"In the future, managers must define themselves as enablers of their teams and draw motivation and recognition from this."

THE ART OF INITIAL IGNITION

Sebastian Diers,
Vice President, EFESO Consulting GmbH

CO-EVOLUTION OF CULTURE, ORGANISATION AND TECHNOLOGY

Mr Diers, there have always been changes, even profound ones. What is different today, or why do we talk so much about transformation?

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Of course there have always been phases of dramatic change. But nevertheless, what we are experiencing today is different. Firstly, we have extreme networking at all levels. This produces a complexity that makes decisions and forecasts extremely difficult, sometimes impossible. The speed at which information circulates globally and events have a global impact is very high. That is the second aspect. The third is massively shortening cycles. Technologies, business models, product life cycles - this leads to a massive increase in the pressure on companies to adapt. Change is no longer linked to individual disruptive events and individual technological or social trends, but has become a constant in our lives. It is no longer possible for corporate culture and technology to adapt and grow "naturally" with the company. The dynamics of transformation must be actively managed.

How can organisations deal with this dynamic, which is also evident in a Smart Factory?

The essential question in a transformation is the roles and behaviour of people in the organisation. In the Smart Factory, not only individual activities change, but many processes and structures - and that very profoundly. Virtual and real processes merge, new production logics emerge, customer wishes have to be fulfilled in a highly individualised manner and sometimes in real time. Business models are also changing - for example, as new services and billing methods are developed. Completely new roles and activities also emerge, or existing roles must be reinterpreted. For example, there are technologies, such as data-based problem

solving for maintenance and planning, which are strongly integrated into and change daily processes. To meet this pressure for change, cooperation must become more agile, flexible and effective, problem solving must be accelerated and new tools and methods must be used effectively. This also applies to the management system - intensive communication, target planning and control mechanisms across all levels of the organisational structure, iterative improvement processes, the possibilities for self-organisation and autonomy of individual teams and much more. Otherwise the innovations cannot develop their potential and instead cause negative effects.

What negative effects do you mean and what is necessary to avoid them?

Massive changes always create uncertainty for us at first. With regard to our own role and position, with regard to the overall objectives, the value of our experience. There is a very great need for interpretation and also an unrest in the organisation. The management must take action here - it must provide a clear picture of objectives and a vision, open up individual perspectives, actively empower employees to fulfil their changed roles and establish sustainable processes and structures. And it must communicate and explain a great deal and intensively. The introduction of new technologies is not enough for a real transformation. It requires a

> **"Real transformation requires not only new technologies, but the co-evolution of behaviour, processes and structures."**

co-evolution of behaviour, processes and structures - the creation of contexts in which the new solutions can really add value.

This also includes a critical assessment of the corporate culture. If you have a culture that is characterised by rigid processes and hierarchies, low fault tolerance and a lack of freedom, it will hardly be possible to motivate the people in the organisation and take them on the journey. A destructive tension and discrepancy arises, which means that leadership and management

cannot be fruitful. What is needed, therefore, is a big picture of transformation that is not one-dimensional, but links all relevant success factors and is guided by a clear vision. In addition to the corporate goals, the question of how change can be organised in such a way that fears of change are counteracted and employees have a sense of achievement must be discussed. At the same time, successful change requires a high level of involvement and commitment from the management. It is not a topic that can be delegated entirely to experts and project teams, nor is it a topic that can be managed timidly and at half speed.

How do you raise the sensitivity of management teams to these requirements and what approach is generally appropriate to tackle the transformation correctly?

We always start with a comprehensive assessment and show the management team what is required in their company to create that very big picture. The prerequisite for a target-oriented concretisation of the work steps is a systematic cascading of this strategic target picture across all levels and functions. In the next step, we concretise the requirements and define the work steps, also on the basis of successful use cases. In doing so, we also evaluate the options that arise from new technologies for optimising this process. Basically, three thematic complexes must be considered. The real art lies in the initial spark, in creating the momentum for the transformation process: communicating the vision clearly and simply, conveying urgency and creating the greatest possible unity within the organisation. On the one hand, this requires a broad leadership coalition.
On the other hand, you need torchbearers and supporters at all levels of the organisation. A good communication concept is absolutely essential to establish an intensive, target group-oriented dialogue. And you have to make sure that the blockers are put out of action and do not torpedo the process. A second aspect is team dynamics. I have to consciously put together the people who work together in the new work situation and bring the right characters together. In order to have a powerful team, it is

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not enough to have only skystormers and daredevils. A team also needs people with a guardian function who work with different perspectives on situations and different approaches to situations. You have to convey that nobody is perfect - but a team can be. This is a great motivating force. After all, the focus should be on the managers. For many managers, dealing with an increasingly autonomous and effective organisation is not easy.

Leaders need recognition to be able to fulfil their role. If employees are less concerned with routine tasks and more with independent problem solving, there is a lack of "recognition resources". To counteract this, the leadership role must also change from professional leadership to leadership of people. In the future, managers must define themselves less as "protective" problem solvers and more as enablers of their teams and draw motivation and recognition from this. A mix of intrinsic and extrinsic motivation is required. In this way, the company can promote this process by setting goals, targets or role expectations and also establish a feedback culture, which in turn has a confirming effect and, all in all, leads to a cultural change in the organisation.

A core element in the conception of the Smart Factory, and of a smart organisation in general, is the greatest possible transparency - a development against which there are certainly reservations.

If companies only increase transparency and raise requirements, conflicts are inevitable. Transparency must not be an end in itself, must not be reduced to data obsession and must not lead to employees feeling at the mercy of others. They must therefore be given the tools to deal with the increase in transparency. This is about empowerment, but also very much about a management philosophy that lives a culture of error across all levels. Successful change depends on innovation, improvisation and creativity. And thus on a differentiated approach to mistakes. If it is possible to establish such a culture, transparency becomes a good experience that leads to more openness, progress and resilience throughout the entire organisation.

"If we as a corporate culture can succeed in learning from our mistakes then this newly created transparency actually becomes a positive experience."