

A Story of Enterprise Transformation

By Mark D. Sauter

“Our goal is to provide exactly what customers want, so that they pay only for the products and services they need.

We anticipate these changes will provide a key point of differentiation for Dow Corning.”

- Gary Anderson, former CEO
Dow Corning Corporation

Strategies and practices that made Dow Corning a leader in the silicone industry were no longer in step with the dynamics of a rapidly flattening world. In order to improve bottom line performance and workplace effectiveness, leaders needed to align internal agendas with the needs of the external world. Considering the fact that they were simultaneously dealing with the effects of Chapter 11 due to breast implant litigation, the odds of success were certainly not in their favor.

Dow Corning’s journey to change the company began in the late 90’s when they were faced with escalating costs, eroding profit margins, and increasing competition. Like many organizations, they initially focused on cutting costs, downsizing and re-engineering work processes in order to improve operational efficiencies. While short-term profitability improved, not all was well in terms of innovation and growth.

Dow Corning needed to transform their corporate culture. “Transforming an organizational culture from transactional to more value oriented, something admittedly more nebulous, could not be done with the simplicity of a corporate wide email announcing a new approach,” says Marie Eckstein, a Dow Corning global executive director. “Along the way it required actions that challenged the historic culture and personality of Dow Corning. Whether on the frontline of sales or in the often faceless world of manufacturing, employees needed to adopt a more customer-focused approach. We had to aggressively change status quo. Dow Corning is more entrepreneurial, focused and purpose-driven. People are excited about the things we're doing; they feel that they all have a part in making it a success – not just for us, but the customer.”

This story continues to unfold. However, since launching their new strategy in spring 2002, in just over five years, Dow Corning has grown from roughly \$2.5 billion – flat during much of the 90’s – to nearly \$4.4 billion. While some of this growth was due to the introduction of new products, a large part was due to changing the way they conducted business. They

reoriented their culture towards creating and delivering what customers’ value and coworkers’ require.

By listening to the voice of the external market, Dow Corning discovered a segment of customers who required proven products at low prices; however, they didn’t value the service and support (i.e., costs) that traditionally came with it. As a result, Dow Corning created an entirely new e-business model that better addressed the needs of these customers. In addition to improving customer value and profitability, these changes dramatically improved workplace effectiveness. This new brand, Xiameter, simultaneously addressed the needs of cost conscious customers and enabled Dow Corning to reinvigorate their historical essence – service and innovation, now directed toward those customers who valued it.

Beyond financial growth, there are cultural indications that suggest Dow Corning is heading in the right direction. In 2003, their story of enterprise transformation was profiled in *Value Based Marketing for Bottom-Line Success* by DeBonis, Balinski, and Allen. In 2005, Dow Corning was recognized as one of *America’s Greatest Brands* and was awarded Specialty Chemical Company of the Year by *Frost & Sullivan*, a recognized leader in market research. *Working Mothers Magazine* acknowledged Dow Corning as one of the 100 Best Companies to work for, and Dow Corning’s current CEO, Stephanie Burns, was added to *Forbes* list of most powerful women. In 2007, *Fortune* magazine added Dow Corning to their list of 100 Great Places to Work.

Today, in addition to improving bottom line performance, Dow Corning employees have a greater degree of meaning, teamwork and shared purpose because they are focusing their internal agendas and self-interests towards collectively contributing value to customers, coworkers, communities, and ultimately shareholders.

Mark D. Sauter is the founder and president of GTP Associates, Inc. With over 25 years of business leadership experience, Mark’s work, while with Dow Corning Corporation, was profiled in, *Value Based Marketing for Bottom-Line Success* - DeBonis, Balinski, Allen, 2003. In 2009, Mark released his first book entitled *Bringing Meaning Into Monday™: A Sustainable Approach to Bottom Line Success*. Additional information is available at www.gtpassociates.com.