

# Success Story: Focusing Leaders on Economic Value

## Client Challenge

- The client, an unprofitable \$2 billion global spin-off from a large conglomerate needed to turnaround performance and increase shareholder value
- The new focus on Economic Value (EV) required significantly improved asset utilization and sustainable operating efficiencies
- Executives needed to shift their focus from just division earnings and margins to a more balanced view of company performance and deliver an immediate return to profitability

## Our Solution

- Designed a new management incentive plan for the “Top 300” that measured and rewarded improvements in key business drivers. The new incentive plan emphasized return on capital employed (ROCE) and balanced corporate and business unit results
- Educated management on how to apply the Economic Value approach across the business via an innovative and impactful change management process
- Introduced the new incentive plan via unique learning exercises and a multimedia video
- Established a new management culture and decision making process to focus on intermediate and long term value creation
- Worked with senior management to modify their communication style and encourage more open and transparent performance dialogues with employees throughout the organization

## Impact

- Stock price increased from \$10 per share to \$32 dollars per share over a 14-month period
- 250% increase in ROCE
- Sales increased 15%

Execute for Impact