creating a growth mindset and agile culture to enable a telcoms giant to grow again
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Rising competition in the European telecommunications industry is pressuring companies across the sector, and forcing some players to question their business models in an effort to stay competitive and relevant to customers.

The majority state-owned telecommunications, IT, and media company operating in Belgium and international markets, Proximus (formerly Belgacom) was at such a crossroads, seeking ways to restore itself to profitability and regain lost market share.

In January, 2014, the Belgian government appointed Dominique Leroy for a six-year term as chief executive. She joined Proximus (then called Belgacom) in 2012 as executive vice president of the consumer business unit after a 24-year career at Unilever, most recently as managing director of Unilever Benelux.

In her EVP role, she sponsored the culture-shaping process that was starting to take root at the upper levels of management. As CEO, she continued to engage and embed the culture transformation more deeply into the company to help realise the goals of an ambitious strategic plan, dubbed “Fit for Growth.” At the heart of the plan was the commitment to invest and transform the business to return to growth by 2016.

Getting there, however, would require company culture transformation, as agility and a growth mindset were not part of the organization’s DNA. Indeed, only by focusing on collaboration, building greater accountability, and generating more openness and trust across the business (a “Good to Gold” culture) could Proximus start to break down silos and create the ‘one company’ mindset necessary to meet its strategic goals.

In this interview with Senn Delaney Partner Ian Johnston, Proximus CEO Dominique Leroy explores how the company is creating that Good to Gold culture and why it has been crucial in helping the company return to profitable growth even faster than envisioned.

The following is an edited version of the interview. Watch a six-minute video or the full video conversation on Senn Delaney’s video channel at www.sdtv.senndelaney.com

Q Describe the organisation that you discovered when you arrived at Proximus.

I discovered a company full of very bright and talented people, a lot of engineers and a lot of people focused on products, on technology and on delivery. It was a company that, at that time, had an external perception of a state-owned business.

There were a lot of things that could be changed. In 2012, the company was still run as a holding company — it had a strong business unit focus and it was a bit siloed — so in that sense, it was a suboptimal culture that did not unleash all the potential power in the company.

The main driver for me was to get our company back to growth by changing the environment from having silos, a bit of fear and risk-avoidance, to a much more collaborative and transparent culture.

In January of 2014 you became CEO of Belgacom now called Proximus. What were the objectives and priorities that became important to you once you began the role?

I had been able to work with Senn Delaney in my previous job at Unilever. I thought if we could only unleash the power of all this talent at Proximus in a consistent way with one vision and a good collaborative spirit, we could get much better results out of the company.

The key objective was to return the company to growth. We had not been growing for 10 years, neither top nor bottom line. So we created a strategic plan that we called Fit for Growth. This encompassed, of course, the growth element, but also the fitness element — our infrastructure, our network and our solutions.
We began simplifying the organisation and becoming more efficient. We went from two brands to one, making sure that we put the customer in front of everything we do. But we also needed to transform the company to make sure that we could unleash this growth.

What made the difference was the Good to Gold culture. This was the glue that enabled us to bring all these transformational elements together and give people an appealing goal. We said that we will get there together if we do it together.

That’s the key because in the end, it’s not the management team that makes the difference. What makes a difference is if the people believe in the new story and they change the way they behave. Our customers experienced a different company, a different kind of interaction. That’s what’s starting to come true because in the beginning, I was probably the only one to believe we could grow again.

Q You’ve mentioned how the Good to Gold culture is at the heart of your Fit for Growth strategy. Talk a little bit about that strategy, and why Good to Gold is such an important part of it.

The Fit for Growth strategy is all about how we can return the company to growth. We need to make sure that we have enough money to invest in our networks, in new solutions, new services, but also a big part is the focus on transformation.

The transformation is built around four blocks: first, how we make sure that we put the customer at the center of everything we do; second, how we make sure that we have strong brands and a much clearer proposition to customers in how we show up in the external market; third, how we make sure we create a more agile and efficient organisation and fourth, how we simplify the business.
The Good to Gold culture is really essential to holding these pieces together. People need to understand that the right culture is the foundation to the way that people work together to support each of these dimensions.

Q Describe how the Good to Gold has shifted and adapted to support your growth agenda and enabled you to continue this story of growth.

It was very much about helping people to understand how to work together. We went through a process to define three key values, which were agility, collaboration and accountability. Of course, when you say it like that, it can sound obvious, but the process to get there is very important because it makes everybody think about what will make us more successful tomorrow.

If, as company leaders and in teams, you can live these values every day in the way that you behave, it really starts to change the way people work together and it unleashes a lot of power.

Q Talk through how you started the culture journey with the senior team and how that progressed.

When we started, I was responsible for the consumer business unit. So, the first thing I had to do is convince the CEO at that time and the executive team to engage. It was not easy because the company is very technology driven, with a lot of engineers who are very good at putting priorities on the products, on the services, but not so much on how we do it — the culture.

Trying to create a team from a bunch of individuals was quite a challenge — getting to know each other better and trust each other more.

We also had to define the common vision and a strategy that was agreed upon, shared and which could be transparently communicated to the rest of the company. That took time, meetings, coaching and feedback.

It is not an easy process, but when you get there, it’s really powerful.

Q Can you describe how the whole company became involved?

It is important to engage the whole leadership team and the extended leadership team. We had to make sure that they understood where we wanted to go as a business, why we needed to shift the culture and what their role was in the whole culture-shaping process.

That was the first part of it. We were very clear that the process cannot stop at the leadership population. We’re talking about only 170 senior leaders out of 14,000 in this company.

To get a deeper level of engagement, we coached, together with Senn Delaney, 180 people to become champions and facilitators. They devoted a big part of their time to embed the culture-shaping process right into the heart of the organisation. This internal ownership allowed us to quickly take the Good to Gold process to all the team leaders in the company.

Today, two years into the process, we have more than 2,200 team leaders who have gone through the process and have then engaged their own teams. You see the new culture really spreading into the organisation. And that’s great.

I think what’s important in such a change is viewing it as a journey. I think I called it a project in the beginning. It’s not a project. It’s a journey you do together, and as it’s a journey, you need continuously to engage with your people.

Q How do you go about doing that?

One example that I think is quite powerful is that every month one of the executive team members makes a small video on one of the concepts of the Good to Gold program.

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This shows people why it is important, what that leader learned, and how he or she has experienced the concept showing up in daily life. These are viewed by a lot of people and help refresh the key elements and concepts of the program, and explain why it makes a difference.

Q How has this culture work translated into business results?

A lot, but you need to take the time. It’s a journey. We have been able to show that growth was possible. Our last results were already giving some growth in our two main businesses.

After the third quarter results, which were good, we had some good new customers engaging. You really see the dynamic changing in the company because the learning and growth becomes concrete, anchored in the success of the company.

Q You’ve achieved your goal of growth 12 months early.

Yes – that’s probably more an issue than a success, I would say, because it puts a lot of pressure on the management to go further.

But let me provide some examples of success. For instance, this company has tried to reduce costs for many years — not very successfully. Now, thanks to our values, I said to people, “I don’t want to know about FTEs. If you need people in certain areas because it’s where you grow, you can hire them, but you also need to make sure that overall, your cost structure goes down.”

And to be honest, in the past we had very hard targets on FTE reduction that we could never hit.

Today, we have no targets but are much lower on FTEs than we have ever been. It was amazing because it all came through without us even asking for it. We got greater cost reduction than we had hoped because people took greater levels of accountability.

Q Why do you think that change has happened?

I think the fact that people are more accountable, that they have the power to make choices they think are the best ones for the company, really helps to get better outcomes.

Here is another example. In the telecommunications business, how you invest your money is very important. We spend around one billion euro every year in capital expenditure, in investments. In the past, it was very micromanaged by leaders, and in the end, there was never enough budget for all the priorities.

So again, we changed the way of working. We defined eight blue chips, and said, “These are all key priorities for the company.” We then put all our investment capital in these eight clusters and we said to our teams that they were now responsible to identify the key investments needed to achieve their objectives.

Q What were people’s reactions when you first made that decision?

The day we decided to do that was seen by some people as the ‘black Tuesday’ because it was a bit of a revolution! It was about giving much greater power to some teams, but also giving greater encouragement to people to work together.

Of course, as in every change, at first it was very tough. When people see, however, that there are good results coming through greater accountability, collaboration and knowledge of the business, you reach a fantastic result.

Q Was there ever a temptation during that uncomfortable period to adopt the old leadership model?

Oh yes, very much. I think the old habits always can come back. We still need to be vigilant to make sure that we can continue to evolve in the new culture. I think
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It’s a long journey. You have to continue to invest in it and make sure that as the leadership team, you are role models to keep the new culture alive in the company.

Q Proximus has a purpose that we worked on some time ago, which is based on connecting people to their world through their devices.

Yes. That’s something we worked on a lot in the beginning of the process, asking ourselves why are we in business? Knowing why we do what we do is a very powerful foundation for companies to become successful.

We want to bring people close to what matters so they can live better and they can work smarter. When you then have a purpose, a mission, it’s important that everybody understands it.

Having a culture with the values of collaboration, agility and accountability, together with a clear purpose, helps people to make the right tradeoffs on a collective basis. It’s part of the way we make decisions. It’s now becoming, I would say, a check on everything we do.

Q Any other thoughts you’d like to share on leading the Good to Gold culture?

In a change process, you have periods where people are uncomfortable.

It’s very important that you can translate the culture you are shaping into business successes because that’s the way most of the people will then start following you.

If you can have early successes, it will give people the faith and the trust to know that the journey they are on is probably a bumpy road and not an easy one, but that they can succeed in the end.

It’s also important to keep managing expectations, certainly, of the outside world, and making sure that even if you have early success, you don’t destroy everything by raising the bar too fast.

Q What advice would you give to CEOs and other leaders who are contemplating this kind of change?

It’s a long journey, so be prepared to go into that journey, but to take the necessary time and certainly, if you are the CEO, it is very important that you lead it. You always underestimate the shadow of the leader.

In the end, we are not doing things that are very different from our competitors. We’re investing, we’re transforming and we’re cutting costs. But why are we successful so far while others are not? I think it’s about the soft issues.

It’s about changing the mindset of the people. It’s about engaging the people in the story, helping them believe that they can make the difference, encouraging them go the extra mile, shifting their attitude and their behaviour.

It’s not about what you do. It’s not about what you try to achieve. It’s all about how you do it. And I think the how — the culture and the way people work together — is extremely important. If you can create a culture where people trust each other, build on each other’s abilities, and unleash their energy, what I call growth mindset, it will make you much more successful than your competitors.

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Dominique Leroy officially unveils the new Proximus logo and flag on its iconic Brussels headquarters in June, 2015
about Senn Delaney

Senn Delaney is the culture-shaping firm of Heidrick & Struggles International, Inc., the premier provider of Executive Search, Culture Shaping and Leadership Consulting services worldwide. Founded in 1978, Senn Delaney was the first firm in the world to focus exclusively on transforming cultures. A singular focus of creating healthy, high-performance cultures has made us the leading international authority and successful practitioner of culture shaping that enhances the spirit and performance of organisations.

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