia and Australasia. The programme is delivered in two 4-day modules, which are hosted at a range of locations in Europe, USA, South America and Asia.

A critical aim of the programme is to help managers better understand the very competitive markets they

operate in. The programme features a competitor analysis project looking at competitors from around the world such as LG, Samsung, Whirlpool, GE and Midea. Prior to the programme managers are tasked to study one of these competitors and at the end of module one, are asked to present their findings to a senior Electrolux representative. As well as learning for the individual, valuable competitor data and analysis is collected and acted on.

Rooting the programme deeply in the organisation's strategy and managers' role within it, module two involves a number of working sessions with top Electrolux executives on specific themes for a region or context. These culminate in a challenging discussion with Electrolux's CEO on the nature of leadership. This focuses both on the future goals and challenges for the organisation and how individual leaders make a real difference. It is designed to support managers in understanding and executing the Electrolux strategy.

Learning Support Groups were another key part of the programme. These enable programme participants to explore their progress and how the programme is affecting them both personally and in their professional role. Unlike many executive education programmes, these are not "out of hours" or optional but are built into the main programme schedule. They involve participants applying some of the skills learned or enhanced during the programme to support and challenge each other in a trusting environment. It enables them to explore how their learning can be applied to current difficulties and challenges they face in their operational roles. In addition to the obvious benefit of transferring the learning from the classroom to the 'real world', this intimate work helps to build a global network as well as equipping participants to coach and develop their own reports more effectively.

Skills around working as a team, in particular complex and virtual team working, are very important to Electrolux. The programme uses a day-long simulation exercise to get participants to demonstrate these skills under pressure. It requires individuals to analyse both their own performance, using video footage of themselves carrying out the group task, as well as the performance of their colleagues. The experience of both giving and receiving feedback is often cited as the highlight of the week for many participants.

To date 500 Electrolux managers have been through the programme and it is viewed as very successful. Electrolux CEO Hans Stråberg, who recently received a Distinguished Honoree medal in *Executive of the Year in Europe* in the 2010 International Business Awards comments: "No strategy will ever work if an organisation's people do not understand or value it. The work with Ashridge has played a vital part in supporting and developing managers to successfully execute the strategy."

Recognition has also come externally. Following an analysis made by internationally renowned *Forbes Magazine*, Electrolux has been named one of 130 Global High Performers and named in the top five companies in consumer durables. While Stråberg is delighted at this ranking, he adds that it is well earned: "During the market downturn we made tough choices and stuck to our strategy, focusing on product development, brand and cost efficiency. This strategy is paying off and we can now see the results. In 2009 we made record profits and the first quarter of 2010 was our best first quarter ever. This is down to Electrolux employees and underlines the importance of investing in the development of your people."



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Hans Stråberg, CEO, Electrolux.



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