

Stora Enso and IMD

A pathbreaking partnership

In 2011, Stora Enso, a leading global company in the paper, biomaterials, wood products and packaging industries, faced the challenge of rethinking its business in response to falling paper demand resulting largely from a major shift from print to online publishing.

Under the leadership of CEO Jouko Karvinen and the Group Executive Team (GET), the company responded to this challenge in two ways. It introduced a “streamlining and structure simplification program” that meant reducing production capacity and cutting 2,500 jobs worldwide. In addition, Stora Enso planned to transform itself into a value-creating renewable materials company focusing on fiber-based packaging, plantation-based pulp, innovations in biomaterials, competitive paper grades and sustainable building solutions.

While the strategic direction was largely defined, the GET knew that it needed support in further shaping the company’s future by realizing these ambitious plans. For a start, there was a need for diversity and fresh perspectives at the highest levels – at that time, the GET consisted of nine middle-aged men, eight of whom were from Sweden and Finland. To accelerate the organizational transformation, the GET made the bold decision to commit resources to learning and development initiatives while other parts of the business were facing significant cuts. The new initiatives would operate under a number of imperatives that the GET believed would lead to an organizational transformation. These included creating an innovative culture throughout the company, challenging all assumptions and past ways of working, and bringing diverse perspectives into the conversation.



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200

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The programs were designed to maximize both individual learning and business impact and were built around a number of key design principles:

- Based on business challenges deemed critical for Stora Enso's success
- GET involvement throughout the whole program
- Real world, real learning and hence fast-paced and explorative
- Unique development opportunities for participants
- A continuous connection to the home team and other change agents within Stora Enso.

In contrast to many programs for which participants are chosen according to rank or title, Stora Enso opened the selection process up to anyone in the organization to encourage diversity. Competition was fierce among potential program participants. For each program the HR department received over 200 applications for 12-16 spots. The selection process was developed on the basis of Stora Enso's five leadership themes. The ultimate decision on who was selected was based on each individual's experience and track record in the company, but most importantly on their motivation, personality and passion for change. In the end, Karvinen personally interviewed the finalists chosen for each program. Overall, the program was designed to develop the participants' ability to lead by exposing them to complex business challenges and giving them the opportunity to deliver concrete and actionable recommendations to the GET and the Board of Directors.



Co-creation and program design

Lars Häggström, Executive Vice President, Global People and Organization, led the company's search for a learning and development partner that could help the GET define the most appropriate learning journey for the organization given its transformational aims. Häggström explored the possibility of a partnership program with IMD, a top-ranked business school with expertise in developing global leaders through high-impact executive education, and worked with Anna Dunand from IMD's Partnership Programs team to translate the GET's initial requirements into a set of program prototypes. These ideas were refined during a co-creation process that included input from key Stora Enso and IMD stakeholders. After numerous prototypes, the group came up with the concept of a "shadow management team," open for anyone in the company to apply to, which would help build the organization's capacity and bring fresh perspectives to the GET. This concept became the basis of the Pathfinders program and the subsequent Pathbuilders program.



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Pathfinders and Pathbuilders

For the initial Pathfinders program, participants were charged with a singular goal: create the company's future. The Pathfinders were guided by IMD Professor and Program Director Thomas Malnight, who led a learning journey consisting of action research projects that aimed to discover innovative ideas about how the world is changing and what it would take for Stora Enso to be successful in the future. During "market dives" that included visits to companies in India as well as plantation and factory visits in Brazil and China, participants researched global trends and got insights from companies inside and outside their industry. The Pathfinders made several recommendations to the GET, all of which were adopted, including the development of a new company-wide Purpose and Values statement.

Participants in the subsequent Pathbuilders program were tasked with building the company's path forward. IMD Professor and Program Director Albrecht Enders worked with Stora Enso on co-designing a unique learning journey around key business challenges in three specific areas: supply chain, new business areas and internal reorganization, including significant down-sizing. The program focused on key themes for the organization – strategy, innovation, CSR and leadership – and included mission-critical group projects that were submitted by leaders from throughout the company and sponsored by GET members. The Pathbuilders implemented significant projects, including value chain optimization with the company's biggest customer, a "responsible reductions" initiative that addressed how to keep employees motivated during times of change, and a new organization for global responsibility.

Impact

The partnership between Stora Enso and IMD resulted in significant impact. Both the Pathfinder and Pathbuilder programs culminated with recommendations that influenced the decisions and actions of the GET, whose perspectives, mindsets and ways of working were challenged. The programs helped to improve internal communication by giving participants and the GET members a common language and new frameworks to address issues such as disruptive innovation and social responsibility. This has helped the GET to have more informed and better structured conversations. The programs also succeeded in developing the next generation of leaders within the company. Over 70% of the participants were promoted or changed position in the company within six months of completing the program. Furthermore, these participants actively shared learnings with their home organizations and worked to ensure that their projects were reintegrated into the organization after the program had finished.

70%

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250

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The partnership between Stora Enso and IMD led to strong business impact thanks to customized, co-created program design; outstanding program management; and above all a relationship built on trust



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The journey continues

Stora Enso is currently working with IMD on the next iteration of Pathbuilders, which has become a flagship learning and development program for the company. As a result of the partnership, Stora Enso has also worked with IMD to co-create a trainee program for its young aspiring leaders. Also, in May this year Stora Enso ran an innovation summit to further rethink the company's future. This brought together the GET, program alumni, trainees and other change agents, or 250 people in total.

The partnership between Stora Enso and IMD led to strong business impact thanks to customized, co-created program design; outstanding program management; and above all a relationship built on trust. While Stora Enso is getting closer to turning its ambitions into reality, the company is still at the beginning of a transformational learning journey that started as a result of a pathbreaking partnership.

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