



# MRI VCC 2016 Supply Chain Talent Summit

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VP, S&OP, Materials Management and Logistics  
Ingersoll Rand

October 25, 2016

# Our Brands



## Industrial Brands



## Climate Brands

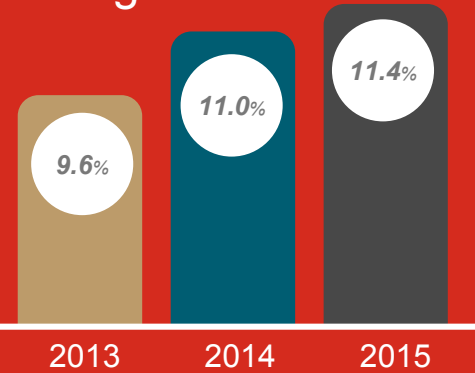


# 2015 Revenue Profile

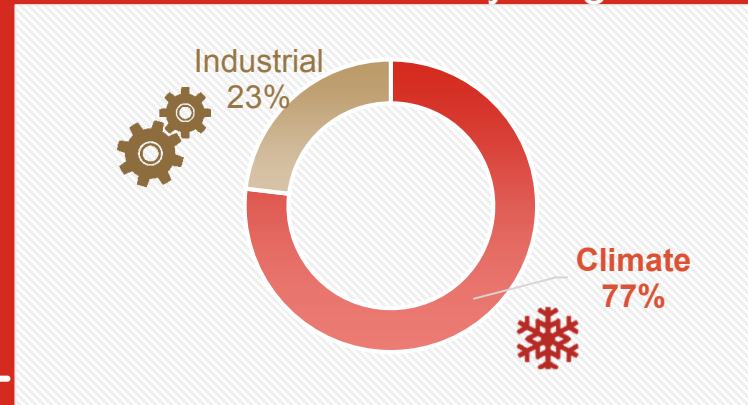


Represents Diverse End Markets and Geography

## Adjusted Operating Margins



## By Segment



## By End Markets



*Non-Res Building (N. America)*

**31%**



*Non-Res Building (Overseas)*

**16%**



*Residential, (N. America)*

**14%**



*Industrial Process*

**18%**



*Transport Refrigeration*

**16%**



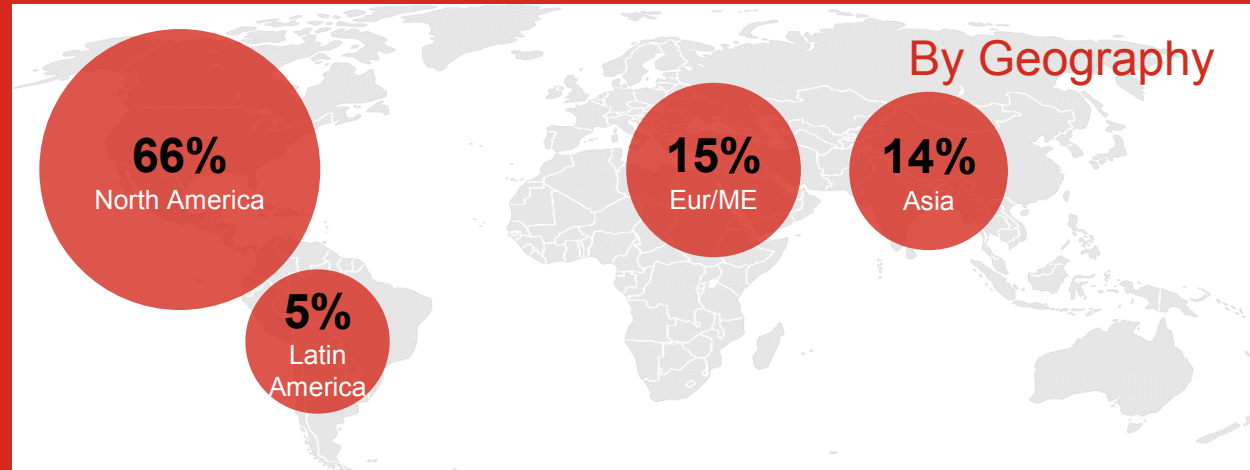
*Golf/Utility*

**5%**

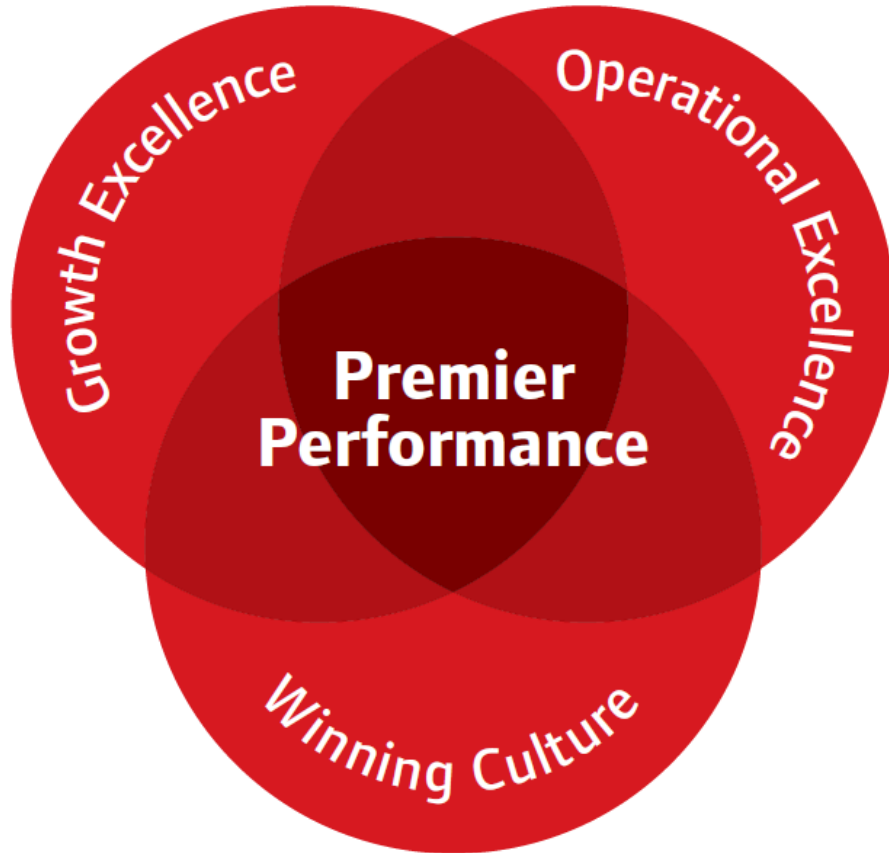
2015 REVENUE  
**\$13.3B**

**68%** New equipment

**32%** Aftermarket



# Path to Premier Performance



## Ingersoll Rand Values

Integrity

Respect

Teamwork

Innovation

Courage

**Engaged Employees • Delighted Customers • Confident Shareholders**

# What is the BOS? (Business Operating System)




“The Ingersoll Rand BOS is the standard framework for **how** we operate at Ingersoll Rand. It engages and empowers all of our employees to achieve sustained premier performance to delight customers, shareholders, and employees.”

**Longevity**



6+ Years

**Multi-year Performance Trend**



Top  
Quartile  
Revenue  
Growth

Top  
Quartile  
EPS  
Growth

Top  
Quartile  
Employee  
Engagement

The BOS is defining the way we do business

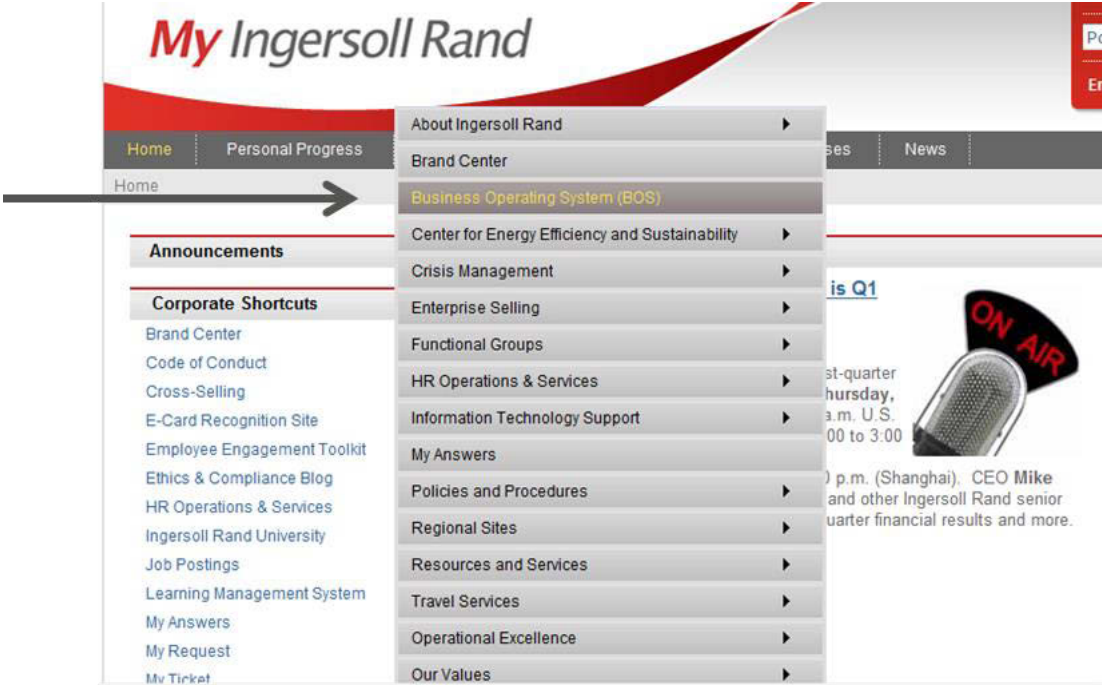
# The BOS is our foundation and commitment to Operational Excellence



BOS hosts material for all functional groups spanning from GISC/Op Ex, Finance, Legal, HR, Engineering, IT, Sales, Strategy, and Program Management

- Operating Models
- Decision Rights
- Organizational Design
- Key Performance Indicators (KPIs)
- Standard Work
- Standard Processes
- Organizational Learning
- Career Progress
- Onboarding Talent

**BOS OnDemand is the employees portal to the BOS**



# Strategic Capability: Operational Excellence



## The Leadership Challenge

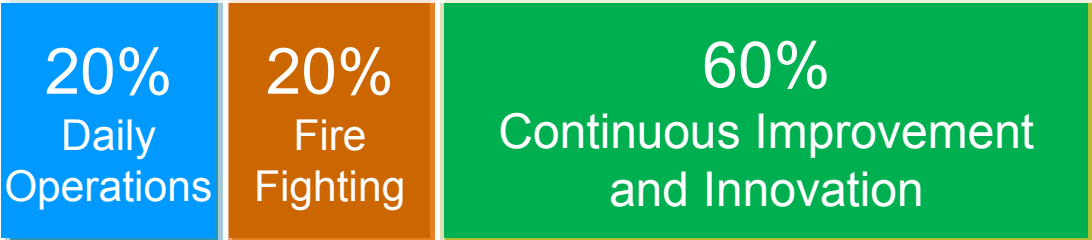
**BEFORE**

**Traditional Management**



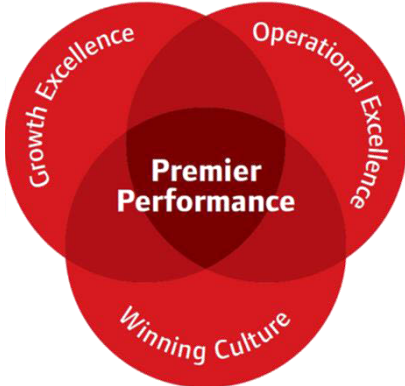
**AFTER**

**Best in the World**



**Routine**

**Working Through Cross-Functional Teams**



**Engaged Employees • Delighted Customers • Confident Shareholders**



# Global Operations & Integrated Supply Chain (GISC)

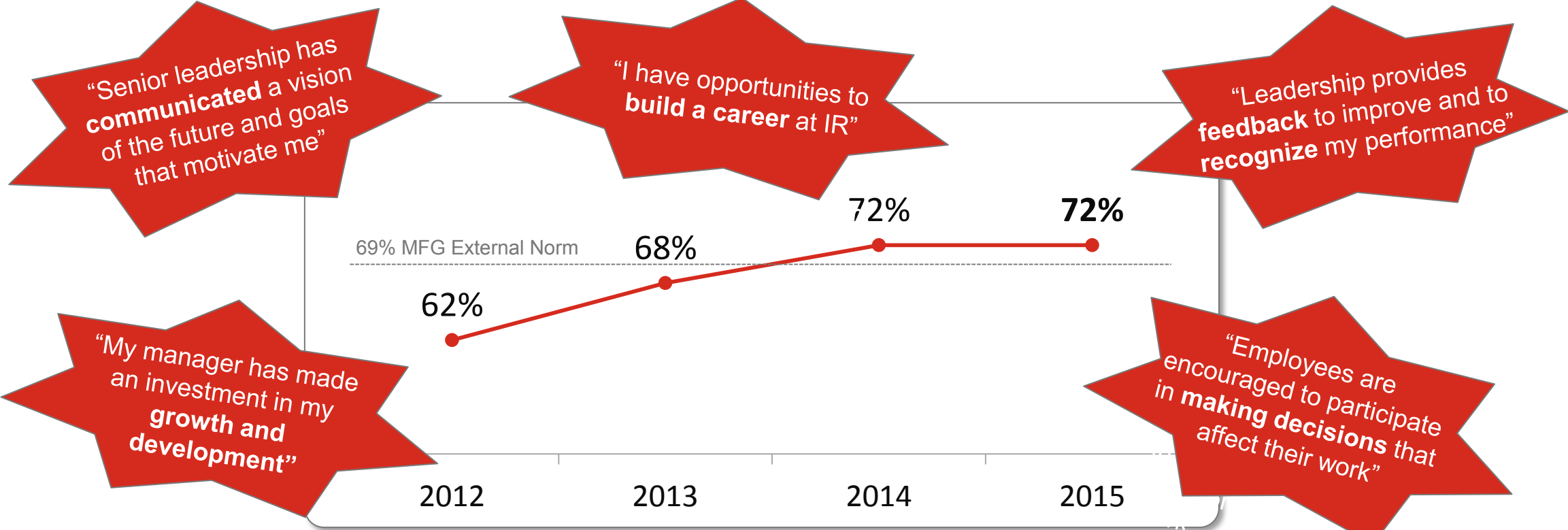
## Our Journey...



# GISC Employee Engagement Survey



Engaged employees are satisfied with their work and proud of their company. In turn, they contribute more discretionary effort and are more dedicated to their jobs, resulting in a stronger, healthier, and more profitable company.



94%

Response Rate

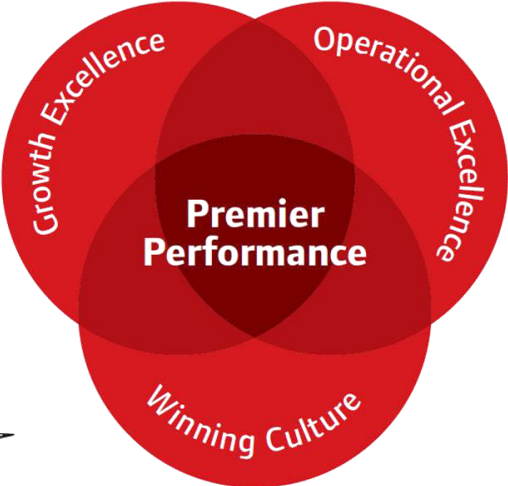
72%

2015 EEI Score

+10

3 Year Increase

# Operational Excellence Journey



“I have opportunities to build a career at Ingersoll Rand”

LEAN CONVERSION

CAREER PROGRESS

IRU LEARNING PATHS

“My manager has made an investment in my growth and development”

TEAM LEADER DEVELOPMENT PROGRAM

“Employees are encouraged to make decisions that affect their work”

VALUE STREAM TRANSFORMATION

“Leadership provides coaching to improve and to recognize my performance”

GEMBA, MDI WALKS, AND STANDARD WORK

“Senior leadership has communicated a vision of the future and goals that motivate me”

9SPS

FUNCTIONAL EXCELLENCE

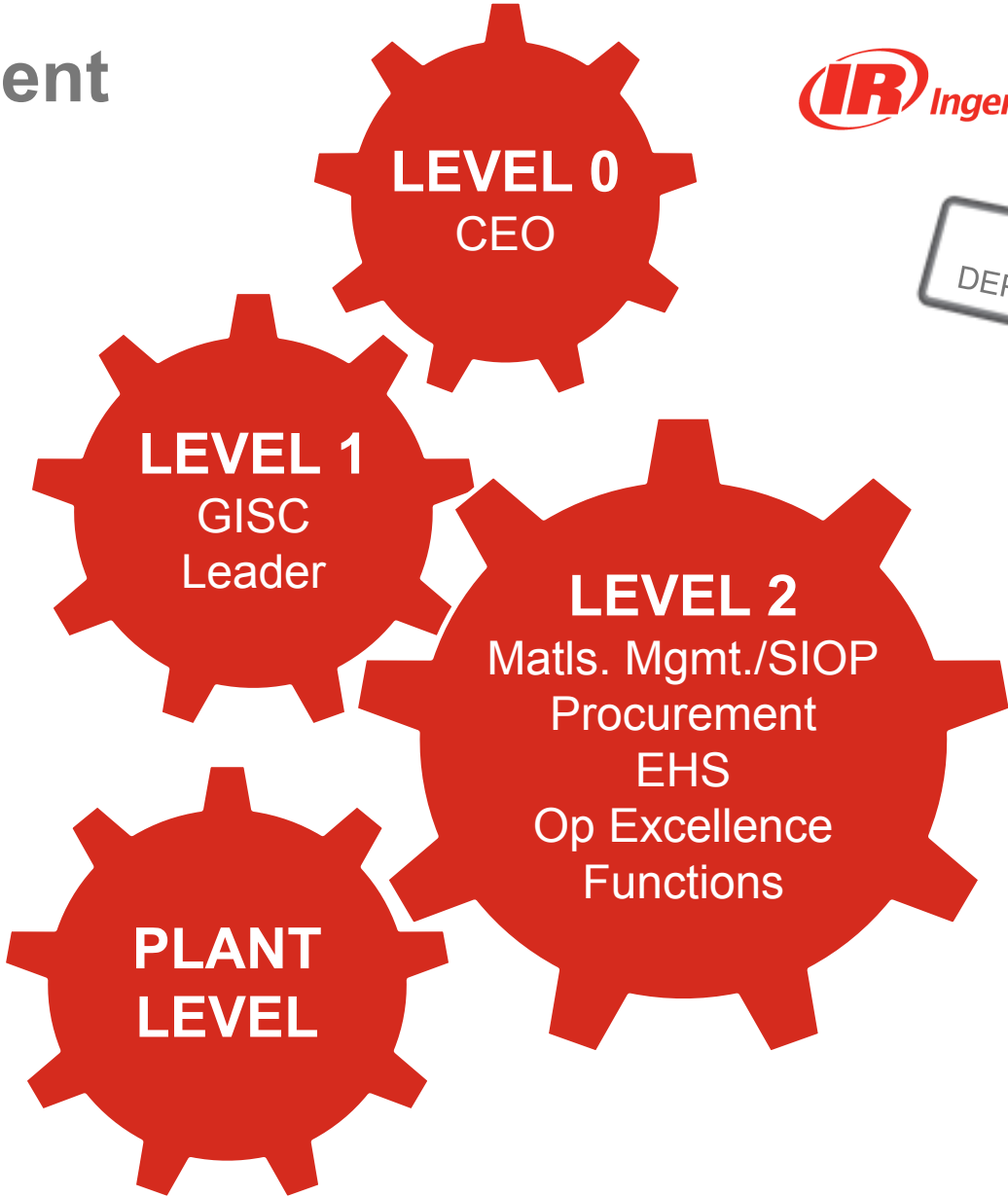
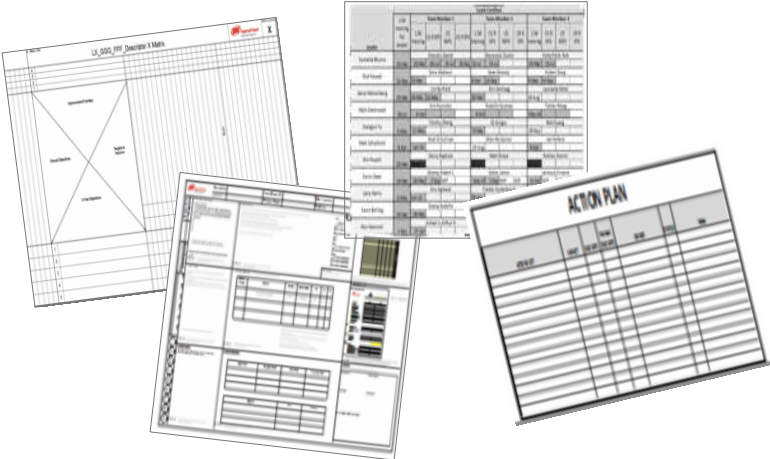
GOAL DEPLOYMENT

# Goal Deployment Cascade/Alignment



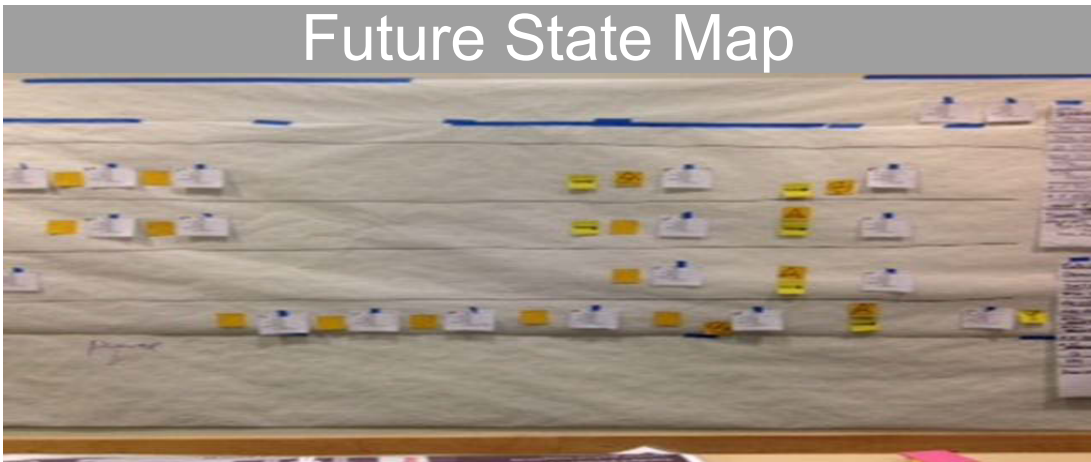
## BOS Toolkit

- Annual Operating Plan
- X-Matrices
- Monthly Operating Reviews
- A3s and Action Plans
- Value Streams
- MDI Boards/Visual Mgmt.
- 9-Step Problem Solving
- Rapid Improvement Events



Provides visibility of how employee work fits into Vision and Strategy at every level

# Value Stream Transformation



**PATH TO PREMIER PERFORMANCE**  
TRANE LYNN HAVEN, FL

**ENTERPRISE STRATEGIES** | **SECTOR STRATEGIES**

**CEO METRICS**

**SAFETY** | **QUALITY**

**DELIVERY** | **PRODUCTIVITY**

**INVENTORY**

**SITE OEDP**

**BOX 1 REASON FOR ACTION** | **BOX 7 COMPLETION PLAN**

**BOX 8 CONFIRMED STATE**

**COUNTERMEASURES**

**OEDPA3**

**PRECEDENT VALUE STREAM A3 FOR BAY & GULF LINES**

**BOX 1 REASON FOR ACTION** | **BOX 7 COMPLETION PLAN**

**BOX 8 CONFIRMED STATE**

**COUNTERMEASURES**

**PRECEDENT A3**

**TRANSFORMATION SCHEDULE**  
VALUE STREAM CYCLE TIME

**RAPID IMPROVEMENT EVENTS**

**30-DAY RE-RED**

**RE - LAST CYCLE**

**RE COUNTERMEASURES**

**RE - NEXT CYCLE**

**PLANT STEERING COMMITTEE STANDARD WORK** | **SS AUDIT**

**RE - FUTURE**

**RE - CLOSED**

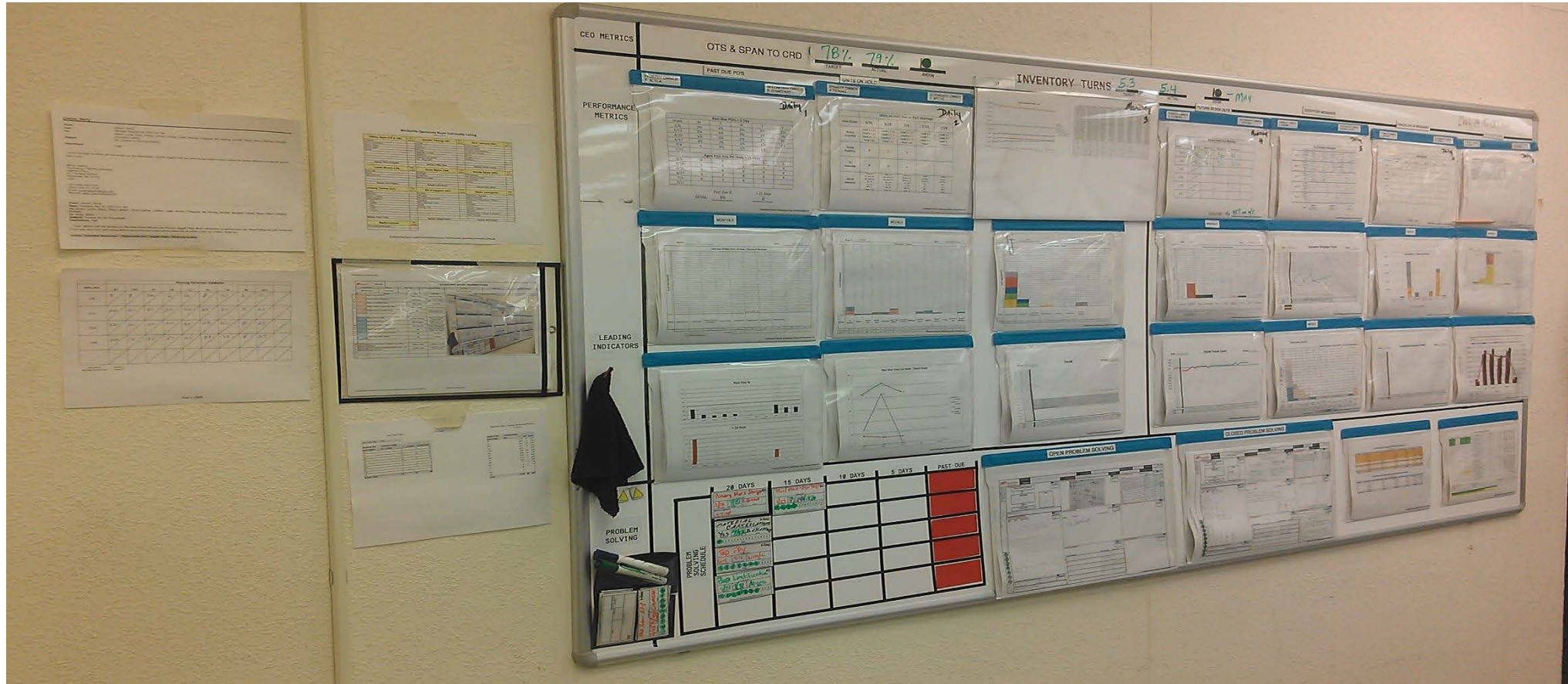
Empowering employees to make decisions that improve their work

# Visual Management Maturity



Daily Reporting → Daily Expediting →

Managing for Daily Improvement (MDI) = Problem Solving

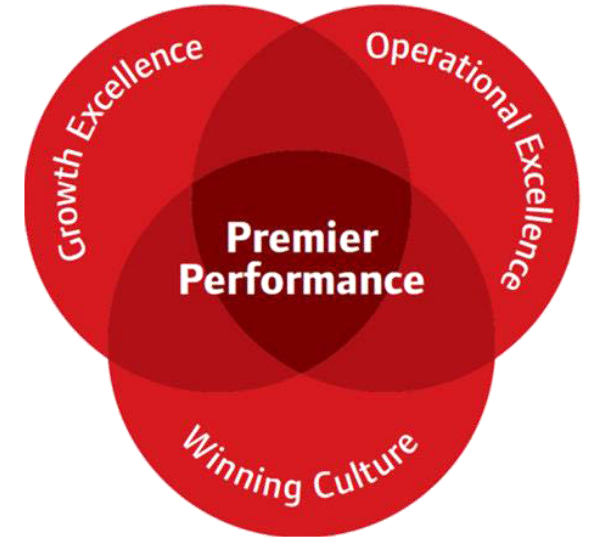


Coaching employees to find problems, solve them, celebrate, and WIN!

# Operational Excellence Journey Lessons Learned



- Lean's largest success factor is **Servant Leadership**
- Maximize results by targeting **customer** result improvement
- Work towards **daily** improvement
- Being “pretty” is another form of **waste**
- Approach Gemba with **no fault** mentality; finding red is good
- No big-bang theory; fix what you can **quickly**
- **Hiring and developing talent to be problem solvers is key to maintaining momentum and accelerating journey**

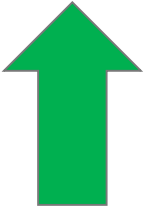




# Talent Retention and Acquisition

What we know...

# Breakout: Internal/External Fills



25%  
3 years



Target at least 60% of GISC leadership internal fills...we must build our pipeline



# We Are in a War for Critical Talent



▶ Ingersoll Rand's recruiting model is considered reactive and conventional, also referred to as **Needs Driven Sourcing**. We begin sourcing talent when we receive an "approved requisition"

▶ Best companies are continually recruiting and building active pipelines for their critical roles.

*Bersin*

▶ **48%** of time spent recruiting for critical roles at Ingersoll Rand is spent 'Sourcing' candidates

*Ingersoll Rand My Hire*

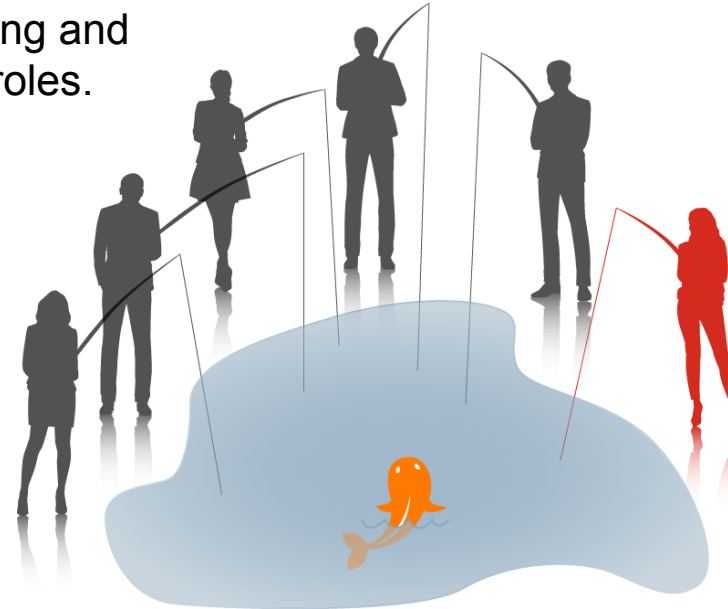
▶ We lose **\$859 each day** a critical role remains open

- Reducing time to fill from 78 days to 59 days would have resulted in \$913,976 savings
- Reducing time to fill from 78 days to 30 days would have resulted in \$2.3 million savings

*Cost of Unfilled Critical Positions*

▶ **72%** of Ingersoll Rand stakeholders believe we should hire top talent when we find them

*Ingersoll Rand Internal Survey*



▶ According to *2015 CEB Critical Talent Report*:

- Time to Fill for critical talent has **increased by 32** business days between 2010 and 2015
- 25% of critical roles remain **unfilled for 5 months or more**
- Critical talent shortage will increase in the future...market will be **hypercompetitive**

▶ **Market driven sourcing** results in:

- **20%** fewer critical roles open for 5 or more months
- **22%** more hires/recruiter each year
- **91** more prospects interviewed each year for critical roles.

*CEB*

# Candidates Are Now “Consumers of Work”



Employees are now “**consumers of work**,” with the onus placed on brands to attract and retain the top talent. Just like consumers, employees have lots of options; if they are not engaged with the Employee Brand, or dissatisfied with the candidate experience, they will go somewhere else – i4CP

▶ Companies are responding: (A LinkedIn survey of 3,894) companies showed that **59%** are investing more in their employer brand compared to last year - LinkedIn 2016

▶ **Employer branding & candidate experience** are top focus areas across best in class organizations (see appendix for details) i4CP

▶ Candidates are more sophisticated: **76%** of candidates conduct their own job search research across multiple channels prior to applying. 2015 Talent Board NA Research Report



▶ External organization rated our Employer Branding a “**C**” Jibe’s assessment Aug 2016

▶ Potential employees rate our reputation as “**average**” Reputation CSD (with Reputation Institute)

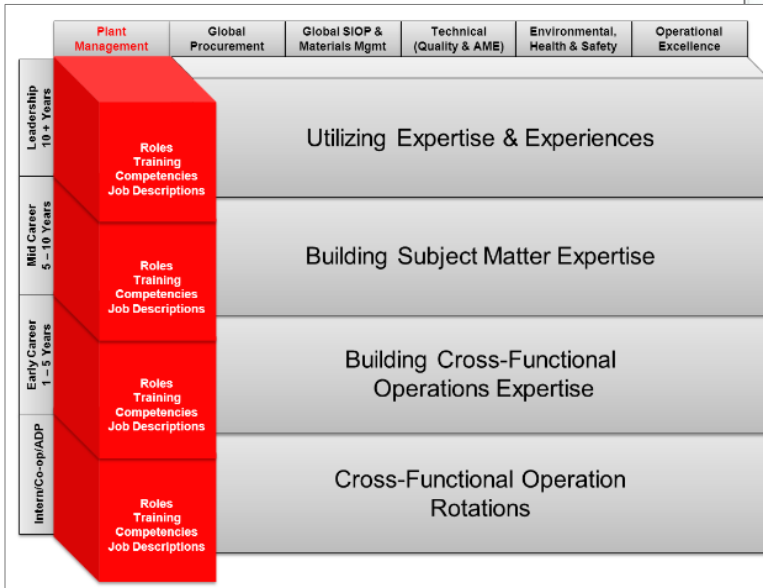
- ▶ What we’ve heard (about our employer branding):
- “dry and boring”
  - “not compelling or reflective of our warm culture, long history & resiliency”
  - “didn’t highlight opportunity to develop career by moving across multiple strategic business units”
  - “lethargic giant”



# Talent Retention and Acquisition

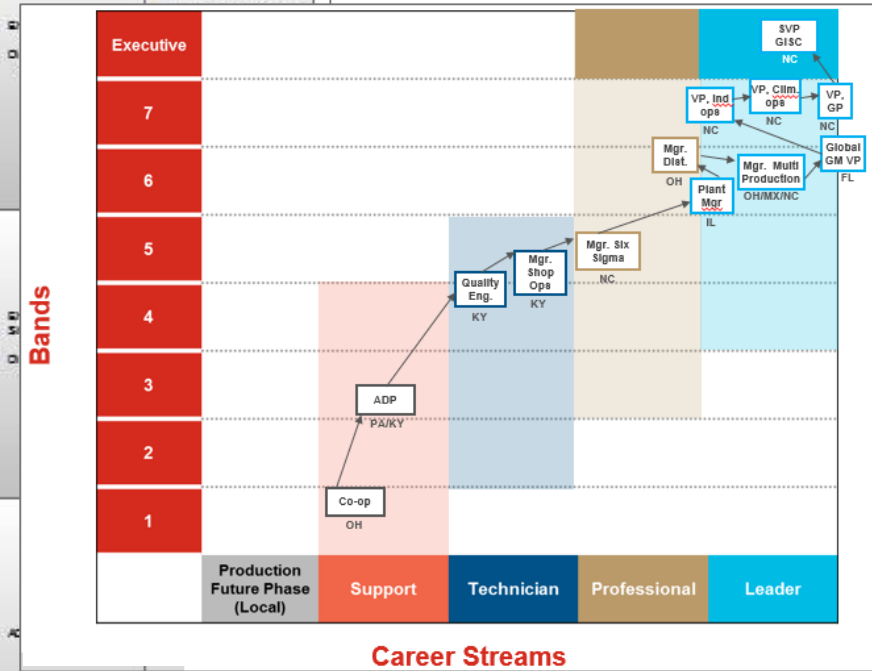
What we are doing about it in  
GISC...

# Career Mapping



Global Operations and Integrated Supply Chain > Career Role Trainings

	Plant Management	Global Procurement	Global SIOp & Materials Mgmt	Technical (Quality & AME)	Environmental, Health & Safety	Operational Excellence
Leadership 10+ Years	<ul style="list-style-type: none"> <li>SBU VP Ops</li> <li>Regional Ops VP</li> <li>Plant Mgr (med/large)</li> <li>Value Stream Coach</li> </ul>	<ul style="list-style-type: none"> <li>Sr. Leadership Team - VP &amp; Directors</li> <li>Global Leadership Team - Directors &amp; Sr. Managers</li> </ul> <p>(Sub-function Areas: Direct Materials, Indirect, SBU Pricing, Supplier Development, Procurement Ops and Logistics)</p>	<ul style="list-style-type: none"> <li>Global SIOp &amp; Materials Leader</li> <li>Global SIOp Leader</li> <li>Global Materials Leader</li> </ul>	<ul style="list-style-type: none"> <li>NOE Leader</li> <li>SBU Quality Leader</li> <li>SBU Customer Quality</li> <li>SBU QMS</li> <li>Plant Quality Leader</li> <li>SBU AME Leader</li> <li>Program &amp; NPD Manager</li> <li>AME Program Manager</li> <li>Plant Mfg Leader</li> <li>NOE Mfg</li> </ul>	<ul style="list-style-type: none"> <li>Enterprise Mfg, EHS</li> <li>Enterprise EHS Program Managers</li> <li>SBU EHS Manager</li> <li>Security Director</li> </ul>	<ul style="list-style-type: none"> <li>Enterprise VP Ops</li> <li>IR Ops PWD Leader</li> <li>SBU Global Deployment Leader</li> <li>Regional Ops Leader</li> <li>Value Stream Coach (large)</li> </ul>
Senior Mgr 5-10 Years	<ul style="list-style-type: none"> <li>Plant Mgr (small)</li> <li>Materials Mgr (large plant)</li> <li>Change Agent II</li> <li>Manuf Mgr (large plant)</li> <li>Materials Mgr (small plant)</li> </ul>	<ul style="list-style-type: none"> <li>Sr. Managers</li> <li>Managers</li> <li>Assoc. Managers (Spend &amp; Complexity)</li> </ul> <p>(Sub-function Areas: Direct Materials, Indirect, SBU Pricing, Supplier Development, Procurement Ops and Logistics)</p>	<ul style="list-style-type: none"> <li>Materials Mgr (large plant)</li> <li>Materials Mgr (small plant)</li> <li>Material Control Mgr</li> </ul>	<ul style="list-style-type: none"> <li>NOE Man of Engineer</li> <li>AME &amp; Quality Program Manager</li> <li>SBU ADP</li> <li>SBU Supplier Quality Eng</li> <li>Plant Customer Quality System Eng</li> <li>Plant Quality System Eng</li> <li>Plant Supplier Quality Eng</li> <li>Plant Mfg Quality Eng</li> </ul>	<ul style="list-style-type: none"> <li>Sr. Mgr</li> <li>Dir</li> </ul>	
Manager 3-5 Years	<ul style="list-style-type: none"> <li>Change Agent I</li> <li>Ops Supervisor</li> <li>Material Planner</li> <li>Production Planner</li> </ul>	<ul style="list-style-type: none"> <li>Assoc. Managers (Spend &amp; Complexity)</li> <li>Specialists</li> <li>Analysts</li> </ul> <p>(Sub-function Areas: Direct Materials, Indirect, SBU Pricing, Supplier Development, Procurement Ops and Logistics)</p>	<ul style="list-style-type: none"> <li>Material Planning Mgr</li> <li>Material Scheduler</li> <li>Supervisor (Receiving, Inventory Control, Raw Material Weigh, Shipping)</li> <li>Production Planner</li> <li>Material Planner</li> </ul>	<ul style="list-style-type: none"> <li>Manuf Engineer</li> <li>SBU Data Analyst</li> <li>Project Manager</li> <li>Process Change Control</li> </ul>	<ul style="list-style-type: none"> <li>Sr. Mgr</li> <li>Dir</li> </ul>	
ADP/Co-op	<ul style="list-style-type: none"> <li>ADP Rotation</li> </ul>	<ul style="list-style-type: none"> <li>ADP Rotation</li> </ul>	<ul style="list-style-type: none"> <li>ADP Rotation</li> </ul>	<ul style="list-style-type: none"> <li>ADP Rotation</li> </ul>	<ul style="list-style-type: none"> <li>ADP Rotation</li> </ul>	



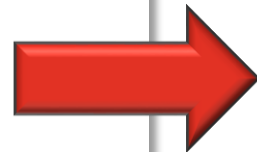
Providing visibility to GISC roles and helping employees build a career path

# Ingersoll Rand University (IRU)



A screenshot of the Ingersoll Rand Learning Management System (LMS) interface. The header is red with the "IR" logo and the text "Ingersoll Rand Learning Management System Inspiring Progress™". Below the header is a navigation bar with "Home", "Catalog", "My Learning", "Reporting", and "Admin". The main content area lists several learning paths and activities, including "Materials Learning Path for Demand Planners and SIOP Leaders", "Materials Learning Path for SIOP and Materials Leaders", "SIOP Activity", "SIOP and Materials Standard Work Elements", "SIOP and Materials Standard Work Elements Activity", "SIOP Assessment", "SIOP Assessment (ADVANCED)", and "SIOP Standard Work Review (ADVANCED)".

Interactive Games, Videos, Quizzes  
Hands on Activities, Workshops and Simulations  
Lean Immersion and APICS certification Program  
Online Video Training and Exams  
Classroom Training and Exams  
Hands on Activities with Supply Chain Partner



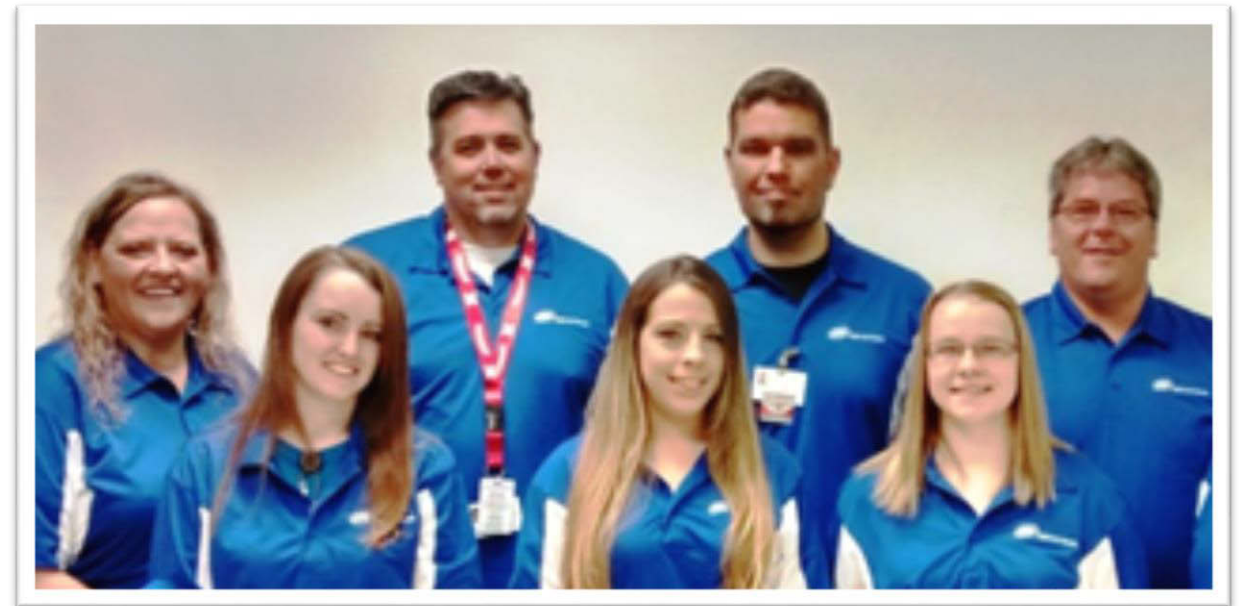
- Materials Learning Path for Operations Leaders
- Materials Learning Path for Plant Controllers
- Materials Learning Path for Plant Operations Leaders and Plant Operations Staff
- Materials Learning Path for Procurement Leaders
- Materials Learning Path for Product Management and Marketing
- Materials Learning Path for Receiving Leads
- Materials Learning Path for SBU General Managers and Sales Leaders
- Materials Learning Path for SBU Materials Leaders
- Materials Learning Path for SBU Presidents

Moving from traditional training to innovative learning

# IRU Team Leader Development Program (TLDP)



- Eight-week development program
- Deepens skills and understanding of the BOS
- Provides technical, leadership and personal skills
- Improves employee engagement and business results
- Builds a culture of talent stewardship



Investing in employee growth and development

# Enterprise Programs for Internship/Co-op (EPIC)

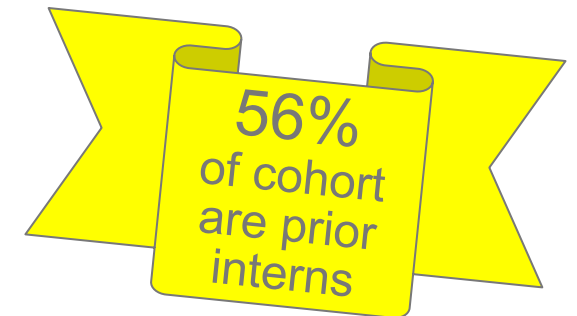


## INTERN

- 12-week summer program
- Core Dates: May 16 – Aug 5
- Pipeline to early talent program for six enterprise functions:
  - Engineering
  - GISC Operations
  - Information Technology
  - Marketing
  - Finance
  - Human Resources

## CO-OP

- Full semester (3-6 months)
  - Spring (Jan – May/Aug)
  - Summer (May – Dec)
  - Fall (Aug – Dec)
- Only offered for our **Engineering** and **GISC Operations** functions



# EPIC 2016 Program Profile



55  
2017

## FUNCTIONS

Accounting	4
Engineering	25
Human Resources	7
Information Technology	7
Marketing	2
GISC Operations	37

## TOP LOCATIONS

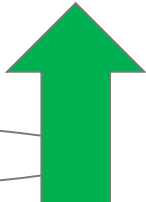
Greater Charlotte	26
Minnesota	11
La Crosse	8
Trenton	6
Annandale	6

## SBU's

Climate Segment	
Commercial HVAC	14
Residential HVAC NA	15
Trans. Sol NA /EMEA	11
HVAC Parts NA	2
HVAC NA Trans LA	1
Industrial Segment	
Power Tools	10
Material Handling	1
Club Car	1
CTS	4
Corporate Center	23

## PARTNER UNIVERSITIES

Cornell	1
Howard	2
Indiana	3
Lehigh	3
Michigan State	18
UMN	6
North Carolina A&T	2
Penn State	17
Purdue	5
Rutgers	1
South Carolina	7
Virginia Tech	6
NON-EPIC Schools	11



50%  
1 year

Growing Early Talent Pipeline ... *Recruit Once, Hire Twice*



# GISC Accelerated Development Program (ADP)

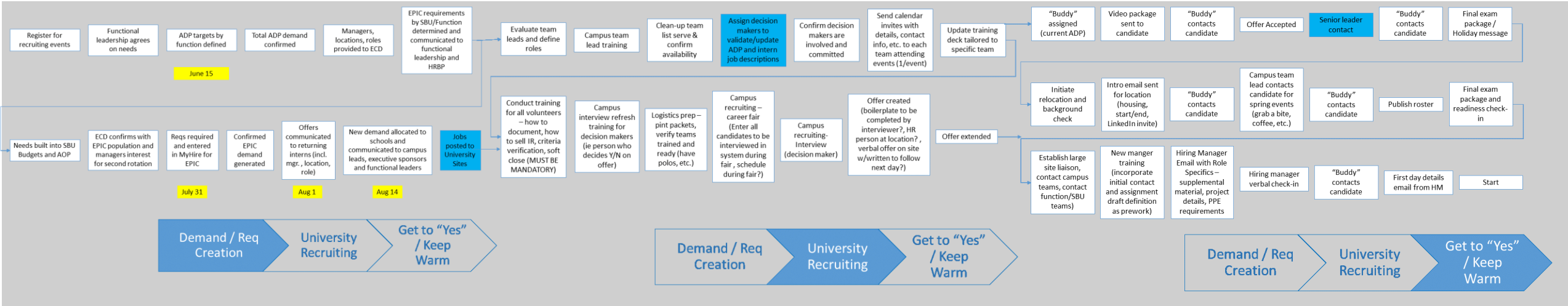


- 2½ year rotational assignment
- Prepare “early talent” to meet Ingersoll Rand’s future global leadership requirements
- Functional rotations are complemented by leadership training and exposure to senior executives
- Multiple geographic and business unit experiences build strong foundations and networks

	Functional Experiences			Position examples
GISC Operations	Location 1  Mfg. Plant  Duration: 12 months  Two 6-month experiences in two of these areas: <ul style="list-style-type: none"> <li>• Materials Mgmt.</li> <li>• Supervision</li> <li>• Operational Excellence</li> </ul>	Location 2  Mfg. Plant  Duration: 6 months  One 6-month experience in one of these areas: <ul style="list-style-type: none"> <li>• Materials Mgmt.</li> <li>• Supervisor</li> <li>• Operational Excellence</li> </ul>	Location 3  Mfg. Plant or Davidson NA HQ  Duration: 12 months  One 6-month experience: <ul style="list-style-type: none"> <li>• Procurement</li> </ul>	<u>Operations:</u> <ul style="list-style-type: none"> <li>• Materials planner</li> <li>• Production planner</li> <li>• Supervisor</li> <li>• Change agent</li> </ul> <u>Procurement:</u> <ul style="list-style-type: none"> <li>• Commodity specialist</li> <li>• NPD sourcing specialist</li> </ul>

Graduates of the program are equivalent to a six year hire

# Transformation of the Early Talent Process



## Quick Wins from our Value Stream mapping event:

- ✓ Intern conversion to ADP: from 50% offer acceptance to 90% offer acceptance in Summer 2016
- ✓ Speed of offer: from three weeks to 'on the spot' offer letters at our target schools
- ✓ Senior/mid level GISC partnering at campus with Talent Acquisition (career fairs, events, interviewing)

## Opportunities to improve:

- Improve branding on campus
- Getting to "Yes" for interns
- Assignment Leader
- Pre-boarding

Willingness to relocate is our greatest challenge in recruiting GISC talent





# Appendix

Ingersoll Rand Possesses Expertise to address

# Pressing World **Challenges**



Energy Consumption



Urbanization



Food and Water Scarcity



Climate Change



Industrial Productivity

# Global Operations & Integrated Supply Chain



## Operational Excellence

Delivering shareholder value, customer benefits and employee engagement through continuous improvement everywhere we work across the enterprise

**Global Procurement**  
With our suppliers, delivering sustainable quality, productivity, global growth, working capital and continuity of supply

**Advanced Manufacturing Engineering (AME) and Quality**  
Building best in class capabilities, processes and technology within an optimized manufacturing footprint



**Global SIOp and Materials Management & Logistics**  
Deploying global standardized processes to improve delivery and cash performance

**Environmental, Health and Safety**  
Focusing on Operational Excellence to drive a zero risk culture and add value across the business