



ELEVATING TEAM PERFORMANCE

During a time of extraordinary transition, Whirlpool's North American leadership team assessed its effectiveness so it could help drive critical improvements in business performance.

The leaders at Whirlpool would have been correct if they said early 2011 was the winter of their discontent. The housing market had been rocked by the recession, the company was locked in a difficult competitive situation with international appliance manufacturers that was squeezing profit margins, and the stock price was down. Sears-based Kenmore appliances, a long-time brand strength for Whirlpool, was struggling as the retailer tried to find its footing in a shifting retail landscape.

A January 2014 article from Forbes recalls that time at Whirlpool as a turning point for the company:

By mid-2011 it was clear that the current earnings stream the company was producing was not sustainable. Whirlpool knew something had to give and the roots of its turnaround, Chairman and CEO Jeff Fettig says, came when he and his management team concluded that hoping for a robust recovery was no way to run a business.

"With low demand and high costs, we determined 'we're not gonna wait for a recovery,' and re-sized the business" to meet the North American and European demand levels at the time.

The response the company crafted was threefold — cut capacity and costs; raise prices where possible to offset raw materials inflation; and invest in new product innovation with better margins and higher prices as a goal — but it was not painless. (S. Schaefer, Forbes, 1/31/2014)



With a significant restructure as its only solution, Whirlpool needed its top leadership team to switch gears and navigate its recovery. During “normal times” this key executive team, the North American Region Staff (NAR Staff), is responsible for the revenue growth of the \$10 billion Whirlpool home appliance business that spans the U.S., Canada and Mexico. They are collectively accountable for an organization of approximately 30,000 employees who work in a wide range of business functions, from consumer insights to product development, sales and marketing to integrated supply chain and customer service.

However, in a “company crisis” scenario, the NAR Staff is responsible for executing organizational and strategic changes to sustain the company. In 2011, this meant restructuring - no small task.

The 2011 NAR Staff was led by Marc Bitzer, president of Whirlpool North America. Working in close partnership with HR Vice President Lynanne Kunkel, Bitzer decided the team needed to improve on how it collectively led in order to best execute a major change to the business. They knew the next year would require well-informed, timely decision-making and efficient, effective, cross-functional collaboration if the business was to move forward. Bitzer and Kunkel called for a formal assessment of the NAR Staff’s effectiveness.

It was fortunate that a year earlier, their colleague Dave Binkley (SVP, Global HR) had asked Vantage Leadership Consulting to develop an assessment tool for evaluating team performance, rather than just individual performance. This was prompted by awareness that the business was increasingly depending upon teams for innovation and productivity, and that simply being “effective” was not always enough. What emerged from that request was the High Performance Team Survey (now HPT®).

The HPT helps measure a team like the NAR Staff along five core dimensions critical for exceptional team performance:

- Shared Commitment to the Company Vision and Extraordinary Goals
- Shared Accountability for Results
- Transparent Communication
- Constructive Conflict
- Mutual Respect and Camaraderie

HPT’s purpose is to help team members identify collective strengths and gaps, and then engage the team in a productive dialogue about improving business performance. Once changes are made based on the dialogue, the tool can be used to stay on course.

With a clear understanding of what needed to be accomplished with the restructuring, the NAR Staff became one of the first teams to ever engage in the HPT assessment process. Their assessment included three components: the HPT survey; a consultant-facilitated team development session, which was customized based on the survey results; and a six-month follow-up HPT survey to evaluate progress of the NAR Staff against key business targets.



The first HPT survey was administered in May 2011 and served as a platform for discussion and a baseline. It was completed by Bitzer, Kunkel and all members of the team. It brought about several “a-ha” moments for the NAR Staff. They learned their productivity was being hampered by the following:

- The NAR Staff often lost as much as four hours of time in a less-than-effective weekly staff meeting.
- Fire-fighting and end-of-quarter urgencies pushed longer-term strategic thinking off the team’s agenda.
- Team leaders were “appealing” decisions made in the team meeting during private meetings with the president and this led to confusion (and more wasted time).
- Individual NAR staff saw themselves as running their own group rather than as a member of a team running the business. Business issues which could have been managed quickly were instead brought to the president, costing time and tying up his calendar.

A few days before the team development session, Mr. Bitzer received a full briefing on the HPT results. This included both the feedback on the team and the team’s feedback for him. Mr. Bitzer and Ms. Kunkel fine-tuned the feedback to make sure the team development session focused on the most important issues. NAR staff members received the feedback ahead of time so they could come to the team development session ready to work.

In the course of a one-day team development session, the NAR Staff agreed to implement the following changes to improve team functioning:

- The lengthy and too-often unproductive weekly team meeting was streamlined by focusing on resolving the most urgent operational issues affecting the business.
- Any NAR staff member who had specific individual needs to address with the president or other team members did so outside of the team meeting, thereby avoiding personal conversations at the weekly staff meeting.
- Special off-site meetings were arranged so the NAR Staff could thoughtfully and creatively address strategic issues.
- “End run” communications with the president were eliminated.
- Team members committed to working more collaboratively to solve business problems by listening to each other and challenging one another, ultimately replacing a “hub-and-spoke” engagement model with the president as the hub.

In addition to these team-level changes, the NAR Staff made individual commitments to align their individual behavior with the newly developed expectations of the team. Those who previously worked in relative isolation agreed to engage with one another before taking certain actions. Some changes agreed to in the team development session were relatively easy, while others clashed with well-established practices. Ms. Kunkel played a key role in seeing to it that the team and individual commitments were not lost among the many demands of the business.

“We had a team of strong, independent leaders and we needed them to be as high performing in a group as they were on their own”, says Kunkel. “The HPT tool took the more subjective, emotional elements impacting team effectiveness - and consequently, business performance - and consolidated



those areas for improvement into an objective, data-based format everyone could utilize. What was implicitly playing out below the surface was openly put on the table in a fair but explicit way. This helped team members engage in transparent communication and embrace personal ownership for the team’s performance.”

A second administration of the HPT was administered in November, six months after the first survey. Below is an item analysis depicting how the team changed.



NOTES:

- The HPT employs a 7-point scale which anchors ratings of “Effective” at “4”. (This leaves room to distinguish between good teams (Effective) and great teams.)
- Ratings 1, 4 and 7 have definitions and that allows those taking the survey to use the other ratings to nuance their responses.
- Open-ended questions at the end of the survey are another opportunity for respondents to clarify their ratings.
- Teams tend to be very honest and on a first administration it is rare for a team to have an overall average over 4.5.
- The NAR Staff, to their credit, were candid in their self-assessment.



High Performance Team Survey

Item Analysis

Items that showed a change of more than +.25 between the May and the November administration of the team survey appear below. Ten items showed such a change. Four items showed a change of more than +.50 and they are highlighted in gold. One item moved more than 1.0.

Shared Commitment to the Vision and Extraordinary Goals

| Item | May | November | Difference |
|--|------|----------|------------|
| Our team has a clearly and highly relevant defined vision. | 4.46 | 4.75 | + .29 |
| Our team makes decisions and sets priorities that align with our vision and goals. | 3.54 | 4.42 | + .88 |
| Team members communicate a consistent message about the team's vision and goals throughout the organization. | 4.08 | 4.42 | + .34 |
| Team members demonstrate an enterprise perspective even when executing our individual priorities. | 3.62 | 4.25 | + .63 |

Shared Accountability for Results

| Item | May | November | Difference |
|--|------|----------|------------|
| Team members ensure that their individual actions support (and do not undermine) the overall team's success. | 3.54 | 3.83 | + .29 |
| The accountability for making decisions on the team is clear-cut. | 3.46 | 4.50 | +1.04 |

Transparent Communication

| Item | May | November | Difference |
|---|------|----------|------------|
| Team members are aware of what information their colleagues need in order to get results. | 4.15 | 4.50 | + .35 |
| Members of our team consistently aligned their words and actions. | 4.0 | 4.42 | + .42 |

Constructive Conflict

| Item | May | November | Difference |
|---|------|----------|------------|
| Our team has an appropriate forum for constructive debate and discussion about the issues facing the company. | 3.77 | 4.42 | + .65 |

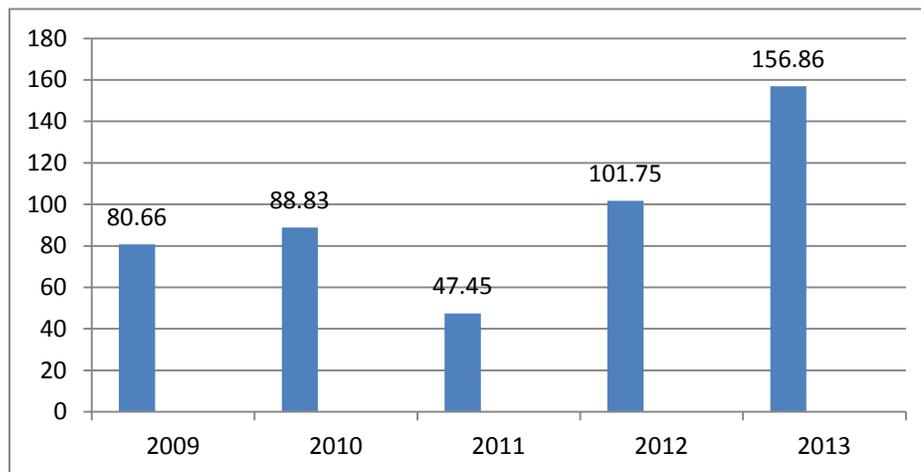


Mutual Respect and Camaraderie

| Item | May | November | Difference |
|---|------|----------|------------|
| Our team readily cooperates with other teams in the organization. | 4.00 | 4.25 | +0.25 |

The follow up scores demonstrate that in just a half-year period and during a critical time in Whirlpool’s business, the HPT effectiveness process helped to improve NAR Staff performance, **strongly enhancing the team’s ability to deliver** exceptional results.

End of Year Stock Price



Whirlpool’s success after the restructuring reflects primarily on the leadership of Mr. Bitzer, Ms. Kunkel and the NAR Staff. The HPT process provided the NAR Staff with a tool to create practical, actionable steps to improve team performance and help meet multiple restructuring objectives. According to Bitzer and Kunkel, the process prepared the NAR staff to lead the business through the uncertainty of 2011 into a much stronger position by 2013.

“As a result of the HPT process, the NAR staff shifted from a disjointed group of functional leaders to a high performance team, collectively focused on a common set of business and organization objectives. Through a challenging time period, NAR business performance managed to go from inconsistent to consistently delivering record results”

**- Lynanne Kunkel, Vice President Human Resources,
Whirlpool North America**