

Business Seminar – Transformation



Siemens Healthineers

Speaker – Carlos Parente



Healthcare Consultant | Clinical Collaborations Manager

Siemens Healthineers – Enterprise Services | April 2019 – Present

- •Planning and management of healthcare projects with a focus on the Value-Based Healthcare model.
- •Country Manager for scientific collaborations, research, and innovation in Portugal.



Learning Objectives: You Should...

Transformation



- know what are the 5 key success factors behind large scale transformations
- understand what are the steps in creating a transformation plan
- ... and the toolsrequired to make ithappen





"What is the Goal of **Transformation** in business or in a company?

Transformation





"What is the Goal of Transformation?"

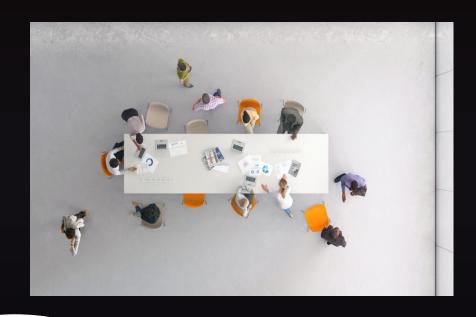
Almost all CEOs can drive a near-term bump by sheer force of will alone

A repeatable, replicable process to deliver better and better results....

Generally, requires a fundamental change to "how the business makes and executes decisions"

NOVA SCHOOL OF BUSINESS & ECONOMICS

"5 Key Factors?



The literature review, Experience, Research highlight:

Five key factors that drive successful transformation...why?

IDEAS?

• • • • •



5 Key Factors that Drive Successful Transformation 1.Leadership



Leadership – visible leadership from the top while <u>engaging key opinion</u> shapers at all levels increases odds of success – holistic change

Forward Planning & Developing a Leadership Role

1) WHAT DO I NEED?

2) WHAT NEW BEHAVIOURS & SKILLS ARE NEEDED?

3) WHAT CAN THEY DO NOW?

START



4) USING THE OUTCOMES TO PLAN FOR CHANGE & DEVELOPMENT

5) REGULAR MEETINGS

6) CONSULTING



7) ACTIVE LISTENING

8) ALSO NEED TO USE INTERPERSONAL & ENABLING SKILLS TO DEVELOP STAFF



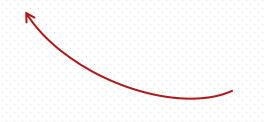
Leadership

Action Learning Sets

- **1)** Action learning sets are used to facilitate change
- **2)** Valuable resources in a time-strapped companies service environment



MARK LEARNING, DRAW
CONCLUSIONS, DEFINE
LEARNING FROM EXPERIENCE
INTEGRATE NEW KNOWLEDGE



PRESENT YOUR CHALLENGE; PROBLEM, ISSUE; QUESTION



SET MEMBERS QUESTION YOU
CONSTRUCTIVELY TO CHALLENGE VIEWS,
PERCEPTION AND UNDERSTANDING



INSIGHT? NEW UNDERSTANDING, IDEAS OR TAKING ACTION



TEST OUT TAKING ACTION IN THE WORKPLACE



BRING RESULTS

BACK TO SET - WHAT

BACK TO SET - WHAT WORKED; WHAT DIDN'T? WHY?



Relationship with the leader | Lead Teams

.Different types of individuals

INOVATOR

EARLY ADOPTER

EARLY MAJORITY

LATER MAJORITY

LAGGARDS

Love changed and thrives on it;

Readily accepts the change but may need a little more persuading;

Prefer status quo but will accept the change;

Resist change and only accepts the change after others have;

Openly antagonistic (slow progress)

Charismatic Leader Questionnaire



5 Key Factors that Drive Successful Transformation 2.Aspirations

2.Aspirations – well defined aspiration with stretch targets and an inspiring story that is cascaded in a clear and compelling way

... sense of purpose and direction...





5 Key Factors that Drive Successful Transformation2. Aspirations

ORGANIZATION CAN BE A SIMPLE, COLLECTIVE GROUP OF PEOPLE SUCH AS:

What is the Purpose of an Organization?

- » Collection of people working together under a defined structure to achieve predetermined outcomes using, financial, human and material resources;
- » A social unit of people, systematically structured and managed to meet a need or <u>to pursue collective</u> goals.



5 Key Factors that Drive Successful Transformation 2. Aspirations

What is the Purpose of an Organization?

Examples of Organizational Purpose Statements

- **1.Tesla** "To accelerate the world's transition to sustainable energy."
- **2.Patagonia** "We're in business to save our home planet."
- **3.Google** "To organize the world's information and make it universally accessible and useful."
- **4.IKEA** "To create a better everyday life for the many people

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Transformation Process - Planning for Change



DIRECTION	Everyone clearly understands what is happening, there is a sense of purpose
TIMESCALES	Clear and relevant - may be achieved by using a GANTT chart
COMMUNICATION	If ineffectual then there are clear grounds for rumor, innuendo and gossip. Gets rid of hidden agendas
CONSULTATION	Staff need to be informed and involved at every stage of the change
RESOURCES	Time, money, materials, people - where will they come from and how will they be paid for? Increasingly, employers rely on goodwill that may lead to employee resentment
MAKING THE CHANGE REAL	Involve yourself and behave in ways consistent with the change you are trying to bring about
JOB SECURITY	During organizational mergers and reconfigurations, people need to know their place in the new structure



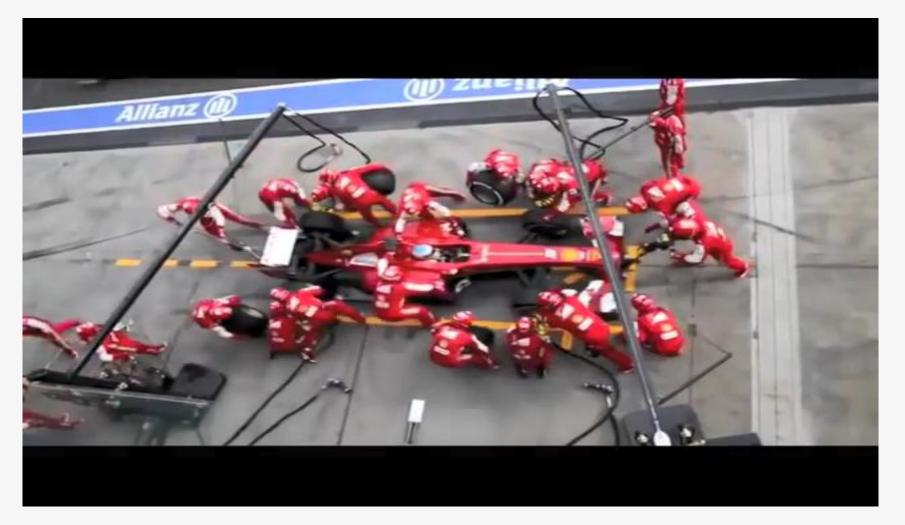
5 Key Factors that Drive Successful Transformation 3.Structure

3. Structure – a clear structure for the program, rigorously architected along a few broad themes, with tangible quick wins and strong performance management

Performance improves when new knowledge is put to good use also enable by teaming..... 3.1. Team Management



The Importance of Structure and Teams





3.1. The Importance of Teaming





TEAM'S IDENTIFICATION

THE TEAM CHOOSES:

CAPTAIN

NAME OF THE TEAM

SLOGAN

"BATTLE CRY"





THE 5 CHALLENGES OF HIGH PERFORMANCE TEAMS

TRUST

Honesty, consistency, competence and care

CONFLICT

Frontal communication, assertive feedback, passion, enthusiasm, anticipating conflicts

COMMITMENT

Take on the challenges of the team as if they were his/hers, fight for common goals

EXECUTION CONTROL

Management and ongoing assessment of individual and collective performance, individual and team coaching

CONCLUSION/RESULTS

Learning from mistakes, continuous improvement



3.1. The Importance of Teaming Individual Performance



INDIVIDUAL PERFORMANCE

=

POTENTIAL

+ OR -

ATTITUDE

+ OR -

FAMILY, SCHOOL, MOTIVATION, TRAINING



OPPOSITION FOR PROGRESS!

TEAM WORK VS. TEAM SPIRIT

INTERNAL COMPETITION



ADVERSITY, MAKES YOU GROW AND LEARN

WE GROW IN ADVERSITY





TEAM WORK



TEAM WORK

=

SUM OF INDIVIDUAL TALENT

+ OR -

GROUP DYNAMICS



GROUP DYNAMICS

TRUST

FRONTAL COMMUNICATION

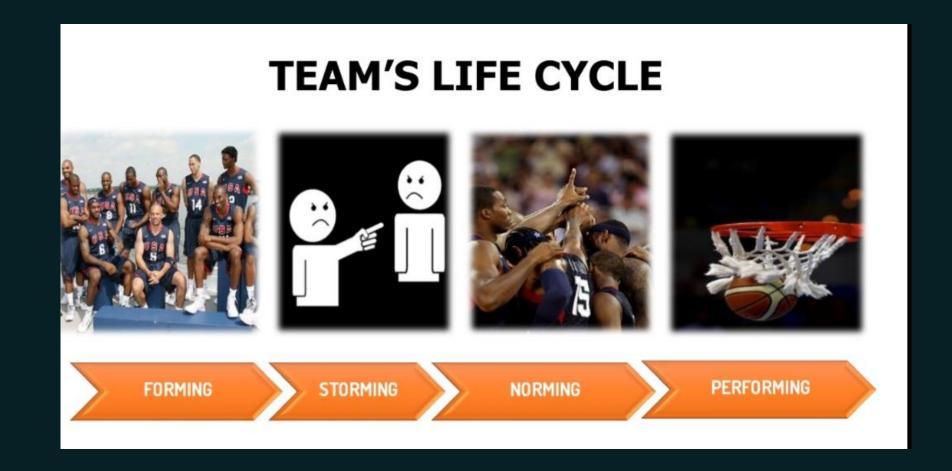
FOCUS / PARTICIPATION / RESPONSIBILITY

ORGANIZATION / ALIGNMENT / COMPETENCES /
COMMITMENT

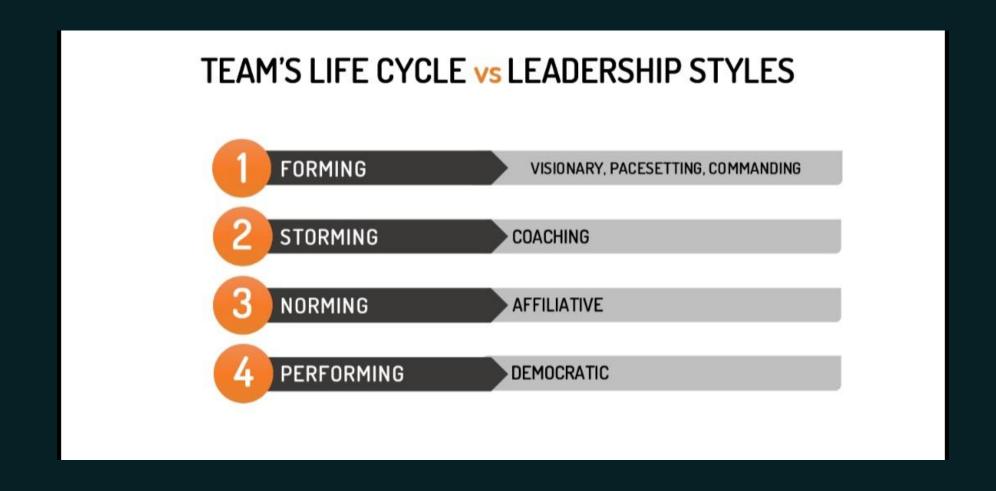
COMMON AND CHALLENGING GOALS

RECOGNITION / DISTINCTION











In sum:



- » Speaking Up Teaming depends on honest, direct conversation, between individuals;
- Collaboration Teaming requires a collaborative mindset and behaviors' to drive the process;
- **» Experimentation** Teams involves a tentative, **iterative approach to action** that recognizes the novelty and uncertainty inherent in every interaction between individuals;
- » Reflection Teaming relies on the use of explicit observations, questions and discussions of processes and outcomes. This must happen on a consistent basis that reflects the rhythm of the work.



5 Key Factors that Drive Successful Transformation4. Engagement



4. Engagement - a real focus on **building frontline**/broad ownership and changing key mindsets and behaviours

» Engaged Employees – Teaming has a positive effect on people's experience at work interacting directly with people who have different knowledge and skills makes work more interesting, enriching and meaningful.

5 Key Factors that Drive Successful Transformation 4.Engagement



- •Include Me:People need to feel that what makes them different can be leveraged to understand the customers better, improve how work gets done, and creates a better climate for everyone.
- •<u>Inspire Me</u>: A combination of **purpose and autonomy** are the core ingredients to **inspire engagement** amongst your employees.
- •Grow Me: Workers today need guidance in navigating new, non-traditional career pathways, with accompanying learning experiences to support their current and next role.

Harvard Business Review (How do engage the workforce of the future? 2020)

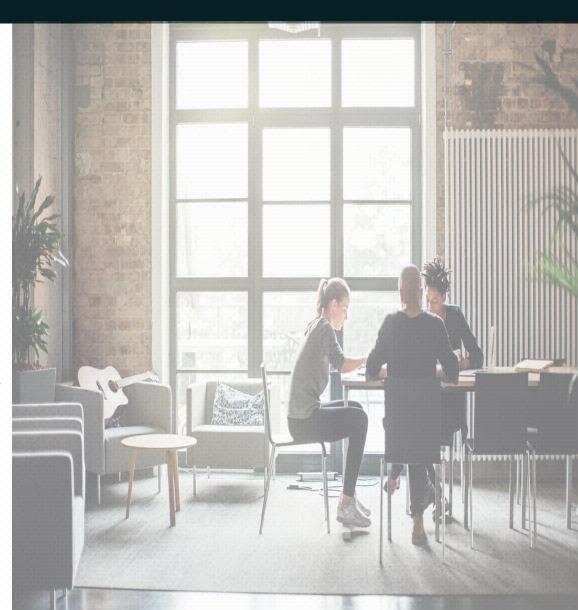


5 Key Factors that Drive Successful Transformation 4.Engagement



Questionnaires/Scales that measure Engagement

- 1.At work I feel full of energy.
- 2.I'm excited about my job.
- 3.I'm happy when I'm working hard.
- 4.In my work, I feel strong and vigorous.
- 5.My work inspires me.
- 6. I'm immersed in my work.
- 7. When I wake up in the morning, I feel good about going to work.
- 8.I'm proud of the work I do.
- 9.I forget "the rest" when I'm working





5 Key Factors that Drive Successful Transformation5. Resources





5 Key Factors that Drive Successful Transformation 5.Resources



When we ask CEOs/senior executives the one thing that was most critical to success...

....it was recruiting the right leaders and the right human resources to drive the transformation...



When we ask transformation leaders the one thing, they would have done differently... they would have moved faster on blockers ...

" Human Resources Importance"



5 Key Factors that Drive Successful Transformation 5.Resources

Key Reasons why HR Is Important

1.Talent Acquisition & Retention

- •HR finds and hires the right people for the job, ensuring a skilled workforce.
- •They create policies to retain employees, reducing turnover costs.

2.Employee Development & Training

- •HR provides learning opportunities, upskilling employees for better performance.
- •Training programs improve productivity and innovation.

3. Company Culture & Employee Engagement

- •HR shapes company culture through policies, diversity, and inclusion efforts.
- •They enhance engagement by fostering a positive work environment.

4.Performance Management

- •HR ensures employees set goals, receive feedback, and improve their performance.
- •Performance reviews and reward systems keep employees motivated.



5 key factors characterize successful change programs...

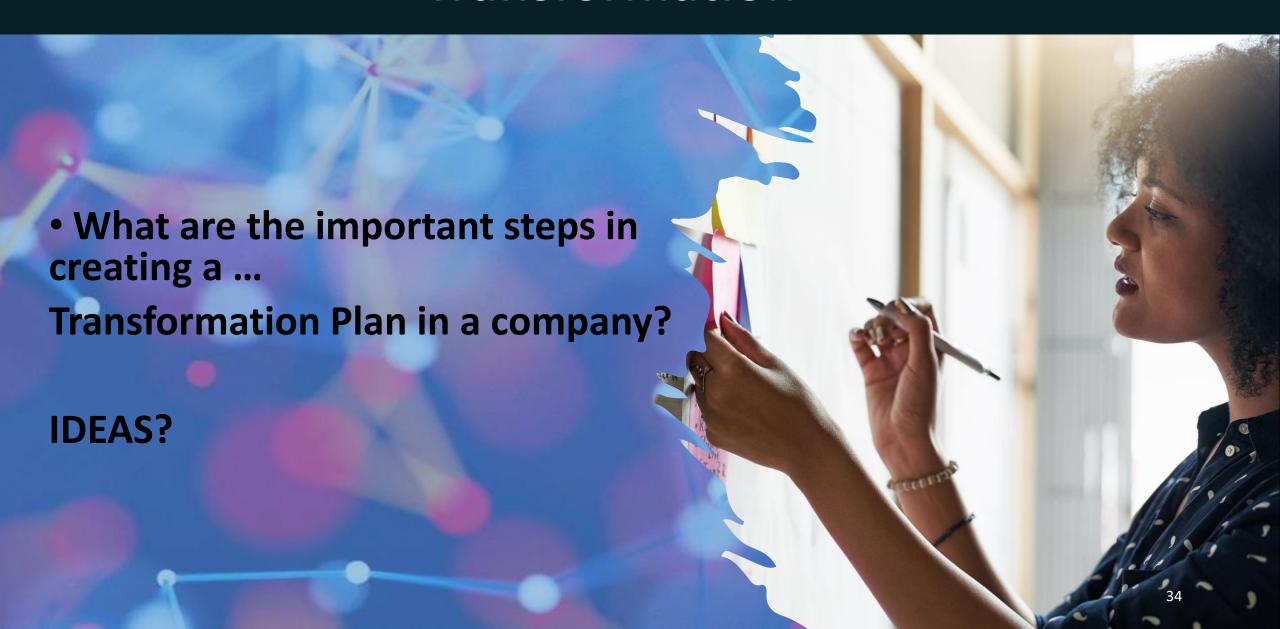
- Leadership visible leadership from the top while engaging key opinion shapers at all levels increases odds of success (holistic change)
- Aspirations well defined aspiration with stretch targets and an inspiring story that is cascaded in a clear and compelling way (sense of purpose and direction)
- 3 Structure a clear structure for the program, rigorously architected along a few broad themes, with tangible quick wins and strong performance management
- 4 Engagement a real focus on building frontline/broad ownership and changing key mindsets and behaviours
- Resources dedicated, top talent and a willingness to move on blockers increases success by 5x

5 key factors that drive successful transformation

Which is the most difficult to implement?

SOURCE: McKinsey analysis

Transformation





What to

Performance

Independent diligence

Establishing the trajectory and full potential of the business using an investor due diligence

(transformation ideas)

Execution

2 Bottom-up planning
Developing a transformation plan (initiatives / financials) which is fully owned by the line leaders

Transformation Implementation
Launching a full-scale effort to drive value to the bottom-line

Deliver immediate opportunities from Day 1

How to make it happen

Health & Capabilities

Sustainability delivered by building an Execution Engine

Performance infrastructure Brain

Using a relentless cadence to ensure superior execution and value delivery to the bottom line

5 Mindset & behavior change Heart

Taking tactical action to **change the mindsets and behaviors necessary** to reach and sustain full potential

6 Ability to execute Muscle

Building the **hard and soft capabilities** required for the organization to reach and sustain full potential



1. The Independent Diligence sets the "realistic achievable potential"

Momentum Case of Business

- Clear baseline macro-vision
- Realistic trajectory project progression (daily performance management)
- "Hope" pulled out of projections benchmarks, value capture, models, visual management -

Achievable potential for each division

- Mindset of unconstrained opportunity measure the progress of initiatives -
- Comprehensive foster continuous improvement

2. The **Bottom up Planning** has 4 key Deliverables





Why the deliverable is important

 To engage the whole organization and cascade the financial objectives as KPI



Initiatives to meet targets



 To achieve the right level of granularity as a prerequisites for future execution
 (parcel management) - targets



Business cases

- assess financial implication



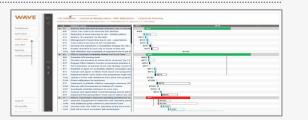
 To prioritize initiatives and pressure test the thinking behind

		·	g the same fu					
Fuel cost per liter (AS)	0.97	Total fuel savings (liter)	120,000	(Sum of fuel saving targets of initiatives 1, 2, 3 and 4)				
		Total fuel savings per year (\$m)	0.12	(Total fuel savings times fuel cost per liter)				
Initiative 1 savings target (liter)	35,000		Month 1	Month 2	Month 3	Month 4	Month 5	Mont
Initiative 2 savings target (liter)	25,000	Baseline	200,000	200,000	200,000	200,000	200,000	200,0
Initiative 3 savings target		Target	190,000	190,000	190,000	190,000	190,000	190,0
[liter]	40,000	Actual	185,000	180,000				
Initiative 4 savings target (liter)	20,000	Forecast			190,000	190,000	190,000	190,0
Fuel baseline at time of Bankable Plan litted 2,400,000								
			Month 1	Month 2	Month 3	Month 4	Month 5	Month
		Target	0.0097	0.0097	0.0097	0.0097	0.0097	0.00
Calculated based on KPI		Actual	0.0146	0.0194				
actuals	actuals				0.0097	0.0097	0.0097	0.00

Implementation Plan for Execution



To provide a clear road plan for execution that can be monitored on a weekly basis – Example: Business Plan





3. Transformation Implementation

A. Empower managers with what they need to be successful

- Inspire fellow leaders to step up performance
- Identify and fill gaps in expertise / resources

Force action – every day of delay costs money

- Do cost-benefit on delaying decision to get more data when initiative decision-ready
- Push to move delivery forward (Constantly challenge milestones on critical path)



How to make it happen...

How to make it happen

Health & Capabilities

Performance infrastructure Brain Using a relentless cadence to ensure superior execution and value delivery to the bottom line Mindset & Taking tactical action to change the mindsets and behaviors necessary to reach and sustain full potential heart Ability to execute Muscle Building the hard and soft capabilities required for the organization to reach and sustain full potential

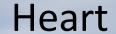
4. Performance Infrastructure – Core Elements (Brain)

The Transformation Office



People	Get the <u>right team</u> in place to drive the transformation	Chief Transformation OfficerWorkstream sponsorsInitiative owners
Process	Establish a relentless cadence focused on delivering initiatives and improving bottom line performance	 Initiative pipeline process Weekly Transf. Office cadence Monthly value analysis Everyday performance management
Tools and reporting	Use the <u>right tools to support</u> the transformation and ongoing performance management	 Organization Health Index Monthly value capture model Benchmarking databases Rapid sourcing tools Reports Visual management

5. Mindset and Behavior Change - Who's On the Boat?





Typical archetypes at the beginning of a Transformation Program











Who's On the Boat?



Typical archetypes at the beginning of a Transformation program

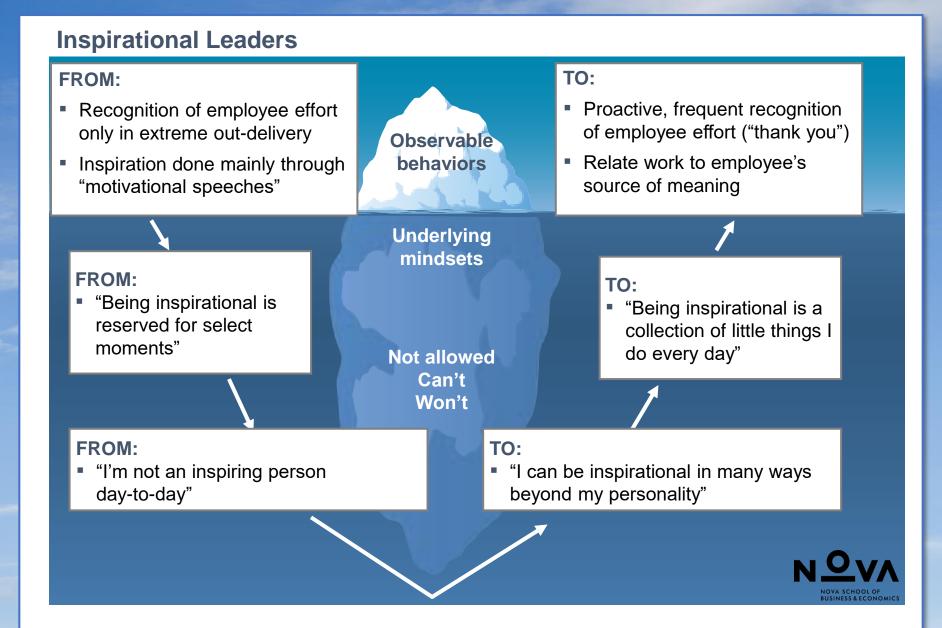






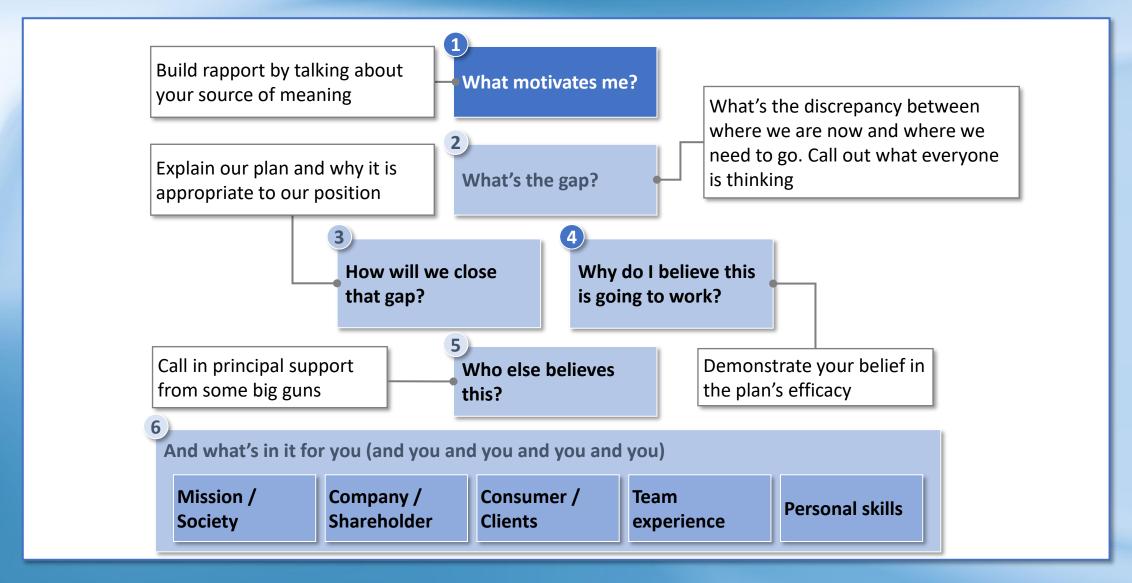


Example: One Root Perspective on Inspirational Leaders



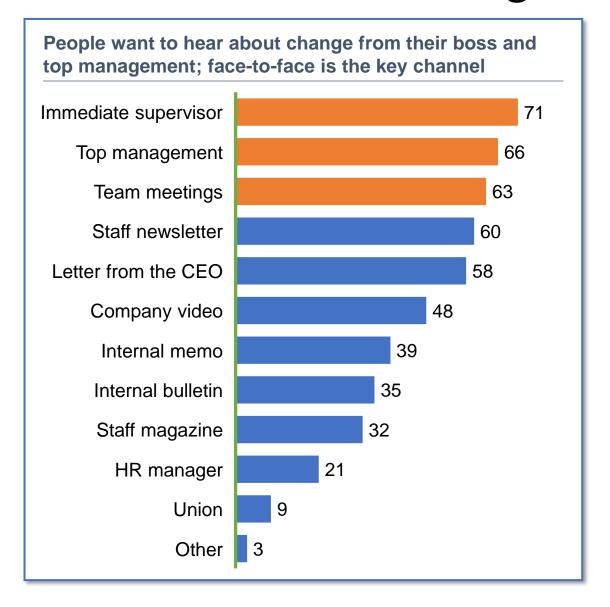
5. MINDSET AND BEHAVIOR CHANGE





A great story is personal, but consistent with the overall messaging of the turnaround

"The medium is the message"





6. Ability to Execute





6. Ability to Execute - Muscle

- Aspirational, committed, engaged CEO / leader Huge premium on leadership/decision-making
- Support of "Corporate" or Board as a top priority
 Commitment to see transformation through
- Real gap created by underperformance or future headwinds Important for creating "Change story" to engage organization
- Strong desire to move at pace to reach full potential
 Willing to pursue clean sheet approach not just low hanging fruit
- Courage to make tough decisions and find "the edge" More than just talk about "sacred cows" or taking risk



Why Transformation(s) Fail?

External Factors....
Internal Factors......



Companies in distress require some adaptation in transformation programmes

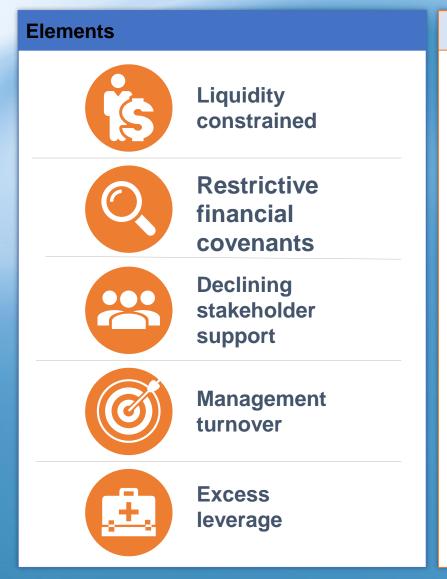


	Adverse Factors	Recent Examples
External factors	 Technological change (e.g. internet retailing, digital cameras) 	Kodak
	Regulatory change (e.g. airline deregulation)	imb United Airlines IndymacBank
	Commodity price change (e.g. natural gas, oil, corn)	<u>GM</u>
Internal factors	 Excessive leverage (e.g. >8x EBITDA) Over-expansion / poor acquisitions 	C'MON, LET'S PLAY
Cash shortage is a symptom, not a cause!	Uncompetitive cost structure (e.g. union contracts)Fraud	BANCO ESPIRITO SANTO

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When a company is in distress, decisions need to be made quicker, and execution truly matters





Description

- Cash is King. When you start to run out of money, you run out of time and options
- Covenant (contract) pressure can challenge even the most healthy organizations and often leads to the quick decline of the business
- Lack of credibility with stakeholders or history of missing business plan targets
- Changes in the management team often lead to unstable operations and concern with lenders
- Companies struggling with change, particularly in overleveraged situations, often face operational and financial challenges

In these situations, the previous approach suffers some adaptions, rooted in how investors evaluate new opportunities



1 Stabilize & prepare

Stabilize the situation & rapidly develop contingency plans

2 Independent diligence

Use the lens of a financial investor to determine the value-maximizing future direction of a business

3 Bottom-up planning

Use a rapid planning process to build a bottoms-up turnaround plan that establishes credibility with creditors and a path forward 4 Transformation implementation

Leverage a formal
Turnaround Office, custom
tools, and full-time Chief
Turnaround Officer to
ensure value flows all the
way to the financial
statements

• • • • •

5 Stakeholder management & solution development

Build alignment across the executive team, front line employees, and creditor constituencies and at the same time develop creative solutions that engage all stakeholders and maximize value distribution

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- 1. know what are the 5 key success factors behind large scale transformations
- 2. understand what are the steps in creating a transformation plan
- ▶ 3. tools required to make it happen







- 1. know what are the
 5 key success factors
 behind large scale
 transformations
- Leadership;
 Aspirations;
 Struture;
 Engagement;
 Resources





Learning objectives: you should...

- 2. Understand what are the steps in creating a transformation plan
- ► What to do?
- 1. IndependentDiligence
 - 2. Bottom-up planning
 - 3. Transformation Implementation









- 3. Tools required to
- make it happen

a)Performance
 Infrastructure (Brain)
 b) Mindset & Behaviour
 Change (Heart)
 c) Ability to Execute (Muscle)





Why Transformation(s) Fail?



(i) You have just been hired to run a business that is losing money and needs a deep turn-around.

Please describe the 3 initial steps in designing the Transformation plan and comment on the overall attitude required to achieve a successful transformation.

(5 minutes)



