

Business case 2: Systemic Leadership Development

The situation

In 2003 the company TECHMEX in Austria was a global company for Program and System Engineering with about 17000 employees worldwide. Products are turbine exhausts, power plants, hudge dam projects, engineering services etc. Under the holding structure there were three units. TECHMEX owned various companies all over the world. The Austrian government held about 14,7% of the shares. The yearly turnover in 2003 is 4 billion €, the financial loss 15 million €.

The company asks for support, synetz-international is part of a consultant´s consortium.

The demand

The CEO of the company knows that he cannot continue with these losses. He wants to know the dynamic behind the losses, especially as many consultants have done a good expert job before. He is open for company culture topics, which he suspects, may be part of the problem.

Qualitative interviews are conducted with top management and across Austria, per telephone calls also in several other countries, crossing the second and third line leadership and employees. The assumptions were the following:

The analysis

- In Austria people felt extremely proud to be part of the company. The company was perceived like a national asset.
- In other countries this identity has not been established.
- Whereas the volume of newly acquired huge contracts seemed to be impressive, after closing of the engineering projects there remained only a very small profit margin
- Entrepreneurial thinking in a holistic way was not seen as part of leadership
- Leadership saw itself as partner of the employees, informal networks were strong, relationship often more important than performance.
- There did not exist a common leadership understanding, especially not internationally.
- Each unit has a distinct culture and there is few cross boundary networking.

Consultant´s proposal and interventions



A top management coaching was established to more integrate the different units under the management holding.



A steering committee of about 13 members was established. It consisted of all hierachical levels and reflected every months for 1,5 days every step of the change activities.



Several so-called subprojects were established, which delt with various topics like leadership development, internal communication, customer orientation, large group events etc.

- ☆ A Leadership competence wheel was developed.
- ☆ As a result from one of the subprojects, the Leadership Development Program was established: 440 leaders from all over the world participated within 14 months in 4 leadership development modules of 2,5 days each.
- ☆ The first module focussed on creating a common understanding of leadership, its meaning for the company's success, personal practical leadership cases and a tasks to be done back home. The second module was tailor made around the practical meaning of project management and how to shape an excellent customer orientation. The third module highlighted the topic of conflict management and the relationship between head quarter and local companies. During the fourth module entrepreneurial thinking and acting was focussed on, and the individual change process was self evaluated. Always four groups worked simultaneously and shared half a day in a large group forum. Outdoor exercises, inputs, self reflection, peer mentoring and role plays supported the learning process.
- ☆ Several large group events were organised to integrate the groups and results of the program at the end.

Success story

After 14 months the leadership development program ended.

- Towards the end an external investor had bought a considerable amount of shares. Suddenly the newly acquired entrepreneurial expertise of the leaders became really crucial.
- The feed-back was excellent, especially as for the first time, the company's leaders were approached as one body of responsible people, where ever they may have been based globally.
- A global company and leadership spirit has developed
- On year later, in 2005, TECHMEX was sold out to a much larger German company. This investor has made a considerable profit. Today this company has 300.000 employees worldwide and is profitable.
- Most leaders have dealt successfully with these changes and have remained in the company.

