

Chief Executive Officer of an Italian operation

Case Study



Summary

Client

International group that manufactures equipment for gas treatment and production

Location Italy

Time frame 6 months

Situation

The client, an international company involved in the manufacture of equipment used in the production and treatment of gas. They had recently purchased a company in Italy and were bringing them into their corporate structure. The client's Corporate Headquarters, located in France, wanted to install a new CEO. The three potential internal candidates, who were current directors claiming the CEO post for themselves, were deemed not up to the task.

1. A former shareholder of the acquired company who was having difficulty integrating in an international group.
2. The current CTO: strong expert in the business and with an excellent technical knowledge, but not able to manage a business
3. The current Operations Manager, who had the same issues as the CTO; good technical skills but not a CEO candidate.

The competition among the three directors generated significant hostility and added to a poor work environment, with each of them explicitly not accepting the other two as future boss and CEO.

The incoming interim CEO would face some major challenges:

- The need to be recognized as the Italian CEO, fully representing the HQ, by the three current directors with the risk to lose them
- Maintain the same level of activity and key people retained
- After the acquisition, the Italian unit lost market share: need to gaining it back
- Re-orient and guide the development process

The Interim Solution

The solution to these issues moved quickly. Four excellent candidates have been submitted to the client in just four days. After a series of interviews with the Corporate team, one of the candidates was selected and started within one week's time. The candidate was not interested in staying as a permanent hire.

Improve the Manufacturing process and product quality.

- Optimize the manufacturing process
- Some people not right in many posts: train/fire?
- Supply chain needed to be optimized
- High level of inventory
- Evaluation of make/buy alternatives
- Need to integrate the corporation's new product range

Bring the unit back into profitability:

- Reduce high overhead
- Review the organization chart
- Analysis of manufacturing costs
- Supply chain and purchasing needed to be tuned

Results

Due to the quick arrival of a quality interim CEO, the improvement process began quickly and made considerable progress very quickly.

A "Performance Improvement Program" (PIP) for the Italian business unit was quickly developed and implemented by the interim CEO.

- Took responsibility for achieving the financial and non-financial targets of the PIP
- Frequent reporting of PIP to Steering Committee
- Coordination and implementation of measures of the PIP in alignment with HQ programs
- Preparation of decision templates for the Steering Committee in case of major structural or process improvements within the Program

The Interim CEO was able to successfully solve the internal conflicts among the three directors. The former shareholder was convinced to retire and to stay as a part time Consultant. The CTO and the Operations Manager were deeply involved in the preparation of the PIP and therefore strongly motivated to execute. The departure of the former shareholder has de-blocked them and made easier the collaboration among them.

All the people loyal to the former shareholder were involved in face-to-face discussions where the new strategy of the Group has been presented. After some little resistance from a few of the team, all now understand the "new deal". Before the end of the assignment, the search for a permanent CEO was started.

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