Creating Space-to-Lead at a Global Logistics Company – Case Study by Adam Pearce

SBU began work in January 2013 for the Europe CEO in a logistics outsourcing division of a global company. The Europe CEO had 60,000 employees at 1,000 sites across 30 countries. Our work was branded 'Space-to-Lead' to emphasis its role in strengthening accountabilities and leadership.

The first phase included interview-based analyses in the UK and Spain in various sectors, a behind-the-desk review of the management structures in four countries, target structure redesign workshops with country CEOs and relevant sector MDs, and organisation design training for a pan-European project team headed by the European EVP of Strategy. Outputs included delayering proposals with cost-saving estimates. Due to lack of data from the client on first-line supervisor structures in some countries, our initial delayering cost-saving estimate of £11 million focused on management roles.

We were then asked to undertake extra interview probes in other sites and additional redesign workshops with senior executives to discuss our findings and restructuring options. These probes included the supervisory layers and concluded that, if the sites visited were typical, there were also multi-million pound delayering opportunities within the supervisory ranks at operational sites.

Using our Leadership Levels method, we determined that the client's operational sites were a mix of Level 1, Level 2 and Level 3 operations and suggested design principles to improve efficiency at sites and effectiveness above sites. We worked with the client to define healthy organisational archetypes for these three types of site and a roll-out process to diagnose the other 1,000 sites in Europe according to our principles and archetypes. Our work also found out that most of the client's countries were a mix of Level 3, Level 4 and Level 5, with country clusters at Level 4, Level 5 and occasionally Level 6. To support roll-out we coached trainees in our redesign method and gave quality assurance by reviewing the trainees' analysis of countries, sectors and support functions.

In spring 2014, the logistics division global boss worked with McKinsey's to develop a 2020 strategy. This had nine parts, with one being 'Consistent and lean organization globally'. In July 2014, he decided to underpin this key part of his strategy with the global roll-out of our 'Space-to-Lead' pilot.

The global roll-out was kicked off in October 2014 at a launch event attended by the global CEO, his HR EVP, a Global Space-to-Lead Programme Director, and stakeholders from each of six world regions or global product lines. The 30-month global roll-out completed in December 2016.

Beyond the UK and mainland Europe, the first nine months of the global roll-out focused on the training of in-house resources, diagnosis of circa 2,500 sites by a mixture of interview probes and behind-the-desk reviews, and the preparation of delayering plans for sign-off by the global logistics board. Our role included training in-house project members from Asia Pacific, Latin America, North America and a global product line, and then reviewing their draft summary outputs.

The cost-saving target for this global Space-to-Lead programme was tens of millions of pounds. To facilitate this, cost of change funding was provided to the division's regions and global functions.