



November 1, 2013

Dr. Aaron Shenhar,
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Subject: Strategic Project Leadership at The Trane Company

Dear Aaron,

It has been a quite a number of years since The Trane Company conducted its internal training and development program known as Top Teams. A major part of the program was delivered by your group and dedicated to Strategic Project Leadership. Reflecting on the experience, it is only fair to say that changing owners, business structure, and management style, makes it difficult to clearly connect an investment in people with hard performance data. However, in retrospect, some powerful observations may prove useful as lessons to us.

Top Team was an internal training program aimed at developing a core of product development leaders. It was a homegrown program, initiated by a number of my colleagues and myself. Nobody asked us to do it; we just knew it was the right thing to do at the time. Although Trane had achieved leadership positions in major markets, we could see the virtue of making an investment in key people to create a growing and sustainable distance between Trane and its competitors. In other words, how do you go from good to great, do it consciously, and do it consistently?

The program was done in two parts. The first consisted of internal speakers from various parts of the business. Key leaders from sales, marketing, finance, senior leadership, and a number of successful product development leaders within the business shared their experiences and perspectives in specific topical area. Trane identified itself as a technology based company, that is, it creates competitive advantage through the technology imbedded into its products. The sales, marketing, service, engineering, and production organizations are all geared around this identity. Perpetuating this culture within Trane's geographically distributed organization was an important goal.

The second part consisted of a formal education provided by you, known as Strategic Project Leadership. In this part, the basic idea was to implement new concepts that would *endure* the test of time. Over three week long periods, the present and future project managers and product development leaders got a full immersion into a program, dedicated to improve our people, processes, products, and performance. It also had the side benefit of getting folks in various parts of the business to meet one another and develop lasting relationships.

Top Team and Strategic Project Leadership were conducted during a period of over 5 years. It was not a broad program aimed at all employees, but rather a program focused on a select number of people, each with the potential for high impact on the business. Over 120 students graduated.

So what can we say about results? The first observation is that virtually all of the students went on to assume large project leadership roles. In many cases Top Team graduates ended up leading their individual technical groups, implementing a business-focused mindset, and helping senior leadership to craft the future. Many of them developed the insights into key future technologies that would underpin



long-term success. You can speak to any of them and all will recall the key message of Strategic Project Leadership. **The lasting message: Wear the BIG HAT!! Be the Executive of Your Project.** 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. All speak highly of the experience and are grateful for the investment in them. It was, in the final analysis, a very personal thing.

The second observation is that Trane went on to strengthen their competitive position in a highly dynamic and competitive market place. It also significantly expanded its presence in China and other global markets, using the same basic technology, product portfolio, and marketing programs. In other words, the value of technology and differentiation trumped those who suggested that only low cost will win in global markets. This is no small feat today, and comes in the face of headwinds of complicated international business structures, new government regulations, inconsistent investments in product development, ever-changing leadership and organizational structures, all combined with fierce competitive pressures.

Technology continues to underpin success. Recent Trane launches of industry leading advancements in compressors and controls have been greeted with excellent customer and field sales response. Top Team played a role. The people that lead these efforts were all Top Team graduates.

A general business observation can also be made. As Trane continued its growth and success, it became the dominant part of American Standard, its parent company. The company was split and Trane went public for a few days. It was immediately re-purchased by Ingersoll Rand within one week, and became the crown jewel of the Ingersoll Rand family of companies. Its technical base and the know-how of its technical people are highly prized.

While it is never an easy thing to accomplish, an investment in people who can imagine the future, invent it, and deliver it, is an amazing thing. We reap what we sow. Plant seeds on fertile ground and with a little care and feeding you will enjoy a bountiful crop. I have no doubt that the investment in the Top Team program had an enduring impact on the company's continued success, reputation, competitiveness, and business results. Strategic Project Leadership was clearly a key to its success and its impact cannot be overstated.

This is the observation I would make about the Top Team Seminar series conducted at Trane. Feel free to share these observations with other potential companies.

Once again, thank you for all you have done for us.

Kind regards

A handwritten signature in purple ink that reads "Dennis Dorman". The signature is fluid and cursive, with a long horizontal stroke at the end.

Dennis Dorman
Consultant, The Trane Company
(Retired as Director of Compressor Technology and Development)