

# Change

Magazine for High Impact Change  
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Integrated  
Consulting  
Group

  
Innotiimi



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## EDITORIAL

# Just Married



Manfred Höfler  
Managing Partner  
ICG

A black and white image of the handwritten signature of Manfred Höfler in dark ink.



Hannamari Koivuniemi  
Managing Partner  
Innotiimi

A black and white image of the handwritten signature of Hannamari Koivuniemi in dark ink.

Dear Reader,

Already in 1983 – when consulting was not so popular as today, young entrepreneurs founded Innotiimi in Finland, and ICG (back then named Infora) in Austria. 30 years later, the two consulting teams counting 130 consultants in 12 countries, merged into a European group. After having worked for seven years in a close partnership, characterized by collective know-how development, learning, common projects and after spending a few fun nights out together, a relationship of mutual trust developed. As a result, the Innotiimi and ICG partners decided to realign the ownership structure and to integrate both companies.

Now, Innotiimi-ICG provides transnational, high-impact consulting for European customers, and the know-how of 130 experienced professionals is at the disposal of our local clients. What connects us are not only similar principles, but also the concept of »consulting with passion«, meant to boost the promise that we make to our customers as we become: »your partner in change«.

Our Change Magazine, now published in English for the first time, offers various management impulses for your company development. The scope is wide. In this issue, among other change topics, you find articles on lean, innovation, digital revolution, management of growth, trends in Public Management, and on new approaches in leadership and team development.

The associated question remains: how can effective and sustainable development succeed? You can read about the Innotiimi-ICG history and our positioning on pages 60 to 65. From page 72 to 85 you will find six case studies presenting our practical approach to change management.

We wish you a pleasant reading and are looking forward to receiving your feedback.

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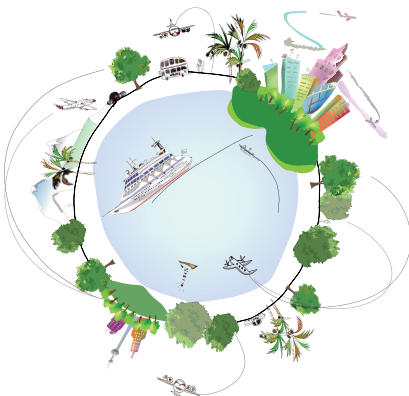


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# Escape the Rat Race

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The most  
difficult leadership  
challenge

Ongoing changes are an everlasting state for most organizations. The outside pressures – such as increasing economical demands, customer needs and requirements, global competition and technical developments – force companies to either adapt or react to these pressures by continuously developing their own activities. Because there is no place to hide.





### Encourage improvement

Typically organizations meet these pressures with faster service and product development, recurring cost reduction programs, reorganizations, investments in IT technology as well as by mergers and acquisitions. This is what we define as »change«, often experienced as continuous and chaotic. Most of us – managers in particular – feel that there is no escape from this rat race.

Even if the business situation is as described, not many leaders invest in the organization's capability or culture to manage improvements. Those who choose to make the effort encounter massive difficulties, very slow development and resistance. However, some organizations, like Toyota, have succeeded in managing improvements, experiencing unparalleled profit and growth in a very competitive environment. We may call this continuous improvement, innovation management, Lean, Six Sigma, Total Quality Management, Business Process Management or a learning organization. All of these management concepts have one thing in common: they turn improvement and innovation into a common practice within the organization. Improvement is the key to managerial efficiency. And for most organizations, this is a major cultural shift.

The only sustainable competitive advantage is to learn and improve faster than your competitors. Consider culture as a strategic asset: What kind of strate-

gic change program is needed to accomplish such a cultural shift? How to achieve a culture where people are looking for improvements in all their efforts? The game does certainly differ from any cost reduction or reorganization program.

### Create an energizing vision

The starting point is to create an energizing vision. The vision is not just a statement of the current situation and an attempt to describe future. It should rather be about a new approach to understanding management and creating value. This does not mean that managers only ask their employees to adopt a brand new attitude but they have to start with themselves.

The cultural shift is launched with an education program, where managers learn and share new ideas. This program implements effective, participative and innovative working methods to create an inspiring atmosphere, and also to touch the emotional side of people. Creating and discussing the vision helps to understand the need and the urgency of change.

### Design the new architecture

The second step is to organize development. People responsible for the change program need to be nominated and trained. Their most important task is to design a new architecture that supports the new way to ►

manage and improve the value creation. The new construct should consist of language, models, roles and rhythm. Different management concepts use different models and ways to tackle improvement. For example, lean uses the key concept of »waste«. People are trained to understand, observe and reduce waste.

Characteristically the new management philosophy requires new roles in the organization. For example, if we planned to invest in Business Process Management, we would need to nominate »process owners« to improve the processes. If we are thinking Six Sigma, a new role »Six Sigma Champion« is required in order to run the improvement projects. In traditional organizations, these new roles are usually taken over by line managers, although they often do not know how to improve. Therefore, it is essential that the nominees are well-chosen and -trained.

### **Plan the road map**

The next step is to plan the change program and projects. The cultural shift change program is a learning process. Culture cannot be copied. Nobody can predict the outcome at the beginning of the journey. The whole change program is more like a new way of life rather than a project, which typically proceeds from one state to another. It will never end, learning and improving will continue indefinitely. Of course, as the maturity evolves people do different things at different maturity levels. Thus, try to think about the program as a road map and about the projects as next steps.

### **Establish communication and engagement**

A cultural shift requires a new mindset, a brand new attitude and behavior. The key issue is to understand who the stakeholders are. They may be the board-members, customers, suppliers, the management team, line managers, specialists and employees. All these people will be affected by the new leadership system. So, why should they support the initiative? Why should they not resist the change?

The more commitment we need, the more engagement is required. People are more likely to commit to activities they have planned themselves. So it is not only a matter of skillful change communication or dialog but of how to create time and space for effective participation and efficient involvement.

### **Measure and avoid risk**

Whenever the management team takes over the responsibility to implement the change program, they typically follow everything associated to cost and time. Yet, they should also consider assuring that the new processes, practices and standards would improve performance and value creation. This is a quality issue. Always try to pilot or experiment the new practice. Attempt to strengthen those practices delivering better performance and avoid the ones which do not work. The key to prevention action is to identify risk and threats. The most critical risks need to be evaluated, addressed and avoided – if possible.

### **High-performance organization**

At Innotiimi-ICG we understand that each and every organization has its own image. Our aim is not to define the high performance organization but to support companies in creating their own vision.

In order to establish a high performance organization, we have to pay special attention to the way we are going to set up the process accomplishing it. As the road leads through the social system of the company, it is complex by nature. »Change Dialog« is the key word here. Change Dialog can be described as a new methodology for realizing change and innovation in order to achieve an optimum performance. We have captured some of the best practices in our World Class Change Concept: dChange. »d« meaning dream, desire, determination, design, do, done, develop. dChange is to inspire renewal – and henceforth sustainable results.

### **Start today**

If you choose to avoid non-stop cost reduction programs, reorganizations, frustration, fear of losing business and jobs, you need to invest in the culture of your company in order to improve and to learn. This means that you have to manage and improve the value creation. Because in the long-run, there is no other way to survive in today's competitive business environment. Culture is a strategic issue, the vision creates the necessary sense of urgency. Since it takes time to learn a new way of thinking, to adopt new attitudes and a new behavior, it is important that you get started today. ●



# Learn to Grow

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How enterprises  
successfully expand



Successful enterprises grow and therefore also become more complex and more diverse. At some point, the old – and so far successful – ways of organizing and managing are no longer sufficient. Where and how can managers, who have to sustainably steer this growth start to align organizations and their leadership to meet these challenges?

by Dietmar Bodingbauer, Thomas Mandl, Georg Brandner and Klaus Birklbauer



Find material about trends in organization design from our cooperation partner  
CEO – Center for Effective Organizations:  
<http://ceo.usc.edu>

Enterprises must establish three substantial development steps in order to sustainably secure growth in the organization:

1. From pioneer enterprise to professionally managed organization.
2. From »original headquarters with branch offices« to an international group.
3. From informal information flow to professional communication.

### From pioneer to pro

If the organization becomes large and complex, if the founder leaves the company or if investors have more say and make more demands, it can result in a »management crisis because the company was too successful«. Typical symptoms for this are:

- Ambiguity and disorientation relating to the strategic orientation.
- Demand for clarification of competencies and interfaces.
- Much longer than usual decision-making processes.
- Lack of management skills particularly at a secondary level.

In order to develop a professional management structure, the first step has to be to develop the management team, which from now on will have more responsibility and clearly defined scopes of duties and spheres of competence. In this process the personal development of managers from recipients of orders to autonomous players is a huge challenge. In addition, the management team must focus attention to one common goal. A common understanding of strategy, organization and guidance of the enterprise by the key players provides orientation. It also offers far more flexibility than detailed, but rigid, function and process descriptions, which are often requested subsequent to any growth scenario.

An additional challenge is creating a culture and mindset of professionalism whilst at the same time, maintaining the success factors from the pioneer times (flexibility, »rolling up your sleeves and getting the job done«, emotional connection to the enterprise etc.). This step can best be supported by the introduction of professional management tools – e. g. tools used for strategic management.

## From local hero to world star

Following dramatic growth, sooner or later the point is reached where the whole conglomerate, from new divisions, sales and production units become difficult to manage. Managers from the headquarters complain about excessive workloads; personnel in the »branches« build their own empires. In this situation, transparency of the aspired distribution of responsibility and authority in the group is essential.

The fundamental structure (e. g. centralized/decentralized) and development strategies should be communicated clearly and concisely. Even if no legal holding structures are introduced, there must be a clear demarcation of organization and management structures between group and local functions. The parent company often loses its dominant role in this situation. Not every overarching task requires a strong (and expensive!) central function for the whole group or a complex matrix structure. Often a gradual development of group functions is sufficient and more efficient, e. g. in the form of networks or collaborative teams. A typical exception is IT. Here, a strong central function is usually needed early on, in order to prevent uncontrolled growth and, thus, cost explosions.

The enterprise turns into a good group organization when the idea of the driving »parent company« and subordinate »branches« is overcome and replaced by a cooperation based on personal contact. This is also demonstrated with symbolic acts: Where do the management meetings take place? How are management positions at group level filled? What is the company language?

## From the conversation to dialog

In former times spontaneous or casual communication worked automatically. However in expanding enterprises, communication becomes more difficult. Nevertheless, in this situation, »more communication« in the old mindset alone is not going to lead to the desired result as communication today is more professional, goal-oriented and systematic when arranged on three levels:

### 1. Professionalize line communication

The majority of communication in organizations goes through the hierarchy – thus, here lies a substantial

lever. Management can be well supported in this area through well prepared documents and sufficient alignment processes, so that the messages are immediately understood and passed on by everyone involved. A dialog in the management team about employee feedback generates commitment, as well as transparency of what really hit home with the employees.

### 2. Create new structures

New, intra- and interdepartmental tasks and functions need their own communication structures, e. g. overarching market, technology and product teams. If these networks are informal or not well established, the formal communication structures will need to be that much stronger.

### 3. Communicating the changes

A dialog with the key players about the target image and the new structures, roles and values in workshops and large groups usually has substantially more impact on change than any one-way information and/or a beautifully phrased organization manual.

## One more tip before closing

Honest recognition and appreciation of all that was in the past – after all, it has provided the basis for the company's success up until now! – makes it easier to accept the fact that you have to say goodbye to familiar behavioral patterns. ●

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»It is a big challenge  
to create a culture of  
professionalism whilst  
maintaining the success  
factors from the  
pioneer time.«



understanding  
intelligence

attitude  
feeling

commitment  
will

# The Missing Link

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## The importance of good teamwork in lean projects

Development projects based on lean philosophy boom. However, many lean projects find themselves in big trouble. They do not meet the targets, the intended changes do not happen or if they do, they happen too slowly. Accomplishing real changes in production seems to be the most difficult problem. Successful implementation of lean is only possible through team-based organizational development.

by Juha Kontiainen

During the implementation of the typical lean project 5S, lean boards are installed, lean coordinators trained and then the project may kick-off. Then it seems that everything stops – no big changes happen, and if still, they need a huge effort.

In our experience, the problem is mostly neither due to a lack of lean philosophy knowledge or technical skills, nor the wrong use of tools, nor a missing project plan. The problem has two main reasons:

- a lack of commitment caused by poor leadership,
- and a wrong development focus of the leaders.

### **Do I work with people or for them?**

Leaders often concentrate on developing the work of their subordinates. However, a leader should rather help his team to develop their work than do the development work himself. If he does, he ends up in a selling situation, trying to sell a new working method for example. What is the normal reaction of a team? Are they cheering? No. Because nobody likes to be told how to do a job? People are ready to think and analyze the process, to plan and evaluate new methods, to develop their work and to participate in the development. But they are not so keen on buying solutions from others. ►



»The difficulty in lean management is often not a matter of skills and knowledge, but how to organize development work.«

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### **Develop leadership**

Leaders should focus on planning how to introduce changes and lead changes into the organization, what kind of thinking processes are needed to create employee commitment. For example: How can we continuously improve leadership development for our employees? How do we as leaders improve our own leadership skills? What does lean management mean in leadership? How can we improve our skills in order to eliminate lack of commitment?

### **You can't buy commitment**

We cannot give or create commitment for others; we do not receive commitment via orders, we cannot buy commitment with money. The only chance is to create place and time for the internal commitment process. We have to focus on three mental processes: intelligence (how do I understand this), feelings (gives direction for our attitude) and will (shows our commitment).

Leaders should give their subordinates the possibility to create understanding from the presented facts through their own thinking process; why, when, how. Supplying bare facts is not enough. We need to ask how people understand them, what they see in them, what is important, new and difficult, what happens when we succeed and what if we fail? A leader can lead the thinking process; give focus and direction for any thoughts by phrasing good questions.

Most leaders stop at the intelligence level. But it is not enough for people just to understand. It is important to get deeper, to know how people feel about the issue, what their attitude is, what they think they risk,

what they are afraid of. If there are too many negative feelings, it is hard to be committed. If there is a big concern (e. g. can I keep my job in the future), building commitment is difficult, impossible for most of us. We also need to know what people are committed to. Would they make a turnaround project in the entire factory or rather plan a development project in their own production line? There is a great difference.

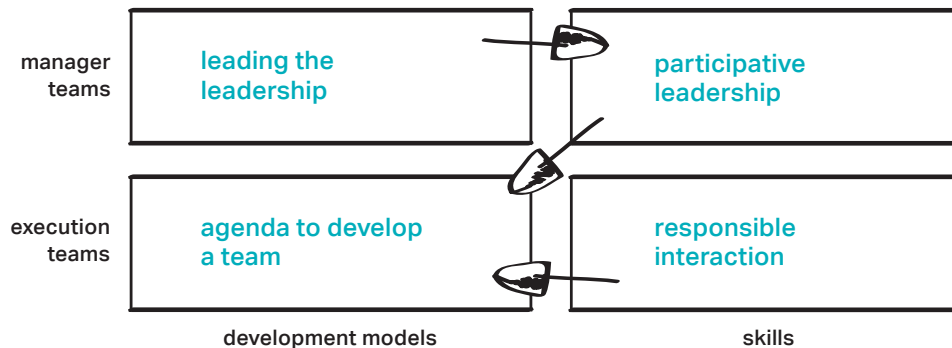
### **Important working units**

In lean philosophy teams are the important working units. Teams are often built only for production work, based on shifts or production lines. However, this can cause problems later when responsibilities are assigned for certain development areas. It does not make sense to have three teams developing the same production line, all at the same time.

The bigger problem in team structure however, is the structure of leadership, supervisors, managers, team leaders. What is their working unit? Where is their team? They often experience that they are bossed by top management who throws the ball at them, expecting them to take care of the lean project. But who is worried about their commitment and development?

If there is no leadership development, sooner or later the organization comes to the point at which development stops. When that happens, leadership is often based on individual capabilities, and one's own interest to lead people. The missing link is leading the leadership. Effective leadership development only happens in real life. Some education and skill development is needed, but the real work is done within the leading teams.

## Different teams with different skills for an effective development process



### Organizing team-based development

It is very important to understand the roles, to clarify the teams' focus areas, and to understand which skills are required. Two types of teams are needed in an effective development process. The execution teams with a concrete responsibility, e. g. production, maintenance, sales (without leadership function) and leaders' teams (supervisors, managers). Both need different skills and development models (see illustration).

#### Skills for execution team members: responsible interaction

Execution teams develop their own work. When they get a chance to impact their own work, they need to take over responsibility. For that, they need responsible interaction skills. These include problem solving skills and tools, as well as skills and behavior to organize effective meetings. Execution team members often do not have a routine in attending meetings, so they have to learn how to cope with different opinions, how to make decisions, follow up results etc.

#### Development model for execution teams: agenda to develop a team

The agenda to develop a team and its work is like a platform that the management creates mostly together with people. It is a living roadmap, a place where management can drop new tasks. This agenda is also a follow-up tool to show where teams are in their development. Subjects come from lean; often 5S is where all begins. Agendas can vary from team to team but the basic structure and the subjects connected to team dynamics development should stay the same.

#### Skills for manager team members: participative leadership

To support their own teams to develop, managers at all levels need skills to get people to participate, to involve them into implementing lean projects. There are simple but handy tools that can easily be learned. In the toolbox of Processive Leadership Skills you find 10 practical tools that you can use in dealing with change. For example, when you meet resistance, you need new ideas to solve a problem, or you have to deal with challenging individual leadership situations.

#### Development model for manager teams: leading the leadership

The goal is to provide a structure for leaders to ensure that the company's objectives are conveyed into the individual units. Leading the leadership means that manager teams first need to ensure their own commitment to the tasks. Secondly, they have to plan how to actually bring the objectives to the teams, turning them into actions. Thirdly, a success evaluation is required: Did we get the processes done? Have we met the goals set? What have we learnt, what shall we do differently next time? In order to accomplish a real leadership development in a company – actually, to accomplish continuous development of leadership, the tools that we use range from action learning and coaching to sparring.

Presently, I am working with several companies that are on their way to put lean into practice. I have experienced, that the difficulty in lean management is often not the skills and knowledge on lean as such, but it is more an organization issue on the development work and leadership. ●

# Need a Breakthrough?

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Get ready to involve the »powerhouse«, manage decisions and create the future

According to surveys, only 15 to 30 percent of projects succeed. Strategies and concepts are elaborated but the realization seems to be a lot more difficult. We have identified three steps to create a shift towards a better turnover.

by Frank Kühn, Birgitta Gregor and Jan Sølvberg

## Focus on clarity, decision and execution

Our Think Tank Project Management has experienced three crucial aspects that make a difference. Clarity means a better understanding. Dialog about what is happening and needed in the project, about meaning and progress. Ambitions, emotions, politics and power play. The second aspect is decision-making. Explicit decisions are needed during the course of the project, made by the right people, having the knowledge and intuition, authority and power. Or a clear decision to end the project, at the appropriate time. And finally: execution. Many decisions are not carried out due to lack of communication or missing commitment.

»We haven't actually had project failures. Our decisions can mean: it's good to stop a project here, because it's not worthwhile. Or: it's good to take a different route, because we are more experienced now. That is not failure; that is making decisions at the right time. Once we have made the decisions, we implement them. Or we receive feedback that the implementation will not succeed in this way. Rapid escalation is important to us, and then again decision-making. That requires a positive feedback culture; you have to continuously work on that.«

Dr. Werner Przybilla, Global PSR Operational Excellence Leader, MOMENTIVE ►



What has proven to be helpful is a review of the decision-making process, from project initiative to project close-out. What key decisions to postpone a project, or to prioritize a technical solution, are typically being delayed or avoided? What are our decision-making habits and those of the key people?

### **Involve the project environment**

The first step is to understand the »big picture« with all the influential actors in the project environment, the relationships among them, their different roles in influencing the project. Some may actively promote the project, others may »sabotage« the entire project process. Whom will you need to reach your goals? Involve them in the project, along with their accountabilities and ownerships, ambitions and competencies, contradictions and conflicts. Rely on trust and accountability, using flexible, appropriate forms of cooperation from exchanging information to setting up working groups or building strategic alliances. Sharing data, opinions, concerns or experiences, no matter how far apart they might be, can start a process of involvement and keep it going.

»We launched a complex international project with a pre-kick-off workshop that involved key stakeholders. We asked them what – from their point of view – would be crucial to turn the project into a success story. As a result, we got highly valuable hints and insights, as well as a management commitment that we hadn't expected that explicitly. Finally, the project did really become a success story.«

Peter Wollmann, Head of BU Project Portfolio Management, ZÜRICH Group Germany

Projects are not only a number of technical activities, but also a sequence of communication needs, opportunities and experiences. This does not mean turning the project into a talkshow, but observing and monitoring closely what is going on, sensing and understanding the project's dynamics and applying the right measure of interventions.

### **See projects as pioneers**

Future-fit organizations accept the business world's rhythm and volatility. Project management is the ideal pioneer and role-model for this.

»We started a global project management offensive, followed by a Leadership Development Program that also integrated project management. We achieved a considerable boost for our collaboration, our projects, our leadership capabilities, our change readiness and resilience. This also has proven to be crucial in managing our current merger.«

Dr. Harald Ring, Vice President Human Resources, RÜTGERS Holding Germany

With links to Lean and Kanban, the software industry has developed a framework for managing software projects called Scrum. The Scrum methodology gives one good example of a different kind of project management, with principles for the future organization. Scrum accepts the priority of time, and it delivers working solutions within two weeks. Not the extensive ones that constantly need more capacities and time and, at the end, deliver fragments and frustration. Neither with pushy project owners and desperate teams, but with functionalities clearly ranked. With teams, who make the decision what items they will be able to deliver on time, by self-managing the sprint needed to keep their promises. Hierarchical attitudes conflict with this approach, even sabotage is reported. That is why such developments require mindful interaction between project management and corporate development, discussing and committing on principles that reflect the new challenges. Here are three examples:

- Care for purpose and meaning rather than precise target descriptions: If the (project) staff is well informed, enabled and empowered they will go the right way and deliver the accurate result on time.
- Don't follow a plan because it is a plan: Let us not fight for our blueprint »babies«, but pace with the dynamics around the project, with joint awareness and flexibility rather than seeking assurance via perfect planning.
- Priority of time over content: We all are facing tons of content and information but limited time and resources. Accept this fact and create inspiring collaboration opportunities for high impact.

Finally, how to create a new, powerful project management? Let us communicate and share ideas on the challenge together with peers, colleagues, experts. We will see how a joint initiative will emerge and grow. Love the outcome for its quality and acceptance, even if it is not your personal favourite one. ●



# The Art of Travelling

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Creating a shift  
towards a resilient  
organization

The ability to »travel« is crucial in order to develop organizations that are fit for the future. Travelers have to be able to manage surprises, to cope with complexity and volatility. These are also the very skills needed to create a resilient organization.

by Frank Kühn, Dieter Haselbach and Tommi Gustafsson



Every journey has its challenges.

### Go onboard for a joint journey

The ability and readiness to »travel« is crucial: to co-explore the territory and co-create the future – together with the people. Not to formally insist on strategies, structures and functions – using nouns that promise stability – but to accept what is happening continuously: to strategize, organize and work. To have a joint vision and passion to tackle mile by mile, milestone by milestone, even if knowing and accepting that there won't be a final destination anymore. To be proud of having joined the expedition.

Many smart strategies are elaborated but don't penetrate the company. Processes are designed and audited, but people work their own way. Management structures are designed, but social constellations are stronger. The more sophisticated the blueprint, the stronger the staff resistance. The more we promise new stability, the more people recall past change traumas. Let us be honest! Before blueprints penetrate the company, the reality will have moved on. That is why one future key capability is travelling. Because it requires trust in our attentiveness, awareness and openness to face the challenges and in our ability to decide on the direction of the journey at any point.

Travelling with our staff through a volatile business world means coping with uncertainties and ambiguities. At the same time, digital technologies enable more and quicker information, networking and collaboration. Both aspects match with the next generation's principles such as trust, loyalty and mutual support.

That's the stuff needed to go onboard, and keep a joint journey going.

### Manage key situations

Travelers need the ability to manage key situations during the journey and – in business jargon – within the processes. A sales process in a department store might be designed perfectly – and fails if the sales person is not always able to help. A strategy may have been developed over months – and fails if the key meeting with the shareholders is a disaster here and now.

Instead of designing perfect organizations, we can start with situations, which are the relevant »touch points« to our company, where strategy should become real. Discussing such situations will produce a large collection of issues described very practically: How to apply our partnership strategy with a key supplier that doesn't supply on time? How to advance our participative leadership culture with managers that just called it rubbish during our latest meeting? How to build customer loyalty with staff members who are reluctant to support a customer who wants to return a newly purchased TV and claims a money refund? Many months' development can be undone or confirmed within ten seconds of practice.

People become more involved if they get to discuss such situations instead of abstractions. The feeling, the joy and fear, satisfaction or frustration is emerging in situations, here and now. We either succeed in this moment, or we let the situation slip. We train such situ-

»The thousands of possible situations  
cannot be coordinated centrally.  
Even risk management has its limits.«

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ations via role plays or action learning. But how is all this backed by our strategizing, organizing, tooling? Here is why we have to reinterpret processes as a sequence of interactions, with the people being both, immediate sensors and influencers. For now, they are involved in the volatile world, its pacing and rhythm, its information flow and co-feeling. This is the moment of truth but also a learning opportunity: Where and how to develop further the skills, processes, tools?

### **Empower and enable self-management**

The thousands of possible situations cannot be coordinated centrally. Even risk management has its economic limits. Without the huge richness of people's motivation and capabilities – waiting to be revealed, we won't be able to cope with the complexity and volatility of the world around us. We need to blend experience and creativity, to mix talents and experts, to unfold the power of senior staff and digital natives.

We cannot anticipate nor coordinate all possible situations. That is why complex organizations perform better if they enable and empower the self-management of their staff, supported via process or project management methodology such as Kanban or Scrum. Get the energy flowing rather than limit motivation, competencies and talents in square boxes; remember the enthusiasm in spin-offs or pioneer organizations. Reinterpret the blueprints of strategies, structures and systems as momentary snapshots of an organization that is always on the road.

### **How this works in practice**

There is, for instance, the mail order company with a strictly hierarchical structure, which introduced teamwork in one of their divisions. From the beginning, the teams made a significant difference and started their self-organization with a reflection on working situations and a commitment to good collaboration: »We discuss and commit to our daily work organization; each of us is responsible for efficiency, quality and documentation; we address trouble and conflicts immediately; we respect each other and give feedback; we rotate the facilitator role; we review and update these principles regularly.« Based upon such principles, they further developed their processes, became a success story and a role-model for the company's further development.

Another example is the chemical company where the Head of Controlling practiced a specific kind of onboarding for new staff members. She asked them to spend some weeks in an expedition – to go and talk to people in the company, to get a first feeling of the culture, to understand working processes, to see what was relevant, to grab expectations and imagine the best place to contribute their own expertise. Then she asked them what that very place was and how they would like to work. Her experience: the answers fitted perfectly. In addition, the new staff member also learned about self-determination aligned to the company's needs and opportunities. The department is well-known for the motivation and performance of its staff. ●

# Ideally Lean

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## Process Excellence Program for service and manufacturing organizations

Lean is a process improvement methodology, which can be applied in any industry. It is based on empowering employees with principles and tools to continuously eliminate waste and increase customer value. Today many companies combine lean principles with the Six Sigma approach, which is focusing on the process output quality and the reduction of defects. The »Process Excellence Program« incorporates both approaches.

by Milan Gazdík

### Expectations

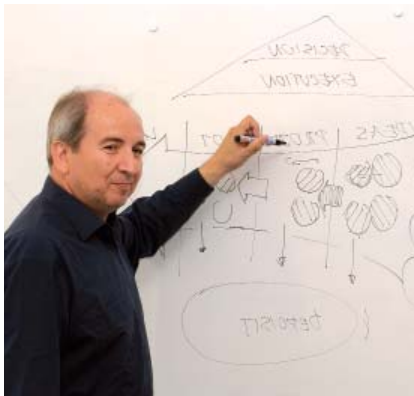
During the initial discussions with our clients, we always ask for their expectations. They usually expect the biggest benefits from implementing the process improvement approach to be waste reduction and cost savings. But most of the time, this is not the only expectation.

More and more we notice that the human aspect is being emphasized in order to involve employees into continuous improvement and to integrate process thinking into daily work. In service-providing organizations, such as telecommunications and banking, the objective often is to simplify processes and, therefore, increase end-consumer satisfaction.

### Outlines

Our clients prioritized the expected benefits as follows:

1. Cost reduction, revenue increase
2. Waste reduction
3. Employee engagement
4. Customer satisfaction
5. Improved productivity, efficiency
6. Improved quality ►





## Our program

We developed a program for the full implementation of the process improvement methodology in companies. The »Process Excellence Program« takes from six to twelve months, and it aims not only to improve a few selected processes but also to change the culture of the whole company. The program is suitable for manufacturing as well as service companies. The »Process Excellence Program« is implemented in four phases to ensure the long-term benefits of the program (see illustration below).

### 1. Process audit

The first step is to identify the process areas which offer the greatest potential for waste elimination and improvement in terms of cost, time or customer quality. In workshops, we sort out which processes to tackle and set scoring rules. Afterwards, the selected areas are monitored and the current performance is analyzed regarding process KPIs and sectorial benchmarking. Several different techniques can be used but we prefer the VSM technique (Value Stream Mapping) and process program scoring (Fast Forward Approach). At the end of the process audit, we typically present five to fifteen opportunities (projects) and set priorities and goals for future projects together with the client.

### 2. Training

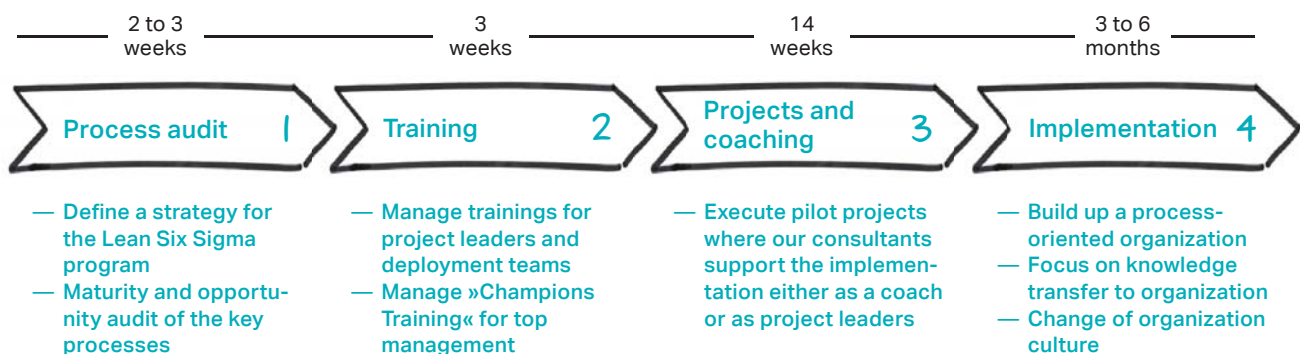
If the client decides to realize the improvement activities, we continue with training the project leaders and

their subordinates. Usually, specific project tasks of the process audit can already be solved during the training. Typically, we start with training the senior management, the so-called »Champions Training«. This is a very intensive introduction to the Lean Six Sigma program. The focus is on presenting methodology, defining the program strategy and its measurement, clarifying roles and responsibilities. At the end of this stage, process audit tasks are clear, and management, as well as project leaders are well trained.

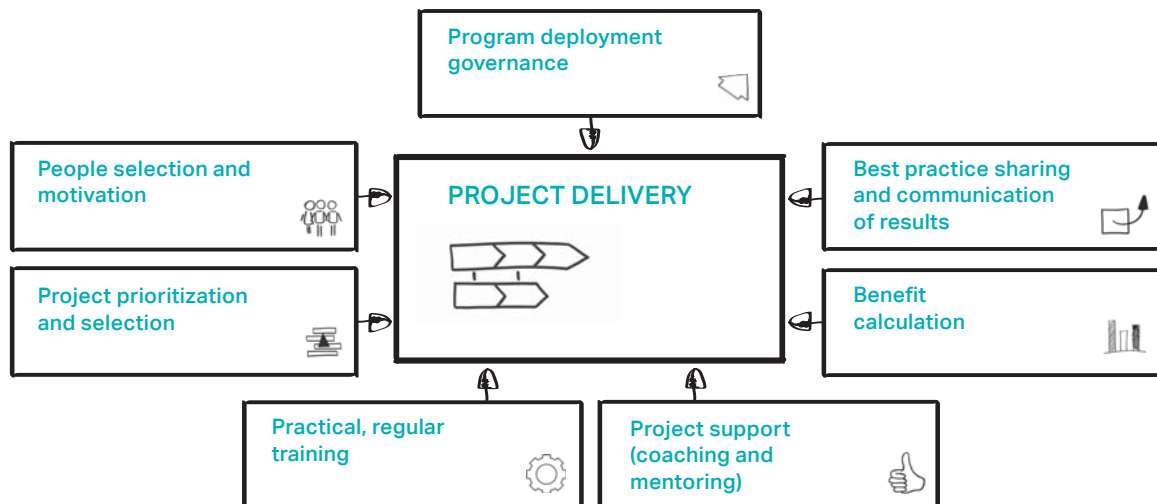
### 3. Projects and coaching

During this phase we deliver process improvement projects as identified by the initial audit. The first project is usually led by our consultant with the active participation of the client's project leaders. Then the roles are reversed. The next projects are conducted under the direction of a project leader, along with our coaching support. Regular project coaching is our key consultation mechanism. It is an individual meeting between the consultant and the project leader (usually 90 to 120 minutes). We focus on the project status verification and outputs on the search and selection of the best tools and the preparation of a detailed plan for the following period. This approach guarantees faster results, and know-how-transfer to the client's organization. Typical projects our clients start with are: increasing throughput in contract processing, improving on-time delivery in service organizations, increasing output or optimizing the layout of the production site. But the list of potential projects is much longer.

## The Process Excellence Program



## Areas of process management infrastructure



### 4. Implementation

For sustainable benefits, we help to develop a management plan and a process improvement strategy for the organization, which means the building of a program infrastructure. The aim of such implementations is mainly to establish plans and control mechanisms in areas like project selection, leaders' nomination, training structure and preparation of motivational scenarios. Furthermore we set up methods for the project evaluation, experience sharing across teams and a coaching plan (see illustration above).

#### Key aspects of the program's success

A properly set up process infrastructure is one of the key aspects for success. Based on our experience, around 30 percent of process excellence programs fail. This is a very high percentage and is frequently caused by a lack of infrastructure. Companies train people without a consistent plan, start projects without any clear guidelines, strategies and management mechanisms. That is probably the main reason for which – despite a first, short-time success – such programs have sometimes gradually disappeared. For sustainable results, all areas of the process management infrastructure must be set up properly. ●

### Essential key aspects

#### KEY SUCCESS FACTORS

- Strong management support
- Fully develop all parts of the infrastructure
- Integrate process strategy with project management and innovation activities
- Selection of the right people (project leaders)
- Strong change management and communication

#### TYPICAL RISKS

- No process strategy and infrastructure in the company
- Low involvement of top management
- Project leaders do not have time for projects
- Improperly selected project (without process problem)
- Low support of team members
- Too wide project scope

# Stop Talking – Start Creating

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## How to introduce innovation culture in your organization

Innovations have become a priority on top management's agenda. In response to intensified competition and global price pressure, organizations are continuously searching for new means to developing innovation capability. Innovations are a MUST – you either innovate or you disappear. The focus is too often on tangible assets like process or strategy. But intangible aspects, such as innovation skills or mindset, mostly receive too little attention.

by Stefan Posch and Jarno Poskela

### Everyone speaks about it

The key question is how to establish a playful discovery attitude in an efficiency culture so that the organization can simultaneously be both: innovative and efficient. We believe that innovation culture is an indirect indicator and, therefore, less a prerequisite but rather the result of targeted interventions, that aim at develop thinking and acting in the right direction.

People have to add innovation skills to their efficiency skills to create a well-balanced innovation culture. The skills needed are, for example, the abilities to challenge old assumptions, to create novel ideas, or to evaluate new ideas. People also have to train how to switch easily between these two different types of thinking and acting. The ability to change contexts, and the playful discovery of new opportunities and ideas will be a key competence of organizations in the future.

### Innovativeness skill

There are two powerful approaches of creating innovative thinking and acting. Both start with concrete challenges and enable the creation of fast and clearly visible results. However, the most important of all is to pick the low hanging fruit when starting an innovation journey.

# Innovation workshop bucket

A successful approach is for the management team to agree on a bucket of creative problem solving workshops that have to be deployed within a certain time period (e. g. 12 workshops within a year). The essence of the agreement is that the workshop bucket has to be used up. Every project leader may nominate challenges or problems that should be processed. We sometimes start with a kick-off meeting in which the team collects potential topics or challenges that could be creatively addressed throughout the year. The workshops are prepared together with a facilitator experienced in creative problem solving. These innovative meetings fulfill several goals. From a content perspective immediate quick wins are targeted such as:

- Creating a better understanding of the situation, the »real problem« and its boundary conditions.

- Creating fresh ideas, due to the applied process, used methods, mixed participation.

From an individual and organizational learning/change management perspective:

- Participants learn to switch into a different mindset and role.
- Participants learn about the effectiveness of the used creativity methods and tools on concrete business topics.
- Participants become ambassadors for this approach.

As a »by-product«, these workshops deliver hands-on pragmatic success stories about innovative behavior of the participants and the organization.

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The **Philips Consumer Lifestyle** Creativity and Innovation Center in Klagenfurt has used a bucket of more than 20 creative problems solving workshops in two years in order to strengthen their innovation culture. The program leader, **Dr. Roland Waldner**, made sure that, besides the problem owners themselves, members from different departments participated.



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**Why did you organize a whole series of hands-on creative problem solving workshops?**

Roland Waldner: Bringing people with different skills and experience together in one room for a day or two, and developing ideas together is the most successful way of creating new ideas.

**How have you benefited from these?**

Roland Waldner: The more often people participate in these workshops, the more open they become. They learn how to fail and how to succeed – how to work together and understand each other. At the end, this becomes a part of daily behavior – it becomes innovation culture!

**What hints can you give organizations that consider doing creative problem solving workshops?**

Roland Waldner: If you have not done it before, use external expertise in preparing and facilitating these workshops. At the same time, find some people internally who would like to facilitate: Learning by doing is the motto! This has to be supported by management. And do it step by step – don't try to solve everything within the first workshop!

**What is your credo?**

Roland Waldner: You have to love the process of innovation and then the results come almost by themselves. ►

# Innovation group

In an ideal situation, every employee and manager already owns the necessary mindset and skills. Since the reality in many organizations is far from this, they have ended up establishing innovation groups that focus on activating innovativeness among employees. The innovation group is a dispersed activator team, consisting of people coming from different units and functions. Their main task is to activate their colleagues to be more innovative, not to create innovations themselves. Unlike a traditional, centralized innovation unit, this group works on a part-time basis,

focusing on every type of innovation (not just products and technologies) and supporting other members of the organization in the innovation work.

However, a creative personality only, does not guarantee success in the innovation group work. Thus, the selection process of group members, the definition of tasks and roles, as well as the training are important. By sharing insights in their work and hands-on coaching, the innovation group further creates innovative thinking and acting at different levels. Some of the typical tasks are illustrated in the following table:

Typical tasks of innovation groups	
1	Act as top management's right hand in innovation topics
2	Support and coach individuals who have an idea
3	Organize the collection and evaluation of ideas
4	Support the development of ideas
5	Transmit ideas between different functions
6	Run and activate usage of idea management systems
7	Help in creative problem solving
8	Develop a front-end of innovation process
9	Make plans developing innovativeness further
10	Organize and facilitate opportunity recognition

Neste Oil, the world's largest producer of renewable diesel, have done systematic work to develop their innovation capability. We asked **Pirjo Kuuppo**, the Innovation Coordinator of **Neste Oil**, to share her thoughts about their innovation group.



**Why did you establish the innovation group in Neste Oil?**

Pirjo Kuuppo: We wanted to manage the innovation work in our company in a systematic way. The basic building blocks in our approach are the innovation group representing different functions and geographical sites, trained innovation facilitators, who are running innovation workshops and meetings, as well as the well-functioning front-end of innovation process, including the idea management system.

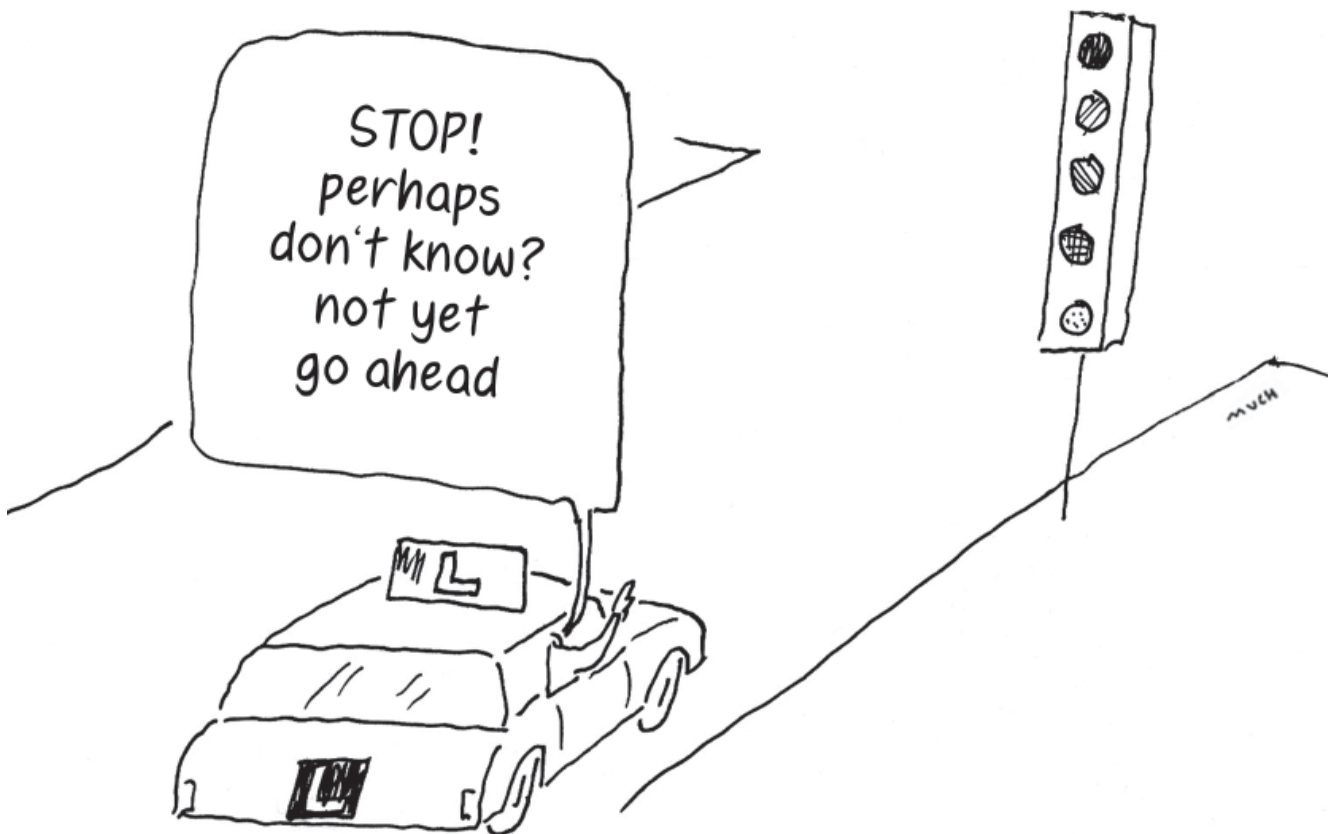
**How have you benefitted from the innovation group so far?**

Pirjo Kuuppo: We have really found it useful to have an innovation group, which includes participants from different functions and units. It enhances networking and collaboration with Neste Oil. The members advocate the innovative culture on their own sites and bring their input to the idea development. They also facilitate different kinds of workshops, which we find very valuable in our innovation work. ●

# Take the Driver's Seat

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Human Resources must lend more effectiveness to its own role





They are regarded either as a service, maintenance or a rescue team, are usually underestimated and hardly seen as a strategic partner in the development of the enterprise. However, Human Resources should play a significant role in the operating practices and the sustainability of the organization. They should take a driver's seat.

by Iris Fischer and Birgitta Gregor



#### Recommended Reading

»Leading from the Emerging Future:  
From Ego-System to Eco-System Economies«  
(Otto Scharmer, Katrin Kaufer,  
Berrett-Koehler Verlag, 2013)

For decades, personnel managers and personnel experts have been striving to be recognized as business partners and to be included in planning and decision-making processes of companies. Equipped with enormous technical and social competence, they put forth their proposals and ideas in the hope of finally being heard. However, their input is often ignored and things stay exactly the same: Human Resources (HR) implements what management has already announced and does its best to iron out the mistakes and smooth out the bumps. It is high time that Human Resources took the »driver's seat«, giving its own role more effectiveness and actively shaping the development and long-term success of their organization.

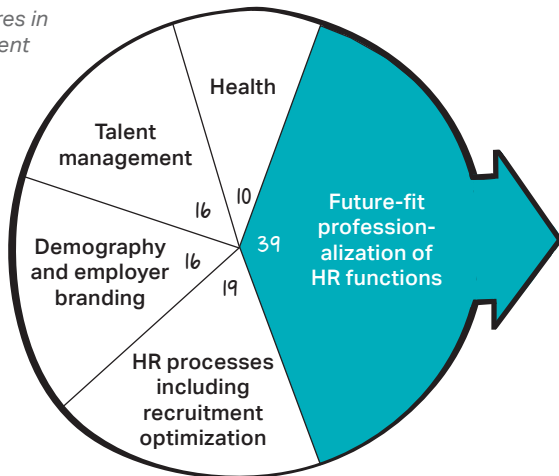
#### Effective role

During a workshop, a group of personnel managers from international organizations have identified topics that are relevant for Human Resources units and organizations, including, among other things, optimizing processes, developing an HR strategy, improving how to deal with rapid changes, determining demographic development and defining needs for action. With targeted initiatives in these areas, they can effectively shape their role and influence within the framework of the respective corporate strategy, for the benefit of the enterprise.

Yet, what prevents Human Resources from proactively taking the driver's seat? According to the personnel managers, »Human Resources is inaccurately positioned and, therefore, is often absent from the important meetings«; »HR is seen as the opponent and asking them for advice is a sign of weakness«; »Anyone can deal with personnel«; »They lack assertiveness or are seen as administrators«. Nevertheless, they can counterbalance these ascriptions with significant competencies and resources: expertise in the field of personnel and organization management, legal knowledge, work and organizational psychology, consulting skills and tried-and-tested implementation know-how. To get this power on the road, they should apply different behavior – instead of talking about problems, they could proactively create solutions. They have all they need, and they should be encouraged to use it. As a consequence, they themselves will set the function into a better position, address strategically relevant topics, create more impact and add value.

## Where do HR managers see the most relevant needs for action

Figures in  
percent



- 1 HR strategy development
- 2 Change competence improvement
- 3 Reflection and optimization of HR role

Results of a survey among 50 European HR managers in 2013.

### Actual issues

A survey of additional Human Resources managers from global players and small and medium enterprises (from Germany, Austria, Switzerland; some with responsibility for EMEA) generated the following results (see illustration). Room for improvement potentially lies in the further optimization of the HR processes, such as recruitment, knowledge management or succession planning. Talent management, including suitable leadership development programs, receives just as much focus as effective demographic management and employer branding. Given the changes in demographics in the future, employer attractiveness will have more impact on the success of the enterprise. The employer attractiveness not only plays a crucial role in the wooed Y generation, but also the key players »40 plus« selectively choose the more attractive environment. The resulting requirements for companies, including an increased consciousness of health-related topics and an improved work-life-balance, call for a more different approach from HR than previously required.

### Future mission

The most relevant results and learnings of the survey: If Human Resources wants to fulfill its role as a driver and a strategic player more consistently, the further

professionalization, competence development and improved assertiveness of the HR managers is required. In its own interest, and in assuming joint responsibility of operational activities and the long-term viability of the enterprise, HR should also be the operator of their own ideas and projects and, as such, become a co-driver of the enterprise. It is also about assuming a leading position – where HR actually belongs to – with an operative and strategic relevance. The paths leading towards professionalization are:

- Development of a Human Resources strategy to prioritize and implement topics relevant for the respective enterprise.
- Improved change management competence in order to be able to react faster and more professionally in times of change.
- Reflection on their own role in the current context and work on their professional standing.

Once this is done, Human Resources can take the driver's seat with strengthened competence and resistance to conflict. They can effectively support the executives as an internal coach and contribute to the value and, therefore, to the long-term future-fitness of the organization. Such professionalization goes hand in hand with an improved internal marketing. At the same time it also fulfills the often expressed desire for a higher profile and more recognition. ●

# Leading Internationally

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How to lead in a global,  
remote and virtual environment

In today's globalized world, who has not had that urgent telephone conference where people from different countries call in for a certain key project? Who has not heard from their geographically spread out team that you are not physically present enough? Who has not had trouble getting travel approval to see their team at least once a year? Let's take a guess: many of you are quite familiar with the challenges of leading in an international environment.

by Susanna Frech and Birgitta Gregor

When we talk about remote teams we should have a closer look at what the different constellations are (see illustration). Regardless of the constellation, the list of challenges that need to be taken into account when leading internationally, seems hard to tackle, mainly being:

- How do I establish contact with my people and make an impact?
- How do I clarify roles and responsibilities?
- How do I set goals and monitor their performance?
- How do I make sure they collaborate and act as a team?
- And most importantly, how do I make them feel like equally valuable team members despite being at different locations and not under direct influence?

## Let's look at pragmatic approaches

First, we must disappoint you straight away: there is no miraculous solution in place; there is no sure-fire recipe to make it happen. But – and this is the good news – all the tools and skills a manager has at hand will help make remote and virtual teams work effectively. It is the special focus along with the continuity of applying some clear principles that will make the difference. There are five elements where close attention will help:

### 1. Relationships, roles and responsibilities

It all starts with a clear set-up of roles and responsibilities as well as agreed interfaces among all team members. You should value diversity in skills and culture even more than usual, as different backgrounds can be a real resource for extended learning and enriching expertise. In any case, decision-making processes need to be fully transparent to your team.

### 2. Performance

Establish clear goals that all fit into an agreed, joint objective for the team and point out any interdependencies by establishing a »common cause« for the team. A tight management system for measuring performance needs to be in place, in order to get timely feedback on any deviation from the goals set. Also, look at other means of getting feedback, for instance by openly asking the team members how things are going or by understanding and gathering more indirect proof of performance, e. g. from clients or peers.

### 3. Communication

Consciously choose the communication channels and make them equally accessible. Listen carefully, explain thoroughly and use simple wording for virtual meetings, especially when some of the team members might not be fluent in the working language.

### 4. Enablement

Each and every team member needs to have the same ease of working; the same technology and access methods to systems, the same applications and information, including the same ease-of-use. The clearer the structure and processes are defined, the better. Any amendments need to be distributed and shared with all team members. When scheduling, time zones need to be taken into consideration, as it is only fair to alternate which region has to stay up late or wake up early for a phone conference.

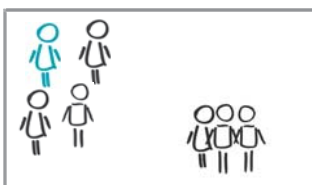
### 5. Trust

The whole team has to have all relevant information at the same time and including the same content. Teamwork will improve if you schedule some time for »virtual socializing« – e. g. have a virtual coffee together, or organize virtual recognition or milestone celebrations. Foster a sense of »connectedness« reaching out to remote employees as often as desired and making them feel like a valued member of the team.

And last but not least: challenge any system or travel/budget freeze and find any good reason and possible business justification to get in personal contact with your people, as this still is the best way of connecting and establishing an effective team. ●

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## Various constellations



**One manager with some people locally, another team remote**

#### Main challenges

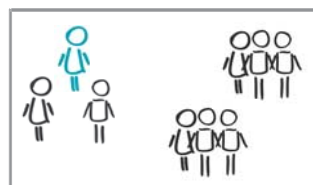
Local team: closer, better visibility, more control  
Remote team: less visible, own subteam



**One manager on his own, team very much spread out**

#### Main challenges

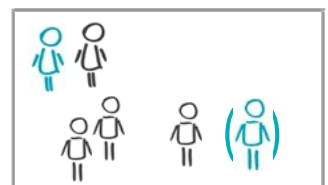
Timely communication, collaboration effort, measuring performance, establishing team spirit



**One manager with some people locally, two or more teams remote**

#### Main challenges

Local team versus remote teams, subteam building, alliances 2 versus 1, clarity on responsibilities split



**One project manager with people locally and remote, all with local managers**

#### Main challenges

Establishing authority as a project manager, agreeing on resources and priorities, aligning conflicting interests

# Mind Yourself

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To be consciously present  
in your life and work

Recently, work life has changed dramatically: the workloads have increased; tasks and work time are becoming more hectic and fragmented. There is less time to recover and almost none to reflect after a busy day, and the pace of change has increased, as well. All this leads to solid stress situations, a lowered ability to cope with challenges and eventually even to a burnout.

by István Kosztolányi

A typical knowledge worker is distracted 50 to 100 times per day by incoming e-mails. Some people even beat this number by regularly checking their mobile phone. The average attention span in most managerial positions is reduced to three minutes. All these distractions decrease our concentration and awareness dramatically: we feel hyperactive and struggle to solve everything by trying to do more. The result is, however, an ineffective and unproductive use of both, our individual energy and organizational resources.

## Balanced principles

Working with many leaders, who had to learn some new behaviors and unlearn some of their existing patterns in order to balance their work and life, we came to some principles related to conscious personal change:

- The more clearly we comprehend what we want to learn and achieve, the less time and energy it requires.
- Learning is a process, not an outcome – we can get the most out of it if we become »ourselves«.
- Although development (training, coaching etc.) is done in an organizational context, the development affects the person as a whole.
- In order to achieve organizational goals, a leader influences the behavior of peers and employees. The most important tool for this is his own behavior, energy level and congruency. ►







- The variety of personal leadership tools and the number of choices among them will outline the flexibility – the »freedom« – of the leaders.

Since adults spend most of their waking hours at their workplace (instead of being with their spouse, family, friends etc.), it really matters what kind of workplace it is and how they live the time during working hours, too.

To foster leaders' consciousness, we have chosen mindfulness as a conceptual and attitude base for our development work, including various tools and elements of mindfulness-based stress reduction (MBSR). In our practice, mindfulness means to pay attention; to be in the present consciously, without judgement. Mindfulness is not an answer for our problems in life. It rather means that we can sense our topics more clearly with a free mind. In most cases, our conscious mind alone is helpless if permanently required to change behaviors, feelings and responses that are automatic and unconscious. The goal is not to understand or classify all the details of our problems, but to find the place or driver within ourselves that triggers the transformation of our problems. The more we sense from internal and external environment, the more thorough decisions we can make. If we decrease our sensitivity, for example by using only our cognitive processes, we reduce our chance to make a sound decision, to think, feel and act differently. Instead of thinking about »What problem am I not having?«, we shall seek to get hold of the necessary resources for change.

### Now or never

When we start a mindfulness process, we interpret together with the client what »being here«, »being one« and »THIS being life« actually mean. The last definition is extremely important from a systemic point of view as well, since we often encounter leaders trying to solve their problems in another dimension – disregarding that their life is just here and happening just now. This process sometimes needs lots of personal energy and real time learning in the full context of the person by recognizing his patterns. We also believe that learning shall be reflected in the actions and behaviors of the leader who is working on his own mindfulness and developing a recognizable competence: new behaviors with a deeper understanding of one's self and measurable (organizational) impacts. A leader is efficient and

effective if he is mentally stable, has a connection to the core of his personality, and if the mind can be released from the everyday operative spin, thus creating a spiritual and physical balance.

### Mindful coaching

In our coaching practice, we use tools which help the coachees to improve their personal states of awareness. We run simple exercises to increase perception in various situations and to balance energy both, in life and work. Along the coaching process, we persistently bring the coachee's attention to how he can translate these exercises into business results. By using these exercises, leaders will be able to pay closer attention to their physical, emotional and cognitive states, thus becoming more competent in choosing the »best« action and behavior in the given situation. Also, by sensing and recognising resourceless, inefficient or counterproductive states, the leader can do self-interventions to retrieve his balance, thus having a greater chance of a better performance. The personal well-being of managers is a pre-condition for the long-term efficiency and effectiveness of organizations. Coaching and mindfulness go together well since both of them are about – among other things – responsibility. This happens when the leader is confronted with his freedom of choice and realizes that he is in charge for his own personal and professional life. The way this can be beneficial for the individual, as well as for the organization is shown by the following two examples from practice.

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»Often leaders try to solve their problems disregarding that their life is just here and happening just now.«

## Cases from the life of leaders

### The young leader



A young talented lady with good career prospects led a 15-member key team in a fast growing local subsidiary of a spinning multinational corporation. Everyone spoke about her as a top management potential but she was dreaming to be a specialist in a professional field growing more and more important for the company.

The coaching started with the aim to clarify her role and future in the organization, i. e. she had to make up her mind and choose between being a leader or a specialist. Her dilemma was even reinforced by her concept that she could not have a full »freedom of choice« which rooted partially in her loyalty to the company and to her manager who mentored her a couple of years ago.

During the third coaching session when we had already listed all the »logical« pros and cons, we used some mindfulness exercises on physical states and sensations, and she came to a crucial conclusion. She could not pick her professional role because the energy needed for this decision was drawn by an inner dialog she was having with herself. This dialog was about her marriage and her plan to have a baby. Her very personal dilemma triggered also physiological changes resulting in her resourceless psychosomatic states.

By increasing her state of mindfulness she could »clear her mind« from the inner dialog and she could make her decisions. Now the company expects her back as a talented specialist when her maternity leave ends.

### The successful strategist



A newly appointed Managing Director proved to be a successful leader with the potential for an international career. He was close to 40 when he took a leadership position in a traditional global company's local subsidiary with high CEE importance. He had brave and innovative thoughts and intentions on how to reposition the local company to gain share on those markets which conventionally were not home turf for them.

To support this personal vision (which he skilfully made an organizational vision as well), a personal process started with the goal to work on his extremely direct, sometimes arrogant and strong communication style. He occasionally happened to fiercely oppose anyone, even fighting the regional director or the CEO, which did not facilitate the realization of his plans.

While working on his communication skills and attitude, we used some »slowing down« exercises which drove him to fully unknown fields of his thinking and emotional states. As an outcome, he pinpointed two areas which he found were fuelling his arrogance and harsh style. We equipped him with several communication tools and techniques, and through a sensitizing process, he became aware of his mental and physical states and thus, capable of purposefully managing them.

Obviously, this was not the only resource he had. However, according to his own judgement it contributed a lot to his promotion into a regional position recently. ●

# Home Base

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Are you ready to harness the potential of your team leaders?

Reach your goals together with others – that is what shopfloor management basically is about. To create a balance between organizational efficiency (business) and a humane workplace (leadership) a leader has to influence the behavior of employees and peers. For this, the most important tool is his own behavior. That is, the leader can influence through communication.

by István Kosztolányi and Zoltán Márton

## Front line

The level of team/group leaders is the company's first management level. They are the ones who are in close contact with the employees, who talk to them daily, so it is crucial that they understand and represent the company goals. It is an important distinction whether they regard themselves as »union representatives« or »leaders for organizational goals«. Often they become leaders directly from the production or service line. Usually the best worker is appointed for this job and leadership is a new situation for them, because:

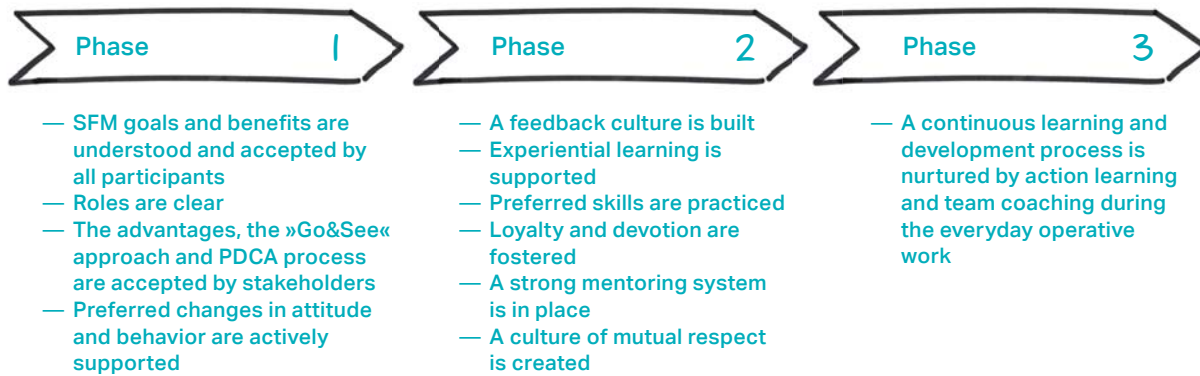
- they do not have managerial experience,
- they do not want to or do not know how to confront their former colleagues,
- they have to drop and effectively delegate tasks, which were inseparable from them and they were successful in,
- they may have to represent the company interests against the appeals.

In addition to this, experience shows that particularly this management level does not have a clarified role definition.

## Between daily tasks

If a company plans to reach sustainable success by implementing a SFM (shop floor management) program, attitudes and behaviors need to be changed actively.

## General SFM process



Therefore, training the team leaders is essential as by failing to develop them, a good worker is lost and a bad manager gained. Improvements and changes are also much slower without their support and can only be executed at higher expenses. The general process is presented in the illustration above.

Due to the daily workload, it is hard to dedicate time and resources to the development of this management level. Even if it is done, in many companies team leaders get the reduced version of programs optimized for top management – »this will be enough for them ...«. Trainings are more general, model-oriented and exercises are mostly separated from the practice. The span of the two-to-three-day focused training is too short to evoke sustainable changes in behavior. The remaining experience is rather »we had a good time there – we enjoyed it, at least«. As a consequence, the training does not have a direct result in business indicators, however, »it certainly had some useful effects ...«. According to our experience, an investment of five to six days per an eight-to-ten-week period makes a substantial difference – this duration is necessary to evoke real changes in the behaviors of team leaders.

Real changes will appear in the team leaders' managerial approach and tools, their attitude towards leading people, their working culture – as they set an example for other employees. Leaders learn to be more flexible about expected changes on the shop floor and deliver better results through the selected business indicators.

## Through various development areas

We have developed a learning framework and experimental environment, which supports all participants by providing space for exercising and ensuring achievement of company goals, as well as individual success. The content of each process needs to be tailored for team leaders, developed in the preparation phase and based on both, the daily program and the role profile. The most critical development areas are:

- Confrontation with broken rules and promises.
- Delegation of tasks.
- Problem solving in the everyday workshop environment.
- Continuous improvement of processes.
- Team work in the area with the team leader's responsibility.

As a first step, a team leader profile has to be compiled. Although most of the companies have a job description for this role, it is usually rather general and written with the focus to comply to all legal requirements. There is a real need for a practical guide program for team leaders:

1. A daily program: Consisting of timed and non-timed tasks, starting from the beginning until the end of the workday. This includes the expected outcomes of the tasks, as well.
2. A competence profile: An exact and explicit list of behavior patterns preferred and needed to sup- ►



port a successful, high performance team leader role.

3. Scoring sheet: Built on the daily program and the competence profile, a handy evaluation sheet is drafted to be used for (potentially) 360 feedback at the beginning of the SFM and also after, in order to measure the results.

### Above and Beyond

The effectiveness of this program depends on finding the balance between applying the necessary skills and organizational development. In other words, the development of team leaders needs to be supported both, inside the skin (attitude, skills, behaviors) and outside the skin (processes, regulations, rules).

In recent years, we have compiled a framework and concept for a ten-week training period which starts with setting goals and the participant's commitment to achieving these goals. After the basic training, where the development areas are clarified and short practice sessions are held, the team leader has to do some homework and peer learning. In the following weeks, there are sessions of individual coaching, progress evaluation, difficulty handling, fieldwork etc. Finally, the results are evaluated in a management workshop.

Participants' and their managers' feedback shows that – apart from fully tailor-made content – the main strengths of this process are as follows:

- Clear role definition »in the language« of the team leaders.
- The action learning approach: Instead of using lots of models, participants work on their own cases and process new knowledge and skills through these.
- Support from management, including the possibilities to openly ask questions and direct participants as resource in the program (feedback, mentoring).
- In peer learning people learn from and with one another.
- Between the sessions, participants work on individual homework directly related to their everyday work – the tasks are chosen according to individual development goals.
- A »pull« effect is created by the final mini-workshop, where participants present the results of their homework and learnings in the presence of members of the company management.

This SFM development process leads to higher quality team leadership and is thus, a very successful investment for companies. ●

# Life is Great!

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## Using Tribal Leadership to change company cultures

Life is great, isn't it? It sure is; if you are empowered, there is a wonderful atmosphere at work and you are working towards a goal that you passionately believe in. On the other hand, if that is not the case, you may feel like your life truly sucks.

by Juhana Lampinen



I would like to thank Dave Logan, John King and Halee Fischer-Wright for inventing the great concept of Tribal Leadership. It has been a true source of inspiration and an eye-opening experience for me. This article combines my views and ideas with their Tribal Leadership concepts and ideas. Most of their material is open source. What really matters is spreading the message and really changing the cultures of companies globally.

### The challenge

Do you find yourself in the downward spiral of reporting, filling in figures on various sheets and applications, having meetings and teleconferences to discuss the same issues over and over again? Do you feel like a small mediocre cog in a large machine? Do you consistently feel numb, brainless and uncreative? If so, don't fret; there are plenty of people like you out there. If not, you can consider yourself lucky.

Many medium and large companies exist in a factory culture and in deep mistrust. This has resulted in overblown command and control structures and related reporting. Sometimes it goes so far that there is not much time left to do something productive, or creative, that would have a positive impact on the bottom line – the profit. What do the mistrust, ego-driven decisions, overblown reporting and control do to your business? They cause extensive damage. At least, some of the following might happen:

- A culture of mistrust and blame develops.
- Motivational problems occur.
- Proactivity disappears.
- Major obstacles to innovative thinking appear.
- Employees focus on doing the absolute minimum.
- Management argues about minor things, instead of doing something to improve the situation.

So what can be done to prevent the above mentioned circumstances from happening? ►





Every group of people in every setup can be seen as a tribe.

### Advancing to the next level

A very powerful tool for understanding the current state of your business, defining your goals and providing tools for achieving the goals is called Tribal Leadership. Tribal Leadership is a concept designed to change your company culture. It claims that every group of people in any setup (country, city, town, company, department or even family and friends) can be seen as a tribe. The members of your tribe are the people who you would probably greet if you met them on the street. You may also share a set of common beliefs, attitudes and values or you are on the same mission that connects you to the same tribe.

The Tribal Leadership concept divides the tribes into five tribal stages, which are defined by commonalities like the atmosphere, language and expressions that people use, as well as behavior typical of that group or »tribe«. The stages range from full-blown anarchy (stage 1) to working towards a common noble cause (stage 5). In between, there are levels such as just doing the very minimum, self-promotion and real teamwork. The whole point of the model is to provide you with an easy tool to recognize where you stand today, as well as to give you simple practices and tools to help you advance to the next level.

Why would you like to advance to the next level? The research done by the Tribal Leadership authors proves that over a longer period of time the higher

levels always outperform the lower ones. This simply means that the companies at higher levels make better profit and have more satisfied employees. As we all know, satisfied and happy people are more creative, innovative and stress-resistant, which most of the time leads to better performance.

The most interesting thing to know about the Tribal Leadership model is that globally, around 75 percent of the businesses are at levels one to three and only 25 percent at levels four and five. In other words, by reaching stage four, which can be done by simply focusing on your company culture, you leave 75 percent of the competition behind.

Would you be willing to hear the truth about your business? Would you be ready to change your company culture?

### Understanding your current cultural stage

Practically, the work starts with understanding your current stage, i. e. which tribal stage you are currently in. If your company is relatively small, say fewer than 50 employees, it could be that you have only one tribe inside your organization. However, it is also possible that there are several. The different tribes within your company may even be in different stages. In larger companies, there are always several tribes, which almost without exceptions, are in different stages. The key to success is finding the dominating stage of your

»Companies at higher levels  
make better profit and have more  
satisfied employees.«

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company and understanding which stages the individual internal tribes are in. Then you need to work on a development plan, focusing on a common goal.

### Setting the goal, getting there

Now that we know which tribal stage your company finds itself in today, it is time to set the goals. For most businesses, the realistic goal is to reach stage four or stabilize the whole culture in stage three first. The cultural change does not happen overnight; this requires taking baby steps. The Tribal Leadership concept claims that it is only possible to advance one stage at a time, so be realistic and patient.

Depending on the goals and individual needs of the tribes, we use leadership tools such as Leadership Simulations, Natural Tendencies Analysis, Emotional Intelligence Profiling, Dialogic 360 and many others to advance to the next stage. These tools give your employees see-feel-change experiences and a feeling of trust and involvement, which are the building blocks of a successful cultural change. However, the processes and management practices of your company must support the new culture, too. This may mean introducing changes like evolving your monetary and non-monetary incentive programs towards more team-orientation or going towards more empowerment and distributed decision-making. Or it may mean implementing recommendations to always meet customers

in groups of three, or even simple things such as moving to an open office space in order to boost interaction between people.

### Following up

If you would like your cultural change to really happen and stick, there is probably nothing more important than following up, adjusting the goals and reviewing. I would even bring it to the next level and create a constant cultural adaptation that calls for continuous improvement and change. It could be summarized simply with the saying of the Chinese philosopher Confucius: »The journey is the destination«.

The first phase of cultural change is the awareness that there is room for improvement. Most people perceive their own culture as more or less ideal. However, there is always room for improvement. Tribal Leadership and our practical leadership tools give you a simple and structured means to change your company culture and make the change stick. ●



If you wish to read more on the topic you can download my Tribal Leadership tips and tricks e-book to your iPad here: <http://iobic.de/tribal-leadership>

# Agile and Curious

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## Leadership in a digital world

Are you wondering why millions of people publish strange details of their private lives on Facebook or how already a three-year-old uses a tablet like it was a natural part of an individual's development? Welcome to the Digital World!

by Marion King, Frank Kühn and Michael Kempf

### Complexity growth

Many of our clients have a business model based on digital products or services. Most of them already work or function in different organizational structures, ways of cooperating and corporate cultures. But, there are more and more »other« clients, company owners, CEOs, team leaders or employees who feel that something in their business life has changed and is continuing to currently change even more rapidly.

They see how their kids cope with new technologies and how they communicate with their friends and the wider world. It seems that somehow all these weird things going on around us are slowly but surely coming into our business world. It also seems that they are adding additional challenges to our already existing complex world of leadership. What we see and hear are worries about the increasing amount of e-mail, unmanageable masses of information, inefficient meetings and projects, unplannable and unpredictable future scenarios. At the same time, employees talk about meaningful work, work-life-balance and flexible working models. Bob Johansen calls this the VUCA world in his great book »Leaders Make the Future«. A world of Volatility, Uncertainty, Complexity and Ambiguity. Somehow, we all suspect that these changes are linked to or influenced by this crazy digital thing that is going on around us.



#### For your inspiration

FAST COMPANY (<http://www.fastcompany.com>)  
 TechCrunch (<http://techcrunch.com>)  
 Wired (<http://www.wired.co.uk>)  
 DLD Conference (<http://dld-conference.com>)  
 NEXT Conference (<http://nextberlin.eu>)

## Interdependent trends

It is not only the internet that has changed our life. There are two major and global developments: on one hand, the so-called »Digitalization« and on the other hand, a growing new attitude or consciousness towards life, caused by demographic and sociological changes. Both have interdependencies and interferences.

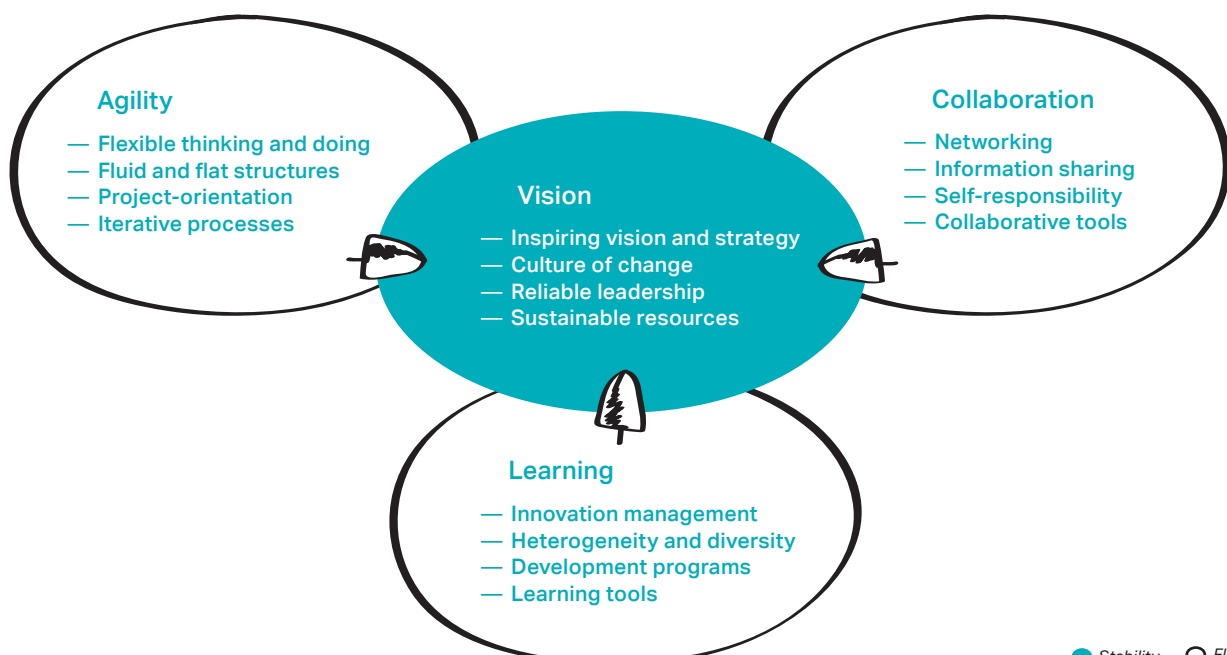
»Digitalization« includes all developments in our private and business life that were, and will be caused by changing communication technologies – fast(er) processors, bigger server capacities, the internet, smart phones, tablets, new platforms and apps etc. These developments have opened up completely new spaces for information exchange, accessibility, communication and cooperation. They have great positive aspects, such as the availability of information for everybody, new opportunities for learning wherever you are in the world, connecting data and predicting developments to solve medical problems for example. At the same time, a movement of new consciousness

for our life, our cohabitation and our environment is gaining ground globally. Subjects like health, sustainability and a more resource oriented life are subject matters for TV documentaries and talkshows, as well as newspaper and magazine articles. People set up organizations, platforms, blogs and even new political parties. This might sound very philosophical. The good thing is, that – thanks to the internet – it is not so anymore. Whatever people already have felt for a long time and have attempted to practice in their »neighborhood« can now be told, read, shown to the world. It can be shared, discussed and spread, supported and grown.

## New leadership culture

On the business-management part of leadership, this means that you have to reflect even more on the future viability of your products and services, the innovation power of your R&D department, new manufacturing opportunities, optimized logistic systems, new opportunities for distribution, marketing and customer ►

## What it needs for digital leadership



service. It will result in a new, fresh design of your business processes and management, resulting in a competitive advantage. For the people-management part of leadership is above all, an invitation to necessary self-reflection. Being a good and successful leader in digital times is less about easy and pragmatic leadership methods and pattern X. It is all about every single human being, about potential, know-how, personal interests and about cooperation. It is an attitude that demands an open mind, empathy plus inner strength – true self-reflection and self-consciousness. You need to inspire, enable and empower. And you need to be reliable, honest and trustworthy. You have to be robust and versatile at the same time. You have to be very resilient because with all these uncertainties going on, employees will need a strong nucleus, they need belonging and support – even if they are generation Y.

This entrepreneurial nucleus has then to be added by an agile, learning and collaborative attitude, culture and structure – to nurture and to keep it live. Move away from the old heroic management idea based on preserving power. Go to supporting and developing your staff. Combine the power of the individual with the power of the system. Get out of silos, mix teams, know-how and experience and see what wonderful new ideas come to the surface. Best solutions emerge from joint interaction, thus promote communication instead of information. Encourage your team's feedback, let go, give freedom and trust (see illustration on previous page).

### Future settings

Change is the new status quo. You might like it or not. You might even find all this developments dispensable. But it is reality and there is no way back. And no, you are not too old for it. Start by opening up your mind, by learning about and using digital technologies, by creating an environment and culture for innovation. Start by rendering transparency, trust and open communication, by co-creation and teamwork. Give people a place where they can unfold and develop their potential, where they are allowed to participate and bring in all their different skills, where feedback and dialog is nurtured. Social, cooperative and empathetic skills will be key to leadership. And one more thing: support your young digital native colleagues. They also have quite a bit to learn from your experience. ●

## 5 + 5 – working in a digital world

### KEY DEVELOPMENTS

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- 1 Internet changes everything**  
Lives have changed radically and will even more. There is no way back.
- 2 From more to enough**  
There is a new consciousness enabled and supported by the internet – it is all about a more resource-oriented and sustainable life.
- 3 Being heard and seen**  
The »community« decides what is relevant. Therefore power gets a new dimension.
- 4 Dialog and co-creation**  
People participate, amplify, reinforce and enrich by cooperation.
- 5 Dissolution of borders**  
The risk of loss of structure and self exploitation increases but there is a bigger chance to develop new models for living and working.

### KEY RECOMMENDATIONS

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- 1 Explore and experience**  
Stop complaining and start exploring and experiencing new opportunities.
- 2 Start small**  
Start with small projects, search for opportunities, new exciting technologies, useful platforms and tools.
- 3 Stay agile**  
Be and stay open, flexible and curious. Build flat hierarchies and scalable network organizations.
- 4 Go co-create**  
Work in close exchange with your colleagues, employees, bosses, clients and suppliers.
- 5 Live and work resiliently**  
Take over responsibility for your company, your team and for your life.



# The Theater as a Business

Changes in the theater system  
in Germany and Austria





Theaters are, first of all, cultural institutions whose *raison d'être* lies in the artistic communication between actors and audiences that can be achieved in stage performances. But at the same time, they are also businesses that have to be managed, organizationally and financially.

by Günter Kradischnig, Dieter Haselbach and Lutz Hempel



### Situation elsewhere

Theaters in other countries are faced with challenges of a quite different order, as shown by an example from Romania. While in the German-speaking countries the budgets are getting tighter, the situation in Romania (and other Eastern European countries) is much more dramatic. There, many theater directors do not just have to worry about what to produce, but how to pay their daily bills. For artistic directors, who often have to get by without the support of professional business managers, this is an almost unmanageable situation. Since there are hardly any prospects of additional funding at the national level, these theaters are seeking partnerships in Central and Western Europe. Another chance are EU-funded projects. However, the independence of the theaters and their ability to establish an artistic profile of their own may be compromised by influences, such as EU particulars for funding. With EU funds, a theater may be allowed to produce thousands of umbrellas with its logos, but may not use the proceeds to support artistic productions. In addition, the theaters are still subject to official influence, which are reminiscent of earlier times in the German-speaking countries before modern structures created autonomy and artistic freedom.

by Alin Ivan

Over the last 15 years, theaters in the German-speaking countries have gone through big changes in their business situation and management structures. There has been budgetary pressure from the bodies responsible for public financing, and this has been met by improvements in business efficiency. In many cases, this has been sufficient to stabilize the economic situation. However, the crisis of the public finance of recent years has added new pressure and has raised new questions about whether it will be possible to sustain theaters in their current form.

Even more threatening business challenges are faced by theaters in some other European countries. Some of the lessons learned in the German-speaking countries may be applicable to them.

### Switch to company formats

In the state-sponsored theater sector in Austria and Germany, the traditional organization and management practices largely followed the example of the public administration. The realization that these arrangements were not ideally suited to private and commercially oriented operations came relatively late. But a wave of change came towards the end of the 1990s. At that time, the spinning-off of the Austrian Federal Theaters to form the world's largest theater business was, by no means, the only example of the switch from direct management from the public administration to being a legally autonomous corporation. By now, almost all of the larger theaters in Austria are being operated as stock corporations, and in Germany, too, corporate formats have become the dominant form of organization in the sector. The structure of a stock corporation opens up possibilities for quite different ways of doing business and also for different incentive systems. Switching to this type of structure is an integral part of an overall strategic change process. However, it yields economic effects only in the long run.

### Synergy effects

Shared service centers for administrative and technical services of theaters have had very positive effects. These have yielded not only large gains in efficiency but also a stronger orientation towards service and even quality, which is of benefit to the theaters' artistic activities. Especially successful examples are the Art

for Art of the Austrian Federal Theaters in Vienna, the shared workshops of the Berlin Opera Foundation and the Art&Event theater service of Bühnen Graz. Such shared service organizations can also expand their activities to offer services to different branches of the performing arts. The best synergy effects can be achieved in holding companies for several theaters (e. g. Austrian Federal Theaters, Bühnen Graz) or for all cultural production operations of a single owner (e. g. the NÖKU culture holding in Lower Austria and the KUGES in Vorarlberg).

Cooperations between theaters in the form of coproductions are also well-accepted and can open the door to notable artistic successes for all participants. Strategic partnerships between theaters can go even further than this, for example in sharing workshops – location allowing, of course.

### **Business management**

An essential element of the new developments is the rise of professional business-oriented management. The old-school theater director as an autocratic leader of a large theater organization has become a rare species – and in the few remaining cases, the director is often someone with a strong understanding of management. But nowadays, the more common arrangement is to have both, an artistic and a business director working in tandem. In organizations run as a group of companies, the overall management is usually a business-oriented team.

### **Securing independence**

An ever-present potential for dissatisfaction in theaters lies in the tensions between culture policy goals, the artistic program and the available budgets. Problems can be exacerbated by the discrepancies in the typical planning periods of these different levels: while the artistic program may need long-term preparations, which means often taking decisions years in advance, politics can involve changes of direction on a yearly basis. In order to resolve these tensions, it is essential to arrive at firm long-term agreements on the program, the goals and the necessary budgets. Ideally, financing agreements should be coupled to the contract periods of the theater management and to their conceptual goals.

### **Effective accounting**

Theaters have also adopted integrated planning and reporting systems and the associated IT equipment – well-managed theater operations work to essentially the same standards as normal commercial enterprises. However, besides the usual commercial functions, these systems are also used to provide traceability for the use of public funds, so that the effective use of budgets in the service of specific culture policy goals can be documented. Making the theater organization responsive to the objectives agreed with policymakers, and detailed accounting for correct use of funds are important pillars of legitimization of the theaters as publicly-funded institutions.

### **Limits of optimization**

Although many theaters have achieved significant optimizations of their cost-effectiveness, the potentials for cost reductions and revenue growth are not boundless. If public authorities cut support below the level that is needed to maintain a permanent ensemble and independent productions, and to keep up a program in the various genres in the existing buildings, then we reach the point at which it may not be possible to continue with the German-style director's theater. In several cities in Germany, the finances are under so much strain that this point has actually been reached. With guest performances, festivals and partnerships with commercial producers and other nearby theaters, a variety of different operational strategies are available. Other countries both, in Europe and further afield offer many examples of how this can be done – but also show what we stand to lose. A switch to a more commercial system would not be the end of the theater. But it would spell the end of a particularly rich and unique tradition in the German-speaking countries. ●

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»The public financial crisis  
has added new pressure  
on public theaters.«

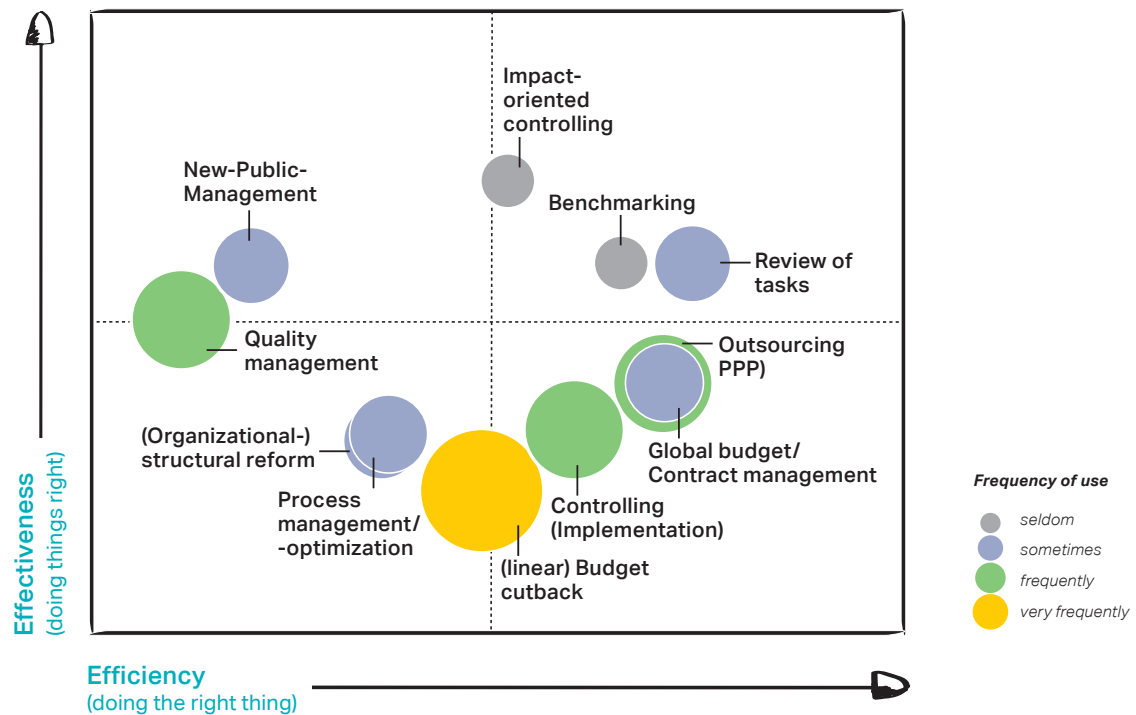
# Across Boundaries

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## Innovative reform processes in Austria's public sector

The pressure on public finances grows and grows. The 2008 financial crisis exacerbated the situation even further. Although for a long time, Austrian federal, regional and local governments reacted with blanket cuts across all areas, now they are increasingly turning to more innovative and selective approaches.

## Comparison of reform approaches



Study from 2008 by Andreas Pölzl and Günter Kradischnig.

### Review of tasks

After several rounds of proportional cuts it is becoming clear that the efficiency-only approach has its limits. Taking on more and more tasks and responsibilities with smaller and smaller budgets inevitably leads to quality problems and to overworked and frustrated staff. Further consolidation can only be achieved by critically reviewing and often cutting the list of tasks government agencies are attempting to do. As shown in the comparison above, a critical review of tasks is both more effective and efficient than linear budget cuts (see illustration).

### Cooperations and mergers

Especially at regional and local levels, the Austrian public administration has very detailed structures. However, it has become clear that in local governments, at the level of the local municipalities (often

very small, e. g. < 500 inhabitants in Styria) it is the smallest units that have the highest costs per capita. The most cost-effective size of municipalities lies between 2,000 and 20,000 inhabitants. Though outright mergers of municipalities are on the agenda, significant synergies can also be generated by sharing resources between existing municipalities.

### Holistic strategies

For many years, individual public services were viewed as isolated products, to be optimized in and of themselves. But now, often the only way to further improve the budget effectiveness, is to engage in joined-up thinking, cutting across conventional policy boundaries. For example, social and health services are not separate issues for their clients, and need to move towards integrated case management. Environmental issues equally cannot be solved by compartmentalization but only by a combined treatment of water and air, ►

»The public administration in Austria has been characterized by great openness for new approaches in the past few years.«

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waste management etc. If the administration aims to become citizen- and service-centered, then it has to realize that many aspects of people's lives now cross the limits of older institutions and procedures (e. g. districts and opening times of schools, kindergartens and courts).

While strategies for different areas of policy used to be developed by the administration alone, now consultation processes involving the broad participation of stakeholders are becoming more common. Citizen participation has even been used in such sensitive processes as drawing up rescue plans for municipalities in financial difficulties. Not only are citizens taking more initiative in participative processes: more subsidiarity is also being practiced within the administration itself. Targets for state activities are agreed with political leaders, and departments are given global budgets, which they manage with a degree of autonomy. For more precise tracing of the use of funds, cameralistic accounting is increasingly being replaced by double-entry accounting.

### **Reform of public accounting**

For a long time, the tendency among public servants has been to view analytical approaches from the commercial world, such as cost and activity accounting or managerial accounting, as systems that could be used in parallel with the existing accounting procedures – but which would always involve extra effort – and so they remained the preserve of a minority of enthusiasts. Wider use of these modern tools can only be

ensured by reforming the accounting rules so that they become part of the regular routine and are linked to budgets and financial reports.

### **The state's mission changes**

It is probably fair to say that in 1980s Austria, the state's function was still seen primarily in terms of law and order. Towards the end of the 90s, the state began to see citizens more like customers for whom it should provide a good quality of service. And after 2000, the concept of an activating state, one that ought to encourage and provide a framework for an awakening civil society, and should act through partnerships and networks, began to come to the fore.

### **Politics becomes bolder**

Politicians are much more actively involved in dialog with stakeholders. This can enable them to take difficult decisions if the participative processes reveal how to achieve acceptance of these decisions among voters. There is increased readiness to try creative methods and to maintain a more open communication culture. Where unconventional thinking and procedure used to be viewed with suspicion, they are now seen as desirable. Many parts of the administration have adopted current workshop methods such as open space, world cafés, large-group workshops, Art of Hosting etc. as part of their everyday methods. These instruments enable open and sustainable communication, which can lay the basis for real change.

## Catching up in Styria

Just a few years ago, the Styrian provincial government had the reputation of not being very progressive. Today, its reform program has caught up with the most modern provincial governments and in some areas (e. g. reform of financial procedures) it is a pioneer. It has carried out a comprehensive review of the scope of government tasks, which will lead to a sustainable budget consolidation. In the review of the tasks of government, all activities were assessed as to their effectiveness and efficiency. All departments were required to present concepts for how they would adapt their activities to a (hypothetical) 25 percent cut in their budget. This led to 590 change proposals with a total value of € 1.2 bn. It is now up to the political leadership to choose which of these proposals to implement, and how. The target is to reduce the current budget deficit of the provincial government to zero for 2015. The organizational reform demonstrated the political will to change, reducing 50 departments to 25 and cutting the number of employees by 700. As the first of the provincial governments, Styria is now introducing a new management logic like that already adopted at federal level. In future, each department will have at least one global budget and will be given more flexibility on how to fulfill the responsibilities delegated to it.

## Vorarlberg is different

This can be seen in the revision of the psychiatry plan, where a completely new approach was used. This open process, in dialog with all the relevant partners in the system, is a model of a sustainable and patient-centered health service reform, which will generate a lot of innovation. More than 100 different stakeholders were involved in the process. This broad interest and participation ensured a high level of buy-in on the part of everyone involved, a shared perspective on the current situation and on the forthcoming challenges.

The ideas and proposals developed in eight workshops confirm the quality of the process. Two fundamental innovations that will open the way to refocusing psychiatric services, as part of a health system centered on social spaces and patients, and ten other development projects are now in the planning phase. An essential element in this process was the steady support of the political leadership at every stage.

Similarly structured processes are beginning to be used throughout the administration, although slowly. When making changes, political leaders are becoming more daring in terms of reorganization and in relying on the available practical knowledge and experience.

## Effective control in Salzburg

In the provincial government of Salzburg, the policies for advancement of women were revised to make them impact-oriented. Impact targets were developed and agreed in consultation with women's organizations. It was also agreed how the impacts were to be assessed and who the results would be reported to. The NGOs were helped to develop their accounting system so as to comply with the new reporting procedures. This dialog process strengthened the mutual understanding between givers and receivers of subsidies. Now, subsidies are linked to specific effects and the responsible politicians receive regular reports on how well these goals are being achieved. The women's organizations feel that their expertise is being taken seriously and are more professional in their internal administration.

## Reforms in the federal administration

We are currently in the middle of a major new reform in the federal administration. Starting in 2013, the parliament will set impact targets for periods of multiple years to every area of policy, and the budgetary provision will be oriented towards these targets. Specific measures for achieving each of these targets will be defined and annual reports will be returned to the parliament. Corresponding to the impact targets, the departments will be given global budgets and an increased degree of autonomy in using them. Detailed budgets linked to specific goals are created within the departments. In this way, the administration is given a strong incentive to make its activities serve the agreed goals, and to consider whether established activities are really effective or should be replaced by new ones.

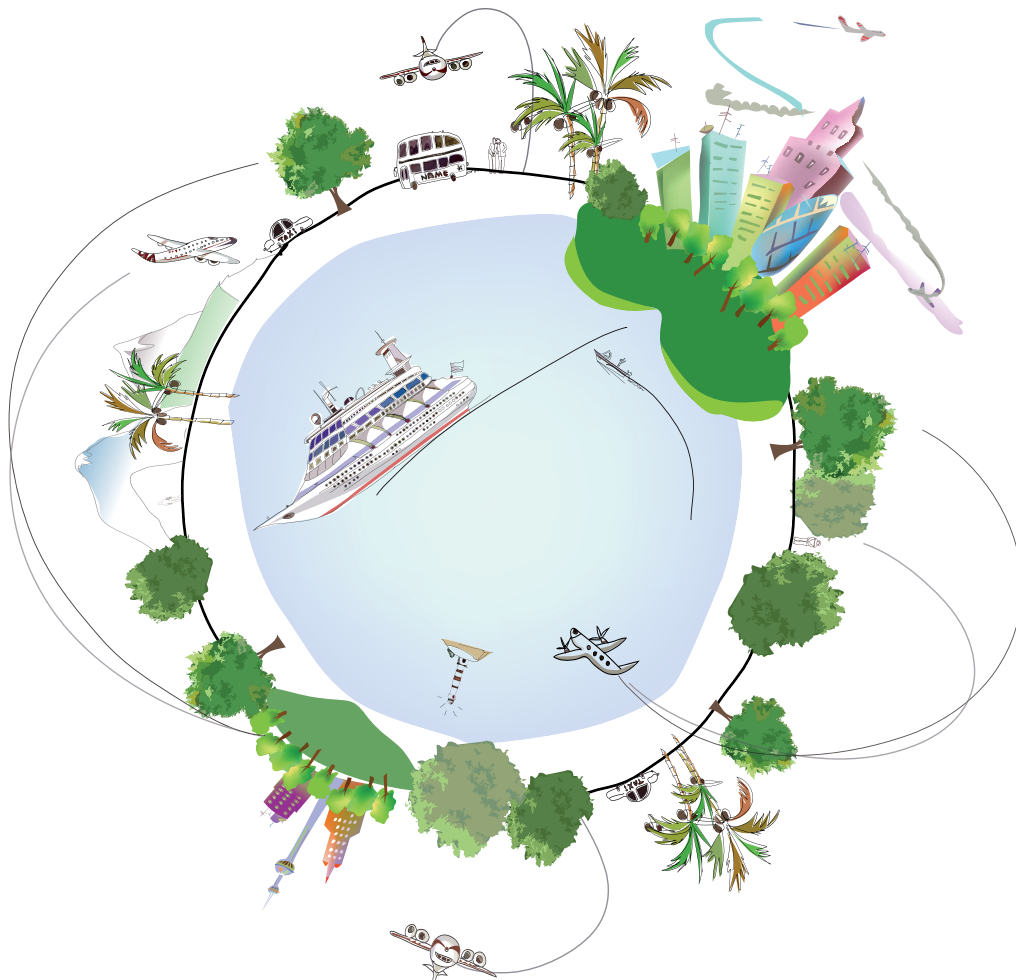
Looking back over our 30 years experience of consulting for the public administration in Austria, we feel that the last few years have been characterized by the greatest openness for new approaches, and that real and large steps have been taken towards a truly effective and efficient administration. ●



# The Power of Municipalities

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Open-Source: Regional and local development in a nutshell



Regional and local development have historically been dominated by economic concerns like growth, income and employment. These, however, are too narrow and, to a certain extent, simplistic approaches. Development does not equal growth. Growth means to become bigger but development means to become better, an increase in quality. This distinction has gained more and more ground in relation to regional development.

by Béla Kézy



According to the definition of Collins Dictionary, regional development is »the provision of aid or assistance to less economically prosperous areas«.

## A matter of opinion

The concept of regional and local development has gradually been shifting towards a more holistic approach, with a focus on the well-being of people, quality of life and sustainability rather than pure economic growth. Economic prosperity is certainly an important factor in the quality of life but there are many other aspects, as well. Just think about an economically prosperous city, where you spend valuable hours of your life sitting in your car in congested roads everyday, just to get to work and back, instead of spending time with your family. Do you live in a rich region? Definitely. Do you feel that you have a high quality of life? I would doubt that.

## EU subsidies

In Europe, the EU has long been a decisive player on the stage of the regional and local development. Already from the 80s, the European Union has been allocating a major (and continuously increasing) part of its budget for supporting the less developed regions; i. e. those with a GDP/capita below 75 percent of the EU's average. While a lot of money has been spent, the results are mixed, at best.

In many poor regions, these funds have contributed immensely to create the most basic conditions – mostly infrastructural – of normal life. They have also dramatically improved accessibility of remote areas. In addition, the potential availability of funds has forced most European regional and municipal governments to think strategically and create development plans.

On the other hand though, the availability of massive funds also resulted in failures, like planning for funds instead of planning for needs, or the use of standardized responses to diverse challenges. EU-support has also made many regions »lazy«: instead of thinking about solutions and innovative responses to challenges, the focus became on accessing as much funding as possible. Finally, even though bottom-up approaches and consultation processes were encouraged, the national, regional and municipal governments have remained the lead actors with very limited real involvement of the civil sector, businesses and people. Certainly, there are major regional differences: some regions and cities have performed much better than others. ►

## Development challenges

There are clearly various characteristics that make regional and local development difficult. One such feature is thematic complexity. There are many thematic areas to coordinate and harmonize: e. g. social, economic, environmental, housing, cultural. Interconnection between these areas is complicated, with impact mechanisms often difficult to predict. What may be good for the local economy, can easily have serious negative effects on social inclusion.

Another important feature is the multitude of stakeholders. In a business environment there is a limited number of stakeholders, in regional development there are a lot, often with very different, even conflicting, interests and hidden agendas. What's more, while in a business setting it is fairly easy to sit the various players at the same table, bringing stakeholders together in regional/local development is already a challenge, which sometimes feels insurmountable. Let's not forget about the political aspects: an important element of regional and local development is allocating public money for development purposes. More often than not, it is difficult to convince politicians that their job is not to allocate money to individual projects, but to decide on the strategic directions for development.

Finally, regional and local development processes are traditionally driven by the public sector. While addressing challenges would often require flexibility and new approaches, the public sector is very inflexible and more tradition-based («this is the way we have been doing it for the last 20 syndrome years») and extremely reluctant to test-drive new solutions.

## Fresh methods

Active involvement of stakeholders is not only common sense, but also a requirement. The relevant regulations usually prescribe the delivery of so-called consultation processes whenever regional and local development interventions are required. These consultation processes are rather formal things. The objective is to document that people have been involved, instead of actually involving them. Thus, consultation events are formal occasions even today, often with a small number of participants and very limited actual involvement: they may listen, but definitely speak very little.

In recent years, we came to the conclusion that various co-creation methods, widely used in private sector consulting, with minor tweaks, are also ideally suited for regional development processes. Thus, we have started to use these methods in many projects – including strategy development for cities and regions, as well as project design processes.

This is a rocky road. The first challenge is to convince the client that the use of such methods is actually beneficial for them. Public sector bodies consider the use of co-creation methods very risky and they are usually extremely risk averse. So it takes a lot of argumentation to get their approval to carry out even one or two small-scale events. Even when agreement is reached, they require a methodology up to the tiniest detail. Even the smallest aspect is being questioned and challenged. But the million dollar question certainly is whether these co-creation methods do actually perform in a regional/local development setting? Let's take a look at one specific case.

## Co-creating cross-border development

»No, I don't think this will work« was the first sentence of our client's representative immediately after we presented our idea to use the OPERA<sup>1</sup> method in parallel workshops, aimed at creating a joint vision for a cross-border area. »There will be politicians, ministry officials from both countries, people from local and regional governments, institutions and civil organizations. They will never agree, there will be endless debates. Besides, they are suspicious of these new workshop methods, they don't believe that such pointless discussions can have any added value. And, quite honestly, neither do I.«

Two hours of heated discussions later, we somehow managed to convince her to still try OPERA. Fast forward one week: the location is a small workshop room in a conference center in a town near the border; the topic is cross-border business and employment cooperation. There are about 25 people from different countries in the room, representing different levels of government and organizations. One wall is half covered with specific ideas written on index cards and somebody excitedly explains his small group's proposals to a keen listener. Actually it is already break time, but they still work actively without any sign of wanting to stop.



The right balance between European mindset and understanding local needs.

And the other three groups are no different either. In the break following the workshops, one could see small groups buzzing and continuing discussions on various topics related to cross-border cooperation. One could sense the positive atmosphere of the whole event.

At the end of the closing plenary session, two politicians, who have spent the entire day at the event, even stood to express their thanks for being part of this process. After the event, the representative of the client also approached us, saying: »Honestly, I was very afraid, and could not imagine this could work out. I am not afraid anymore, and have to admit that this has been very good!« The outputs of the workshops actually provided a sound basis for creating a joint vision for the cross-border area.

### Future participation

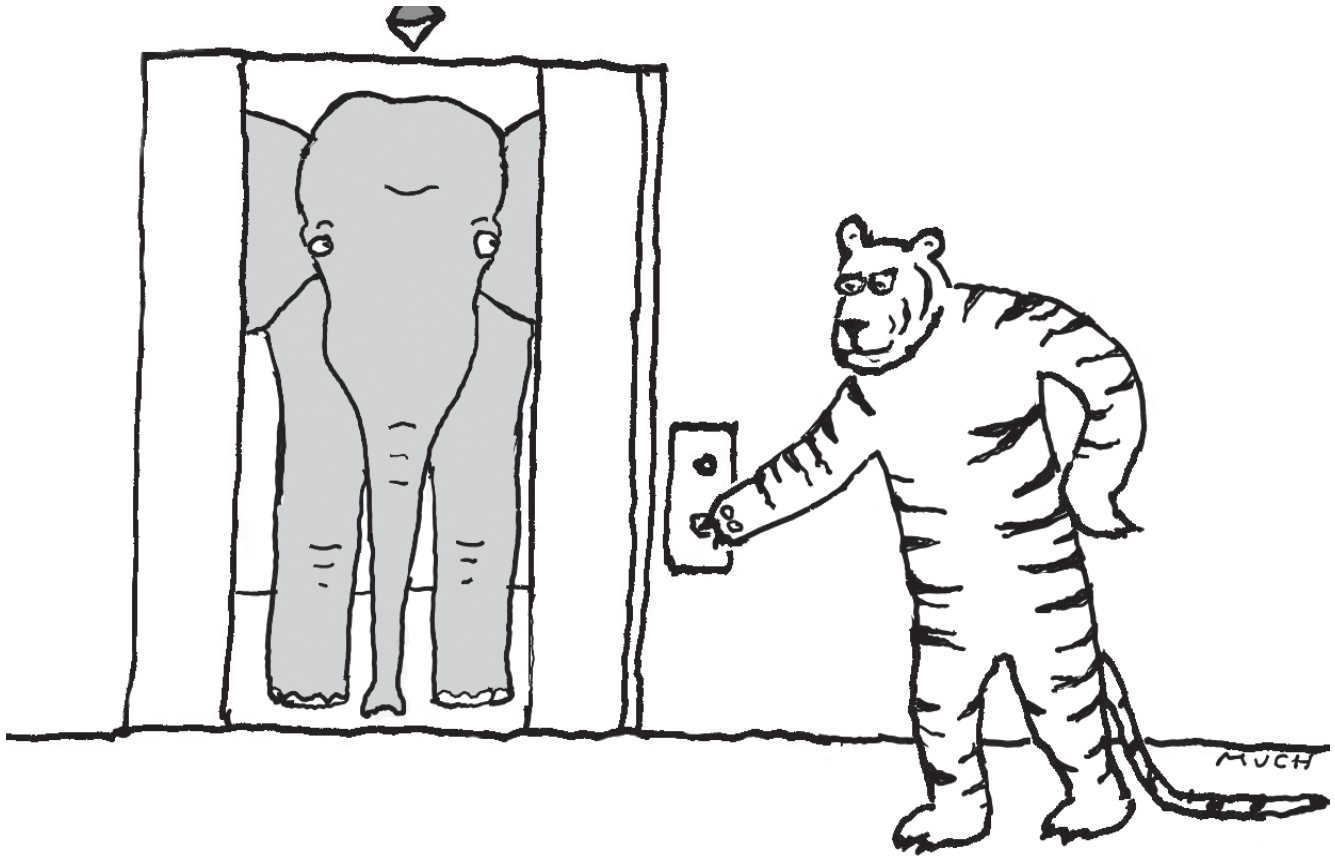
Recently, more and more regions and cities have recognized that municipalities and people are essential resources in development processes, more important than money alone. They have realized that development is not something you do for people, it can only happen together with people. Authorities have also

started to understand that regional and urban development is not the privilege of national, regional or municipal governments. On the contrary, these are »open source« processes the citizens are entitled to be part of. New initiatives surface every day in cities and regions around the world, like citizen place-making, tactical urbanism and urban farming, clearly demonstrating that people want to be active participants in the local and regional development instead of simply enjoying (or sometimes suffering) the results.

In order to exploit the power of municipalities, however, new approaches and methods in strategy development, project design and implementation are required. Rigid, top-down planning practices need to be replaced by more open co-creation and citizen participation. Innovation, experimenting and prototyping should become inherent parts of regional and local development. ●

<sup>1</sup> »OPERA«: Workshop method supporting brainstorming, which engages employees into the decision- and solution-finding process.

# Elephants and Tigers



Do you know the story of how to squeeze an elephant into an elevator? Easy task. You need three moves: open the door, fit the elephant and then close the door. But, how to fit a tiger into an elevator? Same three moves? No, four moves: open the door, remove the elephant, put in the tiger and then close the elevator door.

An alternative solution would be to turn the elephant inside the elevator into a tiger. Did you ever think about that? Most probably not even plastic surgery could do the trick. Quite often, in Romanian public administration, the organizational structures look like ancient elephants with old-fashioned behaviors. Therefore, there is a challenging endeavour to transform an elephant organization into a competitive tiger one – challenging, but not impossible. It needs courage, focus, endurance and a double perspective.

### On the outside

As an organizational tiger, you will have a new life: you will be much faster, more aggressive, you will act silently and efficiently, you will make decisions more quickly. Therefore, you need to change the processes and the decision tools accordingly. Here you can rely on the support of IT systems, which are a tool and integrator instrument but not a change driver. Sometimes, in order to establish new controlling instruments, it is good to leave the past behind and to search for fresh approaches.

A helicopter view, together with a perspective from outside the organization, could support a process mapping exercise, which is the first step towards a process optimization exercise. For instance, a typical process for optimization is financial accounting. Often it is purely an administrative process, imposed and over-regulated by the state, generating high costs and consuming resources. Therefore, it is frequently worth reconsidering, in order to provide more flexibility, as well as tools for management.

High optimization potential can also be found in the operational process, the one which brings the value into the organization. Frequently, there is a tendency to forget the core function of the organization in favour of secondary processes that are easier to execute but do not contribute much to the benefits. Multiple techniques and methodologies are available here: Business Process Reengineering, Lean, Six-Sigma. These optimizations can be done simultaneously to the implementation of management tools like Balanced Score Card, Performance Management, New Public Administration Controlling. All these techniques, carefully adapted to the specifics of the recipient organization, will create the agility and the competitive advantage of a tiger organization.

### On the inside

You also need to bring change to the people. Frequently, the training programs in the Romanian public sector are merely formal and unaligned to the strategic objectives of the top management or to the real needs of the personnel. In order to transform yourself from an elephant into a tiger, you need a lot of hard workouts, a simple walk in the park will not do.

A tiger trains every day in order to assure its survival. So, you too need to train all people from all departments, balanced and directed towards the management strategic objectives. The tiger is fast and lean. It is strong, but at the same time it is also elegant. The same should apply to the operational processes. It is a mistake to favour just some functions or just the central headquarter divisions.

It is essential to initially provide intensive training and then follow up with constant training sessions. This will change the knowledge, the behavior, the work efficiency, the team spirit, and the performance. A person responsible for coordinating all company-wide training should be nominated, directly subordinate to the top management. This person should not only link the alignment of the training process to the strategic orientation of the management but will also need to internally communicate the importance of the training activities.

### Mentally

The final goal is even more complex. We aim to create a tiger mentality. You cannot be a tiger with an elephant mentality. So the next step would be to foster the change of the organizational culture, as a catalyst for the overall change mentioned before. It may be the most subtle transformation but the most complex one, too, as this is the transformation that ensures the sustainability of the above changes. Here we can work to transform the mission, the vision, the values, the organizational symbols, the internal and external communication messages, the working norms and principles. These changes should be made with a long-term perspective, aligning the new values and principles to those arising from the construction process of the European Union that Romania is part of.

Welcome to the jungle! ●



# Innotiimi ICG

Running the road of change.



# A Piece of History

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Once upon a time, a small group of people in Austria and Finland had the idea to support companies in their business processes. Several years later, this idea has developed into one of Europe's leading consulting groups.

by Manfred Höfler, Tommi Gustafsson and István Kosztolányi

The story of the Innotiimi-ICG Group began already in 1983–1984, when entrepreneurs founded small consultancy companies in different parts of Europe.

Innotiimi, the Finnish company is rooted in innovation, as reflected by the company name. Their core idea was to free people's creativity and to make innovation happen. ICG – formerly known as INFORA – focused on organizational development and change management in Austria. From the outset, ICG people had the ambition to make real change happen, by taking both, hard facts and soft skills into account when working with clients.

During the last ten years, both companies have expanded their business to other European countries. ICG founded a partnership with Hungarian colleagues, set up a common company with experienced German professionals and found professional partners in Romania, Czech Republic, Slovenia and Bulgaria. Innotiimi recruited professionals in other Nordic

countries, as well as Sweden and Norway and set up networks in Belgium and France.

Innotiimi and ICG have become connected by pure chance. It happened due to the common passion for orienteering of two people – Günter Kradischnig and Anssi Juutilainen. They used to know each other from sport contests and their friendship developed into a business partnership. The cooperation started as a loose network but after five years of common learning, knowledge sharing, project work and personal interactions, a joint company structure was developed. Since 2012 Innotiimi-ICG has been acting as a strong, integrated consulting group with more than 130 professionals, speaking 15 different languages in 12 countries.

Our vision is to become the leading European consulting group for sustainable change and corporate development processes by 2020. We are proud of our special culture that is based on high quality work, engagement and personal appreciation.

## Attributes of a good orienteer

Mental focus

Navigation skills

High level of fitness and running speed

Hunger and drive to succeed and to reach one's full potential



### Ready, set, go!

Günter Kradschnig's (ICG) and Anssi Juutilainen's (Innotiimi) common passion for orienteering fired the starting pistol: In 2005 the Finns wanted to expand over the borders of the Nordic countries and thus invited consultants to a workshop in Bonn. There were Austrian orienteering friends among them. After only one day, both sides concluded: »pleasant people, a similar story, experienced professionals, congruent values, but still they are somehow different ...«. And they decided to think about a common course.



### First orientation

In 2007, ICG invited some Finns to the Styrian wine region and a group from ICG went to the Finnish Lakeland area to attend each other's Learning Days. Both environments supported approximation, know-how and experiences were shared openly. There was an overall perception of cooperation instead of a feeling of competition that was so usual for other consulting teams. But then the big question was raised: Which route to take? What is the strategic sense of a partnership between a Scandinavian and an Austrian-German-Hungarian consulting company?



### Wild terrain

In the following two years, a Finnish partner moved to Hungary which enabled us to collect first experiences of working together. Meanwhile both companies expanded further: ICG found partners in Romania and Bulgaria, and Innotiimi in Belgium, France and the Czech Republic. Strategic work was done separately but the first common know-how developments and international projects led to a better understanding of similarities and differences in the approaches. We also had to realize that not all things could work the same way in the other country/company.



Lavakorpi  
Kauppala

6



### Ongoing adventure

In 2013, Innotiimi-ICG became one group with mutual ownership. In our home markets, we are still two different brands but for common projects we have a common corporate design. Artifacts of our cooperation are there in the new Group-Website, in this magazine, the half-yearly Learning Days, a common steering in the management board and an increasing number of shared projects. Our customers benefit from a highly diverse team in 12 countries that truly understands the challenges of change, as well as the many cultural differences. We learned from our own change process that cultural integration needs a lot of time, trust and territory. Now we work on living our vision and finding routes to navigate as Innotiimi-ICG in the future.

5



### Compass check

In 2012, it all went down to the nitty-gritty. What can an organizational cooperation look like in the future? Especially delicate, were topics like branding and systems. Structural concepts were drawn up. Cultural similarities and differences were consistently visualized, e. g. in a business theater. The result of various communication processes was that we want to cooperate in a special form: with appreciation for our history and the common idea to create something unique for our customers and ourselves.

4



### Route choice

The question of a future cooperation was getting more concrete. Thus, a new steering group with key people from both companies started to work on a common vision. Visions and concepts were developed, questions of autonomy and new alignment discussed. In parallel, other joint projects were ongoing, e. g. learning days, innovation workshops and a shared training for ICG- and Innotiimi-newcomers. Even though the personal relationships were full of confidence, cultural differences and strategic key questions have surfaced again and again.

## Orienteering

**Developed:** in the late 19<sup>th</sup> century in Scandinavia

**Meaning:** crossing of unknown land with the aid of a map and a compass

**First public orienteering competition:** 1897 in Norway

**Largest competition:** attracts up to 30,000 participants each year (Sweden)

**Oldest and largest recurring international team competitions:**  
Jukola (Finland) and Tiomila (Sweden)



# Your Partner in Change.

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To achieve sustainable change we connect business and people. Our ambitions are: To free and focus people's energy, to develop an attractive future leading to long-term success.

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## The way we work

### Integrated

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In our work we effectively integrate our expertise and soft skills in order to connect business and people. We offer consulting, training and coaching.

### Impact driven

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We are fully committed to the task. The processes we use deliver concrete results based on profound concepts and sustainable learning.

### Co-creative

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We work on equal terms with our clients – we offer a clear opinion. Together with our customers, we design working processes to maximize the impact of our work.

### Involving

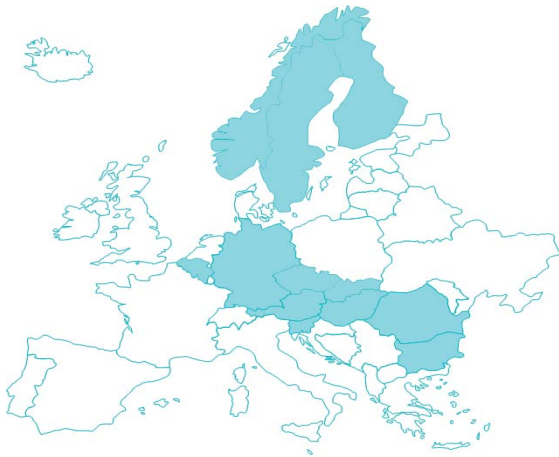
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Through »hands-on« processes and participative methods in workshops, large groups and conversations, we build real commitment of the key people.

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# Who we are

We are a European consulting group, which supports leadership-teams in both private and public enterprises with change processes. Our consultants are experienced professionals who create solutions together with our clients, through professional knowledge, emotions, energy and commitment.

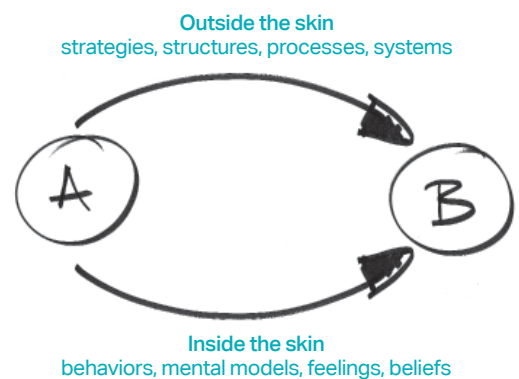
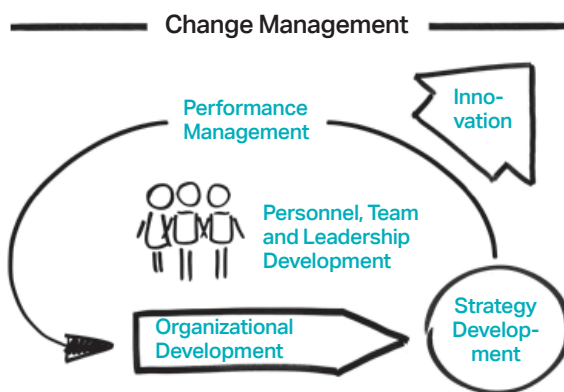


**130**  
Consultants

**12**  
Countries

**30** Years of  
experience

Our regional organizations: Austria, Belgium, Bulgaria, Czech Republic, Finland, Germany, Hungary, Norway, Romania, Slovakia, Slovenia, Sweden







Your Partner  
in Change.

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Close-up  
4 out of 130

(People in Innotiimi-ICG)

Rough  
winds

/  
Sunny  
mood



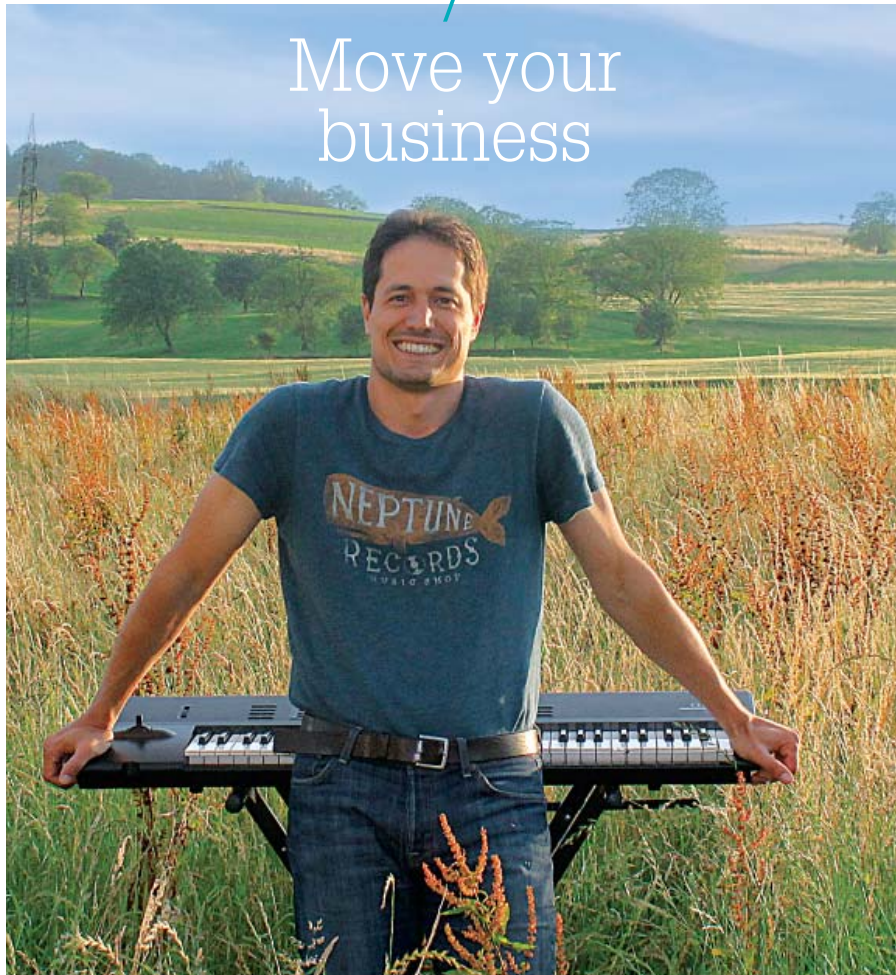
Johanna Gustafsson has been sailing since she was six years old. She competed to get to the Olympic Games in Barcelona 1992, and London 2012, and won the bronze medal in the Finnish National Championship together with her two eldest daughters. If Johanna wants to get something done, she will, in private, as well as in her professional life. When training people, she is energetic and enthusiastic, and everybody will feel the same – or be very exhausted at the end of the day. Her French friend gave her the nickname «Avalanche». That is because if you meet her and survive, your life will never be the same. She is now training to make another dream come true: climbing Mount Everest in May 2014.



Feel the  
groove

/

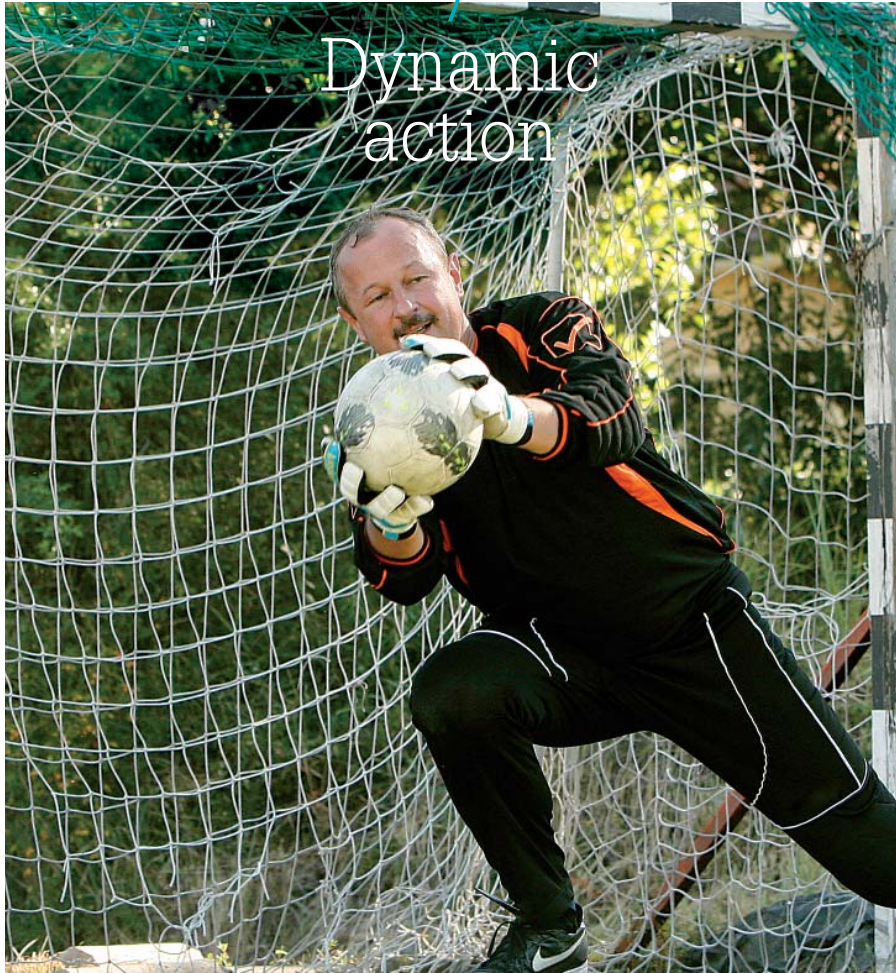
Move your  
business



Lutz Hempel draws inspiration and creative energy for his consulting work from artistic activity, nature-time and long-distance running. Since he was five he has explored musical grounds from classical music to jazz, performing in orchestras, choirs, chamber music ensembles and bands. Running followed swimming, in which he reached state champion level. It is Lutz's fascination for collaboration and leadership in jazz on the one hand and for business organizations, on the other that drove him to develop a program that brings strategic improvisation and groove to business, particularly in boosting innovation and high performance.

Full  
attention

/  
Dynamic  
action



István Kosztolányi likes being part of a team – be it his football team, a project team or his family. Taking over special roles adds that certain indefinable something for him. So, twice a week, he puts on his football jersey with the number one and takes up his position in the goal. As a »goalie« he has the overview of the whole field and thus – just like in his work as a consultant – keeps the overall picture in mind. From this position, he does not only secure his team's home base but can also support and coordinate the play of the others. And of course, playing football is just so much fun!



# Great drive /

## New ways



Hannamari Koivuniemi puts a lot of energy, fun and motivation into her work as a management director and consultant. She is always determined to find new, exciting ways for her clients. Also in her free time she keeps finding thrilling new hobbies. One of Hannamari's current interests is that of driving. Not necessarily so far, or that much, but just driving whenever possible. Why? Simply because she passed her driving test only last Autumn, having intended to take it for the last 20 years. So, how did it finally happen? Hannamari's 16 year old son told her: »Mom, I am going to get a driving license before you do, unless you put some effort in it now«. So, she did!





# Cases

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Best practice examples from  
everyday business.

## CASE 1

# Clear Vision

## Speech Processing Solutions

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Detaching a business unit from a company is a challenge in itself.  
To develop this detached organization further from a hardware  
manufacturer into a digital solution provider is even more challenging.  
A new identity has to be found and entrenched, new teams have to  
be built and new lines of communication established.

by Michael Liehmann and Manfred Höfler

### Disentanglement

Speech Processing Solutions is a global communication company with production sites in Austria and Hungary and a global distribution network. The company has developed from a Philips business unit into an independent company by turning from a hardware manufacturer into a digital solution provider. This process comprised five phases:

#### 1. Separation

A detailed project plan was generated during several workshops together with the client. It included a work breakdown structure, as well as a schedule for the disentanglement by »day X« and also a follow-up plan. The management and communication perspectives, as well as the operative business units' perspectives were considered. During the actual disentanglement procedure, we supported the project management and monitoring by covering several countries and the set-up of new business processes. The employees were informed about the process and its strategic consequences, their fears and aspirations being tackled in a separate workshop.

#### 2. Positioning and strategic alignment

We facilitated three cultural exploration workshops with employees from all regions. The goal was to define the current state of the business and the teams. Additionally, a first impression regarding the identity of the teams was gathered. Several strategy meetings were conducted together in parallel, together with senior management and the extended management team. The main focus here was on developing a vision and a strategy. We used various creativity methods (sketches of the future, vision image etc.) to get a holistic picture of the future.

During one meeting we connected the management team to the company's many different stakeholders. Representatives of the regions and of the cultural exploration workshops had the chance to bring in the view of their teams. The management team presented the vision and the strategy. All groups discussed together the strategy in order to acquire an even clearer picture and to establish the hot issues and corporate priorities for 2013 and beyond.

To support the management team even better, team experiences were designed and sprinkled in during the two days. ►

»We moved our company from a rather unclear and diffuse state into one with an explicit vision which everyone supports and works to achieve.«

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### 3. International customization

After establishing the global vision and strategy we started to work in the regions. Compact strategy implementation workshops were conducted in all five regions globally, together with the local management, sales and marketing people. In these workshops:

- the business strategy was transferred to the region,
- the renewed product roadmap and sales strategy were deployed,
- the strategy was analyzed based on a local strategic data factbook,
- strategic priorities for two years and working programs for organizational development and strategy implementation in 2013 were developed,
- ideas for cross regional processes were generated.

### 4. Alignment

To consolidate all regional working programs and strategies a two-day workshop with more than 80 key people from all over the world was designed. The goal was to achieve overall strategic alignment, to receive commitment and attention for the cross-regional processes and, last but not least, to work on the team and identity building of the new company. Another objective was for the headquarters, to set up new cross-regional processes.

The underlying theme of the workshop was the newly devised Speech Processing Solutions values (»we deliver excellence«, »we act to win« and »we think solutions«). These values were always visible. After an

initial warm-up session, people from the different regions were brought together to inform the others about the current situation in their markets and their teams. A strategy input from the management team was followed by an analog session, where employees painted colorful images of Speech Processing Solutions in 2016. The resulting pictures were placed on the wall to form a gallery. At this stage, the cross-regional working programs were initiated. Teams from different locations came together to discuss their respective needs and came up with ideas on how to solve them. At the end of the day, interregional teams were asked to perform two humorous sketches of the company today and 2016.

Day two was built entirely around the regional working programs and their interconnection. After a team-building exercise, the new teams established from different regions were asked to discuss their working programs and to generate ideas on how to improve them. The fresh ideas were then displayed and shared in a group expo session. The management team was asked to give feedback, as well. After a very detailed discussion regarding the outcome of the meeting and the following steps, two different sessions were facilitated. The employees were asked »What can Speech Processing Solutions HR do for you?« and »How could the communication between headquarters and the regions be improved?«

Later in the evening the whole group went to the mountains for a sledging experience.



Key people worked with various creativity methods.

### 5. Further company development

The workshop series was concluded with further alignment meetings with key players from headquarters, together with colleagues from R&D, Operations, Service and Support and other internal departments. The strategy was presented and discussed. Also, on the agenda there were the current and future internal cooperation structures. HR received feedback on international leadership development programs and future career paths. In order to support the yearly controlling circle, a quarterly review of the organizational development and ongoing programs in the regions was initiated.

#### A clearer future

The overall objectives of the change process were to create of a new identity with a clear vision, clear strategic goals and key values that are shared by the management, as well as by all other levels. This new spirit was spread by company-wide work programs for all regions and cross-border functions. A further important aspect for the successful change process was the implementation of the core values in the company and in everyday work. The mindset shift from »box mover« to the solution provider was a great success.

Strategy development is not a once-in-a-lifetime project. It is a constant approach that should be visible all the time throughout the entire business year. Speech Processing Solutions is geared towards the future and the team is ready to face it.

### Interview

Dr. Thomas Brauner, CEO of Speech Processing Solutions, talked with Michael Liehmann about the change process:

#### In your opinion, what was the most crucial success factor for the project?

Thomas Brauner: The consultants, namely the persons. Honestly, my learning is that the consulting company is actually a minor matter – the people make the difference. Consulting is simply a »people business«. In our case, success factors of the consultants were their high identification with the customer, the employees and their topics, as well as their high systemic qualification.

#### How did you benefit personally?

Thomas Brauner: From observing the »outsiders«. And I benefited from the workshops and the systemic approach including the tools that were brought in.

#### What surprised you most while working with ICG?

Thomas Brauner: I was astonished by how very involved a management team member of ICG got in our topic and also the dedication of the whole team during the entire project. ●

## CASE 2

# The Process Behind the Process

Evonik Industries AG

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How does an organization coordinate 33,000 employees in 100 countries and at the same time continually increase efficiency and effectiveness? »Value- and result-oriented management, as well as a process organization with harmonized best practice business processes«, was the answer at Evonik. All of this is mapped on a standardized IT platform.

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by Eva Grieshuber and Michael Kempf

Evonik is one of the world's leading specialty chemicals companies. Profitable growth and sustained value creation springs from the heart of their strategy. Around 80 percent of sales come from leading market positions. Evonik concentrate on high-growth megatrends, especially health, nutrition, resource efficiency and globalization. Important competitive advantages come from their integrated technology platforms, which they are constantly refining. Evonik's strengths include the balanced spectrum of business activities, end-markets and regional presence, and working closely with key customers. Profitable future growth is driven by their market-oriented research and development. Continuous improvement of the cost base is also very important. Against this background, special attention is also drawn to the continually increasing efficiency and effectiveness of Evonik business processes. The program PROVE (Process and Value Excellence) was put into place for this purpose.

## Uniform standards

In order to sustainably achieve the orientation and goals of PROVE, its own program organization, cover-

ing all substantial components, was set up. For example the process organization: for each of Evonik's process model's business processes – such as »Marketing and Sales«, »Supply Chain« or »Finance, Accounting and Taxes FACT« – there are so-called process round tables, made up of process experts from all business divisions and managed by fulltime process officers. There are regular proposals for harmonization, standardization and best practice development made in these circles, which are then examined and – if they represent an improvement – further developed into part of the new best practices. PROVE program director Dr. Bettina Uhlich draws up an interim balance: »It wasn't always easy, as one needs good arguments for change. However it was worth the effort: The new, harmonized and best practice processes are an important component for the future management of our company and for the service we provide to our customers.«

## Versatile team

Now the exciting question is: How do these process changes affect the daily operations in the individual locations and what is necessary for the implementa-

tion? In order to consciously accompany and shape the change through the new standards, processes and IT, »Change Management and Communication (CMC)« is a fixed element of the PROVE organization. The team consists of two Evonik members, one external consultant with SAP- and business process expertise, as well as two ICG advisers with expertise in change management. This structure creates obviously a substantial principle and a success factor of effective change management: simultaneous work on »hard facts« (structures, processes, systems) and »soft facts« (behaviors, working procedures) or, as ICG describes, »outside the skin« and »inside the skin.«

### Bilateral approach

»Hard facts« refers to working on structures and processes. Thus the SAP-based change process (Change Request Management, short ChaRM) forms a common working platform for people involved in PROVE. »Soft facts« refers to expected benefits such as lower complexity, higher effectiveness and efficiency, as well as transparency according to the motto »Becoming better together«. Process-, structural- or training-relevant changes are systematically recorded, evaluated and processed with ChaRM, and the relevant participants are coordinated.

However, change management with PROVE is much more than that: It also means getting onboard all those involved in various communication and dialog formats. Naturally, the circle of those involved goes far beyond the PROVE program organization, as the management, in cooperation with the process experts, is the key to successful conversion within the locations. In this case, change management means support in the perception

and understanding of the new roles. If change projects at Evonik were previously driven by IT, then these are now regarded as part of the management's responsibilities. Division leaders turn into process sponsors, executives are responsible for shaping the organization in such a way that new processes and new IT actually become levers of higher performance. They are responsible for creating a framework for optimal operation. This can lead to changes of the organizational structure, or it may »simply« mean to send the right people to the right training seminars.

All relevant channels – including intranet, an internal social media platform, webex or print formats – are regularly provided with compact handouts or up-to-date contributions. This can be the introduction of people, program goals and content in the beginning, but it is information regarding achieved results and success stories later on. However, change management with PROVE does not only work on the surface, but also internally, directly in the program organization. An element thereby is the coordination and agreement of orientation and priorities with the process officers and with the process leaders of the process round tables. In the multi-location organization this happens through structured offsites with strategic, content-based and team development formats. A further element would be reflection and systematic learning to rapidly apply the results of »lessons learned« in the sense of striving for excellence. Because development and maturity are not only reflected in processes and systems, the program and the program organization also undergo a development process, which requires deliberate planning. Therefore change management and communication are a bit like »oil additives« that keep the PROVE motor running smoothly. ●



Bettina Uhlich

»The new harmonized and best practice processes are an important component for our future management.«





The customer of the future demands instant, but at the same time completely customized services. The ever growing need for individual project variety and tailored logistics are increasing complexities for the supply chain. The greatest challenge today is the accelerated rate of these changes. In order to tackle these problems, leading-edge companies have turned towards the application of mathematical modelling systems.

### Improving efficiency

Let us assume that in our decisions we can rely on an experienced colleague who has worked at all levels of the supply chain. We know that most of the time the right decisions are made, and these decisions approach the optimal level in 90 percent of the cases. However, long-term decisions define the mid-term optimum and similarly, medium-term decisions impact on those taken at the short-term level. Consequently, if there is a lack of holistic optimization in the supply chain, it can lead to a loss of as much as 35 percent, even at the excellent rate of 90 percent decision efficiency. This fact was also highlighted by Gary Coleman, head of the Global Production Division at Deloitte, in a study in 2006, in which he claimed that companies are unable to realize even 50 percent of the potential results due to the lack of optimization.

### Using the right tools

Holistic optimization requires flexible mathematical modelling systems. The world's leading mathematical modelling language is AIMMS, which is the only system encompassing the benefits of the most up-to-date mathematical tools and those of the database management systems. It can be seamlessly integrated while it allows for the required level of flexibility. Its unique ability is to include all those mathematical tools that can be applied in a volatile environment (scenario management, stochastic, robust optimization).

### Applying the model

Supply chain optimization proved to be the solution for the SABMiller group when it aimed to improve the financial efficiency of its European supply chain operations. »During the optimization, we have identified two major lessons. The first lesson is, that during the modelling process, particular attention must be paid to ensure that the various cost parameters are accurate. The sec-

ond is, that implementing the optimal manufacturing-distribution configuration may not always be practical, because fast changes in market conditions may require a different configuration«, recalls Tibor Kovács, Regional Technical Director at Dreher Breweries. During the optimization process, the product manufacturing and packaging costs were modelled for both fixed and variable costs. It was defined what products the different factories and their packaging lines could produce. The model was run with these parameters, as well as with parameters containing assumed developments in terms of capability and capacity, involving new manufacturing and packaging lines.

»The optimization provided tangible information on which factories were to be developed, and what capabilities the individual factories should focus on. It became clear to the management of these plants where their competitive disadvantage lay compared to other factories and which areas they had to improve in order to receive further production volumes«, said the director when describing the results.

### Redefining competition

In the future, the companies wanting to succeed will have to prepare thoroughly for time-based competition. They need to be aware that it is no longer companies that they compete against, but it is the company chains built on vertical supply. »The aim is to optimize as large a segment as possible of the whole product value chain. It is no longer sufficient to optimize the stocks of my own company; I also need to see the stocks of my key suppliers and customers, and then we have to optimize stocks in all three«, explains university professor and supply chain management specialist Dr. Zoltán Szegedi. We need to be aligned with major customers and suppliers, and carve out as large a segment as possible from the value chain. The task of future optimization initiatives is to assist the players in the supply chain to achieve the best results possible. ●

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»It is no longer sufficient  
to optimize the stocks  
of my own company.«

## CASE 4

# The Champion of Change

Global pharmaceutical company

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After investing 130 million Euro into a new plant, the Hungarian site of a leading global pharmaceutical company was in bad shape – serious production problems, high fluctuation, lots of deviations. Then a new production manager with a brand new leadership approach was hired.

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by László Szalay

The new production manager believed in participative management, which was totally the reverse of the previous manager's autocratic management style. In the midst of all those production challenges, like a modern Don Quijote, he was fully dedicated to build up a Participative Production Organization (PPO). Within three years, the plant has become one of the benchmark sites within the global company, mainly thanks to the fundamental change in leadership culture.

## Enormous efforts

How could this huge change happen so fast and so successfully? In addition to the enormous efforts of the site to identify root causes behind deviations, fix the problems, develop structures and procedures for increasing robustness, a set of interconnected organization and management development actions took place in order to call all employees on board to make the necessary changes happen. We supported this change processes and used two main concepts (see illustration):

### Vision driven »waterfall process«

When the new manager arrived on site, it was not only a »crisis« situation, but a cultural shock for him as well.

As a leader, he felt alone, he was in a vacuum. He tried to delegate tasks and involve people in managing the challenges but they were reluctant to do so. Rather they expected him to tell them what to do, how to solve the problems, just as they had been used to for many years before. At this stage, we started to work on a vision driven »waterfall process« in order to engage people to create a participative production organization together. We planned three main steps:

1. Have the production management team build a cohesive, committed and congruent guiding coalition.
2. Gain the commitment of the supervisors and line-managers for the vision, and train them to become participative managers in order to build up an extended guiding coalition.
3. Involve all employees into finalizing the PPO vision and planning how to make it happen.

For three years we have followed this structure and used different programs to mobilize the human potential of the organization through creating and regularly monitoring the vision together, developing managers' participative competencies and empowering all employees. We used the Large Group Intervention technique for all employee programs, that included 90 people for one or two days. In a very interactive, par-

ticipative way they could analyze the actual production operation, they listened to actual strategic overviews, understood the concept of participative management and empowerment through »structured experience« exercises and could contribute also to the common vision with their own ideas.

### Vision driven breakthrough process

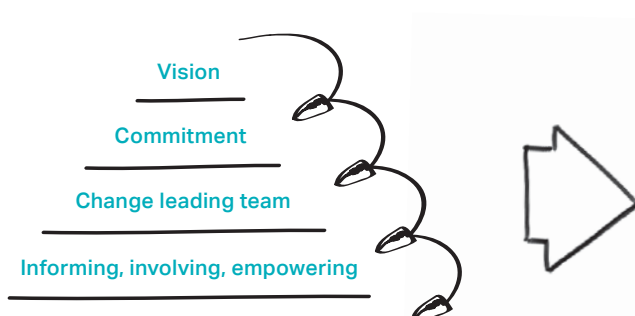
The second concept had two main focuses: help the organization achieve challenging, business related goals within a short time period; use this intensive period to learn about innovative ways on how the organization can operate better. Afterwards, these new learnings can be adapted into the everyday operation.

In our case, the focus was on enabling operators to manage deviations themselves. At the beginning, the process involved workshops for understanding the concept, planning the process and setting challenging goals. In the second phase the focus was on supporting innovative initiatives and sharing experiences within the so-called »peer learning« workshops. In the final phase, first of all the results were evaluated – 85 percent of the goals were reached. As a last step, the learning was drawn out of this experience. Later, some of those learnings, like »SAP manual or topic experts needed insights«, were introduced into the regular operation. In addition, the success of this process – »We can do it!« – created a lot of positive energy within the whole organization and put a highlight on this very site within the global organization. ●

### The production manager's key learning

- Common vision: Draw a picture together with your managers of the company they want to work in. This vision (values) has to touch the heart.
- Involvement, critical mass: You need to engage people and ask their contribution. To create the critical mass is important for change to happen.
- Openness, trust: The two most important things: trust and confidence. Be open, otherwise your people won't believe you.
- Inspiration: You need to be open and inspiring (examples, images) and show energy.
- Understand and build on reflections: You need to listen to your people and understand their motivations. You really need to build on their comments and do not argue them.
- Calm concentration: You need to create peace, calmness in your team and have a dialog, even if there are a lot of problems around. You need a level of serenity.
- Involve key people: Involve and build on accepted and recognized people.

### Vision driven »waterfall process«



### Vision driven breakthrough process

Organization	Individuals
1 Experiencing new innovative way of operation	2 Empowerment and support
4 Adaption into everyday operation	3 Defining goals and responsibilities

## CASE 5

# Go with the Leaders

## Coaching in service and production companies

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A well designed combination and parallel process of individual coaching of the CEO and the top management team has proven to sustainably affect the development of the whole organization.

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by Imre Sivó

Individual and team coaching cross-fertilize each other and provide high flexibility in the change process. This leads to long lasting, trustful co-creative relationships. We have been involved in several major change processes in which I coached the CEO and the top management team in parallel. There lies an incredible strength in such an impactful intervention. We shall now share two examples showing how our team could support change at all levels with several different methods – for example, change workshops, large group interventions, individual coaching and action learning. We were working on various interventions at most levels of the same organization.

Coaching the top management team and the CEO for a longer period opens up many opportunities for supporting sustainable change. These processes are full of successes but have their pitfalls as well. It is not easy to split individual learning from team experience; special attention is needed for parallel processes in the team, and it is often hard to keep momentum of change without continuously being together with the team.

### New culture

This is about a shared service department of a global service provider employing 600 people, still growing in functionality and having the potential to become the

global back office of the group very soon. We were invited to support their ambitious strategy to become a company-wide competence center. The first two years were spent on coaching the CEO while mostly enriching his managerial toolset. We supported him in creating a well performing team and by deepening his self-awareness in becoming a high potential leader. After he had selected his top team of six managers, we started with a systematic team development program. Team coaching mainly consisted of one to two days off-site training workshops, shadowing meetings, action learning sessions. In the meantime, I became the individual coach of three team members and my colleagues also coached some middle managers. Specific change management programs were run for the middle managers, and a talent process for the new potentials. Although our official coaching program with the CEO is now finished, we still take some time together every now and then to discuss his dilemmas and major decisions.

A deep knowledge of the company, as well as the consultants' personal involvement and experience in organizational development made the success possible in this process. Performance was enhanced and team coaching forced a cultural change. Today, the company focuses especially on resilience development throughout the whole management, as well as on stress management.





Coaching teams and CEOs in parallel has the highest impact.

## Higher performance

The newly appointed CEO of a global company's major manufacturing site, employing around 1,000 people, asked for support in working out his leadership profile and building a new structure with a new team. After the whole management team had changed, and the seven new team members got together, we started to develop the top- and middle management teams. Initially, we gained a comprehensive picture of the cultural change going on in this organization that helped us in doing parallel coaching effectively. We were involved in strategy development and review, and we also hosted large group workshops for involving and empowering the key management. A leadership development program was set up and recently we have even conducted a management audit. Before that, we had been supporting the site's development of a lean culture.

As a result of the parallel coaching, team performance increased significantly, however we could not get through to the old fashioned middle management as yet. We established a team of three coaches working with eight different managers. At the beginning, we analyzed the organizational situation systematically and supported each other's coaching processes via common supervision. Now, there are plans for another team coaching program for the top team, as well as several action learning sessions. ●

## Key learning points

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- Parallel coaching of the top management team and the CEO can give a momentum in a leadership development process as both processes influence each other and have got high impact on the organizational change process.
- Working with such complexity requires very deep organizational and leadership know-how and experience, as well as an individual- and team-coaching skill set.
- ICG as a team can contribute to cascading change at all levels of the organization and provide an ideal, effective combination of parallel interventions.



## CASE 6

# Unusual Allies

## RadiCamp

A well-functioning Front End of Innovation often makes all the difference between winner and loser in business. RadiCamp is a completely new way using the resources and talented minds from other non-competing companies in a structured cooperation project, thus providing the basis for especially radical innovations.

by Juha Lipponen

### First unions

The RadiCamp process is a completely new approach to introduce and flourish radical ideas in business development. It is a structured way to organize innovation work within a group of companies. Several (typically three) organizations agree to form a common project for sharing their innovation resources. We support the project as facilitators and professional innovators.

Each RadiCamp participant defines their individual case and objectives for their own development. All involved companies share their resources with the others. The project typically lasts from six to twelve months, depending on the participants' individual targets. The process can be introduced if you are looking for radical innovations that truly change your business and/or industry or if you search for breakthrough innovations to complement your existing business. Also, when utilizing your technological know-how to produce customer/consumer driven cutting-edge innovations. This is the right approach. Furthermore, if you need to find a new solution to a well-known problem or challenge, you need to be unique on the market by utilizing drastically new ideas or you are simply working on an innovative strategy, RadiCamp should be your process of choice.

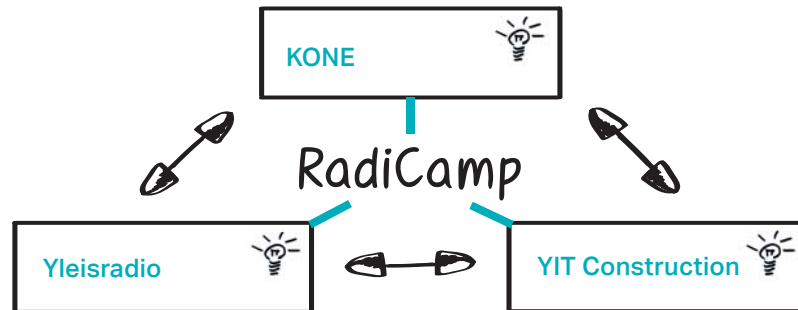
### Three organizations

The new process was piloted early 2013 in Finland, with three leading companies in their respective fields:

- KONE: One of the global leaders in the elevator and escalator industry ([www.kone.com](http://www.kone.com)).
- YIT Construction: International building, developing and maintaining company, providing good living environments for people in 14 European countries ([www.yit.fi](http://www.yit.fi)).
- Yleisradio (Yle): Finland's national public service broadcasting company ([www.yle.fi](http://www.yle.fi)).

These three companies agreed to use the RadiCamp process for their own development. They shared their resources and used a portfolio of innovation tools in order to develop new creative ideas. Each company involved – including Innotiimi-ICG – named a contact person for the RadiCamp partners. Then every company defined their own »RadiCamp path« of four to six individual tools and processes from over 30 different options. We organized workshops that usually lasted a full or half-day with 15 to 20 people participating, every time with a number of representatives from all the RadiCamp partners. Overall, the input from the partnering companies, were highly valued and often resulted in direct end-results (see illustration).

## RadiCamp co-creation arrangement



## Four innovation experts



**Jukka Salmikuukka**  
Manager of Access Control/  
Integrated Solutions, KONE



**Timo Räikkönen**  
Vice President, Business  
Development, YIT Construction



**Arto Markku**  
Development Manager in  
Operations unit, Yleisradio



**Johan Sundström**  
Head of Media Production at  
the Swedish Yle unit

agree: »It has been a surprise how deeply committed all the members of the other companies have been to our case and to our goals«, they explain. Räikkönen supports the other companies' insights with YIT's perspective: »Overall, the process has been good and positive. Each of the organizations involved has actively contributed to the innovation and discussions.«

### Teeming expectations

The RadiCamp team has been especially excited about the possible future results of the project. Markku and Sundström of Yle conclude: »We look forward to see at least a couple of concepts proceed to the prototyping phase. If we have made the right conclusions, the new concepts may open completely new areas to our palette of services.« Räikkönen's standpoint is very similar: »We will be further evaluating and developing the concepts and ideas. Hopefully, we will be able to turn them into a true business opportunity in the foreseeable future.« Salmikuukka also foresees the possibilities of accomplishing results: »I believe that at some point we will introduce some solutions or features based on the RadiCamp outcomes. But what and when is still to be seen.« ●

### Many experiences

Jukka Salmikuukka, Timo Räikkönen, Arto Markku and Johan Sundström talk about their experiences of co-innovation in course of the RadiCamp project. »The work has been a positive experience, even better than I expected. The discussions have been very open and the overall commitment has been high among all the participants«, summarizes Salmikuukka from KONE. Markku and Sundström of Yleisradio find it easy to



Take a look at Jukka Salmikuukka's  
video testimonial [here](http://youtu.be/b5Dk6JefLBY)  
(direct link: <http://youtu.be/b5Dk6JefLBY>).

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For reasons of readability, the male form is used when referring to persons, however the female form is also always intended.

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Errors and printing errors excepted.

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