



## **From Power to Successful Communities**

**Drs. Egbert L. Kinds & Ed Babrich**  
**Session SU 215**

**Research Methodology**

**Executive Summary**

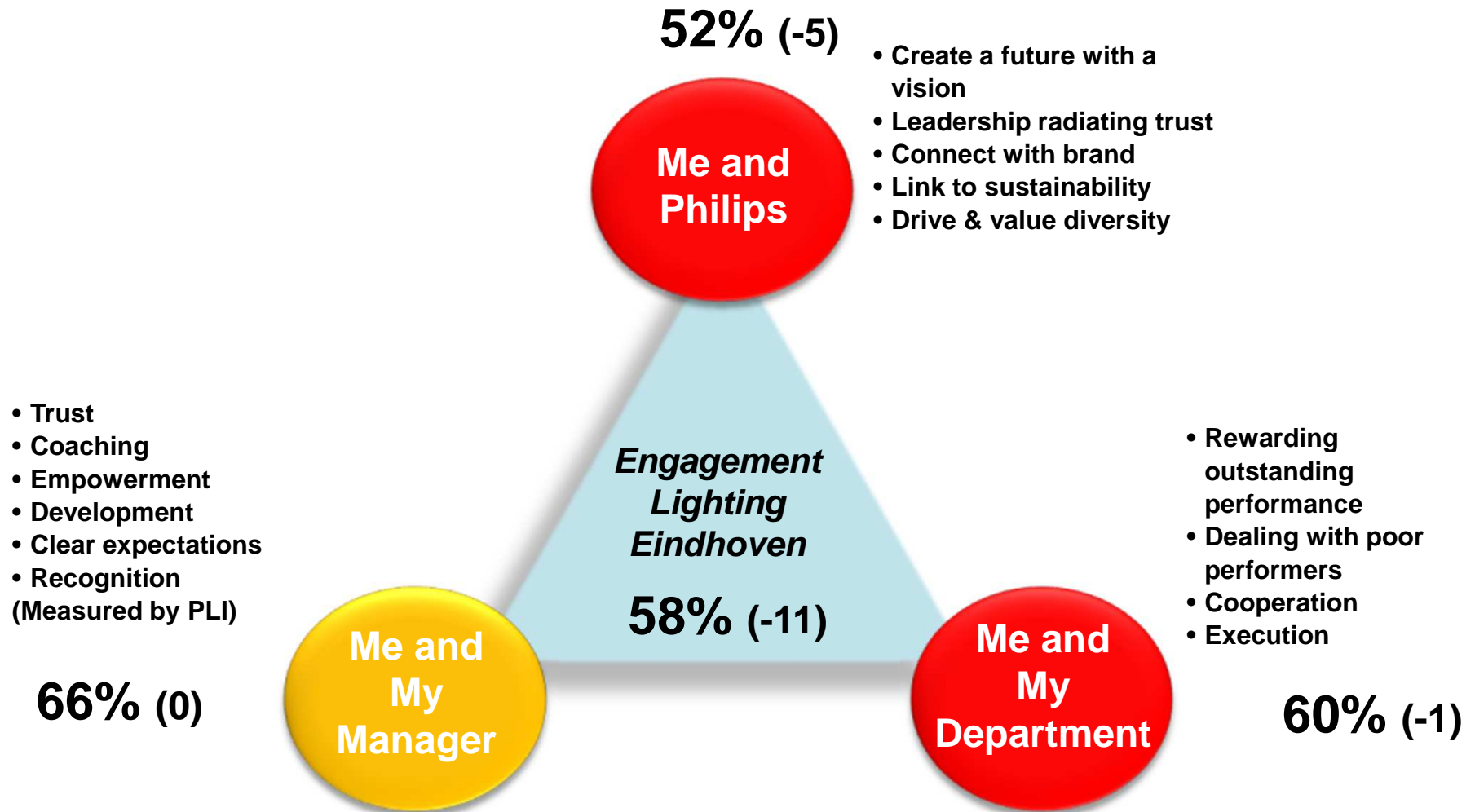
**Key findings**

**Appendices**

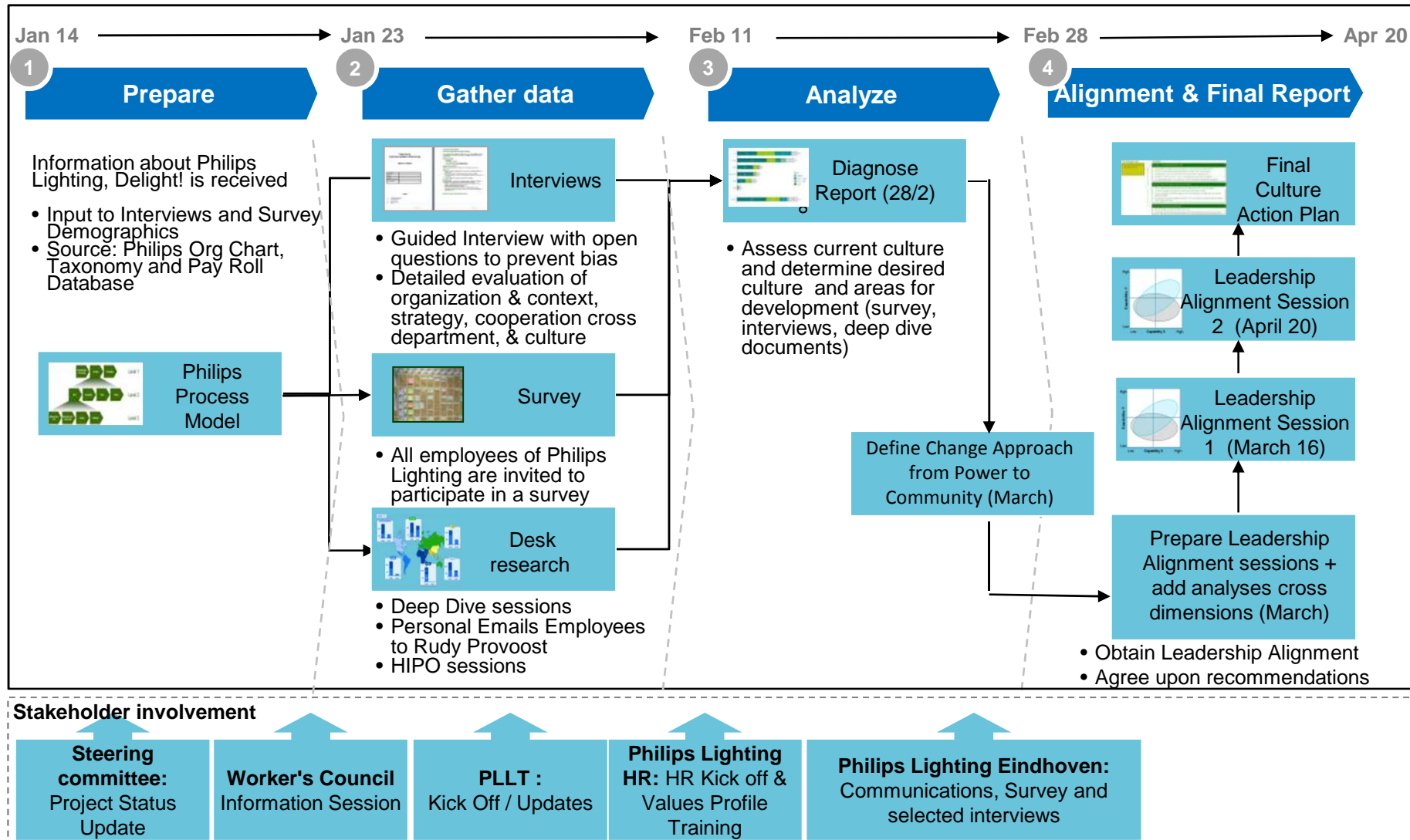
## The development of the LED Light a technological change with great impact

- In the old Lightbulbs and energy saving lamps there only were 3 big players in the market who operated on a global level
- The new technology has a lowered the treshold for new players in the field, all of a sudden there are hunderds of competitors
- The whole concept of a the way we use light will change. Although some of the new technology is still 'retrofitted; in the end the LED lamp will not have to be replaced during the entire lifetime of a luminaire
- Philips Lighting want to concentrate on products that have an higher added value. From components to Service and Support
- Philips employees have always been proud of their innovative technologies. The word 'Technology has been taken out the mission statement, which now centers on what the product can do to make life better (Sense en Simplicity)

Eindhoven / Lighting HQ requires specific EES action due to the different engagement score from Lighting Overall



# Research Methodology: Overall Approach



**Research Methodology**

**Executive Summary**

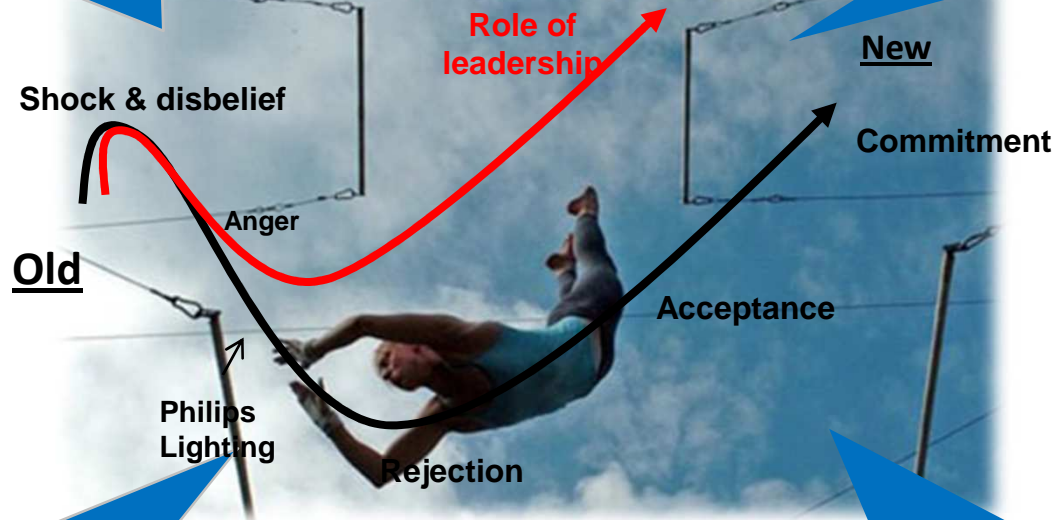
**Key findings**

**Appendices**

The current state of the Philips Lighting Eindhoven organization reflects a perceived “split” between the ‘old world’ and the ‘new world’ - like a trapeze act trying to let go of one bar and grasping for the new bar

“Change is brought to the organization by the leadership team with a lot of energy and power and this has put things in motion..”

“The organization has been put in motion, however pace of change is being questioned and the engagement is low. Several roadblocks have been identified”



“Philips Lighting Eindhoven has a huge opportunity for an actively engaged workforce and drivers for transformation”

“In general people have lost connection to the new organization & leadership and people experience fear to take initiative.”

**Research Methodology**

**Executive Summary**

**Key findings**

**Introduction**

**Strategy**

**People & change**

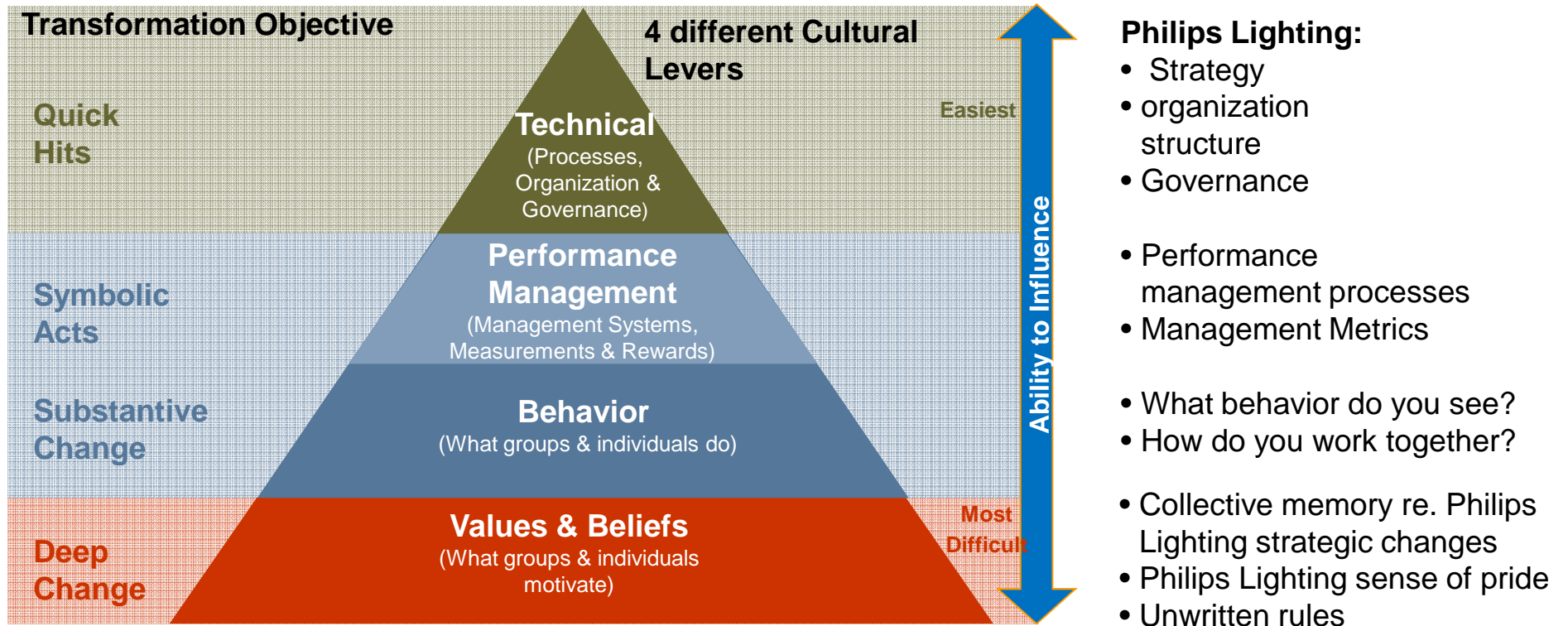
**Informal networks**

**Leadership**

**Value drives**

**Progress**

During the cultural assessment 4 different cultural levers have been appraised to ensure a complete picture is formed. As such we will also present back the results



Source: Accenture Response to RfP

## Interviewees say great things about Philips Lighting and are proud to work for the sector



"In general the culture consists of good things, if you only guide it and challenge it in the right way."

"We are experts at processes."

"We have powerful leaders who now know what they want."

"Offers a huge amount of possibilities: our business will become much larger."

"I am proud to be part of Lighting."

"Strong can-do mentality."

"The drive to innovate is in the Philips DNA"

"Great desire to do great things."

"On the list of top 50 best innovations in 2009 for a LED innovation: gives energy, pride, recognition"

"I fully believe in the strategy."

"Nobody knows more about Lighting than we do, we are the market leader."

"Our ability to contribute to the environment, healthcare and increasingly complex issues (impact of light on physical well being.)"

"Philips Lighting is very well positioned compared to other companies. Due to the following: we are the largest, our R&D history, most registered patents, strong brand recognition. We are currently the 'undisputed leader in lighting.'"

There is understanding on the strategy. However people feel there is not enough detail, concreteness and focus to drive daily decisions

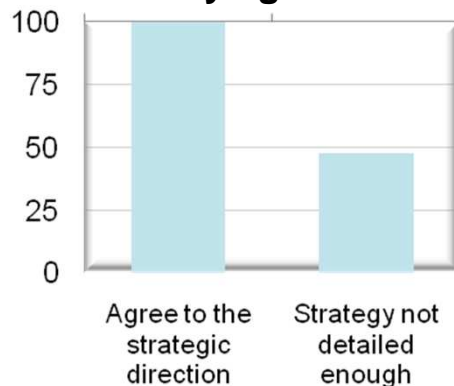
## STRATEGY

From conventional light sources to *solid state lighting*

From component and product to *applications and solutions focus*

From incandescent bulbs to *energy efficient lighting*

### Percent of interviewees saying...



### Findings

- **Strategic direction is acknowledged** across the organisation. It is viewed as a must: the only way ahead.
- People feel that the strategy is **not detailed and concrete enough** to drive daily decisions. They would like to get answers on questions like: Which solution and systems we are aiming at? What are the implications for our set-up? How will we create the capabilities required? What are the agreed upon timeline scenario's for changing from 'old' to 'new' and how is it being managed?
- As long as these questions are not being answered, the **relation of 'old' and 'new' technology and its interdependence are not clear.**
- Many **decisions** are made **based on a short term focus** (e.g. EBIDTA/productivity)
- Communicated strategy and changes do not lead to consistent actions and quickly follow up: infuses old patterns and disbelief.

### Interview quotes

- "Very good strategy in terms of direction. And there is no other option!"
- "Strategy is good. Rudy does a great job. We are preparing for LED's!"
- "The sense of urgency for the new strategy is still lacking in Eindhoven."
- "[...] It is though too one-dimensional and unbalanced (coming of new and fading of old is not clarified)."
- "It is really requiring a mind shift which is tough for the organization."
- "There are currently too many games being played on too many tables. This causes unclarity in terms of directions and also in terms of confidence."
- "I had to convince EL3's to really be clear on their business strategy, in order to support from a marketing strategy."

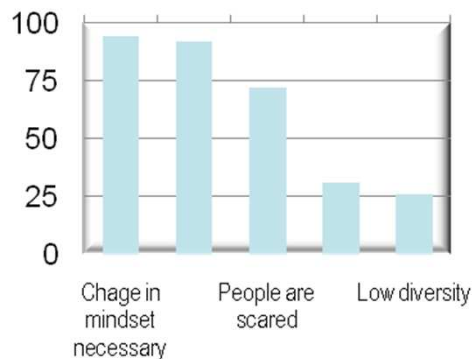
Due to the perceived complexity of the changes and the uncertainty around the new challenges people are scared and have a tendency to turn to old behavior



### Findings

- In general **change adaptability of the people is low**. People for the first time are being confronted with a major industry wide change driven by technology innovation.
- The complex changes and the speed at which this occurs has made people insecure and scared. The high expectations and 'hierarchical' leadership has not in all cases supported change in behavior. Eg has made people turn back to old ways of working (silo mentality).
- Specific to **Eindhoven** Site is the fact that it is still the HQ, but that the importance of the Eindhoven site seems to be changing. This is a different reality for many.
- To implement the new strategy, acquiring **new skills at all levels is critical** and this has only just started. Building these skills and competencies will take time and not all the people will be able to make this turn.
- There is **not enough diversity** (gender, age, nationality, leadership style) in the leadership and across organizations that is perceived to be needed to succeed in future.
- **Physical building** is not functional and innovative and does **not stimulate change** (no HQ look, no sense of urgency, departmentalized, ...)

Percent of interviewees mentioned...



### Interview quotes

- "Eindhoven always used to be a safe haven; since 1991 nothing really serious happened to the site. "
- " In essence, people have a high amount of uncertainty and existential fear."
- " Eindhoven is no longer the center of the world, and this is a culture shock to some people."
- "People partly understand the sense of urgency, but do not understand what will be required."

At the same time we have not found structural signs of ‘pockets of resistance’



Percent of interviewees mentioned...

*Add picture Nynke?*

## Findings

- People stated that there are **no particular ‘pockets of resistance’** in the organization other than personal disputes and powerplay between up and downstream and discussions on added value of functional for BG’s and Commercial.
- There is a **perceived complexity of the organization** structure and lack of clarity on ‘how’ which makes the organization ineffective (role unclear, mandates unclear,..)
- People **have not dealt with change for a long time** within Philips Lighting and many work for Philips Lighting for a long time:
- People have been **loosing their job** which has caused a lot of insecurity and ‘rumors/talk’.
- Rumors might feel as resistance:
- People do not see changes in day to day operations.
- Some people do believe that this ‘way of working’ are associated with the style and leadership of **Rudy Provoost, who might leave in one year** (e.g. election year”). .

## Interview quotes

- “In structures where there is actually no structure, the informal networks will work against you.”
- “People want to make it work, but struggle. This leads to silo mentality.”
- “Time needs to be spend to internalize more: leadership plays a key role in supporting staff.”
- “We need to take more care when saying good bye to people.”
- “People use informal networks to enforce decisions.”

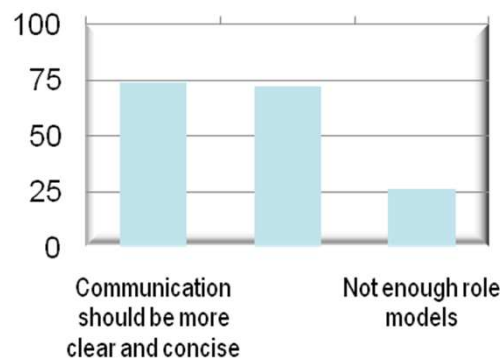
There is a need for role models in the leadership team representing the future and supported by a more diverse leadership style



### Findings

- People perceive that top 25 leaders have changed seats, but majority is still from old Lighting: not enough changes
- Traditionally Philips Lighting Leadership style is hierarchic and that approach is now combined with “fast action” which feels threatening to people
- Visible power fights within the top management that results in silo mentality and departmental thinking /decisions
- Leadership need to act more as role model: young talented people need role models
- People want clearer and more concise communication from the leadership
- Leadership is not diverse enough (middle/senior age, gender, nationality perspective)
- New and younger generation need personal attention from leadership
- Different leadership skills required in networking context (internally and externally)

### Percent of interviewees mentioned...



### Interview quotes

- “There is no visibility of leadership: hardly any one in the canteen to have lunch with employees. Separate parking area. In this organization Senior Management do not mix up.”
- “I see that level 90 and up do not set the example. 70/80's want to work together but if this is not led or supported by leadership.”
- “We see ‘empire behavior’ in PLLT and in M-2, whilst in this new organization model everything must work and operate together.”
- “Improve on style and content and consistency of communication: provide 'clarity' + provide validation and keep on repeating.”
- “Lighting leaders themselves have issues with ‘empowerment’.”

We have conducted an analysis of the key values systems of Philips lighting Eindhoven via a survey – introduction (1/2)

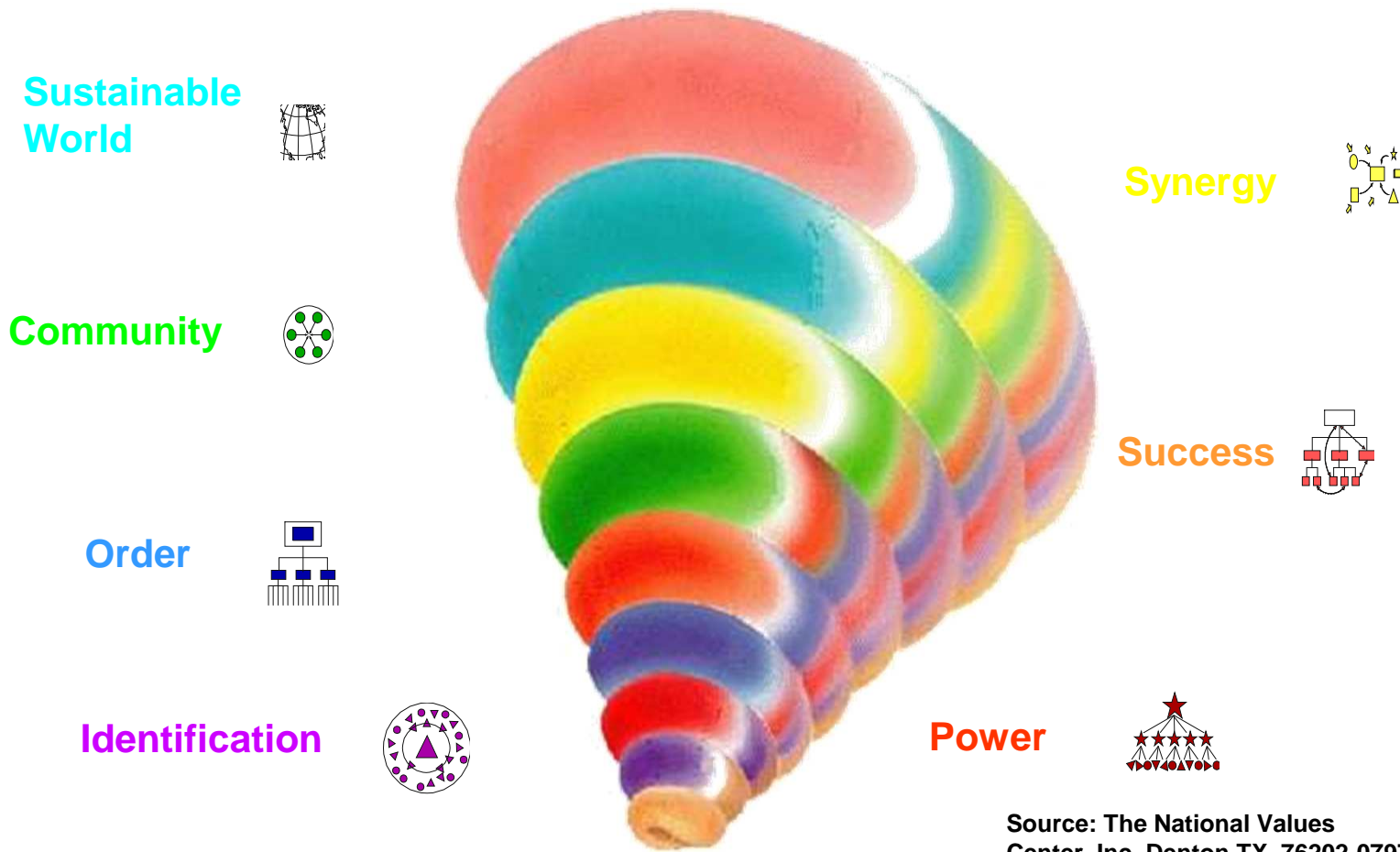
### The Meaning of Value Drives

- Value Drives are the drives that steer behavior when people experience a certain need and that consequently motivates people.
- People are driven to realize their dominant value drive first, only after this drive is fulfilled they will be motivated to realize their second and third dominant drive. The second and the third drive then serve behavior in the first drive
- Messages from the value system will be interpreted in an individuals own dominant value system (which give the same message to different people different meanings)
- Negative value drives can cost a great amount of energy loss
- This cultural assessment methodology turns “soft and fuzzy” into concrete analysis & actions

*Employees need to understand how they can contribute to the ambition of the organization from their own drives*








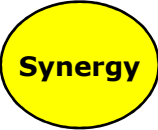

Dr. Clare W. Graves recognised 7 values systems that have evolve over time which show clear parallels with values in organization



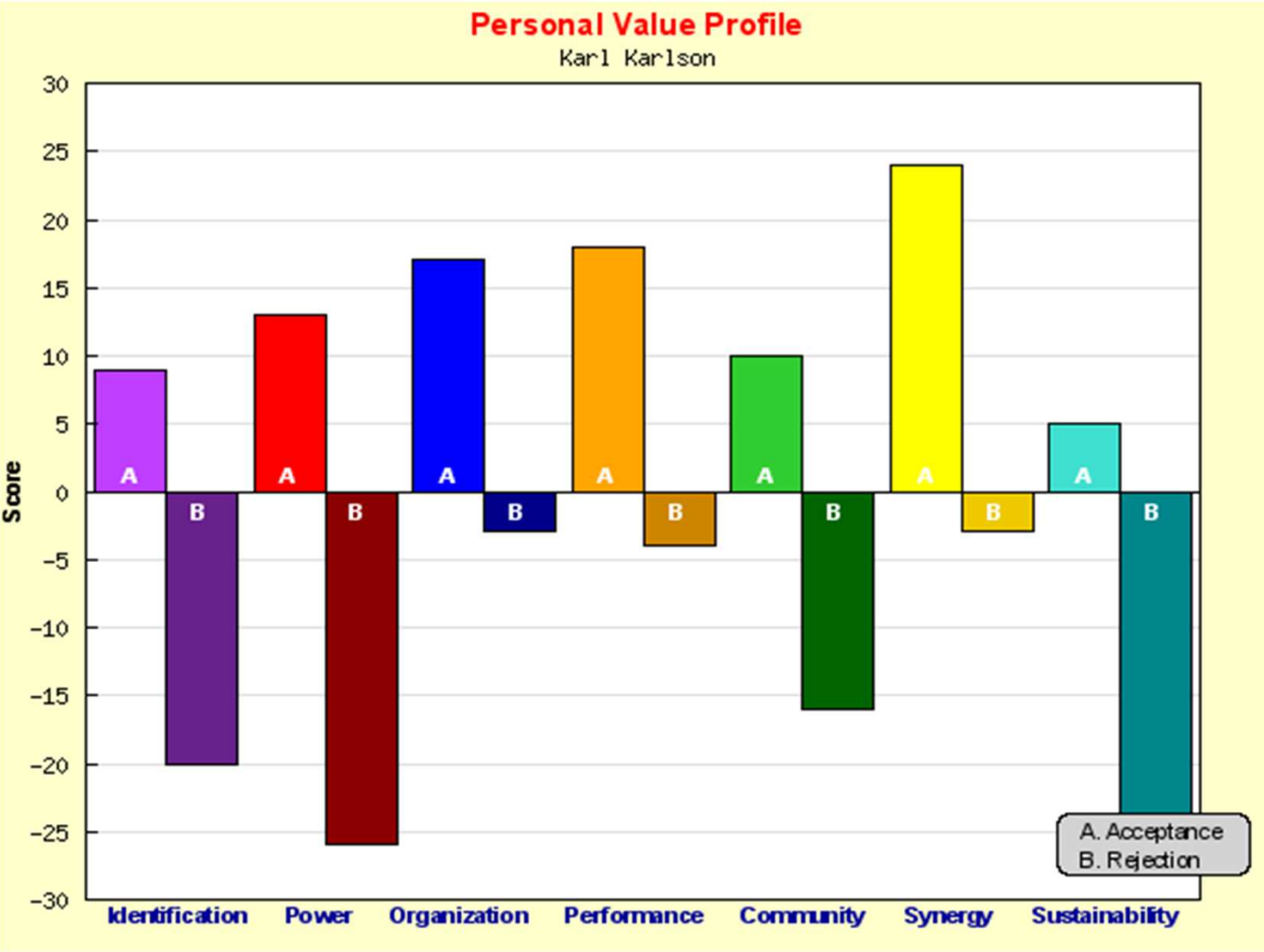
Source: The National Values Center, Inc. Denton TX 76202-0797

- We will show 3 videos/sound tracks

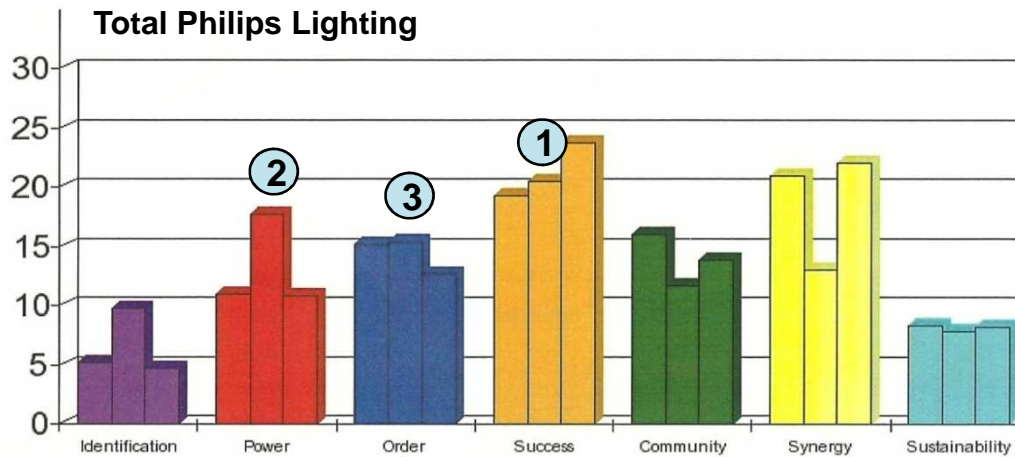
The following value drives are being measured. The value drives either address a “we” or an “I” aspects and each has a negative and positive side – introduction (2/2)

Value driver	Positive side	Negative side
<b>We</b> 	Connected with them they feel close to, sense of the value of traditions and those carrying traditions	Meaningless ritual, unhealthy hang to the past, irrational, only in the inner circle being able to come out
<b>I</b> 	Energetic and agile, loyal to his friends, fast, energetic, not avoiding crisis and conflict	Impatient, disregarding the consequences, hostile, without conscience, verbally aggressive
<b>We</b> 	Loyal, consistent, loyal to procedures and methods, reliable, deep faith in the real mission of truth	Risk-averse, not critical, rules go before people, bureaucratic, it is the process not the result
<b>I</b> 	Result oriented, efficient, to achieve its ambitions, enterprising, dare to take risks	Materialistic, status-oriented, opportunistic, too sure of its case, little regard for the feelings of others
<b>We</b> 	Social, fellow human, communication, emphatic, approachable	Soft, naive, slow by anyone in need of support, cramped on inequality, no understanding of power
<b>I</b> 	Knowledge and experience-oriented, facts and background should be allowed on the table	Useless Analysis, impractical, always complicating, little focus on the practical
<b>We</b> 	Busy with important global issues, sees the need for a sustainable solution	Vague, abstract, unworldly, everyday problems into perspective

The personal profile report shows what motivates people most in the context of their work and gives insight in acceptance and rejection



Current organization profile: A shared view on the typology of present values. There is a discrepancy in the dominance of each of the drives

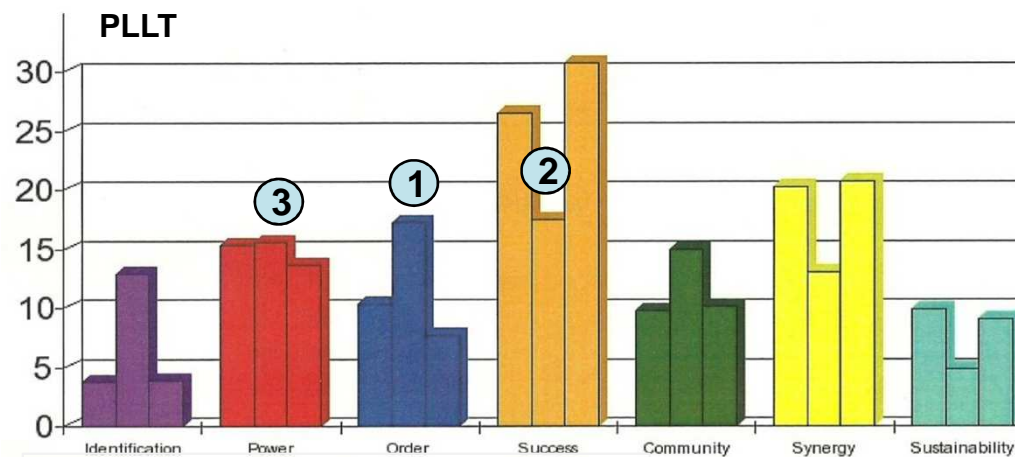


### Perceived current values total population

The current organization is perceived as follows:

1. Success (1<sup>st</sup> dominant drive)
2. Power (2<sup>nd</sup> dominant drive)
3. Order (3<sup>rd</sup> dominant drive)

'Success' is the primary drive within the organization. The high presence of the value drive 'power' in this context relates to a perceived hierarchical, top down organization that is counterbalanced by the 3<sup>rd</sup> dominant drive 'order' (procedures and rules)



### Perceived current values PLLT

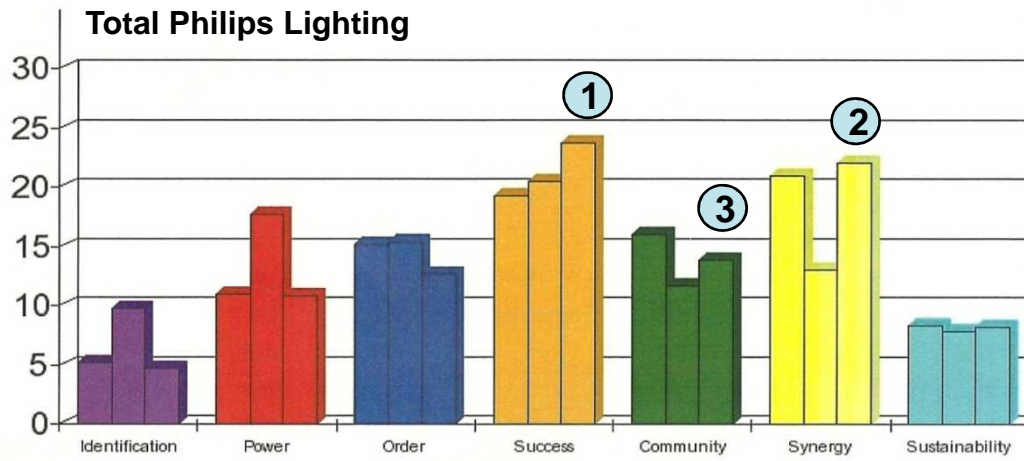
The current organization is perceived as follows:

1. Order (1<sup>st</sup> dominant drive)
2. Success (2<sup>nd</sup> dominant drive)
3. Power (3<sup>rd</sup> dominant drive)

The presence of the value drive 'order' as first dominant drive, in this context, relates to a perceived bureaucracy and structure. There is a perceived presence of 'success' orientation and 3<sup>rd</sup> value drive power relates to perceived strong hierarchy in the organization.

**1st bar:** Personal values  
**2nd bar:** Current organization  
**3rd bar:** Desired organization

Desired organization profile: The profiles show there is common ground across levels for future success. The difference lies in the 'how'

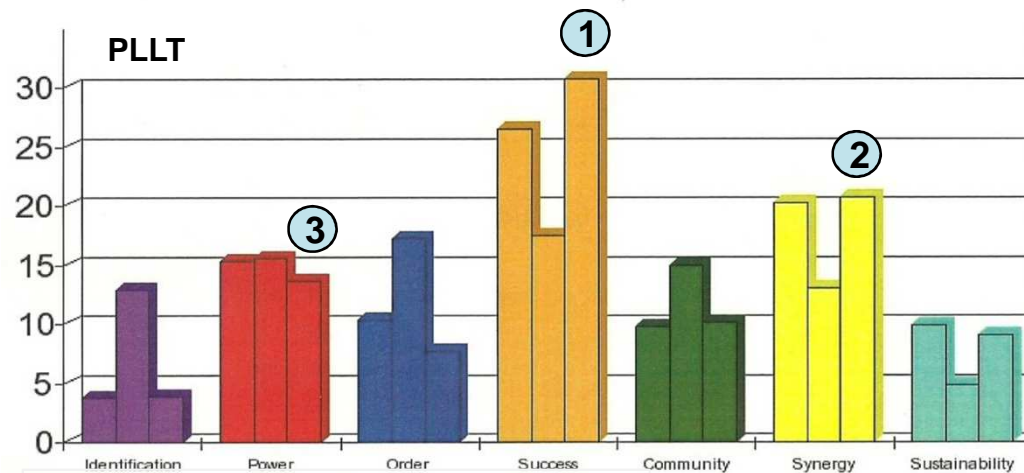


### Desired values total population

Dominant value drives in desired organization:

- 1.Success (1<sup>st</sup> dominant drive)
- 2.Synergy (2<sup>nd</sup> dominant drive)
- 3.Community (3<sup>rd</sup> dominant drive)

Success is an important drive across all levels for Philips Lighting. Preference lies in achieving 'Success' through the 2<sup>nd</sup> drive 'Synergy' (e.g. long term orientation) and 'the 3<sup>rd</sup> drive Community' (e.g. achieving results together, teamwork).



### Desired values PLLT

Dominant value drives in desired organization:

- 1.Success (1<sup>st</sup> dominant drive)
- 2.Synergy (2<sup>nd</sup> dominant drive)
- 3.Power (3<sup>rd</sup> dominant drive)

'Success' and 'Synergy' are important drives for the leadership team. Preference in achieving this lies in challenge, external focus, entrepreneurship, long term orientation. And through 3<sup>rd</sup> drive 'power', that is relatively dominant over 'order' and 'community'. Which indicates a likely presence of too much authority.

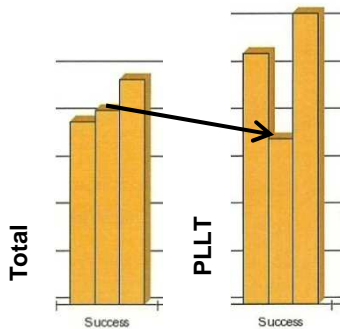
1st bar: Personal values  
 2nd bar: Current organization  
 3rd bar: Desired organization

An analysis of each of the value drives where we assessed a significant gap between PLLT and total, and a relatively high score above the 'mean'

Root cause

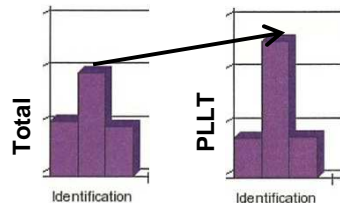
Symptom

Success



- The total population considers the current organization to be more successful than the leadership team. The success that has been there over the past years (in a steady and certain pace) is still perceived in the organization. However success of the 'past' is still driving the current success. This prevents new innovations in the new 'culture'
- The gap to bridge to the 'desired state' is perceived as much higher by the leadership team than by the total population. Excellence, entrepreneurship, customer focus Innovation has to be brought to the organization at a quicker pace . The urgency is perceived as very high ("through the roof")

Identification



- The relative high score on 'identification' indicates that the tradition of the 'old' organization is still alive. The organization has a strong identification with the past , the DNA of the past is still present and visible on the work floor (" real man make lamps"). People have not yet parted from the old organization.
- The perception of 'identification' in the organization, as well as the gap towards the future organization is more strongly felt by the leadership team. This indicates that although there is common view on the need to change (less identification) the gap to bridge is not felt as such at lower levels in the organization

*The organization seems to be in a 'split' in the transformation towards the future desired organization and way of working. The speed necessary to let go of old tradition and achieve new successes is perceived differently. n*

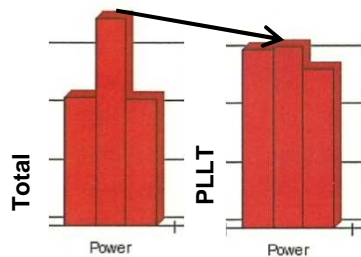
An analysis of each of the value drives where we assessed a significant gap between current and desired, between PLLT and total, and a relatively high score above the ‘mean’

Root cause

Symptom

**PLLT**

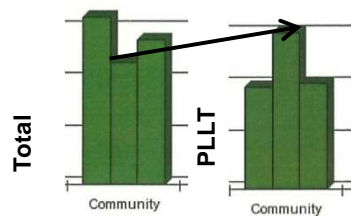
Power



- Leadership believes that ‘power’ is still very much required in the desired organization., although a bit lower then current However below executive level a very significant drop in power is desired. There is a negative perception of power on these levels . This means power is no longer effective to get employees on board and connected to the strategy.
- Leadership sends out so much authority & control that employees might not dare to speak up. Instead of empowering the amount of control is ‘depowering’. People search for challenge and support but they find challenge and control. The strong power and authority creates an atmosphere of insecurity.

**Population total**

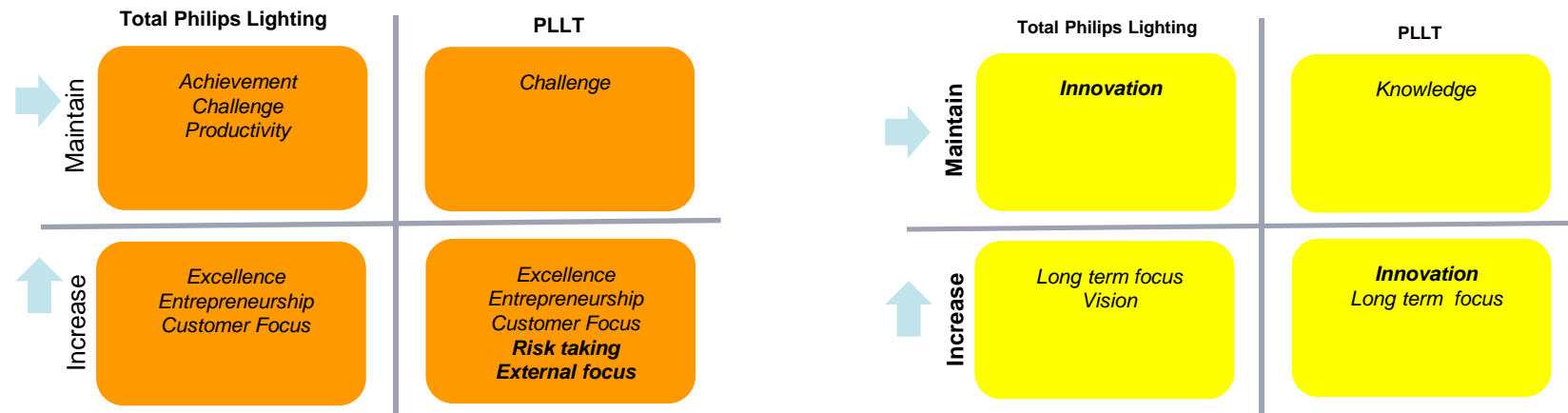
Community



- People want to be seen and heard, they want to be recognized and involved, they search for communication and teamwork and feel this is not present enough now (achieving results together).
- Leadership perceives the sense of community as too much therefore recognizing the ‘ dark’ site of the value driver. Community for leadership is perceived as slowing the organization down , too much involvement is getting in the way of effective decision making.

*Focus of leadership on speed and innovation achieved by strong top down hierarchy, opposed to the strong preference on community in the population total results in a grip that prevents the people in the organization from moving forward*

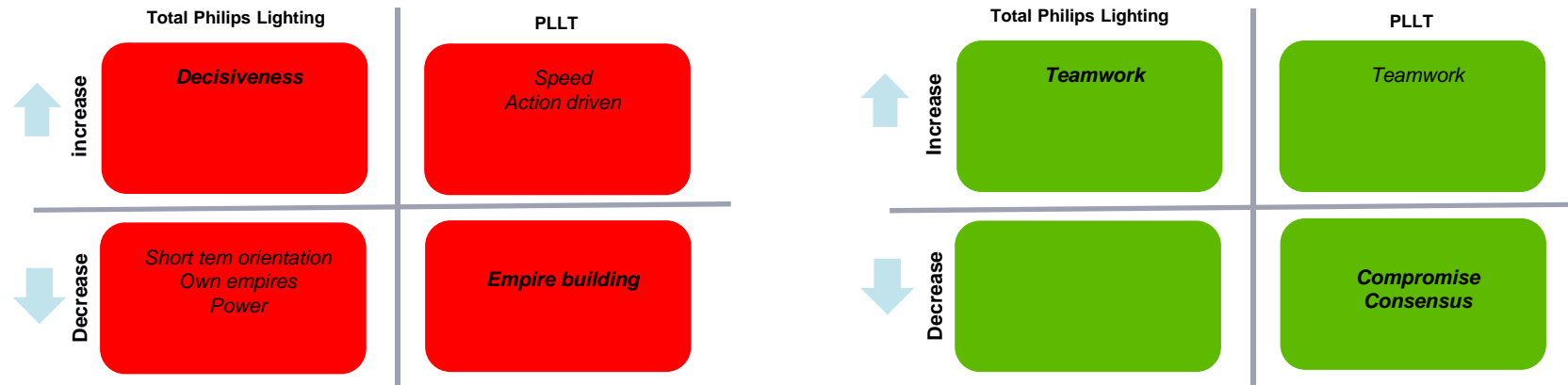
Desired organization: the common ground for success explained in more detail. There is a shared perception on the 1<sup>st</sup> and 2<sup>nd</sup> drive but the interpretation differs on some aspects.



Value	Success	Value	Synergy
	<ul style="list-style-type: none"> <li>There is a shared vision on success. Additional values that are important in the perception of the leadership however for being successful are <b>Risk taking</b> and <b>External Focus</b>.</li> </ul>		<ul style="list-style-type: none"> <li>There is a shared perspective on the importance off synergy. This is being expressed through the following: long term focus and orientation, vision and knowledge.</li> <li>There is a difference in perception on innovation. leadership wants to see more innovation, while the total population cherishes the innovation at hand.</li> <li><b>This difference might derive from the definition of success in the new market circumstances.</b> Employees do not have the same concept of innovation in the new strategy and the transformed organization.</li> </ul>

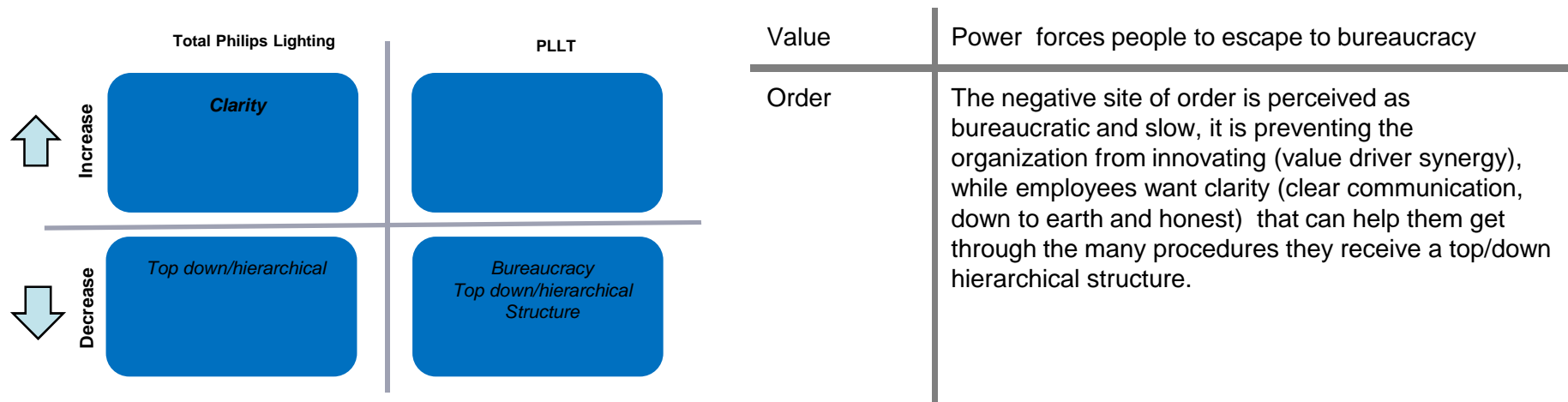
# Desired organization: the difference on 'how' to lead the organization through change. The main difference lies in the 3<sup>rd</sup> dominant drive 'power' (PLLT) and 'green' (Total Philips Lighting)

- Based on the preferred values in the organization the behavior of people under stress will be driven by extreme (and negative) amounts of: power , community and the 4<sup>th</sup> value drive order
- Stress and fear in the organization infuses behavioral patterns that are counterproductive to realize a paradigm shift that is needed to win the hearts and mind



Value	The negative site of power is visible	Value	High display of power increases community
Power	<p>Under pressure leadership shifts to hierarchy and directive leadership style. The positive site is speed and action driven and enables the organization to move forward .</p> <p>The dominant display of power though is acknowledged across all levels. The negative (dark) site of power is currently perceived in the organization , expressed in e.g. own empire building and short term orientation.</p>	Community	The escape to community creates informal networks that help people ' get things done", this escape' is enlarged by a strong display of power

Other reflections: Order is the reflexive escape under high pressure in organization, the procedures and rules offer 'protection' against the strong presence of power

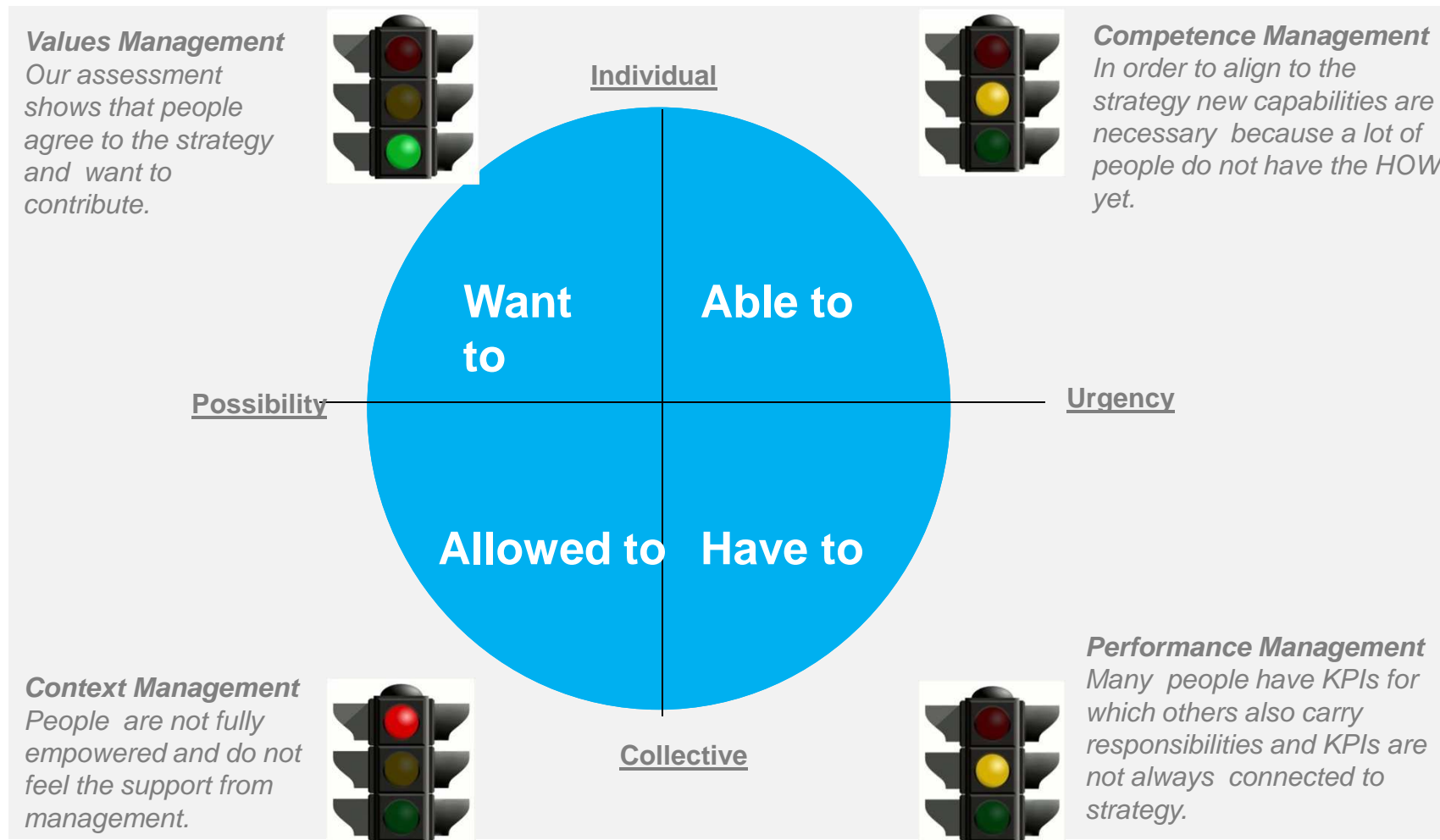


## The How: A shift by Leadership “From Power to Successful Communities”

At the moment Philips Lighting Eindhoven leadership (cross the board) has the following dominant value drives: **Success**, **Synergy**, **Power**. Whereby Success is the 1<sup>st</sup> dominant value drive, served by Synergy and Power. The leadership style across the organization is characterized by “I” type of value drives.

The next step in the transformation requires a shift in leadership style to **Success**, **Synergy**, and **Community** to ensure that employees get connected again. Whereby Success the 1<sup>st</sup> dominant value drive is served by Synergy and Community (a “WE” type of value drive).

At this moment people want to change and work has started to address “able to” and “have to”, however more focus is necessary on “allowed to” to help people internalize the new ways of working





# Interventions proposed: the organic journey

Ideas							
Concepts	2 who are we when we are in S & S			5 having KPI's in place			
Expression				7 Showing pockets of succes	6 generative dialogue on the impact of new Led technology	9 Self reflection Learning to use feedback	
Inspiration							
Connection				8 Celebrating Success			
Relationship		3 Make sure that crucial political on mngmnt level stop	4 governance and meeting structures			10 active use of Social networks	
Existence	1 Link to the roots of the philips legacy						
	P	R	B	O	Gr	G	T

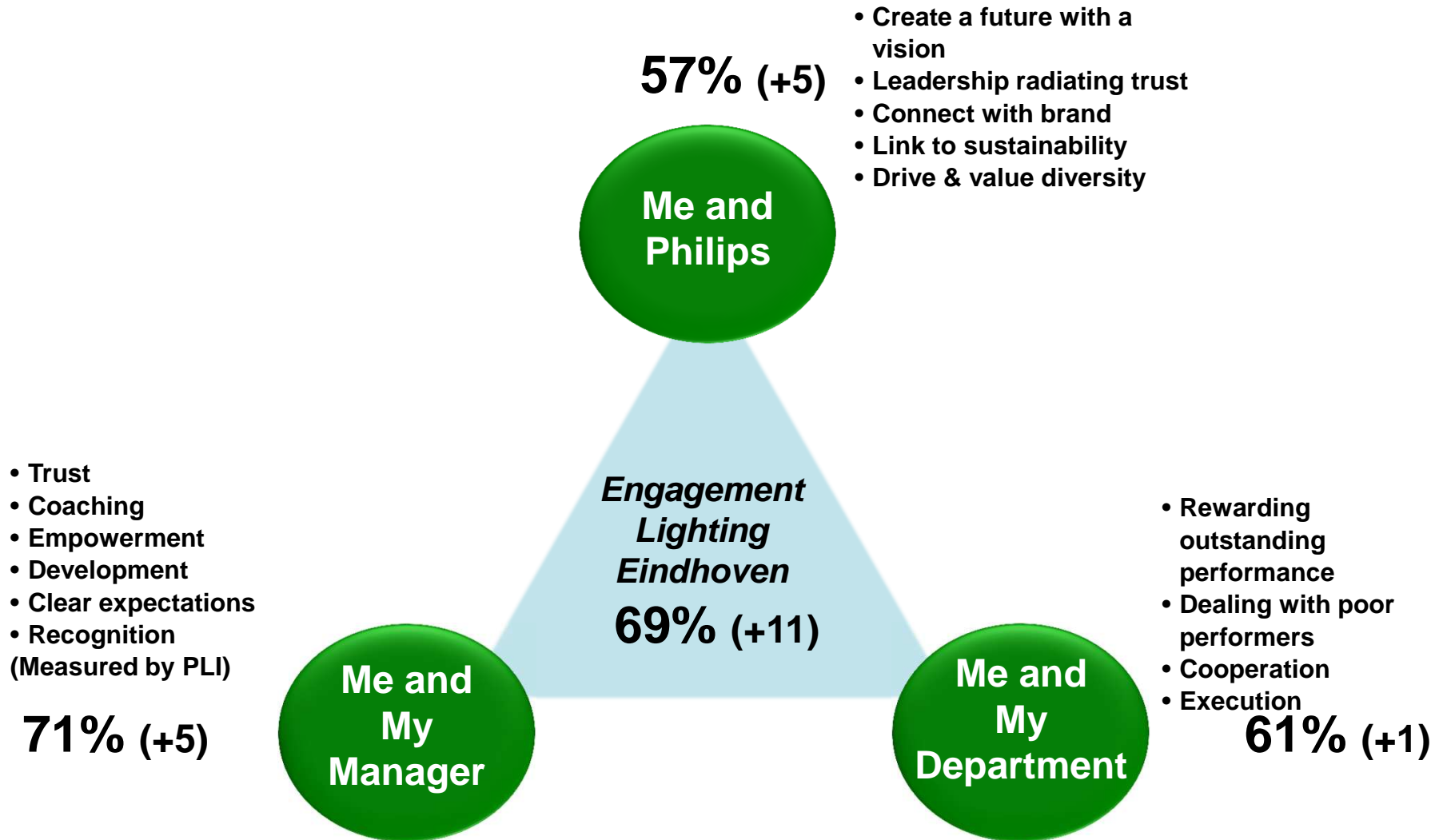
## The board chose 6 Priority Interventions ( actions with impact)

- Keeping it simple, make is visible
- Focusing on demonstrated leadership behavior changes
- Make shure people understand by looking at the behavior of their managers, no big 'change' or 'culture programms
- Presence of the project at the global leadership conference in order to create behavioral references for the top 250 leaders

## Lessons Learned

- Keep it simple in communication and action (oversimplification makes clearer statement)
- Give feedback on the results of the interviews and values profiles to people a short time after they have invested their time
- Prevent to get into a discussion about the methodology used with people who are professional engineers
- Tailor communication to old culture, be prepared for the occurrence of old patterns towards the consultants team

**Change** – we made progress on all dimensions



% displays the average score of all questions in each dimension

(Difference from 2009 shown)

**Research Methodology**

**Executive Summary**

**Key findings**

**Appendices**

Philips Lighting Leadership Team has already defined a 'desired' type of leadership behavior. The challenge lies in bringing it to live.

**We suggest to build on defined key behaviors for desired leadership style**

- **Think outside-in and forward looking** **Synergy**
  - Constantly push for being more market driven and customer centric in all we do
  - Always be willing to consider another viewpoint, thinking outside the current box
  - It is the role of PLLT members to take initiative and define our business strategy
- **Act as a team** **Community**
  - Act individually as team players (build trust) , and in return be treated as equal members of the team (be trusted)
  - Minimize “checking and controlling” behavior while individually “respecting personal commitments and avoiding broken promises“
  - Create a coaching atmosphere, individually seeking AND giving feedback to develop ourselves and others
  - “Play time” and developing personal relationships is important for the team
- **Take decisions** **Community** **Order**
  - There are no decisions by him/her or them – only “us”, the PLLT
  - We will take decisions with the right people in the room and then execute with discipline
  - In principle, it should take no more than 3 PLLT members to make a decision

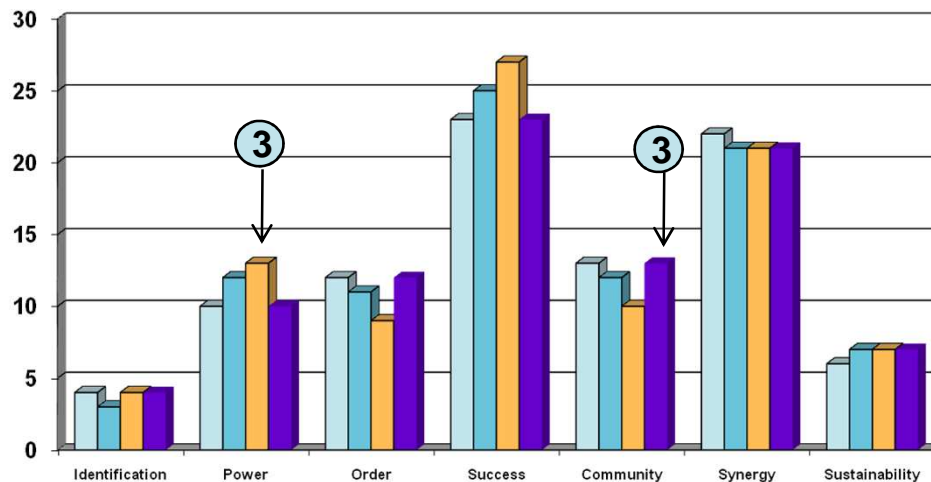
Philips Lighting Leadership Team has already defined a 'desired' type of leadership behavior. The challenge lies in bringing it to live.

**We suggest to build on defined key behaviors for desired leadership style**

- **Treat others with respect** **Community**
  - Find the right balance between connecting with what is going on and empowerment
  - Focus on acknowledgement and recognition, in addition to criticism
  - Inform/involve others when issues affect their organizations
  - Be inclusive, accept that different play different roles
  - Give frank and relevant feedback, speak up, participate and contribute
- **Lead by example** **Success**
  - Be passionate, energizing, engaging, inspiring, mobilizing, acting as motivator
  - Drive for change, lead transformation, challenge the status quo, work across boundaries
  - Push for results, drive for performance, call for speed and sense of urgency share and leverage best practices across the business
- **IN ADDITION -> Leading from behind** **Synergy**
  - Context management, enabling others to fully utilize their potential
  - Bring communities that need to create success together
  - Make sure people have the same frame of reference and direction when they cooperate
  - Facilitate innovation though clarity of the framework

# If you want to lead the organization through change successfully a critical focus area is the 3<sup>rd</sup> dominant drive

■ Corporate Grade 60 and 70   ■ Corporate Grade 80 and 90   ■ EL   ■ Total



## Discrepancy in 3<sup>rd</sup> drive

There is a significant discrepancy visible in the 3<sup>rd</sup> and 4<sup>th</sup> drive of leadership and lower levels.

### Leadership:

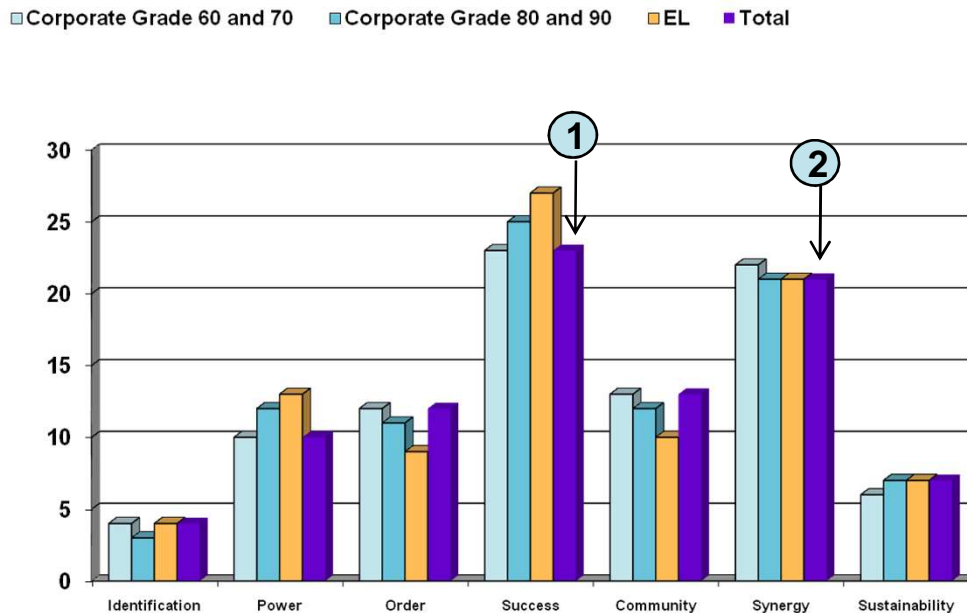
**3<sup>rd</sup> drive: Power**

### Total organization:

**3<sup>rd</sup> drive: Community**

The majority of the organization wants to achieve results through success, synergy and support/community while the leadership has a preference on success and synergy through strong hierarchy and top down organization culture.

The good news: although there is a high level of distress there is a consensus on needed values for future success!



### Common ground

Based on the survey we conclude that there is common ground for success on the way forward: Shared values that are perceived as necessary cross all levels are

1. Success
2. Synergy

These values indicate there is a need for success based on the knowledge that is present in the organization and long term orientation.

The values are the common ground for leadership and organization to move forward.



## The ten commandments of Empowerment: START

1. Set clear direction on the WHAT and give freedom on the HOW
2. Reduce number of KPI's (e.g. max 5)
3. From RE-VIEW to DO-VIEW
4. Celebrate success/risk taking
5. Focus more on cross functional teams to drive execution
6. Reward the right behavior (compliments & recognition)
7. MEET (My Exclusive Executive Time): More time for open conversation with leadership
8. Consistency in direction: Set long term goals (relate to the vision 2015) and ensure clear deployment to the work floor
9. ONE lighting story deployment
10. Set clear goals and limit the number of intermediate reviews



## The ten commandments of Empowerment: STOP



1. Stop control mentality: As a leader only attend meetings where you can add value
2. Stop meeting bureaucracy: One meeting free day (e.g. Friday, best practice consumer electronics)
3. No more meetings without decision making and with clear agenda & objectives
4. No micromanagement as a leader, manage on exceptions!
5. Reduce number of owners: Assign clear mandates up front
6. Stop complaining behavior, abandon “yes but” (give feedback on behavior)
7. Reporting: less is more
8. Less reviews: Only produce reports that drive decision making
9. Email management: More face to face then managing by email
10. Overruling decisions afterwards

**Questions?**



## Contact information

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