



CASE STUDY

How SPX Technologies Successfully Leaned into Continuous Improvement

Client

SPX Technologies (SPX), a diversified, global supplier of infrastructure and measurement equipment to the heating, ventilation, and air conditioning (HVAC) industry.

Challenge

SPX Technologies has been on a growth journey that has brought significant organizational change. With customers and employees geographically dispersed and new M&A activity expanding its footprint, SPX was focused on the best way to cultivate and train leaders.

Solution

Develop a lean-based CI model with a leadership emphasis delivered through the Lean Leader School experience. Lean Leader School includes a mix of hands-on and classroom learning. This approach and methodologies were successfully piloted and refined across six sites and has now become the CI learning & implementation standard globally. It will be integrated across newly merged and acquired organizations as the cultural practice of CI methodology to ensure consistency in supporting the SPX corporate goals.

Results

- The Lean Leader CI model continues to be a strong performance and culture catalyst
- Employees globally (Europe, China, Australia, Canada, US) are participating in the CI program
- Collaborative sustainment activities supported by TBM and led by SPX through audits and cultural evolution
- ESG initiatives integrated into all functions as part of CI focus
- Company has executed 13 acquisitions since 2018, with >90% currently in the program and trending to 100%

SPX Technologies., (NYSE: SPXC), (a leading global supplier to the heating, ventilation, and air conditioning (HVAC) industry), has been on a 10-year growth journey that, according to its VP of Continuous Improvement (CI), Shelby Jarvis, has included many “individual site transformations.”

The company’s decision to adopt and integrate a lean-based CI approach, in partnership with TBM, has helped it successfully manage through the seemingly constant change and build a strong culture at the same time.

Decade of Change and Growth

When the North Carolina-based company was spun in 2014, its leadership set a vision of becoming the service provider of choice across its core businesses. To help get there, a top priority was building and instilling a new CI-focused model and mindset that would a) drive real value for the customer, b) enhance overall performance and c) utilize the skills of all employees.

Some things were in place to help facilitate choosing a model quickly, but there were also many key unknowns. SPX has best-in-class processes and operational support, so that was a big checkmark. The biggest challenges, ironically, stemmed from growth acquisitions that had enabled expansion into new markets and geographies. SPX has made 13 acquisitions since 2018, an average of more than two per year, and this activity has brought change to the employee base, including at the highest levels.

So, the company had a dual challenge on its hands – 1) developing a CI service model that worked best for both its geographically dispersed customer and employee bases, and 2) implementing a repeatable, sustainable training process that could flex up or down depending on onboarding volumes.

New CI Service Model: Development and Rollout

“When I studied the current state, we had a positive story,” says Jarvis, the head of CI. “SPX was profitable, and the company was starting to get noticed through industry accolades. The next step, a huge one, was to build a CI model that capitalizes on the firm’s strong spirit of teamwork – and to bring that model to our locations globally to best serve our customers.”

An important factor in choosing the right structure was SPX’s strong desire to establish a unified culture despite the fact that some key employees – and customers – were located oceans away. A particular emphasis was placed on ensuring that longstanding SPX staff could continuously and seamlessly interact with newer staff to share knowledge and real-time learning experiences.

After some debate internally, the company decided that a lean-based CI approach would deliver not only multiple benefits but the right ones for what the company needed, including alignment with goals, effective guidelines and tools to help execute the program, and a more engrained culture of accountability and respect.

From here, Jarvis and the team laid out their road map, establishing key milestones for years 1 and 2, 3 and 4, and beyond, and in the process saw the value of working with an external partner to serve as a valued adviser for what promised to be an eventful, and hopefully successful, journey.



Shelby Jarvis, VP of Continuous Improvement at SPX leading a Kaizen event.

The company knew which model it wanted to integrate, and had some ideas for how it wanted the training to be structured, with a blend of classroom, Kaizen workshops and hands-on experience. Now it needed to find a partner that could be a force multiplier, someone that could help SPX understand how best to plug people into the new model, with the ability to flex up or down depending on job level. SPX also wanted a partner that would be open to new approaches, provide fresh insights, and one that would be there for the duration of the ride.

Working with TBM to Set the Foundation

SPX enlisted TBM as its co-pilot, and we immediately dug in to best understand the mission at hand, explicitly auditing the company’s talent and resources, and familiarizing itself with SPX’s core customer base. “Having strong people is one thing, but if they’re not aligned and working to their best strengths on behalf of your customers, you are essentially wasting that resource,” says Jarvis.

The company operates in 15 countries, but it focused its pilot training sessions on just six sites based on customer proximity and skill sets located in those regions. The SPX and TBM teams took road trips to visit each of the six plants that would be involved, and from that embarked on building a training plan that would be flexible and adaptable, from the C-suite to mid-tier managers to floor employees.

It all comes down to process and people, and SPX had the processes in place. The bulk of the effort had to be focused on the people and culture factor, and conveying the value of the change. “Nobody really adopts and buys into change until they see the value in it firsthand,” says TBM Client Manager Tim Nickerson. “The light bulbs pop when they see the ‘what’s in it for me?’ part.”

The training sessions began with 15 to 20 employees at a time, a quarter of which were typically new joiners from acquired companies. So, there was a sharp mix of both SPX and industry knowledge, and a wide variance in CI knowledge and awareness. Several participants joined the firm with zero prior exposure to CI.

The SPX and TBM teams learned a key lesson in the early days of the pilot trainings, which was do not instruct at the speed/pace you may think is right; let things develop and adjust to find the Goldilocks approach. On several occasions, the team would start the more clinical classroom sessions and realize about 20 minutes in that they were losing attention spans. Back to adaptability. Changes were made to allow for more casual, free-form discussions and brainstorming, which proved more fruitful in producing new ideas and solutions.



Fortifying A Strong Partnership

When SPX charted its lean, continuous improvement (CI) course, one of its priorities was identifying an external partner with deep roots in Lean and CI and who would provide fresh, reliable insights through the duration of the journey.

In TBM, it chose a partner with a long history of helping companies integrate lean CI practices that can improve speed, agility, and problem-solving skills. This expertise served SPX well in the early days of rolling out the new CI model, and TBM has brought additional value to the relationship by helping SPX with decisions involving divestment, M&A, and internal diligence processes. In all, the company has completed 13 acquisitions.

“Integrating new businesses and their employees entails every possible management challenge for companies,” says Shelby Jarvis, SPX’s VP of CI. “There are the two major pillars – people and process – and bringing two different cultures together. It is not easy, and we chose our partner (TBM) well.”

In addition to helping with the rollout of the company’s daily management system, TBM has provided key input into potential M&A deals that has helped support SPX’s decisions. Another value add came through TBM’s analysis of SPX’s core processes. During periodic pulse checks and audits, the company realized that its internal CI governance model was too people-dependent and made some key changes to make it more streamlined and accessible.

Eventually, the new model was implemented at all six sites and all employees were successfully trained, a remarkable achievement unto itself. But SPX wasn't totally satisfied. So, after the first wave of implementations at the six sites, the company took what it had learned and tied it up neatly in the form of a new Lean Leader School which is provided twice per year and rotates to new locations with each cohort.

Ongoing Payback

For SPX, the returns it continues to receive from instituting its lean-focused CI program have far exceeded its investment. To circle back to the company's two mantras during the development stages – 1) are we improving customer service? and 2) are we improving company performance? – the answer to both continues to be a resounding yes. Top talent at SPX is now more proximate to where it best aligns with customer needs, and the company itself – with its CI culture serving as a powerful catalyst – is performing better than it ever has.

Each SPX business has its own distinct CI KPI's which it tracks on an ongoing basis. In terms of staffing resources, Jarvis leads a group of 15 CI-focused professionals that is supplemented by more than 100 additional team members that have a CI focus in their roles. The drumbeat of CI is kept consistent and fresh – the company hosts more than 100 kaizen events each year focused on a specific area for improvement.

Jarvis, rightly so, reflects on a job well done by all involved. "Some people at SPX had never heard of CI when we started," he said. "Thinking of how we've gone from 'should we?' to 'how do we?' to 'let's execute' to 'let's measure' is a great source of pride, as is the Lean Leader School. If you have a clear vision and can identify the right external partner to help you execute and build a strong relationship with that partner, as we did with TBM, it can be invaluable."

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**—Shelby Jarvis
VP of Continuous Improvement
SPX**

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