

# **SPL Success Story**

## **The Trane Company – A Remarkable Business Success**

### **The Background**

The Trane Company is one of the leading manufacturers of commercial air conditioning equipment in the world. With headquarters in La Cross, WI and dozens of plants in 9 countries, it is striving to set the standard for managing comfort and quality of indoor air. As a technology-based company, it pursues competitive advantage through the application of new technology in leadership products. That dominance was put in question in the late 1990s when fierce international and low-cost competition threatened the company's leadership position and market share. That situation led management's strategic decision to invest in key people to create a growing and sustainable distance between Trane and its competitors. The strategy involved achieving market growth through advanced technology imbedded in most of the Company's product lines. Key people were identified as project managers and leaders of new product development, and the Company chose Strategic Project Leadership program as central theme of the initiative.

### **The Program**

High-level executives championed the program; it was internally known as "Top Team," to symbolize the intention of building the Company's future leaders. Management clarified it expects these leaders to take ownership of their projects' businesses. The program was running for over 7 years and had over 200 participant students. Its scope involved eight days of training, in two separate courses, dedicated to technological leadership, building competitive advantage through projects, adapting projects to specific innovation, and leading technical teams. Participants were asked to use their own projects for training exercises and demonstration. At the end a company template was created to keep the lessons as part of the Company processes.

### **Outcome – Impact on Leadership**

The program had a long lasting impact on the company and its graduates. Virtually all of the students went on to assume large project leadership roles. In many cases they ended up leading their technical functional groups, implementing a business-focused mindset, and helping senior management craft the future. They boldly championed technical advancements and rolled their achievements into new products. To this day, all of them continue to leave a fingerprint on the portfolio of technologies and products. Even those who left the company for other opportunities, assuming leadership positions in other companies or industries, brought with them the "Top Team" mindset and experience by taking the business ownership of all their initiatives and projects.

## Outcome – Impact on Business

The program created an immediate impact on the Company's business results. Five years after its launch, the Company has seen a dramatic increase of almost 50% in market share of its major product lines. The Company has shared the following market share numbers:

<u>Product Line</u>	<u>Start Date</u>	<u>End of 5 Years</u>
Chiller Product 1	47%	59%
Chiller Product 1	40%	46%
Chiller Product 1	40%	50%
Chiller Product 1	35%	45%
AC Product 1	25%	36%
AC Product 1	20%	28%
AC Product 1	28%	32%
AC Product 1	10%	28%

These numbers were not left unnoticed. As Trane continued its growth and success, it became the dominant part of American Standard, its parent company. When the company was split, Trane went public for a few days, and was immediately re-purchased within one week by Ingersoll Rand. It became known as the "Crown Jewel" of the Ingersoll Rand family of companies. Its technical base, project capabilities, and know-how of its technical people are highly prized.

## Outcome – Future Perspectives

Trane retains its number 1 or 2 positions in the market place. Technology and projects continue to underpin success. Recent launches of industry leading advancements in compressors and controls have been greeted with excellent customer and field sales response, and the Company seems well positioned to continue its dominance and success into the future.

The company believes that an investment in people who can imagine the future, invent it, and deliver it, is an amazing thing. As one of the leading executives recently noticed: "Plant seeds on fertile ground and with a little care and feeding you will enjoy a bountiful crop. The contribution of Strategic Project Leadership was invaluable."