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COMPANY ADAPTATION AND LEADING CHANGE DURING THE WAR

Abstract: The research shed light on the effectiveness of the company's "Terex" adaptation and change management approach in maintaining operations, serving customers, and preserving its market position amidst the war's impact. This includes examining the strategies employed by the company's leadership to create a sense of urgency, build a guiding coalition, develop a clear vision, communicate effectively, empower employees, celebrate short-term wins, consolidate gains, anchor change in corporate culture.

Keywords: company adaptation during the war, change management

Introduction. The purpose of this case study is to analyze how Scientific-Production Private Company "Terex" responded to and managed the crisis caused by the unprovoked war launched by Russia against Ukraine in 2022.

Purpose. The study aims to examine the company's strategic actions, leadership approaches, adaptation and change management processes in navigating through the challenging circumstances of the war and its impact on the business.

Results. Scientific-Production Private Company "Terex" was founded in 1992 by Ukrainian couple (CEO & CFO). The company belongs to the category of small and medium-sized businesses, employing 14 people. In addition to the CEO and CFO, the firm has the head of the design and technology department, the specialist in procurement logistics and production manager. Under the production manager, there are assembly and installation supervisors, who manage workers, and a storekeeper. The level of employee wages corresponds to the industry average.

Before the large-scale invasion of Russia into the territory of Ukraine, the company's product portfolio consisted of designing and manufacturing technical equipment and instruments for the food industry, pharmaceuticals, and medical sectors. Additionally, the company produced compliance verification devices for marked products in various industries, including paper, fuel and lubricants, textiles. The company's products were sold through a dealer network to the CIS countries, India, Germany, the USA, Australia, Indonesia, Vietnam, Morocco, the UAE, the UK, and others.

Over the years of its existence, the company managed to increase its revenue to 2 million dollars. This was attributed to relatively low employee turnover, readiness to undertake and successfully execute complex orders, which drove the company's relentless innovation. Scientific-Production Private Company "Terex" earned a reputation as a reliable supplier of high-quality products.

The small size of the company and the specific nature of its activities, coupled with the leadership qualities and entrepreneurial talent of the founder CEO, led to a mixed management style that can be characterized as autocratic decision-making by the leader while maintaining a fairly democratic and friendly attitude towards all employees.

As former independent-minded students during Soviet times and avid river rafting enthusiasts, the founder couple subconsciously created a certain organizational culture within

their small company that fostered dedication from all employees, trust, support, professionalism, and responsibility from both the management and other specialists.

Despite the shock caused by the start of the unprovoked war launched by Russia against Ukraine on February 24, 2022, the company's operations did not cease for a single day. It is important to note that no scenarios or preparations for possible critical situations were developed in advance within the company.

During the first month, a decision was made to partially relocate the company. A group of employees, along with equipment, was moved to Germany. This provided opportunities for business trips to Asian countries amid the suspension of air travel to Ukraine.

With the onset of the war, the company discontinued its business with clients from Russia and Belarus and lost domestic clients who found themselves in occupied territories or ceased operations due to the conflict. However, the company swiftly reacted to these challenging circumstances and compensated for the lost volumes by acquiring new customers who turned away from Russian-made products. Another significant addition to the product portfolio was the production of military equipment ordered by enterprises within the Ukrainian defense industry, in response to the introduction of new weapons into the Ukrainian Armed Forces.

A new challenge for the company was establishing partnerships with volunteer organizations to fulfill their orders for manufacturing electronic devices used by the Ukrainian Armed Forces for fire correction.

To ensure the safety of employees, some of them were transitioned to remote work. To enhance the safety of workers in the production area, a bomb shelter, originally built during the Soviet era, was restored.

In order to support the employees, the founders decided to provide all workers with financial assistance equivalent to their monthly salary. Despite a decrease in orders during certain periods, the wages for all workers remained at pre-war levels and were paid promptly without delays.

The war with Russia significantly complicated the logistics processes, resulting in an extended delivery time for components from Europe and China, increasing from 5 weeks to 7-10 weeks. Issues arose regarding logistics and the quality of delivering finished products abroad. This led to changes in the organizational structure by hiring a transport logistics manager to address these challenges.

Drawing on Kotter's "The Heart of Change," (Kotter 2002) the following main steps have been used in "Terex" company to navigate through the crisis successfully. These steps were taken unconsciously, based only on the experience and leadership charisma of the management.

Create a Sense of Urgency. The first step is to recognize the gravity of the situation and create a sense of urgency within the organization. This awareness will motivate stakeholders to act promptly and decisively. The start of the war on February 24, 2022, dramatically disrupted the business operations of "Terex" company resulting in delays in deliveries and the refusal of electronic components suppliers from Ukraine, Europe and China. These events threatened the existence of the business. It became evident that urgent changes were necessary.

Build a Powerful Guiding Coalition. Comprising key leaders, employees, and external stakeholders, this coalition will provide the necessary support, expertise, and resources to lead the business through the crisis. To adapt the company in times of crisis and uncertainty, the founders of the company (CEO and CFO), the production director and the German partner of the firm took on a leading role in developing and implementing changes. Collaborating with key experts, they swiftly devised and implemented the necessary adjustments.

Develop a Clear Vision. To ensure "Terex" viability, the necessity of relocating a part of the business was recognized. Within a short timeframe of one week, the management organized and funded the relocation of relevant equipment and employees along with their families to Germany. The reputation of a reliable partner allowed the company's leadership to continue and

strengthen collaborations with international clients. A new opportunity arose in the production of military equipment. The company's key focus was on preserving its activity and convincing clients of its resilience amidst the military crisis.

Communicate the Vision. Constant and transparent communication is essential during the crisis. Regular online meetings were conducted within “Terex” company and the transmission of essential design and technological documentation, as well as necessary information, was carried out through email.

Empower Action. Empowering employees to take ownership of their roles and contribute to the business's survival is crucial. The relocated employees in Germany exerted significant efforts to preserve and fulfill contracts with international clients. Meanwhile, the personnel remaining in Ukraine quickly mastered and ensured the execution of orders for military equipment. By involving its employees, the company not only confidently met its business commitments to customers but also inspired its subcontractors to fight for their survival amid the war. As an example, one subcontractor, located just 50 km from the front line, chose not to relocate thanks to the support and orders from “Terex”. “Terex” outperformed their Czech competitors in terms of deadlines, quality, and costs in fulfilling the orders.

Create Short-Term Wins. For the company, conscious short-term victories came in the form of successfully fulfilling all orders amidst air raids and rocket attacks on Kyiv, as well as dealing with issues related to energy supply and public transportation problems. Another triumph for the company was the continuation of cooperation with clients from Germany, Belgium, and the United Kingdom who were hesitant to place orders due to the ongoing conflict in Ukraine.

Consolidate Gains and Produce More Change. The need to meet customer requirements and maintain business activity requires the company to implement innovations in product design and manufacturing, which are caused, among other things, by the shortage of electronic components on a global scale. This deficit is related to the consequences of the COVID-19 pandemic.

Anchor Change in Corporate Culture. In the context of the crisis caused by the war, employees of the company are inclined towards changes as it signifies job security and the preservation of their salaries. Currently, this serves as a significant motivator, given that a considerable number of small and medium-sized businesses in Ukraine have closed or reduced their operations, and many people have lost their jobs or experienced significant income reductions.

While “Terex” demonstrated proper change management and adaptability in responding to the war-induced crisis, there are critical aspects that warrant attention. The company should consider investing in crisis preparedness and long-term strategic planning, involving a broader coalition of employees in decision-making, and ensuring that change becomes an integral part of their corporate culture.

Conclusions. Despite the adversity brought on by the unprovoked war, “Terex” company has shown remarkable determination and adaptability. The founders' entrepreneurial spirit and collaborative efforts with employees and partners have allowed the company to sustain its operations, expand its market share, and take on new opportunities, including supporting the Ukrainian defense industry. “Terex” successfully responded to the crisis, secured the dedication of its workforce, and maintained its commitment to high-quality products and customer service.

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