Excellence in Practice 2016

GOLD

Swarovski & Ashridge Executive Education

Addressing live, organisational issues to ensure Swarovski's future success

24k

Swarovski is a large, international family business with 24,000 employees and 2,480 stores. In the last 15 years Swarovski has grown and shifted its business to jewellery and to using crystal in creative ways

A collaboration between Swarovski and Ashridge has created a new Leadership Academy focused on expanding leadership capability, developing organisational agility and triggering lasting culture change and has resulted in a set of organisational interventions that address live business issues. The work has delivered deep impact in both anticipated and unexpected ways and is helping to secure Swarovski's future success.

Background

Swarovski is a large, international family business with 24,000 employees and 2,480 stores. In the last 15 years Swarovski has grown and shifted its business to jewellery and to using crystal in creative ways. Key to remaining a successful family business is to keep evolving, stay relevant and address a number of specific challenges/risks, namely:

- crystal production capabilities worldwide eroding the historical USP
- multiple new competitors in the premium jewellery sector threatening global competitiveness
- digital-selling channels
- faster marketplace

Developing stronger leadership capability, customer-focus, innovation and organisational agility is essential to mitigate risks and ensure the business is sustainable. However, remaining relevant and customer-focused is a challenge hindered by a number of internal factors – predominantly a historical hierarchical culture and highly complex matrixed structure, which have created both the conditions for silo-thinking and internal competition for resources/talent.

In 2013, Swarovski took the decision to create a new Leadership Academy for leaders across the pipeline to address their specific organisational and leadership development challenges.

Objectives

The Leadership Academy specifically needed to achieve/focus on:

- mind-set and culture change (addressing silo-thinking/internal focus)
- developing leaders who understand, and feel accountable for the collective needs of Swarovski
- growing ownership for change and innovation
- strengthening the leadership pipeline and organisational capability

Developing the programme / defining the priorities

The Ashridge-Swarovski team met with 45 stakeholders from across Swarovski including the family/C-suite, business-unit leaders, line-managers and programme participants. This led to the creation of Swarovski's first Leadership Architecture, which mapped business priorities, organisational values and culture, the Academy's red-threads, development focus and the overarching strategic intent of ensuring sustainable growth. This invaluable foundation work was key to the success of the overall initiative.

The findings revealed an important change of focus to "leadership transitions and impact" – the notion of leading as an activity as opposed to leadership as a hierarchical position. How leadership impacts business performance became a red-thread for the Academy.

The need to address silo-thinking/internal focus was also revealed as a strategic priority, leading to the focus on mind-set and culture change.

The inquiry began an ongoing process of establishing key relationships at top leadership level and fostering trust in the Ashridge-Academy partnership. This ultimately enabled Ashridge to work with the business on issues that arose (outlined below), greatly expanding the significance and impact of the Leadership Academy:

Excellence in Practice 2016

GOLD

Swarovski & Ashridge Executive Education

Addressing live, organisational issues to ensure Swarovski's future success

1. Low-levels of shared context at top leadership (silos/priorities)
2. Ineffective decision-making processes/skills, hindering innovation and agility
3. Un-implemented/communicated structural changes
4. The progression of women
5. Competitive advantage through CSR

The programme design/methodologies

There are five different Academy programmes, each with specific objectives/focus that reflects the different level and responsibilities of participants and the business priorities. The shared development themes/learning objectives ensure alignment across the programmes.

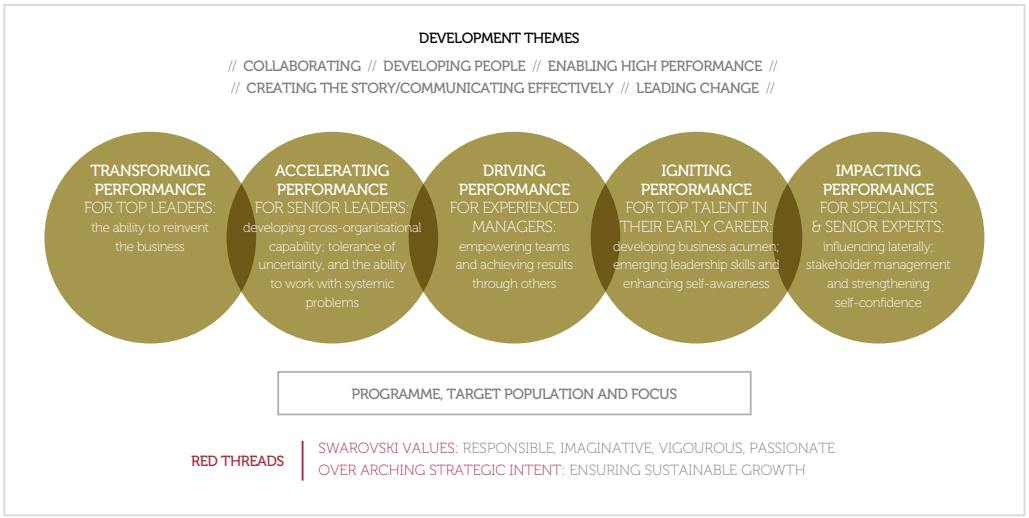
The 250 leaders who have embarked on the process have internalised new ways of working/thinking, which are collaborative, customer-focused and entrepreneurial.

With mind-set and culture change at their heart, the programmes mix experimentation/new learning with encouraging participants to inquire/reflect collectively into their and other people's experiences, to see patterns of behaviour that might be destructive and un-pick unconscious biases. Through this, assumptions are challenged and attitudes/beliefs change – an irreversible process.

Programme designs include many unique methods/components including:

- Eating a meal completely in the dark, served by blind waiters. In the absence of sight, leaders have a very different conversation with each other than they would normally. (Strengthening fractured relationships at the very top of the organisation)
- A live simulation – participants working under high levels of stress and uncertainty and with many of the factors that typically lead to silo-thinking/internal-focus
- Strategic Experiments/hypotheses devised by leaders to explore unresolved, repetitive, cross-organisational challenges (Developing accountability, entrepreneurship and inter-dependency)
- A collaborative assignment writing a script/creating a film sharing participants' understanding of good leadership at Swarovski
- Participants spending an entire day shadowing their leadership role-models

The additional eight interventions to address organisational issues also utilise a variety of methodologies/approaches, ranging from a 4.6km 'Deep Time Walk' to facilitated workshops/dialogue, a research inquiry involving 100 leaders and a collectively-made piece of art.



250

250 leaders have taken part in 14 leadership journeys...

25

...including 25 face-to-face modules...

200

...and over 200 virtual action learning sets

270

A further 270 people have been involved in addressing multiple cultural and systemic issues

"The level of impact at both an organisation and individual level from the Ashridge-Swarovski partnership has exceeded all expectations. This has been achieved by the OD orientation, focus on mind-set change and culture, addressing of live issues, growing ownership for change across the business and the development of leaders who understand, and feel accountable for, the collective needs of Swarovski.

Petra Lockhart, VP Global Learning and Development Swarovski

Impact

The work has developed leadership capability, worked on multiple live issues, strengthened the leadership pipeline and has been the catalyst for a new organisational culture.

The changes affected through the Ashridge-Swarovski partnership include:

- Establishing greater accountability, entrepreneurship and innovation across leadership
- Changing the leadership focus to what's right for all Swarovski businesses and markets – not just the individuals or individual businesses that make up Swarovski
- Generating significant improvements in performance, retention and promotion
- Supporting the implementation of structural changes
- Addressing slow, complicated and ineffective decision-making processes and skills
- Building a stronger sense of shared context among the organisation's top leadership
- Deepening the Corporate Social Responsibility story
- Strengthening Swarovski's internal expertise on key topics
- Unearthing the key issues and opportunities around the progression of women
- Strengthening relationships and collaboration across the organisation

The success is the result of the strong and trusting relationship between Swarovski and Ashridge (at all levels of the organisation), unusually high levels of top leadership buy-in and an approach framed by a deep knowledge of organisational as well as leadership development.

Kirkpatrick Level 2 evaluation questions ("what will you do differently next week?") confirm high levels of change being brought back into the business with immediate effect and is validated by line-managers in follow-up interviews. Impact at levels 3-4 is measured via examples of new ideas/thinking, business benefits and stakeholder/line-manager interviews.

Specific examples of benefits include those from the strategic experiments:

- improving the pricing strategy for Chinese markets
- developing a new Services Business – opening up new customers/revenue streams
- Customer Relationship Management plans that "will deliver long-term financial impacts" (sponsors comments)
- innovations in home fragrance

Along with net sales growth:

- Multibrand Sales North America up 16% – well above target

and promotion and retention targets exceeded, for example:

- 45% of top talents already promoted into 'Head of' positions
- 100% retention for top talents / 92% overall