

RAMBOLL

HOLISTIC OPERATIONS
APPLIED

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Preface

In RAMBØLL we apply holistic management principles to create a framework of openness and transparency, a holistic philosophy in which every employee can see him/herself and his/her own contribution to the greater whole; and where everybody acts, decides, accepts responsibility and takes initiatives within the mutual framework and set of ideas.

We believe that our holistic philosophy results in a better and broader utilisation of the resources of the individual and leads to commitment. We believe that it leads to a happy and rich working life, inspired by the challenge of supplying value to our clients in a close interaction based on openness and trust.

Let us start by making one thing clear: We are doing this to move into the Champions League of consulting companies! Not just to survive. We respect the challenge. If we are willing, we are able, but it requires hard work, consistency and loyalty to our common ideas and goals.

We are building our ideas on the holistic management principle as described by Mr Flemming Bligaard Pedersen, CEO, in 'Holistic Operations' /1/. This publication illustrates the foundation for and the purpose of our work with holistic operations in RAMBØLL and the correlation between holistic operations, the RAMBØLL Philosophy /2/ and the RAMBØLL Vision /3/.

With the foundation and the overall perspective in place we have initiated the transformation process towards our goals. The challenge is now how to practice the holistic management principles in the day-to-day work in RAMBØLL. How do we translate the ideas and thoughts into practice? We put this question to ourselves, and we have been asked the same question by many external relations, organisations, and universities.

This publication describes the path that we have chosen to pursue the application of holistic management. It is my hope that this description will help make the intangible a little more tangible, thereby inspiring others facing a similar challenge.

September 1998

Lisbet Thyge Frandsen, Group Holistic Officer in RAMBØLL



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Introduction

Since the beginning in 1994 and till October 1996 only the Group Executive Committee and a small task force were involved in the work with holistic operations in RAMBØLL. The task force was responsible for analyses, development of ideas, development of the company model and the holistic report. The first holistic report was published in November 1995, based on the first self-evaluation of the RAMBØLL Group. Since then the holistic reports have been published annually.

In 1996 preparations for the managerial transformation towards holistic management began. The preparations included a seminar for executives in October 1996, a seminar for all company managers in April 1997, and consecutive managerial meetings in the autumn of 1997. At the same time pilot tests of the holistic dialogue processes were carried out in eight test departments.

At the beginning of 1998 the first Holistic Group Company Plan was published, and holistic strategy plans for all divisions in RAMBØLL were developed. In March 1998 introductory meetings for all staff were held presenting the foundation for the following holistic dialogue processes in the departments. The dialogue processes aimed at establishing a foundation for the development of new business plans for the departments/divisions were carried out in the period April - June 1998.

In the course of the processes we have been working on developing our tools, structures, and systems to ensure the best possible support of the holistic management principle. The process is complex and can be expected to go on for some years yet.

One of the main goals of holistic management is to establish the conditions for the individual employee to act independently, present new initiatives, take responsibility, and make decisions. These conditions are not applicable until all staff have a common 'map of the world'. When we have familiarised ourselves with, understood, and accepted these common goals, the attitudes and ideas, we are ready to act accordingly.

In RAMBØLL we are trying to create the common 'map of the world' through a coherent, structured dialogue among all employees. The backbone of this dialogue is the holistic company model.

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The holistic company model

The holistic company model is based on nine key areas, where the first five are "enablers" and the last four are "results". The enablers are the 'dials' which we can adjust to get output on the result side. In other words, the enablers are the prerequisites for achieving good results on the result side.

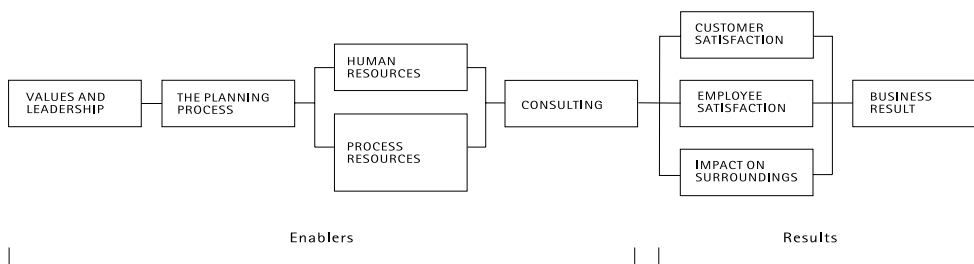
At various meetings RAMBØLL managers have discussed what is important to the company and laid down a number of focal points and indicators in the nine boxes of the model. The result of these discussions have been summarised in a list of focal points and indicators in each of the nine key areas (see Appendix 1).

Focal points are subjects that always need attention in the company. Indicators show us the status of individual focal points. The idea is that a dialogue about focal points and indicators should lead to decisions on actions for improvement in relation to the focal points that are most important at any given time.

As we carry out the agreed actions we adjust one of the 'dials' of the enablers which - within a shorter or longer time - results in a positive response on the results.

Example: If we decide to implement dialogue meetings with our clients asking them what they think of the current cooperation, it is an initiative in key area 5 - Consulting - which will lead to a positive result in result area 6 - Customer satisfaction. The action will probably also give a positive result in result area 7 - Employee satisfaction, as good external cooperation is likely to result in job satisfaction for staff members.

The strategic planning process is built around dialogue processes at all levels, concerning the focal points of the nine key areas.



The strategic planning process

The dialogue takes place at the following levels:

- In departments
- In divisions between deputy directors and the divisional management
- In the Executive Board

The five enablers are discussed based on the following questions:

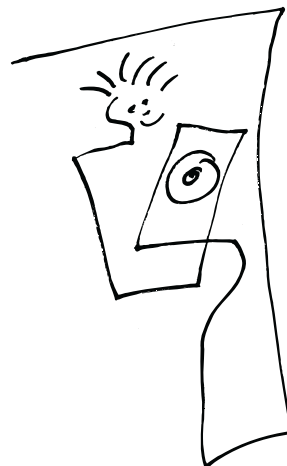
- What is important to the department/division/group?
- How can we influence the results in the four result areas positively through actions/activities in the five action areas?
- What methods do we use?
- What activities have to be initiated?

The four result areas are discussed based on the following questions:

- What is the status of our results?
- Which goals do we set?
- How do we measure/evaluate our results?

The result of the dialogue is a common set of values and new goals, and a number of improvement actions/activities. The result is represented in the form of a common 'map of the world' known by every member of the staff and therefore a part of the organisational thinking. Second, the results are presented in written plans at the following levels:

- Group Company Plan
- Divisional strategies
- Business plans for individual units



Focal Points

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The dialogue processes start in the departments. The business plans are included as the foundation for the dialogue in the divisions and then included as a basis for the dialogue in the group of directors. The result of this dialogue is finally included in the Group Company Plan.

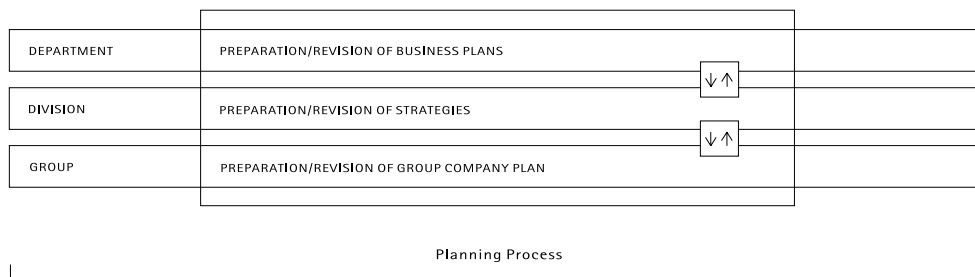
When the Group Company Plan is ready, the process is repeated - only the other way round - so that the strategies are finalised on the basis of the Group Company Plan, and the business plans are completed based on the strategies. Using this bottom-up / top-down process ensures the interconnection of the plans.

The plans are used as a foundation for budgeting and follow-up.

The business plan for a department therefore describes actions/activities which are

- the department's contribution to the achievement of overall objectives outlined in the Group Company Plan.
- the department's contribution to the achievement of goals etc. outlined in the divisional strategy.
- to improve the department's results in relation to focal points that the department itself finds essential at that time.
- to support the department's values in general.

The Group Company Plan, the strategies, and the business plans have a planning horizon of four years, but they are revised every year. The business plans have a horizon of one year.



Reporting and follow-up

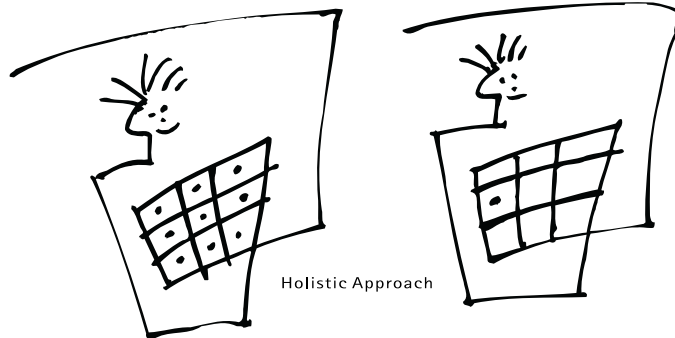
Mr Kai Kristensen from the Aarhus Business College once said: 'Who cares about the things that my boss does not care about?'. Robert S. Kaplan and David P. Norton /4/ write: 'What you measure is what you get!'. In other words: As employees we use most of our resources and pay most attention to the things by which we are measured and evaluated.

It means that if we want to implement holistic management where everyone acts according to holistic ideas, then we must also follow up on and reward according to holistic principles. To RAMBØLL - and probably many other companies - this means that the focus of the daily management has to be shifted from financial aspects to holistic aspects. The financial situation of the company should only form part of the whole in a balanced structure of short-term and long-term management parameters.

In practice, this means that reporting systems, follow-up systems, payroll systems, and other support systems and tools have to be changed and improved. As shown in the above, our planning model supports the holistic dialogue during the planning process. In the same way our reporting and follow-up systems have to support the holistic dialogue in the follow-up process.

The absolute first step to be taken is to structure the agendas and minutes for managerial meetings according to the holistic model. An easily conceived change that works instantaneously, ensuring an improved holistic dialogue at the follow-up meetings.

RAMBØLL's holistic reports reflect the principles of holistic group reporting. The next step in the development of reporting structures is to establish monthly holistic reports for the individual units.



The existing monthly reports include a number of key financial figures and estimates as to the expected volume of orders. These are extended to include registrations associated with the other key areas in the model. As a start, customer and employee satisfaction can be included on the result side, and career planning, product development, dialogue about values, sales, and cooperation can be included in the reporting for enablers.

The payroll system should support the holistic management principles. This can only be done if the award parameters are built on the values and attitudes associated with holistic operations /1/. Wages are divided into a qualification part and a result part, reflecting the enabling and result parameters of the holistic model.

The qualification part includes elements such as education/training, experience, knowledge, and personal qualifications. The result part is associated with concrete results that the employee - as part of a group - has helped to achieve.

The annual fixation of wages should be made on the basis of a dialogue between employee and manager, starting with the employee's self-evaluation and the manager's evaluation of the employee. The aim is a mutual understanding and accept of the evaluation that is to be the basis for the wage fixation.

The evaluation of a department's or a division's performance should be made according to the same principles.

The intention is to perform holistic evaluations of all business units. The new evaluations will focus on methods/actions, processes, and results related to the nine key areas. These will be carried out by so-called 'assessor teams' comprising top executives and department heads to encourage exchange of 'best practice' and employee networks. Furthermore, we will use a professional 'lead assessor' especially trained in methods, processes, systems, and tools associated with holistic evaluation.

The evaluations of results, methods/actions, and processes will establish the foundation for the holistic dialogue which leads to determination of new goals and implementation of continuous improvements.

The holistic evaluations are carried out once a year in departments, divisions, and at group level.

The annual cycle

The dialogue processes are one of the founding pillars of holistic operations in practice. The strategic planning and the evaluation processes are structured in an annual cycle to ensure that business plans, strategies, Group Company Plan, and budgets are coherent and firmly anchored in the hearts and minds of the individual employee.

In this way we have created a mutual framework and proactive attitudes enabling each employee to see his/her contribution to the whole. In this way everybody is empowered to take on responsibility, take initiatives, make decisions, and act.

The annual cycle comprises the following elements:

Each month:

Monthly holistic reporting for each department with the department's comments. The comments are completed by the department head on the basis of the dialogue in the department.

Follow-up meetings between the divisional management and department heads.

Monthly internal accounts for divisions and group with consolidated data and comments from the management.

Each quarter:

Quarterly holistic accounts for each division with consolidated data and comments. The comments are completed by the divisional management on the basis of the dialogue between the managers in the division.

Follow-up meetings between the executive board and the divisional management.

Each year:

Holistic evaluation and self-evaluation in departments, divisions and group.

Holistic accounts listing consolidated data with the group's comments. The comments are completed by the executive board on the basis of a dialogue between the management and the divisional managers.

Performance review, career planning and wage fixation for all staff.

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Schedule:

January - February - March

Holistic evaluation and self-evaluation in departments, divisions and group.

January - February

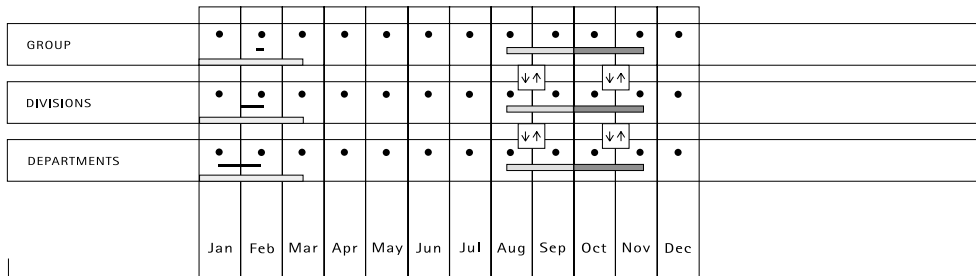
Performance reviews, career planning and wage fixation.

August - September

Bottom-up / top-down strategic planning process as described above.

October - November

Financial planning process in a bottom-up / top-down sequence as in the strategic planning process.



- Holistic reporting and follow-up meetings
- Performance reviews, career planning, and wage fixation for all staff
- ▬ Holistic self-evaluation and assessment
- ▬ Strategic planning
- ▬ Financial planning

Organisation and managerial roles

A company committed to holistic principles and value-based management as well as the initiative, enthusiasm, determination, and responsibility of the individual, cannot be organised as a hierarchy with rules of governance and many organisational layers where one layer controls the next. Holistic operations is built on framework management and 'coaching'. Responsibility and authority must go hand in hand. This means that the old managerial roles must be redefined.

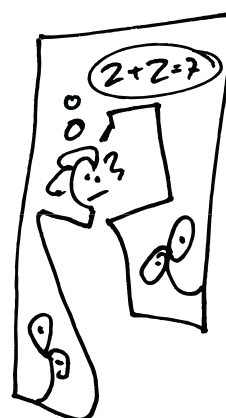
A hierarchy with many layers demands a large number of managers. If responsibility is delegated to the individual we become 'our own manager', and the number of traditional managers will decrease.

In a traditional hierarchical organisation the individual's function is usually described in detail. The individual must then adapt to the function, thereby limiting his/her freedom of movement by only using that side of his/her talent and expertise that matches the job description.

The holistic view of human nature is built on the perception that we all hold many different qualities that have to be encouraged and used. This demands a more organic and flexible organisation. There must be room to adjust the functions to the individual's talents and qualifications, and we have to establish teams that benefit from individual differences. We have to make $2+2$ equal 7.

The transformation towards holistic operations - in RAMBØLL and probably also in other companies - will naturally lead to organisational changes resulting in:

- Less hierarchical organisations
- New managerial roles
- More flexible job descriptions
- Focus on team work



Important insights

As seen in the above, the transformation towards holistic operations is a complex process involving the whole company. Attitudes, control parameters, planning processes, reporting systems, organisational structures, managerial roles, payroll systems - all aspects of business are involved. A complex transformation like this takes time. How long? We do not know. We have only just started the process.

In RAMBØLL we have chosen to implement holistic operations in several stages - one step at a time. It not only takes time to find and develop the necessary IT systems and new structures, it also demands a period of maturing - and in some cases maybe even a new generation - to accept the new managerial reality.

Maybe this is the most marked characteristic of holistic operations compared with other management creeds. This is not a limited project with a well-defined start and finish; it is the preparation for a quantum leap into the next millennium.

During the process of implementing holistic operations we have gained considerable experience, some of which we can pass on in the form of seven insights:

IT IS IMPORTANT TO KNOW WHAT YOU WANT TO ACHIEVE

When you have clearly defined the exact intention of the transformation process it is much easier to communicate and involve the whole organisation.

It is important to take the necessary time to reflect on and define the purpose of the process before it is developed in detail.

YOU CANNOT COMMUNICATE VALUES ON PAPER

We have discovered that it is very difficult to succeed with written communication. The understanding of a written message often differs from one recipient to the next. And as a general rule, values should not be communicated in writing!

Job security, for example, has been emphasized as one of the company values in the RAMBØLL Philosophy. Some read this as the security in knowing that you work with the same assignments in five years etc. Others read it as the security in always being able to develop your skills, take supplementary training, i.e. ensuring your status as an attractive employee on the labour market.

These two very different interpretations evidently lead to completely different ways of acting and determining success. Consequently, it is important to communicate values through dialogue. Thus we can achieve a pooling of efforts working towards the same goals.

To communicate values we have to be able to translate words into action. Value-based management has to be visible and consistent. But first, we must all have the same idea of what the values stand for. We cannot behave in accordance with the values, until we have achieved this.

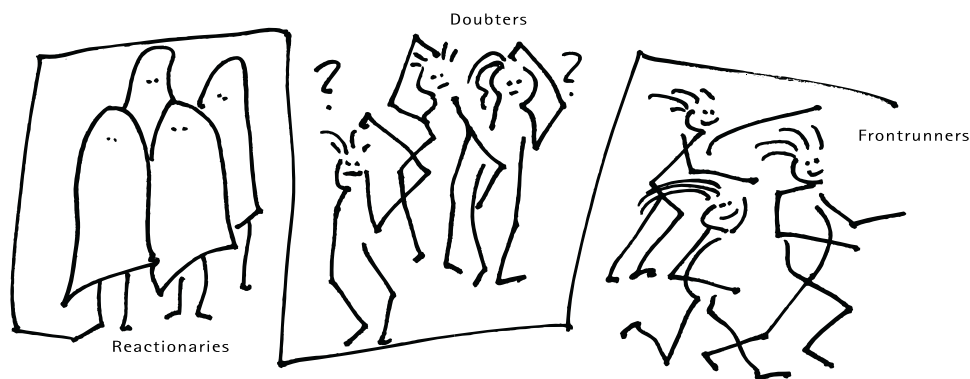
Images are very effective tools of communication. Images trigger other parts of the human brain than written text. Apparently, communication is more effective when a message is also visualised.

CONSISTENCY IN WORDS AND BEHAVIOUR IS NECESSARY

As mentioned above, behaviour is one of the most important ways of communicating values. For example, it is of no use if a manager holds back information to strengthen his/her own position of power, when one of our main values is openness. Based on dialogue, we have learned that openness means free access to all the necessary information. If a manager holds back information, we must take prompt action to help that person change his/her behaviour. If we do not succeed in doing this, we must assess whether that person can continue as manager, or whether he/she might serve the company better elsewhere in the organisation.

BASE THE TRANSFORMATION TOWARDS VALUE-BASED MANAGEMENT ON VOLUNTARY FRONTRUNNERS

Many managers are not process-oriented and do not initially have the stamina or courage to practice management based on dialogue. However, most managers *develop* the courage after they have seen respected colleagues go unharmed through the transformation. Use your resources to support and help the frontrunners instead of driving and pushing the reluctant reactionaries. The success of the frontrunners will persuade the doubters and the reactionaries to join up – now acting on their own initiative, and the process will have a positive outcome.



TRANSPARENCY LEADS TO TRUST

It is necessary for RAMBØLL to be a leading-edge company, both professionally and in terms of management. If no one has the courage to take on new and uncertain challenges, we are not able to develop and grow as a company. We need the courage to express our uncertainty and to have enough self-confidence to do what has not been done before.

Transparency is achieved through dialogue and a high level of information sharing. When you can 'see through' the decision-making processes and the underlying considerations, your understanding and acceptance and thereby your respect and trust increase. This decreases the fear of sticking your neck out and taking on responsibility, because you become confident that others judge you in a fair, professional and balanced way.

Some people have a great capacity for empathy and are far better at handling the human factor. They communicate more through their feelings and directly to the heart. In general terms, value-based management is based on the fact that people understand and remember far better with their feelings than with their brains. Someone once said: 'You see it when you feel it.'

ESTABLISH EFFICIENT AND HARMONIOUS TEAMS BY MIXING EMPLOYEES USING THE RIGHT AND THE LEFT SIDE OF THE BRAIN RESPECTIVELY

If you develop the ability to determine whether people use the right side or the left side of the brain more you can build the most effective and multi-talented development teams.

JOB DESCRIPTIONS DO NOT ENCOURAGE INDIVIDUAL TALENTS

Many people are far more talented than their formal training and job experience initially implies. If your job description is too detailed, you might not encourage your other talents and only use those skills that match your exact job description. Especially in teams, it is possible for 2+2 to become 5 or 7, if you allow unorthodox contributions from the individual members of the team.

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Appendix 1

FOCAL POINTS AND INDICATORS								
1. VALUES AND LEADERSHIP	2. THE PLANNING PROCESS	3. HUMAN RESOURCES	4. PROCESS RESOURCES	5. CONSULTING	6. CUSTOMER SATISFACTION	7. EMPLOYEE SATISFACTION	8. IMPACTON SURROUNDINGS	9. BUSINESS RESULT
<p>FOUNDATION</p> <ul style="list-style-type: none"> Philosophy Mission Vision <p>LEADERSHIP</p> <ul style="list-style-type: none"> Leadership Employeeship Organisation Different roles <p>MANAGEMENT</p> <ul style="list-style-type: none"> Company model Suitability of the model Implementation of the model 	<p>PLANNING MODEL</p> <ul style="list-style-type: none"> Group framework plan Policies Strategies Business plans <p>PLANNING PROCESS</p> <ul style="list-style-type: none"> Dialogue with stakeholders Preparation of plans Communication Evaluation 	<p>PLANNING</p> <ul style="list-style-type: none"> Employee mix Profiles Age, seniority, number of leaders, training, M/F, international experience Employee turnover Career planning Senior policy <p>RECRUITMENT</p> <ul style="list-style-type: none"> Attracting employees Trainers, graduate projects Contracts Introduction Evaluation after one year <p>JOB CONDITIONS</p> <ul style="list-style-type: none"> Wages Fringe benefits Working hours <p>DEVELOPMENT</p> <ul style="list-style-type: none"> Training Job rotation Project manager development International experience Performance reviews Progress reviews EQ <p>JOB TERMINATION</p> <ul style="list-style-type: none"> Resignation Interview: why do you leave the company 	<p>KNOWLEDGE</p> <ul style="list-style-type: none"> Knowledge development and management <p>INFORMATION TECHNOLOGY</p> <ul style="list-style-type: none"> IT platform Investments The use of IT IT reliability Administrative systems Communication systems Support systems for production <p>PHYSICAL RESOURCES</p> <ul style="list-style-type: none"> Occupational health Ergonomics Making a home Space per employee Equipment, laboratories <p>FINANCIAL RESOURCES</p> <ul style="list-style-type: none"> Creditworthiness Degree of self-financing Financial resources Invoicing Credit Cash flow <p>INVESTMENTS</p> <ul style="list-style-type: none"> Financial evaluation of investments 	<p>THE MARKET</p> <ul style="list-style-type: none"> Strategic partners Marketing Market segments Customers, products Market share Competitors <p>SALES AND CONTRACTING</p> <ul style="list-style-type: none"> New orders Work in hand Rates of success for bids Contracting Fees New customers <p>PRODUCTION</p> <ul style="list-style-type: none"> Project progress Quality management Environment management Fulfillment of success criteria Efficiency Profitability Debit degree Fee factor Project evaluation <p>CLIENT COOPERATION</p> <ul style="list-style-type: none"> Cooperation procedure Code of conduct Project evaluation with client Did we fulfil the client's expectations? Credit control <p>IN-HOUSE COOPERATION</p> <ul style="list-style-type: none"> Projects Distribution of assignments Staffing Specialist knowledge Cooperation in general Cross-organisational seminars Service mindedness Networks 	<p>CLIENT SATISFACTION</p> <p>SURVEY RESULTS</p> <ul style="list-style-type: none"> Satisfaction parameters 22 parameters re.: Professional expertise Seriousness Commitment Cooperation <p>OTHER INDICATORS</p> <ul style="list-style-type: none"> Rebuying of services Problem cases Complaints Provisions Claims 	<p>EMPLOYEE SATISFACTION</p> <p>SURVEY RESULTS</p> <ul style="list-style-type: none"> Satisfaction parameters 76 parameters re.: Values/image The executive management The day-to-day management The day-to-day work Start conditions Task assignment In-house service Cross-organisational collaboration Office surroundings <p>OTHER INDICATORS</p> <ul style="list-style-type: none"> Illness 	<p>SURVEY RESULTS</p> <ul style="list-style-type: none"> Satisfaction parameters Overall image Environment Ethics Social contributions Satisfaction of external relations <p>OTHER INDICATORS</p> <ul style="list-style-type: none"> Environment Image building The press Collaboration with universities 	<p>OPERATING PROFIT</p> <ul style="list-style-type: none"> National/international turnover Net profit ratio Contribution margin Net result

Appendix 2

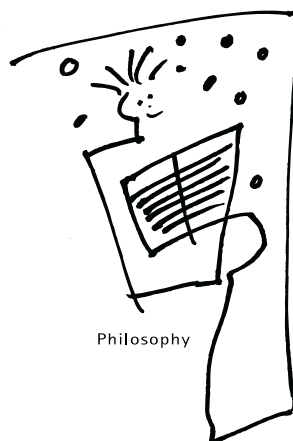
The dialogue processes - Examples

When the departments in RAMBØLL carry out the holistic dialogue processes as part of the strategic planning process, the company does not make any formal demands for the practical completion of the process. This means that the individual departments may go about this in whatever way they think best. However, the company suggests a set of possible procedures to the departments and pass on descriptions of 'best practice'.

- Solution 1: Go through each of the key areas of the model at nine department meetings.
- Solution 2: Quickly evaluate the nine key areas and then delve into the most interesting subjects.
- Solution 3: Start discussing the subjects that are the most 'problematic' to the department, establish problem-handling scenarios, and then go through the rest of the model.

There are probably many other ways of going about this, which are both practical and appropriate. What is important is that a structured dialogue takes place, and that it leads to a common understanding of attitudes, goals, and results.

In the following, we will give a few examples of how different departments work with the holistic dialogue process.



Example 1, Key area 1: Values and leadership

This example focuses on the establishment of a common set of values in the unit in accordance with the RAMBØLL Philosophy.

Preparations for the department meeting:

- All employees in the department think about their own personal values and choose the three most important, expressed as three catchwords.
- All employees in the department read the RAMBØLL Philosophy and think about its practical meaning.

At the department meeting:

1. Write down all personal values (three for each participant) on a flip-over.
2. Discuss: Are the personal values in accordance with the values of the RAMBØLL Philosophy?
3. Establish a common set of values for the department consisting of three values that are in accordance with both the RAMBØLL Philosophy and the personal values.
4. Discuss: What practical impact will the three common values have on our daily work? How do they become visible?
5. Conclude: What are the benefits of establishing a common set of values, and how do we use it in our daily work?

Example 2, Key area 4: Process resources

Preparations for the department meeting:

- Read the suggested questions for discussion below and think about them.
- Are other conditions relevant in terms of technological, physical and financial resources?

At the department meeting:

1. Discuss: How do we realise the potential in IT resources? What are the possibilities of using IT for making production, knowledge sharing, communication, marketing, etc. more effective?
2. Discuss: How do we use IT in the department? Where can we use IT more effectively?
3. Discuss: What do we think about the physical working environment (office arrangement, decoration, indoor climate, work stations, etc.), and where can we make improvements?
4. Discuss: How does the department contribute to information sharing? How does the department use information shared by other company departments? Where can we make improvements?
5. Discuss: How can we contribute to ensuring the necessary company cash flow? How do we get our clients to pay on time?
6. Conclude: Where can we make improvements, and what can the company improve in terms of the subjects discussed? Agree on actions/efforts, and establish an action plan – possibly contained in the unit's strategy/action plan. Discuss the expected impact of these actions/efforts on the four result areas.

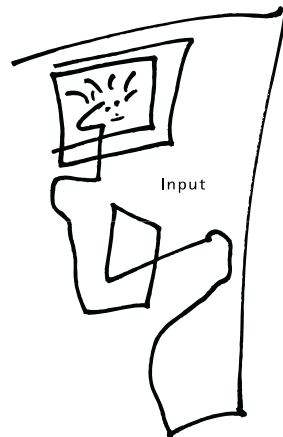
Example 3, All key areas

Preparations for the department meeting:

- Think about what influence we as employees have on each of the nine 'boxes'.
- Each 'box' can be sub-divided into a number of focal points – please refer to the example overview 'Focal points and Indicators'. Try to name focal points (expressed as catchwords) that are relevant to the department.

At the department meeting:

1. Discuss the employees' influence on the five action areas and the four result areas. Can we influence the processes in a positive way?
2. Write all the employees' focal points for each 'box' on a flip-over.
3. Select 3-4 focal points that are relevant to the department. The department should further evaluate the selected focal points with a 'measurable' result within a short time frame (3-4 months).



References

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