



Organisational Resilience at Fonterra

A Case Study – Simon Hughes

October 2013

Confidential to Fonterra Co-operative Group



Dairy for life

Agenda



- Personal Profile
- Core Fonterra Programmes
- Personal Perspective
- A Structured Approach
- Case Study in Action
- Summary
- Questions

Personal Profile

Simon Hughes – General Manager Transaction Services, Fonterra, based in Hamilton

1. Started Work in Retail Banking– straight from school
 2. Continued banking career and moved into Operations environment
 3. Moved into Agri-Services sector and gained experience in areas such as livestock training, real estate, manufacturing
 4. Then to Fonterra – around 3 years ago
- Early Career was exclusively Finance Sector – Banking and Insurance
 - Moved into Human Resources around 11 years ago
 - Have alternated between HRM and Operations Roles since
 - Focus on Change, Projects, Shared Services and Support, Business Unit Recovery, Business Partner, etc

While I bring a strong focus on business results, I have a belief that a leader and/or business can only achieve great results through their people

Fonterra Group Approach and Resources



Fonterra has a "whole person" approach to the relationships it has with its employees

- Health and Safety
- Wellness
- Engagement
- Social Connection
- Team Building
- Development Planning
- Psychometrics

Leadership Development

- We have a comprehensive approach to leadership development
- A wide range of programmes – from “first time front-line leader” to executive development programmes (and everything in between)
- Delivery modes are flexible to meet the needs of 24/7 operations and a diverse workforce
- Strong focus on Competencies such as; Dealing with Ambiguity, Building Effective Teams, Managing Vision and Purpose

Fonterra Group Approach and Resources

Resilience Training

- Formal resilience training is available to staff at all levels across Fonterra
- The programme is developed and delivered by Dr Derek Roger MA PhD
- The “Challenge of Change” programme is based on Dr Roger’s four step model
 - Wake Up, Control Attention, Become Detached & Let Go

Leading and Managing Change

- Fonterra has a formal change methodology that informs all change that is conducted across the business.
- A comprehensive training programme called “Leading and Managing Change” is used to develop the change capability of leaders across the business



A Personal Perspective

Preparation is Paramount

- Resilience is tested when things change
 - Planned change
 - Unanticipated challenges
- The only time to prepare is before the event
 - Being prepared therefore means you need to be proactive – or you miss your window
 - Your work is tested “in production”
 - Hard to replicate a test environment for resilience
 - Plan early
- A single application provides no guarantee
 - Blend Blend Blend!!!!
- Customisation and Flexibility
 - No such thing as “one size fits all”
- If you prepare for the known, you may just be ready for the unanticipated
- Don’t assume you know who will deal with tough situations most effectively

A Structured Approach – The Challenge



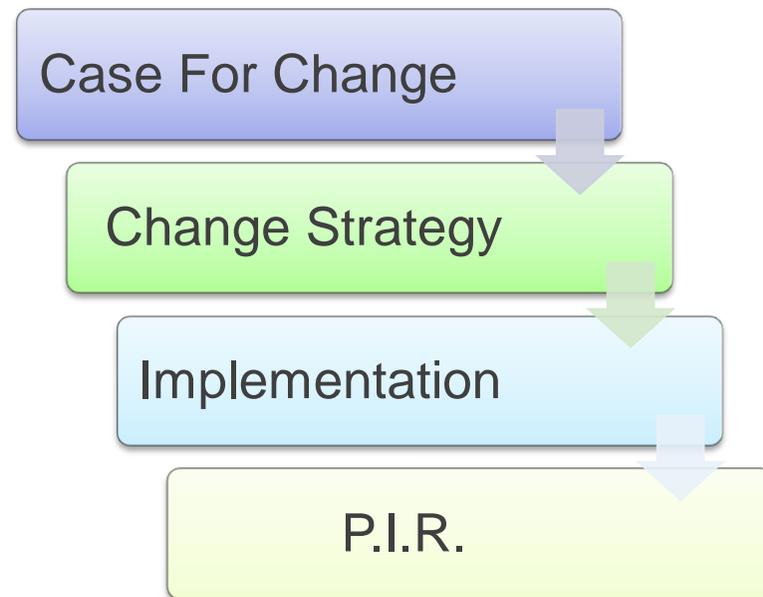
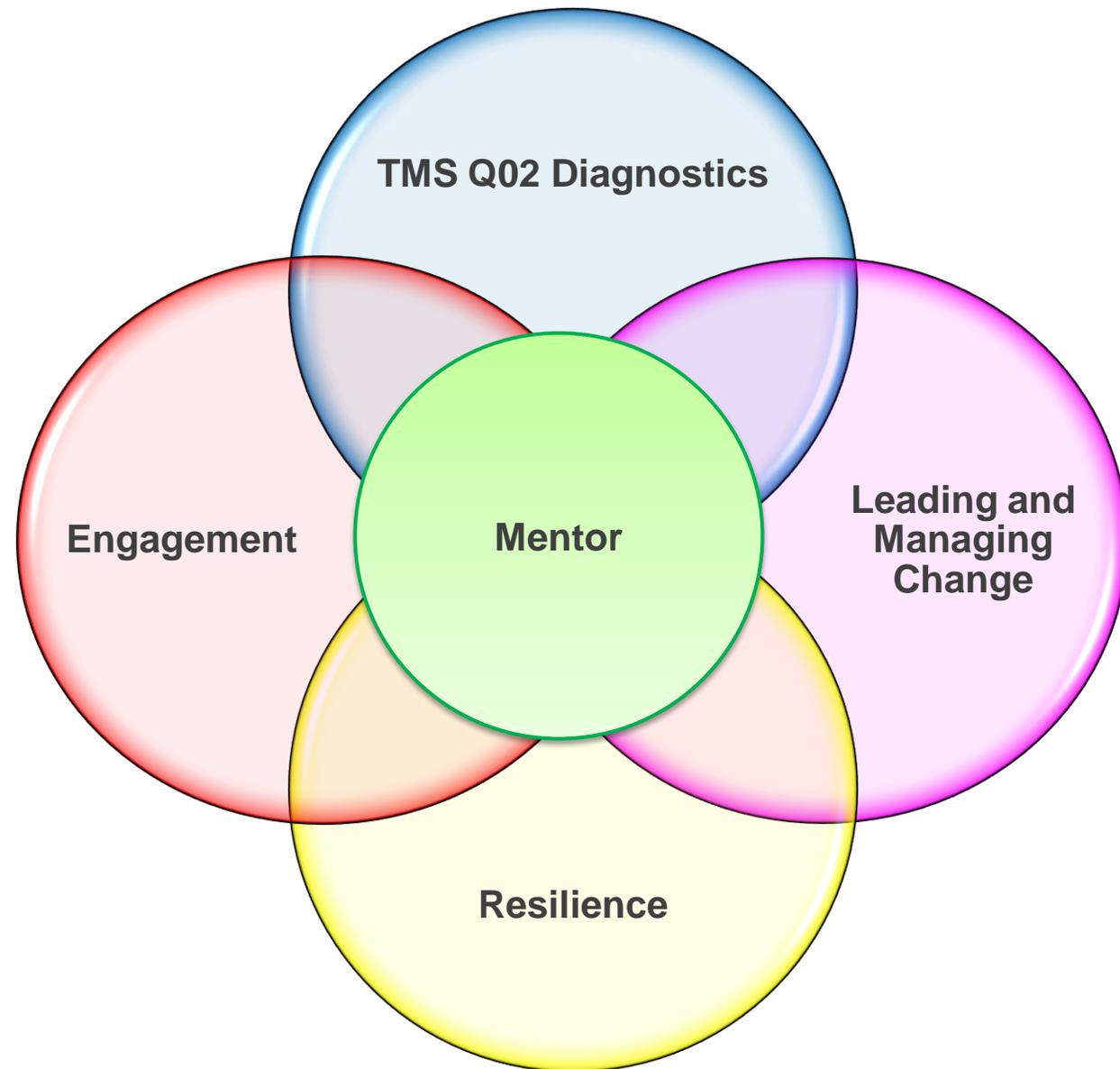
The Context

- Transformation project within a shared services environment
- Moving from reactive management by instinct to structured operational management approach
- Tough challenges on several fronts
 1. Moving from functional expert to operational manager
 2. Moving from managing transactions to managing complexity and complex processes
 3. Moving from responding to events to an active demand and supply forecasting environment
 4. Moving from supervising team members to leading their team towards the vision of a new future state
 5. Moving from saying yes to commercially based conversations with customers

The Change Programme – Active Operations Management

- Implementation of operations management methodology
- Supporting technology toolkit and processes
- 20 week implementation programme

A Structured Approach – The Approach



Our approach

'Focus Me'

Project Launch

- Keep it low key
- High communication channels
- Hand holding
- Clear accountability
- Training/Coaching
- Subtle & slow building
- Team leader introduction – 1st awareness
- Employee introduction

Sep 13

'Focus me'
'Equip me'
'Know me'
'Hear me'

Learning phase

- High communication channels
- 2 way communication
- Share quick wins
- Recognition of hard work
- Training/Coaching
- Resilience
- Hand holding
- Remove road blocks
- Reinforce accountabilities
- Employees using RTM
- It gets hard – everything is new
- Team leaders keeping team members involved in implementation
- Encouraging feedback from team members

Oct – Dec 13

'Help me see my value'
'Care about me'
'Help me grow'
'Help me see my importance'

Starting to embed

- Change is starting to happen
- Things start to get easier
- A new way of working is starting to embed
- Recognition of hard work
- 2 way communication still present
- Encourage feedback and CI ideas
- Not as much hand holding
- Leaders taking the lead
- Confidence is growing
- 1:1 feedback using AOM data
- Multi skill opportunities enabled
- Reinforcing strategy & AOM purpose

Jan – May 14

'Help me feel proud'
'Help me build mutual trust'
'Help me review my contribution'
'Challenge me'

Sustainable platform

- Continuous improvement ideas being realised
- RTM is embedded into the way we work
- Starting to see the benefits of cross team movements
- Team members challenge each other and take active role in quality of work
- No more hand holding
- Recognition of step change
- Employees seeking multi skilled opportunities
- AOM language and intelligence visible in conversations (incl. Performs) and meetings (DMS, 1:1s)
- Common view of what good productivity looks like

Jun 14 –

What will determine success

Phase	Area	Activity	Measure of success
 <p>Learning phase</p>	Impacts	Identify who and what is most likely impacted by the change, including blockers and enablers	Engaging Q&A session with team leaders Constructive informal follow ups with team leaders Mitigation strategies in place where blockers identified
	Communication	Frequent and open communication.	Key messages in place Prompt and effective decision making Multiple communication methods throughout implementation (email, FAQs, meetings, face to face) Messages are targeted and relevant to staff Communication is 2 way
	Organisation Design	Alignment of roles and responsibilities to the new way of working	Common/clear understanding of Leader accountabilities (Team Leader and Managers) Accountabilities captured in key messages and used in all communication materials We are change ready and adaptable, our leaders role model this behaviour and our employees are still actively engaged. Our people are not resistant to change
 <p>Starting to embed</p>	Capabilities & Development	Understanding the capability requirements of the new way of working	We know the current capability build of our people and individuals aspirations Plans are established to either address gaps that may exist, or enable multi skilling of individuals Performance objectives, IDPs, and 1:1 coaching capture applicable capability builds to support the new way of working Full participation and completion of AOM training including online modules
	Leadership & behaviours	Leaders are role modelling the change through creating effective vision and purpose for their team	Teams are seen as change ready and adaptable, and the changes to the new way of working do not negatively impact our engagement results. Our people are not resistant to change. Health Check - high response rate and positive feedback
 <p>Sustainable platform</p>	Sustaining the change	Clear metrics defined that track achievement of targets and goals	AOM capability score expectation achieved. Increased engagement scores in Focus Me, Know Me and Equip Me Continuous improvement opportunities identified and realised Any change in staff has only a limited and/or short term impact, if any

A Structured Approach – Something Unexpected



The Benefits of a Plan

- As we were setting out on our change journey, the we announced a restructure of the department
- Our leaders faced a tough challenge in leading their team through the restructure
 - For several leaders this was their first experience of leading a restructure
- We ended up with an unanticipated “test” of our development programme – in production
- We were able to see who was able to find alternate pathway, fault-find etc
- We are now seeing first hand who has built strength from this experience

What We Have Discovered – So Far.....

- The diagnostic facilitated conversations about how we could expect ourselves and each other to respond to the challenges we faced
- We now have better conversations about what to expect – especially around the pressures and emotions our leaders and people will experience
- Our leaders are taking the planned change in their stride having experienced the development and an unexpected change
- A trusted advisor / mentor with significant change experience has added great value
- Leaders and team members are more relaxed as a result of
 1. having a plan
 2. having been through tough times together
 3. knowing what we are capable of

Questions

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