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BOOSTING STRATEGY WITH AN ONLINE COMMUNITY

A programme that merged online communities with strategic development and implementation at Nokia has provided valuable lessons about the new ways employees are able to engage and interact. **Lynda Gratton** and **Joel Casse** tell how “deep involvement” evolved into the “Booster Programme”.

Nokia is one of the great innovative companies of the last 10 years. In an industry defined by six-month product cycles, by constant changes in both technological capabilities and the competitive landscape and by customers who want to be involved in designing the features of the next phone they use, Nokia is being watched as never before.

Founded in 1865 and based in Espoo, Finland, Nokia is the largest mobile phone maker in the world. Its 123,000+ employees generated around €52 billion in revenue in 2009. Yet, despite its marketplace prominence, Nokia must now compete with both old competitors (such as Motorola) and new competitors (such as Apple), all of whom have launched new phones and phone services in the last year. Even Google entered the phone business earlier this year.

All of this explains why Nokia is being so closely watched today. One commentator on the industry, Michael Gartenberg, wrote an online column last December titled “Entelligence: What’s the future of Nokia?” He wrote:

I increasingly look at Nokia’s products and listen to its strategy wondering if the company can remain relevant in a mobile world that’s changed drastically over the last two years. I’m not talking about a

Nokia death watch, or whether the company will remain in business – that’s foolish. Of course Nokia is going to stick around; it’s what it’s going to look like that concerns me. A future of selling low-end phones into emerging markets with some minor services might be profitable, but it’s not a direction that leads to industry relevance or influence.

Yet, *no one* is watching Nokia as closely as its own employees, who are very much involved in shaping its future. And that is why Nokia may quite possibly prove to be the strongest competitor in the field of telephony. Nokia is using creative online communities and open innovation today to expand its marketplace lead tomorrow.

Deep involvement

For more than a decade executives at Nokia have focused on including employees in shaping the company’s destiny in two key ways. First, Nokia’s strategy creation has evolved into a process in which, every six months, over 400 people across the company pool their knowledge and experience in building what is termed a “strategic road map” for the company. Second, Nokia frequently restructures its operations through the use of modules (think of groups and communities of employees). These →

→ modules are reconfigured as needed to meet the changing needs of the business. Both of these operational approaches have resulted in what Nokia executives have termed “deep involvement” in its strategic development.

Strategy at Nokia is not a top-down approach; instead, the emphasis is on widely distributed involvement. Every six months, the executive team identifies the issues it believes will be crucial to the short- and long-term performance of Nokia. Such issues can range from likely technology changes to the most appropriate partnership models, changes in the value chain, end-user behaviour or mobile

not a top-management hobby. It is a cross-company, integrating mechanism because it pulls together people, aligns our thinking and develops a common terminology.... It's a means of getting the best brains involved and motivating people.”

Lightning decisions

In January 2004, Nokia announced and then implemented what, for most companies, would represent a fundamental organizational change. In order to focus more closely on changing customer aspirations, the nine business units were restructured into four business units. At the same

Above all, this approach made the lines of communication at Nokia unusually direct, which meant that individuals could drive things forward.

phone adoption rates. A top executive is then assigned ownership of one of the topics; and, at any point in time, Nokia can actively be working on 5–15 topics throughout the firm.

Each executive responsible for a topic is expected to select between 10 and 20 people from across the firm (and at different levels of seniority) to work intensely on the topic. In the process of their research, members of the team normally interview a wide range of experts within Nokia. They also have conversations with relevant external experts, including those in the wider ecosystem of universities with whom Nokia has cultivated special relations as well as with Nokia's numerous alliance partners and suppliers.

After two months of research, members of each of the topic teams meet for a strategy session to consolidate their findings and identify the need for additional information or analysis. Next, each team prepares a report for a senior management meeting. Based on these reports, the relevant management groups in the different business units make vital decisions, including many of the new product development decisions – all of which are incorporated into Nokia's strategy road maps.

These maps then become the blueprint for business development as they are shared with people across Nokia. The sharing begins with a series of large physical “Nokia Way” meetings, with as many as 1,000 people attending. Using webcasting technologies, the meetings are followed by further Nokia Way dialogues in other Nokia businesses throughout the world. Mikko Kosonen, Senior Vice President for Strategy and Business Information, summarized the innovative process this way: at Nokia, he says, “everybody strategizes – it's

time, in order to ensure speed of innovation and production across the globe, all customer and market operations, product development operations, and manufacturing, logistics and support activities, were reorganized on a company-wide basis into three horizontal business units.

This daunting organizational change was made fully effective within one week and involved about 100 people assuming new jobs. For the rest of Nokia's employees, there was no need to change jobs; the modular teams of which they were members were simply reconfigured. The discipline, philosophy and mindset of reconfiguration through standardization and shared platforms has ensured that Nokia is able to skilfully and rapidly reconfigure its human resources to meet changing customer needs.

This reconfigurable architecture enables rapid structural changes, but it also ensures that organizational capabilities are used across the company. For example, as the network business became more and more commoditized, it could use the same logistics system as the phone business, adapting almost 70 per cent of the information technology infrastructure and work processes of the logistics module in the Nokia Mobile Phones. Above all, this approach made the lines of communication at Nokia unusually direct, which meant that individuals could drive things forward. In 2004, CEO Jorma Ollila described it as “a consensual, horizontal decision-making process. But it's not Japanese consensus. You need a network of people and, provided the key people (not formally defined) are involved, you may get a lightning decision.” What many of us take for granted today – email and SMS text messaging – Nokia was using as an organization-wide operating norm as far back as 2004!

Speed and ease

Six years later and the senior team at Nokia remains as committed as ever to deep employee involvement in strategy and implementation via a modular, project-based structure. What has changed in those intervening years is the development of technological platforms capable of bringing together thousands of people from across the world with speed and ease. The capacity of social networks to create engagement and innovation is seen to be crucial to the long-term success of Nokia.

The ideas of involvement and constant strategizing were put to the test in early 2009 when, in the face of one of the worst recessions the industry had experienced, the decision was taken to actively engage employees in a major business transformation. The focus was on Nokia's Markets business, a newly formed enterprise tasked with consumer retention and the creation of consumer solutions. As in the past, the emphasis was on building a more adaptive, flexible organization and using all the talents of the employees in the Markets business. Enter the "Booster Programme".

The genesis of the Booster Programme, launched in late 2008, could be traced to the wide involvement of the strategy-planning process and to the flexibility and project orientation of the modular structure. It began with a design team comprised of Maximilian Kammerer, Ian Gee and the two of us designing a process that would meet three aims.

of the solution. The social-network technologies rapidly emerging on the back of Enterprise 2.0 tools created the environment for Nokia's long term commitment to employee involvement to play out in a faster manner.

However, the team decided on a blended solution with two main streams of activities: a two-day face-to-face workshop with team leaders followed by the much broader involvement of the whole community through an online social network community. The two-day workshops were staged in locations across the world, including Beijing, White Plains (New York), Helsinki, London and Dubai. About 100 potential change leaders were part of each workshop.

When all workshops were completed, the 700 participants then returned to their teams to engage them in the ongoing process. It was at this point that the online community came to the fore. Working with specialist partners, the design team created an Intranet site accessible to workshop participants and all employees of the Markets business. The online community was designed to host conversations and communications with senior managers as well as to provide information and ideas from content experts and community members.

This combination of traditional communications techniques (face-to-face workshops with team leaders) and new forms of interaction (an online community) created a groundswell of enthusiasm.

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First, we wanted to boost every employee's basic awareness and skills by expanding the capacity of regional teams to work effectively across functions. Second, we needed to boost the capacity to acquire and use external resources to meet performance goals. And, finally, we wanted to enable the whole business to transform from a line-based organization to one in which competencies would be pooled through a project or programmatic structure. The programme was ambitious. It had to cover all 5,000 employees of the business unit, encourage cross-functional and cross-hierarchical working and be capable of being rolled out across the world in the space of three months – and with a relatively low budget.

What was clear to the design team was that the traditional form of initiating top-down change would be too slow and would ignore the capacity of emerging technologies to allow employees to be part

All 5,000 members of the business participated in the new structure and business practices. It was clear that the Booster online community went way beyond polished corporate communication.

Moreover, it created an open dialogue between community members, frontline employees and senior managers about real challenges, concrete ideas and required support. Of course, such an online community was able to rapidly reach the 5,000 employees in a consistent and boundaryless way across functions, units, hierarchies and geographies. It was clear that the programme had made a real difference – an employee pulse survey conducted across the business showed that across all 18 items those who had participated in Booster were clearer about their objectives, more likely to work in the new project based mode, more satisfied with Nokia as a place to work and had higher feelings of personal achievement. →

Online benefits

Looking back on the year, we found that building the online community had four distinct benefits. Nokia could now:

Scale fast, globally. With one single-access point, 5,000 employees representing all functions, hierarchies, units and geographies could converse with each other on important issues, share ideas and knowledge and ask questions of each other. All 5,000 employees in the group received the same information at the same time, whatever their level, role or location. The online community effectively did away with the typical top-down communication approach – which, given the pace of today's marketplace, would certainly have been too slow.

on the strategic direction to more practical ideas on how to make operational changes. After six months, there were over 3,000 discussion threads posted. Many discussion threads were in the form of questions or described the context under which employees saw the changes as possible or difficult to achieve. These discussion threads reduced repetition and meant that the conversation always moved forward across boundaries.

Engage people in a journey, not an event. Too often, many believe that change is an independent event with its effects devolving from initial shock waves to mere ripples and, finally, to dead calm. We discovered that, although the two-day events were important, the online community that followed them

Looking back, we see that the appetite of the team to experiment, to rapidly generate feedback and to swiftly change tack were crucial to success.

Share its agenda. Too often in traditional forms of engagement and communication, employees are simply passive listeners. We found that with careful support and maintenance, the online community created real opportunities for employees in the business to be active and to make the company's agenda their agenda. We found that many people elected to steer discussions that interested them, post content they thought others would find useful, create groups of like-minded people around specific topics or raise igniting questions or issues. At the same time, others reacted to the ideas in the community or even remained silent users, preferring mainly to read and take in information. The online community also ignited a host of unintended actions. For example, one team in Germany took the initiative to invite 100 colleagues to an empty hangar, where they shared material from the Booster community and facilitated a Q&A session.

Encourage co-creation. The senior team at Nokia has always espoused cooperation as a means to tap into the wealth of knowledge and experience of employees. That, really, is what open innovation is all about. What's changed in the last five years is the way that community-based technologies can facilitate and speed this process. The Booster online community enabled senior managers and content experts to frame the initial comments and set the tone. It was then possible for the community of employees to decide how best to implement these ideas. Indeed, we found that employee discussion threads quickly moved from commenting

ensured that the journey became more important than the event. The Booster community provided the journey, the road map, the compass and tools that allowed each team leader to embark on their own journey and to open it to many more.

The design team did much to support the community by posting messages, articles or presentations from content experts, two-minute videos from senior managers, or quizzes and assignments such as mystery shopping. By doing so, the design team was able to keep energy levels high and engagement at maximum.

The future – or a fad?

Social networks, such as the one just described, are becoming something of a rage at the moment, perhaps simply the next management fad. However, we believe that the use of online technology made a significant impact on the capacity of the employees throughout Nokia's Markets business to understand how their organization needed to change and the role they could play. As we review why this may be the case, we are struck by four lessons we have learned which we think are crucial for others who decide to take this route.

Continue the process. As noted in a 2004 case study, Nokia was one of the first companies to create, through its strategy development process, a mechanism for wide engagement. At that time, of course, the technology was not available to draw people together easily. However, the basic ethos of wide-scale involvement had already been in place

for at least five years; in a sense, all the design team had to do with the Booster Programme was to bring technology to an already established process. Our belief is that such continuity counts heavily in the probable success of business-oriented social networks. The latest social networking technology can only serve to make a normal engagement process faster and easier – it does not *of itself* create involvement if people do not trust each other and if there is no history of employee voices being heard and respected.

Have a clear conceptual framework. Too often, it seems that employee portals simply become an unused library – full of information that has no underlying structure or meaning. We believe Nokia’s Booster Programme worked so well, in part, because it was based on a clear, igniting question: *How can we deliver superior service in the markets in which we operate?* This question served to focus everyone on the challenge and to create energy in meeting it. Having such conceptual underpinnings also worked because three elements – a cooperative mindset, boundary spanning and igniting purpose – framed the programme and resonated across the content of the portal and also with the espoused values of Nokia. (The book, *Hot Spots*, expands on the importance of these three elements.)

Utilize a sophisticated management process.

One of the challenges we have seen with these types of online communities is that there is little or no management of the site. In our experience, this results in rapid decay. In the Booster Programme, for the entire six months in which it was in operation, a team of content experts and community experts watched carefully how the discussion was emerging. They added content when it was appropriate, brought in senior executives when their views would add to the

conversation and designed quizzes to keep the energy and momentum going. Without this active and sophisticated management, we believe the community would have rapidly decayed.

Be willing to experiment. One of our most important lessons from this programme is that we had to simply jump in, even though we had not fully understood some of the components of the programme. We had to be prepared to make mistakes and to tolerate failures – by ourselves and by others. Of course, at the end, the programme was seen as successful; however, despite that success, we acknowledge that, during the year, we took a number of risks and made some real mistakes. For example, the design time frame was so tight that we had to design and deliver the two-day workshop on the fly. As a consequence, some of the input worked; other input did not. We had to be prepared to look carefully at the feedback and make rapid adjustments. The same was true of the community in the portal. As we monitored it closely, we saw that while some ideas fell flat, others (even some we had our doubts about) flourished. It was clear that, even with our collective wisdom, it was impossible to predict all the outcomes. Looking back, we see that the appetite of the team to experiment, to rapidly generate feedback and to swiftly change tack were crucial to success. ■

Resources

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Lynda Gratton (lgratton@london.edu) is Professor of Management Practice at London Business School. Inspired by the Booster Programme, Lynda’s current research on the “Future of Work” uses an online community to unite over 200 executives from 20 companies worldwide (including Nokia). Follow her progress on www.lyndagrattontofutureofwork. We will be reporting on her research in the Autumn issue. **Joel Casse** (joel.casse@nokia.com) is responsible for Management Leadership Development and Change in Markets and is one of the architects of the Booster Programme.



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