

ODI High Performance Work Initiative Programme 2015/16

Case Report – Taege Engineering Limited Purpose and Vision

Company Background

Taege Engineering Limited (Taege) has been in operation as a family-owned manufacturer of agricultural machinery and equipment since 1923. It has a jobbing engineering and componentry operation in Sheffield, Canterbury, and its manufacturing base in Christchurch. Taege has 30 employees and a staff turnover of 13%.

Taege sells predominantly in the domestic market with an increasing export presence in Australia - currently around 15% of sales. In 2015/6 the company had total sales of \$7.5 million and break-even profit, following a number of years of double digit growth and fair annual profit. Cashflow has been tight for some years and has resulted in a history of slow payment to suppliers.

Taege is owned by Managing Director, Keith Taege, and governed by himself and two external advisory board members. Three of Keith's brothers, Murray, Trevor and Brian, hold management and operational positions in the company. In 2015 Mick Ingram was appointed as the first non-family General Manager.

The company has recognised strength in innovation and production of reliable products, based on its intimate understanding of its farmer and contractor clients and the conditions in which their equipment operates.

The appointment of Mick Ingram as General Manager reflects Keith Taege's and his advisors' intent to position the company for a future that is independent of family management; the younger Taege generations are not involved in the business and are unlikely to become so. Mick has licence to innovate and change and has been instrumental in engaging Taege in ODI's High Performance Work Initiative programme (ODI HPWI).

Consultancy Goal

Following the diagnostics phase of the ODI HPWI, Taege has engaged in a consultancy aimed to assist with developing a unifying purpose and vision that reflects current and future performance aims. Specifically, the consultancy goal is to create a consistent and shared view of how Taege can achieve sustained growth in sales that contributes to:

- customer loyalty that will take the business into the future
- innovation of products and product enhancements
- financial well-being of owners
- reinvestment opportunities

The programme allowed for 20 hours of external consultation with Dr Michelle Shields from ODI to work with Taege on the drafting of a purpose statement and the articulation of a vision for the future.

Consultancy Action Plan

After consulting with Mick, it was agreed that the consultant would interview each of the key stakeholders who are currently members of the new product introduction steering committee to understand:

- *how Taege should go about ensuring sustained margins on sales*
- *how Taege should ensure working capital for building infrastructure of business process*
- *what is the ideal operating model to ensure sufficient levels of field support, upskilling in the factory, reduced inventory, and growth.*

Included in the interview process, were introductory questions related to purpose, including sentence completions such as:

- *We are in business to... and if we were not here, our customers would not be able to... and*
- *What gets us going each day is the knowledge that... and what keeps us going is the belief that...*

Once steering group member interviews were completed, the qualitative data collected was analysed for themes and fed back to the steering group at a group meeting.

Consultancy Outputs Produced

The outputs from the work consisted of transcripts from the interviews used to create a presentation document for discussion at a subsequent group meeting. Topics discussed at the feedback session included identification of:

- Purpose – a guiding mission that endures over a long time-frame (decades); it reflects the needs of the stakeholders and informs the vision
- Vision – an aspirational view of where and how the business envisions their future; it reflects the 'to be' of the business 3-5 years into the future and informs the yearly strategy

From this work it was expected that an operational strategy would be developed that would reflect the incremental year-on-year goals needed to achieve the long-term vision.

Outputs included (but were not limited to) a *draft* purpose statement to the effect of:

Taege Engineering's purpose is to build on the legacy of Herbert Taege by working with farmers to provide agricultural equipment solutions that ensure better farm results than farmers would get from other agricultural equipment providers and in the process help to build strong farming communities.

Outputs from the visioning portion of the interviews included (but were not limited to) growing Taege Engineering sales base and markets by:

- expanding in the New Zealand market and extending the current product and manufacturing capability to include:
 - enhancement to existing products so that they are being used in new and different ways
 - working in partnerships with others in product manufacturing

- extending the use of its metering technology by applying it to other products and for alternative applications
- expansion of markets overseas to allow Taege to increase sales by duplicating the seasons of productivity in the northern hemisphere

A vision summary for each of four performance areas was developed and shared with the group at the feedback session. In addition to discussion on each of the areas, work *began* on the assigning of key metrics of performance to each of the areas discussed. This work was to be continued with group members working individually on the identification of performance criteria for their part of the business.

Issues, Opportunities and Solutions Identified during the Consultancy

A key issue for the feedback of the draft purpose statement and vision descriptions was that one of the key stakeholders (Keith) was unexpectedly unable to attend the meeting held to discuss results and plan for next steps. The meeting went ahead as scheduled with the intention of having Mick meet with Keith one-to-one to go over the work completed.

A key opportunity presented by the feedback meeting was the opportunity for all members of the new product introduction steering group to work together on the formation of the Taege vision in a way that made individual assumptions more explicit and presented opportunities for ‘healthy debate’ on alternative views on the future of the organisation. This dialogue, while valuable for those who attended the feedback session, could have been made much stronger with full participation of all who contributed to the data collected.

Solutions identified included the creation of a document that could serve as a platform for the next stage of the work – establishing a year-on-year strategy that is aligned with long-term vision for growth and sustainability as well as the identification of key behaviours, skill sets, and attitudes (competencies) needed to execute the strategy. For instance, given that one of the key outcomes is the emphasis on continued ‘partnerships’ with farmers to test new products, it would be expected that a key attribute for both employees and leaders would be an understanding of farming goals and farmers’ mind-sets when it comes to adopting new technologies. This understanding can then be used to recruit, develop and promote talent within the business to ensure a healthy pipeline of human capital for the future.

Assessment of Results and Outcomes Achieved

Mick has endorsed the conduct and outputs from the consultancy as beneficial to Taege’s future. The process has created stronger cohesion engagement to the extent that an employee has commented ‘*we don’t want to go back to how things were before*’. Mick is working to simplify and refine the purpose and vision statements for full internal distribution.

During the consultancy period sales, cashflow and profitability have all improved. For 2016/17 the company is on track for \$8 million of sales, with 15% in Australia, and for good profit. Cashflow has significantly improved, due largely to planned reductions in inventory, enabling creditors to be paid on time.

The Way Forward (90-day and 180-day Implementation Expectations)

During the next 90 days it is expected that the purpose and vision statements will be finalised and internally distributed.

During the next 180 days it is expected that the refined purpose and vision statements will be embedded into company processes and documentation; in particular, into performance management and policies creation/documentation.

Dr Michelle Shields

ODI

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