Addressing live, organisational issues to ensure Swarovski’s future success.
Executive Summary

Outstanding levels of trust and collaboration between Swarovski and Ashridge have enabled the creation of a new highly respected Leadership Academy, as well as a set of live-business interventions addressing emerging organisational issues.

The work, focused on expanding leadership capability, developing organisational agility and triggering lasting culture change, is delivering deep impact in both anticipated and unexpected ways, and is helping to secure Swarovski’s future as a much loved, autonomous family business.

Reflecting the scope of Swarovski’s ambition, in less than 2 years over 250 leaders (close to 50% of the organisation’s management talent) have taken part in 14 leadership journeys, including 25 face-to-face modules and over 200 virtual action learning sets, and a further 270 people have been involved in addressing multiple cultural and systemic issues.

The changes affected through the Ashridge-Swarovski partnership include:
- Establishing greater accountability, entrepreneurship and innovation across the leadership pipeline
- Changing the leadership focus to what’s right for all Swarovski businesses and markets – not just the individuals or individual businesses which make up Swarovski
- Generating significant improvements in performance, retention and promotion
- Supporting the implementation of structural changes
- Addressing slow, complicated and ineffective decision-making
- Deepening the Corporate Social Responsibility story
- Strengthening Swarovski’s internal expertise on key topics
- Exploring key gender issues and opportunities
- Strengthening relationships and collaboration across the organisation

The success is the result of a strong and trusting relationship between Swarovski and Ashridge at all levels of the organisation, unusually high levels of top leadership buy-in, and an approach framed by a deep knowledge of organisational as well as leadership development.
THE LEADERSHIP ACADEMY AND LIVE-BUSINESS INTERVENTIONS – OVERVIEW

- Leadership Academy
- Live interventions with the business

- Inquiry on gender balance with 100 leaders across all locations to inform diversity and inclusion strategy
- Change leadership with European HR teams
- CSR and sustainability work with CSR teams/Swarovski charities to deepen the social impact story
- Strategic conversations with “Top 10”

- Improving agility in decision making with the top 100 managers in Consumer Goods Business
- Expanding virtual working capability through consulting

- Igniting Performance with top talents/early career
- Driving Performance with experienced managers
- Accelerating Performance with senior leaders
- Transforming Performance with top leaders

- Impacting Performance with specialists and experts
- Supporting the Consumer Goods Business leadership team with design and implementing organisational changes
- Supporting senior leaders through executive coaching
Introduction

**Swarovski**
- Founded in 1885 in Austria by Daniel Swarovski – a glass-maker’s son who invented the world’s first electric crystal glass-cutting machine.
- Still a family business – managed today by the fifth generation Swarovski family.
- Headquartered in Mannedorf, Zurich.

**Ashridge Executive Education**
- A leading business school combining executive education and organisational consultancy.
- Dedicated to helping organisations improve and executives excel.

"If the Swarovski work was a piece of jewellery what would it be and why? A sparkling necklace of linked crystals, each element carefully selected to be a part of the whole, working on its own right and in connection to each other, with the impact being far greater than the sum of its parts."

Dev Mookherjee
Ashridge Faculty
The Challenge
The Challenge

From steady to fast growth
As a large international business operating in both B2C and B2B markets, Swarovski is a highly diverse and complex organisation. In the last 15 years it has undergone a period of immense change and growth. Having taken over a hundred years to reach net sales of €1 billion, by 2015 Swarovski reached €2.32 billion, and has become a global brand with a large international footprint, 2,480 stores and 24,000 employees.

Challenging external factors
Swarovski needs to be a leader by constantly innovating and staying at the forefront of design and consumer trends. We do this by collaborating with the most cutting-edge design talents to create new products which are relevant to the consumer. Nadja Swarovski

Despite being extremely successful and greatly loved by its customers and employees, Swarovski faces a number of challenges. Its market is both fast and global, crystal production capabilities in countries such as China have expanded alongside digital selling channels, and there are multiple new competitors in the premium branded jewellery sector, presenting a real threat to Swarovski’s global competitiveness, market share and historical USP of crystal production.

Taro Nordheider, EVP Swarovski Professional explains
To remain a successful family business, and continue the legacy for future generations, Swarovski must remain highly relevant and 100% customer-focused. We’ve shifted our business to jewellery and to using crystal in creative ways with other strong brands, but we must keep evolving.

Challenging organisational and cultural factors
Swarovski operates as a portfolio of businesses – the largest of which, in terms of revenue, is the Consumer Goods Business (CGB). Swarovski Professional and a number of other businesses also form part of the portfolio and co-exist within in a complex matrixed organisation. This complex structure, combined with the rapid growth of the last 15 years and historical hierarchical culture, creates the conditions for silo thinking and internal competition for resources/talent instead of agility, customer-focus and innovation.

Developing stronger leadership capability and organisational agility is essential to mitigate these risks and ensure the business is sustainable for the future.
Addressing the challenges
Given this backdrop, in 2013 there was a sense of urgently needing to invest in:

- Developing leadership capability and creating high performance and engaged teams
- Increasing leaders’ collective responsibility for the success of Swarovski’s business as a whole – as ‘one’ organisation
- Improving relationships across the different businesses, units and functions, at all levels
- Shifting the organisational culture to make Swarovski more agile, innovative and collaborative

At the end of 2013 Swarovski’s existing Leadership Academy was revisited and reviewed. Petra Lockhart explains:

“Having assessed its impact and relevance, we knew we needed a new Leadership Academy with a different focus and purpose that more directly addressed Swarovski’s business challenges.”

It was at this stage that Swarovski sought a partner who had the expertise and orientation to be able support the business with both leadership and organisational development.

“Initially, Swarovski’s known deliverables centred round a suite of 5 programmes for leaders at all stages of the pipeline. Expanding mind-sets to cope with greater complexity, multiple boundaries and constant change was key, as was shifting the culture to support inter-dependency, collective decision-making and collaboration, especially given Swarovski’s complex matrix structure, and finding ways to address some of the wider, often systemic, live issues in the business.”

“We must invest in building our employees’ skills and abilities in order to outperform our competitors.”

“We chose Ashridge because we got a sense that they offered a really bespoke response, that they were really listening.”

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The Commitment
The Commitment

Starting well – Understanding the leadership culture
The Ashridge-Swarovski partnership began with an important consultation process with 40 leaders across the organisation. We shared a strong sense that for leadership to be ‘done well’ the current leadership culture needed to be properly understood – not just by us but by the business. So we set about first uncovering what kind of leadership existed at Swarovski – and what kind of leadership was needed going forward. Sophy Pern

As well as exploring existing definitions and stories of leadership, the inquiry triggered important discussions – sometimes politically sensitive in their nature – surrounding Swarovski’s internal challenges.

The process culminated in the co-creation of Swarovski’s first Leadership Architecture to underpin the Leadership Academy and reflect the new focus from leadership pipeline to “leadership transitions and impact”, based on Torbert’s Action Logic theory*. An important change was the notion of leading as an activity, as opposed to leadership as a hierarchical position. This was further brought to life in the way that the new programmes were named, with a focus on how leading impacts business performance.

The programme objectives, outlines and design decisions (content, intervention-type and business links) were made by looking through the leadership architecture lens.

Despite each programme having a different focus, development themes and organisation red threads ensured alignment, business relevance and consistency and enabled a level of critical thinking and needs-mapping very rare in traditional programme design.

*Torbert & Rook, Seven Transformations of Leadership
Building stakeholder relationships and expanding the scope

The inquiry began an ongoing process of establishing key relationships at top leadership level and fostering trust in the Ashridge-Academy partnership. This ultimately enabled Ashridge to work with the business on issues which arose, greatly expanding the significance and impact of the Leadership Academy.

The relationship-building work, as well as the positive feedback from the Academy programmes, had a catalytic effect on top leadership involvement/ownership for the Academy, meeting the ambitious target set by the Academy team for 100% senior buy-in/commitment.

Line-manager involvement

Given their role in development, line-manager involvement was important. Interventions such as pre-programme meetings, webinars, briefings, follow-up evaluations and explicit enabling-activity requests supported this.

This created an exceptional situation with line-manager engagement levels for follow-up/feedback growing from 30% at launch to 80% today. Given the demands on their time, this demonstrates the Academy’s relevance and importance to the business.

Scope, scale and timeline:

Given the need for change and development to happen as quickly as possible there was expectation around speed and high volume. The first Academy programmes began in June 2014. Each programme was piloted once with a member of Swarovski’s Learning for Development team working with Ashridge faculty to ensure the programmes were having the impact required.

To date there have been 14 programmes and over 250 Swarovski leaders have taken part. The Ashridge faculty team counts 14 core members as well as a number of coaches and specialist support staff.

In addition, over 20 senior Swarovski leaders have been involved in supporting the programmes in various capacities.

In May 2014 the first piece of work with the business on live issues began. To date, there have been 8 interventions as well as multiple occasions of informal consulting and thought-partnering.

Delivery has taken place on 3 continents: on the Ashridge campus and at a range of Swarovski locations including Switzerland, Spain, USA and Hong Kong.

"I was fully up to speed with the programme content and direction and had many fulfilling discussions with my team."

LINE-MANAGER
Financial parameters and contracting

There was an initial one-off budget for the pilot stage which, based on the consistent positive feedback shared with the financial sponsors, grew into a long-term financial commitment. Currently Swarovski invests over 1.5M€ p/a on the Academy/associated interventions.

To limit external spending – as well as ensure robust connection with Swarovski context – there is a model of co-delivering for certain programmes.

The partnership works under the principle of complete transparency. Within a frame contract agreement there is a rate-card. When faced with budget challenges Ashridge and Swarovski work together to find creative ways forward without compromising on quality.

Beyond this Michael Gambs explains the ‘moral contract’ in the partnership: “Key elements are being open and honest, working in a true partnership fashion as opposed to classic client-supplier, sharing successes and taking joint responsibility for tackling specific challenges.”

A large and diverse team delivers this work, including a dedicated Client Director supported by a Project Specialist, Programme Directors, expert members of faculty, Executive Coaches, and virtual learning experts. Strong relationships exist between members of the Ashridge team and key contacts at Swarovski, up to and including family members.
The Programmes and Interventions
The Programmes and Interventions

“Working from a shared paradigm the work that takes place, whether done independently by Ashridge or jointly with us, builds a common language in Swarovski and is coherent. The result is there is continuity and connection between all the different initiatives which minimises silos and encourages the sense of ‘one Swarovski’.”  

Michael Gambs

The development programmes in the Leadership Academy typically comprise two face-to-face modules over a 6-9 month period and inter-module interventions. Leaders are brought together in cross-departmental cohorts. The 8 live interventions, interlinked with the Academy when appropriate, are a mix of consulting work, workshops, targeted development, research and inquiry.

Method meets need

The methods used vary according to life stage, development and focus.

FOR THE PROGRAMMES THESE INCLUDE:

- **Strategic Experiments**
  - unresolved, repetitive challenges/opportunities for the business which involve misalignment, uncertainty, cross-organisation work and complexity – a key development focus for senior leaders

- **Live, experiential simulations**
  - senior leaders experiencing themselves working in ambiguity, under increasing pressure, building muscle memory and resilience

- **Business projects**
  - critical needs addressed by top talents, providing exposure to senior leadership and developing ability to lead in diverse, virtual teams

- **Film-making and role-play**
  - creative ways to explore what good looks like and influencing without authority

- **Business simulations**
  - building cross functional understanding and experimenting with strategic decision making for top talents

- **Virtual action learning and business-related tasks**
  - (e.g. articulating Swarovski’s value chain) rooting the programmes firmly in the business

- **Declarations of intent**
  - for internalising the learning and ensuring high transfer

- **Resolving conflict and difficult conversations**, supported by business actors

- **Creative explorations** such as a collectively-made piece of art to explore deeply held views/aspirations

- **Facilitated workshops/dialogue** supporting top and senior leadership teams

- **Organisational design work** drawing on Ashridge research and proprietary methodologies

- **Experiential processes** for example “walking the history of the universe”

- **Thought-partnering**
  - sharing research developing internal capability

- **Research**
  - investigating emerging issues

Kirkpatrick Level 2 evaluation questions (“what will you do differently next week?”) confirm high levels of change being brought back into the business with immediate effect and is validated by line-managers in follow-up interviews.
Shared principles and approach
The following principles underpin all programmatic elements:
• Being a leadership journey, not a destination
• Inquiry, discovery and conversation, rather than ‘teaching’.
• Taking risks and experimentation – “learning laboratories”
• Building emotional connections
• Bringing in the whole system – goals/challenges/organisation dynamics
• Developing collective leadership

If it doesn’t challenge you it won’t change you
Content is included only if it stretches – is beyond participants’ current stage. This can be enlightening and exposing. Participants are supported with great skill, care and sensitivity. The trust between Ashridge and Swarovski has been vital in this, particularly for situations when the development processes feel uncomfortable.

Collective learning
A focus on collective leadership, collective inquiry and shared learning, particularly at experienced manager/leader levels, supports the objective of reducing silo thinking and instilling a sense of the collective needs of Swarovski. A re-orientated framework – derived from Kolb’s Learning Cycle and developed by David Briggs, Ashridge - reflects this new focus on shared learning.

Senior leadership exposure
Top talents/managers experience high levels of senior leadership exposure including VP “fireside chats”, shadowing leadership role models (inter-module), and presentations of business simulations/projects.

“Shifts in mindset occur and stick. Having embedded learning through the experimentation processes, by inquiring collectively into other people’s experiences of the world, assumptions are challenged, attitudes change, how people think shifts. It is an irreversible process. The elastic just doesn’t come back.”

David Briggs
Ashridge Faculty

Programmes are intense, inspiring and challenging.
A home for Swarovski culture and values
The programmes and where appropriate the live interventions are designed to be a home for Swarovski’s new culture and values – a place where leaders across Swarovski experience not only a sense of belonging and pride, but the new leadership culture.

Michael Gambs explains: “One of our intentions was to provide a consistent view and understanding of what good leadership means and looks like. The beauty of the Academy is that this is actually being discussed and lived by example, rather than just being taught, embodied by Ashridge and everyone involved in delivery. People can see it and touch it. Participants have a mental model/picture which they can refer to when they go back into the business. This makes the initiative very unique.”

Participant selection
There are robust conversations around leadership potential within the business. At top talent/specialist/experienced manager stages, high potentials are identified and nominated through line-managers. Nominations are approved at board level through Swarovski’s succession planning process. This also provides visibility/joint understanding of talents in the organisation.
**Progress indicators / learning measurement**

In terms of the Academy, impact and effectiveness is measured at Kirkpatrick levels 1-2 with evaluation surveys and levels 3-4 via stakeholder/line-manager interviews and examples of new ideas/thinking. Progress indicators include observations of applied learning, changes in behaviour and retention and promotion, with defined target rates for two of the programmes.

The Ashridge-Swarovski Academy team meet regularly to review impact. During the 12 month review, the following visualisation captured impact to date. Whilst since far superseded (outlined next), this output clearly showed that new ideas, performance improvement, culture and behaviour change were observed with impressive speed from the outset.
The Impact
The Impact
The multiple examples and evidence of impact are expanded on in this section.

Developing leadership capability by changing mind-set and behaviours

Strengthening the leadership pipeline – exceeding promotion and retention targets for top talents

Improving business performance through new ideas and performance enhancements

Addressing live issues and building competitive advantage
• Supporting implementation of organisational structure change
• Addressing slow, complicated, ineffective decision-making

The impact has exceeded all expectations

PETRA LOCKHART
VP GLOBAL LEARNING & DEVELOPMENT, SWAROVSKI

“...The impact has exceeded all expectations...”
Developing leadership capability by changing mind-set and behaviours

“A new mind-set and focus has been developed with leaders who skillfully balance the business and people focus, and can thrive in a complex, uncertain environment. This is being instilled not just in leaders’ direct teams but across the whole organisation.”

The following changes in leadership behaviour are consistently commented on by line-managers:

- Increased level of business understanding in particular the challenges facing Swarovski
- More strategic thinking
- More customer and sales focus
- Better able to build relationships and connections across all parts of the business
- More courage to pursue new ideas/work outside their comfort zone
- The positive energy emerging from the Academy
- Much more self-aware and reflective
- Increased levels of both accountability and delegation
- Far more solutions-focused, both bottom-up and top-down

“This programme was one of the best I’ve ever participated in. Role playing with professional actors enabled me and colleagues in my group to address real work challenges and develop successful approaches to resolving them. I personally used these sessions to successfully achieve challenging objectives in my job.”

SHARILYN NIEHAUS
DIRECTOR OF NATIONAL ACCOUNTS AND MILITARY, SWAROVSKI

ROLAND MOECKE
EVP CONSUMER GOODS BUSINESS, SWAROVSKI
A key concern globally is about career transitions and supporting career moves. An expectation in the business is that early-career talent should have opportunities to move quickly through the organisation – the Academy is a catalyst for this.

Stand-out facts include:

- After just 18 months, 31 people promoted into senior management/leadership roles, including Driving Performance participant now Director of Product Development Operations and Impacting Performance participant now Head of Strategy.
- 45% of Igniting Performance participants promoted into Head of position within a year, for example Head of Product Marketing and Director Global HR Business Partner, exceeding the original goal of 40% within 2yrs.
- Retention data for the whole Academy an impressive average 92% (company average 80%) with an exceptional 100% retention rate for Igniting Performance participants.
Improving business performance through new ideas and performance enhancements

“The strategic experiments have kick-started important conversations and have led to a clearer focus on strategic priorities in the business.”

Taro Nordheider  EVP, SWAROVSKI PROFESSIONAL

EXAMPLES INCLUDE:

- Improving the pricing strategy for the Chinese market – a live issue for Swarovski – and implementing an action plan for boosting Swarovski’s business in China.

- Ideas for Customer Relationship Management – being further developed by CGB which sponsor Christian Spiegl explains “are expected to deliver long-term financial impacts because of their strategic relevance.”

- Developing a new B2B Services Business in Swarovski SP – exploring the potential impact including opening up new business opportunities, customers and revenue streams.

- Crystal Living (CL) innovation project exploring home fragrance – “now an agreed part of CL development” Bernard Wirtz, sponsor.

- A new Compensations and Benefits strategy – being implemented by the business/rated best new idea (out of 20) at a recent HR conference.

EVP of Strategy Paula Pontes has been so impressed by the quality of output that she has requested all Board members attend the next round of presentations in 2016.

FRANCIS BELIN
SENIOR VP APAC/CGB
(SPONSOR/CHINESE MARKETS)

EXAMPLE OF PERFORMANCE IMPROVEMENTS:

The Impacting Performance programme resulted in net sales performance at Multibrand Sales (USA) growing by 16% ahead of previous year, a success that VP Multibrand CGB Joe Judge attributes to the programme.
Addressing live issues and building competitive advantage

"Ashridge is a thought-partner, supporting us with insights into cultural patterns and on-going dynamics, recognising what’s happening at a systemic level, and designing interventions which interweave our specific complexities and challenges." Tom Ban

By working directly on live organisation-wide issues, the partnership is further helping the business shift how it thinks, become more agile and create competitive advantage. For example, the corporate social responsibility (CSR) team are now in a position to increase curiosity amongst the business for ways of using sustainability – for making it a real point of difference for Swarovski – and the gender balance inquiry enables Swarovski to address concerns surrounding the progression of women and to fully realise the benefits of balance for its business.

In addition, pressing live situations such as the implementation of a new organisational structure and a problem with decision-making at Swarovski – which was greatly hindering innovation and agility – have been addressed.

Supporting implementation of organisational structure change

- Working with the Transformational Leadership Team in CGB, establishing key roles, creating clearer accountabilities and defining key success factors for implementing a new organisational structure.
- Identifying a key problem with the decision-making process at Swarovski from idea to implementation.

"We needed to become more agile in order to improve our business results and support our business priorities. The consumer behaviour is evolving very fast, our organisation needs to adapt and answer these changes to become consumer centric. It is therefore crucial to prepare and help our managers to lead this important change."

Thibault De Gaulejac

Addressing slow, complicated, ineffective decision-making

- Developing new understanding of what it takes to collaborate, make and implement decisions in a complex matrix organisation.
- Developing the leadership behaviours needed for effective decision-making.
- Addressing unhelpful internal perceptions regarding implementation.
- Bringing to life a new bespoke decision-making framework (PACE) and re-evaluating internal perceptions.
- Helping CGB be better equipped to derive the full commercial benefit of clearer and speedier decision-making.
- Since the leadership decision-making workshops (x10), PACE is being rolled out globally across CGB and shared with the Core Management Team who have identified specific measures/actions to greatly support agility.

"A couple of cynics in my team were very skeptical about this workshop, however they confessed that after the first couple of hours they found it so valuable that they wished it never ended."

Paul Yocum
EVP JEWELLERY, WATCHES & ACCESSORIES, CGB, SWAROVSKI
The catalyst for a new culture

Having been immersed in a new culture through the Academy, participating managers/leaders emerge with an internalised new way of working, behaving and thinking, with clear signs of this in the way people lead their teams and think about the whole system/business. Senior stakeholders specifically report a growing sense of the collective needs of the organisation and the ways individuals work together in meeting these.

The change embraced is achieving the original goal of creating a culture which is more agile, entrepreneurial, accountable and collaborative. Participating leaders have become role models for this new culture.

Supporting this culture change, the Swarovski-Ashridge partnership worked directly with the 5 board members/Swarovski family and “Top 10” to build a stronger sense of shared context at the head of the organisation and stronger relationships across the business where historically there had been little contact.
Reflections
Reflections

The work delivered through the partnership between Ashridge and Swarovski has changed and expanded the mind-set and capability of a critical mass of Swarovski leaders, worked on multiple live issues and is changing the organisation’s culture.

Given the exponential growth in competitors challenging the core business, adapting and becoming more agile, collaborative and innovative is vital if Swarovski is to continue as an autonomous family business.

“By shifting our culture and developing our people we will be better placed to deliver growth, sustain the brand externally and ensure the long term success of Swarovski. It has also been a privilege and real pleasure for me to be able to contribute directly to the development of a number of our top talents.” Alison Lazerwitz

Leaders across the business are more deeply focused on the whole system, have a greater sense of individual accountability and are working in a more networked, connected, less-hierarchical way across the organisation.

“The partnership has met Swarovski’s most pressing and emerging needs, and is putting our organisation in a far stronger position, better able to adapt to a fast changing market and remain highly relevant to our consumers.” Michael Gambs

Building on the significant progress made to date, in just under 2 years, a further 160 people will experience the Leadership Academy in 2016-17 and there are a number of exciting initiatives in the pipeline including a collaboration on large piece of Ashridge-led research involving multiple Swarovski managers exploring the comparative impact of four learning methodologies on development and behaviour change.