

# *Weaving Teams into the Corporate Fiber:*

## *Rebuilding Malden Mills Industries After a Destructive Fire*

*Mindy Gewirtz & Peter Gumpert, GLS Consulting, Inc.  
Yoram Shahar, Malden Mills Industries*

### **Abstract**

*Virtually leveled by a fire, Malden Mills, manufacturer of high-performance Polartec fabrics, embraced teaming as a fundamental building block of its renewal. This family-owned business transformed a natural disaster into organizational renewal. Teaming provided the engine for organizational alignment and employee empowerment, and changed the culture of the organization, facilitating the sharing of essential knowledge. We describe methods used to create the changes, and the internal resistance and external pressures that threatened cross-functional teams. Finally, strategies for creating and sustaining resilient leadership teams near and at the top of the organization are discussed.*

### **Introduction**

This presentation considers strategies for developing and sustaining resilient cross-functional teams in a crucible of recurring turbulence and threat. The original threat to the organization's continued existence—the fire—was external, and understandable to all. As the organization rebuilt its facilities physically, it became increasingly clear that great agility would be required to manage the market consequences of the fire, and cross-functional teams were created to sustain the momentum of the reconstruction. More subtle and pernicious threats arose in the form of internal resistance to transformation, despite strong evidence supporting the need for change.

The story begins, however, with Malden Mills facing a natural disaster.

Celebrating his 70th birthday at Boston's Cafe Budapest with a small circle of friends and family, the CEO of Malden Mills Industries received word from frantic managers that the Mill was in flames. Aaron and Louise Feuerstein quickly drove to nearby Lawrence, and joined thousands of anguished people who watched the six-alarm fire rage out of control. "It looked like Rome burning," said Louise, "with 45 mile an hour winds whipping flames from one factory to a second factory to the five-story main building:" All that remained standing by morning was a lone brick tower. The livelihoods of 3,100 people appeared to be in ruins, like the ash and twisted rubble that remained. On the following morning, 1000 workers came to hear the CEO speak about the future.

The CEO had options. He could manufacture off shore, like many others in the US textile business. He could accept the insurance payment and close the Mill. "When all the textile mills in Lawrence ran out to get cheaper labor in the South, we stuck," Feuerstein said. We are going to stay and rebuild." Remember, everyone," Feuerstein added, "we're playing to a higher judge. Don't tell me the job can't be done:" The next day, stunned workers received their pay in full, including a \$275 Christmas bonus, with a note from the CEO. "Do not despair," he wrote, "God bless each of you."

### **How did the fire help pave the way to a team-based approach?**

Several months before the fire, GLS Consulting, Inc. and Malden Mills managers piloted the team concept in the division that later burned to the ground. We conducted an organizational audit and provided feedback in the September, organized a joint union-management Steering Committee, created a customized curriculum, and started team training in the beginning of November-just six weeks before the fire. GLS principals were at the plant a day after the fire, pitching in wherever we could be useful. We were certain the team project would be sacrificed, given the crisis of rebuilding the Mill. For six months we offered pro bono services, and kept in close touch with the CEO and key managers.

Most key executives perceived the team project as "icing on the cake"--last in the long line of priorities for rebuilding. Despite opposition from some senior managers, the CEO strengthened his resolve to change the culture of the organization from a traditional manufacturing system to a more participative, cooperative, team-based system. For the CEO, the fire created a window of opportunity for change. He strongly believed in the importance of attending to the "human equation" in management. He believed that Maiden Mills' employees made the company great, and that they deserved the best wages and benefits in the industry. A team-based organization would take his ideas about the "human equation" beyond traditional HR policies, creating an infrastructure that would help Maiden Mills emerge from the ashes an even stronger organization. Manufacturing resumed on a small scale in undamaged facilities soon after the fire. Most customers remained loyal. A year after the fire, and despite a variety of setbacks and financial difficulties, a new state of the art manufacturing plant geared up to fill customer orders, and a team-based strategy for renewal was well underway. It began in the smaller, upholstery fabrics division of the company, and was eventually extended to include the larger apparel-fabrics division.

### **What was the pre-fire system like?**

Systemic problems revealed in our initial diagnostic audit of the smaller division were confirmed by a supplemental audit of the larger manufacturing division. Both studies pointed to the need for a structural approach that was very different from traditional "who reports to whom" reorganizations. The following are some of the undesirable characteristics of the command-and-control based system that had been in place for a long time.

Competitive rather than collaborative relationships among divisions and departments were obstacles to meeting new and changing production challenges.

- Employees experienced work as poorly planned, poorly coordinated, and characterized by considerable chaos and inefficiency.
- The "stove-pipe" relationships among manufacturing, R&D, and marketing/sales resulted in failures to make available valuable information, and in impoverished planning.
- Managers in different functions had much difficulty coming to agreements, and difficulty keeping agreements once they were made.
- Some senior managers devalued managers below them in the hierarchy; at the same time, the tendency to find people to blame for problems led people to try to protect themselves from risk, and from having to admit mistakes.

- The tendency to manage quality and other manufacturing problems as if they were moment-to-moment crises was a chronic and critical issue for the organization.

### **What strategy did we use to implement cross-functional collaboration?**

The change strategy was a broad collaborative effort between key managers at Maiden Mills and our consulting organization. We operated on several levels simultaneously, and worked to avoid generating strong resistance too early. We also maintained a consistent link between the CEO's social principles and the effort to enhance collaboration at all levels. In our discussions and planning efforts we emphasized the synergy between:

- Teams and the company's strategic intent and vision
- Teams and measurable, tangible business results
- Teams and the capacity to become more agile and responsive to market changes-to transform Maiden Mills into what deGeus (1997) has called a "living organization"

The implementation strategy for creating these changes involved:

- Loosening the control of senior management over day-to-day decisions, and gradually turning it over to the people closest to the work.
- We flouted conventional wisdom, and began building from the middle of the organization rather than starting at the top. From the middle we worked our way both downward to the production floor, and upward to top management.
- We designed a cross-functional teaming structure, and through a training program provided essential teamwork skills. The training program was also designed to repair and strengthen relationships among employees at all levels. Cross-functional (and cross-level) groups received 80 hours of teamwork and leadership development training. Thus we were able to create a community within which work could be accomplished more effectively.
- The Team Steering Committee became the engine for organizational renewal. Eventually an Executive Team, a broad-based Strategy Council, a divisional Policy and Planning Team, a Manufacturing Operations Team, and a number of Production Support teams were created. At the same time, production operators began to work together toward their own local goals.
- In addition to training, we made available individual coaching for managers, so that the influence of the change effort could be extended.
- We created measures of team success--measures of productivity, quality, and so on. We also created a bi-monthly random-sample survey that provided "soft" indicators of teamwork and morale. This measure helped us detect emerging problems that could be dealt with before they worsened.

One of the internal champions of the project referred to our strategy for successful implementation as "working under the radar screen." We stayed away from the limelight, and concentrated on working with people who could get the job done. The Director of Manufacturing was a strong champion of the effort, and provided us with enough stability and buffer so that the change effort could continue despite the recurrent turbulence in the organization.

### **What about resistance to change?**

- Resistance was part of the normal state of affairs at any given time. We saw resistance as an indicator that change was actually occurring.
- Senior executives initially resisted the change effort, and even the Steering Committee only reluctantly accepted its assignment.

- Each organizational level both hoped and feared that change could actually occur.
- Each level (and each function) showed evidence of a pervasive sense of helplessness; people seemed always to look to the level above to give orders, and for someone else to take responsibility for results.
- Empowering others meant losing managerial flexibility, control over tasks and results, and loss of control of information that could be damaging.
- Whenever resistance became apparent, it spoke of a safety and trust issue in the organization-trust between levels, between functions, and between individual managers. Workers did not trust supervisors, supervisors did not trust their managers or their workers, and managers did not trust their supervisory staff or the more senior managers.
- Felt helplessness was also a manifestation of, resistance. People feared that there were so many deep-seated problems that nothing could ever change (meaning that those above would never change), and that they were unable to make a difference.

### **How were we able to "ride" the resistance and help people move beyond it?**

The principle that underlies our approach to working with resistance is that it must be honored (because it contains valuable information), and explored openly rather than fought. The following are some of the interventions we found effective.

- Members established a stronger sense of safety and trust through experiencing the human community that was created in the training program, and in their cross-functional teams.
- Members developed emotional resilience by supporting each other within their teams when they had to manage "assaults" from above, or the normal impulse of the group to disintegrate in the face of chaos and crisis.
- People learned how to counter the consistent litany of resistance to teaming: "we have no time, and no money, and it's not related to production:"

### **What were our indicators and measures of progress and success?**

We developed a two-fold approach to measurement. It included standard performance measurements acceptable to the financial analysts as well as the less tangible aspects of cultural transformation that also led to improved business results.

We developed a periodic survey to a stratified random sample of all employees involved in the TEAM effort. We also distributed a more open-ended survey to everyone who had participated in the training program, asking them to act as "informants" about what they were seeing in the organization. The early results, based on a large return rate, indicated that 70% of people were seeing differences in the attitudes and actions of managers, and about 40% reported that they were seeing changes in the way that hourly operators worked. About 25% reported that there was evidence of bottom-line effects on worker motivation, product quality and overall participation. A return-on-investment study focused on linking key components of organizational renewal with improvements in various management practices, and with cost reduction initiatives and product quality in particular (even a one percent improvement in quality had a very high dollar value). The results of the research indicated that an overall savings to the organization directly attributable the teamwork initiative was very substantial.