Excellence in Practice 2017

GOLD

Nokia & Complex Adaptive Leadership & Abilitie

Implementing change in a global company

How a partnership provided support for leadership development in a global company undergoing a major transformation

In a fast-moving market where financial agility is critical, securing funds for a new leadership development solution is never a foregone conclusion. This is especially the case when the company in question is in the midst of a major transformation including strategy renewal, culture change and a cost-efficiency drive.

In February 2012, Abilitie, a specialist firm in experiential leadership development, was paying a visit to Nokia Siemens Networks (NSN), a global leader in technology and solutions for communication service providers.

Nathan Kracklauer, head of Abilitie's European operations, had gone to discuss Abilitie's leadership development solutions with Joel Casse and Francisco Menezes from NSN's leadership development team.

Leadership development as a catalyst for change

Telecommunications infrastructure is a tough business and in the years prior to the meeting, Nokia, which at that time not only made mobile phones but also telecommunications networks, was busy. In 2007, it merged its networks business with that of Siemens to create Nokia Siemens Networks (NSN), with the venture setting off not only to face rigorous integration and day-to-day challenges but, soon after, the global economic downturn sparked by the subprime crisis.

Competitiveness and profitability were critical for survival and under the stewardship of Rajeev Suri NSN achieved just that, weathering brutal market conditions to emerge as a streamlined, profitable player focusing on mobile broadband and global services technologies.

It was time for the next challenge and Suri started a major transformation involving, among other measures, a clearer business focus, cultural redirection, innovation aimed at growth, divestitures and acquisitions, and continued cost efficiency. Fundamental change was in the air.

In light of all that was going on in the company, investment in human capital was just one of many priorities. Even though leadership skills were acknowledged by Nokia's management team to be a key success factor for successful change, the leadership development overhaul envisioned by Casse and Menezes was going to have to fight for a place at the table.

First impressions matter

On another bumpy ride in October 2012, aboard a shuttle ferrying guests to a wedding celebration, Menezes met Nick Obolensky, who had recently founded Complex Adaptive Leadership (CAL), which was based on his research into the links between complexity science and leadership.

In Obolensky's view, leadership models had not kept pace with an increasingly volatile, unpredictable, complex and ambiguous world. Obolensky's research into complexity science and chaos theory pointed to a new paradigm of dynamic leadership where radical change not only *can* but *must be* driven from everywhere within an organisation. Solutions to today's problems do not just emerge from boardroom analysis but also from water cooler talk and serendipitous conversations.

After the wedding chat, Obolensky met with Menezes and Casse in Munich, Germany, to formally discuss the leadership development challenges NSN faced. It became clear to all three that the top-down leadership style

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required during the earlier, near-existential business challenges to NSN was not sustainable.

In line with the company's plans for growth, the leadership culture had to become more innovative, adaptive and supportive. Not only that, *leadership development* itself would have to adapt to the dynamic environment. The three concluded that NSN needed a partnership with vendors who could adapt along with the organisation.

The birth of a new leadership development solution

In late 2012, Nokia selected Obolensky's and Kracklauer's respective companies (CAL and Abilitie) to design and deliver a new leadership programme. CAL had its unique application of complexity science to leadership and Abilitie offered open-ended business simulations that drove insights beyond accounting principles.

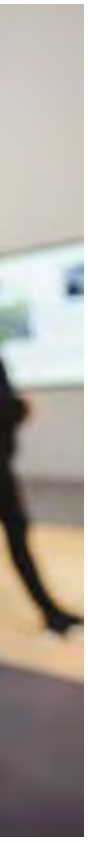
Both companies offered solutions designed for all hierarchical levels of an organisation. However, NSN's "Adaptable Leader Program" (ALP as it became known), consciously targeted a specific audience: mid-level leaders who translate strategic imperatives into day-to-day action and transmit information laterally and vertically throughout an organisation.

Both vendors committed to pursuing the immediate objectives plus a heuristic design and delivery approach that would allow the programme to evolve along with the company.

The long-run vision was a 70-20-10 learning journey with validated business impact.

(The 70:20:10 stipulates 70% of an employee's development comes from on-the-job experiences, 20% from relationships and networking, and 10% from formal training experiences.)

The first year's (2013) delivery priorities were fopr CAL and Abilitie to develop the business acumen required to understand the transformation measures and the leadership skills to execute them in uncertain times. Measurement focused on satisfaction surveys, where only significant results would justify the programme's continued funding.



70-20-10

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700

By the end of 2016, over 700 managers had gone through the programme and some 150 managers are planned for 2017

New aspects built on promising early results

Satisfaction-wise, 2013's ALP was a hit. But the impact had to be deepened. In 2014, senior managers from levels above ALP participants were recruited and trained as part-time mentors, so-called "Champions", who supported not just ALP but also a front-line manager programme.

For these Champions, a new programme was designed with CAL and delivered, the OBIC (Organisational Business Impact Champions), which included sessions run by C-suite executives. Impact measurement for ALP was extended beyond satisfaction into the realm of operations. Virtual follow-ups were introduced to cement learning.

Further refinement followed in 2015. The long-term journey of participants was accompanied by the Impact and Peer Accountability System (IPAS), CAL's online action-learning tool to support and measure goal-setting, reflective practice, co-coaching and the day-to-day application of learning. Line managers were engaged in participants' preparation and follow-up.

Leadership development instrumental in long-term transformation

Since 2012, Nokia's transformation and strengthening of its market position has gone very well (In 2014 Nokia sold its devices business to Microsoft, with the networks business forming the core of the new Nokia.)

Leadership development has played an important role in this journey. However, transformation is never painless and that also applies to leadership culture. At times, tensions and disagreements arose as the intensification of the programme demanded deeper commitment from participants, line managers and the Champions. But a common purpose – not to mention a healthy sense of humor all around – helped Nokia, CAL and Abilitie commit to the "norm" after any "storm".

Nokia's transformation work continues, not least because of the 2016 acquisition of Alcatel-Lucent. As new challenges arise, the need to shift or fine-tune leadership culture emerges. By extension, leadership development and the ALP have had to adapt. Cultural integration emerged as a top priority in 2016 and Abilitie pivoted its portion of the programme from finance to team decision-making and further leveraged the Nokia Champions as co-facilitators of the business simulation. CAL focused more on coaching and "pull" leadership.

Positive results build confidence for the future

Consistent with the dynamic leadership approach ALP preached, programme registration moved from nomination-based for one level of managers to open enrolment for three to four levels. It was not clear whether managers, already saddled with the extra workload of integration, would volunteer not only for four days of in-person training, but also for the long-term commitment of a 70-20-10 journey.

As it turned out, there was oversubscription as alumni enthusiastically promoted the programme: some participants even reported a "life-changing experience" that reduced stress levels, increased effectiveness and delivered material business value. Immediate satisfaction surveys have remained consistently between 4.5 and 4.8 out of 5.0. Participants' assessment of the practical value of the learning has been high and increasing, with over 90% reporting that they had been applying ALP lessons four months after the in-person session.

ALP participants have attributed significant financial benefits to the programme, with influences on leadership and team productivity, cost reduction, revenue and cash flow generation indicating a rapid return on Nokia's investment.

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