



Leading Change

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Burson•Marsteller

Introduction

Much has been written about ‘change’ and ‘change communications’ in the past two years – and, with the current euro crisis and fear of yet another looming recession, the topic looks set to remain a hot one.

In 2010, Penn Schoen Berland was commissioned by Burson-Marsteller to carry out a survey of 520 HR and Communications decision-makers across Europe to understand better why managing change still remained a challenge and what needed to be done to be more successful in managing transformation. The results were clear-cut: having a comprehensive plan in place, engaging with employees early in the process and focusing on dialogue all made a positive difference in managing change effectively.

This year, we took our survey a step further and interviewed senior European executives from a variety of different industries to tell us their side of the story – what they thought was essential in driving and leading change successfully.

The executives all shared the views expressed by the HR and Communications professionals, emphasising the importance of having a long-term strategy as well as engagement through collaboration, but they also offered us new and valuable insights into their own personal challenges and experiences.

Bane Knezevic, CEO of McDonald’s Germany and President of the Western Division, stressed that “the CEO has to lead the innovation process”. According to Knezevic, this ensures that from the outset everybody understands the direction in which their

company is heading. Equally important, according to Burson-Marsteller’s founder Harold Burson, is for the CEO to lead by example.

Carmen Mur, Executive President and Managing Director of Manpower in Spain, advises scrupulous adherence to the principles of transparency and honesty when instigating change. “Be honest with yourself and with others. Be sincere and clear, and the same time very respectful,” she said. And being respectful includes knowing and applying the company’s mission and values, said Pål Thore Krosby, CEO of Aller Media in Denmark.

Patience and endurance are seen as key factors in managing transformation successfully. In line with Bill Gates’s observation that people tend to overestimate how much they can achieve in one year and totally underestimate how much can be achieved in 10 years, Petter Kleppe, CEO of DLA Piper Norway, stressed the importance of taking enough time when managing change. In his experience, many change processes fail because “companies are trying to achieve too much, too quickly”. With people’s natural tendency to look for immediate results, they often quickly become impatient and keep changing the direction – and the same is true for many CEOs and managers of change processes.

Last, but not least, you might want to heed the advice of Roger de Weck, Director General of the Swiss Broadcasting Corporation, on how best to manage change: “try to keep a sense of humour. We work better if we’re having fun.”

Jeremy Galbraith
CEO, Europe, Middle East & Africa

Go for a holistic plan that connects the changes

An interview with Bane Knezevic, CEO of McDonald's Germany and President Western Division Europe

What are the top priorities for McDonalds Germany in the next year?

We have three priorities. The first is the continuous improvement of our food offering and providing more choice for the consumer. This is definitely our number one objective, since we are in the restaurant business. Secondly, we plan to improve our technology and drive innovation in service. This is because McDonald's is one of the largest – if not the largest – food retailer in Germany today. We serve one billion customers per year. I don't know who else has one billion customers a year. Maybe Aldi and Lidl, but McDonald's is definitely the biggest retailer in this area. The third priority is to continue revitalising our brand.

Of these top priorities, what do you think requires the highest degree of change? And what do you think will be the most difficult to achieve?

The most difficult will be the improvement in technology and service. This will definitely be something you could compare to revolutionising the

or other, handheld devices. Or even going as far as cashless payment; this is something you don't have in Germany at all today. If we can resolve the new technology challenges within the next three or four years, we can definitely be a leader in using technology to improve service. Today, McDonald's classic order process looks as follows: the customer enters the restaurant and orders at the counter. However, in the future we definitely see multiple ordering points. The consumer can have up to four or five different ways of ordering food at McDonald's.

From your personal experience: How difficult is it to implement those new innovations and changes?

When you are implementing huge changes, like the introduction of the McCafés in Germany, or remodeling the restaurants on a larger scale, it is not easy at all. You need to align with the franchisees, and you need to have their support because most of our restaurants are not run by the company. You have to have a valid business case to present to the licensee. If you want to change something, you need their buy-in.

“Many CEOs and managers do not have a lot of patience. When they run against a wall for the first time, they change the direction”

restaurant experience. Technology and service will drive the development that we want. This will be difficult – technology is evolving and developing rapidly. Nevertheless, the biggest impact on the consumers will be the improvement in our food offerings. Changes in the menu – for example, providing more choice and variety – is the most tangible for the consumer.

Improvement in technology probably has the most impact on the internal organisation?

It can also have an impact on the external organisation, as McDonald's is one of the biggest food retailers. Just look at the newly available technologies that can change the ordering processes – ranging from mobile phones, apps, smartphones, iPads

Do you have a particular strategy or change plan in place?

Absolutely! Every initiative has a plan and a timeline. We always work on a five-year plan in regards to capital expenditure and capital deployment. Today, we know exactly what we will be doing in the next year.

Apart from the plans, how would you describe your own role in the change process?

Firstly: The CEO has to lead the innovation process. This ensures that from the beginning everybody understands the direction in which their company is heading. Secondly: The deployment or putting new initiatives into action needs to be discussed thoroughly with the staff.





McDonald's

McDonald's is the world's leading global foodservice retailer with more than 33,000 locations serving approximately 64 million customers in more than 100 countries each day. 40 years ago, in 1971, the first McDonald's restaurant opened in Munich. In 1976, McDonald's was the first company to introduce the franchising system to Germany. Beside burgers and French fries, McDonald's has long since been serving salads, fruit, vegetarian options and sustainably grown coffee as well. In their 1,389 modern, high-quality design restaurants across Germany, McDonald's and its 250 franchisees employ 62,000 members of staff. Serving around 2.69 million customers daily, McDonald's is the gastronomy market leader in Germany.



Thirdly: Deployment itself is the task of the board and the people responsible for the execution. So, my role will very much be in initiating and setting up the innovation processes and then in planning the deployment. And then, obviously, following up on the execution.

Talking about ways of deployment: What means of communication do you use?

Face-to-face meetings. The most important meeting for us, before we start the deployment, is the licensee meeting. You have to involve the licensee. Without their understanding and support no change can be implemented. So, we invest huge effort into the licensee meeting to convince them.

You have lived and worked in different countries – would you say there is a big difference in how people adapt to change?

Absolutely. Every country and every nation is unique in some way. It's because everybody has a different culture. Consumers are different from country to country, but in the end, they also have common denominators. So at first you need to look for what they have in common.

Looking back, what has been the biggest challenge in your life in bringing about or implementing change?

Every new thing is always a challenge. If I look at my recent experience in Germany, my biggest challenge was in 2005, getting alignment with the franchisees on how to change McDonald's in Germany. How to go from "ordinary fast-food restaurants" (in the view of the customers and stakeholders) to a serious brand and company that takes care of its customers and employees. That's the biggest challenge because, in the end, we are a big organisation, and we needed to convince this big organisation to start to change. But after five years of negative results, this was a must. We had to change in order to be able to secure our future as a company.

What would you say have been the success factors in this process?

Putting a plan together. So basically, we didn't see the change as a series of individual changes. We determined what we as an entire organisation really wanted to focus on. The ultimate goal was to modernise the brand. Then we asked ourselves "What does modernisation of the brand mean?"

“You basically need to accept that changes will be continuous improvement processes. It will not work from one day to next or from one year to the next”

How easy or difficult is it to implement changes in Germany?

That's something I need to be honest about – it is one of the easiest parts of my job. Germans are disciplined – there is no question about this – very dedicated and focused. They like to do new stuff, like investing in the business. In our case, they treat it like a kind of family business. They don't just treat it like an investment, but like family business and a life investment. Once we agree with the Germans, then everything works well.

So we discussed and defined modernisation of the McDonalds' brand, including factors like remodeling restaurants, improvements in the food offering. We also looked at our advertising and marketing as well as our entire corporate identity and design. Then we said, "Ok, let's put all this into a holistic plan". We wanted to change the bigger picture – not just individual items. Because if you go through individual changes it will never give you results, because they are costly – time- and moneywise. Individual changes are bureaucratically problematic,

because you will always have bureaucracy running up against you. You'll always have people who'll find reasons against it – it doesn't matter if it's a legal or a financial or an economic reason – why you should or should not do this. And you'll hit wall after wall.

What would be your one piece of advice to an executive, when it comes to managing and communicating change within an organisation?

Go and look for a holistic plan. Don't go about changes piece by piece, or department by department. Look for a plan that connects the changes. And then try to address this with that clarity. We wanted to modernise the brand. The modernisation was the essence of our communications. Just one simple word but with a huge impact: modernisation. You can modernise the food experience, modernise the food choices, modernise the restaurant experience, modernise the service, modernise the restaurants, modernise the offer (like McCafé) and modernise the advertising and marketing activities.

A survey that Burson-Marsteller conducted last year revealed that a lot of professionals think that change processes are not managed well. Why do many change processes fail?

Change is continuous improvement. You basically need to accept that changes will be continuous improvement processes. It will not work from one day to next or from one year to the next. Many CEOs and managers do not have a lot of patience. When they run against a wall for the first time, they change the direction. It is not uncommon that, amongst the top CEOs, there are some that keep changing the direction of the company and then it ends in bad results. Once again: What is most important is to develop a holistic plan for change and then stick to the plan.

What role does communication play in implementing change?

Communications plays a big role, internally as well as externally. Internal communications should come first – bearing in mind that in our case we have a big



Bane Knezevic

Bane Knezevic is CEO of McDonald's Germany and President of Western Division McDonald's Europe since July 2005. He is responsible for McDonald's Germany and Austria as well as for Eastern European markets like Poland, Czech Republic, Hungary, Slovenia and Croatia. He began his career 1988 as a management trainee in London. Especially in the field of operations he was very successful during several positions in Great Britain, Czech Republic, Austria, Bulgaria and Hungary. Before moving to Germany, Knezevic was responsible for operations, human resources and trainings for McDonald's Europe.

organisation with about 62,000 employees and 1 billion customers. And I know that whatever information you give to your internal customer or employee makes a difference. External communication will play a bigger role because it is more credible than any advertising. If you put advertising and external communication together it's a powerful tool to convince the public that you are changing. In essence, communications is absolutely one of the most important things in a change process. The tools might differ from company to company, ranging from big meetings to smaller discussion groups. What matters is that every company finds the best way to address its employees.

Listen like an elephant

An interview with Petter Kleppe, CEO, DLA Piper Norway

Law firms are generally known for their hierarchical structures and traditional approach to management. Yet, as the industry is starting to adjust to a new business environment, international law firm DLA Piper is already several years into an extensive change process to meet the new demands of their international client pool. DLA Piper's CEO in Norway, Petter Kleppe, is responsible for implementing the firm's strategy in Norway.

The talk of the globalisation of business is old news. As cross-border transactions became the norm, law firms might have been quick to respond to client needs, but the change within the organisations itself are in many cases still to come. A few trends, however, can be identified. Across the globe, professional service firms, law firms included, are seeing increased consolidation and growth. DLA Piper itself is a perfect example, becoming one of the world's largest law firms counting 4,200 professionals after the merger with Philips Fox in Australia in May this year.

In fact, DLA Piper was created in 2005 by the merger of DLA, Piper Rudnick and Gray Cary, followed by aggressive growth in the CIS, Germany, Spain, Asia, the Middle East and important US markets, among others. But an acquisition-based growth strategy carries a certain level of risk.

The post-merger challenge

"Merged entities that never change identity, will remain the same collection of old firms," Kleppe warns. He says the post-merger integration work is absolutely crucial to consolidate the firm and build a culture set for organic and profitable growth. He should know: when the Nordic business consultancy unit of international accountancy firm PricewaterhouseCoopers was acquired by IBM in 2002, he became partner for business development and Human Capital, leading the post-merger integration. Only six months ago, he took on the challenge to, in his own words, "amplify and implement" DLA Piper's global strategy in Norway. His main ambition is to create the same culture, drive and unity, that the firm's global co-leader Sir Nigel Knowles

has developed and nurtured in the global organisation following its numerous acquisition processes.

A global push for change

DLA Piper's solution to the merger challenge has been to implement one global strategy built around the three dimensions: clients, people, and communities. (The latter refers to DLA Piper's extensive corporate social responsibility activities.) Rather than waiting for the strategy to trickle down through the national branches, the strategy is implemented in each country through various programmes addressing key aims such as growing the business on key clients, and recruiting the best talent.

"Internal and External specialists have spent two years building and implementing the global change programme," Kleppe tells us, having carefully studied his new employer's change processes. His interest in leadership, corporate culture and change management is evident. He has written a book, contributed to several articles and given numerous talks on the topic, and speaks with a contagious passion both about his own experiences, but also about the processes he has observed at DLA Piper globally.

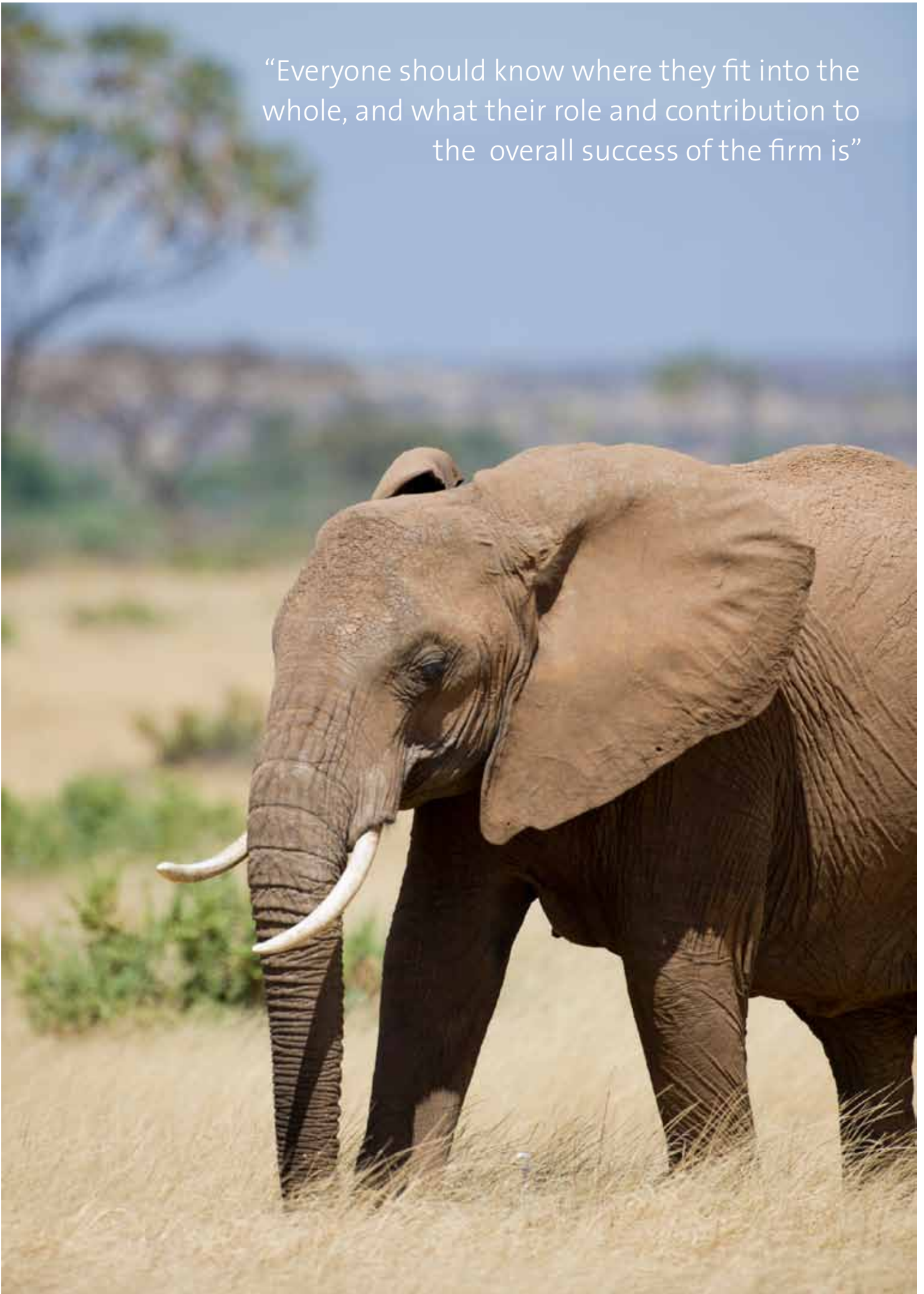
"The entire process has been both top-down and bottom-up, with involvement as the guiding principle," Kleppe raves.

The elephant approach

"You need to have an elephant's large "cultural ears" to ensure you "hear" all the important global messages and incorporate these into your change



“Everyone should know where they fit into the whole, and what their role and contribution to the overall success of the firm is”



10 steps to successful change

1. **Listen like an elephant** and incorporate multi cultural messages into your change programme.
2. **BOHICA** – Be aware of the intrinsic resistance to change, people are creatures of habit and will avoid change if they can.
3. **How do you serve a cow?** Too much, too soon will create lactic acid and slow down change processes. Remember Bill Gates once said: “People tend to overestimate how much they can achieve in one year and totally underestimate how much can be achieved in 10 years.”
4. **Dedicated leadership.** To succeed with change effort top management will have to be 100% aligned and totally dedicated to the task of forming strategy and implementing change.
5. **War for talent.** In professional services firms there are wars in two major dimensions; the war for clients and the war for talent. Both are equally important and mutually inclusive.
6. **Count the pennies.** Top line growth and focus on cost effectiveness will translate to bottom line financial results. Both are equally important to the culture of performance.
7. **How do you make dolphins jump?** Traditional management approaches focus on a carrot and a stick approach to motivation. Top talent in professional services firms respond better to the principles of training dolphins. Dolphins perform through positive reinforcement, and not by punishment.
8. **The soft stuff is the hard stuff.** In managing a professional services firm, deep insight and focusing on building culture, implementing values, dedicated leadership and understanding motivation is paramount to success.
9. **You get what you measure** – be sure to implement balanced scorecard and build your remuneration system and career development programmes around what matters in your organisation.
10. **The Pareto principle:** Less is more. Be aware of the points of diminishing return. Not everything is equally important all the time. Focus on what gives maximum results now.



programme,” Kleppe says referring to DLA Piper’s work to encourage and read signals and feedback from the entire organisation in order to develop messages and a strategy suited for a truly international organisation, and thus avoiding a strictly Anglo-Saxon focus.

Kleppe has adopted the same “elephant” approach to the change processes at DLA Piper in Norway. Changing a deeply rooted culture with norms and expectations engrained in every lawyer since the early days of law school, has required systematic work. Again, he returns to the importance of involvement.

“A lack of involvement, can lead to “BOHICA,” Kleppe warns. BOHICA, the acronym for “bend over, here it comes again” might sound like water-cooler banter in an organisation saturated with talk of change. Yet, as Kleppe explains, when employees see the introduction of new strategies or structures as nothing more than a wind of change that eventually will pass, you will not succeed.

To prevent the “BOHICA” effect, Kleppe set up teams of employees and management to review processes, spending four months on employee consultations. Employees are encouraged to participate and involve themselves in the company’s business and strategy and are represented by two active members on the board.

How do you serve a cow?

A second threat to successful implementation of a change process, is the change management itself. Research conducted by Burson-Marsteller shows that many companies do not feel changes are managed well within their companies. Kleppe believes this is a result of companies trying to achieve too much, too quickly.

From his own experience, Kleppe reflects that old mantras such as the triple T's: "Things Take Time" and "Take one thing at the time" is still relevant today. He explains with an anecdote:

"How do you serve a cow? Well, one meal at the time, and adapted to the needs of your internal and external clients. How do you want your steak prepared? Medium, well done or raw?"

Dedicated leadership

Kleppe himself is committed to putting in the hours necessary. He conducts one-on-one meetings with all employees (a total of 110 located at the Oslo office), giving each employee as much time as required. He attributes the culture and organisational structure that enables him to dedicate the time to do this and implement a successful change process to Sir Knowles and the dedicated leadership approach at DLA Piper internationally.

Kleppe is humble in face of his tasks, leading a top legal firm without himself having trained as one. Yet, he believes appointing a "non-lawyer" to head up the firm can prevent group-think and facilitate growth.

"When you reach a certain size, the organisation needs dedicated leadership. Whether you are an accountancy firm, a law firm, a bank or a PR firm, you need a management that encourages everyone to work for the same goal, preventing silo thinking. A management group simply does what it can to help everyone perform their best," Kleppe explains. To mix the roles of client work and billing with running a major professional services firm, is a difficult task.

He does not take his task lightly. His approach to change management and leadership is at the same time both extremely systematic and highly visionary. His secret, he reveals, is in keeping a "laser focus" on the business' top priorities. He sums up DLA Piper's Norway strategy in three bullet points: key clients,

key people, and costs. Or in corporate strategy terms: client-focused growth; recruiting and retaining the best talent; and cost-efficiency, perfectly echoing DLA Piper's international priorities.

"You need a management that encourages everyone to work for the same goal, prevents silo thinking. A management group simply does what it can to help everyone perform their best."

The Pareto principle: Do less, accomplish more

The term "client-focused-growth" comes from of a recognition of the Pareto-effect, 20% of the clients provide 80% of the revenue. Offering a wider range of services across practice areas to each top client is Kleppe's recipe for growth.

War for talent

Secondly, and perhaps one of the most important trends, or challenges rather, is the war for talent. In an industry where companies outbid each other to secure the best talent, retaining employees has become a headache for many companies, particularly professional services firms.

"Coming from consultancy, I recognise the same trends in the law industry when it comes to finding the best talent. Not just in Norway, but globally. Recruitment is an important priority, but we also need to retain and take good care of the employees we already have."





“This is about career development, and about giving people opportunities. At DLA Piper in Norway we have gone from an age-based to a merit-based promotion and reward system. If we have the next Bill Gates on our team, why not make him a partner in the early days? Why wait?” Kleppe rhetorically asks.

career path and steady organisational structure, embrace change? Kleppe’s solution has been to integrate all aspects of the firm’s strategy into the incentive structure. Specifically, by implementing an extensive balanced score card evaluation process – a process still considered a novelty in many legal circles.

“How do you make lawyers, experts in their field and used to a predictable career path and steady organisational structure, embrace change? Kleppe’s solution has been to integrate all aspects of the firm’s strategy into the incentive structure”

As a consequence of the competence-based business model, the HR function has become an important strategic role in the firm. “Not only do we need the best talent within our field of service, we need top HR professionals to recruit, develop and retain them,” he states.

The four-month consultation process resulted in numerous strategy documents, summarised in a one-page strategy. The one-pager is reflected in all mission statements and translates into company and individual-specific goals.

Count the pennies

The final trend and focus for Kleppe and DLA Piper in Norway, is the need to be cost efficient. This is perhaps best seen in the practise of outsourcing non-core activities.

“This is an industry that has earned a lot of money over the past decades. A focus on costs has been less important than revenue generation. But to remain competitive, cost effectiveness through among other things outsourcing of non-core activities such as payroll is crucial to success – in fact, it is instrumental in allowing the entire business, fee-earners and support staff alike, to focus on the key goals and core business of the company,” Kleppe says.

How do you make dolphins jump? Incentivising change

It sounds like a simple recipe, yet how do you make lawyers, experts in their field and used to a predictable

DLA Piper

DLA Piper is the world’s largest law firm in terms of both employees and turnover, having grown through acquisition. In Norway, the company employs 70 lawyers and assistant lawyers (associates), advising clients on all practice areas.

The firm has 76 offices in 30 countries throughout Asia Pacific, Europe, the Middle East and the US. It was recently ranked the number 1 law firm among the world’s leading global firms in the Law360 Global 20. The company is consistently ranked by The American Lawyer for its pro bono and corporate responsibility programmes, donating nearly 156,000 hours valued at USD 75m world wide last year. Sir Nigel Knowles is the firm’s global CEO.

“Everyone should know where they fit into the whole, and what their role and contribution to the overall success of the firm is,” Kleppe believes.

Everyone at DLA Piper in Norway is measured and evaluated: partners; secretaries; paralegals; and management alike. Their performance is rated based on three key drivers, client; people; and firm. For example promoting the firm and its competencies through writing and publishing articles, or bettering the overall performance of the firm by dedicating time to leadership, both form part of the overall performance evaluation, – and crucially affects pay.

Kleppe compares the process to training dolphins; you reward the good behaviour by serving fish, and ignore bad behaviour. This is what Kleppe refers to as applying an “enlightened performance-based approach” in order to receive the best results.

Employees are of course also rated according to more traditional targets in terms of new business, and client billing rates. But the “softer” dimensions of business, such as the people aspects of the strategy, are also included in the score card evaluations. Specifically, partners are rated on their contribution to talent searches, both in terms of recruitment and retention. In this way, the firm incentives employees to internalise the change.

“The soft stuff has become the hard stuff,” he concludes.



Petter Kleppe

Petter Kleppe was appointed CEO of DLA Piper Norway DA in January 2011. He has extensive practical change management experience from business development and leadership at CEO level. Following the merger of Pricewaterhouse and Coopers & Lybrand, Kleppe was appointed managing partner of PricewaterhouseCoopers Consulting in Norway. When IBM acquired PwC Consulting, in a USD 3.5bn global deal, involving 67,000 employees Kleppe experienced first-hand the importance of culture in post-merger integration. Kleppe became responsible for the Nordic services within the IBM Business Consulting unit, and saw change management in practice. Prior to joining DLA Piper earlier this year, Kleppe headed up the corporate division of Pareto PPN. Kleppe is also a published author. In 2002 he wrote the book “Slik leder de beste” [The leadership of the best] which deals with leadership in large organisations. He is a popular speaker on topics related to leadership and motivation. Kleppe holds an MBA from MIU IOWA State in the US.

Establishing a relationship of trust and transparency

An interview with Carmen Mur, Executive President/Managing Director, Manpower Spain

Carmen Mur has been at the helm of the human resource giant Manpower for almost a quarter of a decade. An entrepreneur within personnel selection services, she was appointed Managing Director of Manpower Spain when the global business acquired a stake in her second company, Teacher's Group.

What are the top priorities for your business in the next year?

We have recently reorganised our business into four main brands. A key priority now is therefore to become market leaders in each of the brands' respective segments. We are also working to improve our efficiency in order to grow beyond our market. Our aim is to position ManpowerGroup as a global provider of innovative workforce solutions.

What would you say are the key trends in your sector?

Globally, we can identify the four main trends: technological revolution, talent mismatch, rise of customer sophistication and individual choice. Locally, we see a substantial concentration of companies, a handful of large players dominate the market space. This is partly due to the financial crisis, which was extremely difficult for the smaller companies, many of which are no longer in business. Another reason is also the internationalisation of our market. A global labour market has replaced the need for local expert search firms with larger international players.

Manpower in Spain

Manpower is a world leader in the employment services industry, offering employers permanent, temporary and contract recruitment; employee assessment and selection; training; outplacement; outsourcing and consulting services. Manpower was established in Spain more than 20 years ago.

How will you be looking to manage these priorities and trends?

In an era of great changes, which redefines current business models, talent is key to organisational success. For us as a human resources partner to a wide range of business partners, it is important that we continue to develop new solutions to help our clients for attracting, retaining and developing talent. In March we launched ManpowerGroup, a world leader in innovative workforce solutions. As part of the ManpowerGroup, we all work towards the same goal, with professionalism, enthusiasm and a great deal of common sense.

What changes has your company seen in the past three years?

We recently reorganised our teams, as we had to adapt to new market situations. We outsourced support units and back office, and in this way improved our efficiency. We now do more with fewer resources.

How do you think your company has managed those changes?

Considering the results, I believe that our company has successfully adapted to the changes. Our growth rate, which exceeds the industry average, proves this. More importantly, our clients and candidates are more satisfied with the services we offer them.

BM's research shows that many companies do not feel changes are managed well within their companies. Why do you think this is?

People have a tendency to look to the immediate results of a decision, and not consider the key factors that affect and determine successful decisions. Change often creates chaos, which in turn makes

it difficult to evaluate progress. In order to manage change successfully, you need perspective. Only then can you confirm that you have made the right choices.

What challenges, if any, do you face when trying to engage employees?

Maintaining employee engagement in the current financial climate is challenging. My approach is to lead by example, have a distinct culture, and ensure we all share the same values. The employees themselves must also contribute. I want my colleagues to leave their house in the morning, motivated and ready for work. When they get into the office, is the responsibility of the management to nurture this motivation. To succeed with employee engagement, you need a relationship of trust and transparency between employee and employer, and this work is never done.

Which companies do you think manage change well? Which other CEO's have inspired you?

Change brings uncertainties for any organisation. I find that organisations that succeed and manage change well are the fearless ones – the ones that do not falter. Companies that have managed change well over the past decades, have been those which have been able to succeed economic downturns, and have had great teams all pulling the weight and working towards a shared goal. Throughout my career I have been inspired by brilliant people who have made great strides in business and in life without making too much noise. They believe in what they do, and stay true to their ideals and beliefs. As CEOs they work hard to secure the success and sustainability of their business. They do not seek attention or personal recognition, but manage to maintain a long-term view and vision for their companies.

What is the worst example of change communications you've seen?

The worst thing that can happen to a company when communicating change, is to disagree on what is being communicated. Discrepancies in the message or a lack of transparency, can lead to misunderstandings and be a source of conflict. Equally detrimental is not



Carmen Mur

Carmen Mur is Executive Chairperson of ManpowerGroup in Spain. Carmen has a diploma in Business Management and Administration and also in Marketing Services, ESADE. Her professional career has always been linked to temporary work and to the outsourcing of services for companies. In 1977 she founded Bacosa offering personnel selection services. In 1981, she created Teacher's Group, with the idea to widen the assistance offered by Bacosa through the external services of companies. In 1988, Manpower, one of the main human resources companies in the world, acquired a share interest in Teacher's Group and Carmen Mur was appointed Country Manager of Manpower in Spain.

informing people, entities or institutions involved the change processes. In a change process, everyone needs to feel that their team is heard.

What would be your one piece of advice to an executive when communicating change within a company?

Be honest with yourself and with others. Be sincere and clear, and at the same time very respectful. In my view, the basics of good change communication can be summarised in two words: Transparency and honesty.

What challenges have you, as CEO, gone through? How did you handle them?

Making decisions, often difficult, is the hardest part of my job. I always try to consider the situation of all my team members in my decision-making processes. I approach every decision, without ulterior motives, but with honesty and courage.

Communication is key

An interview with Eduardo Fernandez-Cuesta, President, CB Richard Ellis Spain

By Francis

The real estate sector took a hit following the financial crisis. President of CB Richard Ellis in Spain, Eduardo Fernandez-Cuesta, navigates his team through a challenging market. B-M talks to him about how communication – and cost awareness – can help business through economic turmoil.

What are the top priorities for your business in the next year?

Our main priorities are to achieve a 100% client-focused organisation; to improve our productivity and efficiency; and finally to increase our market share in the strategic business lines. Or in some markets, where we already are the number one provider of real estate solutions, maintain that position.

What are the top trends you see for your sector coming down the line?

There is a lot of uncertainty in the real estate market, which affects investment decisions. This makes it even more important to thoroughly understand the client's needs and requirements, and have teams with the right expertise which enables them to provide tailored advice to each client.

“Companies which are able to be flexible and adapt quickly to new market conditions emerge as the leading organisation in their industries”

How will you be looking to manage these priorities and trends?

We have developed a new strategic plan to be more orientated towards clients' needs. We have also reorganised our structure to adapt to the new market environment. Internally, we are very focused on the motivation of our employees, to ensure we remain a strong team with a core focus on profits. The internationalisation of our services is a huge trend that works in our favour, as we are part of an international network.

What changes has your company seen in the past three years?

The market cycle change in 2007–2008 had a dramatic impact on our sector. Some of our traditional clients, such as real estate companies, disappeared, and we had to refocus our strategy. We made a big effort to diversify our business, and

CB Richard Ellis in Spain

CB Richard Ellis provides real estate solutions so that people, companies, institutions and investors can carry out their activity in the best conditions possible. CB Richard Ellis is the oldest international consultancy in Spain. With more than 34 years' experience in the sector, it has been committed from the very start to decentralisation, through a network of offices that ensures national coverage and a close relationship with the main local markets.



Eduardo Fernández-Cuesta

Eduardo Fernandez-Cuesta joined the company in 1989, in the Department of Investment and Promotions. In 1994 he was appointed Managing Director of Richard Ellis Residential becoming responsible for establishing the new company in Madrid, developing its national expansion. While the merger between CB Commercial y Richard Ellis was ending, Eduardo Fernandez-Cuesta was appointed Vice President and CEO of the company, becoming the head office in Madrid, Barcelona, Palma de Mallorca, Marbella, Valencia and Malaga. In 2001, he became a member of the Executive Committee of CB Richard Ellis Europe, and a year later (2002) he was appointed President of the company in Spain.

secure revenues from a wider range of services. The economic crisis forced us to change. Whereas before our high revenues meant that cost control wasn't a priority, we now strive to be a cost-efficient business.

How do you think your company has managed these changes?

We coped with the changes in our industry in three ways: reorganising our structure to meet the new market demands, reducing costs, and increasing client focus.

BM's research shows that many companies do not feel changes are managed well within their companies. Why do you think this is?

I think that communication is generally an unresolved matter within organisations. Communication definitively plays a very important role in the perception that employees, clients and partners have of how the situation and changes are managed.

What challenges, if any, do you face when trying to engage employees?

In times of crisis, engaging employees becomes increasingly difficult. Many question the capabilities of their superiors. In these situations, it is particularly important as a manager to focus on the core skills of a good leader: empathy, people skills, a professional approach, work capacity, and high standards.

Which companies do you think manage change well? Which other CEO's have inspired you?

Companies which are able to be flexible and adapt quickly to new market conditions emerge as the leading organisation in their industries.

What is the worst example of change communications you've seen?

I don't have a specific occasion, but I often find that people fail to communicate decisions properly. This can seriously damage the work environment.

What would be your one piece of advice to an executive when communicating change within a company?

Transparency is a key factor in successfully communicating change.

Creating a climate for change

An interview with Roger de Weck, Director General of Swiss Broadcasting Corporation

What changes are the media facing?

Things are changing at an unprecedented rate. No media company in the world, including giants like Google, knows where it will be in ten years. Change is in the nature of our business. One challenge we face is that more and more people are following our programs via the internet rather than on radio or TV. This is a real paradigm change.

SRG SSR is in flux. What's the role of convergence in all this?

There used to be a clear distinction between radio, television and the internet. But these lines are blurring. People are consuming programs on many "new" devices, for example PCs, laptops, tablets, and smart phones. In the future our business will be increasingly about audiovisual productions that get to the audience via a wide range of different distribution channels. To an extent, SRG SSR will move away from being a conventional broadcaster to become a production company. We've already placed the management of TV, radio and internet under one leadership. Besides, these days it would be irresponsible to train and hire young journalists only for one medium. The new generation and their professional environment are multimedia.

Are there other things making change necessary at SRG SSR?

With 6,100 employees, SRG is the biggest media company in Switzerland. As a public service broadcaster we have a constitutional mission to fulfill, while at the same time having to contend with powerful competition from foreign channels. The

major German, French and Italian TV broadcasters have many times the budget we have. So we have to be all the more efficient, and produce a lot of radio and TV with only a little money. We're one of the most efficient providers in Europe, and we're working hard to become even more efficient so that we can invest as much money as possible in home-grown Swiss productions. These are what our audience likes best: they're our USP and our raison d'être. For example, one of the focus themes we're planning for 2013 is Swiss history. Here, too, TV, radio and internet will all come into play.

What are the biggest challenges?

The invention of the internet is an even bigger watershed than Gutenberg's invention of printing in its time. We're moving from the information society, which the press, radio and television tend to cling to, to an interactive society. My job is to prepare the organisation for this – both in concrete terms, and on a mental level.

What's your approach to managing change?

I try to keep a sense of humour. We work better if we're having fun. And in the media, managing people means convincing them. It's essential to preserve an easygoing climate of openness and self-assurance – which also means the ability to be self-critical and self-deprecatory.

What, for you, are good examples of the way organisations manage change?

The ambivalent example of Nokia springs to mind: the manufacturer of rubber boots that evolved into

The Swiss Broadcasting Corporation (SRG SSR)

With 6,100 employees and CHF 1.6 billion in sales, SRG SSR is the biggest media company in Switzerland. It is "owned" by a private association with a constitutional mission – a Swiss peculiarity that assures the independence of public radio and television. SRG operates seven TV stations and 18 radio stations in the four national languages, German, French, Italian, and Romansh.

a maker of mobile phones. In the initial phase they did a great job of managing the change, but in phase two, once they got successful, they got arrogant. In my many years as a business journalist I learned that one piece of folk wisdom, at least, is true: pride comes before a fall. At risk are companies and businesspeople who sit on their high horses. My own role model is Nestlé. They have always evolved calmly and resolutely, restructuring and rebuilding if necessary. They have a long-term strategy, and they're able to integrate different cultures within the group.

Can you name any key experiences that symbolise change for you?

Recently I was at a wedding. At the banquet table I watched as a two-year-old child effortlessly navigated its way around an iPad, playing children's games, for a whole hour. Kids who can't even speak properly yet, never mind read, have mastered a computer. That's a symbol of change.

You were editor-in-chief of the *Tages-Anzeiger* newspaper in Switzerland and *Die Zeit* in Germany. What changes did you bring about there?

I was able to initiate processes of change both at the *Tages-Anzeiger*, *Die Zeit*. At the *Tages-Anzeiger* we took what had been a largely self-managed editorial team and turned it into a lean, streamlined organisation. This change had to happen in people's heads as well. I also brought about changes at *Die Zeit*. Now it's successful, but at the time the paper was on the defensive, having spent a decade losing circulation and, as a result, confidence. But after years during which things had stood still, I had to make too many changes in too short a time. Readers are creatures of habit, after all. But I'm delighted to see that the work has paid off thanks to the admirable efforts of my successor, Giovanni di Lorenzo.

How do you communicate bad news, or job cuts?

In medias res: I get straight to the point. When it comes to bad news or job cuts, people don't like it if you beat about the bush. You have to communicate



Roger de Weck, Director General of the Swiss Broadcasting Corporation (SRG SSR)

Since 2011 de Weck has headed SRG SSR as its director general, with a remit to exploit the opportunities of the new media landscape. One of Europe's leading journalists and publicists (writing in German and French), from 1997 to 2000 Roger de Weck was editor-in-chief of the German weekly newspaper *Die Zeit*. He subsequently authored books and worked as a TV host. He grew up in Geneva and Zurich, and studied economics (majoring in economic history) at the University of St. Gallen. He has honorary doctorates from the Universities of Lucerne and Fribourg.

your decision, with no ifs or buts. You have to explain, give reasons, and show ways of resolving the problem. Naturally there are many decisions which you need to debate beforehand to find a broad consensus if at all possible. But once you've made a decision, you have to communicate and implement it without delay.

What, for you, is the quintessence of change?

You can't do anything on your own. Teambuilding is the key. This is why we've reduced the number of people on the SRG SSR management board from 13 to seven, to create a lean, compact team where decisions can be made quickly. The more harmonious the team, the greater scope there is for delegation and initiative. That way you can work unbureaucratically. The result is more important than the hierarchy.

Attitude capital – the most important asset

An interview with Pål Thore Krosby, CEO, Aller Media Denmark

Despite the economic turbulence, Aller Media reports its best result in 135 years. CEO Pål Thore Krosby reveals the secret behind the success.

The past decade has been a slippery slope for the media houses in Europe, with monthly reports of decline in the distribution of print papers and the constant pressure to cut costs in already slimmed down organisations. Yet, Aller Media can boast record-breaking results. According to CEO Pål Thore Krosby the reason is simple: “constant change.”

Krosby asserts that management is in fact change management. There is no such thing as management without change.

external circumstances. Whereas other media groups are struggling to keep up with new trends, or adapt to a harsher financial climate, Aller Media is in a state of constant change.

Krosby has labeled this readiness for change “attitude capital”, the mental condition that managers and employees possess in order for the necessary changes to go through. In fact, he believes companies should include the status on their “attitude capitals” in annual results, alongside the

“It’s essential to preserve an easygoing climate of openness and self-assurance – which also means the ability to be self-critical and self-deprecatory”

“By understanding and accepting the ever-changing nature of our industry, we become an organisation fit to spot a change in trend and act on it,” Krosby says. He encourages his line managers to push constantly for change and seek out opportunities for change proactively. This approach, Krosby says, is necessary to avoid being forced into making changes due to

financial results. Attitude capital, according to Krosby is comprised of five elements: Direction and Sense-making; Key Employees; Involvement; Independence; and Collaboration. All five elements respond to creating an environment and an organisation of people fit for change in an agile organisation.

Responding to resistance

Yet, all the attitude capital in the world, cannot eliminate the organisational challenges large change processes bring. Particularly, substantial changes initiated by top management as a result of market forces, can be demanding. A common reaction to wide-reaching changes is resistance, or at best a passive work force.

When people are not responsive to messages from management, communication becomes a testing task. After ten years at the helm, Krosby has seen these tendencies first hand on several occasions.

Aller Media

Aller Media is the leading publisher of magazines and weeklies in the Nordic countries. More than 3 million weeklies are sold each week in Denmark, Norway, Sweden and Finland. In Denmark alone, more than 2 million out of 5 million Danes read an Aller magazine each week.







Often both line managers and employees distance themselves from the strategic messages of top management in difficult change processes. “In these instances, communicating strategy in such a way that it makes sense to each individual employee is crucial to encourage employee engagement,” says Krosby.

Attention to individuals is a recurring theme in Krosby’s management thinking. “It is essential that companies are able to support top management messages with communication that is relevant and inspiring for the single employee,” he states and warns that if you fail in gaining support at the individual level you will not succeed.

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This work must be done at each level in the organisation, with line managers taking the lead. They must tailor the messages, adapt the dialogue and involve the employees in their teams. In this way, Krosby believes, you secure commitment and achieve the necessary drive to execute the change.

Relevant involvement

As many leaders will have experienced, initiating change is quite different from executing the plans and crucially, seeing them through. It is in this latter stage that many change processes fall through. Once you have gained the commitment of employees to a certain strategy this must translate into behavioral change. Many companies then lose the pace, as the one-way communication used to generate attention fails to secure continued commitment.

Krosby’s solution is more involvement. “I have always believed in and acknowledged the necessity of involving employees, and I have learnt over the years that it is all about relevant involvement.”

Relevant involvement, he explains, is about carefully considering which decisions and parts of the process are suited for consulting employees. Krosby learnt



Pål Thore Krosby

Pål Thore Krosby joined Aller Media as CEO of Aller Media Denmark back in September 2001 leaving one of the leading radio stations in Oslo, Norway. In a declining media market his main focus with Aller Media has been to shape the organisation to handle future changes.

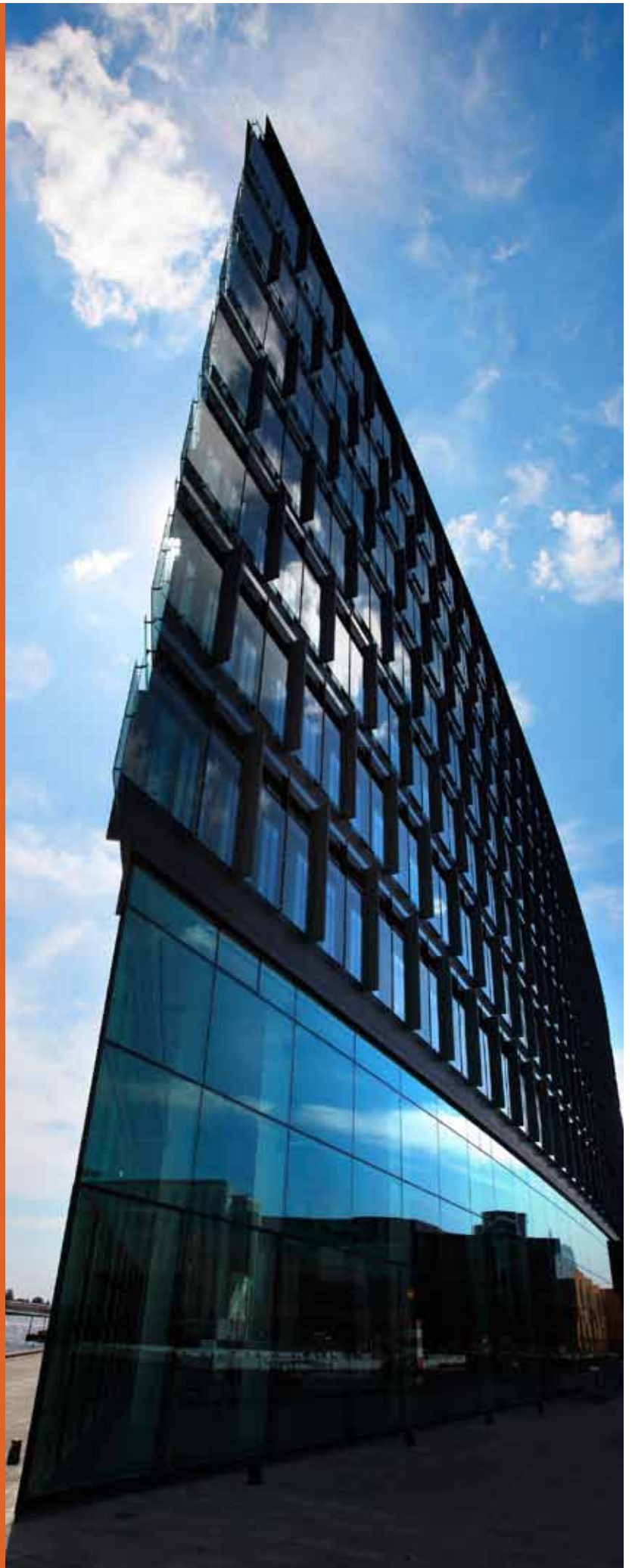
this the hard way. In his early days as CEO, he wanted to involve the employees in an upcoming strategy process, and asked them for input and suggestions. Yet, when the board and senior management presented the final strategy, it was in a language and tone the employees did not recognise.

“I have learnt a lot from this experience. I will do it differently in the upcoming three-year planning process. This time, employees’ inputs will remain in the same tone of voice and wording, and it will be sent back to them, in order for them to come up with recommendations for implementation,” Krosby pledges and adds: “And let’s just call it a plan, instead of having some fancy, well-articulated strategy that only a few understand.”

Attitude capital

“The big five” – the key components of Pål Thore Krosby’s Attitude Capital:

- 1: **Direction and Sense-making:** Skilled employees seek direction and sense-making in relation to the company’s vision, mission and strategy, and an idea of where they, as an individual, fit in (WIIFM = what’s in it for me?)
- 2: **Key Employees:** Make sure that you have the right employees that have the potential to grow and the ability to create success.
- 3: **Involvement:** Involve, create dialogue, motivation and commitment and ensure ongoing relevant communication.
- 4: **Independence:** Make sure that they have the right conditions, where they are able to grow and develop the highly necessary skills.
- 5: **Collaboration:** Create collaboration through involvement, your leadership style and the way you communicate – this results in autonomous employees and success!



Every employee is somebody's expert

An interview with Burson-Marsteller's co-founder Harold Burson

Described as “the century’s most influential PR figure” by PR Week, Harold Burson knows a thing or two about communications. During his 35 years as CEO of Burson-Marsteller, the PR firm he founded in 1953, he saw the pitfalls, the simple solutions, and the hard work behind successful internal communication.

Like other consultants, public relations advisers are in the business of problem-solving. Yet, sometimes the most challenging and complex part of a project is identifying what that problem actually is. “Simply because you know that something is going wrong with your company doesn’t mean that

“Judgments should be based on thorough research. This allows for the real problem to be identified and clearly defined,” Burson says.

One of the best methods of collecting information is speaking to employees. Although seemingly simple, to achieve the best result, dialogues must be struc-

“Judgments should be based on thorough research. This allows for the real problem to be identified and clearly defined”

you necessarily know what the problem is,” Burson reminds us. He warns that relying solely on intuition will in many, if not most, cases lead you down the wrong path. Many exquisite plans and programmes are often based on intuition or poor research, and end up with a solution to a problem that never really existed.

Harold Burson has three simple rules for effective internal communications:

1. Speak to your employees and spend time with them regularly, not just when there is a problem
 2. Set the example
 3. Accept the cost of research and make sure you find out what the real problem is
-

tured and thought through, making sure that the appropriate methodology is applied. This is what Harold Burson did when contacted by a major steel company in Ohio which sought help with what it perceived as low employee morale. Senior mill management “had a gut feeling” that steel mill employee morale was at a low level and “needed a boost such as a big family picnic at the mill over a weekend.” The CEO walked through the plant himself and came to the same conclusion – that the firm simply needed to pep up team spirit – and asked Burson-Marsteller to assist him in organising team building activities.

Don't opt for quick-fixes

Yet, Burson was reluctant. Such “pep-up” activities are often quick-fixes which rarely address the root causes of a problem. He therefore recommended setting up focus groups and conducting employee interviews before deciding on further action. The interviews were structured with open-ended questions, and employees

“Every employee, at every level, is somebody’s expert on your company”

were encouraged to speak freely as reporting was done independently. The results were eye-opening.

What emerged from the focus groups was an overwhelming discontent with parking and traffic arrangements at the mill site. Though parking spaces were plentiful, they were available on a first-come first-serve basis. With the steel compound having more than 25 check-in points, this meant employees could walk up to 20 minutes before they reached their time clock where they checked in. Furthermore, the plant was located near a state highway without traffic lights at exit points. Employees waited an average of 35-40 minutes before they were able to cross the road! Management had not been able to detect the problem as they had reserved parking spaces and used another exit.

The issue was simple and easy to solve, once it was identified. Previous reviews, Burson specifies, had not revealed the issue because “people generally don’t want to disturb existing relationships”.

This happened more than 20 years ago, but the lesson is as valid today as it was then. Communica-

tion tools and methods must be tailored to ensure your target group feels comfortable giving you the whole story. This requires a clear and well-chosen methodology.

Sadly, many companies fail in detecting the root causes, because they resist the cost of proper research. In most cases however, it is the smallest price to pay, as it ensures that your company will deal directly with the real problem.

Every employee is somebody’s expert

While companies willingly spend vast amounts on educating staff about their products and services, they allocate far less time and resources to sharing knowledge and insight about the company itself. As a result employees aren’t very familiar with the company’s vision, ethics or view on important issues. If an incident occurs, employees with customer interaction will not know what to say. The risk is that a multitude of stories spread, creating confusion and potentially negative rumours.

Harold Burson insists that internal communications will become increasingly important in the future: “Every employee, at every level, is somebody’s expert on your company”, he stresses. Employees are representatives of their firm and need to be informed and kept up-to-speed on all company news and key messages. For this purpose, a company must have an efficient internal communication policy and implementation suited to the company’s size and profile.



Burson-Marsteller

Burson-Marsteller (www.burson-marsteller.com, www.burson-marsteller.eu), established in 1953, is a leading global public relations and communications firm. It provides clients with strategic thinking and programme execution across a full range of public relations, public affairs, reputation and crisis management, advertising and web-related strategies. The firm’s seamless worldwide network consists of 67 offices and 71 affiliate offices, together operating in 96 countries across six continents. Burson-Marsteller is a part of Young & Rubicam Brands, a subsidiary of WPP (NASDAQ: WPPGY), one of the world’s leading communications services networks.

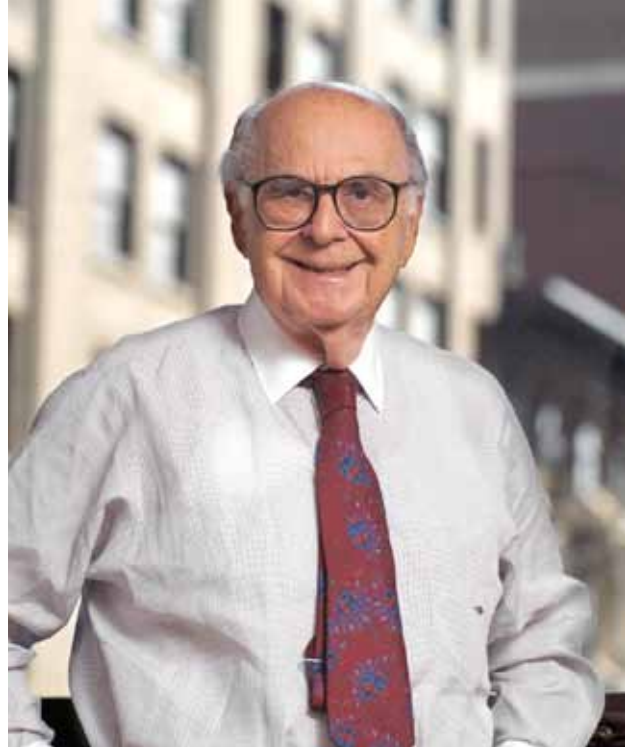
Set the example

Internal communication or change communication is nothing without action. CEOs must lead by example, and not be afraid to take the lead in change processes.

Harold Burson did this for instance in the US in the 1970s when there were hardly any women in PR. The few who did have public relations jobs, focused on food, fashion, home furnishing or personal care products such as shampoos. In fact, when Harold Burson first started his business in the mid-1940s, he knew of only two women who had senior positions in corporate public relations.

In 1967, he decided to set the example and hired Burson-Marsteller's first female professional to assist with a new key client in the chemical industry. Shortly after, Burson-Marsteller became the first major firm to have a large female work force after having acquired a women-staffed public relations company that specialised in food. The company had a staff of 30, of which 29 were women!

During the same period, Burson hired a secretary of Jamaican origin to show where he stood on the issue of gender and ethnic diversity in the work place and that human resources should be colour blind. This move also proved to be one of Burson's most successful hires. Diana Ross, that was her name, worked with Harold Burson for 22 years.



Harold Burson

Harold Burson is the co-founder, with William A. Marsteller, of Burson-Marsteller and was its CEO for 35 years. In a survey conducted by PRWeek, he was described as “the century’s most influential PR figure.” PRWeek’s summary of his career recapitulates his role as public relations’ preeminent practitioner: “The architect of the largest public relations agency in the world today, Burson-Marsteller chairman Harold Burson’s contribution is immense in many other ways besides. He started practicing the concept of integrated marketing decades before the term was even invented. He brought PR into the advertising business at Young & Rubicam as an equal (it’s arguably never been achieved again). His development of training programs set the benchmark that other agencies have only recently caught up with. He has personally sponsored and supported programs, industry bodies, universities and charities to improve the profession. His mentoring of talent has spawned a whole wave of ex-Burson PR agency start-ups. He created a unique Burson culture that still unites former employees. And last but certainly not least, his personal counsel has enlightened the thinking of boardrooms at many Fortune 100 companies and across the globe.”



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