

Case Study: Continental HEV, automobile

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Introduction

The massive challenge facing the automotive industry today is how to make the leap from a century of combustion engines and fossil fuel to a future of electric and autonomous driving vehicles. In the automotive industry of today, you have a massive shift going on and no one wants to be left behind. Few companies know exactly what to do to catch the next wave.

The challenge

In 2016, Continental AG, like its competitors, was heavily invested in hybrid engines and were very successful with their products in the auto market. The Hybrid Electric Vehicle (HEV) division of Continental AG found itself on the outside of this dramatic shift, looking in, trying to reposition itself to be competitive in a completely different marketplace by 2025. The convergence of electric, autonomous and connectivity had changed the playing field and threatened their very survival.

As this shift was occurring, Continental needed to look holistically, think holistically and act holistically. In the HEV business, employees were smart about the market and wondering what are we doing to position for long term success? They were also wondering what are the implications for me and my job? A new leader joined the team with the task of repositioning HEV for long-term success, as a competitor in the autonomous, electric automotive sector. As the sponsor and champion of the change, the leader had to quickly (6 months) define a new strategy; re-align the people and structures; and, reshape the culture to embrace the uncertainty ahead.

The approach

Over the course of 12 months, applying high engagement principles and practices, the consultants engaged the whole system (over 2,500 employees, in 10+ countries) in redefining strategy, re-aligning structure and reshaping the culture of this organization.

Through a series of small group and large group events, the employees evaluated the present and shaped a competitive future, where HEV could potentially become a key player.

Below you will find the change process we employed. Together with the leadership team, we engaged a critical mass of staff, in maximum mix teams (microcosms of HEV) in diverging and converging activities, designed to explore and co-create solutions that everyone could support.

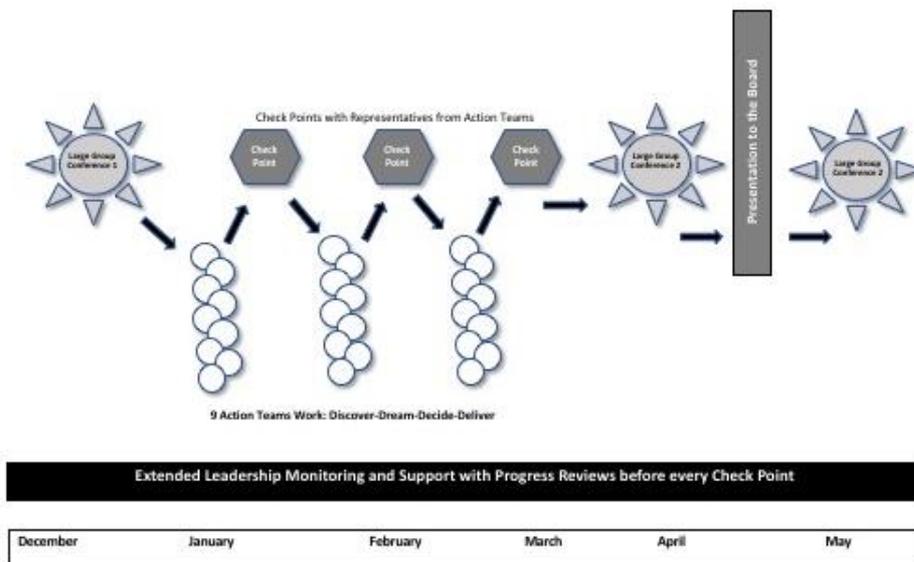
The solution

Divergence

To get the broadest look at the past, present and future, the leadership team created 9 teams of staff (each a microcosm of the Business Unit). Each team had a charter, key questions for exploration, a sponsor and champion, and a chart, mapping the potential interdependencies between the various teams. For example, the Shark Tank team has the task of developing a USP (Unique Sales Proposition) and sales pitch to the Executive Board. Their job was to leverage the wisdom of the other 8 teams and create a compelling sales pitch for why invest in the HEV plan.

Each team had 4 months to accomplish its task. The months were roughly organized so that in month 1, each team did “discovery” work, in month 2, “Dreaming;” month 3 “Deciding;” and in month 4 “delivery” to the whole system. The model was essentially an Appreciative Inquiry process.

The goals for this process were (1) as much divergent thinking as possible; (2) embrace the complexity of the situation; and (3) simultaneous working.



Convergence

There were two kinds of convergence activities over the six months. There were three large group meetings where all 150 members of the group came together to plan the work. The first was a launch meeting at the beginning. The second was to harmonize the work of the teams before submitting the strategy and new structure to the board. The third, and final, was a meeting to plan implementation.

Between the first and second large group meetings, smaller Check Points were held once each month as one portion of the “Discover-Dream-Decide” process was complete. At these Check Points a representative group from each of the teams came together to share what each team had accomplished and to “get whole” so that the work of the teams would be aligned before moving on to the next step.

The result

Over the course of the year-long engagement, HEV was able to align all staff, across regions and sites on a new vision, strategy and structure. Along the way, cultural barriers were removed, connections were built and a new kind of energy for a shared future was created.

HEV developed

1. A new strategy;
2. A streamlined and more focused product portfolio;
3. A new budget (several hundred million Euro, to pursue the new future); and
4. A new structure fully implemented down throughout the new organization

These four things enabled HEV to “Catch the Next Wave” and become a significant player in the e-mobility world. In late 2017, Continental proudly issued a news release titled, “Continental Ready for Next Growth Spurt with Innovative Powertrain Technologies.” In 2019, Continental spun off its Powertrain business to focus on HEV!

Figure: The Organization of Divergent Action Teams

Action Team	Topic
Back to the Future	Markets and Customers
Catching the Next Wave	Products and Technology
Mirror, Mirror	Internal Strengths and Weaknesses
Counter Blast	Beating the Competition
The fast and the furious	Elimination of Friction, Streamlining What We Do
Fuzzy Boundaries	Customer=Supplier=Competitor Sometime
Stop the Bleeding	Quick Wins, Short Term
Logic of Growth	Shark Tank
HEV, The Place to be!	Workplace of the Future