Team coaching for organizational learning and innovation:

A case study of an Australian pharmaceutical subsidiary

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This case study describes how the Australian affiliate of a multinational corporation pharmaceutical company developed a strong discipline of organization learning which enabled them to become more innovative, foster high engagement scores and win prestigious awards. It was achieved through building processes to accommodate sustained learning even when key leadership personnel were regularly changing.

Background

When David took over the reins as Managing Director for Australia/New Zealand (ANZ) he said: 'Whilst the business is not broken, there are plenty of areas that need to be fixed.' The organization had a proud history both locally and internationally. Prior to separating its pharmaceutical division from medical divisions and then re-branding in 2013, it leaned upon its heritage as being one of the oldest global pharmaceutical organizations, which has grown to employ over 21,000 people in over 170 countries.

The coaching relationship with David started during his previous role in one of the organization's medical divisions. The relationship was then extended to support his 'onboarding' (the process of transitioning into a new role and/or organization) to the role of managing director in the pharmaceutical division. Over time, the one-to-one coaching relationship extended into a team coaching engagement for his collective leadership team and also included individual coaching for team members. This was done in parallel with the team coaching. Initially, a team of four coaches were involved. The individual coaches and coaching relationships changed over time as the needs of the organization changed and as leaders were promoted to international roles.

First insight that learning was being missed

At an initial leadership team offsite meeting where the team was discussing the core purpose and functionality of the team, one brave team member asked a question. The question itself, while relatively simple, shocked the room! The conversation went something like this:

> Leadership team member: 'Now that we are discussing what this team is supposed to be doing, can I ask a question? When we meet every month as part of that other operational meeting, I am not sure what I am supposed to be doing in that meeting. I don't actually understand the figures and so I just stay quiet.'

> Everyone in the room: [Silence...]

> Team leader: 'I think I might have misunderstood you. Did you say you don't know what we are talking about in that meeting we have every month?'

> Leadership team member: 'That's right. I don't understand what the meeting is actually about.'

> Another team member: 'Now that you bring that up, can I say neither do I understand that meeting and what I am supposed to be doing in it?'

> Everyone in the room: [More silence...!]

> Team leader: Breathes slowly....

>> 'Firstly, can I say thank you for your honestly and courage. Many executives would not have been that open.

>> Secondly, can I say that as the leader in the organization I am taking responsibility for not have onboarded you both fully into your leadership roles in the organization and on this leadership team.

Thirdly, (addressing the CFO) can you take responsibility in ensuring everyone in this room fully understands the numbers, ratios and questions for deliberation before the next one of those meetings?

Lastly, can I ask why has it taken so long for someone to raise this need?'

As coaches, we found the level of honesty of those leaders refreshing. Many times in organizations, senior leaders hide their lack of knowledge and understanding for fear they might get caught out and then look stupid. Of course, it is this very fear that prevents learning taking place.

Our experience is that the learning time needed to arrive at a level of competency for a new executive in a leadership team takes between 9 and 11 months. If there is a lack of understanding on what that person needs to know and how they go about learning that knowledge, the speed to competency is elongated. Given that the leadership team members are the highest paid in that organization, this makes little sense.

When David asked the question 'why has it taken so long for someone to raise this need?' a great conversation ensued about how learning in the organization happens or does not happen. Experiences from other organizations were shared. The coaches in the room shared best practice. The outcome of the deliberations was a commitment to ensure that the whole organization focused on learning becoming one of the leadership team's key priorities.

Key questions that guided the team

In the conversation the coaches helped to frame three key questions which guided the discussions and further decisions:

1 How could the onboarding of new leaders to this leadership team and to the organization as a whole be optimized?

2 How can the collective speed to competency in leadership be increased?

3 How can learning across the organization be captured and shared across the organization?

The leadership worked through these questions to develop plans and programmes that addressed their learning needs. These were implemented and over time a range of successes were experienced. Their plans were targeted at both a leadership team level and an organizational level.

Core learning actions at the leadership team level

The team agreed to meet once per quarter to discuss and reflect on how they were functioning and developing as a team, its progress, the way the team worked and how it needed to improve. Over time, these quarterly meetings ranged from a 2–3-hour session to all-day sessions. They usually involved the external coach.

The leadership team put into place an action relating to their fortnightly Business As Usual (BAU) meetings, involving a quick, end-of-meeting reflection on how well they had performed in that meeting.

Over time, this quick reflection raised questions and concerns and also nipped some potential issues in the bud, such as making sure that all voices were heard and 'group think' did not prevail. As new members joined the team, they expressed positive feedback about the end-of-meeting reflection. One leader who joined from another affiliate commented that the fortnightly and quarterly team review process meant that he settled into the team's routines faster than he had elsewhere.

Individual coaching for leadership team members was running in parallel to the team coaching processes. Coachees actively sought feedback and peer input as part of the coaching process. Many of the members actively engaged in sharing learnings from their coaching with colleagues.

Coaches also encouraged the leaders to do more peer sharing and collaborative working. Over time, it became common for leadership team members to actively seek input regarding broader business challenges from colleagues who were previously not consulted about functional concerns. The team was beginning to move from a hub and spoke team to a wheel of greater shared leadership (Hawkins, 2014: chapter 10; Chapter 9 by David Jarrett in this book).

The overall outcome was that the active process of being open to asking, reflecting and integrating became part of the natural operating style.

Key initial changes at the organization level

An active process for the induction and integration of new people into the organization and their role was developed to go beyond the existing programmes which really only demonstrated 'the basics' to a new person. Each new hire into the leadership team was buddied up with an existing team member to learn the 'un-saids' (the informal cultural patterns and unwritten rules) in order to make them overtly 'said'. They spent time understanding the processes of how the team worked, the history of the team development and the conversations they had in order to get to this place of

success. The rules of engagement were clearly articulated and the expected behaviours of a leader in the team and in the organization were outlined.

Each new leader hired also spent time with an external coach to understand the history of the team development from an outside perspective. The overall process accelerated the learning and 'onboarding' of the new leaders into their role but also becoming a leader in the organization. The team developed an understanding of 'co-leadership', which meant that they were collectively responsible for the success of the organization. This included collective responsibilities for ensuring that every-one understood their role, their responsibilities and how to make things happen. The style of collaborative leadership remained after the original leaders departed.

The second wave of change relating to core learning was in an organizational-wide 'Rising Star' programme. This was a leadership development programme aimed at direct reports to the leadership team who showed promise and were considered to have high potential for being a future leader. They were also key influencers across the organization.

Each programme was co-facilitated by a leadership team member and an external coach. Having the leadership team present in each programme ensured that they cascaded learnings down to other levels below the senior leadership team and led by example. The leaders, in opening each session, stressed the critical importance of organizational learning if the organization was to achieve its strategic aims. Concepts such as vulnerability as a leader were discussed and developed. The notion that not understanding something was normal, but avoiding learning about it was fatal, was fostered.

A feedback mechanism was introduced to share learnings from the previous month, irrespective of how major or minor they might seem. These were recorded with the intention of creating a hard copy of organizational learnings on a quarterly basis. A narrative stemming from learnings of the leadership team was created in the organization, with specific phrases used to describe aspiring behaviours and, indeed, unwelcome behaviours.

Given the pivotal role that the ANZ affiliate played across the Asian region, learnings from the local experiences were shared with regional colleagues through the Singapore office. Some programmes that originated in the Australian office were later rolled out in affiliate offices across Asia.

The challenge of being successful in an Asian context

The organization continued to grow. Owing to the success of the leadership team and the overall contribution of the Australian affiliate to the Asian region, the

Sydney-based team was considered to be a source of talent for regional and global positions. Over a 24-month period, of the original 11 team members 7 were promoted to regional or global positions.

While these promotions were evidence of a great success story, it potentially was draining the tacit knowledge that led to the successful turnaround of the business. How should the organization both promote great people into senior positions and retain the capabilities and capacities knowledge that had been developed in the original business over the previous years? This was challenging for the next-stage leadership team.

A more robust talent management and succession planning process was cultivated to ensure that the learnings of one generation of the leadership team were transferred to the next. But then came the next challenge when David, the managing director and team leader, was promoted to a global position in the United States.

Resetting the bar

His successor was promoted from within. Katherine had been hired by David a year earlier and was earmarked as a potential successor. Her strong industry experience with another multinational corporation, coupled with her commercial nous, made her an attractive candidate. Given that David was moving overseas with the organization, he was able to hand over in such a way that there was a smooth transition.

All new leaders want to understand their business and go about building the organization with their personal stamp on it. Katherine recognized that David and the leadership team had built strong foundations but work was still to be done. She broadened the range of external coaches and experts to assist in the next phase of the journey.

Over a series of leadership team meetings, led by Katherine, the team re-clarified (Hawkins, 2014: Discipline 2) and confirmed the purpose of the leadership team, its core objectives and priorities. This included a focus on innovation for the organization.

Focus on innovation

In this phase of the leadership journey for the organization, a focus on innovation became more important and prominent. Traditionally the pharmaceutical industry is product led when it comes to innovation. The pipeline of products can be many years. Insourcing products through licensing deals can also take a long time and may be a struggle within the local government regulatory frameworks if new products have not been pre-approved to sell in that country.

The local leadership team decided to look at innovation from a number of per-spectives, beyond product innovation. The team was facilitated to address a number of key questions:

- How best to serve customers?
- How the current customer meetings took place and how to improve them?
- What external relationships could be formed that would add value to the customer relationship?

A range of other questions were raised and answered.

Cross-functional teams were set up to engage with core questions, work up potential ideas and development strategies. These were all shared. Decision criteria were set to evaluate ideas and strategies as they were developed. As with all kinds of innovation, not every idea was successful but the learnings from these sessions were shared.

Continued use of external coaching and other experts

When David commenced the leadership team journey he realized that he needed external support and hired the authors to assist in the process. Initially a team of four coaches worked on the project. Over time, the need for coaching fluctuated and therefore so did the number of coaches. Individual coaching continued for specific needs and outcomes. Over time, this fluctuated depending on needs.

When Katherine took over the reins she continued the use of external coaches and other related experts. Matching specific expertise to specific needs became more prominent and appropriate. As an example, team coaching for the team as an entity decreased but on occasions an external team coach was asked to facilitate a leader-ship team discussion on particular topics such as engagement scores. Other specific interventions included using coaching for 'onboarding' new expatriate leaders to Australia, 'New Leader Assimilation' sessions for new functional leads, functional team offsites when deliberating how to cascade down organizational strategies and content sessions such as innovation skills.

Both leaders recognized that for a leadership team to transform itself, using expertise on a regular basis was important. The temptation during belt-tightening times is to do away with external support. This can often be a short-term strategy that saves initial costs but slows down the transformation.

Top 10 award for most innovative organizations in Australia

Business Review Weekly (BRW) is the premier business magazine in Australia. It covers all business areas, such as leadership, innovation, technology and gadgets, politics and the financial and commercial markets. It also hosts a number of lists such as the Top 500 companies in Australia, the Top 75 fastest-growing companies, the young rich list and the Top 30 most innovative companies.

In 2012 this organization was recognized as one of the most innovative companies in Australia. According to Kate Mills from BRW magazine in December 2012:

> Although this list focuses on the end point of innovation – the product or process that came from the innovation – the 30 companies all displayed an understanding of the culture and processes required to support innovation. Whether it was a weekly ideas meeting, or building innovation into key performance requirements, or giving out awards, each of the Top 30 had something in place to foster innovation. They also understood that driving innovation has to come from the top and were able to show how senior leaders were involved.

Innovation specialist and competition judge, Dr Amantha Imber, commented at the time: 'Innovation starts on the inside. The Top 30 companies (listed as finalists) don't necessarily see innovation as bringing something new to the market'. She said that, instead, what they had in common was that 'their leaders took it seriously, they didn't just pay lip service to the concept of innovation. They were investing resources in building the right culture.'

Dr Imber suggests that innovation rarely bubbles up from the bottom of the organization. 'The senior team needs to unite in driving innovation and setting the tone. It's also vital to embrace different points of view,' she commented in an interview to BRW magazine in 2012.

Receiving an award such as the 'BRW Top 30 Most Innovative Companies' award is an amazing achievement by any standard. To achieve that in the pharmaceutical industry, against obvious contenders from software development companies and other industries with fewer barriers to disruptive innovation, is even more striking. There is little doubt that the organization was recognized for many reasons, among them the internal culture built up over time, which fostered teamworking, openness and challenge, which in turn allowed for ongoing learning to blossom and experiences to be shared openly and easily.

Engagement scores that reflect a strong culture

The consulting group Great Place to Work is an international organization in its 21st year of operation, and is one of the world's foremost authorities on workplaces globally. Its lists of 'Great Places to Work' span more than 45 countries on six continents, including regional lists for both Europe and Latin America.

This pharmaceutical organization was listed in the top 50 organizations that were great places to work in Australia in 2012. This is an external award and is strong recognition of its journey.

Highlighting the impact of the leadership team's efforts, the Australian affiliate was shown to outperform its benchmark organizations by an average of 10 points on all the key drivers of engagement. This has been something the team has been actively working towards.

What is marked about this outcome and the team, though, is that the team is not content with the scores. Demonstrating its ongoing commitment to learning, innovation and achievement, it is actively engaging in a process to understand where the areas of potential improvement still sit, identify the root causes of the issues and develop strategies and plans to improve the situation.

Inputs to the process have been gathered from all the relevant stakeholder groups and again demonstrate the commitment to listen, be curious and look for learning. While there is recognition that the areas for improvement are now relatively small, it is making the small ongoing calibrations to fine-tune performance that facilitates the journey from good to great.

Reflections and conclusions

As two of the external coaching experts who have worked with a range of leaders in this organization over six years, it has been our privilege to watch this organization move from being 'not broken but in need of being fixed' to one that is dynamic, innovative, engaging and continuing to build upon its historical successes. In reflecting on the experience, there are a number of considerations relevant to this case study which will be relevant in other organizations.

1. Who has the courage to challenge the status quo?

Leaders who want to maintain their historical success with little eye to the future will eventually lead the organization to a slow demise. The ultimate leader and the leadership team in an organization need to have the courage to challenge themselves

to learn, push, and strive beyond what might be expected. Sometimes these are intrinsic drivers. Occasionally the leaders borrow this confidence from elsewhere.

2. Have clear and transparent priorities that link to an overall 3–5-year strategy

It is very tempting to continue to do 'Business As Usual' and get caught up in the reactive tendencies of busy organizations rather than taking time to create the future (Parker, 1990). The various leadership teams took time to really clarify and be transparent about the organization's strategic aims and the core priorities needed to deliver on that strategic promise (Hawkins, 2014: Discipline 2).

Leaders have a delicate job balancing the competing demands of global, regional and local stakeholders. There was, and is, a real challenge in maintaining focus when noisy competitive voices demand attention.

3. Set up cross-functional teams to execute on priorities

Cross-functional teams or brand teams are led or sponsored by the directors but heavily involve middle-level leaders to execute on the core priorities. The ability to involve key stakeholders and influencers in the organization accelerates ability to execute. It also demonstrates shared ownership by all parties in the organization in the performance of the business. From a sustainability perspective, involving levels one to three layers below that of the executive also improves the learning experience down the organization. This removes risk of project failure if or when senior leaders get promoted out of Australia.

The sound practice and good intentions with which cross-functional teams are established are not enough to ensure that they actually deliver what is required of them. Ensuring that there are appropriate systems, processes and coaching in place to support effective cross-functional team performance would have been a complement to this programme.

4. Get out of the way!

Many senior leaders feel the need to ensure project success by getting heavily involved in all manner of details. Both Katherine and David commented on the need to set clear direction and then to leave execution up to the players involved. At times, this may mean that execution did not happen as fast/as well/as exactly as they might have wanted or how they felt they could have done it themselves. However, in many examples execution happened much better than expected and with surprising outcomes.

5. Develop criteria to assess innovative ideas and suggestions

Most organizations that strive to become a learning organization or an innovative organization overlook the basic requirement of answering two fundamental questions:

a What does innovation mean around here?

b By what criteria will we recognize and evaluate successful innovation?

Successful organizations in this regard have a leadership team that drives the vision and tone for both learning and innovation. They not only ask and answer these questions but make sure that this is effectively communicated to all others in the organization so that there is a clear, shared understanding.

While the need for this capacity was understood at the initiation of the programme, there was not a clear process or practice in place. This did emerge over time but there would be significant benefit in ensuring that this was established at the outset.

6. Create processes that are not individual leader dependent

Many Australian organizations that are affiliates of multinational companies suffer from the challenge of having the managing director and other leadership team members receiving promotions and leaving for overseas assignments, typically into either regional Asian or global roles.

While this is of course a good thing and fits with the career aspirations of many Australian executives, it often leaves holes in the organization's local leadership capability, stalls performance and disrupts momentum, and many worthwhile projects fall over. Creating systemic processes that outlive any individual leader is essential for organizational learning to become a discipline rather than an event.

7. Creating organizational learning across the organization

Learning what works, what was tried, what did not work and why leads to better outcomes for the organization over time. The organizational learning culture is developed by allowing mistakes to be seen as both 'innovation normalities' and perfectly fine as long as they are within the agreed frameworks for risk and everyone learns from them so that avoidable error is not repeated. Developing an overall sense that vulnerability is upheld within the organizational structures allows for greater sharing to take place.

Practical applications were seen in the leadership team taking time to reflect on their meeting effectiveness. Encouraging the sharing of this learning through the organization would fast-track the creation of the learning environment.

8. Tailor outcome-focused coaching for individual needs

Coaching, whether provided by internal or external coaches, needs to be tailored to the individual leadership challenges, the outcomes needed by the organization and the individual's learning needs (Hawkins, 2012). This sounds basic and relatively obvious. However, we noticed how clear David, Katherine and many others on the leadership team have been when organizing coaching assignments for themselves or their direct reports. Coaching within this organization is seen as a tool to develop a leader so that they can fulfil their strategic outputs and clearly defined goals, not as an end point in itself.

9. Use external coaches to increase organizational speed

In every market downturn, organizations naturally cut back on non-discretionary spending. Learning organizations recognize that no matter how good they are, they will never have all the expertise they need in all areas at all times. Utilizing the services of coaches and experts in particular areas can often speed up the overall learning so that the speed to competency in leader effectiveness is maximized. This is particularly true when hiring new functional heads at director level, for example sales director or CFO, into an organization that is high performing.

A team can only go as fast as its slowest team member. Slowing down the leadership team of functional departments to the level of the new hire is not an option worth considering.

10. Re-clarify, reset and recalibrate on a regular basis

Every fitness-related goal involves a regular check-in with progress and a resetting or recalibrating of the outcomes. Leadership teams are no different. Setting 3–5-year strategic outcomes with annual priorities is essential. Taking time to recalibrate the team on what it is working on and resetting how the team needs to work together accelerates the chances of success. This is no truer than when changes in the leadership team occur and members get promoted or leave for elsewhere. The team needs to take time to quickly check in and potentially start again.

This organization is a living demonstration of the excellent performance outcomes that can be achieved through team coaching developing and sustaining a practice of core learning. Investing in the individual and group skills and practices that create core learning enables growth and sustainability at the individual, team and organizational levels.