Fast Fish Eat Slow Fish, Business Transformation at Autogrill

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Abstract. Autogrill Belgium, part of the world's largest provider of catering services to travellers, drifted into an extremely worrisome position in 2006. They had just gone through a merger, were experiencing cut-throat financial difficulties and appeared unable to adequately respond to a changing market context. The case follows COO Mario Orinx and CSOO Stan Monheim over a period of 8 years as they lead the company through an enterprise-wide Business Transformation that expanded from Belgium to the Netherlands and France. The story touches upon Autogrill's approach to (1) align its staff with the company's vision and strategy, and (2) increase internal communication & cooperation between functions and departments by using a business process oriented perspective. These elements are all part of a holistic approach to Business Transformation, eventually leading to organizational survival.

Keywords: Business Transformation, Capabilities, Culture, Enterprise Change, Process Management, Case Study

The loud noise of shattering glass broke Stan Monheim's concentration. He was in his office with Mario Orinx, who had been excitedly spinning his pen for the last couple of minutes and had managed to flick his glass of water off the edge of the table. The two men were leading Autogrill's North West Europe[1] region: Mario Orinx as Chief Operating Officer (COO) and Stan Monheim as Chief Sales and Operations Officer (CSOO).

It was early 2014 now, and Mario and Stan had been guiding the region through an organizational transformation since 2008 – helping the company increase its internal customer orientation, decision-making speed and resilience. They had started their transformation journey in Belgium, expanded to the Netherlands, and then on to France. The transformation was far from over, but the approach they had adopted seemed to be

[1] Autogrill's North West Europe region was created in 2013 and includes Belgium, the Netherlands and France.

working well: so well, that they were intent on promoting it throughout the rest of Autogrill. That's what they were brainstorming about: How to pitch their transformation approach to Autogrill's headquarters in Milan.

"Do you remember the situation we were in before we started the transformation in Belgium in 2008?" Stan asked Mario. Carefully picking up the shards of glass, Mario replied: "We definitely have come a long way. I mean, financially we were in a really tight spot; but even besides that, the way the company was run and how we managed our employees were miles away from our current situation." "I agree," said Stan, "the way we're currently running the company would be a tremendous improvement for almost every organization. And to be honest: in hindsight, I truly believe that if we hadn't changed, we would be bankrupt by now." "Indeed. Or we would have been acquired by a competing company," Mario added.

In a couple of days, they would have a meeting with corporate headquarters – but they were still struggling with how to pitch their transformation approach at the corporate level.

1 Serving a world on the move

Autogrill, with corporate headquarters in Milan, Italy, had been the world's leading provider of catering services for travelers. Operating mainly through concessions along motorways and in airports, the company offered a wide selection of products and concepts to its customers, including proprietary brands like Ciao, Bistro and Beaudevin as well as third-party brands like Starbucks and Burger King. Its 55,000 employees offered food & beverage services to 900 million customers each year, reaching a revenue of €3.9 billion in 2013.

The company's history dated back to 1977, when Italian state-owned conglomerate IRI acquired and merged three Italian restaurant groups. Autogrill was privatized in 1995 and listed on the Milan stock exchange two years later. This marked the start of an enormous expansion for the organization: including takeovers in North and South America, Africa, the Middle East and Asia, and closer to home as well, with acquisitions in France, Belgium, the Netherlands and the rest of Europe. Autogrill first entered the Belgian market in 1998. See Figure 1 for a timeline of Autogrill's history in Belgium.

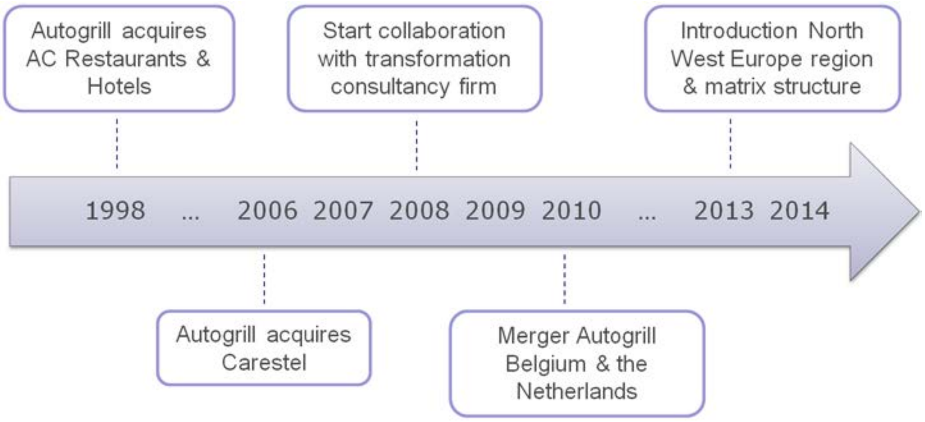


Fig. 1. Timeline of Autogrill's history in Belgium

Throughout Belgium's history in the motorway catering business, two companies had dominated the market. There was AC Restaurants & Hotels – a company that started out as part of the Albert Heijn Dutch supermarket chain in 1963 and that was a continuation of The American Lunchroom founded in 1898; and there was Carestel – founded in 1977 by the Van Milders family, with restaurants along motorways and in airports. Carestel quickly became the biggest motorway catering group in Belgium.

In 1998, Autogrill acquired AC Restaurants & Hotels, establishing a solid market share in Belgium's motorway catering services market. Eight years later, in 2006, Autogrill took over Carestel too – thereby becoming the largest provider of catering services to travelers along motorways in Belgium, as well as establishing a foothold in the Brussels Airport catering business. At the same time, this meant a merger of two companies that, until then, had been the two largest competitors in the Belgian travel catering market.

Acquiring Carestel not only meant merging two fierce competitors, but also taking over a company that had been dangling on the edge of bankruptcy for the last two years. After Carestel had become the biggest motorway catering group in Belgium, the Van Milders family decided to expand internationally and go public. But it soon became clear that the company wasn't financially prepared for its expansions in France, the UK and Scandinavia. In 2004, Carestel almost filed for bankruptcy. To save the company, management decided to sell most of its business units. When Autogrill acquired Carestel in 2006, the company had refocused on its core business of food & beverage along motorways and at airports, and had managed to save itself financially.

2 2008: Time To Wake Up

Still, things had not been going well since the merger in 2006 – especially with the former Carestel and AC Restaurants management teams. After following their own strategy for decades, they had a difficult time communicating, let alone collaborating.

To tackle this issue, Autogrill Belgium's CEO had engaged a transformation consultancy organization, which, as a first step, had invited Autogrill's management team to a two-day workshop on strategy and communication.

"Who do these guys think they are!?" was one of the many critical remarks during this initial workshop in 2008. As soon as the small group of directors from Marketing, Finance, Operations and other departments had walked in, the consultants had started firing questions at them[2]. First of all: did they have a vision for the company? and how many employees were aware of this vision?

"What a stupid question," was Stan's first reaction. "Of course we had a vision – like every other company. We even had framed vision statements on the walls of every restaurant and shop we owned – so obviously all of our employees were aware of it!"

But the consultants' questions kept on coming and became more complex: What was the added value of their products for their customers? Who, in fact, were the customers they were targeting – and how often did they communicate with them? How were they dealing with the changing market? Opinions differed, sometimes widely, especially between the former AC and Carestel employees. Some of the questions didn't even have answers.

The workshop ended in silence. The room was still, but the participants' brains were working at top speed to understand what had just happened. There was a rapidly growing awareness that something needed to change.

3 'To Be' Versus 'As Is'

The initial workshop acted as a wake-up call for Autogrill's management team in Belgium. Over the past two years, they had continued their work as usual: operating in a near-monopoly environment and once in a while opening new sites or introducing new concepts that they thought would appeal to the customers.

But outside the company, things had been changing:

- First of all, the need for restaurants near motorways was declining: cars could now drive much greater distances, and the current models had air conditioning and enough amenities to store and cool food and drinks.
- On top of that, petrol stations and shops were selling food & beverages and becoming competitors – offering a range of products to motorway travelers that was broader and cheaper than Autogrill's.
- Customer preferences were changing as well: people were increasingly interested in specific concepts or brands that Autogrill could only sell under license (which meant sharing margins with the brand owner).
- These changing customer preferences were also reflected in the lifecycles of catering concepts: in the old days, catering concepts would last 20 years; now the lifecycle was down to about 5 years.

[2] To create a shared, structured view on Autogrill's business and way of working, the consultants used questions based on the '9 elements' framework, outlined below in the 'Internal customers' section.

- As if all this wasn't enough, economic circumstances – like rising prices for raw materials and energy – were pushing Autogrill Belgium into an increasingly difficult financial situation, with declining margins and decreasing returns on investments.

During the workshop, it had become very clear that Autogrill was having trouble getting everyone on board to sail through these turbulent times. They had some homework to do. The consultants suggested that they create a dream image of their 'to be' company and then perform a gap analysis with the 'as is': What should Autogrill look like ideally, and to what extent did that image differ from the company they knew today?[3]

After a few weeks, the team reconvened to formally agree upon, and show their commitment to, a vision and key working areas. This was the start of what would grow to become an enterprise-wide transformation programme aimed at changing Autogrill's way of working, engaging, and making decisions. The consultants would be there to help along the way.

But first, Mario and Stan had to make sure that the new vision would be adopted by the rest of Autogrill's managers, so that they could lead the way in executing it as a unified team. This was Autogrill's vision statement: "To continue to be seen as the market leader in multi-brand Food & Beverage operations, by offering an 'A-star' experience for people on the move."

4 Breakfast Meetings

"Getting everyone involved in the way we saw Autogrill's future wasn't easy," Mario Orinx testifies. "Our whole culture was like a restaurant's kitchen – every kitchen has a chef, and he's called 'chef' for a reason. People weren't used to asking questions of their supervisor – you simply did what you were told to do. For example: when we needed a new marketing plan, the marketing department devised one based solely on their own ideas and expertise. When it was finished, they just forwarded the plan to the operational managers, who were left to figure out how to perform their new tasks."

Autogrill's lower management echelons weren't used to being involved in strategic issues – they focused primarily on carrying out the work that was given to them. Yet Mario and Stan were convinced that involving them in discussions about implementing the company's vision was indispensable to getting everyone on board and motivated to turn the company around. The company organized several workshops for its top and middle management to discuss the company's vision and make sense of it from their points of view: Why was transformation necessary? How would they be involved? How would their unit be impacted? What was in it for them?

This 10-20% of the workforce was then expected to cascade the vision down through the organization. To help them out, the company offered two-day coaching sessions. Managers were trained to become better at coaching employees, critically review their management style, adapt to the maturity of employees, and provide continuous feedback. At the same time, they were urged to visit the restaurants and shops themselves.

[3] For the very first time, the '9 elements' framework (outlined in the 'Internal customers' section) was used to describe the 'to be' vis-à-vis the 'as is' situation.

It was considered imperative that they talk to the staff that performed the customer-facing work and observe for themselves how things were done. They were stimulated to engage with every other staff member in the company, regardless of their roles or functions.

Stan and Mario hosted breakfast meetings to engage with their managers. There was no formal agenda. They listened, asked questions, and made sure everyone understood what was going to happen. They also invited everyone to express concerns without holding back. In turn, the attendees were expected to replicate these meetings to get their own people involved. They even received a scenario with detailed instructions for preparing for, and hosting, such meetings.

The intended effect of these initiatives was to quicken decision-making across the organization and to have directors and managers better understand the company's strategy so that they would align their decisions with it. Moreover, the intention was that everyone would receive decisions more positively, because they would now understand them in the light of Autogrill's vision.

A large challenge the company had to overcome was how to move the employees from habitually following their old routines to making time to attend workshops and focus on change. "Long-term change should be driven by the employees, but a company has to support this by providing training and a context in which employees can focus on change," Stan explains. "The trick is to bring people together at an external location where they can forget about their day-to-day jobs for the duration of the training session. And a leader has to push this. The short-term change to bring people together needs to be pushed – after that, the momentum for change can come from the people themselves."

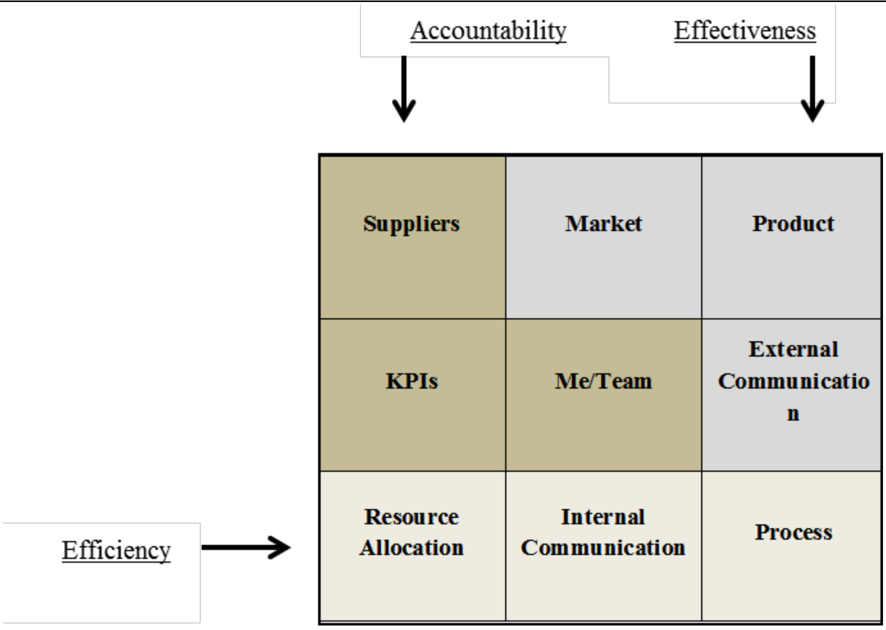
5 Internal Customers

"Involving our managers in strategic and high-level discussions and decision-making wasn't the only thing that we needed to achieve," adds Mario Orinx. "People simply weren't used to talking – let alone collaborating – with colleagues from other departments. More often than not, you would have to rework an assignment because your colleague would deliver something completely different from what you had expected them to deliver."

To overcome this issue and make people more aware of who they were working for, the concept of internal customers was introduced: every manager was regarded as an internal supplier of products or services to a colleague, who was regarded as the internal customer. And all the tasks that a manager performed were framed in this perspective.

First, the managers would form a mental image of their environment according to the internal customer-supplier perspective. To facilitate this process, a framework was provided that consisted of 9 elements of a customer-supplier relationship. See figure 2 for a summary of the 9 elements framework.

The 9 elements are all about thinking – no action is involved. Formulating answers to 9 questions, or asking your customers questions regarding these 9 elements, structures your thinking (and that of your customers) into 9 key elements.



Element 1: Market.

Who do you work for? To whom do you deliver added value? What do you need to know about your clients in order to deliver to the promise? Note that there is a difference between customers outside the organisation (external) and inside the organisation (internal).

Element 2: Product.

What 'pure' product or service do you offer to your customers? What are the advantages of this product for your customer? How do you organise the preparation, project management, quality management and care of your product?

Element 3: External Communication.

How do you want to communicate with your customers? How often do you want to communicate with them? What 'spark' do you want your customers to feel when using your products?

Element 4: Process.

An organisation can be divided into 6 main processes or functional departments: Identification, Development, Launch, Sales, Delivery and Care. Which activities or processes are you involved in? Which processes do you want to be informed about?

Element 5: Internal Communication.

Internal communication is talking to peers or with a group of experts working within the same scope. This communication takes place in policy, operational and managerial meetings. Who would you like to have as your peers? When do you want to meet them and how often? What do you want to talk about?

Element 6: Resource Allocation.

How do you want to distribute your time over your different processes or activities (as defined by the Process element)? For which activities will your resources create the most value?

Element 7: KPIs.

How do you want to measure your success? Do you talk about achieving your goals and why you achieved them, or not? Which KPIs are important in your company?

Element 8: Suppliers.

Suppliers are the people who can help you deliver added value. Who are your suppliers? Whose input do you need in order to deliver to the promise? What do you expect from your suppliers? How and how often do you want to communicate with them?

Element 9: Me/Team.

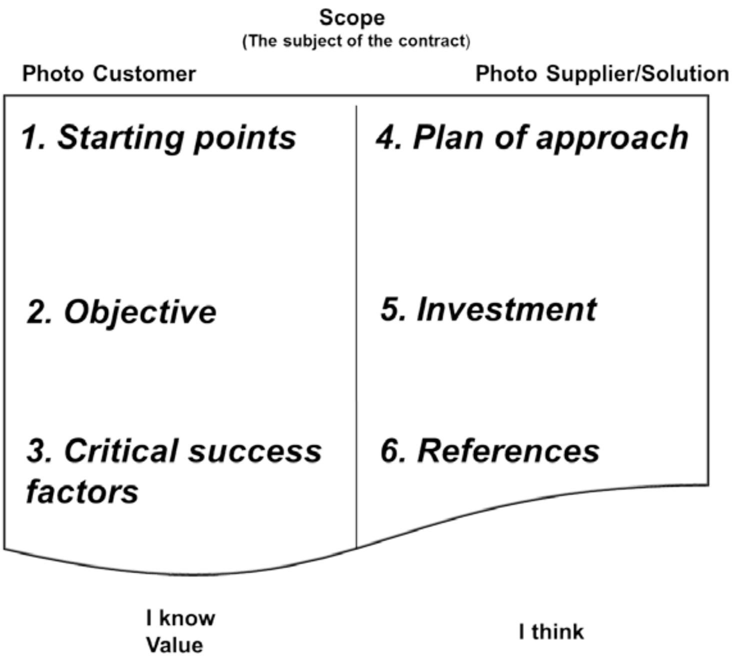
Do you fit within the company vision? Do you have a positive attitude? What is your strongest competence? What is your biggest accomplishment? What do you want to learn?

Fig. 2. The 9 elements framework. This framework has been developed by ViCre, the transformation consultant firm that guided Autogrill's transformation process.

These elements served as a guide for managers to get a clear and holistic view on aspects that were important for achieving a sound customer-supplier relationship. Some of the questions that managers needed to ask themselves to get a view on their 9 elements included: Who were their customers, and what did they expect from them? What could they deliver? How were they going to communicate with their customers? How much time were they going to spend on the assignment?

To help identify their internal customers, managers were introduced to the company's value chains to see where their own role was situated and who would use their output in the next step of the value chain.

Once the managers had a version of the 9 elements adapted to their individual situation, they would draft an agreement – called the 6 points – with each of their internal customers, which would specify, in 6 points, what and how they would deliver to their internal customers. See Figure 3 for a summary of the 6 points framework.



By drafting agreements with your (internal or external) customers, you show commitment and set expectations. You promise something, and you agree to realize your promises. The left side of the 6 points framework is about understanding the customer (the ‘photo’ of the customer). The right side is about the solution (the ‘photo’ of the supplier or the solution).

First of all, you have to understand your customer – only then can the customer understand you. An agreement contains the following points:

- Starting points: What is the customer’s present situation?
- Objective: What is the objective, the goal, the desired result?
- Critical success factors: What are the minimum demands for both parties to assure a successful result? These conditions are not sufficient, but they are necessary.
- Plan of approach (solution): Who is going to do what, and when will it be delivered?
- Investment/Budget: What is the investment and how much?
- References: Has the supplier executed a similar project with a successful result?

Fig. 3. The 6 points. This tool has been developed and implemented by ViCre, the transformation consulting firm that guided Autogrill’s transformation process.

6 The 9s and 6s

This agreement ultimately serves as a personal business plan for every manager and aids them in, what they called, delivering the promise: that is, delivering the service or product to their internal customer as they agreed in their 6 point agreement. But it wouldn't be officialized until they had discussed it and agreed upon with their internal customers.

For example: unlike the past, where Marketing would use its own expertise and ideas to generate the marketing plan, they would now first sit down with all of their internal customers (e.g. the CSOO and colleagues from Operations) to devise a marketing plan based on the combined input of all these parties, supplemented by input from site landlords and feedback received through social media channels.

Autogrill's increased focus on internal customers also impacted the relationship with external customers. For example, the concession contract with Brussels Airport was renewed partly due to a new way of engaging with the landlord.

Staff increasingly became aware of the variety of internal customers they were engaging with. This helped them connect the dots for end-to-end customer value creation and motivated them to take charge. This was the atmosphere of bottom-up empowerment and improvement that Stan and Mario had hoped for when they started their transformation journey. At one point, for example, some employees started using an internal message board on which anyone could post a request for help on any kind of task. People from all over the organization responded and offered their help.

Once a month, each manager would discuss his 6 point agreements with his supervisor – this provided a natural opportunity to review objectives and tasks, verify their alignment with the company strategy, and discuss how the manager would personally contribute.

At the end of 2014, the challenge for Autogrill was to determine how to make the 9 and 6 framework work for all employees, including waiters and kitchen personnel. While Autogrill's management was grappling with this issue, the 9s and 6s became a standard management frame for all those who had been exposed to it. Mario and Stan made sure to carry the torch – they consistently used the framework and its terminology in management meetings and whenever projects were proposed or reviewed.

7 Managing 100 Years of Experience

"Now we were all sailing in the same boat, heading in one direction, which was a very important achievement. But we were still launching new products without in-depth market research and opening new establishments from scratch, acting on our gut feelings rather than involving knowledge from previous efforts. It was striking that a company that owned restaurants that were over 100 years old didn't feel and act like a company that had over 100 years of experience."

This quote by Frank Vandillewijn, Autogrill's Continuous Improvement Manager, illustrated a fundamental problem with some of the company's core business processes: they lacked disciplined design and careful execution. New product-market combinations were introduced in rather ad hoc ways. New stores were opened without using carefully conceived, standard scenarios. Not that there was no documentation – it was simply not used. As a result, products and concepts that might have been good in their own right were targeted at the wrong customers or introduced in the wrong places. Over the years, there had been little knowledge management at Autogrill.

To help establish best practice and share knowledge, the company introduced a system of micro-communities focused on fixing the broken business capabilities. Each community consisted of a mix of profiles that worked together to improve a set of business processes. Stan and Mario would kick off the work of a micro-community by inviting a selection of staff members to join them for a so-called Vision Creation workshop.

In a first phase, a micro-community would select a few smaller business process improvement projects to promote business process orientation. It was important for Autogrill to have these small success stories at the start to get people accustomed to a new way of working that emphasized process discipline and knowledge sharing. As the community and the organization became more proficient at improving business processes, more complex process improvement projects could be tackled.

Annual employee surveys helped identify effective interventions. The use of employee surveys was not new at Autogrill – but there had never been a standard practice for using the survey results effectively. In an attempt to make better use of the survey efforts, the company sent a mixed team of HR and operations managers to an off-site location for two days to come up with a process for following up and acting on the survey results. This process was institutionalized to inform the yearly planning for process cultivation and improvement projects.

"Mapping and improving processes still scares people," says Frank Vandillewijn. "This has improved over the past two years, but people still have trouble seeing the long-term benefits. It's something that takes a lot of time and effort to get people accustomed to, so we have to keep investing time and money in it."

8 Enabling Transformation

"They used to say that big fish eat small fish. But now I would rather say that fast fish eat slow fish," says Stan. "And we were steadily becoming one of those faster fish. We had been gradually evolving from a rusty and static organization to an adaptable company that wasn't afraid of the changes yet to come."

Mario and Stan had successfully merged Autogrill Belgium and the Netherlands in 2010. Now they were in the process of establishing a North West Europe Region organization, spanning operations in Belgium, the Netherlands and France. Business development, finance and IT would be centralized at the corporate level and would now report directly to the headquarters. For Milan, the creation of North West Europe was a pilot project to see if and how Autogrill could improve bottom-line results and returns on investments by mutualizing costs and investments on a regional basis.

In principle, this next step would not cause any major upheaval in the way the transformation was supported. In 2008, Mario and Stan had introduced a transformation maturity framework that, in their view, could support this next stage of the transformation perfectly.

Year on year, the management team had agreed on an objective or target state for the next year's transformation. This was then translated into a number of support initiatives that comprised a maturity growth master plan. The plan included 5 project types which, together, enabled the organization to mature in a progressive and balanced way over time:

1. Vision Creation

   Vision creation aimed at introducing mechanisms that helped management create focus and make sure strategic targets were set accordingly. This included, for example, organizing sessions with the heads of the region and board of directors.

2. Vision Focus

   Initiatives in the vision focus category aimed at creating buy-in for pursuing the vision and targets with the employees. For example, the management breakfast meetings fell into this category. Over time, vision focus initiatives were cascaded down through the organization – an increasing number of employees would be exposed to the vision and explicitly oriented towards its execution.

3. Knowledge Management

   Initiatives to increase business process and internal customer orientation were catalogued under knowledge management.

4. Personal Contribution

   Personal contribution initiatives aimed at introducing routines that helped individual employees commit to vision execution – for example, by discussing the 6 point agreements with their supervisors.

5. Progress Management

   Finally, *progress management* introduced mechanisms that allowed for exposing and discussing the transformation's progress, exchanging experiences and best practices among the managers of the different departments, and collaboratively addressing commonly occurring hurdles.

Exhibit 4 contains an overview of the annual maturity objectives, initiatives planned and people involved for the period 2008-2014.

All initiatives in the master plan were tracked on a monthly basis to ensure follow-up, continuity and balance in the transformation approach. Over the years, as more employees across Belgium, the Netherlands and France became exposed to the new ways of working, consultancy guidance had strongly intensified as well. Some of Autogrill's regional financial results had improved over the years. For example, in the Netherlands, Autogrill was able to regain positive store cash flows. In Belgium, the company had reinforced its financial position, in part due to a licensing contract with Starbucks, a new partner.

Although the creation of the North West Europe region made financial sense, with several departments now reporting directly to headquarters, Mario and Stan faced another cultural challenge. Their new bosses had not been exposed to the transformation of the region since 2008 – for instance, they were not familiar with the 9s and the 6s, which by that time had become a standard engagement routine in the region.

Mario and Stan had become convinced of the value of their transformation approach. They felt that headquarters could benefit greatly from replicating it across the group. It would also solve the communication issue that had emerged from the centralization of certain functions. They decided to convince Milan to subscribe to the new way of working.

	Vision Creation	Vision Focus	Knowledge Mgmt	Personal Contribution	Progress Mgmt	Objective
2008	0	0, 1	2	1	0	Vision Alignment board of directors
2009	0	0, 1, 2	0	1, 2	0	One language, one method
2010		1, 2, 3	1	1, 2	0	Vision implementation
2011	0, 1	0, 1, 2, 3	0, 1	0, 1, 2	0	Collaboration HQ and operations
2012	0, 1	0, 1, 2, 3, 4	0, 1, 2	0, 1, 2, 3	0	Focus on cash flow
2013	0, 1	0, 1, 2, 3	0, 1, 2	0, 1	0, 1	Integration BeNeFra
2014	0, 1	0, 1, 2, 3, 4	0, 1, 2	0, 2, 2	0, 1, 2	Integration NW &

Table 1. Transformation initiatives time line. Note: the numbers indicate which layers of the organization were involved: 0 = COO & CSOO; 1 = board of directors; 2 = managers; 3 = restaurant managers; 4 = restaurant personnel.

9 Pitching at Headquarters

12 noon – Milan, Italy. In five minutes, Mario and Stan would have lunch with some of the company's board members. No sweaty palms or signs of nervousness. Both men felt it was the right time to tell the tale of the last 8 years. Several former North West

Europe managers, who now held positions at headquarters, were also joining – as a sign of their support for the proposal.

Acknowledgments

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