

Case Study

Peterson Trucks International

Location: San Leandro, California

2015 Revenues: \$70 million

Employees: 135

Industry: Sales & Service

Highlights



Challenge

The business was struggling with both its profitability and customer satisfaction: employees weren't happy about the results.



Solution

Rally around transparency, communication, and financial literacy training as a way to get employees engaged in running their business.



Results

In just a short time, the business has seen substantial improvements in what it calls the Peterson Success Equation: Engaged Employees + Loyal Customers = Profitable Business. That has translated into an increase in year-over-year operating profits of some \$1.2 million.

“It feels so good to be part of a turnaround. Everything seems to be clicking.”

PETERSON
TRUCKS



Peterson Trucks is the Bay Area's official International Trucks Dealer. The business offers a full service lease and rental fleet, both new and used truck sales, highly trained technicians, an unmatched parts inventory, a cutting-edge oil lab, and state-of-the-art repair shops at multiple locations. The company also trains its own employees through Peterson University.

Company Background

Peterson Trucks parent company was founded as the Peterson Tractor Company in 1936. Over the years, the company expanded its offerings to include divisions offering power systems, marine engines and rental equipment.

“The Great Game of Business introduces a new way of looking at your challenges and opportunities.”

Playing the Game Together

When Peterson Trucks International (PTI) made the decision to begin playing the Great Game of Business, times were tough. It was losing money, employee engagement scores were the lowest in the company and customer complaints were through the roof. Everyone knew that things needed to turnaround – and fast. “The worst part was that management didn’t even know what the problems were, and the employees had no idea that PTI wasn’t doing well,” says Tom Bagwell, the executive vice president at PTI. “All they knew was that we had more business than we could handle.”

That was when Bagwell remembered a book he had read back in business school: The Great Game of Business. The principles of open-book management tied well with the Brand Ambassador values that were already in place inside the business. Then, with the help of GGOB coach Patrick Carpenter, PTI began rolling out its new business operating system.

But when PTI opened its books, not everyone reacted well to the new cultural change, says Bagwell – especially when they saw how poorly the business was performing financially. “Employees felt that we were sharing the numbers to help them understand why there would soon be cutbacks,” he says. “While those cuts were far from my mind, fear is a powerful foe. In the absence of information, people come up with the worst case scenario.”

What Bagwell realized was that he needed to remove the negativity in how the team talked to each other. “People rely on cynicism and sarcasm to protect them from the fear of change,” he says. “We needed to create a more positive and collaborative environment if we wanted to turn things around. I told everyone I needed their help and support and that we are all in this together.”

Employees rallied to that cause with the help of regular huddles, financial literacy training, and mini-games. “We found a way to talk about how we could get better, instead of what was wrong,” says Bagwell. “The Great Game of Business was our saving grace and we’ve dug ourselves out of the deep hole that was created,” says Bagwell.

“The Wisdom of the Crowd is an incredibly powerful component of the Great Game of Business. You have to talk to your people about what you want to accomplish together.”

Rapid Financial Results; Lasting Cultural Change

Thanks to the Great Game of Business, PTI has begun a dramatic turnaround. One example is that the company’s return on assets increased from 1.7% in 2014 to 4.4% in 2015 – which equates to a 150% increase in operating profit.

Not only is the company profitable again, employee engagement and customer satisfaction scores have increased dramatically.

A great example of how engaged employees can make a difference is that the company use to suffer from scores of unanswered phone calls placed by current and prospective customers where each call represented hundreds if not thousands of dollars of potential business. Prior to opening the books, 25% of calls went unanswered. Today, it’s been cut to just 4%.

Another example of how engaged employees have driven bottom results came from PTI’s drivers charged with delivering parts to customers. Since they were constantly on the road, the drivers came up with a MiniGame to try and improve their fuel efficiency. If a single truck running 50,000 miles a year, at 7 miles per gallon at a fuel cost of \$3 a gallon, could improve its efficiency just 10%, that would result in savings of some \$2,000 a year. Once the game began, Bagwell says the drivers took to it immediately and found creative ways to cut back on their fuel consumption by, say, coasting to an exit or shutting off their engine while stopped at a red light.

“No one can push someone harder than they can push themselves,” says Bagwell. “When you give people the chance to shine, they will.”

“You have to have a common goal that is challenging and achievable and that people believe in. And you have to make a case for it. Too many people say we need to make more money and work harder – but that’s not enough anymore.”