

Excellence in Practice 2021



Daimler AG / ESMT Berlin / Coverdale
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Leading transformation - Shaping the automotive transformation amidst turbulent times

It was early 2020. The global automotive industry was in the middle of the biggest transformation in its history – exacerbated by the COVID-19 pandemic.

In order to be able to respond more quickly and effectively to changing customer needs and complex market dynamics, Daimler also optimised its organisational structure towards more divisional independence.

In a context that requires not just the reimagining of products and ecosystems but also of the company itself, leadership development was considered of pivotal importance. Daimler Corporate Academy, together with partners from Harvard Business School, ESMT Berlin, Coverdale and Brand-and-Story, designed an innovative global learning intervention to provide leaders across Daimler with the tools, framework and capabilities to steer this change. Just as the programme was about to be launched, the outburst of COVID-19 added an unforeseen layer of complexity. How could leaders encourage and drive change during unpredictable and worrisome times when they themselves and their followers were so fundamentally restricted in the way they could interact?

The response was swift and comprehensive, and it changed the world of learning at Daimler for good. “Leading Transformation” was a global learning experience, designed following a ‘digital first’ approach, reaching leaders from all levels, business areas and locations across the world.

Strongly supported by the Executive Board, “Leading Transformation” was an intervention to match the ambitions of one of the world’s leading manufacturers of automobiles, vans, trucks, and buses.

The challenge: Mastering ambidexterity

Daimler has maintained a position at the top of its industry for decades and has enjoyed a period of strong commercial success.

This strength, however, was no reason for Daimler to rest on its laurels. By 2020, the world of trendsetting technologies, outstanding products, and made-to-measure services was changing at breakneck speed. Domains ranged from technology to deeply held assumptions and values.

Particularly pressing changes comprised:

- a) propulsion systems and battery technology – the dominant paradigm of combustion engines was giving way to an electric first approach, requiring the reimagining of an entire product class and a new ecosystem of related products and services
- b) the importance of OS and related software – operating systems and other software applications more broadly were becoming a key competitive differentiator
- c) the related skill and workforce revolution – requirements in the workforce were changing rapidly, and winning the race for a workforce educated to solve tomorrow’s challenges was crucial.



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These changes, in combination with further strategic developments, (e.g. the increasing focus on luxury vehicles for passenger cars), and the impact of COVID-19 presented a unique set of circumstances.

At the same time, the company was in the midst of its own transformation, both structurally and organisationally. This created a set of deep and relevant questions.

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- What did transformation mean for different parts of the organisation?
- How could the leaders who were responsible for driving transformation initiatives enable and enact change?
- How could Daimler encourage both accountability and freedom in leaders across divisions, businesses, and regions?
- Most importantly, how could leaders build and maintain agency and mastery, be mobilized for change and drive transformation even in the most difficult times of personal and organisational turmoil?

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Applying existing capabilities in new contexts and to new challenges can turn capabilities into a disadvantage. The need for new learning was emerging.

Faced with these challenges, “Leading Transformation” was designed to meet the following key objectives:

1. Establish a shared framework for understanding transformation while simultaneously encouraging Daimler divisions in their quest for distinct identities
2. Provide leaders with a set of tools and practices for leading transformation
3. Connect Daimler leaders with peers around the world to learn
4. Firmly root the generated learning in the flow of leaders’ everyday work

The commitment: Practice what you preach

Daimler Corporate Academy collaborated with partners from Harvard Business School (Jim Dowd, Amy Edmondson), ESMT Berlin (Harald Hungenberg), Coverdale (Ulrike Böhm and Thomas Weegen) and Brand-and-story (Terence Barry).

The combination of partners was a crucial element of the success of “Leading Transformation”. Harvard Business School faculty contributed content in the most relevant content domains and unparalleled executive education expertise. As the delivery context differed from an on-campus setting, the situation also required expertise in delivering “live” online to a very large audience. ESMT, a leading European business school located in Berlin and long-time partner of Daimler AG in matters related to strategic leadership education, contributed in-depth knowledge of the challenges Daimler and its leaders face as they develop culture to become nimble, agile, collaborative, and cross-hierarchical. Finally, Coverdale focused on designing group interactions between sessions and how content could be applied in an intact team setting.

The conceptual core of “Leading Transformation” consisted of five interconnected elements:

Adaptive Leadership - Psychological Safety - Strategy as Learning – Ambidexterity - Integrity of the Narrative

Leaders at Daimler increasingly face adaptive challenges, which require leadership of a very different kind. Orchestrating the conditions in which collective learning can take place quickly and socially, unimpeded by fear, aversion to failure, or pressure to conform to hierarchy, was essential – but inventing the future would also depend on succeeding in the present. A compelling story that would maintain the extraordinary level of commitment typical of Daimler employees if conveyed in the right way.

Programme structure

The four key learning objectives: establish a shared framework for understanding transformation, provide leaders with a set of actionable tools and practices, connect Daimler leaders with peers around the world, and firmly root the generated learning in the flow of leaders’ everyday work; were translated into three Acts as the building blocks of the programme.

All three Acts balanced theory and practice, and input from experts with contributions from participants.

As Daimler was putting increasing emphasis on divisional independence, each division was encouraged to initiate its local or regional roll-out of “Leading Transformation”. An essential pre-requisite for this was the early involvement of divisional and regional Organisational Development experts in the development of “Leading Transformation”, transcending the boundaries that can result from different divisions.

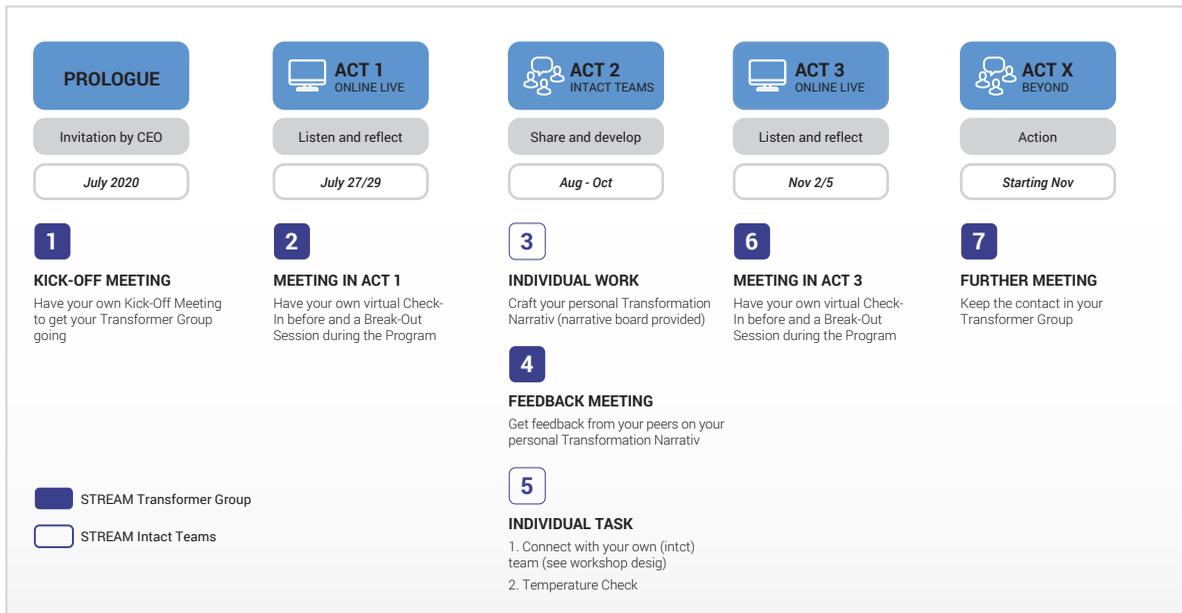


Fig 1: Four Key Learning Objectives

The impact: Making technology work for everyone

The “Leading Transformation” design aimed to offer a social, emotional, and interactive learning experience. The combination of synchronous and asynchronous learning, and smaller group-based interactions provided the conditions for consensus building and alignment. For many leaders, their very understanding of leadership learning changed as a result of this.

While the effects of COVID-19 are destructive, unsettling, and often tragic, the pandemic has given the development of learner-centric digital learning a substantial boost. The immersive format of “Leading Transformation” supported a deep and sustainable mindset and behavioural shift by:

- Enabling leaders to join the transformation journey, irrespective of physical location, hierarchical level or divisional allocation.
- Boosting organisational transformation even in times of uncertainty.
- Combining large scale cross-divisional creation of common ground with intact team intervention.
- Allowing room for critical self-reflection and exploration of the idiosyncrasies of regional and divisional teams and business units on the ongoing journey.

COVID-19

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A range of KPIs indicated that the set objectives were met and often exceeded. Participation was high, and dropouts were extremely low (constant audience level >95%). Thousands of comments were added during sessions, and an interim survey (“temperature check”) added depth and richness to understanding participants’ challenges and responses. Leadership Learning at Daimler would never be the same.

