

CASE STUDY: MANAGING THE BUSINESS OF CHANGE

Transforming a business after a critical restructuring

The company was losing business to more innovative competitors that excelled at customer satisfaction.

Challenges

After working through a period of downsizing and major restructuring, the CEO of a \$9 billion technology business planned an aggressive rebuilding effort. The company, which had been hit hard when the technology bubble burst, was losing business to more innovative competitors that excelled at customer satisfaction. It had no blockbuster new products to stimulate growth, customer service was abysmal, and morale among the company's 12,000 employees had hit rock bottom.

Orchestrating a major change initiative under those conditions seemed like a losing proposition. With internal and external pressures mounting, the CEO asked for our help.

Actions

We began by listening to the CEO's vision and developing an integrated program focused on changes in three key areas: organizational structure, leadership, and employee engagement.



Organizing for change. We worked with a small internal design team to define criteria and develop several organizational design alternatives for the executive leadership team to consider. The winning solution: new structure, roles, and processes designed to transform the unit from internally focused and product-based to customer-oriented and market-focused.

Enhancing leadership. In intensive leadership development sessions, we built the executive team's shared understanding of the business environment and the new organization and culture. We worked closely with team members on solving problems related to the company's strategy, organizational processes and linkages, management, and culture. Through one-on-one discussions, team development activities, and data analysis/feedback, we helped the executives enhance their leadership approach and skills, as well as the effectiveness of their teams.

We also mobilized the broader senior leadership group, by developing and supporting sessions to ensure they understood their role in translating the strategy into business results, and refined the company's approach to enhancing employee engagement and performance. A cross-functional engagement team kept the change process moving.

We advised and counseled the team's leaders and the vice presidents of human resources and corporate communications, and provided the team members with tools so they could develop analyses and feedback reports.

Transforming employee behavior. We identified the behaviors that needed to change and then developed a set of principles outlining a new way of working: act quickly with efficiency and effectiveness, take personal responsibility for the brand, innovate to achieve high-priority business goals, collaborate across organizational boundaries, and commit to providing top-quality implementation and results.

We created a series of approaches to engage employees and to get them excited about and ready to actively execute the new principles. This included a campaign that communicated why change was needed and kept employees apprised of progress using an intranet site, e-mails, monthly videos, quarterly radio programs, and town hall meetings. A reward and recognition program was introduced, aligned with the strategy, and linked to the new behavior principles.

Throughout the process, we prepared managers for their critical communication role and assessed progress using online surveys and other assessment tools.

Results

Within one year of the project's launch, business performance improved dramatically: The number of service subscribers doubled (from 1.2 million to 2.4 million), and the number of markets served increased fourfold. The company won major quality awards, including a J.D. Power customer satisfaction award.

Employee engagement soared. A survey showed a record-high employee satisfaction score of 74 percent. Employees demonstrated a deep ownership of the change effort: 92 percent reported they understood how their work related to the goals/objectives of the organization; 85 percent said they were being encouraged to identify innovative ways to help the company achieve its business results; and 81 percent said the organization was moving swiftly, with a sense of urgency, to implement the strategy.

Within two years of the program's launch, the executive and senior leadership teams developed the capability and capacity required to lead and perform the remaining change work with little or no external support.

A new norm emerged for the executive leadership team. Defining and aligning the company's vision and strategy became a regular part of their work. The new governance structures enabled them to focus and streamline decision-making. The team regularly reviewed its processes and progress, and made adjustments when necessary to ensure peak team performance.

The business became faster, more flexible, and better able to respond to the competitive situation. When a significant shift in strategy was needed, the new structure, leadership approach, and culture enabled the company to move quickly while minimizing any drop in performance.



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Contact us at deltainfo@oliverwyman.com or visit our website at www.oliverwyman.com

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