



THE
DUKE MBA
CONSULTING CLUB

Case #18

Company: Deloitte

Topic: Human Capital

Industry: Distribution

About the Case

This is a Human Capital Case and thus contains an approach much different from the usual "Strategy" case. However the candidate should not abandon the use of a framework. Here the focus isn't so much on the bottom line as it is on the approach needed to manage the proposed changes in the organization. The case should be carried out in a conversational format with hints and clues to push the candidate along.

Defining the Problem

Your client is the nation's largest distributor of electrical and communications products. The 150-year old company distributes more than half-million products (1.5 million SKUs) made by multiple manufacturer/suppliers through 256 branches and warehouses in the US. Given that they are the middle-men, margins in the distribution industry are very thin.

The company has been generally decentralized with a high degree of branch autonomy (branch and district managers are kings of their own domain). Each branch has its own processes with considerable off-system accounting and record keeping on Excel spreadsheets, etc. Given growth over the last decade, the home-grown mainframe computer system can no longer effectively handle the volume of transactions. In addition, the time required to reconcile and report sales, inventory, and financial information from the branches to corporate is hindering senior management's ability to make timely business decisions.

To address these issues, the client is undertaking a major business transformation program. They will reengineer most business processes (sales, marketing, forecasting, logistics, finance, customer service) and are implementing one system for everyone in the company that will provide real-time information and a 360 degree view of the business. Senior management anticipates a high degree of resistance from the branches. Branch leadership feels the system and processes from corporate will not understand their needs and threatens their autonomy. Past initiatives have struggled because people were not adequately prepared for the changes. Employees are worried

about how their jobs will change and whether they will have the skills to do their jobs within the new system.

Prompt #1

How would you assist the client to successfully manage this large scale change program?

Answer

- **Leadership Alignment and Visibility/Sponsorship:** Facilitate leadership at corporate to “sing from the same page.” Then, enable corporate leadership to engage district and branch leaders. Clearly explain why the changes are required in the competitive business environment and why their leadership is needed and how they will be rewarded. In times of large scale changes, there should be a high degree of leadership visibility. Employees need to know that their leaders (at corporate and branches) are behind this effort and they need to hear this directly from their leaders. Provide talking points and support to make it easier for them to communicate to employees.
- **Communications:** Develop a comprehensive communication strategy for internal and external audiences. Explain to employees the business case for change, “what is in it for them,” and how their jobs will change. Communications should be timely and consistent to stem rumors. Similarly, there should be a communications strategy for suppliers and customers to explain how service will improve to assure them there will be no disruptions.
- **Workforce engagement:** Engage employees from as many branches as possible in the design and implementation of the new process and system. Gather input on their business requirements throughout the lifecycle of the project. Conduct roadshows out to the branches. Use trainers from each of the branches to train end users. Engage branches and employees so they take ownership of the system.
- **Organizational Reinforcement/Incentives:** Make sure those who are providing input, championing and, adopting the system are recognized, rewarded, and utilized as change agents.
- **Training:** Profile how jobs will change and train employees thoroughly on the new process and system. Hands-on training close to the “go-live” and relevant to employees’ jobs tends to be most effective.

Author’s Commentary/Notes

The candidate should touch on the major points in order to consider the interview a success.