Sandvik TIC – Time Is Capital

How Training and Behavioral Change Drove Enterprise Transformation.

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Executive Summary

In the early 2000s, Sandvik faced a strategic dilemma. The company was a world-leading industrial group with strong growth and solid profitability, yet it had significantly more capital tied up in its operations than many of its competitors. To strengthen its competitiveness, it was not enough simply to reduce working capital—Sandvik needed to change the way approximately 50,000 employees around the world thought, worked, and made decisions.

The answer was TIC – Time Is Capital, a global transformation program with a clear objective: to reduce capital tied up in the business by reducing time throughout the company's processes. However, TIC evolved into much more than an initiative to improve capital efficiency. It became a model demonstrating how training, local engagement, and structured continuous improvement can create lasting behavioral change across a global organization.

This case study describes how Sandvik combined strong leadership, employee training, e-learning, and local improvement workshops to release approximately SEK 5 billion in working capital between 2003 and 2006. At the same time, the program established organizational capabilities that later supported the Group's continued development in Lean, digitalization, and global growth.

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Background

In the early 2000s, Sandvik faced a strategic challenge. The company was a global industrial leader with a strong market position, but its capital efficiency lagged behind that of several competitors. Net Working Capital (NWC) amounted to approximately 33 percent of sales, tying up substantial amounts of capital and limiting the company's Return on Capital Employed (ROCE).

At the same time, the business was expanding rapidly. The Group employed approximately 50,000 people and consisted of several hundred companies worldwide. A benchmarking study revealed that Sandvik had the potential to reduce its working capital by approximately 30 percent. Management concluded that the company had become too heavy—inventories were too high, lead times were too long, and business processes were too slow.

At its 2002 Capital Markets Day, Sandvik announced an ambitious objective:

Reduce Net Working Capital from 33 percent to 25 percent of sales.

This marked the launch of **TIC – Time Is Capital**.

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The Challange

Sandvik's management recognized that the situation required a comprehensive transformation effort. To lead the initiative, a dedicated TIC Program Office was established, bringing together experienced Sandvik professionals and external specialists.

The TIC leadership team quickly realized that the challenge was not primarily financial. Rather, excessive working capital was a symptom of deeper operational issues, including:

- Excessive inventories
- Long lead times
- Inefficient process flows
- Slow information management
- Unclear ownership of capital utilization

The scale of the organization added another layer of complexity. Changing the way approximately 50,000 employees worked across several hundred companies in more than 30 countries represented a far greater challenge than setting financial targets.

The TIC leadership therefore posed a fundamental question:

How do you reach and change people's knowledge, attitudes, and behaviors across a global organization?

The TIC Philosophy: Time Is Capital

At the heart of TIC was a simple but powerful insight: Working capital is fundamentally a function of time.

The longer materials remain in inventory, wait in production, or remain unpaid by customers, the more capital is tied up in the business.

This led to the program's central message:

"The true driver of working capital is time."

By focusing on time rather than money, the message became tangible and relevant to employees throughout the organization, regardless of their role or function.

The TIC philosophy was built on a simple value chain:

Shorter Lead Times → Lower Working Capital → Higher ROCE → Higher Enterprise Value

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The Change Strategy: Bottom-Up Rather Than Top-Down

The TIC team recognized that the solutions could not come from headquarters alone.

The knowledge of the business processes already existed throughout the organization. What was often missing, however, was an understanding of how day-to-day activities affected the company's profitability and working capital.

Success therefore required both strong leadership and strong local engagement. Senior management created a shared sense of urgency, while the solutions themselves were developed by employees throughout the organization.

The bottom-up strategy was designed to:

- Build understanding among all employees
- Equip employees with the tools to identify improvement opportunities
- Enable improvement initiatives to be driven locally
- Foster engagement rather than mere compliance

As a result, TIC became much more than a working capital initiative—it evolved into a comprehensive organizational transformation program.

Training – The Foundation of Change

The TIC leadership viewed training as the single most important lever for transforming the organization.

The idea was simple: if people understand how the business operates and how their daily work influences business performance, they will also be able to contribute to meaningful improvements.

The answer was training. The first generation of e-learning programs was developed to provide every employee with a solid understanding of the company's operational fundamentals. By building competence across the organization, employees were empowered to play an active role in the transformation.

The training portfolio included:

- TIC Introduction
- Stock Control
- Production Control
- Credit & Collection Control

More than 5,000 course certificates were completed during the program.

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Purpose of the Training

The training program had two primary objectives:

1. Build Understanding

Employees needed to understand:

- How the company creates value and generates profit
- How working capital is tied up throughout the business
- How their own decisions influence business performance

2. Build Capability to Act

The purpose of the training was not only to increase knowledge, but also to equip employees with the skills and tools needed to improve processes and ways of working.

From Training to Action – TIC Triggers

The TIC leadership recognized that training alone is not enough.

Knowledge must be translated into action.

To achieve this, the TIC Triggers were developed—structured improvement workshops where employees worked together to:

- Map the current state
- Identify bottlenecks
- Analyze root causes
- Define improvement objectives
- Develop action plans
- Implement improvements locally

Between 2003 and 2006, a total of 94 TIC Triggers were conducted across 31 countries.

The model can be summarized as:

Training → Insight → Workshop → Action → Results

At the organizational level, the transformation followed a broader progression:

Knowledge → Attitudes → Behaviors → Improved Processes → Reduced Working Capital

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Organization and Performance Management

To ensure effective execution and sustained momentum, a dedicated TIC organization was established.

The organization consisted of:

- A steering committee comprising the Group CFO and the CFOs of each business area
- A central TIC team with specialists in production, inventory management, controlling, and credit management

At the same time, a number of performance management tools were developed, including:

- TIC Monitor
- TIC Benchmarker
- TIC Tracker

These tools were used to measure progress, monitor performance, and ensure accountability throughout the program.

Sandvik emphasized that sustainable organizational change follows a clear cause-and-effect chain:

Activities → Behaviors → KPIs → ROCE → Business Results

Results

TIC became one of Sandvik's most successful transformation programs.

- By the end of the program, Sandvik had:
- Significantly improved its capital efficiency
- Moved close to its target of reducing Net Working Capital to 25 percent of sales
- Increased Return on Capital Employed (ROCE) to 27.6 percent

Perhaps the most tangible outcome, however, was that the Group released approximately SEK 5 billion in working capital between 2003 and 2006.

The program demonstrated that significant financial improvements can be achieved through improved ways of working and operational excellence, rather than through major capital investments.

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Analysis

The success of the TIC program can be attributed to five key factors:

1. Strong and Committed Leadership

Senior management made the program a strategic priority. A clear sense of urgency was established, and measurable objectives were defined and communicated consistently, both internally and externally.

2. A Simple and Powerful Message

"Time Is Capital" translated a complex financial challenge into a message that every employee could understand and relate to.

3. Large-Scale Capability Development

Training was used as a strategic tool to build knowledge, influence behaviors, and develop the capabilities needed to support organizational change.

4. Local Ownership

The improvements were developed and implemented by the business itself—not by external consultants or central support functions.

5. The Combination of Training and Improvement Workshops

Training created understanding, while TIC Triggers transformed that understanding into practical action and measurable business results.

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Lessons for Today's Organizations

TIC illustrates a timeless principle of organizational change:

People do not change their behavior simply because management tells them to. They change when they understand why change is necessary and when they are given the opportunity to become part of the solution.

This is also where the origins of Quick&Clever eLearnings can be found.

The TIC experience demonstrated that large-scale transformation requires more than new processes, systems, or technologies. To transform an organization, it is first necessary to transform people's knowledge, attitudes, and behaviors.

Training therefore became much more than a support function for change—it became the foundation of change itself.

Discussion Questions

1. Why did Sandvik choose to focus on time rather than working capital in its core message?
2. What are the advantages and potential drawbacks of a bottom-up approach in large-scale transformation programs?
3. Why is training alone insufficient to create lasting behavioral change?
4. How did the TIC Triggers transform knowledge into measurable business results?
5. Which elements of the TIC model are still relevant for today's digital and globally integrated organizations?
6. If you were leading the TIC program today, which elements would you retain, and which would you redesign to meet today's business challenges?

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Conclusion

Sandvik's TIC (Time Is Capital) program was far more than an initiative to reduce working capital. It was a global transformation program that combined training, locally driven continuous improvement, and systematic performance management to change the way people thought, worked, and made decisions.

By building on the simple yet powerful insight that "Time Is Capital," Sandvik translated a complex financial challenge into something every employee could understand and influence. The focus shifted from financial metrics to the operational drivers behind them—lead times, inventory levels, accounts receivable, and process flow. As employees gained a better understanding of how the business operated and how their own decisions affected performance, the foundation for sustainable organizational change was established.

TIC demonstrated that significant business results can be achieved by combining capability development with local ownership. E-learning created understanding, while TIC Triggers enabled employees to transform their insights into practical improvements. The outcome was not only lower working capital and approximately SEK 5 billion released, but also a stronger culture of continuous improvement and an enhanced organizational capability for change.

Looking back, TIC can be seen as much more than a working capital program. If launched today, it would likely be described as a global transformation initiative designed to create a faster, more data-driven, and learning-oriented organization. The reduction in working capital was the most visible outcome, but the real achievement was Sandvik's ability to develop a scalable model for changing knowledge, attitudes, and behaviors across an organization of approximately 50,000 employees.

The experience gained through TIC later became the foundation for Quick&Clever eLearnings and demonstrated a principle that remains highly relevant today:

Knowledge → Insight → Behavior → Results

Whether the objective is Lean transformation, digitalization, AI, or sustainability, lasting organizational change begins with people's understanding, engagement, and willingness to contribute.

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