AI IN BUSINESS RENEWAL: TURNING AROUND A MANUFACTURING DIVISION AT JOHN DEERE

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Description of the Organization
The client organizational unit was part of a parent division, John Deere Harvester Works (JDHW), the second largest John Deere factory and the largest combine manufacturing concern in the world. A combine is a harvesting system and is the largest and most expensive piece of farm machinery. It is made up of the separator unit and the front-end equipment.

Focus of the Appreciative Inquiry
This project was initiated to help turn around the performance of a key manufacturing unit in the agricultural division of the John Deere company.

Client Objectives
A new leader, Andy, had just been assigned to lead a recently reorganized manufacturing unit, or module, called the Front End Module.

Andy’s challenges were formidable.
- Although this part of the business had long been a cash cow for Deere, recent results were declining.
- The quality of the front-end equipment had declined and customers were expressing their dissatisfaction.
- Cost reduction efforts had flat-lined.
- Competition for market share had increased with the merger of two competitor companies.
- Workforce relationships, although better than most, were dominated by poor attitudes.

Andy knew he couldn’t turn this situation around alone. He and his team wanted to find a way to create a more flexible organization that could respond to change, reduce the cycle time of introducing products, provide cost reduction, and provide the quality improvements needed.

What Was Done
Andy turned to Gina Hinrichs, an internal process consultant at the time. After reviewing several options, Andy and his leadership teams chose the highest impact alternative -- a large group intervention that would involve all his employees. It would take several months to organize, a week to conduct, and several months to implement the results. Nothing of this scale had ever been attempted at any unit of the traditional Deere & Company.

An Appreciative Inquiry summit (AI Summit) approach was used. The design goals were to reaffirm the organization’s strengths and identity, explore opportunities for positive change, generate specific ideas about how to enhance the organization’s effectiveness, and implement and support the needed changes.

PREPARATORY STEPS included:
- Finding an experienced co-facilitator: Gina approached one of her instructors in the Organizational Development Ph.D. program at Benedictine University, Jim Ludema, who agreed to co-lead the large group conference with Gina.
- Setting the date
- Preparing a project plan
- Mobilizing an internal group of change agents, who called themselves the change community. Twenty volunteered to help, fueling the planning and preparation into high gear.
- Building a charter with the module’s leadership team, to provide clarity for all about the Summit’s purpose, expected resources and outcomes.
ADVANCE COMMUNICATION: Since the AI Summit was scheduled during a production shutdown and would be located offsite, the module leaders gave employees a choice to attend or take unpaid vacation. Gina and members of the change community held meetings with every employee department to communicate the principles and logistics of an AI Summit.

Then Gina used an interactive survey technique to determine the employees’ attitudes and readiness for the conference. The survey results indicated a lack of trust and readiness among a large segment of the target population, so the conference design was altered to increase management involvement and include a motivational speaker on change.

THE SUMMIT: The AI Summit agenda followed the 4-D AI framework, with the last two days set aside for implementation planning and follow-up on projects identified during the Summit. Over 200 of the 250 employees chose to attend.

On Day 1, the morning included a motivational speaker who emphasized personal responsibility in change, along with other content to set the tone and context for the rest of the conference. The afternoon was focused on appreciative interviews in pairs and then tables of eight about “Discovering Principles to Preserve.”

On Day 2, the morning began with reflections from Day 1. This proved to be the beginning of a turning point because it provided an opportunity for many of the positive individuals who had been silent the day before to speak. The positive comments began to shift, in a small measure, the conversation of many of the participants from one of anger, resentment, and hopelessness at the end of Day 1 to one of guarded optimism.

Now the group moved on to a dialogue with four key stakeholders -- a customer, a dealer, the global marketing manager, and a customer support representative – to build shared understanding of the perspectives and expectations of the external stakeholder groups create the context for strategic visioning. Now even the most negative participants became engaged. They stopped reading their newspapers in the back of the room and moved forward to listen.

The next exercise was to build “Opportunity Maps.” By identifying the most important strategic opportunities, the group to developed a positive guiding image of its future and aligned around priorities.

For the afternoon of Day 2, functional groups assembled to write visions and provocative propositions for the Front End Business based on the morning’s work. The groups were then invited to prepare a presentation of their vision/provocative proposition statement in a creative way. The facilitation team hoped that the presentations would bring positive affect into the room, strengthen the learning process, and stretch everyone’s imagination. Beyond all highest hopes, they did.

Day 3 began with a debrief as before. Now the mood of the group shifted towards real commitment and engagement in the process. The participants were eager to work together to begin translating their visions into reality over the next couple of days.

After the debrief, groups identified initiatives to realize the visions/provocative propositions, and then categorized the initiatives by “those things that are inside our control, those things that are outside control but we can influence, and those things that are outside of our control.” After voting, participants were invited to work on the initiative in which they were most interested.

In the afternoon of Day 3, a business case approach was introduced so that employees understood that projects would be undertaken only if they exceeded a hurdle rate for return on investment (ROI). The groups presented their action initiatives and ROI to the rest of the group and asked for feedback. The module management team also gave immediate feedback about whether they were able to support the project (financially and otherwise) and what they would recommend for its implementation. Ten projects were prioritized and launched.
Day 4 was given to project teams to complete as much of their work as possible.

Day 5 was a half-day focused on acknowledging the week’s amazing accomplishments and preparing a "water cooler message" that participants could use with people back on the job who had not attended the summit. The participants wanted to maintain the spirit of cooperation and sense of hope that they had created.

Prior to leaving the offsite, Andy committed to the group that any employee working on projects that improved overall operation of Front End Module would be paid in such a way that they would not hurt their daily earnings or their group’s daily earnings by participating on improvement projects. Each project that had not been completed at the conference was assigned a facilitator and developed a schedule for completion.

Outcomes

Participants and management considered the large group conference an overwhelming success. Many participants shared that they now had hope for the future for the first time in 20 years.

Several teams worked on the priority projects and successfully completed them within a month. One project alone would return a measurable $3 million in cost savings by reducing the cycle time of product introduction costs. This same project provided John Deere millions more in projected new earnings from expanded market share.

But perhaps the most significant results were the transformed relationships, particularly between labor and management. Many participants shared that this was the first time that they had the opportunity to sit down as equals with management to plan for the future. They talked about how searching for the best in themselves and others allowed them to feel validated and gave them a whole new perception of the gifts, strengths, and humanity of their colleagues. They said that in the summit they learned more and made more progress in five days than they typically do in five years.

Then, the larger system became a factor. Top management outside the Front End Module became aware of pay considerations that were given to employees working on the projects. They determined that there should not be special considerations and reversed the decision Andy had made to allow wage employees to work on projects without negatively impacting their compensation. Although some of the remaining project teams lost motivation and it may have appeared that the Summit was another “Program of the Month” that had also gone by the wayside, significant changes had already occurred and some new thinking and conversations had started.

A year later, a new position was created as operations manager for the component factories, maintenance, and the Header Factory for JD Harvester Works. This new leader could see that the projects identified by the Future Summit would move the organization ahead. She revitalized the efforts. As many of the projects completed, she communicated that these were projects that the employees had identified at the AI Summit.

What We Learned

We experienced anew the power of having many voices at the table. At one point during the session, Gina briefed the operations manager Dana (Andy’s boss) about the conference. He was surprised that a conference consisting of predominantly wage employees could have created an initiatives list so closely aligned to top management’s and he was amazed at the energy of the participants.

We also saw again that the fastest, most direct route to positive change is to learn from examples of the best. At a deep level everybody in the Summit wanted to learn how to work together positively to produce significant results. We could have spent our time studying the root causes of low morale and poor performance and then trying to intervene to fix the system. But such an approach would have been doomed to failure. Not only would it have further fragmented relationships, but also it would have stifled creativity and created few new ideas for innovation. Instead, we mobilized a system wide inquiry into
moments of exceptional pride and performance and then invited organization members to co-create a future for their system that nurtures and supports even more pride and performance. This allowed the group to go through the front door of extraordinary performance than to go around the block and through the back door of pitfalls and problems.

We also experienced the power of giving significant attention to values-based organization design. One of the reasons it is important for AI Summits to be three to five days long is to provide time for deep organization design. Organization designs are expressions of values embodied in structures, systems, strategies, relationships, roles, policies, procedures, products, and services. If done well, they liberate cooperation, support the best in people, and sustain the principles and aspirations that are generated in the discovery and dream phases of the summit. In the John Deere case, the third and fourth days of the summit were dedicated exclusively to design.

One group worked on redefining the supervisor’s role to allow greater self-management throughout the plant. Another group worked on revising the profit-sharing plan to support more cooperation and higher individual performance. A third group worked on redesigning the new product development process to make it faster without compromising quality. During this time, each group also coordinated with other groups and individuals in the room, so that by the end of the fourth day, all of the groups had the support of the whole system to take action on their new designs. This unleashed unbelievable energy. Not only had the group discovered its positive core, not only had it strengthened relationships and invented new possibilities for the future, but it made those possibilities real and meaningful by designing them into the very fabric of the organization.

Finally, we re-learned the hard way the importance of including the whole system in an AI Summit. The response of those who were not at the Summit was a harsh teacher.

- “Water cooler” conversations were not enough to transfer the experience. People who had not attended could only focus on how others were working and being paid.
- Having one side of the factory operating differently, for whatever reason, caused inconsistency and a sense of loss of control.
- The critical importance of considering all the stakeholders that impacted the Header factory system became apparent immediately after the AI Summit.

Contact Information

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