

## Change at Work – the MOD Concept

*Åse Hagerström and Mikael Wickelgren*

The aim of this chapter is to depict the emergence of an operations development concept by simultaneously focusing on team and leadership development activities at Volvo Car Corporation (VCC) and the development of the concept itself. For those of us involved, it came to be known as MOD, Managing Operations Development. It all started in a fruitful meeting of needs and the supply of HR activities in a product development department within the company called Chassis & Powertrain. This department works with engines, transmissions and chassis (all systems attached to the road handling of a car, like wheels, suspension, steering, etc.) for new Volvo cars.

MOD was created as a team and leadership development effort almost fully integrated with ordinary work tasks. By choosing this approach, the activities were performed cost-efficiently and very close to the reality of daily operations. During 2000 and 2001, about 350 people took part in these development activities in which the HR Department found a new role in supporting a core operating department. The guiding ideas for HR in these activities were: presence, authority and competence. In this chapter, the MOD concept and its development will be presented.

A group of five people shared in the formation of the MOD concept. All were involved in operative roles in the actualization of the first tangible team development activities. The group of five was called “Åse’s staff”, although only one person, Gits Corneliusson, was actually employed by Åse Hagerström’s HR Department. Besides Åse herself, and Gits,

the small group consisted of Annika Jönsson-Ryberg from another HR Department at VCC, Anders Lindberg from MiL and Mikael Wickelgren from Göteborg University.

These five had different roles, the main emphasis of which can be described as follows: Åse led the entire process and focused on the development of the MOD concept. Gits carried out a vast number of operative team development activities, most of them together with Anders. Annika helped out with the activities when Gits and Anders had too much to do and Mikael mainly focused on the concept development work, and also conducted an evaluation of the efforts after the process had been running for some time. In addition to their main tasks, all five took part in the concept development and all five joined forces and led operative team development activities, at least once in a while.

Åse's staff was composed of people with a similar approach to issues such as learning and organizational change. This similarity of values was mostly implicit at the start of the work in conducting team development activities and the development of the MOD concept. As the work continued, and especially during concept development, the similarity of fundamental values naturally became more and more explicit. The composition of Åse's staff is also an interesting example of how to bring together people from different organizational affiliations when action was needed at short notice to quickly compensate for the lack of resources in the HR Department. All five can be said to belong to a network of people sharing fundamental beliefs concerning organizations and HR work, though they had not previously worked together in this particular constellation.

### WHY THESE ACTIVITIES CAME ABOUT

#### *The VCC Company Philosophy*

In operations as complex as those of the car industry, it is not always easy to see the background of specific actions such as the development of MOD. One starting point, though, should be the recently reformulated Company Philosophy and the new targets of VCC. Since these docu-

ments state new and bold aspirations, the urge for change in VCC became obvious. The need for the new Company Philosophy and the new targets can be found in the existing conditions in the automotive industry. It is a mature business characterized by fierce competition and vast overproduction capacity. Profit margins are low for the majority of the largest mass producers. The most profitable products are almost without exception niche models or other special vehicles, such as makes with strong brand names. The pressure from competitors is ever present, and the attempts to copy the profitable producers, like Volvo Car Corporation, are numerous. The Ford Motor Company's acquisition of VCC in early 1999 further underlined the need to focus the VCC identity and aims.

Some examples of the content of the Company Philosophy are the new vision (the company's ultimate objective) and the new mission (the business philosophy and the basis of everyday work), which might facilitate the understanding of the ambitions expressed:

Volvo Car Corporation's vision is:

To be the world's most desired and successful premium car brand.

Volvo Car Corporation's mission is:

We create the safest and most exiting car experience for modern families.

### *New targets*

The new targets express a sales increase of approximately 40%, a top position in customer satisfaction and a profit margin on par with the main competitors, all by the year 2005. There is of course a gap between the present and the desired situation for VCC, which means that things have to be done differently to achieve such a future position. In a sense, these changes are part of the thorough process of broadening the interest in the value every action in VCC has for its customers. The company reorientation from focus on products (for their own sake, which is fairly common in a product development department like ours) to focus on customer use and customer value is thus further emphasized.

### *Change in operations*

Thus, these ambitions call for change in operations. Some development activities were, and still are, necessary since change does not take place just by stating the need for it. Action had to be taken. It is important for us at HR to base all our efforts on fundamentals such as the philosophy and business targets. To make a whole company change in a broader sense, you have to involve a lot of people, and from HR's horizon the actions planned concerned hundreds of engineers and others in the product development department at large.

### *MOD and Catch Management*

Although inspired by the approach used by other development activities in the company called Catch Management, we did not have, and do not have the resources to implement change activities using exactly the same methods. Catch Management used a permanent internal coach supporting quite a limited number of people, while we in the HR Department at Chassis & Powertrain had to find ways to facilitate development activities using far less personnel resources. Serving several hundred people also placed natural restrictions on carrying out the development activities in other places than the ordinary work setting. Three main reasons for this:

1. The vast costs if we would conduct extensive off-site meetings with many people.
2. Most employees do not have the time to go away that often anymore.
3. Our conviction that operations development activities are most efficiently performed in the ordinary team close to the tasks and prevalent assignments.

So, we chose to work with managers, teams and thus operations development in the ordinary work setting, in the participants' own reality, which has proven to be efficient. Although off-site meetings were also included, the ambition was to minimize such occasions for the purpose of integrating the process of change into daily operations.

*Two intertwined tracks*

When the Volvo S80 was being developed (1994-1998), the product development team started designing a single car but soon realized they also needed a platform as a foundation for other cars to follow. So the product development process was running on two tracks simultaneously, one for the specific car model S80 and one for the “large car platform”. This bears a strong resemblance to the HR development activities and the MOD concept.

One of the first signals of the need for team development efforts came from different teams in the Chassis & Powertrain Department at Product Development. These signals coincided with the results of an initial HR analysis of the organization. In the analysis, a number of prevalent challenges were recognized including unclear perceptions of goals, purposes, roles, authority, and organization as well as a lack of a holistic view, conflicts not dealt with and agony in decision-making. So, when signals from the different development teams came to the attention of HR, it was not a surprise and preparations had already been made to act on the problems. HR began satisfying the needs of specific teams by arranging and taking part in a variety of team development activities.

This led to the creation of a team development *concept* (cf. the car platform), later to be called MOD. So, carrying out the first tangible activities was concurrent with the formation of the MOD concept, quite like the S80 car and its platform. It might seem haphazard in retrospect, but in the way the tangible development actions and the MOD concept emerged, they rather stimulated each other. The first tangible actions in teams served as an important testing ground for the development of the concept. At the same time, the basic principles expressed in the concept development work became valuable guidelines for conducting the hands-on development activities. There are strong positive indications of this being a mutually beneficial arrangement.

## THE MOD CONCEPT AND PRACTICE

### *Customized team development*

A number of preliminary meetings were involved in starting the development process in an operating team during the fall of 2000. The HR officers from Åse's staff, who were engaged in a particular team, met the manager first and then all the team members. The initial meetings clarified and specified the particular needs and requests from the team. In all meetings it was manifested that the team manager was in charge of the team development process and the role of the HR Department was to support him and his team in their mutual effort to master this process. (All the team managers we worked with during the period covered by this chapter were men.) Along with the team manager, the HR staff then designed the most appropriate plan for actions to take and activities to engage in. The development activities were thus customized for each team. This was, of course, quite time consuming for HR, but not as time consuming, from a team and company perspective, as to conduct a standard development activity poorly suited to the local needs and desires of the different teams. The extra time put in by the HR officers at the start of the development process can be seen as quality assurance for the execution of activities aimed at the core of the development needs of the participants. It was also important not to lose oneself in too much detail but at the same time accept being a part of a complex organization, and to deal with the consequences of such an organization. A holistic view is important for being able to understand the interconnectedness of a large and complex organization. One tangible aspect of this was to keep track of all the team participants' organizational affiliations, since the implications of the three-dimensional matrix organization had to be considered. Another aspect was to keep focused on why specific tasks were performed in reference to the present agenda on a general company level.

### *Team manager in charge*

A key feature of the MOD approach is to forcefully emphasize the team manager's role of being in charge of the team development efforts from the very first meeting. Team development and other HR activities are management responsibilities. The managers at VCC have to accept this

responsibility, which was shown in the evaluation carried out by Mi-kael of the first seven months in action from the fall of 2000 on. All the managers stated their HR development responsibility without hesitation in interview situations. However, some of them also “confessed” their difficulties in taking action in this regard. The need of the HR Department’s competence became obvious for the team managers at Chassis & Powertrain when they decided to focus on the development of the team organization. HR has the task of assisting and facilitating the line and team managers in exercising their responsibilities. This also means facilitating and supporting the team manager’s people leadership skills (see Figure 1). It is a good example of the HR staff’s efforts to support and further develop the team manager’s leadership abilities in general. Stating and confirming such an approach from the HR Department empowers the line and team managers in their role as leaders in charge of development issues integrated with their other tasks and duties. It also carves out a role for HR, primarily supporting other managers with specialized HR competence. This combined HR role as internal consultant, coach or tutor embraces the three key guiding ideas: presence, authority and competence.

When initiating development activities with a specific team, it is imperative to conduct several meetings over a period of time with the manager and the team members to penetrate their needs and wishes. Clarifying these for every team creates the foundation for all later activities. This customizing of development activities might seem excessively energetic and a waste of time, but it actually saves time and energy for two main reasons. The first concerns the poorly suited standard activities explained

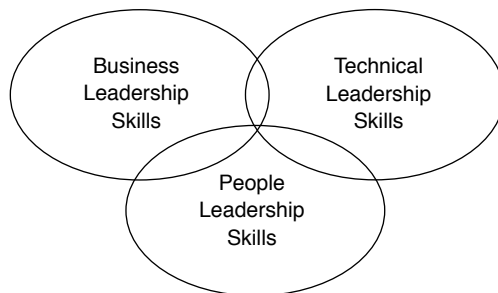


Figure 1: Skills needed for successful leadership

above. The second concerns using the initial meetings as HR activities in and of themselves for the purpose of facilitating development for managers in charge of team development and other HR related development activities. So, the initial meetings with the managers can be seen as a support for managerial competence in general by means of coaching in the HR sphere.

### *Organizational preconditions*

The complexity of VCC stems from it being a matrix organization with at least three dimensions: line organization, projects and a series of processes, all organized in different teams. As an employee you are affiliated with several subunits in different dimensions of the matrix organization. You might belong to a certain line department, working on a specific project (or several) and be physically seated in two or more places by affiliation to different process teams (see Figure 2). The number of teams each individual can belong to may be substantial, and the amount of time spent in those teams can easily exceed the time spent in one's own line department. This way of organizing work inevitably contains inherent tensions and a number of other difficulties. It constitutes a complex system in which people have to think twice to remember what cap they are wearing at the moment. The complex system of organizing requires a certain ability to handle multiple affiliations and perhaps even potentially conflicting local loyalties in the organizational subsystem.

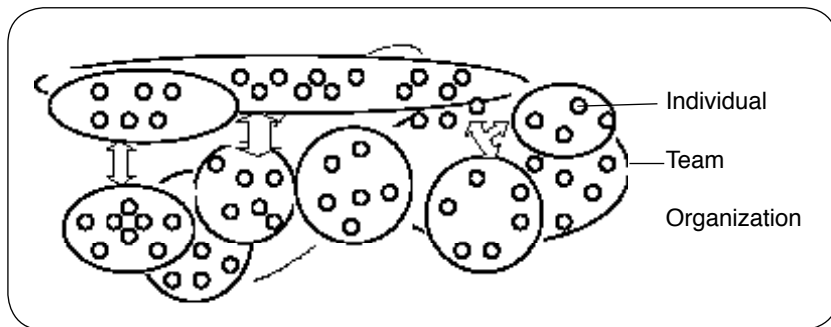


Figure 2: The complex system challenge



These organizational preconditions influenced the content of MOD development activities. It is hardly meaningful to focus on team development activities emphasizing strong teams with clear-cut boundaries in regards to other teams. Being part of so many different teams, it is crucial to have, or develop, the ability to be an efficient team member. It is more feasible to focus on supporting the development of strong and efficient team members, who can avidly contribute to the several different teams to which they are affiliated. Strengthening cooperative abilities *between* teams also becomes highly important, and much more feasible than developing a number of strong teams. Trying to do this on your own is probably less efficient than engaging in development activities offered to the team as a whole. The MOD way of doing things is to also try to integrate several learning efforts in the same development process. An example of this is the dual focus on team and leadership development activities simultaneously. But before we go into this line of reasoning, we will look at desired leadership skills in the complex organization of VCC.

### *Three core leadership skills*

We claim that the skills needed to lead and be on the cutting edge in today's automotive business can be divided into three categories (see Figure 1). Every manager has to integrate these three skills for successful leadership. When it comes to the technical skills, be it engineering, accounting or other competencies with a distinctive component of a technical nature, the company is well supplied. That goes for the necessary business skills as well, although there is room for improvement here. The area with the most apparent need for development, though, is that of skills in people leadership. Since leadership primarily has to do with working through others, it stands and falls on the ability to deal with the resources of other human beings, individuals and teams. Managing the people component is also an essential skill for the unleashing of the other two, the technical and the business skills, to the extent that it often becomes the determining factor for the success of an organization. To compete in business life today, there has to be a productive symbiosis and balance between the three core skills of leadership. For this reason, the HR support given to managers in the company becomes vital for success. It also carves out a new role for the HR Department.

The efforts of the MOD approach are first and foremost to improve the people leadership skills component, thereby strengthening what is perhaps the weakest component of the three depicted above in VCC today. Since these leadership skills concern both the managers and non-managerial members who constitute teams, the development efforts have to be integrated.

### *Efforts for development combined*

The aim and purpose of the MOD activities have been to combine the training of leadership abilities and teams simultaneously (see Figure 3). In addition to the reasons given above regarding leadership as something not only managers do, it is also hard to find a better environment for learning than the setting in which the learned abilities are to be used. To use traditional, external development programs is more appropriate when focusing primarily on individuals and individual skills obtainable regardless of the everyday work setting. MOD addresses teams and the managers – at the same time. So, the way to do it is in the ordinary team with their manager present. At the same time, one has created the best foundation for operational development since the teams and their managers run the operations.

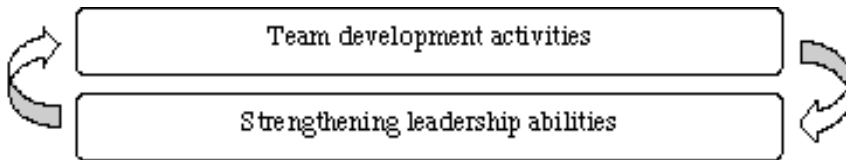


Figure 3: Combined emphasis on developing teams and leadership abilities in MOD

Ultimately, the MOD efforts are intended to influence the VCC organization through cultural change. An organization does not automatically change just because the chart has been redrawn. The organizational change might start by a redrawing of the organizational chart but the main job of actually bringing about change remains. The intention of MOD is to start actual processes of change at the team level. Perhaps the organizational charts will be rewritten as a result of these team level changes.

ACCOMPLISHING CHANGE IN OPERATIONS

*Basic ideas about change*

The notion of operations development is closely linked to change management. To engage in change management is to accept the strategic role and power in change within an organization. Change is not something that happens randomly, it has to be managed like any other process in the company. Desired changes are the ones contributing to the achievement of company vision, mission and targets. To be able to assess what changes are desired, one has to have some basic ideas of operations development and change processes involving human beings. This includes basic ideas about how people most effectively learn and how human change processes can start and develop. It also means having distinct ideas about what the participants in the development activities are to learn.

Thus, the basic ideas underlying our work are vital, and the HR people involved in the activities have to both understand and embrace those ideas. One such fundamental idea is accepting the consequences of the customer orientation in the company as a development from the previous product orientation. Another basic idea is about change itself, and the insufficiency of relying entirely on continuous change. Sometimes there is a need for more fundamental, paradigmatic change (see Figure 4). When times are changing and the foundation for operations is under forced or voluntary transition, the potential for change in the form of incremental, continuous improvements may be limited. The paradigmatic preconditions might come up short. New solutions may have to be found using other paradigms.

	<i>Change within existing paradigm:</i>	<i>Towards a new paradigm:</i>
<i>What?</i>	<ul style="list-style-type: none"> <li>• Continuous improvements</li> </ul>	<ul style="list-style-type: none"> <li>• Changing perspective &amp; framework</li> </ul>
<i>How?</i>	<ul style="list-style-type: none"> <li>• Kaizen methods</li> </ul>	<ul style="list-style-type: none"> <li>• Changing values, beliefs &amp; norms</li> </ul>

Figure 4: Change within a paradigm and changing the paradigm itself.

Learning efforts run the risk of having an insignificant impact in the long run. It is well known that barriers have to be overcome to accomplish more sustainable learning and change. This is also a real problem in the MOD approach. All the same, we have high ambitions to accomplish sustainable change in daily operations. So far, we have stressed the importance of customizing development activities and emphasizing ownership of these by the managers in charge of operations. This is also done for the sake of ensuring the impact and continuation of learning efforts; a transition towards a paradigm founded on the values expressed in the new Company Philosophy. Some other important principles guiding our work in facilitating the learning impact are the use of frequent reflection and coaching.

### *The continuation of change*

The start of a process of change is naturally an important step. A good start or a positive first impression is a big help in ensuring a sufficient level of energy for the change efforts among team members. Since all development processes were customized for each team in a joint venture planning procedure between the team and HR, all the different team processes displayed their own unique features. Most teams chose to use a standard Swedish approach called Group Development (GD) events in the start-up process. GDs are frequently held at VCC. The notion of GD is commonly accepted, though the content varies quite a bit. It typically means having an off-site meeting to establish a healthy distance from phones, mail systems, exacting to-do lists and colleagues with urgent requests. The MOD GDs lasted two days and the importance of all team members participating was heavily emphasized. Once again, since none of the teams had identical needs, the content of these MOD GDs showed substantial diversity. Here is a sample:

- Clarifying objectives, customers and business purpose of the team
- Role and task clarification in the team
- Showing and making use of the diversity in the team, using Myers-Briggs Type Indicator (MBTI)
- Getting to know team colleagues better
- Team exercises

- SWOT Analysis (Strength, Weakness, Opportunity and Threat)
- Building commitment for and planning for continued development
- Communicating attitudes and norms supporting learning
- Dealing with conflicts, how to handle and/or solve them
- Feedback exercises

*The overall change process*

Here is a summary of the overall process regarding change and development in the teams at Chassis & Powertrain to put the MOD off-site meetings in perspective:

<b>Actions</b>	<b>Content</b>
<ul style="list-style-type: none"> <li>• Responding to a demand from a team</li> <li>• Recurrent discussions with manager</li> <li>• Discussion with entire team</li> </ul>	<ul style="list-style-type: none"> <li>• Customizing development, clarifying ownership</li> <li>• Investigating needs, ensuring ownership</li> <li>• Investigating needs and manifesting the start of a process</li> </ul>
<ul style="list-style-type: none"> <li>• Homework before off-site event</li> </ul>	<ul style="list-style-type: none"> <li>• Starting the development process in the whole team, ensuring participation</li> </ul>
<ul style="list-style-type: none"> <li>• Two-day, off-site meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Change of environment, change of context to facilitate change of text</li> </ul>
<ul style="list-style-type: none"> <li>• All team members and their managers participate</li> </ul>	<ul style="list-style-type: none"> <li>• Effective development in ordinary working teams, constant focus on relevance for everyday work</li> </ul>
<ul style="list-style-type: none"> <li>• Commitment to continued development activities</li> </ul>	<ul style="list-style-type: none"> <li>• Clarifying the process characteristic of development work</li> </ul>
<ul style="list-style-type: none"> <li>• Strengthening the manager as change leader and providing support from HR</li> </ul>	<ul style="list-style-type: none"> <li>• Securing ownership and strengthening leadership abilities</li> </ul>
<ul style="list-style-type: none"> <li>• Creating your own tools for change</li> </ul>	<ul style="list-style-type: none"> <li>• Developing trust in your own abilities, decreasing dependency on massive HR support</li> </ul>

Sustainable change in a product development team has to have broad support from a majority of the team members. One feasible way to facilitate such support is to engage a large number of team members in taking an active part in the tangible actions of which all change eventu-

ally consist. Several teams identified a number of areas for sustainable improvements. They prioritized these areas and appointed task groups to address the problematic issues connected to them. In this way, an intra-team organization was created to work with the continued change process integrated in the ordinary tasks of the development team. Most members of the team were appointed to at least one task group for continued change, thus ensuring a broad commitment to the change process as a whole. The responsibility of keeping the task groups on track and of contributing to the formation of a whole, consistent pattern of change in line with the overall development process goals and company target rested with the team manager.

### *The role of the HR Department*

The role of the HR Department again is supportive, primarily directed towards the manager. HR as a function can rightly be seen as management support in a broad sense. As a part of such a mission, the tangible support to managers at different levels in the organization is a major task for HR. In this particular task, as in others, HR officers must demonstrate their competence, authority and presence in a vivid and trustworthy way. The HR officers did this during the development activities in a number of ways: by intervening at the right moments, sharing knowledge about how human beings might behave individually and in groups and letting this knowledge permeate their actions concerning such things as the timing of team development exercises. Such actions were, for instance, when to start and stop exercises, promoting discussions on certain topics and restraining them if they got out of hand. These and other actions were carried out, constantly balanced in such a way as not to interfere in the manager's responsibilities of being in charge of the team development. Managing this balance is a manifestation of HR competence as well as a demonstration of authority within one's own field of expertise and in general.

## EVALUATING THE OUTCOME

Some six months after the first teams started their development efforts, Mikael made an evaluation of the actions taken so far in the product development teams. Up to then, seven different teams in a specific department, consisting of about 200 people, had started MOD-based development processes. From those teams, all the seven managers were interviewed, and 19 team members were randomly selected for interviews. All 26 people were very positive to the start of the development process, especially the relevance of the actions taken. The efforts to customize actions to local needs and desires were apparently effective. Some differences of opinion between the managers and the other team members were, though, obvious when it came to how much of the everyday, continued change efforts they perceived. The non-managerial members were not in a position to gain a good, general view of how much MOD-based development efforts actually were performed at their own department. This overview was much more apparent to their managers. It was also easier for the managers to perceive the effects of the ongoing MOD processes, especially since some of them had tried to make changes in the desired direction, mostly in vain, before the HR supported activities started. There was, therefore, a clear appreciation from the people interviewed regarding the work put in by the members of Åse's staff.

Among those interviewed, there were also differences of opinion about how intensely the development process was proceeding. Some felt a distinct slowdown over time, while others saw an ongoing process of change being integrated in daily operations. There were at least three explanations for this. In some teams there had really been a significant slowdown of change efforts. In others, there had been a rather successful integration of the development process and the daily operations. In those teams, the change process had become part of everyday work in a rather quiet way. Change happened in increments, and there was very little notice given to it. Due to this, some team members felt that not very much had happened. Looking over the entire team, though, it was easier to see the cumulative effect of the ongoing development process. Of course, it was easier once again for the managers to have an overview in seeing what had been accomplished. The third reason concerns the experience of being an active part of a process or not. The members

who felt that they were a part from the very start, and who took an active role in its continuation naturally experienced a different kind of vigor in the ongoing change process than team members who were not that absorbed by it.

The evaluation of the MOD efforts also displayed yet another example of the classic dilemma of balancing short-term activities and long-term development of operations. Managing the operations development process for achieving the ambitious company goals set for 2005, is a demanding and time consuming process. Finding the time to do this, of course, is not easy. The list of things to be done immediately never seems to become shorter. Not surprisingly, teams displaying a great deal of endurance in their change efforts somehow managed their allocation of time to maintain a productive balance between short-term and long-term actions.

An intriguing question is how one can go about creating change while doing basically the same tasks as before and in the same team as well. Change in operations is often connected to more or less physically based changes, such as hiring new people, reorganizing or moving to another location. Even for the MOD efforts, there was clear evidence that some people perceived change as something manufactured elsewhere and “only” implemented back home. There was, for instance, an overemphasis on the two-day, off-site meetings usually held at the beginning of the development process. The team members who equalized change with going away and doing things outside of the company had a stronger feeling of decreasing development activities from the start and onwards. Others, who saw change as an ongoing, long-term process mainly performed in everyday work, more often perceived the MOD development efforts as still going on.

The line of reasoning above might indicate that change in operations is mostly a question of opinions, or something primarily going on in people’s heads. This may be correct to a large extent, but there is also another type of indication of tangible results of the MOD development process. One specific example is the start of a new engine project that project managers pinpoint as a direct result of the MOD processes.



In conclusion, the MOD efforts have been rewarding enough to continue facilitating similar processes at the product development department at VCC. With regard to the resources mobilized, the MOD activities have shown commendable results in a very short time. The ongoing efforts will most likely be further developed and might not be known as MOD activities in the future. What they are called, however, is not the most important question. From our perspective, we have not tried to establish MOD as a unique trademark, signaling actions that are unlike anything with the same ambitions. The importance of the MOD efforts might be that we thereby advocated the underlying basic values and principles. They will certainly outlive the concept itself.

