



Client Project Summary

## **Change Management Insights from a Fortune 500 Apparel Company's Restructuring**



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## BACKGROUND

Emergent partnered with a Fortune 500 apparel company to undertake the biggest transformation in the company's history. Building upon its recent track record of solid performance, the company chose to implement a new global structure designed to fuel its long-term, international growth.

The project touched the company's multiple brands, **3,000+ stores**, and **130,000 employees** located in more than **40 countries**. The company brought together its multiple divisions under a single global executive for each of its major brands. In addition, to build upon the company's considerable online success and industry-leading technological advances, the company formed a new innovation and digital strategy team to further its leadership position in this area.

## BUSINESS OBJECTIVES

Specifically, the restructuring was targeted at making improvements internally and also responding to changing customer demands in the external marketplace. The objectives of the restructuring could be summarized as follows:

- More aggressively capture apparel market share sitting outside of North America, especially in Asia
- Respond to customers' increasing expectations for an integrated, multi-channel brand experience
- Leverage the company's competitive advantages, including its iconic American brands, industry-leading creative talent, world-class e-commerce capabilities, and scale
- Simplify the organizational structures to reduce complexity and inefficiency
- Establish clearer accountability and accelerate decision-making

## CHANGE MANAGEMENT STRATEGY

Emergent partnered with the company's project team to provide strategic and tactical change management support during the pre-announcement, announcement, and post-announcement/business transition phases. The team developed a comprehensive change management strategy, designed to accomplish a number of objectives:

- Set proper business context and position the global growth story in a way that acknowledges the company's 40+ year history and founders' heritage
- Establish a baseline level of awareness and understanding for the restructuring among 130,000 employees worldwide
- Prepare global leaders to strongly lead their teams through the year-long transition process following the announcement
- Provide a flexible communications framework that could be tailored to brands, divisions, and geographies as needed
- Equip middle managers with tools and knowledge to communicate the change effectively, manage the transition process, and model new behaviors
- Showcase the benefits of the future state to employees so that they are inspired and eager to participate in the change effort
- Design engagement strategies that foster buy-in and mitigate change resistance

To accomplish the business objectives and implement the change management strategy, the team used a number of methods:

### Storytelling Approach

Significant emphasis was placed on the art of storytelling to communicate the purpose of the restructuring. In crafting the case for change story, the team leveraged the company's strong culture, heritage, and the founders' vision. The storytelling approach incorporated four crucial elements:

- *A strong sense of a plot*: the story provided a sense that the company was headed somewhere exciting
- *Meaning that drives action*: employees were able to say "I know what to do in my area because it fits with my values and where we are going"
- *Multiple, consistent versions*: each person who heard the story (e.g. executives, managers, employees) were motivated by it in different, yet compatible ways
- *Inevitable*: listeners came away thinking "it had to happen this way"

### **Program Branding**

The restructuring program was branded by giving it a powerful name that represented the purpose and vision and enabled employees to rally around it. This branding was reinforced with a high-production video shot in company locations around the world and featuring key business leaders sharing their visions about what the restructuring means to them and their teams. The video was accompanied by a professionally designed full-color booklet that was given to each employee and included a personal note from the CEO sharing his vision for the future.



### **Change Leadership Preparation**

A *Change Leadership Guide* was developed and distributed to all VPs and above in the company, to provide them with information that would help them convey the vision and engage with their teams on changes that would be required. The guide included tips for leading through the transition process; talking points on why the company is changing; anticipated questions and answers; facts and figures about the global business; and where to find additional resources and feedback channels on the company intranet. Additionally, VPs received a presentation to tailor and use with their teams to help explain the restructuring. A pared-down version of the guide was also made available to all employees.

### **High-Touch Engagement**

A global town hall meeting with the CEO and the company's global leadership team was held to officially announce the restructuring. The meeting took place both in-person (gathering large groups together in key cities) and virtually (using remote video to simulcast each speaker). The town hall meeting was reinforced by a week-long series of division specific meetings around the globe, where leaders met with their respective teams to share their personal perspectives about the future, answer employee questions, and discuss key milestones that would take place over the coming year. Leaders were encouraged to frequently meet with their team members collectively and one-on-one to promote transparency during the transition process.

### **External Outreach**

A strong government affairs and community outreach approach was used to shape public opinion about the restructuring decision. This was important given one of the brands was moving headquarters from its place of origin to a new city across the country. Key constituents included the mayors of each city, Congressional representatives, and local non-profits and cause-related organizations with whom the company had close ties. Accompanying the outreach effort was a robust PR campaign that targeted both business and fashion media channels.



### **Employee Feedback**

A dedicated site on the company intranet was used to provide a single, comprehensive source of information about the restructuring. The site reinforced the program branding and shared key messages with employees. The site included social media capabilities that allowed employees to comment on any news item related to the restructuring. A specific feedback section invited anyone to submit anonymous feedback that would flow to the program team. Additionally, the team launched a formal feedback process to proactively solicit input from all teams and share an enterprise dashboard view of that feedback with the global leadership team.

### **Change Agents**

The team assembled a network of change agents comprised of individuals from each of the most impacted business areas. The change agents met weekly to share information about pockets of resistance and potential business risks. They also helped to administer pulse surveys, collect employee questions, and identify early wins. The activities executed by the change agents augmented the efforts of the program team and were used to inform change management tactics, in particular refining the key messaging and communications plans.

### **Organization Design**

As a result of the restructuring, most of the divisions within the company required a moderate to high degree of organizational redesign. The team implemented a standard organization design process and common set of templates to be used across all divisions. The organization design process was based on Jay Galbraith's Star Model, and specifically addressed each division's strategy, structure, processes, and talent. The organization design process was facilitated by a combination of internal Organization Effectiveness (OE) experts, HR business partners, and external consultants.

### **Transition Plan**

A comprehensive employee transition management plan was created to help new leader assimilation, accelerate the new teams' norming process, and provide career transition support to employees who would be exiting the company. Transition plans were designed in conformance with the company's core values and with particular attention paid to protecting positive attributes of the company culture.

## THE OUTCOMES

The global town hall coupled with the video and branded booklet from the CEO created a common baseline of understanding among employees. As expected, employees had many questions and concerns and appreciated the ability to provide feedback in multiple ways, including by anonymous channel. A steady flow of information, talking points, and FAQs enabled leaders to conduct frequent update meetings with their team members, while ensuring consistency of messaging across the enterprise.

Senior leaders found the information in the *Change Leadership Guide* and pre-packaged presentation to be very helpful in communicating the purpose of the restructuring and answering employees' questions. Employee feedback was aggregated monthly and delivered in dashboard summary form to the global leadership team, providing them with a clear line of site as to pockets of resistance and areas of business risk across the enterprise.

Many division leaders initially viewed the organization redesign process with apprehension. But, the highly-structured process combined with hands-on assistance from the OE team and HR business partners enabled them to quickly see the value of the effort and become active participants in the process. As a result of this structured approach, all of the divisions were able to complete their new organization designs within the targeted timeframe.

The business media translated the announcement into numerous neutral- to positively-oriented stories, many of which incorporated core elements of the storytelling strategy. The news was well-received by Wall Street and financial analysts.

It will take years to realize the full economic benefits associated with the restructuring, but the near term consensus is that the "people" and organizational aspects of the program had been well managed. In particular, the CEO and Board of Directors expressed their gratitude for how well the change management and communications strategies had been planned and executed.

## ABOUT EMERGENT

Emergent provides strategic change management solutions to help companies implement complex, high-stakes business initiatives. Our specialty is supporting large-scale business transformation efforts for Fortune 500 companies. We serve as advisors, strategists, and "doers" for our clients. If you would like more information about Emergent's services or other Fortune 500 client engagements, you may contact us via our website at [www.EmergentConsultants.com](http://www.EmergentConsultants.com)