



The Five A's of Change

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THE FISO FACTOR & FINANCES

Awareness of customers' needs marks the beginning of a change process to improve a company's financial results. Whether you work for a private or public company, all leaders must change as our complex and transitory world continues to evolve. Consider two very different CEOs: one runs a private regional retailer; the other runs a public international consumer goods company. Each has the ability to stand out with his company's customers and deliver consistently outstanding financial results. Each also experienced a crisis that required transformation. Lastly, each individual exercised some or all of the five A's of FISO Factor change to make his transformation.

Private company CEO learns

Adaptation to change has been the cornerstone of the success of Wawa, Inc since its inception. Wawa, the 70th largest privately held company in the US, operates convenience food and gas stores throughout the East Coast region. I have served as a member of the board of directors of Wawa for the past eight years. Dick Wood became CEO in 1982, lifting the business to almost \$1 billion in revenue in 1994, when new challenges faced the business which would demand his experience, leadership, professional linkages, and business acumen.

Wawa faced the need for expansion to respond to increased compe-

tion. Looking for new ways to expand the business, Mr Wood called upon his professional linkage to another convenience-store chain, QuikTrip, a company which did not compete in the same markets. QuikTrip's CEO suggested Wawa consider gasoline retailing, something QuikTrip had successfully implemented. One of the six catalytic agents of an effective leader is a trait I call linkages in my book *Fit*

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In, Stand Out, Mastering the FISO Factor for Success in Business and Life. Using the linkages, Mr Wood gained the benefit of seeing from the inside how gasoline retailing could benefit a convenience store's bottom line. Fully exploiting another of what I term a "FISO catalyst", his ability to learn, Mr Wood delved into QuikTrip's experience and its business model to conclude that convenience retailing changed.

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From that point his actions act as a textbook for FISO's five A's of change process: awareness, anecdote, alignment, action, achievement.

Awareness of the need for expansion motivated management to consider new alternatives. QuikTrip's successful integration of gasoline

retailing provided the anecdote for showing how Wawa could benefit from a similar strategy. Often adaptation occurs at the alignment stage because people have to change their perception, beliefs and priorities before responding to the new situation. Alignment required a fresh approach, and the management responded by creating a discrete gasoline retailing unit within Wawa. This unit then sprung into action determining how to add gasoline sales, and opening up a demonstration store. Success was "pretty much immediate" according to Mr Wood, vindicating his vision and demonstrating achievement.

Implementing this strategy required taking some risk. Not only did gasoline retailing present unique challenges, such as increased training and staffing, and considerable capital investment, but the company had made an aborted attempt at gasoline retailing a decade before. It is important to note that Wawa has, since its inception, prided itself on the quality of its products and customer service. And while one gasoline product is pretty much like the rest, entering into a new type of retailing, for which the company had only a negative history, threatened to alienate customers of the core convenience store business.

But Mr Wood and the Wawa board understood that past performance can provide future knowledge. Past mistakes would not be repeated. QuikTrip's experience provided the model for Wawa's management. Integrating the knowledge gained from both internal failure, and an external model of success allowed Wawa to increase the bottom line while staying true to its mission statement of simplifying customers' daily lives.

Results: Financial Success

My service on the board allowed me to see, hear, and help shape the company's response. I saw the first site large enough to accommodate the gasoline business and now see Wawa selling over one billion gallons a year

of gasoline. Gasoline has stimulated sales of other products to produce a new high in revenues of \$4.5 billion. It's clear that this path to success demanded the transformation led by our CEO to keep us on a steady path.

Public company leader adapts

We can learn from another leader who implemented change to secure company success. Doug Conant, President and CEO of Campbell's Soup Company, exemplifies a leader who is willing to learn and grow. Campbell's Soup Company is a global manufacturer and marketer of high-quality simple meals, soups, baked snacks, vegetable-based beverages, and premium chocolate products. With worldwide revenues over \$7 billion, this company has

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continued to evolve from its beginning in 1869. The company has experienced resurgence in revenue and profit growth under the leadership of Doug Conant and his team. When I asked Mr Conant how he developed the ability to stand out, he demurred and explained how his philosophy evolved over time as he became aware of the need for personal growth.

Early in his career, Mr Conant believed that work speaks for itself. He still looks to performance as a key determinant of success. Yet the skills he required to succeed at his job changed over time. When Mr Conant needed to find a new position at a new company, an executive outplacement counselor told him that he would have a hard time finding a job since he gave horrible interviews.

The counselor said: "You've been raised to be reserved and now must adapt to having two minutes to make an impression." The counselor continued to coach Mr Conant who was accustomed to be reserved, but now had to try a new approach which initially felt very awkward. Mr Conant recalls learning that, "You are misleading the interviewers when you believe you can do the job better than other candidates and don't say it. People don't read minds, so you need to speak yours." His counselor termed this idea "integrity-laden role playing" – meaning that whatever role you are in, you need to learn to express yourself clearly with integrity and appropriate humility. Speaking up does not mean you are boastful. You must trust your instincts to speak your mind. After this feedback made him aware, Mr Conant stood out by acting on the insight provided by this anecdote to align himself with business needs and achieve his goals.

Results: Financial Success

Mr Conant evolved by improving his communication skills which ultimately allowed him to demonstrate the other skills he knew he had. CEO since January 2001, Doug Conant continues to lead a team that has improved the company's financial health through a Transformation Plan and now a Quality Growth Plan. As a result, net sales and earnings per share have grown at above average rates over the past five years and total shareholder returns have increased 45%, well ahead of the S&P Food Group and three times greater than the S&P.

Think of these two great examples as you use the "Five A's" approach for successful change and to improve your company's financial results. ■

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