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# Workforce

## ■ Competitive Advantage

# Competing— With Grace

Grace Cocoa Associates needed to unite six independent entities into one integrated company. Leadership Forums, which gathered people from different companies, areas and functions to work on common projects, offered a “sweet” solution.

By Gillian Flynn

**G**race Cocoa's situation in 1990 bears unfortunate resemblance to a MENSA logic problem. Try

to solve this: Six companies are operating almost completely independent of one another. Company A needs some expertise that only Company D has. Company B requires a special skill only Company F has. Company C needs to get hold of some materials that Company E has in abundance. None of the companies knows which of the others has what it needs. How does it all work out?

Sound irritating? Frustrating? It was this and more for Grace Cocoa Associates, because for the Stamford, Connecticut-based company, this was no logic puzzle with the answer printed handily in the back of the book. This

was reality.

In 1990, Grace Cocoa Associates, L.P., which processes more than 10 percent of the world's supply of cocoa beans, comprised six leading manufacturers of cocoa and chocolate brands. The manufacturers in turn represented

five different continents, more than 16 locations and countries as diverse as France, Germany, Ecuador, the Ivory Coast, Singapore and the Netherlands. Things had been humming along just fine until a forward-thinking executive team looked down the road and realized increasing globalization was going to throw the company quite a nasty curve. As competition—worldwide competition—increased, the company was going to have to be quick-moving, quick-thinking and above all, able to leverage its assets across boundaries.

If Company A needed some expertise that only Company D had, Com-



**The WORKFORCE Magazine Optimas Award in the Competitive Advantage category honors an HR department that has developed a program or policy to help maintain or develop the organization's competitive advantage.**

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pany A not only had to know it, but also had to know the right people to get in touch with—and not hesitate to do so. As it was, collaboration across the six entities was nearly unheard of. Executives at one looked upon their counterparts as unacquainted neighbors: They might borrow a cup of sugar in an absolute emergency, but otherwise they'd leave 'em be.

The executive team knew the company had to become one sleek, smooth-running organization. With Christopher B. Dennis, senior vice president of organizational development and HR, riding shotgun, the company set forth a plan that might work. The Leadership Forums—four-week, problem-solving, self-evaluating periods—were born, and with them, a newly globalized Grace Cocoa, a newly entrepreneurial workforce and a sweet solution to the logic problem.

**Engineering a cross-boundary, cross-border bridge.** In the early '90s, most executives reared back with a sudden discomfiting realization: They were going to have to find a new way to do business. In just a few short years, the world had shrunk, and it wasn't big enough for everyone. Globalization and reengineering became the buzzwords of the decade.

Grace Cocoa was no exception. It already had fierce competition, and to stay viable, things would have to change within the business. Pedro Mata, CEO of the company at the time, acted quickly. He lured Dennis, who'd been with then-parent organization W.R. Grace & Co. for more than 20 years, to join Grace Cocoa, heading up HR. (Archer Daniels Midland [ADM] bought Grace Cocoa in February. As of April 18th, the company's official name became ADM Cocoa. Dennis left the company at the end of April to start his own consulting firm. He'll continue to work with ADM Cocoa on its organizational development. At press time, no successor had been named to replace him.)

"My day job [was running human resources]," says Dennis. "My night job was to try to figure out how we could integrate all of these companies into a single operating organization ... We needed to infuse synergy on a global

basis. We couldn't afford to be in business if everybody was doing his or her own thing."

And it wasn't just synthesizing six companies, but a multitude of cultures—cultures of country and of company. Each country had its own way of doing business. Each company had its own way of doing business. To complicate matters, Grace Cocoa was organized divisionally, so each different area not only had its own company and country culture, but also a functional specialty.

"It was very difficult to cross those borders, to cross those thresholds, to make the inroads to beginning to understand how the other businesses worked and how we could begin to synergize our resources—both in capital expenditures and in human resources—to meet global marketplace needs," says Dennis.

Grace Cocoa began with half-hearted rhetoric, announcing its globalization and displaying new organization charts. The

heralded change was met with a general lack of enthusiasm. To lower-level workers, it had no effect on their work lives because the "change" never left the chart-and-chat phase.

**A cross-cultural task force lays the foundation.** When the executive team realized this disinterest, it created a task force from a wide range of Grace Cocoans, including operating professionals, manufacturing and finance people and a division president. They came from all over the world for a day-and-a-half meeting to discuss where the organization was, where it wanted to be, and where the gaps were in getting there.

The group soon realized the company wasn't becoming global because its culture remained staunchly local. For example, a procurement manager might call his counterpart in another part of the world to exchange ideas—and be reprimanded by his manager for doing so. Why? Managers had been trained and rewarded for maintaining tight local control, and that translated to staying within local boundaries. "Without really knowing it, [they] were unconsciously sabotaging the efforts to do some things differently across the organization," says Dennis.

The employees who were trying to act more global were zinged. And they were in the minority—most didn't try at all. Dennis realized he'd need a stronger tool to transform the culture into a global one. "I knew if we did the traditional kinds of training in which we sent people off for a week of training ... that nothing would fundamentally happen in the organization on a long-term basis to sustain change."

Dennis knew three things about the kind of training that would be necessary. First, it would have to build strong relationships across lines. It goes back to Company B knowing Company D can help it, and not hesitating to ask for the help. "When you need to get something done, what do you do?" says Dennis. "If you don't know something, you think of whom you know that knows what you need to know and that you have confidence in."

Second, the training couldn't be just basic by-the-book stuff. Participants needed to have some stake in it. "People

### VITALS

#### ORGANIZATION

Grace Cocoa Associates

#### TYPE OF BUSINESS

Cocoa and chocolate maker

#### HEADQUARTERS

Stamford, Connecticut

#### EMPLOYEES

1,500

#### PRESIDENT

Wim B. van Bergen

#### SENIOR VICE PRESIDENT OF ORGANIZATIONAL DEVELOPMENT AND HR (FORMER)

Christopher B. Dennis

#### OPERATIONS

Grace Cocoa has operations in the United States, Canada, Singapore, France, the Netherlands, Germany and Ecuador.

#### YOU SHOULD KNOW

Dekatur, Illinois-based Archer Daniels Midland (ADM) bought Grace Cocoa in February for \$470 million. ADM plans to continue to run the business intact, recognizing the company's strength and position in the global cocoa marketplace.

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have an unlimited capacity to learn things that are question-driven," says Dennis. "If I have questions I personally want to get answered, my ability to learn is fairly unlimited as long as that motivation and drive is there."

Finally, a corporate culture survey of 113 managers targeted a variety of improvement areas—teamwork, trust, communications, conflict management, innovation and change management—that would have to be addressed to achieve global viability. The training would also have to incorporate solutions to these shortcomings.

In 1992, the task force presented this training-needs assessment to the executive team. The team responded thoughtfully, remembers Hans Durieux, vice president of commodities for the Netherlands operations, but failed to commit. "After the meeting, I said, 'I have a bad feeling. ... It's going to go into a drawer somewhere,'" says Durieux. "I said, 'I don't want to do anything more until I have a clear sign of commitment.'"

The task force agreed and challenged the executive team to demonstrate its commitment before the task force continued. After a quick deliberation, the executives offered that commitment—\$350,000 for a program that would help Grace get where it needed to be.

Not long after getting the green light, Dennis found his training approach with a process called Action Reflection Learning™, introduced in the United States by a company called Leadership in International Management, Ltd. (LIM). Action Reflection Learning™ (ARL) is based on the theory that, as Dennis believed, people learn best when working on issues that are of importance to them. For instance, a manager may need to learn conflict management. She may get something out of going to a seminar on the topic. But she'll likely learn more by being put in a real-life situation in which she has to learn conflict management in order to achieve what she wants.

In a nutshell, ARL™ means taking responsible *action* in real situations, *reflecting* on these actions, and *learning* from and sharing the experiences with others.

The ARL™ would take care of the actual training requirements Dennis had outlined: It wouldn't be by-the-book, and

it could be used to train managers in the areas they identified in the corporate culture survey. That left only one other requirement for the training: developing relationships across company and cultural divides.

To address relationship-building, Dennis created the Leadership Forum. In these forums, 20 managers would gather for a series of four one-week meetings over the course of six months. The managers would come from all six companies and many different countries and functions. Each of the four meetings would even be held in different countries where Grace had operations.

In the forums, the managers would practice ARL™. They'd be assigned to



**People have an unlimited capacity to learn things that are question-driven. ... as long as that motivation and drive is there.**

*Christopher B. Dennis, Senior Vice President of Organizational Development and HR*

smaller groups, each with a work problem to solve. While solving the problem together, the participants would build relationships, learn about each others' organizations, and be forced to develop the type of skills they identified in the cultural survey. While doing all this, they'd also be solving a business problem.

It was an untried approach, a risky one and certainly not a guaranteed success. Still, Dennis thought it was the

best idea they'd had yet. The group successfully pitched it to the executive team. "We said, 'We don't know if this concept's going to work, but we can tell you the traditional approaches won't work. And by the way, this is going to cost a lot of money and we think it's a gamble. But we think it's a good gamble.' I, in my own mind, had determined in 15 minutes that it would work."

**Forums build the bridge.** In October 1993, 20 managers from around the world met for a week in Fairfield, Connecticut. The first week was designed to introduce participants to the program, to different parts of the company, to each other and to the specific project they'd be working on. The managers also received a leather-bound book entitled "Leadership," with the explanation that it would be the most important reading material they'd receive. When they opened it, they discovered only blank pages. "They looked at us like we were from outer space," remembers Dennis. "But the truly successful leaders literally sit down and reflect on their experiences. They write them out, they think about them, they work on them and try to take it to a higher level."

Participants documented their ideas and feelings in the journal throughout the process. At points during the 23-day process, they could read from these journals during *reflections and dialogue* sessions, unstructured periods in which people simply expressed, uninterrupted, what they thought about the experience, problems they were having or feelings they were dealing with. The sessions kept group members in touch with each others' viewpoints.

After they got to know each other as a group, sharing information about their cultures and their job functions, the managers split into four groups of five. Each of these groups was assigned a project and a client. The client was a top executive who had identified an area in need of improvement and would have hired an outside consultant for help otherwise. There was also one catch: No manager could work on any project in which he or she had experience. "That was mind-blowing at first," says Dennis. "But the world is changing so quickly, if we're really developing our people for the

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future, they're more likely to run into situations in which they don't have expertise. They're going to have to learn how to manage cross-functionally ... Leaders have to be able to operate outside their areas of expertise."

Patricia Kitson, an American manager of compensation and benefits, found herself placed on a team that was charged with improving customer service. Her teammates, another American, a man from the Netherlands and a man from France, worked in manufacturing, business development and finance. In the first week, Kitson learned from the others about buying cocoa beans and separating the butter from the liquid from the powder to get the end product—functions she'd never had much thought of in HR. The group also addressed cultural differences, especially useful for Kitson because she had no previous global experience.

By the second meeting, in Noordwijk, Netherlands, the team was into the core of its work. Team members pored over company literature for user-friendliness. They reviewed customer complaints. They interviewed employees—the company's internal customers—and visited 19 different customers located in four countries. By the third meeting, in Milwaukee, the group had even interviewed four noncocoa companies with excellent reputations for fulfilling customer needs. Much of this work was done in the weeks between the meetings, so that the team could brainstorm on pre-gathered information during the actual forum.

During each of the weeklong meetings, the team had lots of help. On a personal level, each participant completed a Myers-Briggs personality profile to highlight their work-style type. All participants also received multisource reviews to give them feedback on strengths and weaknesses in management style. Kitson was surprised some people said she could improve her listening skills, so she specifically focused on improving her listening while working with her team. Participants also had a support group made up of other people who weren't on their teams, allowing them to vent as well as providing an opportunity to meet more people.

On a team level, each team had access to a learning coach, who sat in on the

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#### FIRST YEAR PRESENTED

1991

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To increase awareness of superior HR management's value to the general business community

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Presented annually in 10 categories

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Service  
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sessions and ensured the project didn't get too function-oriented. Coaches reminded managers they were there to learn from the project just as much as they were there to solve it. To that end, the learning coach would stop members from time to time and ask them what they were thinking, why something wasn't working, why something was. The coaches, who were staffers from LIM or trained HR people from Dennis'

team, forced reflection.

"I would say the learning [occurred] 100 percent of the time," says Kitson. "In my group, after a [team] conference call, we'd take time out to do some Action Reflection Learning™ the next morning, just to say what we felt we'd accomplished."

Throughout the four meetings, the group of 20 as a whole received assistance also. "Since members didn't have functional expertise in their project areas, they needed to learn how to access information from both inside and outside the organization," says Dennis. "So we taught them consulting skills, how to deal with resistance in the organization, how to access information, how to engage and involve other people and how to do surveys."

Dennis' staff would also put together special learning lectures along the way on an as-needed basis. For instance, Dennis said that every one of the three Leadership Forums required education on managing conflict during the second week, when members had completed the introductions and were settling down to the nitty gritty. Some forums needed sessions on listening effectively, developing action lists, brainstorming and understanding group dynamics. "Every night we would change the agenda for the next day based on what happened during the day," says Dennis.

In the final meeting, March 1993 in Lausanne, Switzerland, all four groups made their recommendations to the executive team. Kitson's group identified "hard" issues of customer service, such as products, service, reliability and technical services, as well as "soft" issues, such as special attention, open communication, quality people as partners, trust and ethics. The team recommended increased vigilance in the soft areas of customer service and suggested creating cross-functional and cross-divisional teams designed specifically to address customer needs. The executive team adopted the recommendation, creating a team from Leadership Forum participants who were involved day-to-day with customers, whether they be from logistics, sales, marketing, or manufacturing. A person from each Grace Cocoa location joined the team to ensure companywide implementation. "I was very proud of what we

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were able to accomplish in a six-month period," says Kitson.

**The forums yield a nice profit, a new professionalism—and a new company.** From 1993 to 1995, Grace Cocoa hosted three Leadership Forums, all in a similar structure. The managers brainstormed such projects as:

- Defining quality for the company
- Identifying logistical cost savings
- Optimizing performance of raw materials
- Reducing costs in finance and administration
- Creating synergies
- Comparing key players at competitors
- Defining what the future of communications will look like at Grace Cocoa.

The first noticeable change the forums reaped were increased profits—from project solutions that saved money, boosted productivity or helped the business run better. "We made \$380,000 on something [participants] discovered in our business the first week," says Dennis. "That first week paid for the entire [first] program." Overall, the company has made between \$3 million and \$4 million from forum project solutions.

Ang Jing Chai, vice president of operations for Asia-Pacific, was on one such money-making team. During the third forum (with meetings in Berlin, Amsterdam, Ontario and Fairfield, Connecticut), Ang's team focused on identifying competitors' key players. The team—comprising Ang, from Singapore, two Americans, a woman from Switzerland and a man from the Netherlands—concluded that for Grace Cocoa to remain competitive, it would have to move into the South American market as well as intensify its efforts in the Asia-Pacific region. To ensure that the company's sales and busi-

ness-development people worldwide would have access to information on competitors, the team also created a software program based on common questions—and supplied the answers. The team members are looking at an even more detailed program for the future. "We got along together really well; by the second week we clicked," says Ang.

Part of that clicking was due to the professional growth each manager experienced throughout the forum. Kitson, for example, realized during the forum process that she tended to avoid conflict. When she was under major deadlines at work, she became easily overstressed. Working at this during the forum helped her correct the behavior. "Now I can sit back and reflect on what I learned about dealing with 10 different deadlines and setting my priorities ... There was just so much human interaction and such a wonderful learning experience that there are times when I go back to a former behavior and I catch it right away."

Such overall growth has sincerely impacted the company, says Dennis. "There's an overt change in attitude with regard to possibilities. I really see not only a strong recognition of the importance of self- or personal development, but also the increased commitment for the development of other people."

Dennis says the workforce truly understands what teamwork means now. They no longer see work teams as a flashy construct of upper management, but as a business tool. "They know there are different dynamics of a team. They know how to pull teams together. They know why teams should be put together and why they should be dismantled. They know how to play different roles on a team. They really know how to get the maximum use out of teams."

Both Ang and Kitson have used their

new contacts to their advantage. Ang had said before the forums, he often felt he was working in isolation. Today, he has connections all over the world to help him do his job better. Kitson also appreciates the company's new global-mindedness. "Now we all have contacts in different countries, even though I didn't know, for instance, the HR people over in the Netherlands when I first came here," she says. "Now I have communication with [co-workers in] the Netherlands, Singapore, Canada, France and Germany."

Such changes in culture fostered the most dramatic change of all: Grace Cocoa was finally able to function not as six different companies but as one global entity. Today, the company has no operating divisions. The organization is now managed on a global basis by functional responsibility, such as manufacturing, marketing, sales and so on. And the rewards system has even changed so that an employee's bonus at the end of the year is determined by how Grace Cocoa does overall, not by operating region. "What a major change this company has made," says Durieux. "I think a lot of big companies would be very jealous if they could see what has happened here."

Dennis agrees. "We're clearly much ahead of our competitors. We're beginning to get contracts on a global basis that our competitors aren't able to get. And the reason is [customers] are seeing us as the only company that is really talking this way and has a sense and appreciation for what it takes to get there ... Before Grace Cocoa was just a name. Now it's a reality. There's a Grace Cocoa way to do things." ■

*Gillian Flynn is the editor-at-large for WORKFORCE. E-mail [anfusod@workforcemag.com](mailto:anfusod@workforcemag.com) to comment.*