

Case Study

How Whole Brain[®] Thinking
Fueled the Transformation that
Saved UGN \$10 Million



Background

Founded in 1986 as a partnership between Nihon Tokushu Toryo Co., Ltd. (Nittoku) and RieterAutomotiveSystems, UGN is the preferred producer of high quality acoustic, interior trim and thermal management products. A recognized leader in customer satisfaction for the Japanese transplant automotive industry in North America, the company employs 1,200 associates in six locations in the United States that specialize in manufacturing, research, development, testing and service support.

UGN University, the company's dedicated training and development division, fosters continuous improvement and learning with its mission of building a competency-based training curriculum for each job classification and providing all levels of associates with a shared vision of UGN, its values and culture. UGN University serves as a learning laboratory to test new approaches and practices for the design and delivery of both formal and informal learning initiatives.

A driving force within UGN University is the Leadership Excellence Advancement Program (LEAP), where high-priority topics and issues are defined by teams of UGN University staff and consulting partners. These "Action Learning Projects" are presented to the executive team for consideration in the company's overall strategic initiatives. Executive team members offer input along with a cross-section of associates throughout the organization.

Whole Brain® Thinking and the HBDI® (the Herrmann Brain Dominance Instrument® the tool at the heart of Herrmann's Whole Brain® Thinking approach) and are embedded in an array of UGN projects, including those within the LEAP program. To help approach the Action Learning Projects from a Whole Brain® Thinking perspective, teams of four to six people are assembled with an intentional balance of thinking preferences and styles. They are then tasked with applying the Whole Brain® Model

to all aspects of interactions, decision making and problem solving – including teaching, listening, researching, communicating, presenting, making recommendations, and ultimately, implementing the project if it is accepted by upper management.

The Challenge

While experiencing steady growth on an annual basis in gross receipts, UGN was witnessing narrower margins and desired to be more proactive and forward thinking in its approach to managing cash flow and overall profitability. As a result, the company determined that a priority for an Action Learning Project within the 2006 LEAP initiatives would be to assess and formulate a plan for transforming UGN into a Value Based Management organization by 2009: this initiative would drive associate knowledge and buy-in of the core elements of the financial value chain across UGN, with the ultimate outcome of increased profitability.

Budgetary and reporting implications, long-range forecasting, individual departmental impact and a better understanding of UGN's overall financial structure were among the issues the LEAP Team initially identified as concerns to be addressed. The Team also noted a tendency within the company to view value and profits solely from a traditional left brain perspective (the A and B thinking style quadrants of the HBDI®) when a Whole Brain® approach using all four quadrants has proven to be most effective to improve cash flow and wealth creation initiatives.

After identifying these issues, the Team specified the desired outcomes that would be necessary for transitioning to a Value Based Management organization:

- ◆ Affirm a company-wide understanding of the financial structure of UGN on an associate, department and executive management level.

- ◆ Effectively communicate and engage a mindset of Value Based Management and individual impact at all levels of the organization.
- ◆ Gain top-level management buy-in and ownership to embrace and champion the transition.
- ◆ Evolve into an organization that “out-thinks” its competition versus merely out-performing or out-engineering the competition. This critical transformation would help UGN maintain a strategic stronghold that anticipates and proactively pursues next level advancement, profits and growth.

The Team recognized that a Whole Brain® approach would accelerate the process and ensure these desired outcomes were achieved.

Whole Brain® Thinking Jump-Starts the Process

Using data gathered from a questionnaire distributed to all 1,200 associates, the LEAP Team learned that a lack of knowledge about the financial aspects of the organization was a major factor in hampering effective decision making. Not only were there varying perceptions of the company’s overall financial objectives, restrictions and strategies from department to department, in some cases, there was misalignment within individual departments themselves. This finding pointed to a need for education on terminology, the UGN financial structure and internal processes as well as additional initiatives to optimize the company’s existing financial processes.

The LEAP Team used a Whole Brain® approach to effectively communicate these findings and obtain buy-in from all stakeholders. Each element of a Value Based Management organization was covered using a Whole Brain® approach :



This provided a comprehensive overview of the challenge at hand and the proposed solution helping to bridge the gap between those with typically opposite thinking styles and preferences, further accelerating the process and buy-in.

Ultimately, this Whole Brain® approach proved to be a critical factor in the Team’s ability to gain acceptance and buy-in from everyone – at all levels of the company – to move forward. The CEO took leadership of the effort and assigned a senior-level staff member to take action based on the recommendations of the LEAP Value Based Management Project Team.

Better Results Through Better Thinking Using a Whole Brain® Approach

Integrating a Whole Brain® approach into the implementation of the Value Based Management initiative resulted in associate buy-in, which resonated at every level of the company and created a company-wide ownership of and participation in the transformation process. By deliberately communicating the advantages and benefits in a way that considered the perspective of each thinking preference, associates across all areas of the company were able to embrace and participate in cost reduction and value creation activities. This process was further accelerated because they had a complete understanding of the why’s and the how’s.

Two years after Value Based Management's initial introduction, UGN was able to attribute a cost savings of over \$10 million per year due to incorporating the principles of Value Based Management in combination with other initiatives that evolved out of UGN University's LEAP program.

The Power of Return On Investment

The effectiveness of the LEAP program using Action Learning Projects that incorporate the Whole Brain® Model in all aspects – from project inception to presentation – has resulted in an improved ability to calculate the ROI of training investments, leading to

annual increases to dedicated spending for training and development each year since the LEAP program was initiated in 2005. In 2008, the company allocated \$1,000 per associate, equaling an investment of \$1.2 million and 45 hours per person, for training and development.

The increase in training and development allocations is in direct correlation with the measured and attained bottom-line results realized from the learning programs. By using the Whole Brain® Model, each project team is effectively able to quantify and measure return on investment in a manner that speaks to each quadrant preference on an individual and organization level.

How UGN Applied Whole Brain® Methodology to The Value Based Management Transformation Process

UGN applied Whole Brain® Thinking throughout the Value Based Management transformation process for better results.

Quadrant A – Bottom-Line Impact

- ◆ Focused on the facts within the organization, not opinions.
- ◆ Analysis and data gathering provided the foundation for the initial plan.
- ◆ Clear objectives and financial ROI were built in.

Quadrant D – Strategic Impact

- ◆ Recognized that systems are dynamic and constantly changing during such a process.
- ◆ Focused on strategy and business issues initially and then introduced the measurables.
- ◆ Reviewed with key management processes to determine alignment and identify what signals the resulting process may send to those throughout the company.

Quadrant B – Process Impact

- ◆ Built early successes through specific localized activities throughout the organization that demonstrated value-added results.
- ◆ Planned on a two- to three-year process for the implementation to take effect.
- ◆ Tracked and documented results through the initiative.

Quadrant C – Culture and Associate Impact

- ◆ Worked to create understanding first across all levels of the company.
- ◆ Included an incentive compensation component and remained diligent about upholding its merits.
- ◆ Strengthened communications and relationships within and between departments.

better results through better thinking

Clients

The Herrmann International clients, for whom better thinking has become integral to their business culture, include:

American Express

Bank of America

BB&T

Blue Cross Blue Shield

BMW

Boeing

Chevron

Cintas

Cisco

Coca-Cola

Columbia Business School

Disney University

DuPont

Guardian Life

GE

Global Lead

Harris Corporation

HBO

IBM

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Limited Brands

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Nortel Networks

North Carolina Courts

Novartis

Purdue Pharma

Procter and Gamble

Rogers Communications

St. John's University

Schering-Plough

Shell Oil

Target

Telus Mobility

The Clarion Group

Tommy Hilfiger

3M

University of Pretoria, S. Africa

US Navy

Vanderbilt University

Victoria's Secret

Wharton Business School

Weyerhaeuser Corporation

Xerox



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