

## Situation

Freshmarkets NA (FMNA) was lagging behind its business targets. The organizational structure caused a multitude of issues to be pushed up slowing decision making and creating bottlenecks. Functional silos inhibited innovation and caused disconnects. It felt like leaders spent most of their time fire-fighting. People were more focused on the functional work and there was a general lack of accountability to deliver the business targets. Additionally, the organization lacked the talent for critical roles and the last few hires were filled from the outside. FMNA's President chartered a team to look at the strategy and to create an organizational structure to grow the company by improving the way people worked.

The team recommended a new growth strategy and a best-in-class Business Management Team (BMT) structure aimed at putting more attention to product groups within the portfolio. The new structure would focus on the individual business areas while maintaining functional centers of excellence.

Multi-disciplinary business teams would engage employees to work on common business goals. The new structure would enable business growth and provide opportunities for new leaders to emerge. While the solution made sense, the Design Team recognized the history of failed re-organizations and missed targets could taint the implementation. There would be a fair number of skeptics. Leadership support and employee engagement would be keys to success. Timing was critical to realize results in the calendar year.

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## New Business Team Orientation

The FMNA Senior Management Team would be accountable for divisional strategy, governance, metrics and resource allocation. Three new Business Management Teams (BMTs) were created to align with consumer preferences. FMNA would maintain two standalone businesses which were already working as intact business teams.

Each BMT was assigned a Marketing Vice President, with direct responsibility for marketing and dotted-line responsibility to functional representatives. Team members reported directly to functional VPs to maintain functional excellence. The BMTs were charged with the development and execution of the business strategy with full P&L accountability. The BMT orientation was expected to:

- Create a sense of ownership with clear accountabilities
- Organize and delegate responsibilities
- Match the organization to customer and consumer needs
- Align responsibilities for revenues and costs
- Create experiential talent development and build a robust talent pipeline



While BMTs led the business, functional leaders would continue to build and execute functional plans, define standards, staff BMTs and ensure members receive appropriate coaching. Employees were to be rewarded on overall FMNA performance. BMT members now had the opportunity to enhance their bonus compensation through delivering against their BMT and individual objectives.

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## Implementation Considerations

FMNA's President and the Design Team were anxious to get started. They anticipated employees would question whether this change would put the business on track. After a six-year history of annual organizational changes, most employees interpreted these

events as cost cutting exercises. Then there was the impending global ERP implementation. The Design Team was concerned valuable players may leave.

This implementation would have to be different to get people engaged and committed. Next month's Top 100 Leadership Meeting was an opportunity for discussions about the new strategy and structure. An Implementation Team was created to map out a plan to announce and engage the organization in the new strategy and structure.

The Implementation Team knew they needed the assistance of the leadership to:

- Create clear ways of working and decision-making protocols
- Develop accountability to drive profitable growth
- Align Individual Business Objectives and Key Performance Indicators
- Maintain or lower overhead costs
- Simplify and streamline processes
- Maintain superior functional competencies
- Build the talent pipeline

The transition from organizational design to the new way would take thoughtful planning, communication, and implementation and the following considerations:

- Demonstrate the business case. Align strategy, structure, people and systems to achieve the intended results
- Address individual issues to enroll leaders
- Identify career opportunities and stretch assignments
- Prove through action the change was not a cost cutting exercise
- Engage the BMT to further define the roles, responsibilities, accountabilities and new BMT behaviors
- Create a Roadmap to manage the tactical and people aspects of the change

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## Leader's Role

Freshmarket's President knew his leadership team needed to act differently to successfully move from concept to the new way. The following leadership implementation behaviors were adopted to lead the changes:

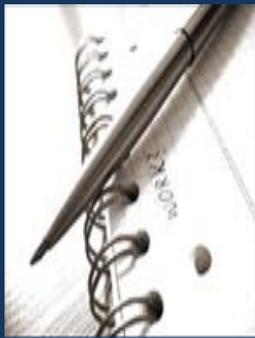
- Understand the changes. When in doubt, seek clarification
- Listen and observe to identify what's working and what's not
- Solve problems, address concerns and answer questions
- Give plenty of positive feedback and create learning opportunities
- Increase communications and give clear direction to keep people focused
- Role model and visibly support the changes
- Celebrate small wins and advances

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## Outcome

The President and Senior Management Team worked alongside the Implementation Team. They met individually with each attendee prior to the Top 100 meeting. Leaders came to the meeting ready to work on implementation plans. Following a FMNA Town Hall announcement, leaders shared the changes in small groups and 1:1 meetings using a consistent communication package. BMT start up sessions quickly following. Pulse checks, a feedback suggestion box and a special area of FMNA's Intranet were used to provide updates and success stories. Leaders were present to answer questions. People saw the value of the change. As a result, the new strategy and organization design were adopted and FMNA realize the following:

- 85% of employees post announcement were clear and excited about the direction
- Business exceeded business target for the year
- Business teams were up and running in the first 30 days
- 100+% Year-end bonuses were paid; a first in many years



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