Iglo Foods Group became the market-leading frozen foods business in Europe, operating in 11 countries across Europe. It had acquired the Italian Findus business, making it a truly European business. With a relatively new executive team and an ambitious plan to create a centralised product and marketing function, Iglo Foods Group had a clear need to create a common culture, based on performance and collaboration, as a platform for results and top-line performance.

In this interview while he was chief executive officer, Martin Glenn reflected on how creating the PACE culture was a key to enabling and accelerating its growth strategy that resulted in record financial performance.
The end of 2012 marked a crowning achievement when Iglo was named Food Manufacturing Company of the Year by the Food Manufacturing Excellence Awards. The honour was bestowed in recognition for its all-around approach to excellence, innovation, and its impressive business performance. The judges cited Iglo’s alignment of strategies to sustainable values as “a shining example of how a food company should operate in these challenging times. Iglo has not been afraid to grasp some really thorny issues and made significant inroads into them. Iglo is clear that it has to live its values to ensure its future success.”

Iglo Group: Creating a competitive and collaborative PACE culture to enable results and growth in a turnaround

After six years of leading a hugely successful turnaround at frozen food company Iglo Group, Chief Executive Officer Martin Glenn announced his departure in January, 2013. He had reshaped Iglo into Europe’s largest frozen food business, making it the market leader in frozen food, 2.5 times the size of its nearest rival with a strong track record of innovation and a demonstrated ability of consolidating the frozen sector through the successful acquisition and integration of Findus Italy.

As part of the turnaround strategy, Mr Glenn engaged Senn Delaney to help create a common ‘PACE’ culture, based on performance, aspiration, energy and collaboration, as a platform for results and top-line performance. In this interview, Mr Glenn reflected on the journey and how the PACE culture was a key tool to enable and accelerate its growth strategy that resulted in record performance.

The end of 2012 marked a crowning achievement when Iglo was named Food Manufacturing Company of the Year by the Food Manufacturing Excellence Awards, the Oscars of the food and drink manufacturing industry. The honor was bestowed in recognition for its all around approach to excellence, innovation and its impressive business performance. The judges cited Iglo’s alignment of strategies to sustainable values as “a shining example of how a food company should operate in these challenging times. Iglo has not been afraid to grasp some really thorny issues and made significant inroads into them. Iglo is clear that it has to live its values to ensure its future success.”

How culture was a strategic part of a massive turnaround at Iglo

Iglo Group (formerly Iglo Foods Group) is the market-leading frozen foods business in Europe, operating in 11 countries across Europe. Permira bought Iglo from Unilever in 2006 and lured Mr Glenn from PepsiCo where he had carved out a reputation after raising the profile of Walkers Crisps.

It acquired the Italian Findus business at the end of 2010, making Iglo a truly European business. With a relatively new executive team and an ambitious plan to create a centralised product and marketing function, Iglo Group had a clear need to create a common culture, based on performance and collaboration, across the group.

Mr Glenn engaged Senn Delaney to help create a high-performance culture throughout the company to support the ambitions of aggressive top-line growth for the business and for the private equity partner Permira.

Among the top business challenges that had to be addressed:

- The matrix organisation needed common language and values to enable the sharing of ideas, leveraging best practices and making decisions across the enterprise.
- There was an expanded leadership team and new members needed to be aligned around the common Iglo culture.
- The Findus acquisition needed to be integrated with the Iglo business.
- Iglo had multiple legacy cultures in the organisation, especially at the top, that had to be integrated.
- Future inorganic growth needed a cultural platform to be able to integrate new acquisitions.

Results desired from the culture shift:

- create a distinctive, high-performance culture throughout the organisation that supports the growth strategy
- foster a culture of outward competitiveness and inward collaboration to enable achievement of business goals and effective operation in the matrix
- connect people with the compelling purpose of the business
Senn Delaney worked with Mr Glenn and the executive leadership team to create a fresh set of values called PACE (Performance, Ambition, Collaboration and Energy), aligning the whole organisation around these values. This created a focus in the business on key cultural drivers that would make the most difference in achieving Iglo’s ambition.

Within a year, the company grew at a rapid pace to become the European frozen foods sector leader. Mr Glenn values highly the creation of a clear, unifying purpose and bringing to life the PACE values throughout the organisation. This created a culture that has been a key enabler for success. Iglo is now well positioned for future organic and inorganic growth.

The culture work contributed to several positive results:

- PACE values fostered better decision making and sharing of ideas, enabling Findus acquisition to be quickly integrated
- experienced record financial performance in 2011
- increased employee engagement
- achieved market share growth in all but one of its markets
- named Food Manufacturing Company of the Year in 2012

The following conversation is an edited version of a video interview, which can be viewed on Senn Delaney’s thought leadership video channel, SDTV. View the video at: http://sdtv.senndelaney.com/?p=1238

Q: You’ve been CEO for six years, and two years ago, you decided culture was a key strategy for you. Tell us a little bit about the journey and then why culture became important.

Martin Glenn: Let me tell you a little bit about the history of the business. In 2006, we bought the business from Unilever with a private equity company called Permira.

The investment idea was to modernise the business; make it more competitive. It was a sleepy old business; an unloved part of Unilever. Permira spent a lot of money on it. They borrowed a lot of money, at one point four billion euros in debt, and put me in to run the business. The first couple of years of the business were about stabilisation and firefighting, to be honest. We had to stop the severe decline in sales and profit in the business, and it had to be physically carved out from Unilever.

There was just a tonne of firefighting stuff to do, and then we kind of settled down. I guess I called Senn Delaney probably two years too late if I look back where I should have been. But come the time of the telephone call, we felt we’d built a platform for growth and we wanted to accelerate.

We realised that our biggest barrier was us, not the marketplace, not our competitors, but how we were operating, how we were behaving with each other.

“We realised that our biggest barrier was us, not the marketplace, not our competitors, but how we were operating, how we were behaving with each other. We needed to take a good fresh look at trying to make a modern, progressive culture work for us across the European business.”

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Q: It coincided with adding Findus to the group. Was that a component of the decision (to work on the culture)?

Martin Glenn: Yes. We bought two thirds of Unilever’s frozen foods business before in 2006 and they chose to sell the rest in 2010. That took us from a billion euros to 1.6 billion, so a big chunk of business, a big change. Once again, we had a number of questions around how we could work together, how we would get the best out of being a bigger group. The Findus Italy acquisition really took the business from being just about the leader in frozen food to the big leader, but it also was a huge bet financially and we knew that we needed to get sharper and better at our game if we were going to make it pay back.

Q: What were your ambitions for the business and your ambitions for a new culture in the organisation?

Martin Glenn: The ambition for the business was to become the consolidator in frozen foods, which is highly fragmented. We had gotten the business into pretty good shape. So, the strategy was in place to go and do it but we just seemed to have a dysfunctional culture. I didn’t have an ambition for a great culture. I had ambition to take this business to a far better place in terms of marketplace performance and financial performance.

As I said earlier, I kind of felt like the phone call (to Senn Delaney) was probably two years too late. I wished I had done it earlier because the signs that we needed to address culture had been there and we chose to ignore them because we had other big things to do.

By this stage, we had done the big acquisition. We carved out the costs we needed to carve out. But everything just felt...
difficult. Actually, the results weren’t bad but it all just felt difficult. In many ways, Dustin, it just wasn’t a fun place to work. There was too much strife, too many inter-functional arguments, too much politics, and that wasn’t a business I wanted to run. I felt that I had seen better and I wanted to make this business better.

Q: One of our principles in shaping cultures is that organisations are Shadows of their Leaders. What did you see as your role and your top team’s role as you went down that path? What insights did you have about leadership and shaping culture?

Martin Glenn: We were a carved-out business from Unilever. We had a lot of former Unilever people, but Unilever had not really focused on the business, so, over time, we brought in a lot of a lot of new middle and senior managers from a whole range of different backgrounds and companies, such as PepsiCo, Mars, Coke, Proctor and Gamble, Reckitt Benckiser, and everybody brought with them their take on what an ideal culture was. We had disagreements on just about everything; about what constituted a great hire, what were the right criteria to measure people against, how you turn up behaviour in meetings.

We had really talented people, but we were individuals and not a team. We needed to create some sense of teamwork and some calmness in the business about what was important, what we would support doing, what we didn’t like seeing done. The ‘how’ became as important as ‘the what’ to us. The Shadow of the Leader concept was what I remembered from before when I first experienced Senn Delaney at PepsiCo. It’s probably the most powerful comment, which is that posters or signs in the hallways of buildings and slogans don’t do it, behaviours do.

Q: Knowing the pressure companies are under, especially in a private equity situation, how did you make it to the point of deciding culture was one of the areas you were going to focus on to improve the business?

Martin Glenn: The business was doing well. We had convinced the private equity owners years before of the value of improving the people calibre in the business, so, in a way, the people discussion was fine. I didn’t need to ask for permission because there were sufficient good results within the business for it to be not a board-level issue.

The more worrying thing, looking at my immediate colleagues and how busy the agenda was, was trying to answer the question, what is going to be the return on our efforts? Because, if your senior team isn’t convinced, or even half convinced, about the value of it, it’s going to be difficult to do.

I needed to set the business case for it (culture shaping) before the first meeting that we ever did with Senn Delaney. I laid out what was wrong with the business, how a more effective culture could give us a bigger pay off, and how it could be an accelerator of performance. I spent an offsite with them (the senior team) explaining that we’re doing well but we could be doing a whole lot better.

The biggest thing in our way is how we’re showing up and then how the rest of the business interacts. It’s too much friction. So, I had to go lead with, ‘here’s what I think the business case is.’ We said a number of times that we weren’t clear to our people about what our values should be. The initial catalyst was launching a set of values for the business in a way that made sense to me and my team. We called that PACE – Performance, Ambition, Collaboration, and Energy, which people really, really liked, and which I thought was great.

Once I got the hook set, and people liked it, we had to consider how we would go about delivering it. It was time to consider getting outside help for this. That was a critical point. I had real conviction in it and there was enough pull from enough of the team to say we will give it a go.

That led to the first Unfreezing session. That was a very important process for us because the mirror was held up to us in terms of how we were interacting or leading the business. It led a bunch of my colleagues, who are very talented, hard-assed, results-oriented people, to do a bit of introspection about themselves and how they operated as managers, and as humans frankly, which was actually very rewarding. I didn’t expect to get as much traction so quickly.

Q: Say a little bit more about PACE. What it means to you and why specifically PACE for Iglo?

Martin Glenn: You helped me come up with the acronym. We talked about what the core values of the business were. You know, the four letters that say Performance, Ambition, Collaboration and Energy, they’re probably constituent parts of most successful organisations’ cultural values.

For us, PACE is important because we needed to speed up how we’re getting things done. When you are owned by private equity, that is not a long-term relationship and they are going to want to get their money out at some point, and we needed to get to a level of improvement more quickly. It was a con-
scious decision to inject some energy, and that was a key reason why we liked the little acronym PACE, and then the various elements. There’s one critical value, which is Collaboration. To try to become more competitive versus private label, we changed the way that the company operated. Under the previous ownership, it had been a country-by-country-by-country organisation.

We centralised in a way that was unusual for a food business. We decided we’d organise and market to the commonalities in food, not the differences, which is quite controversial. To do that we set up a classic matrix; centralised marketing, centralised R&D, centralised operations... the countries owning the P&Ls, and that is designed to create competitive tension. But the output of it is that you operate like a 1.6 billion euro company in every country you operate in, right? That’s the payoff. The problem we had was – and bear in mind you are operating across western Europe – I’d say the cultural values towards organisations differ quite a lot. The Germans want precision, so they want black and white, whose job is which, what do I do in this circumstance?

The British, you know, kind of see the Common law system, and tend to do it more on precedent, and so you had these tensions. The important thing about the Collaboration value was saying that by behaving differently, we can actually reduce a whole lot of bureaucracy that typically a matrix needs. That was the one that we really focused on, along with Ambition, which is the ambition for the business was a lot different than it was for our financial owners, Permira. Ambition and Collaboration were the things that we drilled in on. Every good company has Performance and most companies have Energy. It was those two middle ones where we had the most work to do.

**Q:** PACE has been a definition of your culture and a differentiator. What sort of results have you seen in the business, both the hard matrix that you look at daily, and what have you seen change in the matrix around culture and engagement?

**Martin Glenn:** We have seen all sorts of different, largely positive things. We are a measurement-oriented business, so we started off with culture measures and in most areas they have improved. We have had certain parts of the business that haven’t liked what we are doing and that has taken time, so, if you take an objective measure of culture, that’s gone up.

Frankly that doesn’t matter very much because you don’t earn money from them. Financial performance has been very good. Partly I think that might have been coinciding with other things, but to answer the question, we had the best year ever in 2011, and actually 2012 that we just closed, we grew profit again in a tough environment, so the business has continued to perform well.

But I think it’s the softer measures that are probably the more valuable, so, things we’ve seen have been countries much more quickly adopting better practice in rolling out some of the centralised products that we’ve developed, which typically if you had an arm wrestle you can get them to go from the UK to say Germany or Italy; the diffusion of new products has really stepped up.

Then, and this is a softer thing, but I think it’s important, we as a senior team just enjoy meetings a lot more. We get a lot done. We argue plenty but it’s actually just a better place to work. I think the payoff on that is huge. I think it works on a number of levels and the business just feels at a different level. I mean clichés can trip out about there is more team-work, etc., but there is, there’s definitely that. Quantitatively, the results look good but I think more importantly, qualitative results give me confidence that the behaviours are more embedded and they should lead to continued improvement going forward.

**Q:** What’s been the biggest learning about you in leading an organisation through transformation and through change and culture?

**Martin Glenn:** Well, you learn a lot. This has been, I think particularly in the early years, unchartered territory in many ways. Running a heavily leveraged business where the debt was 6.8 times our profit – that was big. De-levering it felt a whole lot better, by the way.

The biggest learning is the basics are always the basics. Whether you’re a private equity-owned business or a corner shop, or any business with human beings, and you need to get stuff done.

My mistake was thinking in the first couple of years that there was something different about the private-equity model, which was just about delivering the numbers in a credible way – by the way that’s very important.

There are certain fundamentals about how leaders need to lead, and how organisations respond to culture that I was slow to pick up on. I think my colleagues would all feel the same way. It’s the basics, and then when you look at the (Senn Delaney) Unfreezing sessions, which try to dislodge bad habits with new habits, so much of it is common sense.

You (Senn Delaney) are in business because you know common sense isn’t...
common practice, right? It’s the mantra of be here now – very important – it is very easy or very tempting to multitask everything but the payoff is probably lower. The Shadow of a Leader (principle); ‘people, don’t do as I say, do as I do.’

All these things are fundamental truths about human nature. You re-learn and realise that you’re just in a social organisation that happens to make frozen food. But the principles of human nature will apply if you choose to apply them rigorously.

Q: What have you found most inspirational along the way?

Martin Glenn: The most inspirational thing for me was how a pretty cynical, and I’d even say disruptive, senior team who were a bunch of sharp, bright people from different cultures, have really radically changed, as have I. It is quite touching to see a difference.

People are individually becoming much more open. It’s seeing people being able to shift in small but significant ways how they choose to lead and sustaining that. This isn’t about hardwiring – we all have hardwired natures – but it’s seeing that change can happen in how you do things. Being a part of that is so encouraging and gratifying.

Q: After six years, you’ve chosen to move away from Iglo and take another path. What are you most proud of in your legacy? You’ve breathed life back into the frozen food aisle. Built the largest frozen food company in Europe. Created a culture across that company. What is it you feel best about in terms of your legacy?

Martin Glenn: There are a number of things. One is I’m relieved I survived, given it was a pretty big and risky thing to take on, but that’s kind of survival mode. I think it is now a very competitive, progressive company. It benchmarks well with all the big, blue chip package goods companies.

I think it’s that; that we have moved from being a turnaround basket case to a business where if you joined from Proctor or PepsiCo, you would think it was pretty good. That probably underestimates it, but I think it is not going to get messed up again. It has enough good people and good instincts that it will carry on.

I can’t see there ever being a kind of existential problem for the business like there was back in 2004 when Unilever chose to sell it. It doesn’t mean that life is going to be easy but I think it’s that; it is leaving something that I know will continue to do well.

Q: How are you and the Iglo senior team, your colleagues across the business, making sure that the change sticks? How are you embedding it in the organisation?

Martin Glenn: Well, we’re spending precious time and precious money on it. It is easy to have the conference and the kick off, but we’ve got 3,000 employees in the Iglo group. We focused initially on what we called the extended leadership team, which is the top 80; so the direct reports and my direct reports. That has been the first stage of the PACE culture programme, and involved external help to run workshops.

You’ve helped us train our people to start doing the reinforcement within the business and to take it even further down. The plan is for every one of our colleagues to have had experience of the PACE culture.

It is an investment of time and to some degree money. We’ve taken it seriously and not dabbled. We have said this is a change programme that is every bit as important as a new IT system might be, or running a new advertising campaign, or putting a new piece of machinery in the factory. We are going to have to do it well, and you then have to follow it through with investing in the culture.

(Update: Iglo is now part of Nomad Foods Europe.)
About Senn Delaney

Senn Delaney, a Heidrick & Struggles company, is widely recognised as the leading international authority and successful practitioner of culture shaping that enhances the spirit and performance of organisations.

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