

Building on a Strong Legacy: Accelerating Strategy Execution at AAA NCNU



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— Paul Gaffney, AAA NCNU President and CEO

Setting a New Strategic Direction

One of the largest AAA organizations in the United States, AAA Northern California, Nevada and Utah (NCNU) was founded by a group of motor enthusiasts in 1900. After more than 100 years of integrated operations, the company made a bold strategic shift by splitting the auto club and insurance organization into two distinct and autonomous companies. This strategic change brought new opportunities and challenges to the business.

AAA NCNU has evolved from its original mission "Good Roads and Just Legislation" to offer more than four million members automotive, travel, insurance and financial services. Now operating independently from the insurance company, AAA NCNU has increased its focus on the customer, providing member services such as emergency road side assistance and vacation discounts.

To achieve this mission, AAA NCNU's President and CEO Paul Gaffney is implementing a new strategy to reinvigorate its innovative heritage, generate significant growth, and enable the company to succeed independently. However, success depends on exceptional strategy execution, a challenge for an organization with more than 2,000 employees spread across more than 90 branch locations.

From Strategy to Execution: Success Demands on a Comprehensive Approach

Navigating from strategy to execution, AAA NCNU recognized its people—from the senior executives to the branch managers and IT organization—as critical enablers of success. In leading execution, the executive management team was challenged to engage employees in the new strategy, build alignment, create the appropriate mindset, and develop the capabilities critical to achieving results.

To meet this challenge, the company collaborated with BTS, a leading strategy execution firm, to develop a series of customized initiatives, first targeting senior leaders, then branch managers, and the IT organization. The success of the initial program motivated additional collaboration and a continued partnership between AAA NCNU and BTS.

Following the intensive experiential learning initiative, participating senior leaders, branch managers and IT operations at AAA NCNU had developed varied capabilities.

Paul Gaffney reflected on AAA NCNU's relationship: "BTS has been a great thought partner. I value partners who are willing to push our thinking. BTS has stepped up repeatedly to challenge our thinking and put new ideas in front of us and ensure that we were attacking the right problems in the right way. That's of enormous value."

Accelerating Strategy Execution at Different Levels of the Organization

Understanding that effective strategy execution takes different shapes and forms at various levels of a corporate hierarchy, the experiential learning initiatives were unique to each layer of the organization to maximize impact and applicability. While the top 300 leaders engaged in a two-day simulation experience at the annual offsite event, branch managers participated in a six-day deep skill-building workshop and IT employees engaged in a one-day experiential program. However, common themes were shared.

Over the course of the high-impact, experiential-based programs, AAA NCNU's employees were given the opportunity to step outside of their traditional roles, collaborate in small teams, and explore the challenges of strategy execution in a dynamic, risk-free environment. Each program realistically modeled the shifts in the industry, integrated AAA NCNU's business model and strategic objectives, and illustrated the implications of employees' decisions on business performance. To deliver maximum relevance, BTS consultants worked closely with the company's executive team to craft experiences aligned to and reflective of their business and key strategic priorities.

In the context of the simulated experiences, participating employees were exposed to the interdependencies between key strategic metrics and difficult trade-off decisions as they responded to relevant business challenges. They explored the company's position in the marketplace, recognized the value of the company strategy, discovered the levers available to drive execution and disseminated best practices. As an output, the leaders developed concrete actions to execute the company strategy within their own areas of the business.

Through valuable firsthand experience, AAA NCNU's senior leaders, branch managers and IT organization individually developed deep alignment around the company strategy and built the critical business acumen and leadership capabilities to effectively execute strategic initiatives. In the end, the customized initiatives empowered participating employees to grow the business and drive the company's long-term sustainable success.

A Sales Operations participant shared the value of the program: "I can see the confidence from folks in how they deliver their action plans at the BPRs. They really know this stuff and are putting what they learned into practice."

Critical Outcomes

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Senior Leaders:

- Translate strategy into specific direction
- Solve problems through effective, agile decision-making
- Apply systems thinking and discipline to better enable collaboration across the enterprise
- Leverage financial levers and financial statements when making business decisions
- Recognize the value of the organization as a whole

"My team went for it big time. I've opened a floodgate of information. They're asking great questions and really seeing the connection their efforts have on our bottom line as a branch."

— Participating AAA
NCNU Employee

Branch Managers:

- Improve branch efficiency
- Analyze and apply financial analysis to uncover meaningful insights and actions
- Lead high performance teams through effective coaching and performance management
- Demonstrate the presentation and communication skills needed for a strong leadership presence
- Build relationships to collaborate across branches

IT Organization:

- Recognize the alignment between the lines of business and IT in today's enterprise as necessary to success
- Identify the need for transformational IT change and motivate thinking around the cloud
- Recognize IT as a service
- Streamline communication and improve quality of service
- Transform IT from a cost center and create true internal strategic alignment

Powerful Results Motivate Further Application

For AAA NCNU, high expectations were exceeded. The strategic program was a huge success from the perspective of senior executives as well as the participating senior leaders, branch managers and IT employees. AAA NCNU's President and CEO testified to this success. "We're now nine months after the initial simulation and we're still seeing people use the same language they used during the program to make trade-off decisions. We're seeing much greater attention to the fundamental business tools—tools that people did not use beforehand. The program itself had a powerful enough effect that the language has carried over and that helps reinforce the fundamental elements."

Going forward, employees' wholehearted comprehension of the strategy and improved execution capabilities will aid the company's growth initiatives and future profitability. A Regional Vice President noted, "The quality of the conversations of the branch reviews has improved; actions are more specific and we are moving through the conversations with more efficiency."



The positive momentum is expected to continue. The strong results of the initial strategy execution initiative have inspired further application. By 2013, 300 senior leaders, 150 branch members and the IT organization will have participated in the programs.

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.

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