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Success Through Change

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Who am I to write this book on change? What are my qualifications? What have I accomplished that gives me any credibility on the subject? These are legitimate questions, and I will do my best to address them up front.

The answer is this: Bridgestone Americas is the largest subsidiary of one of the largest tire and rubber companies in the world, Bridgestone Corporation, headquartered in Tokyo, Japan. Bridgestone Americas is responsible for the tire operations in North, South, and Central America, and it also has several businesses apart from tires, some of which are global in scope.[1] Bridgestone Americas employed some 55,000 people operating on five continents.

When I was vice president and general counsel of Bridgestone Americas in 2009, its annual revenues were roughly $10 billion and its operating profits were roughly $300 million. As is the case with just about every company, the shareholders wanted stronger results.

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[1] Since the time of my retirement in 2016, Bridgestone Americas sold one of its larger non-tire businesses, Firestone Building Products.

In 2010, my first year as CEO at Bridgestone Americas, the company achieved record operating profits with a roughly 20 percent improvement over the year before, and a roughly threefold improvement over the historical average for the prior six years. The following year – 2011 – was more successful still. Operating profits grew by roughly 75 percent. No one in the organization imagined Bridgestone Americas would make over $700 million in a single year, but it did. Bridgestone Americas was significantly outperforming other parts of the Bridgestone organization around the globe.

With the record achievements of 2011 in the books, the possibility of reaching $1 billion in operating profits on an annual basis – something that was previously unfathomable – became a possibility. No one dared dream that we would achieve such a milestone in 2012, a roughly 40 percent profit improvement over 2011.

We created a special incentive program (alignment of rewards to outcomes) to try to achieve that remarkable milestone in one year's time. The team worked extremely hard to realize that goal. All our efforts worked. We surpassed $1 billion in profit, and we paid everyone very handsomely for their efforts. Ultimately, by the end of 2015, Bridgestone Americas' profits had grown over fivefold from where they had started when I took over the helm.

From 2010 to 2016, when I retired, Bridgestone Americas operating profit growth outperformed the average for the S&P 500 companies over that period. Each year was a record and by a significant amount. Our revenues went from about $10 billion to over $15 billion. Importantly, cash flow improved by hundreds of millions of dollars. With the influx of cash, much of our unwanted debt melted away. We invested large amounts of money in our people, brands, manufacturing capabilities, technology, and the future of the company.

One of our key performance goals was to improve our Return on Assets (ROA) from roughly 1 percent to 5 percent. By focusing on the fundamentals of being a profitable company, fulfilling our brand promise, and being a premier place to work, our ROA improved to over 9 percent by 2016.

At the beginning of the change effort in 2010, Bridgestone Americas represented about 38 percent of the global Bridgestone revenue and roughly 10 percent of the worldwide profits. When I retired in 2016, Bridgestone Americas represented 50 percent of both the revenue and profits of the global Bridgestone organization. Bridgestone Americas not only carried its weight; it was by far the largest part of the global Bridgestone organization. With Bridgestone Americas' success, the global Bridgestone organization became the largest tire and rubber company in the world.

All of this was achieved organically – that is, without the quick improvements in revenues and profits that a large acquisition can provide. Within the Bridgestone family of companies, the Americas became the model that other parts of the worldwide Bridgestone organization sought to emulate. Our governance structure, strategic goals, culture, business strategies, marketing, and so on were studied and copied throughout the Bridgestone world.

The results, while very important, are not the whole story. There was much, much more. Teammates were more engaged, the energy was vibrant, and it showed in the work effort. We saw this firsthand, every day.

As a team we restored the iconic Firestone brand and helped rebuild a historic company. In the process, the team's tremendous efforts positively, and hopefully permanently, impacted thousands of employees and their families.

This success happened because of the many changes we made. We dared to take a different path than we had been taking. That is the power of successfully implementing change. And that is why this book has been written.