

## Fletcher Building and University of Auckland Business School Taking leaders to the edge

A leadership programme has proved successful in restoring to health a top building company in New Zealand

Fletcher Building (FB) is New Zealand's largest integrated infrastructure company and largest listed company, with a market capitalisation of over NZ\$6 billion.

Following the global financial crisis, it had been caught in a five-year trough of difficult market conditions with its dominant position in the marketplace threatened by global and local competitors.

At the same time, a major earthquake in the city of Christchurch presented both an opportunity and a threat. While the rebuild provided a potential income stream for several years into the future, it also unleashed a once-in-a-generation opportunity for international building products companies to enter FB's home turf.

The government, highly focused on managing a titanic rebuild programme, also used this as a window to maximise competition in the local building supplies industry.

In 2012, FB embarked on a transformation programme to put the company on a higher profit growth trajectory. Mark Adamson, the newly-appointed Group Chief Executive Officer (CEO), and his leadership team introduced "FB Unite", a change initiative aimed at reaping group efficiencies through streamlining operations and finding innovative ways to unleash better-than-expected value for shareholders.

The Leaders' Edge programme was a direct response to help propel FB's leadership cadre into winning through uncertainty. It was created in order to make strategic decisions that are timely yet bold, risky yet astute, amid an environment full of ambiguities.

To spearhead this growth ambition, FB's divisional CEOs sponsored and endorsed five strategic business initiatives (SBIs). Teams of high-potential senior managers were then assigned by the divisional CEOs to work on each SBI.

These managers were enrolled in the Leaders' Edge programme to support them in delivering "real" results for the FB group. The teams would serve as role models for the innovation and transformation required across the group to lead change.

Leaders' Edge was made up of five components: an intensive four-day experiential "Amazing Race" followed by four two-day "Pit Stops" over five months of intensive coaching and mentoring and culminating in a presentation of the team SBI to the full FB group executive leadership.

Each team is supported throughout the programme by an executive mentor and a team coach. This was essential to embed leadership behaviours consistent with FB's leadership practices and generating the level of strategic thinking and innovation required to support the group's transformation journey.





*The Leaders' Edge programme was a direct response to help propel FB's leadership cadre into winning through uncertainty*



# 43%

Substantial annual savings from energy efficient lighting at 14 FB industrial sites yielding a 43% IRR, plus the potential to generate significant further savings across FB and EBIT from external energy saving services within three years

Leaders' Edge has produced impressive results due to the co-creation approach between the University of Auckland Business School (UABS) and FB's senior leadership, including key organisational development staff, and The Centre for Vision and Leadership (CVL).

Leaders' Edge relied on best-in-class resources from the university's faculty members, expert mentors and executive coaches, and direct access to leaders of the most successful export businesses in the country. The Leaders' Edge has already delivered demonstrable and impressive returns on investment for FB. They include:

- Substantial annual savings from energy efficient lighting at 14 FB industrial sites yielding a 43% IRR, plus the potential to generate significant further savings across FB and EBIT from external energy saving services within three years.
- A new and innovative product "Idea Walls" has been rolled out using existing manufacturing facilities and channels to market. It was in market and generating revenue before the Leaders' Edge programme ended and is projected to achieve 300% year-on-year revenue growth in 2014.
- Aggressive revision of strategy and focus has accelerated the growth and profit trajectory of two key business units:
  - Brian Perry Civil identified additional EBIT achievable over three years from four key market opportunities
  - Firth Industries identified additional EBIT achievable within five years from key customer segments and growth regions.
- Mico and Placemakers implemented plans to release additional EBIT achievable over three years from using analytics to improve margins and share of wallet for key customers.

# 300

Idea Walls was in market and generating revenue before the Leaders' Edge programme ended and is projected to achieve 300% year-on-year revenue growth in 2014

