

Transforming Culture Following Multiple Mergers

Challenge

Following the acquisition of General Dynamics (GD) and its more than 8,000 employees, Hughes Missile Systems (HMS) was in disarray. HMS faced not only the multifaceted challenge of rapid expansion, but the additional turbulence of clashing organizational cultures. General Dynamics was characterized by a strict hierarchical structure where employees were rewarded for domineering and aggressive behavior. When former GD employees secured many of the top executive positions in the newly consolidated company, original HMS employees were left feeling unrepresented, unrewarded, and unseen. Resentment flourished and productivity steeply declined.

The situation was further inflamed when HMS was acquired by major defense contractor Raytheon and renamed Raytheon Missile Systems (RMS). Integrating employees from three different companies after two organizational overalls proved an immense obstacle; RMS was a fragmented organization. Its leaders recognized the threat that infighting posed to the company's future. They needed a means for ending the internal battles, uniting the organization, transforming culture, and unlocking continuous, measurable improvement for the consolidated division.

Solution

After evaluating nearly 40 different consulting firms, RMS chose Arbinger because of its unique approach. Where other consulting firms claimed the ability to solve RMS's problems, Arbinger offered to equip RMS with the guidance and tools that

would allow the division to solve issues on its own. This approach would center around the empowerment of each employee, enabling them to both understand their individual contribution to the division's problems and to devise creative ways to hold themselves accountable and work collaboratively.

Arbinger began its work with RMS's leadership team with rapid dramatic effect. RMS faced a 30 day deadline to engineer a \$100 million expense reduction. Before joining forces with Arbinger, the leadership team believed employee layoffs were unavoidable; even cutting 200 jobs would only create 20% of the necessary savings. Determining which departments would lose employees became a contentious battleground. But as a result of the work with Arbinger, the executive team sought alternative ways to cut costs. They came together and succeeded in finding \$7 million in savings on the first day of the project alone. By continuing to utilize this same Arbinger-based process over the next two months, the leadership team reached its target of cutting expenses by \$100 million. Remarkably, this achievement was realized without having to lay off a single employee and without any individual department or team feeling misused. The president of RMS said that "it was like magic."

Experiences like this convinced RMS leadership that Arbinger principles were the solution for unlocking unanticipated business opportunities, inviting widespread collaboration, transforming culture, and powerfully impacting bottom-line results. They decided that all 17,000 of the division's employees would be trained to work in the Arbinger way.

Over the next several years, 3,000 of the division's employees were trained to embed the Arbinger approach into their work practices. Some of this training was provided directly by Arbinger facilitators and the rest was presented by RMS employees who had gone through Arbinger's train-the-trainer program. In addition to this division-wide effort, Arbinger consultants continued to meet with the leadership team on a

monthly basis. This supported management's commitment to deeply understand Arbinger principles and enabled them to effectively apply, authentically live, and persuasively teach these principles.

As RMS's employees began to learn how to implement the Arbinger approach, a powerful shift began to occur within the division. Employees began to look beyond the narrow confines of their own individual roles and needs and started instead to focus on the needs of their colleagues and of the organization at large. A spirit of genuine interconnectedness and mutual concern spread throughout the division, transforming culture as employees from the top down started to make dramatic, organization-wide changes with demonstrably positive impact.

Results

By transforming culture, RMS transitioned from being a collection of 17,000 disparate employees—each with competing interests and lingering tribalistic loyalty to a former company—into a unified organization. Meetings ceased to be characterized by yelling, finger-pointing, and defensiveness. Instead, sincere listening and genuine collaboration began to take place. Decisions were made much more quickly as stalemates were mutually abandoned for the greater good. When each of the 17,000 employees was able to adopt RMS's vision as their own and became determined to work toward that vision, the division started to thrive. The results of this widespread shift reverberated far beyond an improved relational atmosphere. Annual sales skyrocketed from \$1.9 billion to \$5 billion. According to RMS executives, neither the cultural transformation nor the substantive financial growth would have happened without Arbinger.

Today, RMS is the world's largest producer of its sophisticated products and the largest division within Raytheon.

Arbinger had a remarkable accelerator effect. It radically reshaped the business by changing the way we interfaced as a team. As a result of our new way of working, we could solve problems and cut through issues that we had tried to solve for years. It was like magic.

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