

Agile Transformation in the Manufacturing Sector: a Case Study

Official representative office in Saint Petersburg, Russia

Leitz Group

Germany



www.leitz.org



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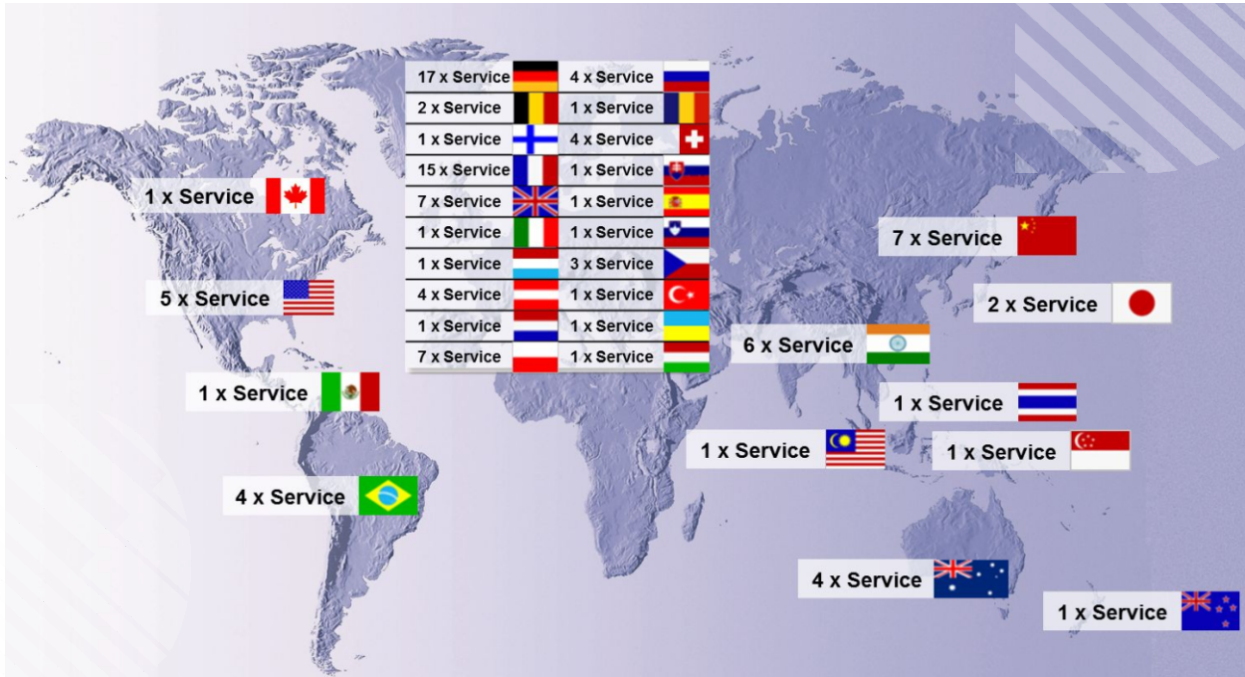
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leitz

About the Company

Leitz: a world's renowned company.



The Leitz Group is a world's leading manufacturer of tools and tool systems for professional processing of hard wood and wood-based materials, as well as plastics, non-ferrous metals and composite materials.

The company was founded in Germany in 1876. Today, the Leitz Group is represented in 36 countries (sales offices, 6 production plants, 120 distribution centers, etc) and employs around 3000 people. Customer satisfaction has been the focus of the company's 140-year history. Currently, the Leitz group serves around 150 000 customers.

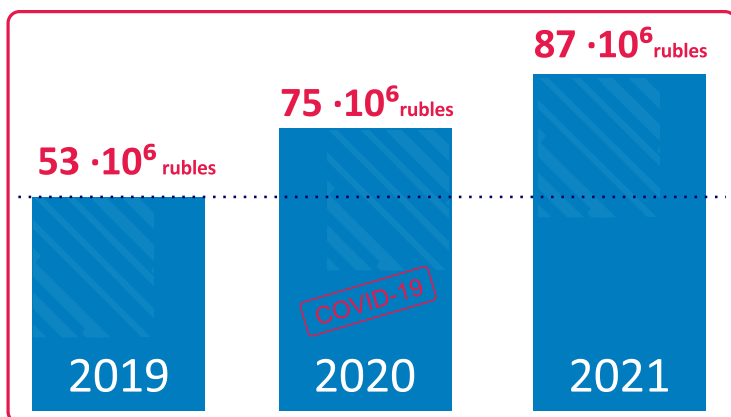
36 countries **120** service centers

> 140 years of experience

3000 employees

150000 happy clients

A Russian representative office "Leitz Instrumenti" ("Leitz Tools, LLC", Saint Petersburg) opened in 2006. In Russia on the whole, Leitz's turnover growth is 11 % per year on average. In 2019, the turnover of the branch in Saint Petersburg amounted to 53 million rubles and is expected to exceed 62 million rubles in 2020.



6 factories

The turnover of the branch in Saint Petersburg

Products & services: tools for wood and plastic processing; sharpening and repair services.

Clients: companies that produce furniture, wooden windows, floor coverings, wooden houses, etc.

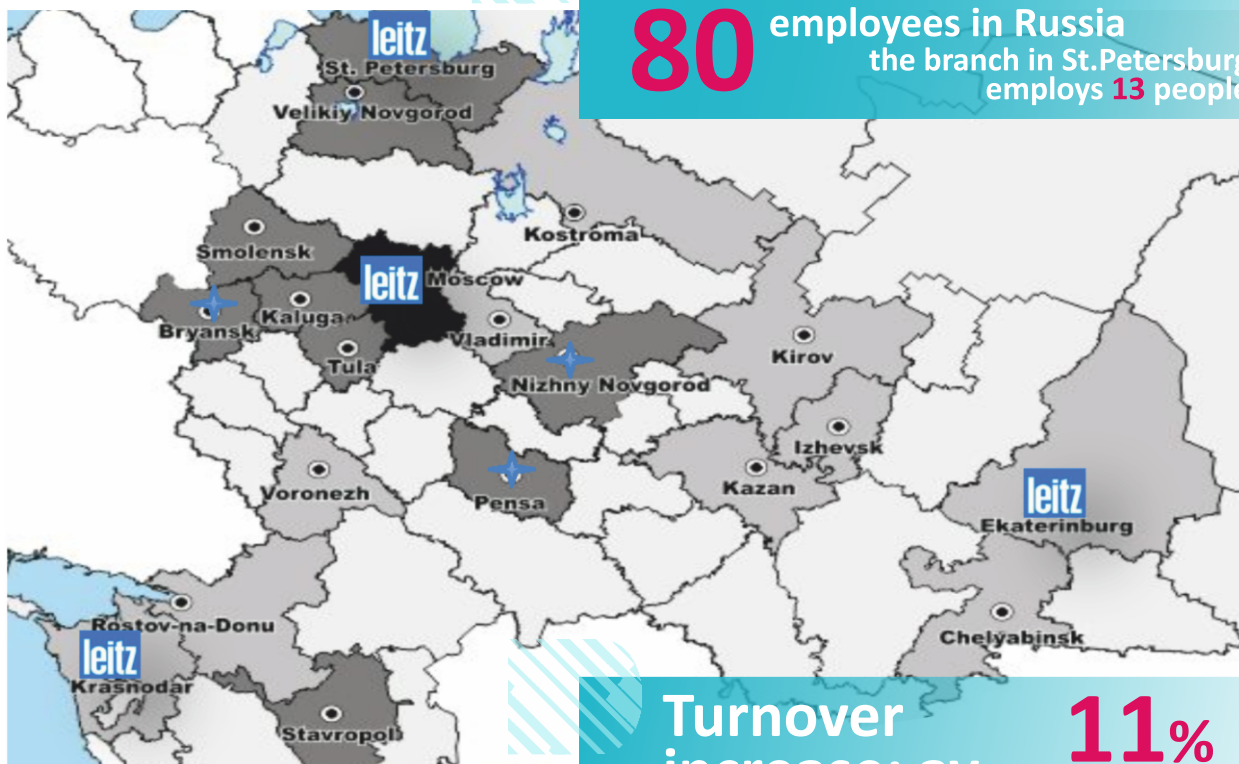
Leitz service specialists are high-level professionals considered the best in Northwest Russia. In 2019, the Leitz branch in Saint Petersburg received a world-class certificate of compliance.

4 service centers in Russia

Moscow, Saint Petersburg, Krasnodar, Yekaterinburg

80 employees in Russia

the branch in St.Petersburg employs 13 people



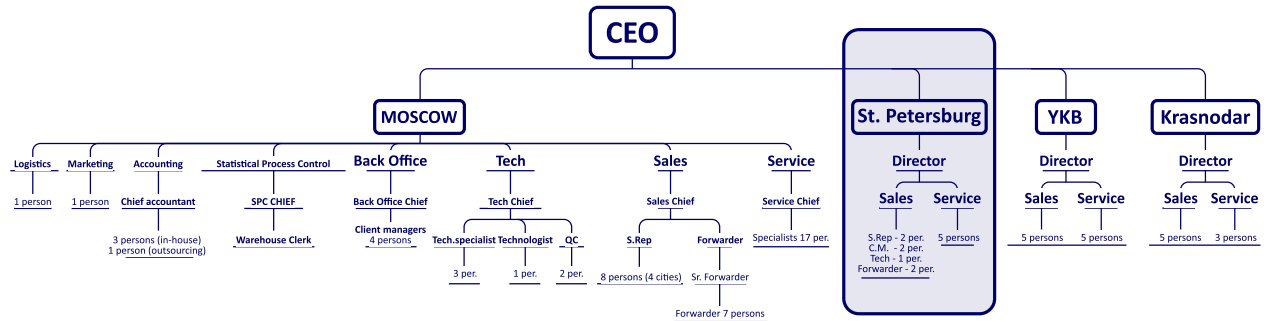
Turnover increase: av. **11%** annually

Turnover (Saint Petersburg branch): **\$715 000**

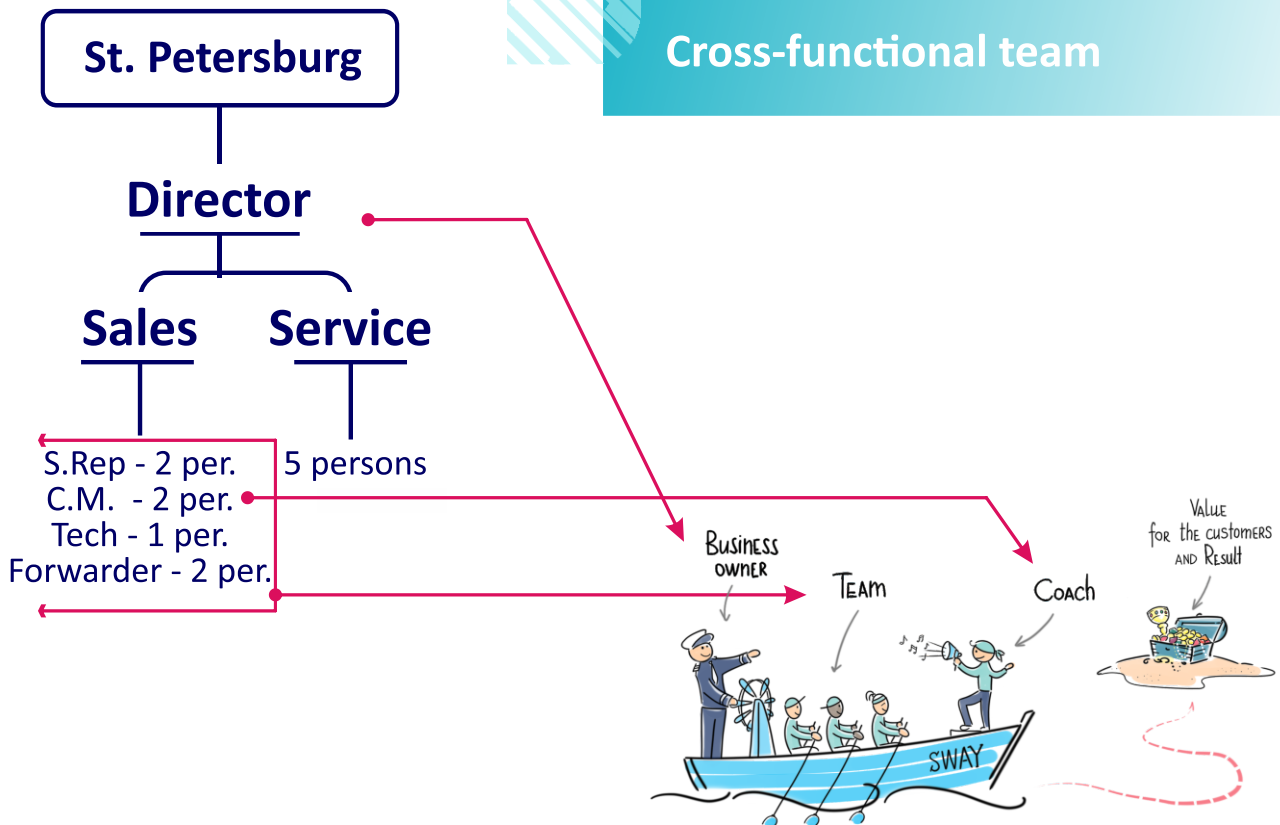
Turnover expected in 2020: **> \$835 000**

Agile Transformation: the Beginning

In March 2020, the director of the branch in Saint Petersburg started implementing SWAY in the sales department.



In March 2020, the Leitz branch in Saint Petersburg was the first Leitz Russian division that started Agile transformation via the SWAY system. Mr. Roman Dolmatov, the branch director, was already familiar with Agile methodology as well as respective tools and frameworks (Scrum, Lean, Kanban, etc). Yet, those tools were primarily applied in the IT sphere. Mr. Dolmatov approached Marina Alex to help him apply Agile outside IT. Upon successful completion of Marina's SWAY workshops, Mr. Dolmatov began actively implement SWAY in the Leitz sales department. Marina Alex served as Mr. Dolmatov's mentor.



Agile Transformation: the Rationale

Successful project management is the main target of the Leitz branch in Russia as it is a tool for achieving business results and implementing the company's strategy. Only then, the branch is set to achieve target condition that meets all customer requests. This allows the company not only to keep up with the times, but to stay ahead of the competition and set the pace for the entire industry.

Projects require time and qualified specialists. No one can manage the projects better than the company's own employees (mostly top managers). Yet, executives at the branch were consumed by routine work, which did not leave the space for project development.

The SWAY system was implemented to free executives from micromanagement operating mode and set them up for the projects.

**SWAY is set to free the director from micromanagement "operating mode".
Thus, 30% of the time is allocated for project work.**

In addition to that, the branch was able to acquire:

- cross-functional teams;
- independent problem solving;
- increased employee engagement;
- profit growth;
- proactive management (from fire fighting to prevention).

**Believing it was "imposed" on them from above,
not all employees accepted the new system.**

Agile Transformation: Challenges

The sales team consisted of 8 people. The role of the Business Owner was assumed by the branch director. The team chose a Coach independently. However, the choice was somewhat ill-considered as the associate selected for the role of the Coach did not possess necessary coaching qualities. The Business Owner abstained from intervening, thus, allowing the Team the opportunity for making mistakes.

At first, the process was fraught with difficulties as all the associates were getting used to the online work (due to corona virus). For example, Dailies lasted for 2-3 hours. In addition, not all employees accepted innovations, considering them imposed by the "upstairs". Yet, slowly but steadily, step by step, the Team was moving along the SWAY way.

In the end, the Business Owner had to reassemble the Team. He nominated Ms. Natalia Yermolenko, another associate, for the role of the Coach (Ms.Yermolenko had previously displayed her interest in the role). This proved to be a successful decision.

Agile Transformation: Results

The pilot team from Saint Petersburg demonstrated positive financial and non-financial results, thus, captivating all other Leitz divisions in Russia.

The table shows sales performance achieved within 4 months of the Agile transformation:

2020	Product	Production	Service	Total
MAY	77,54 %	17,19 %	77,8 %	76,78 %
JUNE	60 %	328 %	113 %	78 %
JULY	161 %	0%	113 %	143 %
AUGUST	175 %	567 %	107 %	158 %

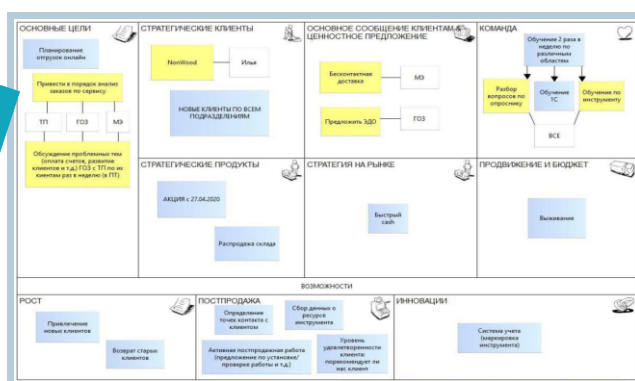
What has been done in the branch since the introduction of SWAY:

TARGET

ENGAGEMENT

ACCEPTANCE

MEETINGS & MOTIVATION



- the company created the feedback survey (the task: collect the feedback from Top 100 clients; as of today, 50% have been received);
- the company learned how to fill out the Canvas correctly;
- the company learned how to set goals for the month and for the sprint (previously, only quarterly and Sprint goals were set);
- the company adapted social enterprise platform Bitrix24;
- the associates started taking meetings and planning events seriously;
- the company successfully developed Value propositions for different types of clients;
- The Business Owner learned to praise the team even for the smallest achievements;
- The Business Owner stopped attending all Retrospectives (started «letting the team go»).



Roman Dolmatov, Director of the branch in Saint Petersburg:

«For me, the most important thing was seeing the momentum the team was gaining. Sure, there is still a lot to improve and implement. But I believe we are on the right path. Also, my doubts about Agile outside IT and SWAY are gone. Implementing SWAY is definitely a way to go!»

What has been done at the level of the Leitz head representative office in Russia:

- Roman Dolmatov successfully launched two new projects (as a top manager, he was able to abandon micromanaging operating mode, thus, freeing himself for new tasks and achievements).
- Agile transformation in the Leitz branch in Saint Petersburg drew the attention of all top managers of the company, including the CEO.
- 2 top managers from the head office in Moscow decided to implement SWAY.
- Marina Alex conducted a workshop for Leitz top managers (Moscow representative office).

2 projects launched in the SPb branch

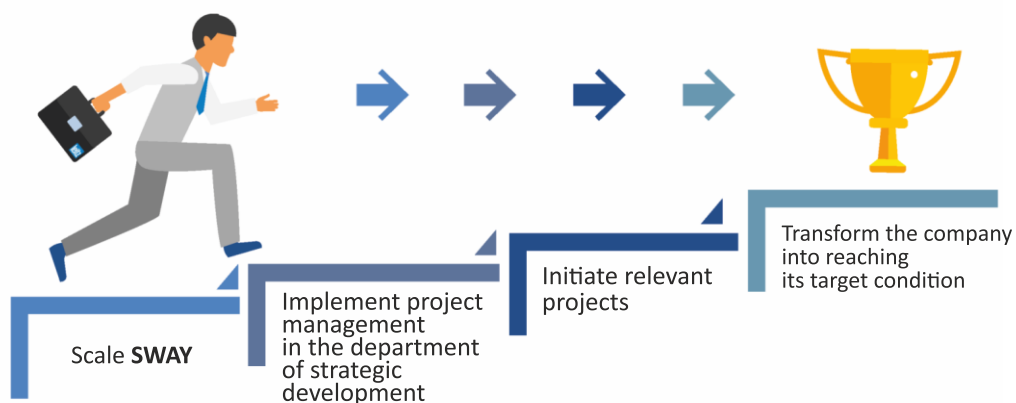
2 branches adopted SWAY

SWAY workshop conducted for c-level executives



Plans

1. Implement SWAY in the entire representative office in Russia.
2. Implement project management in the department of strategic development.
3. Initiate relevant projects.
4. Transform the company into reaching its target condition



Marina Alex: the Role in this Project

Marina taught two workshops for Leitz employees and was a mentor to Leitz associates during these workshops. In October 2020, she conducted a training for top managers.

Marina Alex is set to play a key role in the process. She will serve as external consultant for the company.