



The Story

After an acquisition blitz from 1995 through 1998, Breed Technologies (“Breed”) was positioned as a safety systems supplier. But, they were carrying over \$1 billion dollars in debt, had an order book consisting mostly of low margin component business, inconsistent processes, information systems that did not talk with one another and a decentralized and unaligned organization.

Breed filed chapter 11 in 1999. The company emerged in December 2000 as a \$1.3 billion dollar privately held occupant safety component supplier complete with a new CEO, a new Board and Shareholders who consisted primarily of former senior debt holders.

Chapter 11 put Breed on new business hold at the big three auto makers resulting in limited new business orders during the 2000-2001 time frames. Profits were on the decline due to aggressive bidding done during and after the acquisition blitz.

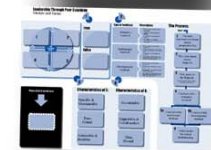
Breed’s challenge was to demonstrate growth and profit strategies to earn credibility in the industry and with its shareholders. The mission – become a profitable safety system supplier.

Our Engagement

In 2001, Breed’s Strategic Planning Group (SPG) engaged a large consulting firm to lead them in the design and implementation of a large-scale change strategy. After months of assessment, the consulting firm suggested a two-prong approach: a *Change the Business* (CTB) senior management team and a *Run the Business* (RTB) team made up of the key management personnel. The purpose of the CTB was to focus on positioning Breed for the future, identifying and capturing emerging opportunities, and creating value for shareholders. The RTB’s focus was on increasing revenue, improving efficiencies, and cutting costs.

Breed’s SPG adopted the approach but did not choose to partner with the large consulting firm. They instead partnered with a local consulting group who engaged Solutions House.

The first challenge for the SPG was to lead the RTB team, consisting of 44 members, in conducting a complete internal and external analysis. To do this, the RTB was broken into sub-teams each studying different product groups and functions. The data compiled from this was overwhelming. There were 18 separate reports!



Designs from Solutions House follow no set template. They are defined by the parameters of your needs... resulting in a fresh solution, time after time.

The challenge for Solutions House was to figure out how to simplify and communicate the data in a two-day RTB offsite that would include the CEO and members of the senior management team.

The purpose of the offsite was to develop product strategies and tactics. However, one key to success lay in ensuring that each participant had the same level of knowledge about the industry, the business, the financials and the complete internal and external analysis.

Solutions House consultants designed a complete two-day process which included a three-hour competitive game, *The Hand We've Been Dealt*, whose goal was to ensure all participants were “on the same playing field.” The objectives of the game were to:

1. communicate the importance of strategy and planning
2. provide examples of strategies versus tactics
3. review the highlights of the internal and external analysis submitted in the 18 reports
4. provide definitions and examples of key metrics
5. engage participants in a dialog and brainstorming around key information that would eventually feed into the CTB
6. be engaging and fun

Following the game, participants were divided into teams and asked to develop core competencies, competitive advantage, and a value proposition for each of Breed's four product groups in an exercise called “*You Be the Consultant.*” The responses from each team were presented and the facilitators synthesized the results.

The last part of the RTB offsite was designed to gain consensus on the competencies, competitive advantage and value proposition for each product group and then to agree upon several key strategies. Then, participants would be grouped into functions and would begin to develop tactics to support the product strategies.

And then the problem - the group could not agree on strategies. The offsite came to a close without meeting its key goals: develop product strategies and tactics.

Breed's strategic planning grouped continued to work with the RTB sub teams to develop product strategies.

Solutions House was asked to design and lead a process for the CTB two-day offsite. The dilemma was that the Solutions House consultants were not convinced they had senior management buy-in. They declined the engagement unless they could personally interview the CEO. The interview was granted. From that interview and the consultant's assessment of Breed's readiness, they designed a diagnostic tool that when facilitated would lead the CTB team through an analysis of their business through several lenses. This diagnostic tool would look at Breed's ability and opportunity to raise revenue, cut costs, improve price, sell assets, buy assets, discontinue operations, reconfigure organization, long term view.

The CTB process proved to be successful. The CTB knew clearly its challenges.

Solutions House was asked to design a similar yet different process for the upcoming RTB offsite. The RTB sub teams had worked to develop 2004 strategies and the offsite's purpose was to engage the larger group in developing and analyzing functional initiatives to support the strategies.

The Rest of the Story

In April, 2003, Breed was acquired by the Carlyle Group! The new name of the organization is Key Safety Systems, Inc. Although Solutions House had no involvement in this sale, we do believe our process was instrumental in getting all executives on board and open to perhaps the "best" possible option.

To Learn More

We'd love to tell you more about this and other solutions that we have developed for our clients. Please email us at engagementstories@solutionshouse.com.