

Lessons from the top: Communication is key to building corporate culture

This Eric Salmon & Partners, 'Lessons from the top' is a thought leadership article based on an interview with Arnd Franz, CEO of Mahle Group.

Mahle is one of the top 30 largest automotive suppliers globally, based in Stuttgart. It is a pioneering in future mobility and technological change. The German company has over 72,000 employees in 152 production locations, working across more than 30 countries.

Simone Maggioni from Eric Salmon & Partners talks to Arnd Franz about the CEOs role in shaping stakeholder value, corporate culture and strategic goals.

SM: In the past CEOs mainly answered to shareholders, not anymore. There are now many more stakeholders, from employees to wider society, how do you balance their needs?

AF: It is important to share a vision that shows what an organisation wants to achieve and align it with all stakeholders. They may be customers, investors, employees or communities that an organisation interacts with. In times of uncertainty, this is even more important.

“It's important to create a vision that shows what an organisation wants to achieve”

We did this with our strategy MAHLE 2030+. We declared our vision, what we want to be, and how we want to get there, as well as the tools and processes that we use to achieve this. We are still in the process of communicating this strategy.

I have a very open style of communicating this internally, with employees and other shareholders. In the end, shareholders have a long-term interest in the growth and the wellbeing of the company, so do our customers, our suppliers and importantly, the general public.

SM: What's changed, why now? Are your shareholders and supervisory board more willing to consider the needs of multiple stakeholders?

AF: We are living in a more volatile world. So, it is even more important to get buy-in from all stakeholders, in terms of what the company stands for and where it wants to go.

“We have to be conscious that we deliver profit but also contribute to sustainability”

We must be conscious that we deliver profit but also contribute to sustainability. We must ensure that our employees are engaged and that we are a resilient company that can

withstand crises. That has long-term growth prospects. We must create value for our customers that they acknowledge and appreciate.

SM: How do you build the necessary capabilities when you start a job as a CEO in a large, complex, company like Mahle? How do you build the right culture?

AF: It starts with understanding the DNA of the company and its people, their expectations and how they contribute. Every leader needs to respect this DNA and understand how he or she can take this blueprint and make it part of a success story. It is so important to talk about this, communicate clearly and listen to feedback.

We conduct global employee surveys to really understand whether everyone has understood what we stand for. There will be regional and functional differences between parts of each organization. There will be nuances between markets, countries and cultures. In the end they all must have a common denominator for which a company stands for. That common denominator creates a strong backbone.

SM: In your experience, how long does it take to start shaping the culture?

AF: That's a great question. In my view a continuous development process is ideal especially for large organisations. It is very difficult and risky to change by 180 degrees. I would advise that each strategic process is continuously reviewed and adjusted to a changing environment. Because everything is evolving: Technology, markets, as well as customer and stakeholder expectations.

Every company also has to adjust to new business opportunities and sometimes say farewell to things that don't create value for customers anymore, like we can see in the transformation that the automotive industry is now going through.

SM: Are there any barriers to shaping corporate culture and deploying a new strategy?

AF: The complexity of an organisation is probably the biggest obstacle, because you need to invest time and effort to resolve conflicts, align opinions, converge to a common vision, and set of objectives. Once you have agreed on this among the leadership, there is still a risk that the implementation what you have commonly agreed still will lead to issues.

That's because there are different interpretations and objectives that you may not have built into the initial vision. Every leader has his, or her, own interpretation of what the company wants to achieve. The more layers and divisions in a company, the more issues. There may also be different understanding of the same corporate goals. That creates certainly a big challenge and needs to be managed well for successful strategy execution.

SM: You have a lot of experience in business. Is there anything coming in the near future that you may have not seen that will impact your role as CEO?

AF: There will be many things that will change on the technology side. We have a relatively qualified understanding about what might happen technically, depending on how much progress the automotive industry makes and what the global economy will look like.



The thing that's less predictable is the political side. For us it is very difficult to judge what's going to happen and how this will affect markets. Will countries and cultures continue to work together or not? Particularly when we look to China and the Middle East. We can only work with scenarios.

It's very difficult to say what the world is going to look like in ten years' time and how this will affect MAHLE. Staying in close contact and alignment with everyone that works with our company is therefore crucial. Open communication is vital, even during drastic changes. This allows us to continue to be successful, serve our customers and satisfy all our other stakeholders as well.

By Simone Maggioni, Partner

smaggioni@ericsalmon.com

[Simone Maggioni | LinkedIn](#)

