

Change

Magazine for High Impact Change
03/2014


Integrated
Consulting
Group


Innotiimi



Rapid Results

Boost change
towards more impact

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Lean Administration

Ways to improve
office processes

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innovation trainings

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A handwritten signature in black ink, appearing to read 'Tommi Gustafsson'.

EDITORIAL

Integrated View

Dear Reader,

In our consultancy work, we are often faced with problems caused by increasing complexity and fragmentation in organizations, knowledge and responsibilities. We believe that high impact development and sustainable success need a systemic, integrated view, concentration on priorities and a collaborative mindset. Organizations and people can only grow if collaboration and focus are well balanced.

In this edition of our yearly European magazine, we present four fields in which we see a need for development: how to deal with change and innovation with real impact, the constant need to achieve or maintain a lean organization, and how leaders can successfully handle the tensions in today's business. A special chapter focuses on the specifics of public institutions.

Among several others, one of our drivers within the Innotiimi-ICG Group is to keep developing with an integrated mindset. We are happy to share some of our developments and experiences with you on the next 65 pages.

Enjoy reading and feel free to contact us with your thoughts on these issues. We believe that for us, too, feedback is the most important source for learning.

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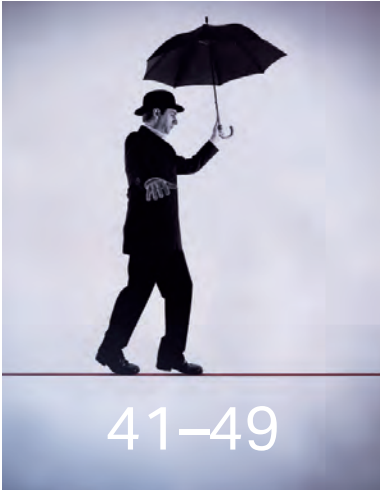
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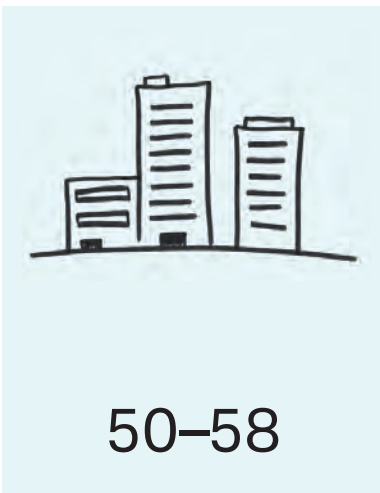
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A guiding light

Effective corporate development

The new stars in the corporate development world are novel organization models based on networks and cooperation. But when it comes down to business, corporate development is often fragmented and based on old differentiated concepts. Real, sustainable change, however, can only happen with an integrated perspective.

by Manfred Höfler

Cooperation between experts for development and specialists for change still does not exist in larger corporations. The same holds true for the consulting business, where you find experts for industries, functions, people and systems. The consultants compete for attractive projects within their strategic group. Most of them just try to sell their services and show off their own competence, ignoring the actual needs of their clients. They are caught in their mental models or the restrictions of their business models.

Experts for M&A, strategy, organizational design, IT-related process redesign, innovation, communication, HR development, lean management, controlling, etc. try to support the development of a company towards future success and try to improve current performance. But how often do they really keep the holistic corporate development in mind? How often do experts try to influence the top management with their own mindset and success patterns and avoid necessary cooperation with other specialist fields?

Development incubators

High impact support in dealing with effective corporate development is only possible through an integrated approach. Internal experts need to set up common development initiatives, connect specialist fields and get people with an integrated mindset on board. They need to work in dialogue style (enrich, motivate each other for common success) instead of trying to prove that their own concept is the only right one.

Consultants could be the incubators for such developments but only if they are able to act with an integrated mindset. Creating real impact as a consultant requires focusing on three consultancy roles: management experts, corporate development designers and facilitators (see illustration).

Value for money

If internal experts (e. g. HR, strategy, organizational development, change) and their consultants acted with this integrated mindset, projects in larger organizations could be set up totally differently, having much higher impact. Additionally, this approach could reduce consultancy costs by at least 30 percent and increase the efficiency of internal and external experts by 30 percent. Other industries would call it »value for money.« In practical terms, this means that each consultant has to be able to work in the three roles mentioned above. It also means that an impact-focused consultant needs to be aware of when and how to integrate somebody with additional competence to create a sustainable corporate development.

Hot spots

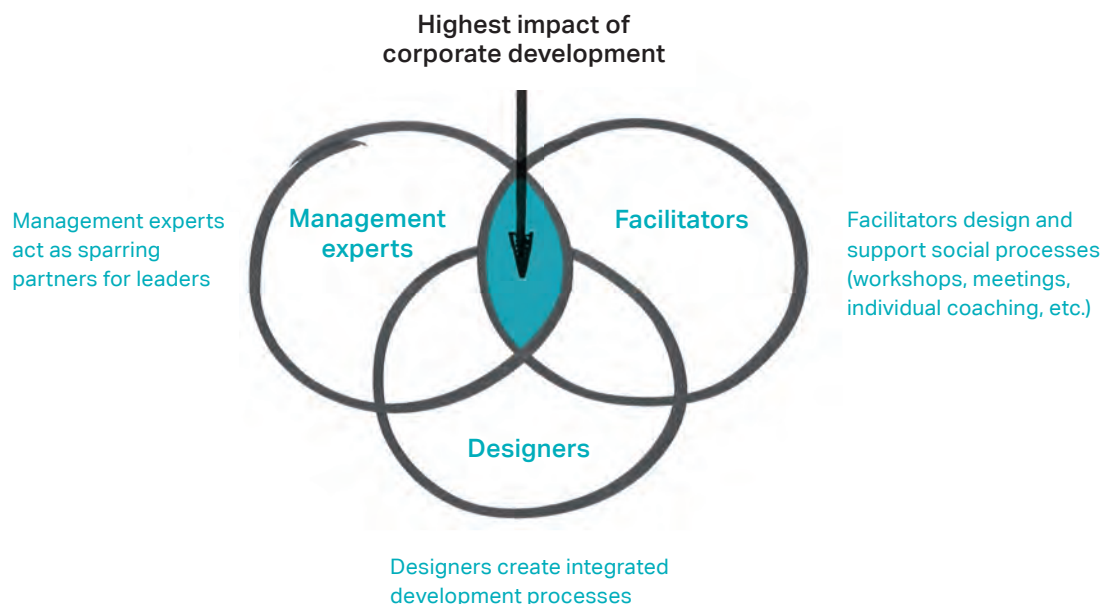
Quite a lot of developments get lost or stuck in today's corporate complexity. Paying attention to hot spots could help to focus energy.

According to our experience, we currently see four core fields that need to be considered in an integrated approach:

- 1 High impact change with »Rapid Results.«
- 2 Efficiency improvement by Lean concepts.
- 3 Future creation by innovation.
- 4 Direction setting by leadership.

These assumptions were also the guiding light for our new magazine. In four chapters, we concentrate on Rapid Results, Lean Administration, Innovation and Leadership Development and show you by means of concepts, cases and customer interviews how an integrated approach supports effective corporate development. ●

Three consultancy roles for high impact corporate development



Rapid Results

Change approach

1



Are you fed up with sophisticated change concepts, new organizational charts, or complex change programs? Have you also experienced announcements from top management that sound great but are followed by no changes or only incremental ones in the behavior of leaders and people? We recognize a real need to boost change initiatives towards more impact and actual behavior change. With the following four articles, we would like to show you one powerful approach that has proven to change behavior and culture. This concept is called Rapid Results Change.

by Manfred Höfler

There are three main reasons why change gets stuck:

1. People concentrate too much on concept work and too little on acting/doing. After a long period of analyzing, designing and planning change projects, people are exhausted and lack the energy for the crucial part of learning the new way of working.
2. Most of the change programs (especially in larger corporations) work against the energy of operational leaders and operatives. They are often told what to do differently from people who do not know their daily routine in practice.
3. Changes threaten success factors of the past. This could get uncomfortable and therefore, change only touches the surface. The unwritten rule is to »keep the system stable,« so people pretend to change without actually changing their mindset and behavior.

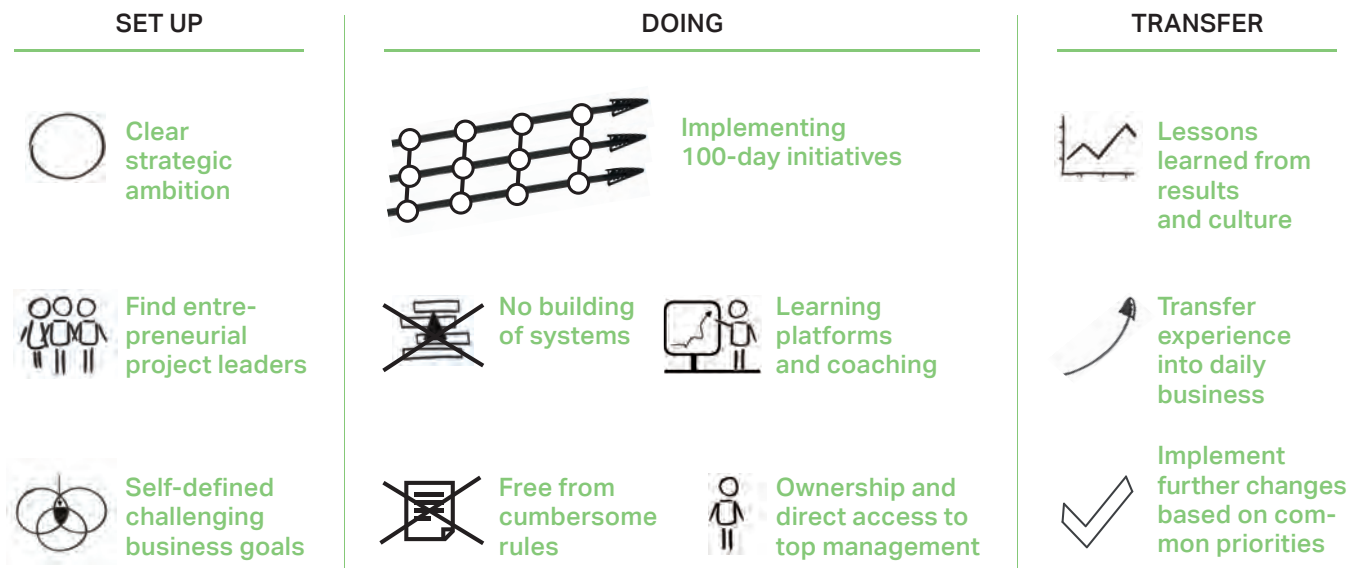
We all know how it works

Just remember a situation (in your private or professional life) where really great things happened: situations where nearly impossible, brilliant results were achieved, where positive energy was high and people felt some kind of flow. What happened? Typically, people describe it like this: »We had a clear, challenging goal to which we all were committed. We felt trust in our team, and each of us acted out of our own personal judgments for success. It was easy to find the right person for the task without any power games. The processes were smooth, without bureaucracy. The focus was on short planning, doing, short reflection, easy adoption and doing again. And at the end, we were proud of our success and were not the same as at the beginning. Our culture, the way we do things, has changed.«

Ingredients for real change

To begin with, the top management defines a meaningful and real challenging ambition. This ambition requires a guiding idea that makes sense for the people on the shop-floor. The operational project leaders themselves are then responsible for breaking the top management ambition down into challenging business-related goals, which need to be so challenging that they could not be achieved in a regular way or with just a bit of extra effort. ►

The elements of the rapid results approach



Top management staffs project teams with people they trust and gives them extra space, frees them from useless limiting rules (in a defined environment), and offers to coach them instead of commanding and controlling them. The project team receives learning spaces and supportive resources so that they can interact, exchange experiences and focus their energy on results. These conditions help people to create short-term successes which are the basis for an upward spiral, meaning the success creates success creates success, and so on (see illustration). The project time is limited to 100 days, which helps to focus people's energy and get rid of useless »flourish.« The challenging goals help kick you out of your comfort zone and create a need to free your thinking and action from – quite often self-made – limitations.

Changes close to business

Letting go of some traditional change management principles and taking the ingredients for Rapid Results Change could help you in many change initiatives. Be aware, though, that this is not an approach which fits in every context.

You can use the Rapid Results Change approach most effectively if you drive changes close to business. Typical circumstances are: A boost of sales is needed and traditional change interventions like CRM, new tools, trainings or new structures have no impact. Or a merge process, in which the merged units should prove that they can achieve better results together than they had separately, in the past. The approach also works for efficiency improvement ambitions such as process simplification, lead time reductions or the speed-up of new product introductions. In all cases, you need real challenging goals that can only be achieved by acting along the new Rapid Results mindset. The following articles will show you some examples where the Rapid Results approach was used to drive sustainable change.

By the way: Rapid Results successes will change the organizational culture, meaning that culture (unwritten rules, real values, how people behave and what is perceived as right or wrong) is the result of creating success with a new way of working. So being successful and achieving challenging goals by new ways of working influences the culture and creates new beliefs about what kind of behavior drives success. ●

CASE

Four months to change

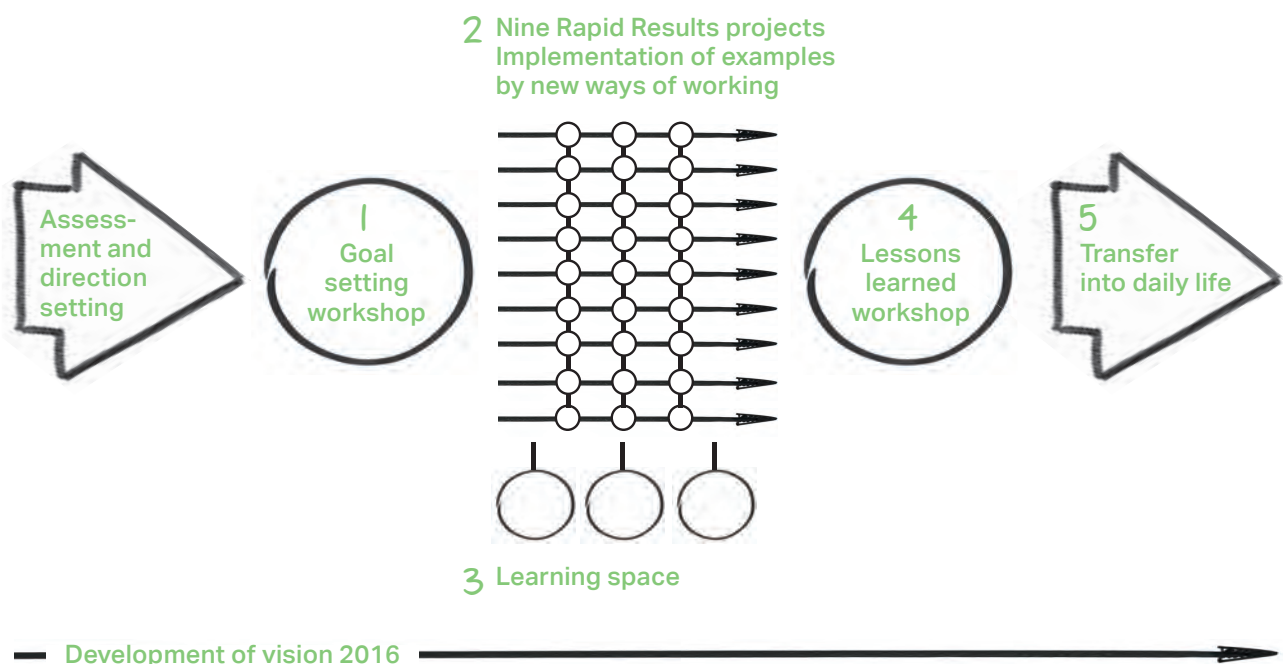
BMW Engine Testing Unit

Nine teams, four months, one holistic development process: the new head of BMW's Engine Testing Unit was required to increase customer satisfaction, improve processes and develop the culture. But the main challenge was to transform the historically developed unit with 600 employees into an agile, high-performance organization.

by Manfred Höfler and Thomas Mandl

Rapid Results process setup at BMW

Initiated by one of BMW's internal change consultants, an innovative change process was designed. Based on an dialogue-style short assessment feedback (customer conference, two employee workshops) the management team developed an attractive vision for 2016 and a comprehensive development roadmap. But one issue remained open: How to energize the organization and people towards change? A five step Rapid Results roadmap was set up (see illustration).



Five change steps at BMW



1 Two-day goal-setting workshop

The top management defined the ambition, nine project leaders worked out projects with self-defined, challenging and measurable goals (e. g. reduce setup time by 50 percent, increase capacity utilization by 20 percent).

Examples for results in piloted areas

TANGIBLE

- Reduced setup time by half
- 20 percent capacity gain at engine testing units
- Output increase
- 30 percent lead time reduction
- Increased promised delivery time
- 95 percent availability of test cars

INTANGIBLE

- Empowerment of operational people
- Common spirit – increased cooperation between units
- Practical input for new organizational structure
- Increased self confidence of people who want to change things
- Increased collaboration with internal customers



2 Nine Rapid Results projects

Each project leader put his team together and worked on his goals without additional resources. Top management freed the teams from limiting restrictions. Now each team was responsible for their own way of working.



3 Learning spaces

Every 4th week the nine team leaders met one day to exchange their experience, coach each other and work on how to overcome obstacles. Top management was invited for an hour to support if required. People's »batteries« were reloaded.



4 Lessons learned workshop

After four months, the project leaders and line managers (24 people) held a one-day workshop where results were presented and practical experience was exchanged. The group discussed success factors and cultural and organizational obstacles.



5 Transfer into daily life

The top management took the outcome and experiences of the Rapid Results initiatives to create changes in structures, processes and systems. A new way of working could be rolled out because people believe that it works.

Facts of BMW Engine Testing Unit

600 employees

Fast growing

Six departments

Project: Start 01/2014 – End 07/2014

Interview with project leaders

Why did you choose the Rapid Results approach instead of a traditional change process?

Johannes Guggenmos: Because people of all hierarchies are not patient enough to wait for results. They want to see effects of change more or less immediately. However, major changes need time. The Rapid Results approach is a very smart method of visualizing changes after 100 days as well as maintaining interest on the way to achieving the overall objective.

Joachim Rückert: Processes in the engine R&D test field are very complex and technology-heavy. Therefore a top-down change approach is less effective than a participative change process that considers the technological knowledge of employees.

What were the pitfalls you had to avoid during the process?

Johannes Guggenmos: The major challenge is to balance the needs for resources between daily business and the change project. Additionally, the Rapid Results approach requires intensive support from the management in order to protect employees from excessive work overload.

Joachim Rückert: A challenge was to focus on the change process with enough resources. It helped that the Rapid Results project also had an immediate impact on daily business. This type of change process needs a strong and continuous commitment as well as the process understanding from the management – this, in turn, needs a lot of persuasion and endurance.

What were the outcomes that surprised you most?

Johannes Guggenmos: The strong commitment of leaders and their teams. Our intention was to improve internal customer satisfaction. What was especially surprising was the fact that our customers actively bought into the change processes. They were strongly supportive and generated mutual improvement effects.

Joachim Rückert: Once the project leaders defined their own ambitious goals for their working topic, they identified themselves with their project and were high-

ly motivated and committed. It was amazing to see how this spirit took over their whole team. I was surprised how self-organized they ran their projects.

How was it to trust in people's own energy and experience?

Johannes Guggenmos: Who else can understand the needs for improvements better than the people affected in everyday work? We gave some of them the mandate to improve their situation together with the process partners. And it worked. The given trust released additional energy for organizing the changes. The results are really impressive.

What did you learn personally?

Johannes Guggenmos: Change processes cannot be driven by single individuals and become difficult if you choose a pure top-down approach. For me it is a new way of motivating people and it was a key experience concerning how a change process can be managed. One additional challenge is to have a highly motivated, professional and confident change agent (project coordinator), who is accepted by both the employees and the management.

Joachim Rückert: The results we achieved would not have been so relevant for daily work without the Rapid Results approach. Because the Rapid Results projects took place alongside daily business, the final results were proven and revised by practitioners. Thus, these results were ready to be implemented successfully. Additionally, the best practice results were relevant and could be implemented for other topics. ●



Johannes Guggenmos
Head of Engine Testing



Joachim Rückert
Project coordinator



Time flies

Integrate timelines
with commitment
and results

Classic project management is not able to keep up with today's volatile and fast-changing business world anymore. Sophisticated procedure models and a focus on long-term schedules are no longer in keeping with the times. As a result, projects fail in terms of results, time and costs. Thus, a different, powerful approach is needed that accepts the priority of time over content.

by Frank Kühn and Michael Kempf

Two more reasons for the failure of classic project management are well known – and neglected consistently. Firstly, projects are substantially influenced by emotions and politics. Even so, most projects are planned in technical terms, underestimating the need for communication and commitment, change and conflict management. This leads to a lack of both quality and acceptance. Secondly, project scopes are planned as if all the required capacities were available. This can, in the end, only lead to frustration.

Micro Project Management is a different approach that relates to a new rule in our speedy business world: time over content. Similar to Time Boxes, Open Space sessions and Scrum Sprints, the procedure pre-defines a certain number of workshops. This ensures that energy and motivation levels are kept high and that people keep focusing on working on prioritized issues and rapid decision-making. We have used this design for projects that had to deliver results quickly, with scarce resources. Our experience shows that you can achieve the best possible results having four to five workshops with a core team, one or two days each, over a time period of two to four months.

Where is the design used?

Micro Projects can be used in various situations:

- Business issues that have to be started immediately.
- Process optimization focused on defined critical issues.
- Strategic projects needing a specific intervention or a boost.

The approach can either be used for separate initiatives or embedded into larger change processes. By accepting the scarcity of time and capacity, Micro Projects lead to creative problem solutions »out of the box,« as shown in the following three cases:

1. Restructuring Project

The new structure has to be implemented quickly. There is no time for updating the organization manual. Instead, key practitioners are asked what their most burning top-ten questions are concerning the new processes, accountabilities and rules. The answers are re-circulated so that the affected managers can act upon them within a few weeks.

2. Capability Building

The new organization is to be rolled out in Europe, the new roles have to be implemented and the people have to be trained. Adhering to a strict timeline, the project team sets priorities for a first version: They coordinate the urgent development and training issues, define the criteria for the vendor selection, and draft a new cross-functional development program.

3. Process Optimization

There is no time to analyze and outline the process landscape. Instead, critical issues are identified and ranked. A particular focus lies on the points of contact with the customers. The project team and the process owners work on the critical issues, agree on action plans and start first steps immediately.

How does it work?

In its »pure mode,« everything is done within workshops: working, decision-making, starting action and implementation. An »extended mode« may allow additional phone conferences, face-to-face talks or decision-making meetings. The project starts with a half-day preparation workshop where the management team sets the direction and prioritizes key issues, the aim of which is to explore the issues and plan the steps for further elaboration, communication and decision-making. The subsequent workshops are driven by a core team who involve further experts and decision-makers when needed. In the final half-day evaluation workshop with the core team and the management team, the process and results are reviewed. A facilitator might be helpful; the project manager can be supported by face-to-face coaching.

What's in it for you?

As time and capacities are limited, you have to set genuine priorities and define a manageable »version number one.« You will experience a highly committed team and the best possible result you can get out of the project. Besides, the organization will experience a new working mode: quick, lean and effective. This accepts the somewhat different design that priorities in business life have changed and we will not have the time and resources for perfection anymore. ●

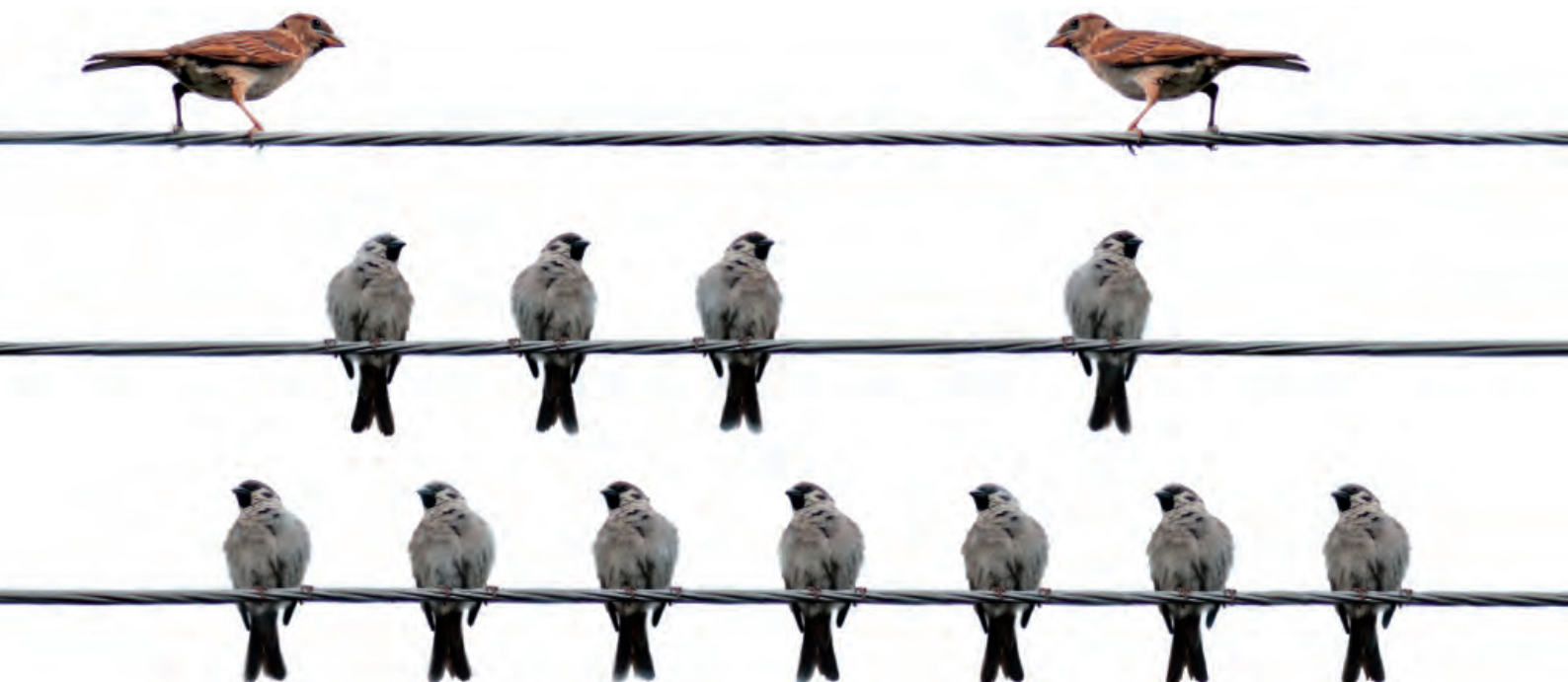
CASE

Never change a running system?

Global manufacturing company

Why change anything when business is running rather smoothly anyway? That was the big question for the local site of a multinational, family-owned business in Hungary. Employees found change a nuisance and even more so as the market did not necessitate transformation. But management knew if they left things just as they were, the competition would overtake them sooner rather than later.

by István Kosztolányi



The European management of a global manufacturing company wanted to increase its readiness for possible future changes and therefore set a three percent cost saving target. Change is usually quite slow in the still family-owned business; thus, they decided to start a Rapid Results initiative. The prerequisites for the Rapid Results method were seamless. The top management set clear objectives and wanted to achieve these with the current staff in a structured way. The role of the management team in a Rapid Results process is – besides setting clear goals – to emphasize sense-making, i. e. why these goals need to be implemented. The process focuses on practical solutions rather than long conceptual work. Its steps, resources, schedules and development stages are precisely planned and easy to monitor. Regular checkpoints offer the management a »safety net« and responsible leaders can intervene in time if necessary.

Since the plan and implementation actions are worked out by mid-management and key personnel, the level of engagement is high, while resistance to change is low. Participating employees have a feeling of »we did it ourselves;« thus, the results need less follow-up work to be sustained and everyday business will not reverse the results of the development.

The supporting consultants should have experience in the respective given organizational field and challenge the client system. We often separate the consultants' roles into process consulting (e. g. facilitation, group dynamics, change management, the »social« elements) and expert consulting (e. g. lean tools, controlling, process knowledge).

Be prepared

The perception of the company's management and most of the employees was that the Hungarian subsidiary had gone through tremendous changes over the last five years: The local management team had changed. Most of the members were new and some of them came from other industries or companies with a different culture. Not only that; headquarters had changed its manufacturing strategy and demanded higher efficiency from the Hungarian site as a consequence of the crisis years. The management team saw a need to act in order to escape a possible downward spiral. For them, the way out was a three percent decrease in operational costs, which led to implementing a »management by objectives-culture« (MBO) and developing management capabilities. They decided

to introduce a new controlling structure and as a result, support the leaders of all functional areas. Ultimately, these measures should establish a cost-consciousness in all areas.

Three months to change

In a three-month Rapid Results initiative, we set up a series of workshops to implement the changes. The first workshop was held for the management team. In this one-day meeting, the three percent direct cost decrease, the main organizational framework of the process and the management roles for the project itself were decided. This was followed by functional mini workshops with the key people of each function: three-to-four-hour discussions about the interpretation of the goals for each functional area and the preparation of a process roadmap. Additionally, face-to-face consultations supported the mid-management in their decisions. In a second half-day management workshop, the potentials found by the functional subteams, who had reviewed their own cost structures, were summarized, and people for the Rapid Results teams were appointed. Afterwards, bi-weekly »how-to« workshops were held. In these short sessions, the Rapid Results teams worked out ways to implement the cost reduction. The discussions were supported by an internal controlling expert, who helped to get a clear view of how any decision would influence costs. In another management team workshop, the planned actions were reviewed.

While the changes were being implemented, regular monitoring sessions supported the common understanding of the process and the next necessary steps. The results were presented in another half-day management team workshop. The managers could review the outcome and decided which steps they needed to take in order to maintain the results.

Ready for the future

Through the initiative, a cultural change started. The employees' attitude changed from »this will not work« to »how do we go about it?« Plant and area managers felt greater responsibility for results and developed a clearer understanding of their P&L structure and logic. The Hungarian site achieved savings of 3.3 percent in direct production costs. After the successful pilot, participants of the Rapid Results initiative set even higher goals for the next improvement procedure. ●

CASE

Quantum leap

SPU Ltd. Finland

The leading manufacturer of polyurethane insulation boards knew it was time to grow further and enable major investments. Significant investments in R&D and marketing as well as high fluctuation in production utilization had caused challenges in financial performance. The owners of SPU Ltd. decided to use the Rapid Results approach. They wanted to scale the business to a new level – to perform a »Quantum Leap«.

by Markku Räisänen and Jari Saarenpää

SPU Ltd. produces polyurethane insulation boards for low-, passive- and zero energy buildings. The need for development activities became very clear in the first analysis. Rotation of current assets, i. e. inventory rotation and accounts receivables, had to be improved significantly. Additionally, the utilization of production capacity was fluctuating heavily, causing poor overall effectiveness and high quality costs. Production forecasting was not systematic enough, which resulted in high inventories. The biggest problem, though, was wasted sales opportunities due to a lack of products in demand despite big inventories. After a quick analysis, Innotiimi-ICG proposed implementing a holistic World-Class Sales and Production Planning process as a Rapid Results initiative.

Planning the world-class sales

The proposed method connects all business planning into one process, resulting in »one set of numbers« for all, regardless of the area of responsibility. It focuses continuously and systematically on the gross margin, inventories and cash flow. Management audits are conducted every month with a main focus on performance figures. These audits provide guidance and

support decision-making, always with regard to profit margins. Ultimately, this approach ensures that everyone commits to the same one set of numbers.

The process allowed the adjustment of supply and demand both on the higher level of planning (capacity) and the detailed level (execution), which has a very positive influence on delivery accuracy, profit margin, inventory rotation, and the overall effectiveness in operations: it facilitates the elimination of waste. From now on, SPU will put tremendous effort into the monthly forecast of the top 42 products, which account for 80 percent of the profit margin. They ensure that these products will always be available for the customer while ensuring high inventory rotation at the same time. By setting the project up as a Rapid Results initiative, SPU managed to implement these changes and improvements within merely a few months.

Feel the passion

We knew that the key success factor for the Rapid Results initiative would be that every single person feels accountable for the result. Therefore, we used an Innotiimi-ICG participative leadership approach and involved key people across the organization in the



planning phase. These people were fully responsible for the sub-process ownership and did the process ramp-up within 30 days. From now on, they are accountable for improving the inventory management, defining and implementing key performance indicators and planning capacities in a reliable and visible way. Particularly important is that sales people are doing the forecast for the top 42 products.

Change the organization

The Rapid Results project started at the beginning of 2014 and the impacts of »Quantum Leap« are already visible. An aligned focus on cash flow generators can already be seen throughout the organization. All key people are committed to the program and the management supports their actions strongly. Everyone throughout SPU feels the passion for excellence. The owners of the company found that they had already had the same kind of ideas before the Rapid Results initiative and had also tried to implement some of them, albeit without significant success. They found it valuable to use outside experts to keep the development process on track. The management found it useful to plan sales unconstrained i. e. »selling without any boundaries or assumptions.« Now with the new way of working, the monthly forecasting process ensures that when capacity limits are hit, mid-term cash flow maximization dictates the rules for decision-making. The conclusion of the owners was that »big change is not possible without outside help and a comprehensive change management process.« ●

SPU INSULATION

- SPU Ltd. is the leading manufacturer of polyurethane insulation boards for low-, passive- and zero energy buildings
- Headquarters and production plant: Finland
- Subsidiaries: in Sweden, Norway, the Baltics, Russia
- Founded: 1977
- Annual R&D investment: four percent of annual net turnover
- Net turnover 2013: over € 24.3 million, employees: 67 people in-house

<http://www.spu-insulation.fi>

Lean Administration

The way to make administration
more efficient

2



Exempting administration processes from Lean was a really shocking oversight. Historically, process improvement with Lean has only been associated with manufacturing, applied to processes for the creation and transportation of goods. Yet, profit margins can be increased dramatically if administrative processes are subjected to Lean: costs can be brought down, waste eliminated, and margins reduced.

by Milan Gazdík

Best areas for Lean administration

Productivity in manufacturing has almost doubled over the past 20 years. At the same time, the diversity and complexity of tasks and with that the number of employees in indirect areas such as administration, planning, marketing, HR and finance has increased. But Lean management is not restricted to certain industry sectors; the principles work for service industries such as banks, telecommunications, energy suppliers, IT companies, etc. as well as for administration departments in manufacturing.

There can be resistance to adopting Lean thinking within the administrative departments. Employees in administration often have a penchant for trying to create systems and procedures that may be overly complicated. In doing so, they safeguard their positions simply because no one else understands how the processes work. Actually, not a single department should be exempted from Lean, as every one of them receives input, performs an activity and creates output.

Unproductive administration

Statistics show that 27 percent of working time in administrative areas is perceived as unproductive, which is quite high. There are several reasons why office processes are seen that way:

- **Lack of customer orientation:** The further away a department is from the customer, the less attention is paid to this area's customer satisfaction level and efficiency. However, internal customer satisfaction has an important role to play in this respect, as well. While external customers receive a lot of attention, requests from colleagues are often treated with low priority.
- **Lack of transparency of processes:** Controlling systems are mainly finance and sales-oriented. Reports for administrative areas are an exception, particularly as these values are hard to measure and waste in these areas is hardly visible.
- **Unbalanced workload:** Key skills are often concentrated on only a few people. This may result in enormous peaks and bottlenecks.
- **Lack of quality understanding:** Further inquiries, i. e. rework, is a daily occurrence for most tasks in many offices. ►

The ICG way of eliminating waste

Every organization faces different challenges, so there is no blanket remedy for eliminating waste. We divide our Lean management program into four typical customer needs:

1. Identify opportunities in our services

This request includes the evaluation of the current situation by a process and cultural audit. Here, we do not only focus on figures but also try to measure people's engagement level and motivation towards any changes in the company. The Lean Administration program requires strong leadership and the commitment of the top management. Without that, the program will fail. As soon as we identify areas for improvement and opportunities, we compile a prioritized list of projects. At the same time, we specify which departments and people are involved in which processes. Together with the employees, we prepare a strategic picture of their qualifications.

2. Improve specific services/processes

If clients have already identified critical issues or a process audit has already been done, we analyze the problem and develop the best solution. Based on the problem's complexity, we recommend fixing the process by conducting a Rapid Results workshop (Kaizen) or using the Lean or Six Sigma methodology. Working together closely with our customers and using participative Lean methods in workshops in combination with change management tools is critical for success and achieving an appropriate solution.

3. Teach people how to improve services

For successful and long-term integration of Lean principles into administration, it is necessary to find internal leaders and transfer Lean knowledge to them. Active and committed leaders ensure the sustainability of the results in the future. It is crucial to educate and commit three key groups to Lean activities: The management has to support the whole program and make key decisions about im-

Some examples what can be achieved using the Lean approach

Analysis

Sales people spend only approximately 30 percent of their time on customer visits; the rest of the time they are busy with documentation tasks, processing of requests, offers, etc.

The 15 people who work in procurement can hardly cope with handling operative orders. There is no time left for strategic supplier development.

Leaders receive more than 80 different reports but do not feel sufficiently informed. Through this, an expenditure of time of approximately four people/year arises.

The key know-how is spread among only a few people, so that these employees accumulate 700 hours of overtime per year.

Almost 20 percent of the working hours in indirect areas involve tasks for product development.

Solution

Restructuring of tasks in office work and field service so that sales people are free from administrative tasks.

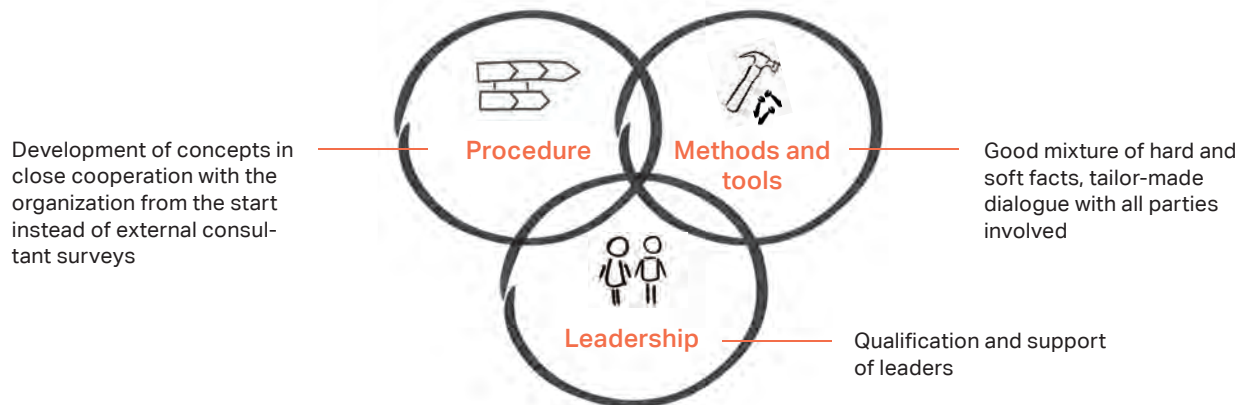
80 percent of order handling is automated or partly automated. The time saved in this case is used for strategic supplier development.

Extensive revision, simplification and reduction of reports. Thus, the report preparation time is reduced by almost 75 percent.

Restructuring of the distribution of tasks, structured know-how transfer, team development.

Development process is aligned to the strategy, including clear decision points. Reduction of efforts in product development by approximately 50 percent, less disruption through test-drives in production.

Elementary rules of a successful Lean project



plementation. Project leaders have to deliver sustainable solutions for processes by applying Lean methodology. The employees need to accept changes in their way of working. Each group receives a specific education program. Some of the trainings are combined with regular coaching sessions. However, the most important thing is to have commitment from the management. The training for managers is called »Lean Leadership.« As soon as the management have completed their training, they can start to identify right opportunities, evaluate them and support all related Lean management activities.

4. Manage and control process performance

In this situation, we use an approach which is closely related to business process management. We generate an overview of the key processes, establish performance metrics and nominate process owners. These process owners continuously review procedures using defined metrics. By this means, they ensure that they meet the set goals and objectives. Furthermore, they identify opportunities for improvement.

The ICG way of eliminating waste can be divided into these four streams. They can be applied individually or together, consecutively. ●

ICG Lean Administration

- integrates the Lean skillset with change management competence.
- involves the team and teamwork; the results are based on cooperation.
- respects the company culture.
- delivers sustainable results by dealing with resistance.

Efficiency analyses and measures prepared by external consultants are often simply not taken seriously. To make a plan work, some elementary rules need to be considered (see illustration). The most important one is »co-creation,« i. e. involvement of all key people. This is – besides a tailored project approach with qualified methods and tools – the most important success factor. People love what they create.

INTERVIEW

Power to the people

Shared Service Centers (SSC) enable extraordinarily efficient administrative processes. When launched, processes are usually reorganized and automated, often by using Lean methods and tools. But what happens after the launch? Csaba Bereczki, expert in developing SSCs, explains how they remain successful in the tremendous, worldwide competition.

by Zsolt Szabó-Jilek

How can SSCs stay competitive in the long run?

Csaba Bereczki: They need to prepare for continuous change and development. Companies have to understand how an SSC creates value for them and that a transition of the processes to SSCs does not cause a loss in performance. Another key factor is to develop and retain employees for the long run.

What is more important for further development, Lean or automation?

Csaba Bereczki: There has to be a balance between the tools. Lean tools are used for detecting causes and understanding processes. It makes sense to turn to automation only after completing the improvements.

And what are the most useful Lean methods for indirect processes?

Csaba Bereczki: For Lean it is value stream, problem-solving tools, like fishbone, visual management, standard work and management standards. Looking at Six Sigma; the techniques of dealing with and evaluating huge amounts of data are important. In this respect, I think the must-have item is the »plan-do-check-act« cycle: its regular use will enable the company to develop its employees continuously and more sustainably, encouraging them to take over more responsibility.

How do you measure the quality of processes?

Csaba Bereczki: Through service level agreements and key performance indicators. But it can lead to wrong conclusions if we measure only one part of the process. It can also happen that despite perfect department performance, customer satisfaction decreases due to collaboration issues.

What are the success factors of SSC?

Csaba Bereczki: An IT system is very important, but the key success factor remains the people. If employees see that they can shape and influence their work, and they are developing, they will mobilize additional energy. Nobody will remember what tools were used, but everybody will remember how they did what and how they succeeded or learned. Involving people in a development process will help them understand and enable them to deal with more complex problems later on. ●



Csaba Bereczki is an international process development professional, a Six Sigma Black Belt and an active member of the Lean Enterprise Institute, Hungary.

INTERVIEW

Prepare for the future

Constantia Teich faced a number of challenges: above average growth, increased customer requirements, cost competitiveness, preservation of high quality and an unequal workload of key personnel. Before this background they set up a project to prepare for the future and establish the preliminaries for further internationalization and growth.

by Bruno Burkart und Thomas Mandl

What were the objectives of the project?

Jan Hopman: Our motto was »we are preparing for the future« and we did not want a pure efficiency improvement project. It was important that the employees would broadly accept the project and that measurability and controlling was assured throughout the entire process. Our employees' value-added core activities are the key to our success; thus, we needed to eliminate unnecessary work steps and focus everyone's energy on the revenue and value-generating activities.

What were the particularities of this project?

Jan Hopman: We were able to achieve a high level of motivation and commitment even with very limited resources. By involving the employees concerned, we could enable cultural change. The results of the detailed resource analysis, which the entire staff was involved in, revealed hidden potentials. A very important question for us – »How much change can one company take?« – could be answered.

How did you manage to mobilize your employees?

Jan Hopman: They already knew that there was enormous potential for improvement. So right from the beginning, they were eager to help reduce complexity in daily routines and unbearable peak loads of key people.

What were the key steps during implementation?

Jan Hopman: We worked across departments and involved people. Workshops facilitated by ICG supported the implementation and reduced friction loss between areas. I think it was also crucial that we kept holding regular steering group meetings, where we discussed the project progress and worked on open questions and transposition problems.

What were particularly strong points?

Jan Hopman: The project has changed people's mindset. We managed a seamless change in management. The new form of communication with employees and the good cooperation between the areas have been accepted remarkably well. We managed to overcome old restrictions in cooperation and communication between areas and develop an improved cooperation culture. Through the project, we have learned to handle change better and not to fall back into old patterns. ●



Jan Hopman
is a member of the executive board
at Constantia Teich.

Design for cost

A radical method of
reducing costs significantly



Competitors and customers are pushing down prices, and so are the constantly growing costs of input, energy and wages. As a consequence, there is a decrease in the profitability of products. Companies have tried hard to reduce costs further. Now there is a new, promising method that focuses on eliminating costs in the design stage: »Design for Cost.« by Ján Chal

Companies that want to offset cost increases often deploy traditional methods such as Lean or Six Sigma to reduce costs. Despite the successes, sometimes you need to take a more radical step that would reduce product costs significantly, even by tens of percent. It has to be a more effective approach to reduce the direct cost of the product, without compromising functionality or the quality of the product. Not only the big players like Ford, Apple, and VW have chosen an approach called »Design for Cost« (DFC).

Influence the product design phase

Design for Cost is based on the Lean approach, but is already applied in the phase of product design. In the actual production process, it will reduce the direct and indirect costs of the product by a range between ten and 30 percent. The methodology is applicable to all manufacturing companies that have their own development, or can at least influence product development. The most recent cases show that the principles can be applied in service industries, as well. The key success factor applied in the DFC approach is the so-called »principle of predetermination.« It says that any decisions made in the product design phase determine 70 percent of the real direct costs in the manufacturing process. That means that DFC is the strongest in the concept phase of the development. Here, we can achieve more than double the savings than during the detailed design phase. This may sound quite logical, but it also implies that the development team must be able to judge and compare the costs during the concept stage already, long before the individual components are known.

The idea of finding opportunities for cost reduction in the pre-production stage is obvious, but the strategies to achieve it are manifold. Each strategy within the DFC umbrella has its own name, usually starting with »Design For ...«, and contains its own processes and tools. These tools need to be combined in order to reduce costs. The best known DFC strategies are:

- Design for assortment costs – search for savings in costs related to a wide assortment of goods and a wide product range.
- Design for assembly costs – reduce the costs of product assembly.
- Design for manufacturing costs – reduce production costs.

- Design for quality costs – reduce the costs of defects, poor quality and repairs.
- Design for robustness – reduce costs associated with customer complaints and repairs for the customers.

Tens of percent savings

Design for Cost is usually considered and managed as a project through a series of workshops. The average duration of the project is, based on our experience, between six and 12 months. This period includes the analysis, design of experiments, prototyping and implementation. Project progress can be described in five consecutive phases (see illustration).

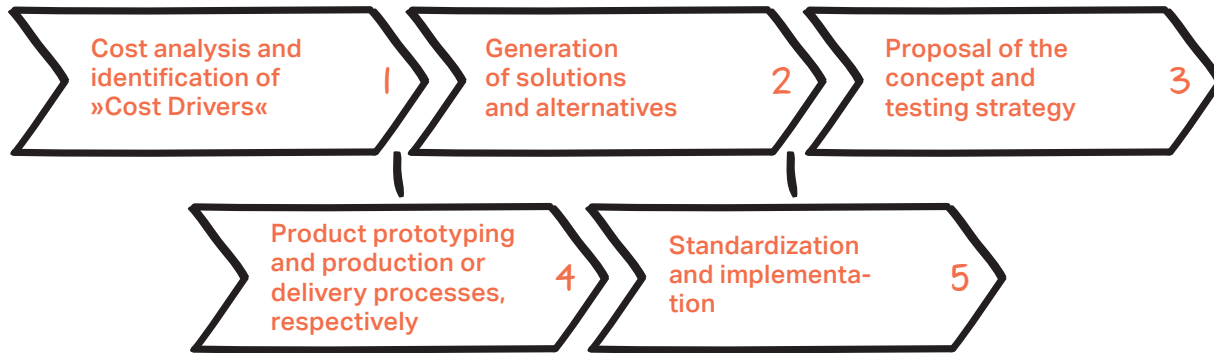
The savings in direct costs range from ten to 30 percent. Risk of failure to achieve the project objectives is around 30 percent – which is acceptable if we consider the possibility of such a radical cost reduction. We could achieve significant results in our projects:

Area of application	Reduction	Duration
Production of large-sized bearings	10 %	5 months
Production of office furniture	30 %	8 months
Production of envelopes	25 %	5 months
Production of optical equipment	30 %	8 months
Production of the drainage system	25 %	12 months

During the DFC project, a team will apply several strategies and generate several ideas. Based on these, two to three concepts are developed and prototyped. It is very important to properly evaluate all ideas and select the most feasible ones with the biggest impact on costs. But costs are not the only metrics for selecting a concept. There are several aspects worth considering:

- **Cost:** Savings are the primary metrics. The project team, together with finance, needs to calculate direct cost savings (related to the newly developed product or service) but also needs to consider indirect costs including saving of working capital.
- **Risk:** Each change in components, production process, materials or in the whole design is con- ▶

Five consecutive phases of the project process



nected to potential risks. Therefore, risk evaluation and risk management solutions must be evaluated and used for final decisions.

- **Investment:** Solutions usually need some investment. Return on investment is a key management question when a new product or service is designed. Based on our experience, we can usually achieve an ROI of 10 : 1.
- **Time:** Some concepts and ideas are quickly implemented and some of them require changes in the process, which takes time. Before it is decided which concept is to be implemented, we evaluate the time for investment return and finally the time for the utilization of the solution, as well.

Design for Cost at ACO Group

ACO Group is the global market leader in drainage technology with its headquarters in Germany and 29 plants worldwide, with 3900 employees. We worked with the Czech branch, focusing on the design of a new drainage water system for the floors of industrial buildings. The three objectives of the DFC project were to reduce product costs by at least ten percent, to meet – as one of the first producers – the new EU standard on hygiene, and to become more flexible in customizing the systems with no impact on costs. We looked at their product at the design level and came up with several improvements. During 12 one-day design workshops with the project team and seven client

workshops, an improved product was developed. The new drainage system consists of a reduced number of parts, is of thinner material, and is made of plastic instead of metal. While it still looks quite the same, it is now easier and faster to install because the new components reduce the number of necessary technological operations. Additionally, we moved production to some formerly unused machines. To a large extent, we exploited the principle of unification and the results were excellent. There has been a 30 percent increase in quality compared to international standards and a reduction of direct costs by more than 20 percent.

The Design for Cost principles are also applicable in processes of service design. In a project with a design company, we reduced the expenditure of time spent on the architectural design process by about 25 percent. In this case, we changed and standardized the original form of how to start the design work.

ICG Design for Cost program

Within the ICG group, we have successfully employed this approach in several projects. We have been able to reduce costs for more than ten industrial companies in areas such as sports binoculars, office furniture, and kitchen furniture for airplanes. In addition, we have prepared a new open training program for the Design for Cost Academy, designed for managers of pre-production stages in cooperation with leading Czech companies. ●

Disobedient employees

Looking for an obedient employee?
Think twice! An obedient employee
requires ten times more management
effort than a committed one. So you
should favor having the latter ones
on your team who act on their own
initiative and take responsibility.

Commitment does not happen by
chance; it cannot be ordered or
forced, but calls for a thinking pro-

CESS. by Jaakko Laurikainen

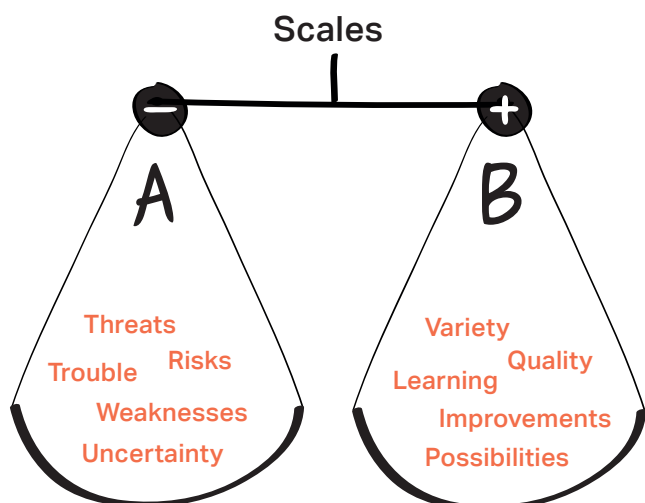
Lean Management is widely used to create a competitive advantage. As in any change process, Lean programs only lead to improvements if employees are committed to implementing the changes.

Naturally, we often try to be efficient and do not want to waste our or our employees' time. Thus, we simply give them some information and believe that knowing the facts will be enough for their buy-in. Only later do we wonder why they put so little effort into executing our marvelous plan.

For creating commitment, it is important to consider both the thinking and knowledge processes. Part of the thinking process is to make people understand the background and what the alternatives are. Understanding is created by asking them first to participate in the process and then giving them a possibility to influence and bring in their own ideas. Only afterwards will people move on to the next necessary step of accepting the issue. The final stage in this cognitive procedure is that people become committed.

A tool to create commitment

Usually, a Lean improvement plan is conceived by a small team, but a bigger group of people needs to be committed to working in the new way. This is why in our projects, we invite all people concerned to a meeting and present the plan. We then use a tool called »scales« to make everyone participate. We ask the following question: Concerning »issue X,« what A) confuses, puzzles, does not work, creates problems and B) what pleases, benefits, creates opportunities at the moment? The participants take a piece of paper, draw a line down the middle, and write »A« on the left and »B« on the right side. Then they write down any answers that come to mind. Afterwards, we collect the answers on two flipcharts: one positive, one negative. The participants rate the answers for themselves and decide individually if their personal scale tips to plus, minus or equilibrium. If the scale tips to the plus side people are ready to pay the price for change and the minuses no longer create negativity. An equilibrium tendency can be used to emphasize the importance of the pluses. If the scale tips to the minus side, you should focus on discussing all issues with a »both/and« attitude instead of the usual »either/or« attitude. This will make people see that every issue has two sides and will ultimately create commitment for the project. ●



Take it to the bank

Depositing money at the bank during your lunch break can be surprisingly instructive: I had to make a deposit at a bank near my office, so I decided to go during my 30-minute break. I intended to complete this task very quickly using the money transfer terminal, but instead ended up reflecting on how much Lean Six Sigma could increase the efficiency of service organizations.

by Marius Stăvărache



Before walking the short distance to the bank, I prepared everything so I could quickly use the money transfer terminal at the entrance. But when I arrived, I saw that the machine was broken, so I had to use the only open counter, where four people were waiting in line. Within a few minutes, the line had seven people in it and was almost out the door. Besides the teller, there were four other employees, two of them working with clients and the other two just sitting in front of their monitors, looking pretty underwhelmed.

I observed two situations here: One of the employees serving a customer printed something out. To collect his papers, he had to go to the opposite side of the room and was forced to walk through the line at the teller's counter. We could clearly see his annoyance about the people standing in his way. Then, the other employee serving a customer asked the teller to do something for her client, thus making all the others wait. The entire time I was waiting, the two employees without customers continued to sit in front of their monitors. It took me a total of more than 40 minutes to make a simple deposit.

Put my thinking cap on

Standing in line for 40 minutes got me thinking about how they could improve their customer service and be more client-oriented. I came to the conclusion that it would take more than a simple customer orientation training; it would require a flexible working structure and a culture oriented to offering value for the clients in the most efficient way. We usually recommend that our clients take a look at their business from a Lean Six Sigma perspective. The method enables them to identify improvement opportunities regarding workspace, processes, management systems, value streams, waste reduction (outside the skin), as well as soft factors like people's competencies and skills, feelings and beliefs and the organizational culture (inside the skin). In order to assure sustainable results, we use change management methodologies and co-create an attractive vision of the future together with our clients. We work with the clients' employees and transfer the required competencies for continuing improvement. The result is an enriched organizational culture focused on customer value and an orientation towards continuous improvement as well as efficient and effective processes. ●



3

Innovation

Empowering innovation
workshops for organizations

Many organizations suffer from bad innovation workshops. Participants often consider them as boring and as a result, willingness and enthusiasm to participate decrease and organizations fail to achieve really innovative results. What's more, incremental or »normal« outcomes are not enough in today's competitive business environment. So what is needed is the competence to tailor workshops in such a way that they reflect the specific needs of the challenge at hand. On the following pages we present our solution »Seriously Innovative[©]« and some customers who have experienced this approach.

by Jarno Poskela, Stefan Posch and Libor Čadek

Internal innovation workshops have become more and more popular as a medium to support innovation work in many organizations. But if these workshops are not tailored to the organization's specific needs, they are not effective and will not deliver the expected results. We have been supporting our clients in designing and conducting workshops for more than 20 years and we often discuss with them what makes the early stage of innovation and creative team work so difficult. From these discussions, we could reveal several challenges that organizations in Austria, Finland and the Czech Republic are facing.

Why innovation workshops fail

We have put together a list of the eight most common reasons why innovation workshops fail and present ways of avoiding these traps.

1. **Participants and organizers are not well prepared**
Often, participants go to workshops unprepared or are still occupied with burning topics of their daily work. They just want some quick results so they can get back to their desks. If you want to spark creativity and increase the likelihood of achieving unique results, you need to invest time and energy before the workshop even begins. Thorough preparation, e. g. in a core team, may take twice the time of the actual workshop but is crucial for its success. You may also ask participants to carry out some tasks in preparation so that they start to collect new insights and familiarize themselves with the topic up front.
2. **Groups have a homogenous thinking style**
Have you ever experienced that when you look around at the beginning of an innovation workshop, you only see familiar faces, your closest work colleagues and people that you work with every day? If you want to come up with new, radical ideas, invite participants you do not know, e. g. employees from other departments, employees of your collaboration partners or even customers.
3. **The task is not well defined**
Workshops are often started by directly jumping on idea generation, because time is limited. Although participants are often confused by that, they soon



Bad innovation workshops only produce paper – good ones produce concrete solutions.

start to shoot ideas – unfortunately without proper focus. In fact, explicit problem clarification is required before a team can turn into effective innovators. Investing in the creation of a common understanding is necessary before any ideas can be created in an innovation workshop. Problems or challenges should be carefully analyzed and defined in order to find a proper direction for idea generation.

4. Participants are too focused on idea generation

Have you ever been in the situation where at the end of the innovation workshop, you have a vast number of ideas written on post-it notes – and nothing else? If that is the case, you have clearly missed the goal. It is almost impossible to make powerful choices or decisions about how to continue based on such material. Ideas have to be developed into specific concepts during the workshop to give a solid foundation for further development.

5. No serious follow-up after the workshop

An innovation workshop is the starting point for a lot of work to come. Who will follow up on the results? Has the follow-up team already been select-

ed? Do they have the required skills and enthusiasm to do the follow-up? And most importantly: Do they have time? It is better not to do an innovation workshop if these points are not clear. It only leads to frustration and lacking commitment the next time you invite employees to such a workshop.

6. They are just like traditional meetings

Do you remember the last innovation workshop that you participated in? How similar was it to a usual meeting? Oftentimes there is not much of a difference. A proper innovation workshop, however, is nothing like a traditional weekly get-together. It follows the logic of innovative thinking, maximally utilizes different creativity tools and develops ideas further towards concrete solutions.

7. Workshops are poorly facilitated

Many innovation workshops are ruined by bad facilitation. There should be one person leading the process and all other people are free to contribute to the topic with all their creative energy. With just a handful of dedicated facilitation principles, organizations can double the likelihood of a successful innovation workshop. ►

»Innovation is creativity with a job to do.«

John Emmerling

8. Organizations do not cooperate

Many organizations are afraid of arranging innovation workshops with their customers or collaboration partners. This hesitation, however, may lead to incrementalism. We have experienced that radical ideas typically emerge in cooperation between different organizations and competence areas.

As a consequence of these findings, we designed a dedicated service – a mixture of training, seminar and workshop: »Seriously Innovative®.« In this training, participants experience the power of co-creation and get equipped with the necessary skills to conduct well-designed innovation sessions.

A handful of principles

We believe that highly effective innovation trainings are based on a few principles. Creativity and innovation have been mystified too much. Actually, we are all creative and have the capacity for innovative thinking. This training reveals how people can utilize their individual creativity and develop concrete solutions out of novel thinking. Innovativeness is a skill, and like any other skill, can and must be learned by systematic training and practicing. Participants need to understand their natural strengths and blind spots for creative work. Understanding people's different innovation profiles enables organizations to select teams appropriately as well as match roles with the right people.

Effective innovation training combines exercising innovation tools and solving real challenges of the organization. This allows not only the mastering of innovation methods and tools but also specific solutions to topics of great strategic importance to be found. Innovation tools can be taught quickly but internalizing the tools for daily use is more challenging. Thus, practicing innovation tools during face-to-face sessions and also

between the training modules needs to be emphasized. Practical application hints and focus on the difficulties that participants have experienced while practicing make this training highly effective. But this work should also be fun. Of course we deal with serious topics, but a good atmosphere is important in order to achieve great results.

In a nutshell

With »Seriously Innovative®« Innotiimi-ICG has created a unique master class innovation training which enables the innovation potential of your own employees to be harnessed. Some of the training highlights are:

- Learn how to avoid typical pitfalls of innovation workshops.
- Pick up hints of highly effective preparation tasks and efficient problem definition tools.
- Acquire new creativity tools that enable creating radical output.
- Find your personal strengths on innovation work through Natural Tendency Analysis.
- Get efficient tools to conceptualize ideas into concrete solutions.
- Internalize tools by hands-on training and coaching.
- Create concrete solutions to your organization's burning needs simultaneously during the training.

The training consists of our own unique innovation tools and the best methods adopted from outside. The program is a package of different modules including clearly defined preparation tasks and intermediate work. This method has already been applied in different countries, in service and production companies. On the following pages, you will find some testimonials on how this training concept has supported innovation in organizations like Raiffeisen, Continental, Philips and OP-Pohjola. ●

INTERVIEW

Bank on innovation

Massive vaults, gold bars in deep cellars and tellers counting money – even if that picture is clearly outdated, banks are often still perceived as being conservative. Raiffeisen Bank Czech Republic shows that this is simply not true any more. Ondřej Slačálek explains how they implemented an innovation process that has already led to several new product introductions.

by Libor Čadek

Why did you assign external innovation partners?

Ondřej Slačálek: The first reason was that our supervisors asked us to design an innovation process that reflects current trends and is not solely devised for our local branch. They demanded an unbiased outside view. Secondly, I personally wanted to get fresh ideas from innovation specialists, also with regard to creating a holistic innovation process for our bank. I did not want to be limited to local experience only, I wanted something that is proven to work abroad as well.

Why is innovation a rather peculiar topic in banks?

Ondřej Slačálek: Well, in my opinion, the banking environment is a relatively conservative one, which means that innovations and their implementation take a lot of time. Banks and other more traditional institutions are basically fueled by success. But innovation needs space for trial and error. Therefore, it requires very high persistence in our environment and the most important thing is to get practical results.

Could you already achieve practical results?

Ondřej Slačálek: Yes, we could indeed. A very positive result is that several people have already gotten actively involved in the innovation process. They share their ideas and one of those ideas was already devel-

oped in a project. This new product has recently been launched and we are pretty sure it will be a success.

What is the next challenge?

Ondřej Slačálek: To keep people motivated. People are currently motivated because they recently participated in workshops and saw some successes. Now we need to transform this short-term motivation into something that lasts. Communication and feedback are the key. People should continue to send their ideas and even if the ideas are not good enough or unsuitable, we need to tell them what happened to their idea and why.

Do you recognize any response from customers?

Ondřej Slačálek: We have already launched two big innovation projects with a great impact. Customers' reactions to the new services are very positive. But we have yet to find ways to better communicate our innovations to the market. ●



Ondřej Slačálek
is Director of Customer Innovations
at Raiffeisen Bank Czech Republic

INTERVIEW

More than creating ideas

OP-Pohjola Group, Finland's largest financial services group, wanted to activate innovation work in their company. In order to do so, they asked Innotiimi to train a group of specialized innovation workshop facilitators who could then run internal innovation workshops professionally. Kirsi Saarikko, Vice President of Innovation, shares her thoughts on how the training has made a difference at OP-Pohjola.

by Jarno Poskela

Why did you decide to train innovation workshop facilitators in the first place?

Kirsi Saarikko: We wanted to get our personnel more deeply involved in innovation work and intensify cross-organizational collaboration between different functions and units. We also aimed at democratizing innovation work so that every person – independent of their organizational position – would have similar opportunities to participate in innovating. For these purposes, we wanted to have more innovation workshops and we knew we needed skilled facilitators to run them professionally. Naturally, our ultimate goal was to attract new customers and generate more profitable business. As one of our directors put it: »There have been no radical changes in the banking industry since online banking.«

What did people think about these new innovation workshop facilitators?

Kirsi Saarikko: Actually, they welcomed them in a very enthusiastic way. People really wanted to participate in these innovation workshops. I think that the main thing

was that these trainings were not just for creating ideas, but also for developing concrete solutions to our real challenges. We also facilitated innovation workshops for our partner organizations and our top management, which shows how much they were committed. We worked on a very wide range of topics, e. g. new products and services, improving processes, developing own work activities. I remember facilitating a workshop for our secretaries on how they could develop their own work. We utilize similar methods for different kinds of groups, regardless of their organizational position.

You have been running this program for three years now. What have the results been so far?

Kirsi Saarikko: Well, we have created a couple of very good new products through these workshops, such as »Group Interest Account« and »Pivo mobile wallet.« The main idea of the Group Interest Account is very simple: the more people collectively deposit money into an account, the higher the interest each participant will earn is. Furthermore, you can follow the current interest rate as well as the number of people par-

ticipating online at any given time. Another very positive result of the workshops is an increase in employee satisfaction. Employees feel more positive regarding their possibility to participate in innovation work. Within one year, the score increased by 0.5 points on a scale from 0 to 5. This shows that we really have succeeded in democratizing the innovation work.

How would you describe the added value of the innovation workshop facilitators?

Kirsi Saarikko: The trainings for innovation workshop facilitators that were held by Innotiimi established a solid foundation and have enabled us to set up workshops in a different way than we used to. The training was not just about creating ideas, but also about developing solutions that were many steps ahead of our current situation. We also managed to get concrete results within reasonable time limits, which brought efficiency. Without the Innotiimi trainings, we would not have been able to achieve such concrete results. Innovation workshop facilitators were quickly accepted as experts. The trained methods guided them in their work, kind of automatically, in a right way, and they were very quickly able to focus on deeper things such as how to take the participants' feelings into account or how to modify a workshop process according to previous steps.

During your work life, you have seen many kinds of trainings. What are the key differences of this facilitation training compared to earlier, similar ones?

Kirsi Saarikko: One thing is that this was a very systematic approach toward innovation workshops; first ideas, then concepts, and finally concrete solutions. This structure enabled us to create specific results and was, on the other hand, easy to learn. What's more, it uses highly versatile methods. We were able to understand natural differences in people and find appropriate tools for different kinds of individuals and groups. I also liked the fact that concept development was emphasized over ideas, since this leads to successful results in innovation workshops.

What have you personally learned about a workshop-oriented way of working?

Kirsi Saarikko: First, it is important to show participants that there are resources to put things forward when we manage to get something innovative out of workshops. Also, decision criteria on how the results will be evaluated are important to share beforehand. Second, you need to have skilled facilitators so that we really know how to run innovation workshops. Otherwise, it is just sticking post-it notes to walls. Finally, it is critical that the participants are heterogeneous enough. Not just your closest colleagues or best friends, but utilizing different functions and also doing workshops with partner organizations and customers. ●



Kirsi Saarikko is currently employed at OP-Pohjola Group in Product and Services Development as Vice President, Innovation. She believes that the best innovations are born when individual ideas are brought together and as a result of the process, something totally new is created. She cultivates this approach in her daily work. OP-Pohjola Group is the largest financial services group in Finland. It provides its customers with the best loyalty benefits and the most extensive and diversified range of banking, investment and insurance services. The Group has three business segments: Banking, Life Insurance and Wealth Management.

CASE

Fresh ideas for fresh apple juice

Philips

Enjoying a glass of freshly-squeezed carrot juice for breakfast is a wonderful start to a Sunday morning, don't you think? Wouldn't it be wonderful if you could give yourself this treat or variations of it with apples, oranges or pineapples at home every day – freshly made, and almost effortlessly?

by Stefan Posch

Philips is one of the leading companies that offers solutions that will grant this wish, in the form of juicers. The company has been in this business for many years and in order to stay ahead of the competition, is in constant need of innovations – innovations resulting in new models that go beyond a simple face-lift and bring real, new benefits to their users.

The company, especially its center for kitchen appliances in Klagenfurt, Austria, is well equipped for this challenge. For example, in order to understand customers' needs and problems, they established a customer application center many years ago. There, people like you and me are invited to try out a variety of products and are observed while doing so. This is a powerful source of insight when it comes to finding levers for real innovations.

Another pillar of Philips' success in creating new, great products out of ideas is its development process, with a plethora of expertise in any necessary technical field. The most outstanding pillar, however, is the culture of creativity that can be experienced at the Philips site in Klagenfurt. Creativity is the core competence that this location has consciously chosen as its mantra. It is visible in the design of the office: a fresh and colorful layout full of well-decorated prototypes among individually designed workspaces. You can also

see it in the attitude of the employees who work together in mixed teams on new kitchen appliances of all kinds.

Juice the juicer up

We want to tell you the story of the next generation juicer that started in 2009 and that we were invited to accompany from the very beginning – the so-called »front-end« phase of the innovation process. In 2009, Roland Waldner, responsible for the function development team and mastermind of the creativity culture of Philips Klagenfurt, was given the task of developing a completely new, next generation juicer with his team. He saw this not only as an opportunity to come up with a great new product, but also as a chance to further deepen the value of creativity and creative thinking in his organization. Targeted creative thinking is something that can be learned and also demands constant training. Switching from daily operational work into a very productive and yet crazy creative mode is a value for an innovative organization that does not come without investment.

In close co-creation, we used the early phase of the project to pursue two paths in parallel. On the one hand, we drafted a sequence of several ideation workshops, knowing full well that they would be needed



Philips Avance Juicer: a real-life innovation project.



throughout the project even if the topics of each of these sessions had not been defined at the beginning. On the other hand, we conducted a training in deep dive ideation for creative problem solving. A large group of employees – not just those involved in the project – were part of this training. We fueled the practical part of this training continuously with new tasks of the juicer project that called for creative problem solving. This is the good thing about real-life innovation projects: if you allow for it, tasks that require a creative solution pop up almost every day. In contrast to the classic picture of the innovation funnel where ideas are just created in the beginning and are then just executed, our experience shows that an innovation project is rather a journey that needs the willingness and ability of its participants to switch from hard execution work into a playful, yet serious mode of creativity. This is where project work and training supported each other in a perfect manner.

The juice was worth the squeeze

After we finished the first training phase, employees who became very enthusiastic about this way of working got trained as internal facilitators of creativity sessions. In the meantime, the project had progressed

into the tough phase of realization. Finally, after three years, a new product was introduced to the market. The Philips Avance Juicer Collection offers ten percent more juice than other juicers on the market and takes only a minute to clean. It became such a huge success because it satisfied so many user needs. Especially the easy-to-use and fast cleaning design made it the most highly demanded product on the market.

Innovation culture

In 2012, the product won the Red Dot Design Award and in 2013, it was named the best juicer by Stiftung Warentest*. It took the team about four years from the first ideation workshops to product launch – a long journey with many ups and downs as well as countless challenges that had to be solved with creative thinking and acting. In the end, it has not only led to financial success, but also to an internal innovation success story that fuels a living corporate innovation culture. ●

*Stiftung Warentest: A German consumer organization and foundation that investigates goods and services in an unbiased way.

INTERVIEW

Innovation makes money

Continental Automotive Romania sees innovation as a process of open-mindedness toward identifying future trends and product development. They set up a process, including several innovation workshops, to transform the trends into products. Camelia Postaru explains how the trainings helped to create a common sense of innovation.

by Alexandra Postolache and Mihai Svasta

What was the objective of the innovation workshops?

Camelia Postaru: I think that many people do not really know what »innovation« or »to be innovative« really means or that they have a wrong impression of it. Within our company, being innovative is the key to being successful; innovation makes money out of knowledge. So we gathered people from different areas like software and hardware development, mechanical design and functional development and asked them to participate in the workshops. We made sure, that they understand our new approach towards innovation. Further, we wanted everyone to learn a set of new creativity tools and how to apply them.

How would you describe the added value of the training?

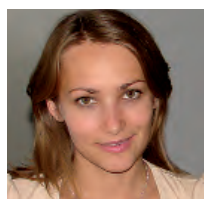
Camelia Postaru: You see, innovation can be applied to so many levels of development and this is what I want my team to understand. The training helped me to better understand what innovation is. But what I think is more important is that the trainers taught me how to transmit the concept of innovation to my team. In my opinion, creativity is a personal quality that everybody has, but only few have the courage to show. There is no such thing as wrong ideas; there are only people who do not understand how or where to apply them.

What were the key differences compared to other workshops?

Camelia Postaru: I think the fact that the trainers succeeded in involving us right from that start with games and practical examples was the key to success. I have already participated in a lot of trainings; both technical and nontechnical. But I have never experienced a soft skills training where the atmosphere was so relaxed while at the same time allowing me to learn so much.

How did the facilitators support your learning?

Camelia Postaru: They got us involved in the training from the very beginning and this helped us to become a team right from the start. Usually, when we have soft skills training, we are very pleased because it gets us out of our daily technical routine and we just want to relax our brains a little. This training succeeded in making us very interested in the theoretical part as well as the practical tools. ●



Camelia Postaru
is Function Development
team leader at Continental
Automotive Romania



4

Leadership Development

Smart leadership choices

Regardless of the main focus of change projects, leadership always comes into the picture: either as a supporting force of the organizational changes or as a competence needed for the future organization, and sometimes even as a hinderer of the planned changes. Leaders face formidable challenges and usually have several options to tackle the dilemma or difficulty. The co-existing options create a challenging tension leading to better solutions.

by András Karácsonyi, Tommi Gustafsson,
Marion King, Ágnes Lebovits and Susanna Frech

Over the past 30 years, we have worked a lot with leaders: supporting organizational changes and developing present or future leaders of various organizations. Below, we will summarize the tensions our clients experience. Although these tensions and possible ways of solving dilemmas co-exist and the everyday situations are never black or white, we will formulate them in a way which will also express our belief about which side should receive more attention.

Leadership choices

1. Authenticity over tools, drills and techniques

We often face two types of needs. First, to develop authentic leaders who lead by being present in a situation, by using themselves as instruments. Second, we work to develop leaders by giving them a series of tools and techniques which they could use to quickly fix situations they face. We see that after a certain amount of experience, the good leaders come to a point where they need to lead authentically from inside, without using quick fixes. At this point, they rather focus on the situation, on the needs of the colleagues and on their own inner psychological resources.

2. Sense over objectives

Leaders participating in our advanced leadership development programs often claim that having a sense and purpose is much more motivating and mobilizing than objectives and KPIs. However, we often face the need for supporting leaders in setting tangible objectives. More and more of our clients realize that objectives and KPIs »make sense« only if there is an overall purpose of the activity.

3. Starting over ensuring

One behavior clearly makes many leaders successful and appreciated in their organization: the courage to start a project without having a 100 percent complete roadmap. Starting and exploring enable quick learning, finding new information and making better decisions, while planning every little detail makes people stick to a plan that might collapse in the first minutes afield. This approach also demystifies the »I am not allowed to make a single mistake« mindset because when people are allowed



Motivation, engagement and wellbeing are more important for success than only money.

to make mistakes, it facilitates innovation and development.

4. Commitment over money

A CEO and guest speaker in one of our leadership development courses once explained how unheard and discouraged he had felt when his boss tried to mobilize him and his team by threatening that they would lose their bonuses in case they did not fulfill their targets. We share his belief that the motivation, commitment and wellbeing of the members of an organization are much more important for perseverance and success than (only) money-based motivators. We do not claim that financial motivators are not important, but we have experienced that they hardly fulfill their role without the commitment and dedication of the people.

5. Emotions over rationality

Emotions are a crucial resource for leaders, a direct connection to people's energies. Being aware of

their own attitudes and feelings and sensing the feelings of colleagues is a crucial step in being fully present in critical decisions and in initiating action. Only thinking about or reviewing decisions is rarely enough: leaders may fall into the trap of over-analyzing, becoming overwhelmed and sometimes even paralyzed by the enormous amount of information they have to deal with.

6. Teams over single heroes

When a CEO we have coached took over his new position, he consciously focused on creating time and space to form his new leadership team. Twice a month, the team spent a day working on various strategic and operational issues in an external location. He believes that teams are able to do things differently and more efficiently than individuals. We agree. Single heroes can achieve a lot, but when they disappear, they often leave a team that still needs to grow. A team with shared leadership and responsibility usually has a more predictable way of ►

»The best leader is the one who has sense enough to pick good men to do what he wants done, and the self-restraint to keep from meddling with them while they do it.«

Theodore Roosevelt

functioning and of handling challenges. The shared leadership approach also acknowledges the diversity of personalities, culture, experience and skills.

7. Virtual over physical presence

Today, virtual interactions dominate the physical ones. In our experience, being mentally and emotionally present is possible and crucial when interacting and leading virtually. Virtual leadership is not a matter of technology; presence is the crucial element. There are leaders who – in spite of being physically in the same place – are not able to be mentally and emotionally present, whereas effective virtual leaders succeed in establishing and maintaining a climate of trust and closeness to their team members despite the physical distance.

8. Capability over seniority

»It is capability that matters, not seniority,« claims one of the CEOs who we highly respect. Indeed, we experience that leaders become capable in their roles through quick, sometimes lateral career moves which somewhat mirror the hectic nature of the business environment. A seniority-based, hierarchical and linear leadership career does not ensure the success of a leader and thus, of an organization anymore.

9. Situation over organization (and hierarchy)

When a gaggle of geese flies, they rotate the leadership role. If they suddenly have to turn to avoid danger, whoever happens to end up as the first of the gaggle will take the lead. In the future, we will

have more and more people who are prepared to take the lead and take over responsibility when needed; leadership will be shared throughout the organization. Collaboration adopted to the actual situation is key to moving on quickly and efficiently.

Although both of the options described can lead to better solutions, and both sides are valid in various contexts, we always position one option over the other because:

- We experience that one of the two options receives much more attention in the current leadership repertoire, or
- we believe that the future organizations will need more from that alternative, or
- we could see our clients' successes when they decided for one way or the other of dealing with a situation.

Develop highly qualified leaders

What is the future and the role of leadership development? Should it support some or all of the possible options? There is no clear answer to this. Sometimes our clients ask for drills and tools instead of support to lead from the inside. Sometimes the support needed depends on targets, timing and employee capabilities. However, if we are able to bring in the values and options we believe in, we are sure we can contribute to the future sustainability of the organizations and to the wellbeing of the ones that are deeply impacted by the quality of leaders at the various levels of organizations. ●

Two of a kind

How change management and
leadership development relate



We are frequently not aware of it, but leadership development and change management are often closely related. Almost every time we act in one of the two-fields, we impact the other one, which is mostly not consciously targeted. The big advantage is that considering both areas usually gives a more colorful and complex picture of the situation.

by András Karácsonyi



A more colorful picture

We often work in the areas of leadership development and change management. Our experience in both fields has two significant advantages:

- Being experienced in both fields gives us a multiple set of concepts, methods and tools. This, in turn, gives us a more colorful and complex set of answers to client situations and needs. However, there are some limitations, as well: even if we use all our tools and resources, we cannot simply transfer these tools from one area to the other.
- We can design and propose solutions that build on each other. A leadership development process becomes significantly more efficient if it takes the organizational context and the participants' reality into account. Not only that; an organization development process can reach much better results if leaders find their own role and ways to support the changes.

Even if we do not often work on both areas at the same time, we can – in almost all projects – observe that either leadership development has an impact on organizational development or vice versa. In these cases, only one area is consciously targeted but the »side effects« contribute to the overall process. We illustrate these experiences in two cases from our practice.

CASE 1

Developing change talents

We have supported a complex leadership development program at one of our long-term clients for seven years. The program in this global company consists of personal coaching, training and peer learning. Approximately 60 key talents have participated in the program so far. Beside the personal development of the participants, the program has contributed to an increased change capability of the entire organization through the following elements:

1. A community was created

The one-year-long leadership development program created a real community with its own, dialogue-based culture, consisting of high potentials. They really understand each other and are able to resolve issues in a different way, thereby avoiding getting stuck in their own functional silos.

2. Alliances were forged

The participants saw each other as an alliance they could rely on. Thus changes in the unit of one person were supported by the colleagues. This is how changes could happen within the complex matrix organization.

3. A task force was established

The program created a high-performing cross-functional team, which also shared joint responsibility for the organization. The management realized that they could use these people as a »task force« for critical projects.

4. A shared reality was created

The structure of the leadership development program provides space for discussion. Participants see the overall picture of the strategic and leadership challenges their organization is facing. By having a dialogue about the current issues, the key people can prepare their answers better and align them among themselves before communicating. We can also see that this joint sense-making still works after the end of the program.

CASE 2

Boosting leadership performance

One of our international clients – a medium-sized financial institution – decided to launch a cross-functional cooperation development program for its subsidiaries in South-East Europe. For a year and a half, we worked with management boards and middle managers from five countries, supporting them in transforming their organizations into a new type of functioning. The top-down change management support targeted a better organizational performance. As a result, we had some »side effects« in the leadership quality in each of the countries. The main leadership-related impacts of the program were as follows:

1. Roles were clarified

Management board members in each country clarified and found their own role within the board as well as within the entire organization. We saw CEOs shifting from an operational functioning toward being a true number one strategic leader of the organization. In addition, senior managers found a way to truly support the top managers of their organization. What is more, middle managers clearly understood and supported the roles of various board members as a result of joint workshops.

2. Leadership team performance increased

In each of the management boards, we experienced a different quality of teamwork. The smoother the

cooperation got, the better the management board members could identify with their own role(s) and their leadership team. This led to more respect for each other, a better atmosphere and an increased leadership team performance. The local team (board and middle managers team) learned to better handle the headquarters' needs and requests. This ultimately increased the acceptance of the extended management team within the local organizations.

3. Leadership behavior improved

Many of the leaders we worked with changed certain aspects of their own leadership practice as a result of the significant amount of feedback they received from peers and direct reports. The feedback helped them to better grasp the expectations of their colleagues, thus enabling them to better tailor their behavior to the needs of their environment.

4. Implementation of decisions got better

The leadership culture improved in each of the organizations, on both the board and middle management levels. The middle managers experienced the leadership practice of their board members, gaining more insight into the »why?« of decisions. With this understanding they could better explain actions to their units and thereby ensure their commitment. Management decisions were better accepted and more easily transferred into everyday practice within the entire organization – simply because of the different leadership practice. ●

»Good management is the art of making problems so interesting and their solutions so constructive that everyone wants to get to work and deal with them.«

For the leaders' sake

From answers to questions

A leader must know why she does and says things. The purpose is the most important guiding light of the actions of a leader. But many of us made the experience that what we expected when we initiated an interaction with our teams did not actually come true. The team did not really understand what the core idea of our request or initiative was. The purpose is there, but somehow the message is misunderstood.

by Tommi Gustafsson

Peter Drucker wrote a long time ago that for a manager, it is more important to ask good questions than to come up with good answers and explanations. Questions create a thinking process and a deeper understanding, which can lead to commitment and an intrinsic motivation to act.

Ten effective tools for leading people

Strong commitment and intrinsic motivation to act, to implement a change or to fight for a difficult project is only born through personal insight and choice. Therefore, we need to give our team the necessary insights so that they can choose to commit themselves.

To help out leaders in need of a proven way to achieve understanding with their team, we have developed ten practical tools for asking good questions and creating insight. These tools are based on our experience from decades of managerial development and we have found them to work well in different cultures (although they may help with different things in different cultures). They are suitable for different management levels (see box). The core idea of the tools is to move from an answer-based management, giving directions and telling people which steps need to be taken, to a question-based management that requires the people to think. Processing the hard questions together with colleagues and the manager gives everyone a chance to understand the chosen solutions on a deeper level, with deeper commitment.

Make people participate

To show how these methods can improve your leadership work, we picked out two and explain them in a bit more detail in the following. With the »self evaluation« tool, one moves from a situation where only the manager gives feedback on a performance, to a process where the team members are also asked to evaluate their own performance. They are asked to think about development areas and what they want to learn. This makes a huge difference for the participants, as they feel more present, involved and motivated and this will lead to an equally huge difference in future results.

The OPERA tool is another example. If you want to improve any meeting in which you work on a complex question with many different opinions, use the first step of the five-stage OPERA process. Ask everyone to write down their own thoughts on the issue in silence on a piece of paper. Take three to five minutes for this task. After that it is easy to involve everybody in a good dialogue. If you want to improve the process even further, use the second step: form pairs that discuss the issues before the common dialogue. These steps work well with any group, across cultures and hierarchies.

There is a similar story behind all ten tools. They are a practical way to change your own behavior in important situations and at the same time influence the behavior of others in a positive way. The core ability that managers learn when they move to the question-based style is to process issues together with their people, using the brains of the whole team. This collection of tools is called the »Processive Leadership Approach.« ●

»Your first and foremost job as a leader is to take charge of your own energy and then help to orchestrate the energy of those around you.«

Peter Drucker

Ten effective leadership tools

1 QUESTIONS

Good questions involve the whole group.

- To challenge activities, guide independent development, create common understanding.

2 EMPATHETIC LISTENING

A coaching approach.

- Increases the manager's understanding about her group's thinking and people feel they matter.

3 THIRST – WATER

Questions concerning an important topic.

- To create a need and will for change and then plan concrete activities.

4 SCALES

Make a +/- analysis of a topic visible.

- One way of processing resistance to change and laying the foundation for a decision (see page 29).

5 GROUP MEMORY

Make the common thinking process visible for all and guide it.

- Makes a common process more effective, we are on the »same page.«

6 MENTAL PROCESSING

Plan a leadership situation.

- Results in a manuscript for leading people.

7 OPERA

Most effective participative meeting tool.

- Create a common solution to a problem and the commitment to carry it out.

8 SELF EVALUATION

A guided process for evaluating actions.

- The group takes responsibility for their actions and improves them in the future.

9 DRIVING PILES

Direct someone toward taking responsibility if the self-evaluation does not work.

- Support the person in taking responsibility for their own actions.

10 MAP

Plan for longer mental processes.

- To maintain long-term focus, energy and commitment to something important.



Public Administration

Industry focus

Sustainable changes in public administration require special competences and experience. We do not believe in public management as a fixed concept, but in developing tailored reform projects. On the following pages, we present insights into reform projects, urban development and a new, tailored approach for finding a common solution together with stakeholders.

Vitalize future health systems

Long-term challenges for the health systems of Europe

Patients in Europe normally have free access to medical care. The range of services is provided by means of a comprehensive legal health insurance system and thereby ensuring high quality care. This promotes an above-average and rising life expectancy and an overall very high quality of life. In light of this, the existing system needs to be stabilized in almost all countries – particularly in regard to the financing situation.

by Günter Kradischnig and Nonno Breuss

Work is in progress in many European countries to further develop their health systems and try to keep up with international developments and standards. But what are the major challenges and action areas for highly developed health systems?

The health challenge

Based on the current developments, ICG has discerned the following trends and challenges for the European health sector:

- Increasing age of the population in relation to the number of healthy life years.
- Increasingly chronic illnesses and »diseases of modern society« (metabolic, cardiac/circulatory diseases, mental illness), which can often be treated only by increasingly costly methods.
- The increases in costs push the already strained public budgets to the limits of affordability and this creates the risk of a two-tier health care provision.
- A (too) heavy focus of health systems on acute care and inpatient care means that disease treatment dominates over disease prevention.
- Health systems are often difficult to manage and there is a lack of transparency.
- A shortage of medical specialists, especially outside the major conurbations. ►



Continued reforms are vital to keep European health systems alive.

Healthy choices

These trends give various areas of action in which work must be done in order to achieve sustainable improvements to the health systems.

One important aspect is health promotion and prevention, above all for mental illness and chronic illnesses. The self-responsibility and health competence of the general public must thereby be increased. To ensure this for vulnerable groups such as migrants, children and young people as well, patient rights must also be further developed and fully established accordingly. Above all, the whole system should be made more transparent and simpler for citizens in order to make access easier. At the same time the aim is also to increase the efficiency of the system. This can be through flat-rate compensation instead of fee-for-service compensation, pay-for-performance models but also by means of a focus on highly specialized medicine. In some EU countries, e-health and tele-medical care are already utilized – and a further expansion of these services is essential. Rural areas need appropriate or additional well-trained health personnel.

In this context, issues of access restrictions to training, specialization or generalist competence and performance requirements for certain service providers need to be clarified. Improved integration, cooperation and coordination of service providers (e. g. by models such as group practices, health centers, gate-keeper functions) is absolutely essential.

The cure

Experts believe that medical services could be provided 20 per cent more cheaply without compromising quality even in the more efficient health care systems in Europe (see also for example Health 2020 – the health priorities of the Swiss Federal Council). It should be noted that the really major budget reductions can only be achieved at the level of effectiveness, i. e. the effectiveness of the health system – that is to say if the total range of services undergoes a change. All this shows that even highly developed health systems will be subject in the coming years and decades to permanent change in order that it will still be possible to finance the health of the entire population. ●

Current health reforms



Austria

by Günter
Kradischnig

Work has been in progress for one year on the reform of the Austrian Health Service. The ambitious goals of the national objectives management agreement have been broken down into regional objectives management agreements and the first success has already been achieved (e. g. the decision to introduce a telephone and web-based health service in three pilot regions, or a concept for Primary Health Care), albeit stronger at the conceptual level. A scorecard-based goal and controlling system has been established as the basic framework and a professional program management has been introduced. The appearance, at least, is that all the service funders are constructively pulling on the same rope. In terms of actual goals, 133 measurement objectives have been formulated in the care service structure, care service process and results fields. The first monitoring report of April 2014 indicates a thoroughly positive result – some of the goals have already been attained, planned progress is being achieved practically everywhere and the attainment of the goals is only at risk in a few areas.



Romania

by Laura
Dumitraşcu

Similar to other EU countries, the Romanian health system has been in a continuous reform process for the last two decades. Currently, there are efforts to replace a system based on paper documents with one that is based on electronic documents. Also, working procedures are being revised and standardized, KPIs and statistic indicators are being adjusted, while the overall information and communication flow is being redesigned in order to support the introduction of IT and controlling systems. It is rather difficult to turn a huge system created in a state-owned/communist economy into one that is able to meet the needs of a free market economy. However, there are big challenges ahead in this reform, which is also supported by the EU post-accession funds.



Finland

by Kai
Laamanen

One of the efforts in Finland has been to develop faster and leaner healthcare processes. Minor operations are now done in one day instead of admitting patients to the hospital for several days. Furthermore, digital technology is used to decrease the need for visits to the doctor: healthcare call center units for medical advice, virtual medical coaching, transfer of blood sugar levels via telephone, electronic prescriptions, etc. An attempt was also made to develop a unified patient document system, but these efforts have not been successful as of yet.

One source of the high cost and uneven healthcare services in Finland is the very fragmented organizational structure, which originates in the large number of towns and municipalities that administer and finance their healthcare locally. The Ministry of Health agreed to centralize the administration in five areas of responsibility. These areas do not only cover healthcare, but also social services, because many problems such as depression or alcoholism have social consequences. It is believed that healthcare services can be produced cheaper through bigger, centralized organizational structures. Thereby, higher quality and fairer distribution of services among the population should also be guaranteed. This has been the biggest reform in the Finnish healthcare system in 30 years.

Urban development 2.0

Co-create the city



Once upon a time, urban development was the playground of urban planners sitting behind drawing tables and designing the ideal city. Not anymore. New urbanites claim that a good city is not created by planners – it is made by its citizens.

by Béla Kézy

Why cities?

Urban development has recently captured the attention of politicians and the general public. People have started talking about urban challenges – new terms like livable city, smart city and tactical urbanism have become part of the public dialogue. Once considered a fairly boring subject, urban development has now become a sexy topic. Cities have always played a crucial role in our society, and their importance with the rapid urbanization process grows by the day. Today, over 50 percent of the global population lives in cities (in Europe: 74 percent). Cities combine many good things (e. g. talented people, quality services and cultural values) but at least as many bad things (crime, waste, social problems, air pollution). So if we want to solve global problems, the best place to start is the city. No wonder politicians, experts and even people on the street suddenly became passionately interested in urban development; not just any urban development, though. We made some mistakes in the 20th century that have serious consequences regarding our cities today – so we need to reconsider urban development.

Wanted: new solutions

Fortunately, more and more cities are seeking new solutions and innovative ways to solve urban problems. They understand that we have to launch a completely new version: urban development 2.0.

1. It's the people, silly!

Cities are for the people. So you have to involve people from the first ideas through planning to implementation. Instead of PR actions, though, real conversations are necessary if you want meaningful feedback. It is definitely time-consuming, but worth it. Committed citizens can transform entire cities in no time. And do not forget, successful cities are cities for everyone: for the young, the old, women, men, immigrants, the poor and the disabled. Not only that; colorful cities always triumph in the long run.

2. Innovate (and steal ideas)

Instead of repeating the same old mistakes, cities need to find new solutions to their problems. They have to find creative ways to overcome their chal-

lenges. Many city leaders complain about the lack of money but in my experience, easy money actually kills creativity, while lack of money often leads to extraordinary results. Make the city a lab: experiment, start small and dare to fail sometimes. And one more thing: as city challenges are surprisingly similar, shamelessly steal ideas from others.

3. Be friendly to the climate

Cities around the world are responsible for 70 percent of CO₂ emissions. If that is the case, though, then cities are the best places to start if we want to save the planet. It may sound surprising, but originally, our cities were not made to harm our climate. In fact, the density, the possibility of sharing places, goods and services, can potentially be good for the climate. Transforming our cities into walkable places, reducing the need for driving, can help a great deal. It could actually be beneficial for the local economy and the health of urbanites – not just the climate.

4. Embrace digital

Urban development 2.0 embraces and actively uses new technologies to improve the city. No, it is not a silver bullet. The currently very popular smart city concept cannot be an answer to all urban problems. However, used wisely, digital solutions can contribute to building a better city. E-government tools can make citizens' lives easier and reduce their needs to travel. Citizens can provide information on various important aspects of city life through their mobile gadgets and support better decisions. The municipality can establish real-time communication channels with its residents, encouraging constant dialogue. One should not forget, though, that using digital solutions is not the goal – they are just part of the toolkit to be used to improve the city.

Co-create the city

Urban development is changing fundamentally. Instead of applying a top-down approach, more and more cities are choosing to work with their inhabitants. Urban development 2.0 is actually about co-creating the city. This is not easy, though. It requires a new attitude as well as the extensive use of participative methods in place of »old-school« urban planning. ●

Public management gets fit for the future

Reform projects in Austria

The Vorarlberg state administration is considered to be one of the most efficient and most innovative in Austria. Instruments such as a cost and performance accounting system or new public management were introduced throughout the state early on. The state budget is balanced and the level of debt is low. So why carry out an administration reform? And how can this be carried out from the given initial situation and yet still deliver viable results?

by Günter Kradschnig

At the beginning of the project, an initial situation analysis was conducted based on a comparison of budget data from all the federal states and on exploratory discussions with stakeholders within and outside the state administration. This analysis showed that the most important driving force would lie more in a strong common vision of the future and less in the discontent with the initial situation. Thus, it was a matter of consequently developing the administration, instead of an administration reform resulting from »strain of suffering.«

The results of this situation analysis were presented at a launch event opened by the governor. In this context, international experts presented the newest trends and the state officials from Upper Austria and Styria described their very different reform approaches.

Core team of experts

In order to ensure that all of the various perspectives and interests were taken into account during this development process, a heterogeneous team of experts was established, which carried out the core work in the developmental process in four one to two-day workshops. The members of the expert commission were members of all the political parties represented in the federal state parliament (thus party representatives, a chairman of the parliament fraction and/or a parliament delegate responsible for administrative development), representatives from the Chamber of Commer-

ce, Federation of Austrian Industry, Austrian Chamber of Labor and Federation of Trade Unions, leaders from the central functional areas of the state administration, representatives from the Union of Municipalities and selected innovation municipalities, Court of Audit, regional People's Advocate's Office, state parliament directors and selected administrative experts from outside the state administration.

The initial situation was the center of attention of the creative work in the first workshops. Using various methods, the experts worked on the development of a common vision and searched for ideas of change. In the consequent workshops, the ideas were assorted, evaluated and prepared as a basis of decision-making for policy.

Accompanying competence

The organizational unit Administration Development of the state of Vorarlberg and advisers of ICG accompanied this process. This included above all the preparation and follow-up of the workshops, so that the experts could concentrate on the core work. The following documents and materials were prepared, among other things, in the course of the process and/or were made available to the experts:

- Status and results of ongoing and already completed administration development projects and their assessment.
- Product catalogs of all services of the state and local administrations in Vorarlberg.

- Basic analyses of policy areas such as law, democracy and politics, health, society and social welfare, ecology, education, economy and work.
- Detail preparation of all measures from the creative phase in the expert team, as well as in other idea-finding approaches (for instance all employees of the state administration were asked to bring in their ideas or all department heads were invited to an idea-finding workshop).

A look into the future

The outcome will be available in autumn of this year.

The central elements will be:

- a summary of the most important trends and challenges as well as action areas to the policy areas mentioned above.
- a vision of the future of the state and local administration and, derived from this, multilevel structural variations for the long-term organization of the public administration in the federal state of Vorarlberg.
- 60 sets of measures, that were prepared and assessed in great detail, as well as prioritization recommendations by the members of the expert commission.

It was amazing how constructive and fact-oriented the heterogeneous team of experts worked. The result will by no means be the smallest common denominator, but a strong vision of the future, which is carried by all members of the group. ●

Task reform in Carinthia by Andreas Pölzl

Spring 2013: The new Carinthian state administration is sworn in and faces enormous challenges from the start. How can the province of Carinthia, despite its particularly vulnerable financial situation, actively shape the future? A comprehensive task reform was probably the only right answer. That is why since the fall of 2013, and with the support of ICG, all tasks and services have been thoroughly scrutinized. The department heads were put in charge of finding an answer to the question of which services should be made available in the future, to

what extent, and in which quality for what target groups. All departments were confronted with a consistent »hypothetical savings« of 25 percent of their (net) budgets. Additionally, every employee could submit proposals, anonymously if desired. Now, in the fall of 2014, 500 proposals with a sustainable savings potential (without one-time effect) are on the table. These will influence the next budgets significantly and moreover, initiate further reforms for a positive future development of the province of Carinthia.

Open the »space« for employment

Take a group of 140 independent organizations implementing different employment projects. Force this group to discuss and agree on how a public organization can best support them to utilize the EU resources most effectively. On top of that, impose a tight deadline. This challenge cries out for a creative solution, doesn't it?

by Mónika Thury, Zoltán Barna-Lázár



OFA (Hungarian Employment Public Benefit Non-Profit LLC)

- Promotes Hungary's employment and lifelong learning policies, harmonized with EU policies and procedures
- Supports professional activities, institution and capacity building amongst organizations (NGOs, companies) involved in employment and human resource development
- Target group: 140 organizations that implement more than 50 EU-funded employment projects

www.ofa.hu

Common action plan

The Hungarian Employment Public Benefit Non-Profit LLC (OFA) is implementing a priority project co-funded by the European Social Fund, named »Partners for Employment,« that supports various employment programs in Hungary.

OFA's aim was to personalize their services in order to reflect the real needs of the beneficiary organizations. They knew they needed to involve the target group and come up with an action plan together with them. The only question was how. OFA chose to arrange a 3-day conference involving 130 participants and asked ICG Ex Ante to organize and facilitate the event.

Open Space made a difference

Open Space is a way to run productive co-creation meetings. An Open Space conference is focused on a specific purpose, but begins without any formal agenda; the participants define the topics on the spot and they create the schedule together. The work then proceeds in small groups, and the participants are allowed to switch groups and add their comments or ideas to any topic they are interested in. An Open Space event – besides the excellent organization – certainly needs experienced and well-prepared facilitators. They are responsible for creating and maintaining the framework and rules for the group work while activating all co-creative power of the participants, and also taking care of sharing the documented results.

Successful service development

137 people from 77 beneficiary organizations participated in the conference where three Open Space sessions were held on 18 topics. The event was a great success and definitely reached its goals. The initially skeptical participants became especially constructive and motivated during the process, coming up with brilliant ideas and suggestions. OFA received sufficient input for their service development. Since then, they have been successfully supporting the target group with different types of services and events based on these suggestions. The priority project will be concluded with a similarly large conference in June 2015, assisted by ICG Ex Ante. ●

Your Partner
in Change.

Close-up
4 out of 130

(People of Innotiimi-ICG)

Design spaces

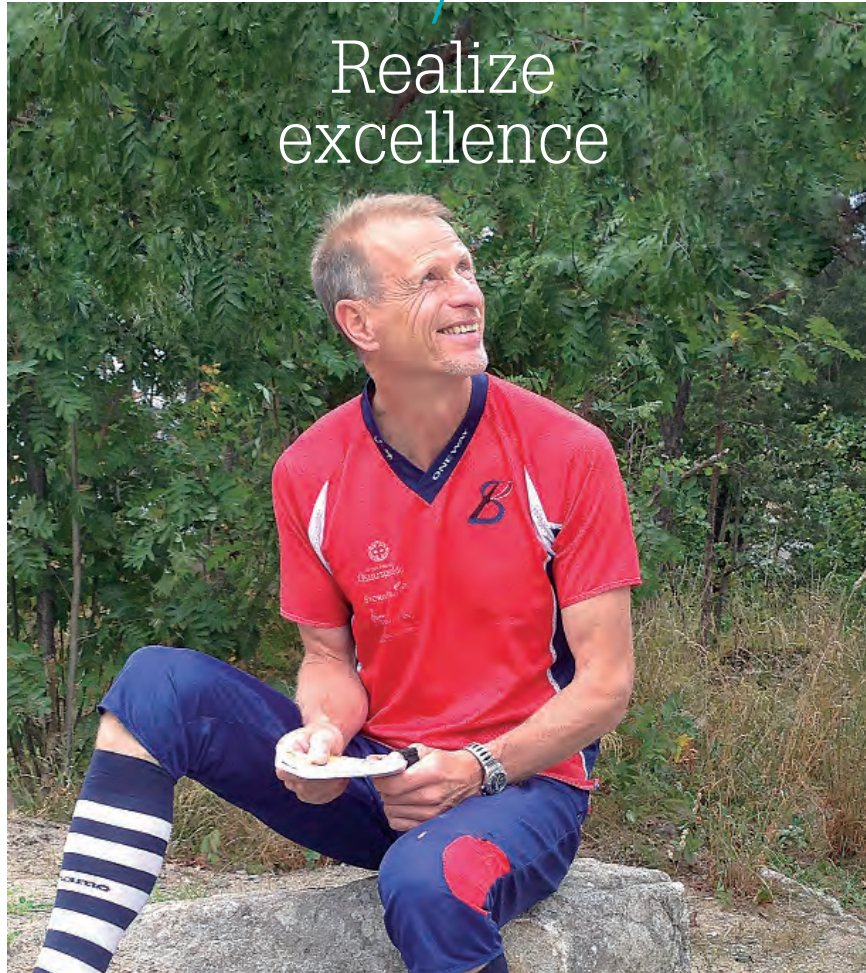
Create
atmosphere



Katri Auvinen strives for atmosphere and functionality, be it designing group work processes at work or interiors as her hobby. Planning kitchens is a favorite of hers. Since she is running out of new spaces to design, she often relaxes with an interior design magazine. Besides its tiny but handy kitchen, the best part of her Brussels office – which she designed herself – is the sauna. Katri found the perfect style in a magazine and, fortunately, a Finnish carpenter to build this lovely but slightly bizarre addition to her small office. With clients, Katri focuses more on creating space for reflection, dialogue and action learning, either face-to-face or virtually.

Dream
big

Realize
excellence



Even as a young boy, Anssi Juutilainen wanted to become a professional sportsman. He made his dream come true and became five-time world champion in ski orienteering. To this day, he still enjoys orienteering – also during the summer. Through his sports, he learned to adapt quickly to new situations and find the best ways to use his capabilities and experience, while at the same time leaving space for intuition and innovation. This knowledge now influences his consulting work. To succeed in change, he tackles challenges with a positive attitude and open-mindedness and tries to see the big picture instead of meaningless details.

Capture
the moment

/

Get the
picture

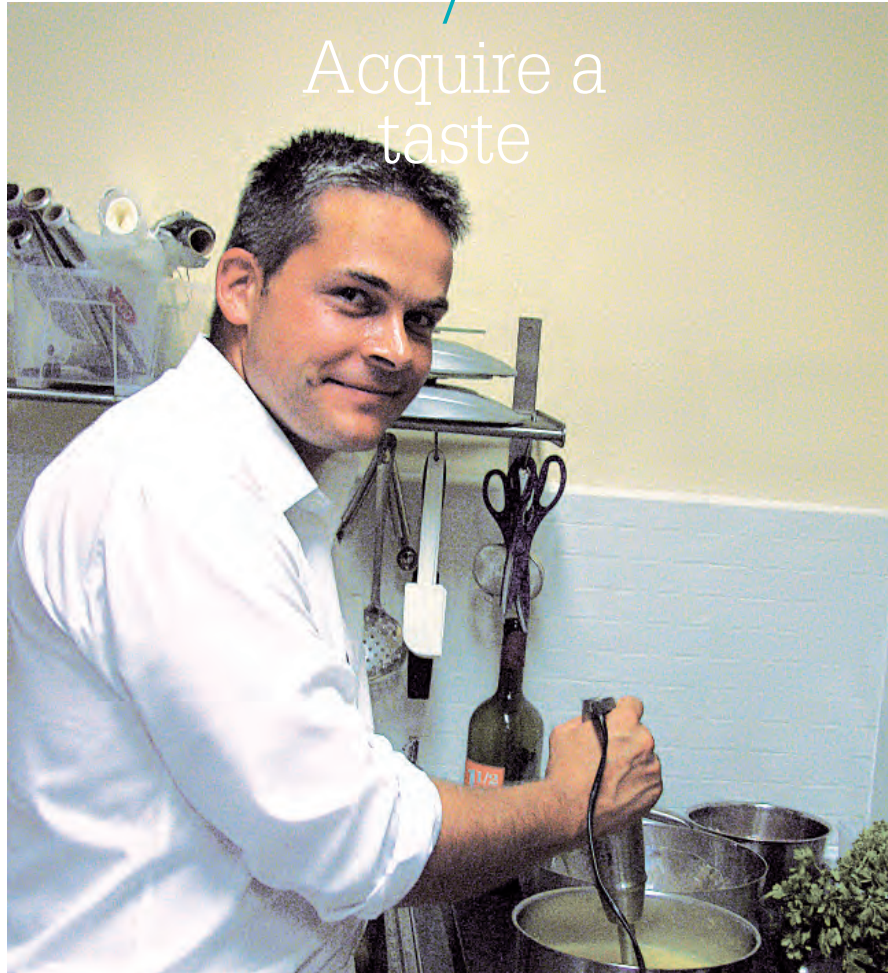


Milan Gazdik has a new favorite motif he loves to photograph: his 18-month-old daughter Nela. For many years, he took most of his pictures on his journeys through Europe and around the world. Over time, his objects of interest have changed: Nature and architecture have been replaced by people and family. The partner from ICG Czech also edits the photos himself, always looking for the optimum result. This also applies to his professional life, where the Lean Six Sigma expert supports process optimization and operational efficiency, always keeping the big picture in mind.

Detect different flavors

/

Acquire a
taste



Zoltán Barna-Lázár fully understands the importance of producing real content, which is why he is so dedicated to meat dishes. Bored with the run-of-the-mill poultry and pork, his favorite choices have become goat, rabbit and lamb. To spice them up, he uses his »toolkit« full of rosemary, chervil, sansho, lavender, ginger and bay leaf. Zoltán believes that good cooking and good consulting are synonymous: finding the optimal mix of high quality ingredients, always considering your consumers' specific tastes and being brave enough to explore and experiment. His wife and three kids fully agree – at least after Sunday lunches.

Tips for successful change management

5 out of 15

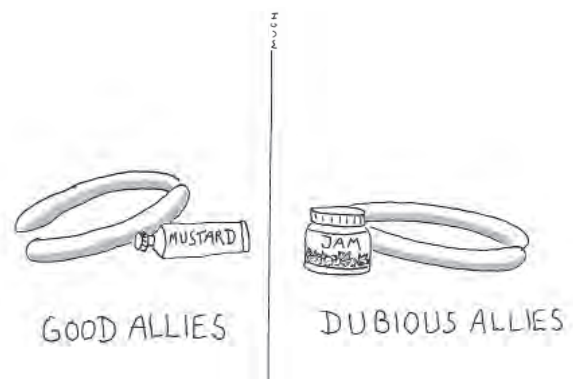
Order the complete cartoon set at
office@integratedconsulting.at



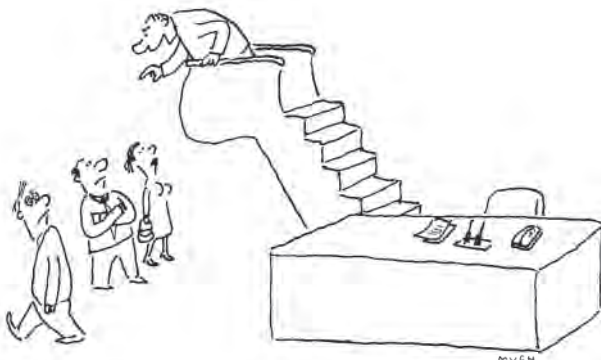
See the organization as a »system.«



Take time out for renewal.



Find the right allies.



Avoid soapbox speeches.



Connect vision with reality.

New book

Management 21+

Management 21+ is a collection of ideas, thoughts and experiences about, with and for management enthusiasts on seven topics:

- 1 Public Administration Management
- 2 Innovation
- 3 Controlling
- 4 Change Management
- 5 Lean Management
- 6 Leadership
- 7 Project Management

For everyone who wants to initiate change or is currently going through a change process, this book is definitely the right one. In a charming way, the authors tell their experiences of working on projects with public and private organizations in Romania. They give

interesting insights into Romania's business environment, culture and people's attitudes that will be valuable for anyone doing business in this country. The book also provides tips for introducing entrepreneurial spirit and competitiveness in the public sector and presents an assortment of useful tools and methods for both private and public organizations. Readers will also find tips and tricks about how to implement the tools and how they can make change a success in their company.

The book addresses mainly managers and people doing business in Romania. The authors gained their experience during projects developed for and with Romanian clients. The book is written in Romanian with short summaries of each chapter in English.



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Lean and Six Sigma training

Green Belt

Since 2009, ICG-Capability has been developing a certified educational program called Green Belt. The training focuses on increasing process efficiency as well as customer product and service quality. Our unique principles are:

- **Customized programs:** each client gets his own set of cases, examples and materials.
- **Maximum practicality:** based on simulation games, all practical tasks are tested and people can see immediate impact.
- **»Gamification«:** videos, games, quizzes and wrap-ups are incorporated into the training.
- **»Normal language« approach:** no use of any complex, academic terms or definitions.
- **Shorter than usual, but more intensive:** a simplified agenda with only value-adding content
- **All-inclusive services:** online coaching sessions during and after the training when working on their first real projects.

After the training, participants are able to manage medium to large process projects. In addition, this course presents approaches to process management along with strategic models of how to correctly and quickly implement the improvement of processes, using practical examples from different organizations. Emphasis is also placed on working with a team, communication and creative-thinking modules. Participants also obtain skills in leading teams through the process of change. Participants are presented with a Lean Six Sigma Green Belt diploma after completing the training. Diplomas are issued by the European Consulting Association.

»With a Green Belt, the organization acquires a proficient expert, capable of managing process projects and generating significant financial benefits.«

More details: www.integratedconsulting.cz

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

Errors and printing errors excepted.

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