

Lessons from Some Remarkable Organisations:

Introduction:

In mid March 2011 a group of 13 senior HR and L&D leaders from some of South Africa's leading organisations and some WBS faculty met in the Bert Wessel's lecture theatre at Wits Business School. The occasion was the start of the International Executive Programme in L&D.

The programme involved a short South African leg followed by approximately 2 weeks in New York and Boston visiting some of the best and most admired companies and Business Schools in the world to learn from their experiences and practices in the broad L&D field.

The companies visited included many that have been ranked in the top 10 top leadership companies, most admired companies and best companies to work for in various US and global surveys.





The South African leg included presentations by local leaders in global organisations as well as a breakfast hosted by the Boston Consulting Group with a presentation on the relationship between strategy and organisational capabilities by one of their international partners.

The purpose of the article is not to discuss individual company practices but rather draw out a number of themes and key learning issues that emerged from all the visits.

Some Lessons Learned:

One of the most striking things that struck the group was the scale of large global organisations. Many employed between 200 000 and 400 000 people situated in multiple countries around the world.

The lessons have been clustered under 4 general themes that consistently emerged, namely:

-  1 company, connected
-  Organisation wide execution
-  New world of work
-  CEO and Executive impact

Each of the above hold lessons on specific issues.

Lesson 1: 1 Company, Connected:

A consistent theme, even amongst the largest of the global companies, was a renewed focus on internal consistency, alignment and connectivity. This manifested itself in a number of ways:

Overarching Sense of Purpose:

Most of the remarkable companies had a clear sense of purpose which extended beyond traditional mission and vision statements and which formed the basis on which strategy, values, leadership and culture were based. In many cases the purpose is integrally tied to the history of the company and the focal moments that define the organisation.

In the case of IBM the current focus is on “making things smarter”, hence the slogan about making a smarter world. This builds on previous emphasis on “sharing and partnering” (2003) and “globally integrated” (2006). As IBM celebrates its centenary this year it talks to what IBM is about – progress and a continuous invention of “what’s next”. It is about the impact IBM has had on the world. In celebrating the centenary considerable emphasis will be placed on the impact that IBM has had on the world and the 100 iconic moments in its history.

In the case of Siemens the purpose is reflected in the concept of “providing answers for Americans’ in the fields of industry, engineering and medicine. Again, the historical moments or “focal successes” in which the organisation has demonstrated that it has been a pioneer, reinforce this commitment to providing answers to Americans. This overarching purpose relates to all the diverse sectors and multiple businesses that comprise the US arm of Siemens.

Having been severely impacted by the global financial crisis, the recently appointed CEO of Citigroup has made the 1 company 1 concept a cornerstone of his strategy.

Of particular interest was the biotech / pharmaceutical companies with which our group had a workshop in Boston, hosted by Biotech company Vertex. In many cases the purpose was deeply ingrained in all that the company did and stood for. In Vertex itself a 1 company 1 culture was central; in others which worked in a specific space such as rare diseases or curing cancer (the sole purpose of the business) employees were expected to meet with patients and develop the passion for the cures they pursued.

Interestingly, in a Harvard PhD research paper done in conjunction with Spencer Stewart in New York to establish the success criteria of “master CEOs”, one of the capabilities identified was “subservience to purpose” and a missionary zeal to the achievement of the purpose. The findings were recently published in the Harvard Business Review.

Even multiple brands business, Proctor & Gamble identified their “enduring purpose” as “We will grow by touching and improving more consumers lives, in more parts of the world... more completely”. A large and complex business, P&G work extensively in cross functional teams. They too reinforce the present and build a sense of history through identifying “moments of truth” and have won prestigious awards in various

categories including top 20 best companies for leaders, top 10 for Executive Women and top 50 for diversity, all of which are key success strategies for the organisation.

Importantly, many of these organisations have used their history and past achievements to reinforce their purpose and how they will in future impact the world. The purpose always speaks to a greater good than simply being the “best” service provider or producer of something in a particular industry; it is aspirational and inspirational to all typical stakeholders and provides focus for business strategy.

Focus on values:

This is nothing new; most companies have a set of values. What appeared to set these remarkable companies apart was the commitment to the values and the extent to which they defined the culture.

In many of the companies, performance, especially of leaders, in applying the values was highly valued and had an impact on performance ratings and career prospects. Specific processes such as 360 degree assessments are used to measure performance on values and behaviour. At P&G Executives are measured on both quantitative and qualitative measures on a 50:50 basis.

IBM makes use of technology to hear from as many of their 400 000 employees who wish to “have their say” through a process of an “IBM jam”. Hence, recently the CEO had a 72 hour “jam” on the subject of values.

To the extent that diversity reflects a value, it was a priority in most organisations. This referred to racial, cultural, gender and sexual orientation as well as multi-nationalism. Interestingly, was the incorporation of the notion of “inclusion” into the concept of diversity. At Citi one of the strategies to improve the inclusion of minorities and women in particular was to facilitate their ability to form organisational networks more effectively. In addition, they found that such people were “over mentored and under sponsored”.

Cross functional / Integrated Processes & Structures:

All the businesses we visited placed considerable emphasis on cross functional teams and processes and integrated systems to drive both efficiencies and consistency.

This approach was also reflected in the talent and development processes.

This approach was used to develop talent as well as to facilitate innovation and execute new strategies.

IBM, in particular, has promoted the concept of a Globally Integrated Enterprise (GIE). Leadership development initiatives aim at producing leaders who have the ability to lead GIEs. It has applied the concept to its own design and it is integral to many of the solutions it provides to other global organisations as clients.

Interestingly to universities and academics, Tufts University in Boston and Harvard in respect of certain programmes are beginning to place an emphasis on cross faculty and cross school collaboration in programme design, something unheard of in traditional academia.

Application of Technology:

The primary enabler for connectivity is of course technology.

Most companies had the normal communication technology; nearly all had moved or were moving into the social networking space; most were working hard at facilitating a culture that could leverage technology to increase collaboration with all the benefits associated with that.

The global leader in this arena is without doubt IBM. Through multiple technologies including internal social networks, instant messaging and “wiki –technology” amongst others, IBM employees have access to each other wherever they are anywhere in the world. Hence, someone in one country needing access to knowledge and experience in a particular project can search and find the relevant people anywhere in the world who can act as a resource to them. This is of course predicated on a culture that promotes collaboration and knowledge sharing and IBM places a strong emphasis on promoting such a culture.

At Deloitte we were shown an “e – classroom” which will become a standard at various training centres around the US. This will facilitate interaction throughout the country and provide the opportunity for simultaneous learning at all the centres.

Lesson 2: Organisation Wide Execution:

Whilst it was clearly not possible to verify this, there was a very strong perception that the remarkable organisations got things done. Strategy was translated into execution. There appeared to be 3 contributing factors which made this possible:

Comprehensive Frameworks, Processes & Programmes:

In all the organisations visited one was struck by the comprehensive frameworks that had been created to facilitate coherence and alignment throughout the organisation.

Considering that most were large global organisations, such frameworks, processes and programmes were necessary for consistent execution of strategy and processes.

It goes without saying that the divide between what should be done locally and what needs to be driven from the centre becomes an issue. In terms of talent and L&D, the more strategic the talent, the more central were the talent processes and programmes. Hence development and deployment of top talent was the preserve of the centre and top leadership programmes were also designed and run from the centre.

In all the organisations there was a hierarchy of programmes and frameworks for the management of top talent that brought consistency to the global organisation.

Non Negotiable Performance:

In the remarkable organisations it appeared that performance was not negotiable and high standards were set. Hence if a specific framework applied to, say, talent management it was considered a given that all parts of the business would apply the process.

Having said that, it was clear that, in designing the frameworks and processes, considerable attention was paid to broad participation and communication. Attention was given to change management when new processes were introduced.

The result of this high performance culture is that “things worked”. If something was worth doing it should be done well and with professionalism. This was even manifested in the arrangements for the trip. When companies had agreed to host the group they went to extraordinary lengths to make the visit a success through prior teleconferences to identify specific needs and through the level and calibre of the teams that were assembled to address us. In a number of cases team members had flown in from other cities to meet with us.

Technology as an Enabler:

All the remarkable organisations either had or were investing in the best possible technology to support the processes and frameworks. Efficiencies through advanced technology that worked appeared to be considered fundamental to all the processes, whether learning management systems, e classrooms (Deloitte), HR information systems for talent management systems or advanced social networking.

Technology further enabled organisations to centralise a number of processes and systems and was central to the idea of a globally integrated enterprise, to use the term coined by IBM.

Lesson 3: The New World of Work:

Most of the organisations visited either accepted or actively promoted flexible working practices. This was enabled by technology and HR processes that enabled people to work from remote locations, including home.

Nowhere was this more notable than the introduction of “Siemens office”. This concept was in the early stages of introduction in certain locations in the US.

Essentially “Siemens office” encourages people to work from home or other remote locations. HR practices have been designed to take account of new ways of managing performance and remunerating employees using their home office. Technology facilitates consistent access to people and resources. Furthermore, managers have been trained to manage subordinates remotely.

Central to the concept is that of the workspace. In the prototype facility no one has an “own” office. There are working areas with “hot desks” where anyone may work as required. In addition there are spaces for concentration (silent areas), creativity (project areas and lounges), communication (meeting rooms) and service and design spaces (central archiving, copy & print etc).

This new world of work has brought challenges in a number of areas, such as the response of employees who no longer have an “own” an office to keep their things and support their status and identity. The need has been identified to train managers to manage differently. Hence, a comprehensive change management process has been introduced and there appears to be increasing commitment to the concept.

Whilst the new world of work has been discussed for many years, these remarkable organisations have moved to implementation in one form or other. *This is enabled by technology and new generation thinking, but it is the social consequences of such work redesign that provides the challenge to HR and change professionals.*



Remarkable organisations place considerable emphasis on effective change management whether through organic processes such as IBMs “jam” process or carefully managed projects such as at Siemens. It is not left to happen by chance. There is a clear strategy that is well executed.

Lesson 4: Execution of CEO Strategy:

The US is a country of high profile CEOs, unlike Europe and South Africa where the CEO is less of a public figure.

The merits of each approach are debatable, but what was outstanding in all the companies visited was the role of the CEO and Executive in people issues and the recognition of the role of people in executing business strategy.

In executing CEO strategy 2 things stood out:

-  The emphasis on organisational capabilities
-  The personal commitment of CEOs and Executives to people strategy

Emphasis on Organisational Capabilities:

Prior to departure the group had an excellent presentation by an international partner of the Monitor Group in which the relationship between strategy and organisational capability was discussed.

In essence, successful strategy requires effective strategy formulation and execution. Once strategy has been formulated, and in particular where there are changes to strategy, the organisation needs to understand and build the necessary capabilities to execute. These involve the skills of people but extend beyond that to all the elements in an organisational system such as processes, technology, culture leadership etc in addition to skills. For successful strategy execution, the necessary

capabilities need to be built and the organisation configured to deliver on the strategy.

In most of the organisations visited there was an emphasis on *both* individual and organisational capability building and efforts were focused on building those competencies and capabilities necessary to execute strategy. This was reflected in the performance and talent process and the programmes that were considered strategic to the organisation.

CEO and Executive Commitment:

Almost without exception, culture, talent and leadership development were seen as integral to the execution of the CEOs strategy. Hence he or she was intimately involved in the people strategies and worked very closely with the CHRO and L&D professionals to design and execute the people strategy.

One of the consequences is that talent and leadership development processes were driven by the business strategy and were designed to contribute to the delivery of that strategy. This resulted in strategies and processes having considerable relevance with the associated credibility.

In many organisations, such as Citi, the CEO and Executives frequently served as faculty on leadership programmes. The legacy of Jack Welsh is noticeable in many US corporations.

CEOs used their Executive leadership programmes as a way of aligning strategy and reinforcing the culture.

In terms of talent most organisations had talent councils or boards that were run by the CEO or relevant top management.

Whilst HR provided advice and support, the strategy was clearly very close to the occupants of the “C” suite.

Conclusion:

The overriding conclusion that emerged from the engagement with the remarkable companies is the focus and role of leaders. The organisations are in most cases leaders in the growth and development of leaders.

This in turn contributes to sustainability in which leadership becomes part of the DNA of the business.

The alignment of culture, processes and technology to deliver on the strategy of the business is a consistent theme and this again contributes to sustainability and longevity. The organisations have deep and enduring values and “purpose” but have the agility to reinvent themselves when the environment of their business changes.

An interesting feature of the trip was learning about the number of South Africans in key roles in the remarkable companies. The Head of IBM in the US, who dropped in to briefly welcome us is an ex WBS MBA; the CHRO at Siemens is South African; the Head of Executive Education at NYU Stern, a member of the IBM Leadership Development team and the Head of one of the Divisions of Vertex all hailed from South Africa.

Leading this programme was a privilege and I would like to pay tribute to Profs. Conrad Viedge and Drikus Kriek in particular for the support in bringing this programme to fruition.

Finally, the calibre of participants ensured that everyone was able to engage with our hosts at a strategic level and all of them were worthy ambassadors for both the country and the profession.

Terry Meyer

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