

RAPPORT CASE STUDY:

Electrolux Floor Care Transformation: 2007 Supplier of the Year



INDUSTRY: *Manufacturing*

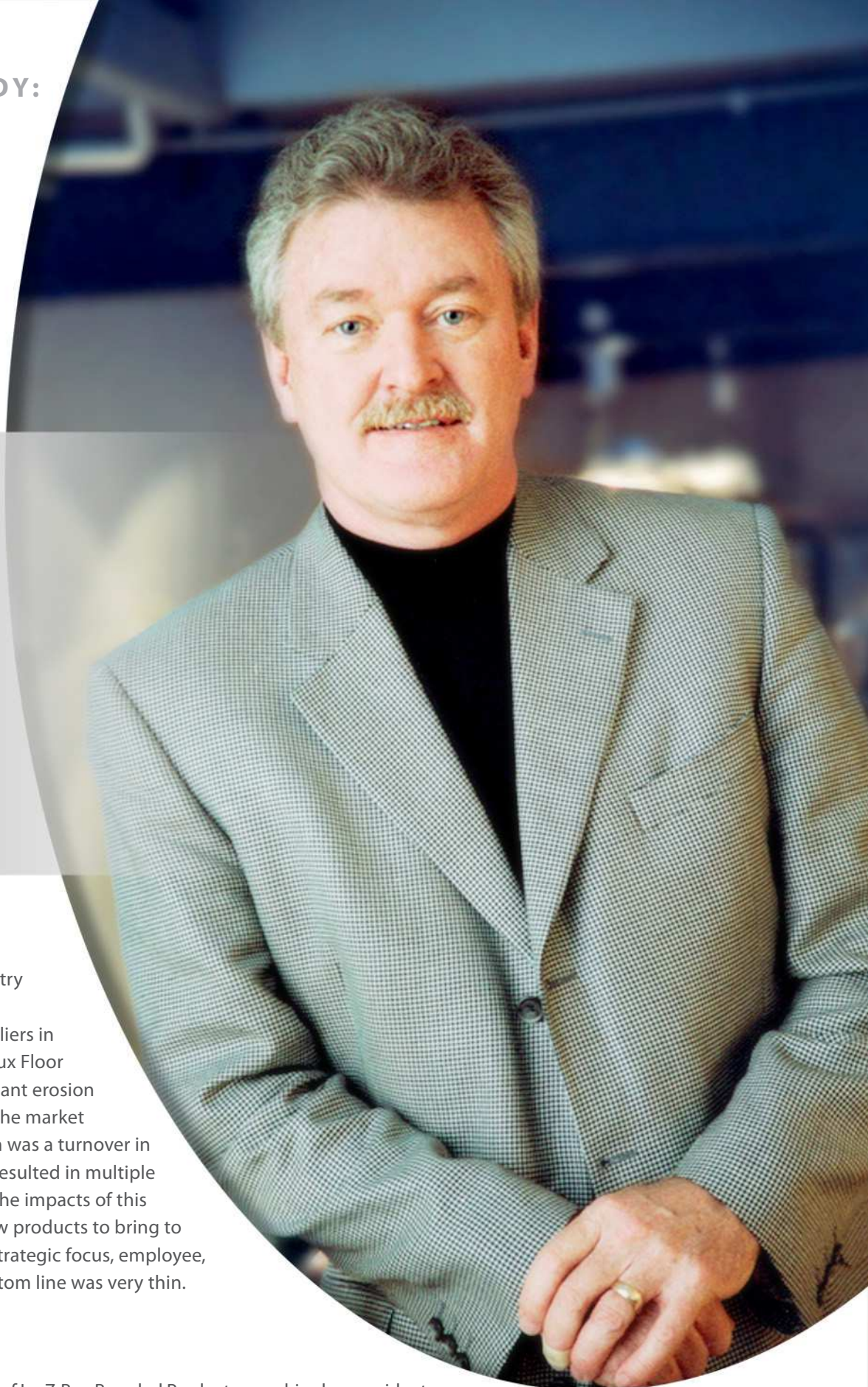
The Electrolux Group is a Swedish based manufacturer of home and professional appliances. In the U.S., one of its major divisions is Electrolux Home Care Products, which produces vacuum cleaners and other floor care products under the Electrolux, Eureka and Sanitaire brands.

Situation:

From 2002 to 2004, the floor care industry experienced significant upheaval as manufacturers moved to offshore suppliers in the face of plummeting prices. Electrolux Floor Care North America (FCNA) had significant erosion of its gross margins and profits due to the market conditions. Compounding the situation was a turnover in the leadership of the company, which resulted in multiple shifting of strategic directions. One of the impacts of this upheaval was a disrupted supply of new products to bring to market. By 2004, the company lacked strategic focus, employee morale was extremely low, and the bottom line was very thin.

Rapport Solution:

In late 2004, John Case, former president of La-Z-Boy Branded Products, was hired as president of Electrolux FCNA. Upon his arrival at Electrolux, he initiated Rapport's Leadership Breakthrough One (LB1) training for the senior management team. Once LB1 training was completed, the company implemented a Focus, Accountability, and Teamwork program based on key LB1 competencies. For 2005, the company focused all employees on filling the product pipeline and gaining commitment that all new products were to be delivered on time. Senior staff also began sending direct reports for LB1 training, which created a common



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framework for the definition of teamwork.

Each functional area defined its role in the product launch process and established targets and metrics to be achieved in order to meet the common goal. The company reinforced team commitments for hitting the targets by having additional staff members attend LB1. Senior staff members also committed to setting the “tone from the top” and showing a united front of mutual respect between the management and the staff, a factor that had been missing prior to Rapport Intervention. Leadership Breakthrough One created a common language and a common experience for management that led to a greater commitment to their company, their team, and their results.

Outcomes and Results:

In 2005, all products were successfully launched “on time and on target”. This achievement led to increased credibility in the market place with key retailers. The attainment of additional product placements lead to increased revenue. Pricing discipline was established, and gross revenues climbed significantly. In 2006, the company established three organizational “focus goals,” all of which were concentrated on the bottom line.

In 2006, Electrolux FCNA contracted Rapport International for on-site organizational performance training to instill the commitment to teamwork deeper into the culture of the organization. By the end of 2006, employee morale increased

significantly and Wal-Mart recognized the company as “**Supplier of the Year**” in their product segment, an honor that would have been impossible in prior years. The bottom line subsequently quadrupled.

By the end of 2007, over 100 Electrolux employees had attended LB1. “Focus, Accountability, and Teamwork” had become the key tenets of Electrolux Floor Care’s culture, and in that year the company again increased profitability substantially and was again named “**Supplier of the Year**” by Wal-Mart.

Testimonial:

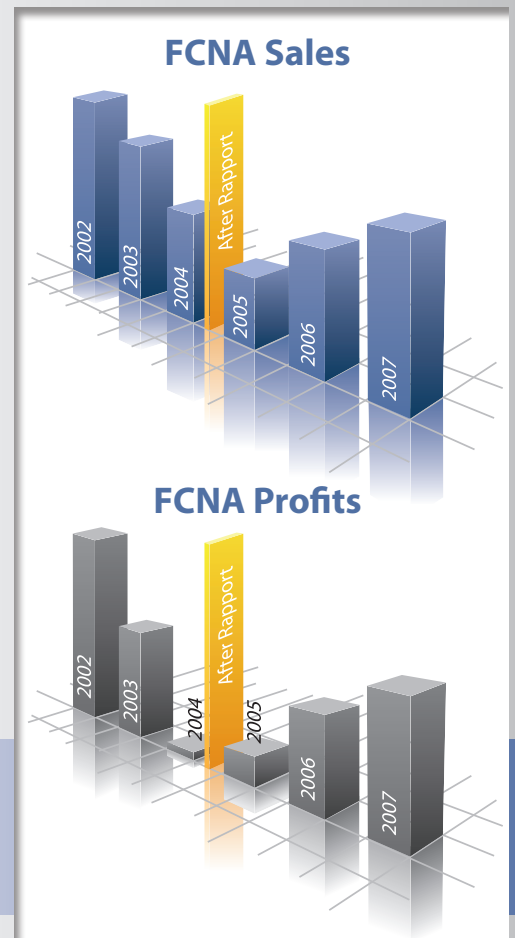
“From the time I completed LB1 in 2003 until now, I have never found a more effective leadership development program than at Rapport Leadership International. On a personal level, it was transformative. It reminded me that my family is the cornerstone of my life. On a professional side, it provided me with a tool that created a common experience for employees and a common language. Accountability and teamwork are no longer vague, subjective ideals; they are tangible.

Everyone knows that once they have “gone to Rapport”, my expectations and their teammates’ expectations are raised when they return to work! The success I enjoyed at Electrolux was in a large part the result of the lessons I learned in that first LBI ‘horseshoe’ in Alamo.”

*John Case
President & CEO, Electrolux FCNA*



RESULTS AT A GLANCE



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RESULT HIGHLIGHTS

- Increased revenue due to successful launch of all products (on time and on target) throughout 2005.
- Increased employee morale significantly.
- Electrolux FCNA was recognized by Wal-Mart as “Supplier of the Year”
- In 2006 the bottom line quadrupled.
- By year-end 2007, Electrolux FCNA increased profitability and was once again named “Supplier of the Year” by Wal-Mart.

Rapport Leadership International creates and delivers the most powerful leadership training in the world. Rapport has worked with more than 10,000 organizations and has directly impacted more than 250,000 students in its 24-year history.

Our approach to leadership development is performance-based involving interactive and experiential processes that have proven to improve performance immediately and for the long-term. Through our intensive leadership classes, organizational performance workshops, and coaching programs, our clients reap the rewards of greater productivity, growth, and profitability.

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