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Volume 08 | Issue 03 | 2013

EFMD

global focus

The EFMD Business Magazine

A GLOBAL FOCUS SPECIAL SUPPLEMENT

Excellence in Practice 2014

Recognising outstanding Learning and Development partnerships

EFMD

Excellence in Practice AWARD 2014

Learning & Development Partnerships

Special supplement | EFMD Global Focus: Volume 08 Issue 03 | 2014

EFMD Excellence in Practice Awards 2014
Impactful Partnerships in Learning & Development

Excellence in Practice 2014 has once again proved to be a vintage year. The Awards continue to demonstrate high quality partnerships which has led us to give wider visibility to a larger number of cases this year.

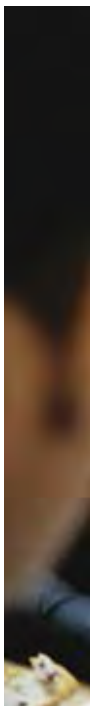
All those that made it into the final deliberation during the jury process get a mention as finalists. And in all categories Gold and Silver winners have been identified and receive visibility in this *Global Focus* supplement and other follow-on initiatives.

Interestingly, the executive development cases are more focused on impact than ever. While in the past, investing in incumbent executives was frequently seen as a point of conviction or belief, now the organisational agenda is mentioned explicitly more often than not. Both Gold and Silver award winners are examples, setting up development activities with the purpose of clarifying priorities and increasing profit growth.

Growth as a challenge is a recurring theme throughout quite a number of cases. This is a sign of hope, with L&D actively helping to explore and develop new pathways for the business. Our talent development award winners see a growing need for "internal" talent to populate the succession or entrepreneurial pipeline respectively.

The organisation development award winners are even explicitly referring to an organisational turning point where, following re-alignment and restructuring efforts, large-scale interventions are initiated to foster engagement, problem solving, innovation and new perspectives.

In contrast to this exploration paradigm, the two professional development award winners focus on the improvement of current "business" practices. Both public-sector cases are looking to increase or add capabilities to streamline processes and reduce costs and form an interesting complement to the growth and exploration cases awarded in the other categories.



Still, the above observations are probably too black and white to reflect the entire development agenda in each of the cases. Simplifications do not entirely reflect the developers' dilemma and challenge: how to maximise the current way of doing business while also exploring new pathways?

A dilemma, which all partners are continuously confronted with – throughout the process of challenge definition, commitment setting and deployment, is also at the heart of EFMD's 2014 Executive Development conference, where the winning cases will be presented – where we hope to meet you and join the process of exploring new pathways for executive development.

gf

Both Gold and Silver award winners are examples, setting up development activities with the purpose of clarifying priorities and increasing profit growth

FREE TRIAL OF STRATEGIC DIRECTION

Featuring reviews of the 2014 EFMD Excellence in Practice Award winning papers, Volume 30, Issue 10 of *Strategic Direction* will be available from 15th October 2014.

Strategic Direction is an essential management resource for today's strategic thinkers. As a unique service, we digest the latest academic research in to short, informative articles, providing practical take-aways and insight that will shape actions.

For more information, or to access your free trial, contact the Publisher, Gareth Bell at gbell@emeraldinsight.com

2014 Winners

Excellence in Practice AWARD 2014 Learning & Development Partnerships

Category:
Talent Development

GOLD
FrieslandCampina & Ashridge Business School
Developing Talent for 2020 p3

SILVER
Saltire Foundation & Babson Executive Education, Babson College
Crossing the Chasm: How the Saltire Fellowship Programme is Developing Entrepreneurial Leaders for Scotland p19

Category:
Executive Development

GOLD
Promsvyazbank (PSB) & the University of Chicago Booth School of Business
A stepping stone towards a new leadership style p7

SILVER
Fletcher Building & University of Auckland Business School
Leaders' Edge – Winning through Uncertainty p21

Category:
Organisational Development

GOLD
Stora Enso & IMD
Stora Enso & IMD – A Pathbreaking Partnership p11

SILVER
BHP Billiton & BHP Billiton Group Learning
Executive Leadership Programme: Leaders' Teaching, Shifting Culture p23

Category:
Professional Development

GOLD
University Medical Center Groningen & Amsterdam Business School
An Industry Approach Transforms Healthcare: A Seven Year Journey p15

SILVER
Cabinet Office & Saïd Business School University of Oxford & Deloitte
The Major Projects Leadership Academy p25

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FrieslandCampina & Ashridge Business School

Building international leadership capability and significant culture change

FrieslandCampina was formed in 2009 by a merger between Friesland Foods and Campina, creating the second largest dairy co-operative in the world with offices in 28 countries, over 21,000 employees, 19,000 member dairy farmers and selling to 100 countries worldwide.

At the time of the merger a co-created strategy development process confirmed an ambition to create the most successful, professional and attractive dairy co-operative for all its stakeholders – from member dairy farmers and employees to customers, consumers and society. This led to the creation of the FrieslandCampina route2020 strategy, uniquely defined by a strong corporate social responsibility agenda and its climate-neutral growth aspirations throughout the entire chain, "grass to glass".

Looming as both a threat and an opportunity was a powerful external change affecting the organisation's core business. The European Union's milk quota, which restricts farmers' milk production quantities to avoid surpluses, is set to be abolished in 2015, at which time FrieslandCampina will be obliged to take all the milk that member farmers produce.

The pressing leadership challenges facing FrieslandCampina were finding profitable new ways to utilise this milk in a home market already saturated with it in its purest form, growing new markets, and working closely with dairy farmers and chain partners across the globe.

100

FrieslandCampina is the second largest dairy co-operative in the world with offices in 28 countries, over 21,000 employees, 19,000 member dairy farmers and selling to 100 countries worldwide

Meeting these challenges would require innovation, new thinking and high levels of responsiveness across the entire organisation. Three clear leadership and organisation development objectives were established in order to meet these needs:

1. To fundamentally change the organisation's culture to strengthen performance and innovation – to embrace a culture of collaboration, empowerment, personal responsibility, global thinking and less-hierarchical, networked ways of working.

2. To develop strong, internationally mobile leadership capability. With much of FrieslandCampina's leadership currently in the Netherlands, it was critical to establish a sustainable global workforce, willing to work across its many international bases.

3. To develop a truly global mind-set – to bring the outside in and develop a first-hand appreciation of international marketplaces, cultural differences and the needs of all stakeholders.

PHOTO COURTESY ASHRIDGE ©

270

Recognising the need to move quickly, 270 future leaders have, in just 2.5 years, participated in this process since the initiative began in October 2011

Future leaders – the cornerstone

Addressing these challenges, Willem van der Lee, Corporate Director of Talent & Leadership Development at FrieslandCampina, explains:

"We needed to enable our future leaders to take the lead in growing our organisation and shifting our culture – to deeply understand global forces and take senior leadership positions around the world. Developing our talent pipeline swiftly became a priority for us."

A partnership with Ashridge Business School in the UK was formed in 2010 in order to co-create an initiative that would specifically address these challenges and work at multiple levels.

Patricia Snel, Manager HR, explains why FrieslandCampina chose Ashridge:

"Although framed as a talent initiative, Ashridge understood that what we needed was as much about organisation development and culture change as it was talent development. Expertise in transfer of learning and organisational culture was important. Ashridge's response focused on creating processes and experiences – learning and reflection, not teaching – and, paradoxically for a fast-track process, a slowing down in order to really enable growing, learning and change."

"The process is highly experiential and deeply personal and was designed to both mirror and stimulate the spirit of the new cultural energy – it blends the development of human potential with real-life experiences

Intense, immersive, experiential

"From the first session in Huizen, I could tell this is a life-changing experience. It still is. This is the highest impact development I have ever attended," says one participant.

Each programme takes place over nine to 18 months. During this time participating managers experience multiple workplace development opportunities interwoven with major, catalytic leadership events. The programme sets the scene for on-going learning, deep-rooted personal growth and change.

The process is highly experiential and deeply personal and was designed to both mirror and stimulate the spirit of the new cultural energy. It blends the development of human potential with real-life experiences. Furthermore, there is a structured programme of groundwork and workplace challenges which ensures high levels of learning transfer and supports the change process within the leadership events.

Reflecting on how the initiative creates change, Lindsey Masson, Programme Director at Ashridge Business School, explains:

"The foundation underpinning every element is the personal self-awareness, growth and discovery focus. This creates the responsive base onto which all the new learning and experiences are able to stick. It changes people at deep and long-lasting levels, enabling an impact greater than the sum of the parts."

Recognising the need to move quickly, 270 future leaders have, in 2.5 years, participated in this process since the initiative began in October 2011.

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FrieslandCampina & Ashridge Business School

Building international leadership capability and significant culture change

The catalytic experiences and strategic projects

The catalytic experiences, which anchor the process, range from immersive market inquiries in Shanghai and Ho Chi Minh City, working in an orphanage in Vietnam and milking cows at member dairy farms. These are a powerful way to challenge assumptions about customers and consumers, and about how a market – and the business – works.

The experiences enable managers to re-think, see their products in a new context and understand cultural differences, dietary preferences and societal needs.

In the B2C market inquiries future leaders immerse themselves in experiencing life first hand, meeting customers, competitors and consumers. They receive an immediate reality check, breaking down pre-conceived ideas about market potential.

The work in an orphanage for abandoned and disfigured infants and children is particularly moving, compelling participants to seek answers to questions around what more they can do to ensure that their work – and the product – meets needs beyond those immediate and local and how to ensure this mind-set sits firmly at the heart of their organisation.

The experiences also strengthen beliefs in the nutritional value of dairy products for children and the role FrieslandCampina plays in society and world health.

Strategic challenges are a red thread throughout the process and increase participants' ability to take a more strategic, global view and drive through change.

50%

50% of participants of the Talent Pipeline are undertaking either new assignments or jobs abroad

13

13 future leaders are already in senior management positions

Talent development for business growth and change

"We set out to enable the talent we have in our organisation to be the change we seek. To create a process which would be an accelerator of change, in order to achieve our ambition even faster. To change the way we work with each other, create unshakeable leadership capability and secure our long-term future – for us, for our member farmers and for our customers," says Cees 't Hart, CEO, FrieslandCampina

This talent development process is an ambitious and strategically important initiative at FrieslandCampina. It has led to significant changes at the organisation. It has successfully grown the talent pipeline and leadership capability, developing a cadre of talented individuals who have the necessary global mind-set and who are internationally mobile.

It has also developed future leaders' understanding of their customers, shareholders and teams and of what it takes to work successfully across boundaries to achieve the organisation's goals. It has stimulated culture change by creating multiple networks, bringing to life new ways of working that are non-hierarchical and empowering and enabling future leaders to influence senior leadership, innovate and play their part in addressing the leadership challenges at FrieslandCampina.

Willem van der Lee expands: "Future leaders, for the first time for many, deeply feel their responsibility. They have connected to their future role and its potential impact, and started working out for themselves how they must now develop and grow to meet the challenge. They have also emerged as greater advocates of the organisation, our values, members and products."

As the process moves forward, future leaders have continued to be placed in pivotal positions across the organisation and are making vertical career moves, all designed to expand the scope of their responsibilities and fast track them to future leadership roles.

At the time of writing, some 30 months into the programme, some key Talent Pipeline facts include:

- 47% of the future leaders have moved into new roles
- 13 future leaders are already in senior management positions
- 50% of participants are undertaking either new assignments or jobs abroad

Multiple examples of impact, new initiatives and innovation have emerged from the programme, including a new route to market in Saudi Arabia, securing new customers in Vietnam, the creation a CSR ambassadors' network and revisiting customer-related targets.

The *Developing Talent for 2020* programmes play a critical part in the delivery of FrieslandCampina's strategy and growth ambitions, in the preparation of the fast-approaching 2015 European milk quota abolishment and in ensuring the organisation is stronger, more innovative, responsive and future-proofed.

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It has stimulated culture change by creating multiple networks, bringing to life new ways of working that are non-hierarchical and empowering and enabling future leaders to influence senior leadership

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Promsvyazbank (PSB) & the University of Chicago Booth School of Business

A stepping stone towards a new leadership style

Promsvyazbank (PSB) only opened its first branch in 1996 but by 2011 it was the third-largest privately owned bank in Russia. But PSB wanted more – to capture market share and become the largest privately owned bank.

Not such an easy task when the bank found itself overstretched due to the global financial crisis. The defining moment came in 2011 when the CEO decided that the best way to achieve their ambitious goal was to improve competitiveness by changing mind-sets and organisational culture.

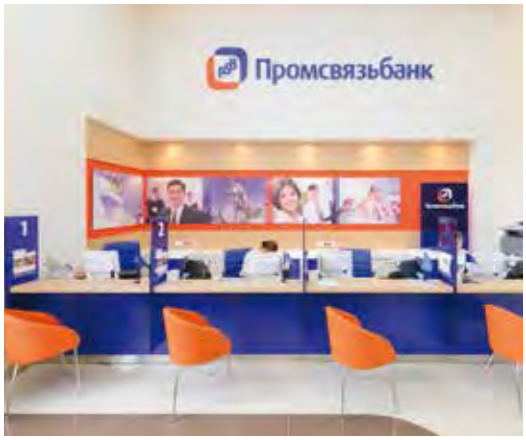
A need to address a mix of challenges

PSB, like many banks in many countries, faced difficulties following the crisis, including issues of liquidity and capital limits. But there were some extra challenges in PSB's drive for expansion. Two banks dominated the Russian home market – state-owned Sberbank and multinational Raiffeisen had a market share between them of 75%. It was time to ask what PSB needed to do to move from being a successful start-up to a competitive, mature but still agile organisation.

Although there was plenty of technical knowledge at PSB, the bank had grown much more complex. And rapid growth can cause fragmentation. A reconsideration of the bank's businesses and strategy was needed. Across the organisation, different people defined and communicated corporate aims in different ways. Improving customers' experience was an acknowledged need. The existing approaches to managing the business and the people were not generating sufficient profitable growth.

A partner keen to understand the bank and its people

The newly established Corporate University took on board the task of translating the business imperatives into a coherent learning initiative. The choice of



partnering with the University of Chicago Booth School of Business went beyond the school's international reputation and permanent presence in Europe. Both Chicago Booth and PSB executives thrive in open, rigorous and thoughtful inquiry to challenge assumptions and test and refine ideas. Chicago Booth's commitment to insight and inquiry matched PSB's desire to create an environment of debate and collaboration amongst its leadership teams.

Chicago faculty approached the programme with a keen interest to understand the bank's people and culture: was there a distinctive Russian leadership style? A different way of managing people? What they found was that – like many organisations – PSB needed to understand the role of leaders in driving and managing change, communicate strategic priorities clearly, build ownership and accountability and move from a top-down approach towards collaboration and openness. What was perhaps different was the need to harness the existing dialogues constructively and work with PSB executives to grow their confidence in making choices between the many trade-offs they were facing in a rapidly changing business environment.

86

The CEO, board members and a selected group of top team executives attend the two programmes

>1k

PSB employees have been exposed to the programme's ideas through sharing knowledge and insights

"It was time to ask what PSB needed to do to move from being a successful start-up to a competitive, mature but still agile organisation.

An initiative based on commitment and engagement

The decision was taken to set up a two-tier, modular programme of executive development, known as "New EXperience Time", or "NEXT". The eight-strong team of Executive Board members and CEO would take part in a Strategic Team programme in parallel with a Top Team programme aimed at a target group of 400 department heads and top managers leading businesses, functions and regions. These were the people at PSB who would develop the corporate culture and play a leading role in major changes.

Competition was fierce for places on this high-visibility initiative – in all, only 78 employees were selected for the two successive Top Team cohorts. Besides having a strong business track record that demonstrated their leadership potential, successful candidates had to evaluate the issues facing PSB in a written summary and explain what they could add to the programme. The personal financial contribution they had to make to the programme's costs only strengthened their commitment to learn and succeed.

Two programmes anchored to PSB's realities

The Strategic Team programme was kicked off at Chicago Booth's London campus in January 2012. The first Top Team programme started two months later, establishing a basis for live, real-time projects.

The Strategic Team focused on setting the strategic direction and identifying leadership and organisational capabilities needed for long-term goals. As the Strategic Team continued to look at how to make change happen in PSB, Chicago Booth followed up with individual feedback, suggesting behaviours for improved effectiveness. At the same time the Top Team programme undertook five four-day modules and delved into how to harness the organisational and individual capabilities to implement the strategy.

Promsvyazbank (PSB) & the University of Chicago Booth School of Business

A stepping stone towards a new leadership style

Given the amplitude and complexity of the two programmes and their objectives, PSB was keen to make sure that the substantial investment of resources would produce tangible results. Success in meeting expectations depended very much on the trust built up between the partners. A dedicated Chicago Booth team worked with the Board – as programme sponsors – throughout the delivery of the NEXT initiative. Lively discussions enabled fine-tuning to achieve the results the bank wanted.

Some approaches inevitably worked better than others. For example, role-play set up for practising interpersonal influence and collaborative negotiating skills proved frustrating – it is not easy to provide feedback when using different languages and relying on translators. By contrast, using the first Top Team cohort as mentors to the second cohort worked particularly well. The new entries came to the programme with a better understanding of their learning objectives – and their mentors could practise active listening, giving feedback and communication and influencing skills.

Three months into the programme, for example, this exchange of views resulted in a strategic planning workshop in Moscow to establish common ground on PSB's strategic priorities. This 'real-life, real-time' learning opportunity gave top team participants their first opportunity to share their opinions directly with the strategic team and set the tone for the new leadership style. And translating the new core corporate strategy and corporate wide goals into franchise strategies for each business line was central to communicating to the rest of the organisation just how those goals were to be achieved.

> *The main aim of New EXperience Time was to improve competitiveness by changing organisational culture*

3

Three strategic projects were developed and implemented during the programmes

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Two programmes with impact

The main aim of New EXperience Time was to improve competitiveness by changing organisational culture. And results are encouraging – in 2013, operating profit in departments led by NEXT graduates grew by 16%. These graduates are also outperforming other managers on all aspects of the bank's new competency framework – including the PSB was 56% – markedly higher than the 50% average for Russian banks. People are more productive when they feel engaged and motivated at work and the bank has an ambitious 65% employee engagement target for 2014. In an industry where staff loyalty is low, it is significant that staff turnover has fallen substantially and is particularly low in departments led by NEXT graduates.

As PSB moves forward, more of the cross-functional, bank-wide projects identified during NEXT are being completed within individual business lines. Three formed the agenda for a Bank Innovation Forum in November 2013: client focus; "One PSB"; and delegating and taking responsibility.

13%

Employee engagement grew by 13% during the first year of the programmes. This put PSB above the 50% average for Russian banks

> *Leadership development is a continuing process and behaviour shifts – individual or organisational – do not happen quickly*

A new leadership style has emerged

PSB's Strategic Team set the tone for a new leadership style through their deep involvement in NEXT. The initiative highlighted the need for those at the top to spend more time managing people and helped create a new culture that encourages contribution, collaboration and initiative-taking. It has also developed a common platform and body of knowledge to support profitable growth, enhancement of the customer experience and brand recognition. But leadership development is a continuing process and behaviour shifts – individual or organisational – do not happen overnight. As the transformation of PSB moves on to the next stage, the aim is to continue to stimulate further change, moving from a collection of businesses to a single bank – the new PSB.

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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

Stora Enso opened the selection process up to anyone in the organisation to encourage diversity. Competition was fierce among potential program participants – for each program the HR department received over 200 applications for 12-16 spots

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 organisation's capacity and bring fresh perspectives to the GET. This concept became the basis of the Pathfinders program and the subsequent Pathbuilders program.

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.

"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

Stora Enso and IMD
A pathbreaking partnership

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.

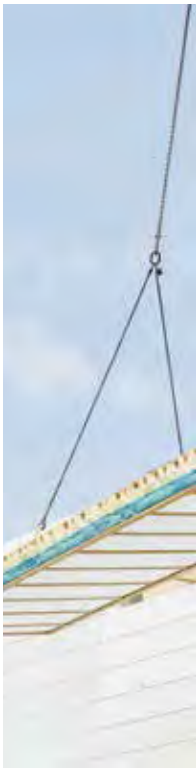
Participants in the subsequent Pathbuilders program were tasked with building the company's path forward. IMD Professor and Program Director Albrecht Enders worked with Stora Enso on co-designing a unique learning journey around key business challenges in three specific areas: supply chain, new business 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%

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



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250

In May this year Stora Enso ran an innovation summit to further rethink the company's future which brought together the GET, program alumni, trainees and other change agents – 250 people in all

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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

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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University Medical Center Groningen & Amsterdam Business School

Making it better

In 2007 the University Medical Centre Groningen (UMCG) knew it had problems that were beyond its control – the growing demands of an ageing population, fewer nurses, increasing costs of medical materials, and financial cuts made by the Dutch government.

In spite of these difficulties UMCG was determined to maintain and improve service delivery to patients, academia and research. To do this, it collaborated with The Institute for Business and Industrial Statistics of the University of Amsterdam (IBIS UvA) – part of the Amsterdam Business School (ABS). The idea was to train staff in the implementation of the Lean Six Sigma (LSS) process – something IBIS had been doing for more than 20 years – in industry and in healthcare.

UMCG is the second largest hospital in the Netherlands – the only centre licensed to perform all categories of transplants and the only Level I trauma centre in the northern Netherlands. In addition to patient care and medical education, UMCG undertakes scientific research focused on healthy and active ageing. However, hospitals in the Netherlands are facing financial pressures since they can no longer turn to the government or insurance companies for extra money to cover financial losses.

Laura de Jong was appointed as HR director in 2005. She already had considerable commercial experience of process improvement and for the next two years - together with CFO Henk Snapper – she compiled a business case showing how the challenges of operating more effectively and achieving cost-efficient service delivery were limiting UMCG's ability to achieve its mission.

By 2007 the UMCG Board was convinced that improving operational effectiveness could help them to build:

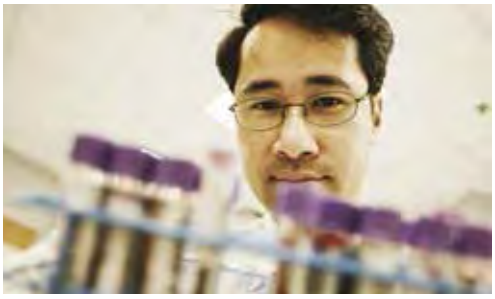
– competence in healthcare delivery
– continuous improvement and innovation
– superior patient satisfaction
– cost advantages

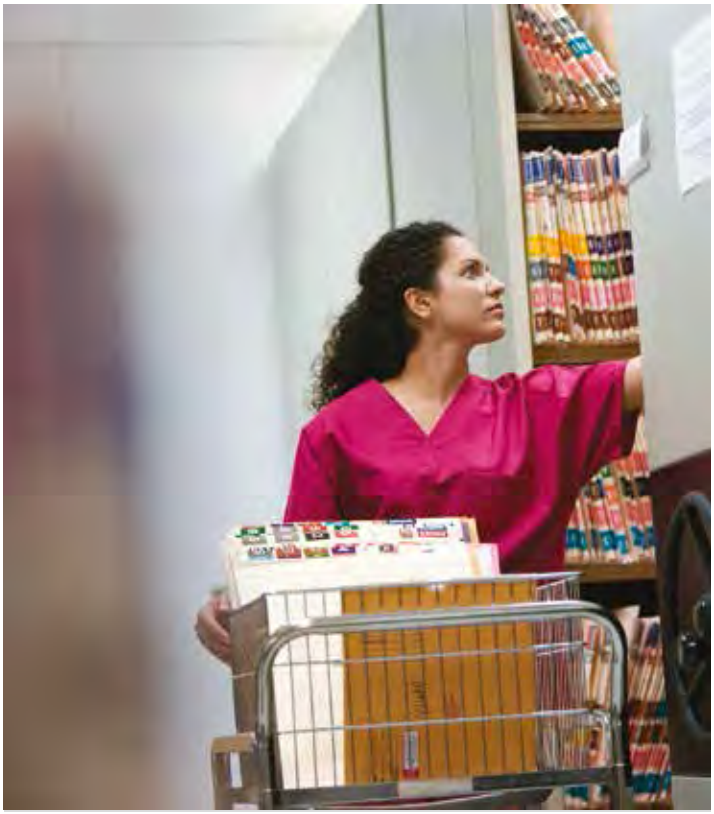
LSS is a scientific, evidence-based method for improving operational effectiveness. Though traditionally used in industry – LSS complemented UMCG's existing operational approach and also provided an opportunity for employee learning and development.

The collaboration committed IBIS UvA to training and implementing LSS for two years. The aim was for UMCG to start to take ownership of the initiative in 2008 to ensure that this approach was sustainable.

20

UMCG decided to train staff in the implementation of the Lean Six Sigma (LSS) process – something IBIS had been doing for more than 20 years – in industry and in healthcare





In the Netherlands, like many developed countries, an ageing population means a growing demand for healthcare. With fewer nurses available it was essential for UMCG to optimise the use of nursing resources by looking at how processes and procedures could be improved without affecting patient care.

If you can improve the quality of care by re-evaluating procedures and cutting out unnecessary activities, this is also likely to reduce costs. For example, the trauma clinic had no procedural guidelines for three-quarters of the diagnostic tests they used – but diagnosis accounted for almost half of total patient costs.

Length of hospitalisation can be used as an indicator of quality of care. It is also a measure of financial cost and process efficiency. Achieving a target of reducing length of hospital stay by one-fifth would allow UMCG to

– increase admissions
– increase bed occupation
– reduce the number of beds

UMCG believed that LSS could be used as a patient-oriented approach to achieve significant positive change. This methodology could be applied in every department to deliver evidence-based improvement.

To do this, LSS had to become part of day-to-day operational practices and initiatives. So people with "grass-roots" knowledge of challenging areas were selected to undergo training as project leaders. Initially two kinds of LSS project leaders were trained, known as "black belts" (BBs) and "green belts" (GBs). Champions were appointed to coach and support project leaders or "Belts" throughout their projects.

It was important that these high-potential employees had enough process knowledge and enough time to lead the chosen projects. BB's spend most of their working hours on LSS. They lead large projects spanning several departments and lasting four to six months.

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University Medical Center Groningen & Amsterdam Business School
Making it better

Doctors, nurses and managers selected as GBs focused on more localised projects, usually lasting three to five months and concentrating on their own team's processes.

By 2014, UMCG was also recruiting large numbers of non-professionals – such as administrative carers or nutrition assistants – to improve their own work processes. They became known as Yellow or Orange belts.

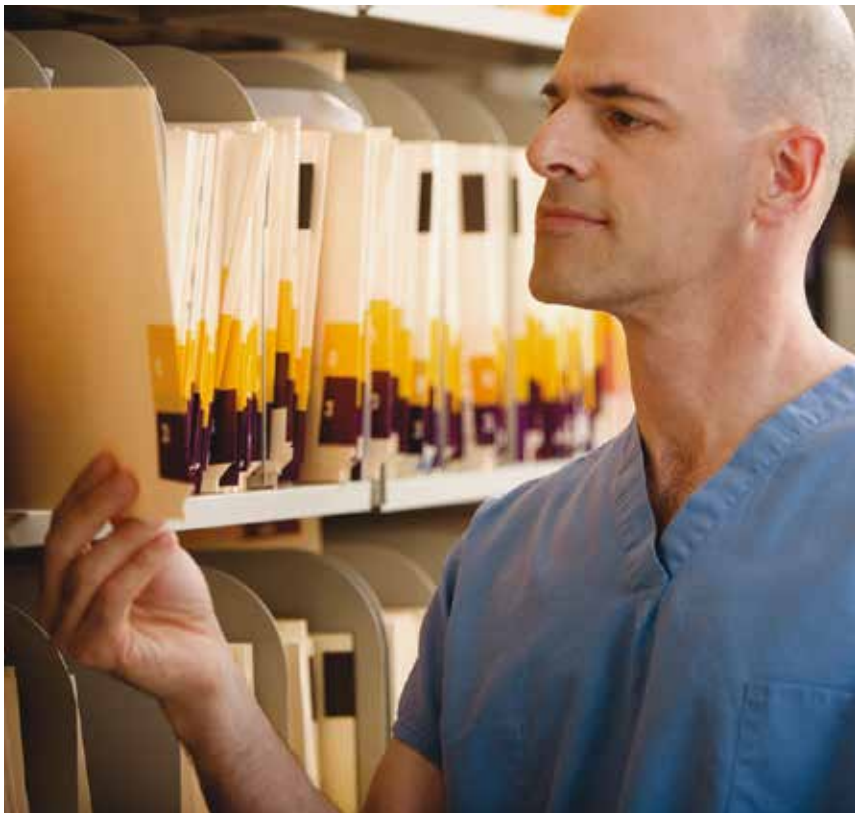
Whatever the size of the project, every project leader applied a specific, five-phase LSS approach to the problem they were considering:
- Define measurements for the problem
- Measure the things that are critical to quality (CTQs)
- Analyse influences on the current process
- Improve – establish the effect of the influence factors and design improvements
- Control – improve process control before closing the project

This Define, Measure, Analyse, Improve and Control (DMAIC) framework establishes appropriate metrics and measures progress at every stage, in order to make evidence-based improvements.

In 2008 an IBIS consultant held the role of Master Black Belt (MBB), responsible for training, support and guidance throughout the development process. The consultant undertook coaching of BB and GB teams as well as day-to-day administration. As more and more UMCG employees completed their training, ownership of LSS gradually moved in-house and in 2010 and 2013 two UMCG employees were promoted to MBB status.

Undertaking such a large programme is inevitably disruptive. Asking people to change what they do and how they do it can be very unsettling, making some individuals nervous and defensive. UMCG recognised this risk and worked hard to make sure everyone understood why LSS was being introduced and the results it was achieving.

> *If you can improve the quality of care by re-evaluating procedures and cutting out unnecessary activities, this is also likely to reduce costs*



"With large numbers of projects reporting visible operational improvements, employee satisfaction, empowerment and motivation have improved

To do this they put a strong emphasis on communication:

- discussing projects in the monthly employee magazine Polsslag
- reviewing LSS programmes in e-newsletters for managers
- posting an overview of projects and general information on programmes on an LSS intranet
- having the "Belts" presenting an end review of their projects to the Board once or twice a year

The results were impressive. Since starting to use LSS, UMCG has made considerable gains – and significantly improved the patient experience. After implementing more than 200 projects and training over 600 employees, patient care has been enhanced through:

- faster diagnosis
- shorter hospitalisation
- significant improvements in medical administration

Not only this, but UMCG has achieved a financial saving of over €30 million in seven years.

The LSS initiative has been a positive experience for UMCG's employees, too. By 2014, 6% of employees had participated in this learning and development intervention. With large numbers of projects reporting visible operational improvements, employee satisfaction, empowerment and motivation have improved – all of which can be expected to boost staff retention.

Progress has not always been smooth over the last seven years – there was a pause when the original MBB left and numbers trained became static. After his return there was a renewed commitment to LSS, with two more MBBs created and a management decision to train a large number of non-professional staff as orange and yellow belts.

The steady accumulation of smaller projects is a key element in maintaining momentum, enhancing day-to-day operations and achieving further cost savings. Lasting success also depends on continuing to train enough "Belts" at each level to sustain the initiative when employees leave.

In implementing LSS, UMCG has benefited from the experience of its partner, IBIS UvA, and its standing as a Centre of Expertise and an integral part of the Department of Operations Management of Amsterdam Business School (ABS).

At the outset, ABS promised the Board that the organisation would, within three years, be using this method independently to pursue their aim of operational excellence. Not only has the joint learning and development project achieved this aim but UMCG has goals in place as far ahead as 2016, when it expects to have LSS fully embedded as an integral part of the hospital's culture, structure and procedures.

UMCG's mission statement is ambitious: in building the future of health, this organisation aspires to excel as well as innovate. And crucially, it points out that "every day offers an opportunity to show that we could be even better".

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6%

The LSS initiative has been a positive experience for UMCG's employees, – by 2014 6% of employees had participated in this learning and development intervention, which has provided significant career growth opportunities

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Saltire Foundation & Babson Executive Education, Babson College

Developing entrepreneurial leaders for Scotland

Saltire is both the name of St Andrew's Cross on the national flag of Scotland and also the name of a foundation whose missions is "to find, fuel and spark the next generation of Scottish business leaders".

But in 2008 the Saltire Foundation recognised that Scotland's entrepreneurial business climate was at a perilous crossroads.

Among the signposts were:

- Thousands of local businesses struggled with sales and marketing. A prime example at that time was Dolcis, a once-trendsetting Glasgow retailer that was closing stores and laying off hundreds of employees.
- Because of "fear of failure" fewer and fewer Scots were willing to start a business. As a consequence, Scotland ranked a dismal 19th out of 21 innovation-driven economies, far behind other UK territories and demographically comparable European nations such as Norway.
- A double whammy combining a national brain drain with a traditionally narrow geographic business focus that ignored global markets threatened to turn a bad situation worse.

To begin to address this dire situation, Saltire Foundation sought a partnership with Babson Executive Education, a division of Babson College in the US, the world's top-ranked business school for entrepreneurship. The new partners envisioned what became known as the Saltire Fellowship Programme.

The vision started with appropriately high ambitions: to develop entrepreneurial leaders adept at sales and marketing who could support Scotland's economic turnaround.

Next, the partners co-created a set of focused and adaptive principles to attract Scotland's rising business talent to the programme. The hope was to imbue the country's next generation of leaders with a global entrepreneurial mindset through an intensive learning and development regimen that was pragmatic, nimbly adaptive and that could create impact in Scottish companies right from the start.

12

Of the 43 Fellows graduated to date, 12 are now CEOs, while nearly all others have achieved senior positions in Scottish companies

70%

Fellows' sales, leadership and entrepreneurial competencies are more that 70% stronger after graduation than before beginning the programme

415

Fellows have been directly involved in the creation of at least 415 jobs across the nation

> *"The hope was to imbue the country's next generation of leaders with a global entrepreneurial mindset through an intensive learning and development regimen that was pragmatic, nimbly adaptive and that could create impact in Scottish companies*

Thus far, results have been significant:

- Of the 43 Fellows graduated to date, 12 are now CEOs, while nearly all others have achieved senior positions in Scottish companies
- Fellows' sales, leadership and entrepreneurial competencies are more that 70% stronger after graduation than before beginning the programme
- Fellows in leadership roles have been directly involved in creating top-line performance gains of over £137 million
- Thus far, Fellows have been instrumental in bringing over £16 million in venture capital funding to companies in Scotland
- Fellows have contributed to revenue growth of as much as 300% at companies across the country
- Fellows have founded more than 15 companies, often by banding together based on common passions and complementary skill sets discovered during the Fellowship
- Fellows have been directly involved in the creation of at least 415 jobs across the nation
- Forty-one of 43 graduates have stayed in Scotland or are working for Scottish-headquartered companies

Flying in the face of the old saying that Scotland's chief exports are whisky and talent, results show that the programme not only helps stem Scotland's diaspora. It also acts as a magnet to bring talent back home. This 95% retention rate, together with the broad diversity of Scottish industries where Fellows now work, bodes well for the nation's economic future.

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Fletcher Building and University of Auckland Business School
Taking leaders to the edge

A leadership programme has proved successful in restoring to health a top building company in New Zealand

Fletcher Building (FB) is New Zealand's largest integrated infrastructure company and largest listed company, with a market capitalisation of over NZ$6 billion.

Following the global financial crisis, it had been caught in a five-year trough of difficult market conditions with its dominant position in the marketplace threatened by global and local competitors.

At the same time, a major earthquake in the city of Christchurch presented both an opportunity and a threat. While the rebuild provided a potential income stream for several years into the future, it also unleashed a once-in-a-generation opportunity for international building products companies to enter FB's home turf.

The government, highly focused on managing a titanic rebuild programme, also used this as a window to maximise competition in the local building supplies industry.

In 2012, FB embarked on a transformation programme to put the company on a higher profit growth trajectory. Mark Adamson, the newly-appointed Group Chief Executive Officer (CEO), and his leadership team introduced "FB Unite", a change initiative aimed at reaping group efficiencies through streamlining operations and finding innovative ways to unleash better-than-expected value for shareholders.

The Leaders' Edge programme was a direct response to help propel FB's leadership cadre into winning through uncertainty. It was created in order to make strategic decisions that are timely yet bold, risky yet astute, amid an environment full of ambiguities.

To spearhead this growth ambition, FB's divisional CEOs sponsored and endorsed five strategic business initiatives (SBIs). Teams of high-potential senior managers were then assigned by the divisional CEOs to work on each SBI.

These managers were enrolled in the Leaders' Edge programme to support them in delivering "real" results for the FB group. The teams would serve as role models for the innovation and transformation required across the group to lead change.

Leaders' Edge was made up of five components: an intensive four-day experiential "Amazing Race" followed by four two-day "Pit Stops" over five months of intensive coaching and mentoring and culminating in a presentation of the team SBI to the full FB group executive leadership.

Each team is supported throughout the programme by an executive mentor and a team coach. This was essential to embed leadership behaviours consistent with FB's leadership practices and generating the level of strategic thinking and innovation required to support the group's transformation journey.

The Leaders' Edge programme was a direct response to help propel FB's leadership cadre into winning through uncertainty

43%

Substantial annual savings from energy efficient lighting at 14 FB industrial sites yielding a 43% IRR, plus the potential to generate significant further savings across FB and EBIT from external energy saving services within three years

300

Idea Walls was in market and generating revenue before the Leaders' Edge programme ended and is projected to achieve 300% year-on-year revenue growth in 2014

Leaders' Edge has produced impressive results due to the co-creation approach between the University of Auckland Business School (UABS) and FB's senior leadership, including key organisational development staff, and The Centre for Vision and Leadership (CVL).

Leaders' Edge relied on best-in-class resources from the university's faculty members, expert mentors and executive coaches, and direct access to leaders of the most successful export businesses in the country. The Leaders' Edge has already delivered demonstrable and impressive returns on investment for FB. They include:

- Substantial annual savings from energy efficient lighting at 14 FB industrial sites yielding a 43% IRR, plus the potential to generate significant further savings across FB and EBIT from external energy saving services within three years.
- A new and innovative product "Idea Walls" has been rolled out using existing manufacturing facilities and channels to market. It was in market and generating revenue before the Leaders' Edge programme ended and is projected to achieve 300% year-on-year revenue growth in 2014.
- Aggressive revision of strategy and focus has accelerated the growth and profit trajectory of two key business units: – Brian Perry Civil identified additional EBIT achievable over three years from four key market opportunities – Firth Industries identified additional EBIT achievable within five years from key customer segments and growth regions.
- Mico and Placemakers implemented plans to release additional EBIT achievable over three years from using analytics to improve margins and share of wallet for key customers.

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BHP Billiton & BHP Billiton Group Learning

Breaking the mould: leader-led teaching to re-energise and redefine leadership

BHP Billiton is a leading global resources company headquartered in Australia. It is Australia's largest company and has over 128,000 employees and contractors across 141 locations in 26 countries.

Given the size and reach of the organisation, it implemented a company-wide integrated way of working known as the Operating Model, which included mandatory common systems and processes and a common organisational design. While this greatly improved transparency and the ability to identify best practice, it also resulted in a "compliance" mind set.

When Andrew Mackenzie was appointed as CEO in May 2013, he tasked the BHP Billiton's Group Learning Function with creating an approach to re-energise the culture and change the way leaders engaged. He believed this was critical to improving productivity and achieving a "step-up" culture.

The initiative

Group Learning began building and delivering a programme that could cut through management norms in a traditional, risk-averse company and create a shift in leadership behaviours.

The Executive Leadership Program (ELP) was structured around three-day residential events and was tightly linked to business outcomes and key performance indicators (KPIs). It targeted the company's top 550 leaders and facilitated a leadership dialogue on how to foster a "step-up" culture; help leaders better understand and leverage the Operating Model; role model good leadership by listening, inquiring and debating; and identify everyday opportunities to improve engagement and productivity.

70

A multitude of internal stakeholders contributed to the design and development of the ELP and over 70 leaders were involved in its delivery

550

The Executive Leadership Program (ELP) targeted the company's top 550 leaders and facilitated a leadership dialogue on how to foster a "step-up" culture

ALL PHOTOGRAPHY COURTESY BHP Billiton ©

The approach to facilitating significant behavioural change through the ELP included:

- **Leader-led:** the entire event was delivered by leaders, who used the experience to further their own development
- **Broad involvement:** a multitude of internal stakeholders contributed to the design and development of the ELP and over 70 leaders were involved in its delivery
- **Intact teams:** intact teams attended the ELP but were broken into "cross-business homerooms" for many sessions, as a means of exploring topics, before coming back together to apply lessons
- **Trust the process:** the ELP was designed to provoke discussion (through activities, videos and data) without a pre-defined solution. Each group processed material and proceeded in a slightly different way
- **Teach, don't tell:** to provoke discussion and ownership, senior leaders learned how to listen, facilitate discussion and role model changes to unlock the problem-solving ability of the collective

The programme content featured internal case studies, problem-based pre-reads and experiential debates that encouraged participants to find their own solutions. Critically, it incorporated "cascade tools" that each participant used to replicate the "leader-led" modelling and extend the engagement deeper into the organisation.

The commitment of the CEO to this programme also served as a powerful demonstration of leader-led learning: he attended every ELP.

The impact

Twelve months on, the impact of the ELP has contributed to improved company performance. Production in FY2014 increased 9%, with productivity-led volume and cost efficiencies exceeding targets by 60% to reach US$2.9 billion. Importantly, during the same period BHP Billiton reported a record low Total Recordable Injury Frequent rate and suffered no fatalities at its operated assets.

Additional tools continue to be developed to reinforce leadership priorities, including ELP videos featuring GMC members, a fortnightly "Learning Library" email of tailored tools linked to productivity, and "step-up" and "learning tools" for leader-led delivery. Many businesses have taken these tools and experiences and created "mini-ELPs" led by ELP participants to cascade learnings through the organisation.

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60%

The ELP has led to improved performance – production in FY2014 increased 9%, with productivity-led volume and cost efficiencies exceeding targets by 60% to reach US$2.9 billion

> *"Group Learning began building and delivering a programme that could cut through management norms in a traditional, risk-averse company and create a shift in leadership behaviours.*

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Cabinet Office & Saïd Business School University of Oxford & Deloitte

Major projects leadership academy

An innovative programme is allowing major UK government projects to deliver on time and budget

The Situation

Government Major Projects in the UK have a scale, complexity and ambition unmatched in the private sector and must be run effectively in order to boost the UK's international standing, deliver the government's reform programme, and meet taxpayer expectations of prudence and efficiency.

However, despite their critical nature, only around a third of Major Projects have historically been delivered on time and to budget. With an annual spend on Major Projects of £400 billion; slight cost over-runs can have enormous knock-on impact. Furthermore, extensive use of consultants in the leadership of Major Projects has, in the past, meant that expert capability built up through the delivery of these projects remained within the private sector.

The Major Projects Authority (MPA) was tasked with tackling these pressing issues and responded by creating the Major Projects Leadership Academy (MPLA) in partnership with the Saïd Business School, University of Oxford, and consultants Deloitte.

> *"This MPLA is the only government Major Project leadership academy in the world where the coursework provides direct exposure to world-class project leaders and their experiences*

The Programme

The programme begins with a bespoke psychometric evaluation and 360-degree feedback process to identify and understand each participant's individual strengths and weaknesses and to establish a development plan to show how focus and intensity can be sustained over a project lifecycle.

MPLA participants then undertake three intensive residential modules at Saïd, interspersed with preparation, assignments, master-classes and a review of a Major Project they are leading.

Senior Responsible Officers (SROs) and Project Directors are tutored to operate as chief executives of temporary organisations formed specifically to run a project rather than simply acting as large-scale project managers.

This MPLA is the only government Major Project leadership academy in the world where the coursework provides direct exposure to world-class project leaders and their experiences. This is significant as it provides grounding of the learning; honest insight into the vulnerabilities of the Major Projects of others; and the opportunity to benefit from mistakes made and from real examples of insightful leadership.

Enhancing these sessions was the requirement that MPLA participants simultaneously work on Major Projects. This allowed the immediate practical application of learning from modules and the high-impact master-classes and subsequently to bring the challenges they faced back into the programme.

This mutual sharing of challenges bonded participants through the programme's "action-learning sets", building networks of common experiences and skills across departments.

1/3

Despite their critical nature, only around a third of Major Projects have historically been delivered on time and to budget. With an annual spend on Major Projects of £400 billion; slight cost over-runs can have enormous knock-on impact

The Results

Savings of £147 million have been seen so far and the MPLA will continue to contribute to this figure as more managers complete the programme.

The MPLA provides its graduates with the confidence to assume authority, accountability and stewardship over the implementation of government policy. Its success has provided a model for further professional capability building across government, with the tier below Project Directors now being considered for a revised format of the programme to help address their developmental needs.

The Future

Whereas two years ago only 30% of Major Projects were expected to deliver on time and on budget, as a result of the MPLA an 85% success rate is now realistic.

The MPLA enables project leaders to apply the right skills, experience and review processes to be able to act decisively when intervention is needed, and further allows the UK Government to build the necessary professional capability to successfully lead its portfolio of Major Projects.

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"The MPLA provides its graduates with the confidence to assume authority, accountability and stewardship over the implementation of government policy

147

Savings of £147 million have been seen so far and the MPLA will continue to contribute to this figure as more managers complete the programme

85%

Only two years ago 30% of Major Projects were expected to deliver on time and on budget, as a result of the MPLA an 85% success rate is now realistic

EFMD Excellence in Practice Awards
Impactful Partnerships in Learning & Development

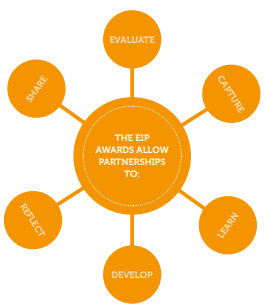
Call for entries 2015

The EFMD Excellence in Practice Awards (EiP) recognise outstanding and impactful Learning & Development partnerships in the domains of Leadership, Professional, Talent and Organisation Development.

The EFMD Excellence in Practice Awards attract case studies describing an effective and impactful Learning and Development (L&D) initiative between partner organisations.

The L&D programme can be deployed by an organisation either together with its in-house Learning & Development unit or with external L&D providers.

Award Winning Cases must demonstrate:
- **Strong Business Impact**
- **Excellent Programme Management**
- **Operational Excellence**



Deadline for Submission:
30 March 2015

For more information on the assignment, brief, submission guidelines and FAQs visit:
www.efmd.org/eip

Contact:
florence.gregoire@efmd.org

The programme we have created with Ashridge is really helping our key talents to be our leaders for the future. We still have many great challenges ahead to realise our ambition, so we are grateful for the extra energy this 2014 EiP Gold Award gives us

WILLEM VAN DER LEE
CORPORATE DIRECTOR OF TALENT
FRIESLANDCAMPINA

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