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THE ULTIMATE CULTURAL CHANGE: VODAFONE SPAIN'S TECHNOLOGY AREA

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Abstract

Making cultural change happen and improving employees' engagement and motivation cannot be done overnight. It is a medium-term challenge that requires a committed management team, a detailed understanding of the reasons behind employees' low morale, a structured approach to addressing those issues, and a well-designed communications strategy. Achieving cultural change usually means doing things in a different way, being innovative without having to "reinvent the wheel," focusing on the customer, being accountable for any actions and decisions, and all this with optimism and a positive attitude.

This paper illustrates the transformation challenge in the Technology Area of Vodafone Spain, what motivated the change, how the Board went about addressing the issues, what are the results to date, and what will be the next step.

Keywords: Cultural change, organization, transformation.

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THE ULTIMATE CULTURAL CHANGE: VODAFONE SPAIN'S TECHNOLOGY AREA

1. Introduction

Half-way through 2006, after 10 years of operational success and continuous growth, the Technology Area of Vodafone Spain was lagging behind the rest of the company's operational areas which had just undergone a cultural change.

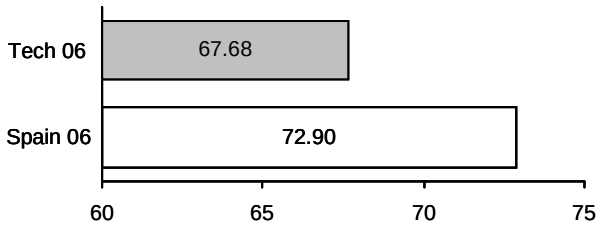
At that time, the general self-perception of the people within the Technology Area was very negative: results were far from brilliant, both in the Technology Area as well as company-wide. The fact that the Chief Technology Officer was the third in three years did not help to improve this self-perception. Evidence of the situation was provided by the Area's employee satisfaction and engagement survey (67.6%); it was more than 5 percentage points below the company's average (Figure 1).

One of the first key decisions taken by the recently-named Technology Board was to launch a cultural change program with the objective of renewing the way people worked, focusing more on both external and internal customers whilst improving the team's self-perception.

This paper describes details of this program. The paper is structured as follows: a brief explanation of the external and internal context affecting the Technology Area of Vodafone Spain (VF) and the reasons behind the need for a cultural change, followed by a description of the conceptual framework designed to define the cultural change program, and the way this framework was structured around 18 projects to effectively enable its implementation. Then it proceeds to outline the main accomplishments achieved during the program's first year, the difficulties that were encountered during this time and the main lessons learned. The paper ends by wrapping up the case with several definite ideas of how the Board wants to proceed over the next months based on those initial results and the feedback that has been gathered so far.

Figure 1

Comparison of the Results of the Engagement Index of Vodafone Spain vs. Technology for '06



2. Why Technology 2.0?

As soon as the new Technology Board was constituted, significant changes began taking place within the Area, motivated by an evolving market environment where traditional voice telephony was become a commodity and a completely new service proposition needed to be addressed (content, VF Live, mobile data). Rapid technological changes were starting to occur due to fixed-mobile convergence, and the company was facing stronger competition both from traditional and new players. The new Board also started a new way of working, based on quick wins, as a means to achieve a results-oriented culture.

A year into these changes, the Board realized that, even though they had made significant progress in execution and global leverage, they needed to ensure that these changes were sustainable in the long term. They also acknowledged that they needed to embed the cultural change within the people.

They knew what they did not want to be. Trying to define what and who they wanted to be was another issue. The answer finally was to create a program called Technology 2.0, and this became the way forward.

The program was designed around three key questions: "Who are we?"; "How do we deal with people and intellectual capital?", and "How do we want to work?"

3. How Was the Program Developed?

A. The Design of the Program

The Board spent three months designing the concept and scope of the Program. Top management got together on several occasions to study and discuss relevant articles on Change Management, and to brainstorm how these findings could be applied to the reality and challenges they were facing.

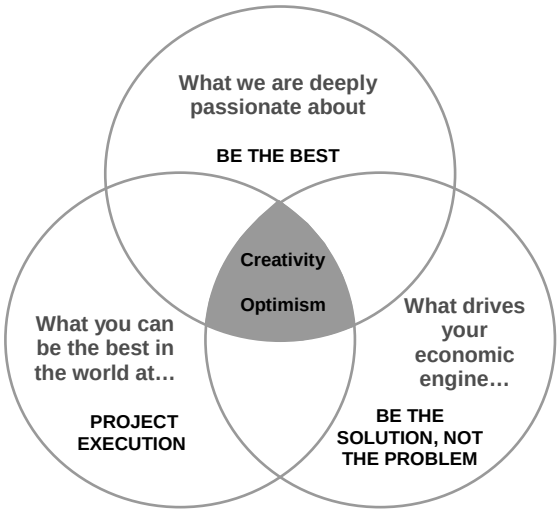
At the end of this process, they came out with their answers to the three original questions:

1. **Who are we? What is our Identity/DNA?**

Using Jim Collins' "Hedgehog concept" approach [1], they finally defined the Area's identity, a mission statement that reflected who they wanted to be as an organization and as professionals (Figure 2).

Figure 2

The Hedgehog Concept applied to Technology 2.0



"Our motivation is to be the best. We want to be the best in the world in project execution. Our value is to be the solution, not the problem."

These statements were reinforced by three mantras: creativity, optimism and discipline as means to create a healthy working environment and induce innovation.

Optimism, because optimists hope that things will turn out right, they invest the required energy to achieve the goal, and have the predisposition to make it happen that way [2].

Creativity helps to "think outside of the box", come up with new solutions to old problems, new ways to do things [3].

Discipline because commitment is essential and people need to respect deadlines and be more willing to make decisions and feel responsible for the implications of such decisions.

2. How do we deal with people and intellectual capital?

"We want to ensure the best in 'WITH WHOM?', because with the right team, the 'HOW?' will be much easier."

The Board acknowledged that the Area's best assets were its people and its intellectual capital. Thus, it was essential to recruit the best professionals.

In addition, it was of vital importance to develop the people in ways that would enable them to progress in their careers.

3. How do we want to work?

"Facing and acting on the brutal facts, being accountable for our decisions and committing to our objectives.

"Enable idea flow, by overcoming individualisms and promoting idea-sharing throughout the organization.

"In summary, we want people that are committed, willing to take responsibility, and who are always looking for better ways to get things done."

An important part of the design process was the definition of a communications strategy. On the one hand, what the Board wants to communicate, the audience, the timing, and the means; and the importance of this issue led the Board to create a team wholly-dedicated to all aspects of communications. On the other hand is the need to ensure consistent and constant top-down communication through the involvement of our managers.

B. The Implementation of the Program

The program's roll-out was structured around projects that tackled the different issues of the cultural change. In identifying these projects, the Board extracted lessons learned and references from a customer-oriented master plan that was led by VF's Customer Service Area. Part of the Board had been involved in this master plan and therefore had first-hand experience.

The Board reviewed which projects applied to the challenges the Area was facing and defined new ones. The result was a list of 18 projects which were implemented over the period of 400 days. Some of these projects focused on one-off issues and have been completed, while others were incorporated as part of the "business as usual."

To implement these projects, a project manager (PM) was nominated for each project as well as a sponsor. These PMs held important management positions within the Area, and the sponsors belonged to the Board. Each PM was free to decide if the project was to be implemented with the support of a project team or not. In most cases, a cross-functional project team was set up, involving people from all the units of the Technology Area. In addition, Committee meetings with the Board and the project managers were held every month to discuss the main achievements and the most relevant issues, and to revise the scope or focus of the project if required.

The 18 projects were given catchy names, in order to make it easier for people to remember them and associate them with their respective objectives:

Identity 2.0:
Create awareness of the new identity (behaviors, attitudes and values) within the organization, ensuring that it is adapted and applied on a daily basis by each team / person.
Our company, our business
Ensure that the people in the Technology Area know and handle the key business indicators, thus guaranteeing that the Area's objectives are aligned with the Company's.
Excellence is not an act, it is a habit
Continuous improvement. Focused on embedding an attitude of doing things in a better and more efficient way. "Being the best" [4].
Projects keep us together
Reinforce a culture of working by projects within the Technology Area [5].
Unique and valuable knowledge
Identify what the Area sells to be unique and valuable; that for which the customers are willing to pay.
Consultants reloaded
Develop a professional profile with potential in Technology 2.0, to enable identifying the people that will drive knowledge sharing within the Technology Area.

Fora: an open window
Provide the opportunity to stay up-to-date with the latest developments, and new product and technology launches in the sector and in alignment with Technology 2.0.
Either you move or you become obsolete
Promote multidisciplinary profiles via rotation/mobility programs within the organization. The idea of a flat organization was reinforced to empower people.
Know your leadership
The team used the five levels of leadership as a means of thinking about each manager's management style [6].
Let us select the right people
Improve the quality of the people that are recruited and ensure that the best people join the team. The profile that meets these requirements has to be, above all, energetic, dynamic, an optimist, innovative and capable of working autonomously [7].
Project Interns
Bring on-board the best University students; improve Vodafone's brand image and thus increase the students' desire to join Vodafone.
Balanced Scorecard 2.0
Have a simple, but comprehensive, Balanced Scorecard in order to facilitate the decision-making process at Board level.
Pay attention to warnings, learn!
Extract lessons learnt from the incidents that occur, ensure that all the warnings are heard – "there is no excuse for a second warning" [8].
Your team needs you, give feedback
Establish a working method to reinforce the importance of the people in the team. Dedicate time and effort to give constructive feedback, as a means of personal and professional development.
Discipline? – Fulfill our commitments
Instill a culture of discipline, thus ensuring that commitments are fulfilled [9] and [10].
The art of copying
Establish the culture of copying good ideas through communication initiatives [11].
Technology 2.0 course
Develop Structural Capital, more specifically Intellectual Capital, within the Technology Area, by teaching a course focused on the Area's unique and valuable knowledge.
Wikifone
Design a tool following the "principles" of the WWW Wikipedia to enable knowledge sharing.

4. What was accomplished during the first year of the program?

A. Accomplishments

A year into the Program, the Board conducted a survey of all employees of the Area to determine their perception as to how much the Area had changed since launching the Program, and to gather evidence as to how well they knew the issues that were being addressed by the projects.

In general terms, the results of the survey showed that there existed a very good understanding of the projects (the least-known project was known by 80% of the respondents). 60% of respondents answered that they firmly believed that significant change was taking place within the Area and that these changes were preparing the Area to successfully face future challenges. In addition, optimism and aiming for excellence in the execution were the two most valued traits.

These positive results were also supported by the outcome of the satisfaction and engagement survey held during the Program: an increase of 6 percentage points (74% compared to the

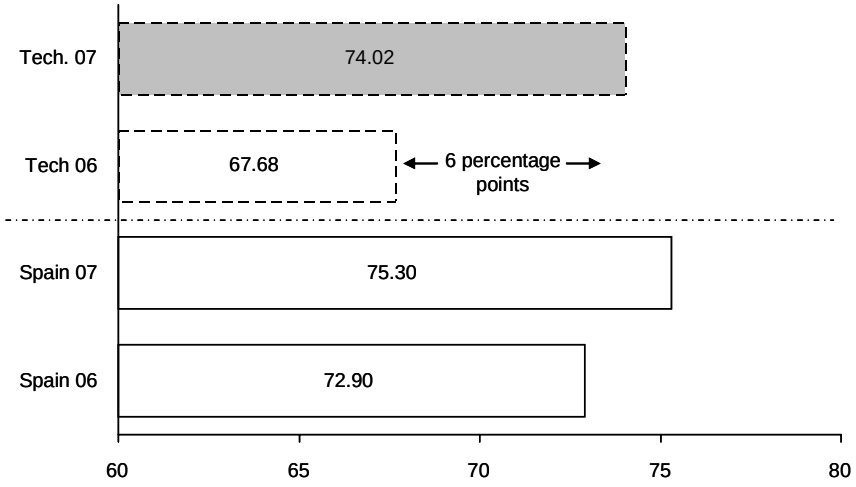
previous 67.6% mentioned above) and only 1.3 percentage points below the company's average (Figure 3).

Not all the projects were meant to reach all the employees. In those where conveying the message down the chain was important, the main challenge was to avoid "Chinese whispers" and ensure consistency in the messages that were being passed.

Identity 2.0 is the project that best illustrates this challenge. In this case, the team reached 98% of the Technology Area population. The employees participated in top-down sessions where the concept of Technology 2.0 was presented and a brainstorming exercise was conducted in order to define the Area/Unit/Department's own identity. Nine months into the project, a second round of top-down sessions were undertaken and the messages were refreshed.

Figure 3

Comparison of the Results of the Engagement Index of Vodafone Spain vs. Technology for the years '06 and '07



With "Fora: an open window," the team managed to reach attendance rates of 20% of the Area's employees by inviting guest speakers to talk about interesting issues closely related to the Program's basic principles: optimism, innovation, discipline, normal incidents and project management issues.

Another means to communicate throughout the entire organization was through team briefing exercises. These are information sessions where managers get together with their teams to present a topic of interest to the group. This tactic was used (and continues to be used) by the team responsible for the "Our company, our business" project. The aim is to explain and discuss several business-related issues to help align the Area's objectives and understanding of the business with that of the rest of the Company. The survey showed that 78% of the Area's employees had participated in these briefings.

Other projects used different tactics to "broadcast" their objectives. In these cases, the communications plan became of crucial importance. It was essential to synchronize timings, tailor messages, and create brand images that would capture and retain people's attention. Several projects are worth mentioning:

- "Either you move or you become obsolete" based its campaign on images related to death or prehistory. A dinosaur and a skeleton became well-known signs of the

importance of dynamism in managing a professional career. In the survey, this project stood out as the best known project of the Program.

- "Consultants Reloaded" built a story around a western theme, where the figure of the sheriff was the main character. The team edited a video where the CTO and members of the team, dressed as cowboys, invited employees to apply for positions as consultants. In the end, a total of 127 employees applied for a position.

- "The Art of Copying" built an awareness campaign using well-known cartoon characters whose powers imitated the survival tactics of some of Nature's insects and animals. The team also published an interview with the CEO of Vodafone Spain where he explained the methods he used to staying up-to-date and his information sources. Both initiatives were aimed at showing that "copying is good."

- "Discipline: Fulfill your commitments" designed an initiative aimed at improving the meetings and ensuring that people arrive at meetings on time and prepared. Called the "piggy bank," it was based on the idea that any person invited to a meeting who does not arrive on time or prepared has to pay a small fee. Money collected would then be donated to an NGO.

In addition to attractive communications campaigns and information and feedback sessions, the team working on the project "Excellence is an act, not a habit" decided to illustrate and embed its project's objective by designing a "continuous improvement" projects competition. A total of 45 projects were presented and 9 projects were finally selected. The projects were implemented by cross-functional teams over a period of three months with the support of the program's Committee team. Once the projects were finished, the results were evaluated and the best project was awarded a prize.

A similar approach was used by "the art of copying." The employees were invited to present ideas or ways of approaching an issue that they had applied after learning or hearing about them from other experiences. In this case, however, it was decided that the best proposals would be selected and published in the weekly newsletter.

Other projects used more traditional approaches to addressing their objectives:

- The project "Let us select the right people" identified the capabilities and competencies needed to ensure the recruitment of those people best suited to face the challenges of the Technology Area.

- To define the Area's "Unique and valuable knowledge," some of the Area's best managers got together to discuss and define the guidelines and concepts that best represented the Area's specific knowledge base, based on the Program's principles. These guidelines were used as input to determine the content of two new projects: the Technology 2.0 course and a specific 'Wikipedia' (the Wikifone) for the Area.

- Working closely with Human Resources, the team responsible for the "Project Interns" project defined an "Interns" value proposition and put in place a recruitment process aimed at attracting the best talent straight out of University.

- To design the Program's Balanced Scorecard, the people in charge of "controlling" the operational indicators within the different units met to select the most critical KPIs that

would support the Board during any decision-making process. Around twenty KPIs were selected and are presented on a monthly basis, using a basic Excel spreadsheet.

- With the help of an external consultant specializing in the design of corporate courses, a 13-week course was developed within the context of the Technology 2.0 course project. The different subjects were taught by 12 managers from within the Area and 30 employees took part in the course.

There are two projects in particular that represented (and continue to represent) a challenge. One of them was closely related to being the best in project execution ("Projects keep us together"). The other was focused on motivating idea sharing and idea flow as a means to learn from "mistakes and errors," thus avoiding incidents ("Pay attention to warnings, learn!"). In both cases, the teams worked hard on initiatives that they believed would help instill a culture of doing things in a different way:

- The former designed a handbook outlining the key issues in project management to be used as a guideline by all PMs. They also launched a monthly communications campaign to report how the Area was performing across key project indicators (time, quality, cost, and client satisfaction) and strengthened the role of the PM as a way to emphasize that work was being structured around projects.

- The latter proposed and designed a template to facilitate the process of documenting and sharing the most critical incidents and network failures.

B. Difficulties encountered

After the Board and project teams had defined, developed and launched the 18 projects, everybody firmly believed that the work had been done. The months spent designing and launching the Program had left the team with a feeling of euphoria that was far from real.

Even though the Program was supported by a comprehensive communications campaign, the Board acknowledges that it needs improvement. The Area's employees receive lots of information every day, especially by e-mail, which poses the challenge of finding new ways to draw attention to each campaign launched.

Incorporating Technology 2.0 into the employee's daily activities also proved to be a difficult task. Though many of the sponsored initiatives were designed with this in mind, it has not always been easy to create that link, and part of the cultural effect that was being sought has been lost.

The Board has also had to face the challenge of reaching out to employees scattered around the country working within the Regional Units, ensuring they receive the same information as in HQ. These Units are responsible for operating and maintaining the network.

Finally, there is a general consensus that it is essential to spend time up-front to clearly define and limit the projects' scope to ensure focus on the most critical issues, avoid misunderstandings and to identify KPIs to help determine the degree of progress and take corrective actions if necessary.

5. What will the board do next?

Looking forward the Board will:

- Incorporate the values and objectives of the Program as part of the Area's objectives for the following financial year, as well as a part of the employees' performance review.
- Give more visibility to Top Management through initiatives that will encourage their proximity and accessibility to the rest of the organization.
- Continue working on those projects that have not achieved the expected results.
- Ensure that, when closing down a project, employees' expectations are managed.
- Identify further needs or any gaps that have been left uncovered both in regards to the issues addressed by the projects and the units that seemed less impacted.

6. Conclusion

This paper shows that cultural change can take place even under the most challenging circumstances: the Technology Area of a young, successful, multinational company, competing in a high-tech, exciting market, but lacking the motivation, engagement and customer focus required to keep up with the rest of the areas.

It is important to stress the need to first understand the real causes behind the lack of motivation, in order to take the best measures to successfully face the challenge ahead. The paper also emphasizes the fact that engagement at Board level and continuous communication are essential to help people understand why the change is important, how it is going to affect their daily work and what is expected of them; in summary, to get them excited about the change.

The majority of the paper is dedicated to explaining how the Board designed and implemented the cultural change. Looking back, they learned that:

- Information overload can be a risk.
- A decentralized organization demands more attention to be paid to units that are geographically dispersed and far away from the decision-making point.
- Implementing a project is the easy part; embedding a different way of working requires a greater effort from the Board, not only in communicating, but also leading by example.

Looking forward, the Board will need to consolidate the cultural change. The first actions, as described above, have already been identified.

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