

Implementation of a New Supply Management Philosophy: A Strategy Execution Case from Scania



"BTS was challenged to align managers with changing customer needs and new corporate processes, and to enhance managers' understanding of the profitability drivers within Scania."

Founded in 1891, Scania is one of the world's leading manufacturers of heavy trucks and buses, as well as industrial and marine engines. To this day, Scania has built and delivered more than 1.4 million trucks and buses. Unlike its competitors, Scania has systematically concentrated its resources in the heavy transport segment, delivering profits every year now for more than seven decades. With annual sales of 13 billion dollars and over 37,000 employees, Scania is a truly global organization. Its largest operations are located in Sweden, Holland and Brazil, and its extensive dealership network spans Europe, the Middle East, Asia, Africa and Latin America.

In its effort to become a leading manufacturer, Scania established a process-focused organization that embraced marketing, sales, production, assembly operation, logistics, and product development. The initiative not only required managers to be aligned to the company strategy, but to also have a clear understanding of the key drivers that enable Scania to reach its market share and profitability targets. To help align managers in Europe, Asia and Latin America to their strategy and financial goals, Scania partnered with BTS, a world-leading [strategy execution](#) firm.

The Challenge: Aligning Managers to a New Strategy

BTS was challenged to align managers with changing customer needs and new corporate processes, and to enhance managers' understanding of the profitability drivers within Scania. After conducting in-depth interviews with the management team and key executives within the organization, BTS created a custom-designed two-day experiential workshop that addressed the specific needs and objectives of Scania. The workshop included a [business simulation](#) designed to let participants experience first-hand the drivers of profitability and the impact of their business decisions on the company. The business simulation incorporated coaching and feedback material, along with interactive know-how sessions, structured slide presentations and application discussions.

"Over a 12-month period, 500 managers attended the two-day workshops, increasing their understanding of customer needs, the profitability drivers within Scania, and the company's overall goals and strategies."

A Customized Solution

During the program, 25 participants were organized into teams of five, and each team was charged with analyzing a simulated company closely resembling Scania in terms of customer markets, operating structure, and strategic challenges and processes. The workshop involved two scenarios: the first challenged participants to prepare a realistic offer for a complicated deal involving an important customer. The second presented a future scenario requiring teams to determine how to meet the challenges imposed by a changing market. The goal: to maximize margins, cash flow and profitability.

Throughout the workshops, each team received real-time feedback on its business decisions and performance. Each feedback session was designed to increase the efficiency of teamwork and to apply the simulation experience back to the workplace. The real-time feedback focused on customer satisfaction, profitability, cash flow, competitiveness, and efficiency.

Four interactive know-how sessions were held between the two workshop scenarios. The know-how sessions introduced participants to financial concepts and tools that could be applied to both the simulation and the workplace. These sessions leveraged high impact learning in profitability improvement, market and product development, order to post-sale services, and asset efficiency.

The program concluded with an application workshop devoted to reviewing key learning points and brainstorming ideas for applying them in the workplace. Each participant formulated his/her own action plan for improving profitability back on the job.

Strategy Execution Success

Over a 12-month period, 500 managers attended the two-day workshops, increasing their understanding of customer needs, the profitability drivers within Scania, and the company's overall goals and strategies. The program directly led to several profitability improving initiatives that have helped Scania to grow its profits as well as increase its global market share.

About BTS

BTS focuses on the people side of strategy, working with leaders at all levels to help them make better decisions, convert those decisions to actions and deliver results. At our core, we believe people learn best by doing. For 30 years, we've been designing fun, powerful experiences™ that have profound and lasting impact on people and their careers. We inspire new ways of thinking, build critical capabilities and unleash business success. It's strategy made personal.

For more information, please visit www.bts.com.