



FACEBOOK.COM/HARLEY-DAVIDSON/PHOTOS/STREAM

Charting a new direction

Wandell kicks Harley back into gear

Keith Wandell, new to his position as chief executive officer and president of Harley-Davidson Inc. in 2009, faced horrendous business conditions. After 20 years of unbridled success, H-D's business landscape shifted as the recession moved into high gear. Credit became virtually impossible to secure from conventional lenders; bike foreclosures were at an all time high; residual value, a hallmark of the Harley-Davidson brand, plummeted from 85 percent to 60 percent.

Past success was no guarantee of future performance.

Wandell rallied the executive team to develop a strategic plan, which focused on these four initiatives:

1. Growth

From road trips across the country talking with dealers, employees and plant

personnel, Wandell recognized that certain markets – female riders, young riders (age 18 - 34), and minority riders – were underserved. This was in part, the result of dealers' and customers' absent voices in the new product development process.

Wandell also learned that their non-core brands, Buell and MV Agusta, were diluting company resources and were quickly divested.

Once the strategic plan was finalized, presentations were scheduled so every employee understood what the corporate priorities were and how they were expected to contribute.

"When we think that we've communicated clear expectations, we're going to communicate twice as much, and then twice as much again," Wandell said. Employees that understand where the company is going and what the leaders are try-



CHRISTINE
McMAHON

LEADERSHIP

ing to do can align around the vision and achieve greatness. "Accountability is how we run the company," Wandell said, "I like to ask, 'What are we doing in the company today that will help us achieve the plan?'"

2. Continuous improvement

"We're not great, but we're on a mission to be great!" Wandell said. "No matter how well we are doing, we can do it better."

Continuous improvement is more than a system, it's a mindset that's built into the fabric of H-D's culture.

3. Leadership development

"A company cannot be great if it

doesn't have great leadership," Wandell said, "We want leaders who are motivated to develop leadership talent and who want to help others achieve what they didn't think was possible."

"Every day I work on being a better leader," he said.

The price of entry at H-D requires that employees live these values:

- » Integrity
- » Teamwork
- » Relentless focus on the customer
- » Respect diversity
- » Celebrate innovation and creativity

"Our goal is to build a community of leaders where everyone in the company understands how they bring the mission, vision and strategic initiatives to life so we're all moving in the same direction. We must respect diversity of thought and who we are – everyone has something to offer," Wandell said. "You can't work at H-D if you are not behaviorally great."

To reinforce this message, compensation is tied to behavioral performance, not functional performance. 360-degree feedback and work action plans exist for every employee.

4. Sustainability

To get the company back on track, Wandell focused on three areas:

- » **Product design** – "There were too many degrees of freedom," Wandell said. A lack of standard design process delayed new product development. In some cases, it took six years to bring a new product to market. Today, that cycle has been reduced in half.
- » **Manufacturing** – In the past, assembly lines were dedicated to a single product, which meant that product lines could sit idle for 18 hours or more. Today, assembly lines handle all products lines, which has dramati-

cally increased production output.

- » **The RUSHMORE project** (check out the video: http://projectrushmore.harley-davidson.com/en_US) focuses on four areas: control; infotainment; feel and style. To date, these improvements have generated unprecedented consumer approval; new products are "flying out of the showrooms." "Our employees understand what it's like to win!" Wandell said.

- » **Engagement** – Represents the level of emotional commitment employees make to the company. Highly engaged employees care about the company's success and use discretionary effort to advance the corporate goals. Highly engaged employees bring their hearts and minds to work.

Wandell understands that to win in the marketplace, it's necessary to win in the workplace. Over the last five years, H-D's engagement results, as measured by Gallup, have increased so significantly they've caught the attention of Gallup, which may write a case study; but Wandell believes there is opportunity for even greater improvement.

The last five years have offered no shortcuts for the Harley-Davidson leadership team. Facing brutal economic conditions, they embraced the foundational elements that drive performance: defining and communicating clear strategy, growing leadership talent and demonstrating a relentless commitment to their customers. H-D did not allow the market to determine its destiny. Rather, it charted a course, set the goal as flawless execution, and is well on the way to experiencing a slice of "hog heaven!" ■

Christine McMahon is a business strategist. She can be reached at (414) 290-3344 or by email at ccm@christinemcmahon.com.