

Transforming Mars Latin America

BY HOWARD M. GUTTMAN

When Brian Camastral took over Mars, Inc.'s Latin American

Division in 2005, the 3,000-associate operation had been consistently underperforming.

The region was comprised of four business units: two were losing money, one was declining, and the fourth was growing incrementally. People operated in isolated silos, and associate engagement was in the 20th percentile, according to the Gallop employee survey. The region was known for missing financial targets, for year-end financial surprises, and for a weak talent pipeline.

Today, the region has been transformed into seven engaged, interdependent business units with local focus and accountability. Associate engagement has reached the 80th percentile. Financial results have exceeded expectations for four consecutive years: Growth has accelerated from 5% to 17%, and earnings have tripled.

How did Camastral transform an underperforming organization into a standout? Not by using traditional organization development (OD) methods such as reengineering, business-process redesign, TQM, lean principles, or even a deep dunk into training and development. And although he began by dividing the three lumbering operational segments—South America, Mexico, and the Caribbean—into seven smaller, more focused business units, the changes he made went far beyond restructuring.

Camastral reinvented Mars Latin America by sweeping away the old hierarchical organization model and replacing it—as an increasing number of companies are—with a horizontal, high-performance one.

THE NEW MODEL

At Mars Latin America and other divisions of Mars, Inc., as well as in a growing number of other companies, the need for a high-speed, “intelligent” enterprise is making obsolete the

hierarchical organization, with its multiple layers, slow-motion decision making, and dependence on the personality of the leader. Going forward, the most successful business organizations will be characterized by fewer levels and decentralized decision points.

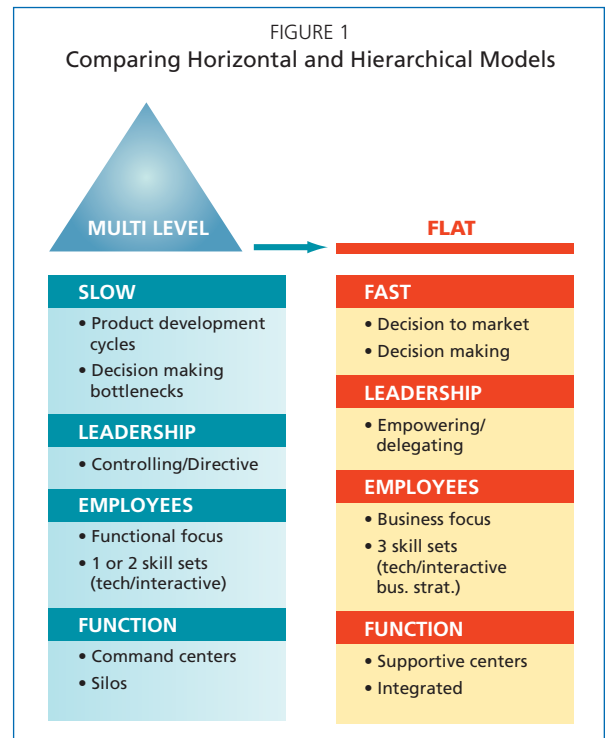
Camastral is one of the forward-thinking leaders who have already discarded the traditional hierarchical organization and replaced it with the new, horizontal model (see Figure 1).

ALIGNMENT IS KEY

The transformation of Mars Latin America to a horizontal, high-performance organization began, as it usually does, by aligning the top team around five key factors. The process presents a leader and his or her team with the opportunity to redefine the new playing field for performance by asking and answering the following questions:

1. What's the business strategy, and how committed are we to achieving it?
2. What key operational goals flow from the strategy, and how do we make sure these goals drive day-to-day decision making?
3. Are we clear on roles and accountabilities?
4. What protocols, or ground rules, will we play by as a team?
5. Will our business relationships and interdependencies be built on honesty and transparency?

“It had always been my intention,” says Camastral, “to build a high-performance organization. I knew that I had to start by building a strong top team.” Camastral’s team, which includes seven business-unit heads and five functional leaders, went through its first alignment in 2005, and over the next two years it met several times a year to realign, reassess its progress, and acquire additional skills. During this time, the 12 senior-team members aligned their own business units or functional areas at least once a year, and in some cases twice.



At a time when organizations continue to be buffeted by the forces of globalization, hypercompetitiveness, and technological change, a growing number of business leaders have realized that in order to survive they must make radical changes in the way they do business.

CASCADING HIGH-PERFORMANCE

Ask any shareholder what he or she thinks the CEO and top team are paid to do, and the answer will likely be “focus on strategy.” And these days “focus” translates to strategy execution. Herein lies the challenge. While strategy formulation is typically a solo performance for the top management team, execution is more other-dependent and involves the next tiers down. Often, these levels are not fully equipped to drive execution. In the case of Mars Latin America, Camastral and his team realized that they did not have the bench strength to accomplish their new goals. After their alignment and skills training, they themselves were strong, and each of their individual functions and units was strong, but there was no cross-functional team below them to move smartly from vision to action. To remedy this, they decided to conduct multitier alignments.

The multitier alignment process is a disciplined way to develop the performance muscle of an organization, beginning with the senior team, moving across to functional teams, and then proceeding vertically to successive tiers of the organization. As the process unfolds, the end result is the creation of an organization-wide capability for sustained high performance.

Two years after introducing the model at the top, Camastral decided to cascade the horizontal, high-performance model down through his organization. The five functional heads and seven business-unit leaders on Camastral’s team had aligned their individual teams at least once and had provided them with skills training. Now, for the first time, each of the seven business units was going to be aligned with every other. “There was a total of 80 people, from three levels,” says Camastral. In October 2007, we held one three-day meeting for all of them and labeled it “The Latin American Summit—Winning Connections.’ We were trying to connect everyone with each other in order to create win-win relationships among all those who interacted.”

BREAK-OUT SESSIONS

On the first day, Camastral began the session with an invitation to join him in reshaping the region’s future, to work more interdependently, and to make their best better. “The point wasn’t to tell people what to do,” explains Camastral. “It was to expose them to the ideas, to get them thinking strategically so that when we went into break-out sessions they would have a framework for discussing the region’s future. In basketball, there are lines painted on the court, and you have to play within those lines. After 20 presentations, everyone knew where the out-of-bounds lines were. Within bounds, they could decide what plays to run. We gave them the framework and set them free.”

Camastral's goal, from the outset, was to get tier one to do less directing and more coaching. "My people had always been too busy directing their unit's operation to focus on strategic issues. I figured that if I could get them to hand over the keys to the car, it would free up at least half their time."

Camastral, however, found that several of his direct reports were not ready to let go of the keys. In January 2008, he arranged a two-day coaching session for the senior team. "Afterward," according to Camastral, "my team members changed the way they interacted with the interdependency teams. They felt free; they knew how to coach; they knew how to go back to the subteams and inspire them to go the extra mile. On The Pet Care team, for example, the work took off so fast and went so far that I can't keep up with it. And, by any measure you look at, Latin America's numbers are off the chart. Our growth rate has gone from 5% to 17%. Profits have tripled since we started the effort. As an emerging market, you would think we would be importing talent from the rest of the company, but we are exporting it to the U.S. and Europe."

Employees below the first three levels are so enthusiastic about how the region is now working that the high-performance model is being cascaded down to them. Says Camastral, "People are more engaged than ever before. It's amazing. It's fun to be part of a transformation like this."

END THOUGHT

In many respects, business organizations are like living organisms; their survival and success depend on their ability to evolve. Failure to adjust to changing conditions renders both organisms and organizations unfit to survive.

At a time when organizations continue to be buffeted by the forces of globalization, hypercompetitiveness, and technological change, a growing number of business leaders have realized that in order to survive they must make radical changes in the way they do business. To meet the new set of performance and value-creating challenges, they have cast aside the hierarchical model and opted to build organizations that are horizontal in structure, that redefine the nature of leadership, and that are driven by high-performance teams that are aligned, accountable, and focused on achieving an ever-higher measure of results.

Call it evolution, natural selection, or survival of the fittest, but count on horizontal, high-performance organizations to be the ones that make it to the future. *MW*

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