

Scan Easy

– a cultural transformation journey



THE RADICAL COLLABORATION® PROGRAM

Scan Easy – a story of a successful cultural transformation journey

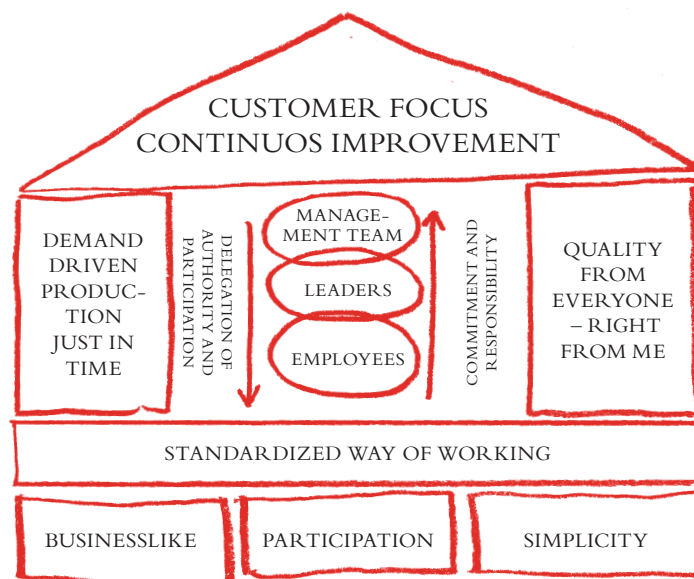
Scan AB is one of Europe's largest food companies in the meat, processed meat and convenience food business. It covers the entire supply chain, from purchasing of animals, strategic planning, quality and environmental issues, marketing, sales and production. The Group, consisting of ten subsidiaries, has a turnover of around 10 billion SEK in the Swedish market and has about 3,000 employees. Scan was formed as a farmer-owned slaughterhouse in the region of Halland in 1899 and was developed into a service organization for its owners, the farmers, particularly in the south of Sweden.

In January 2007, Scan AB was bought by the Finnish company HK Ruokatalo and is now a part of an international group. The group changed its name to HK Scan Abp in 2010. They operate in nine European countries and are the fifth largest European company in the industry, with a turnover of more than 2 billion EUROS.

Cultural transformation – Scan Easy

Denis Mattsson was appointed managing director of Scan AB Sweden in the beginning of 2009. He saw the need for a major cultural change within the company in order to meet the demands of higher return on investments. Furthermore, a legal requirement that Scan would accept all the animals that farmers wanted to slaughter (known as the reception obligation) came to an end in 2010 and dramatically changed the industry. A third important reason for starting a cultural change journey was the results from an employee survey in the spring of 2009. The survey showed that there were great behavioral differences between different sectors, locations and within various departments.

None of the above mentioned reasons would make it easy to develop the high-productivity company that Denis wanted to create. So, he began the transformation journey which was named Scan Easy (i.e., it has to become easier to collaborate internally). To support



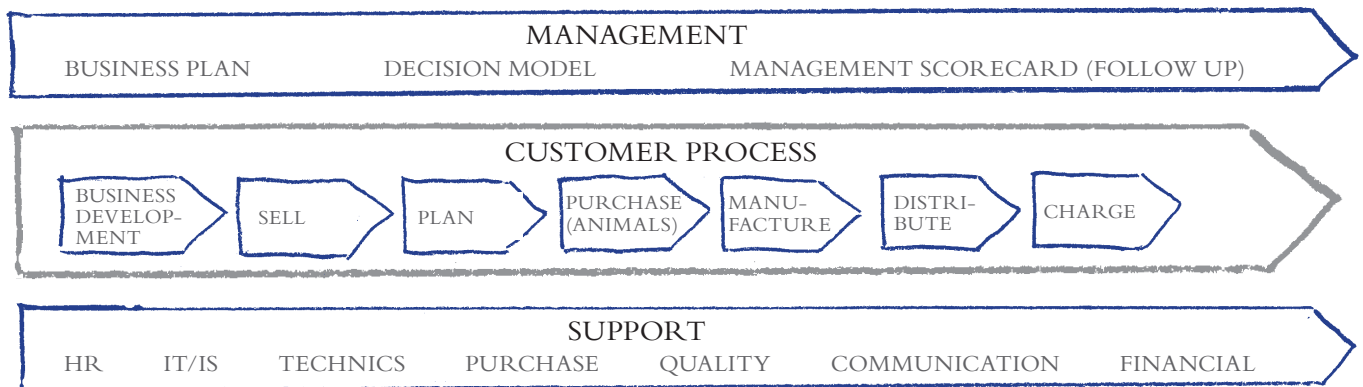
Denis and the management team Elisabeth Flodin and Lars-Erik Jonsson, consultants at Differo, were hired.

The first step Denis and the management team did, in cooperation with the employees, was to develop the cornerstones that would build the Scan House – the three core values that they agreed upon:

- *Business professionalism* – To work profitably, with satisfied customers and consumers
- *Participation* - Our cooperation is characterized by responsibility, pride and joy
- *Simplicity* – We become more effective by constantly searching for easier ways of working

At the same time Scan changed the business model from a production-driven to a customer-focused main process to fulfill the market's needs in a better way.

In the autumn of 2009 the process mapping of how the work was done at the different production units began. At the same time a number of plants were shut down or they reduced their production. The cost to operate them, as demand fell, was no longer economically viable. To meet these changes the management team needed an established and well proven method that could help them to internally improve by removing territorial thinking, increasing the desire for cooperation, enhancing the ability to resolve conflicts, increasing the courage of employee to speak their own opinions and creating the willingness to take responsibility that both the change process and the work with continuous improvements would be implemented as well as possible.



The solution became Radical Collaboration (see page 7), which Differo was well familiar with. An extensive training program with a significant number of training sessions of three days, with 10-14 participants each, were planned.



Denis Mattson, CEO Scan:

"The purpose of this training was to break down "turf thinking" and improve our processes for customers, suppliers and employees. When we collaborate effectively we solve our challenges faster and can handle changes in the world around us faster, leading to increased productivity. The program started in autumn 2009 with the management team and continued for all managers, supervisors and key

employees. Training groups were originally linked so that participants would have common "interfaces" in the organization, receiving training together in groups where they most needed to collaborate. In later stages, the groups have been put together on the basis of interest and the participants appreciated the opportunity to expand their network of contacts with colleagues they probably would not have met otherwise. They have also gained greater understanding of the whole of our company by hearing the perspectives of others.

The result is clear. When 270 employees had completed the training a clear change could be noted. There is more openness in the organization. In the employee survey 2011, the results for "participation"

increased to an index of 62 from 56. The indexes of "collaboration between departments" were also increased by between 4-8 units. A measurement that was made just over a year after the training effort started, showed that 80 percent experienced a positive change in behavior of colleagues after they completed the training. 31 per cent believed that they had changed their behavior in meetings with others."

In 2010, Magnus Lindholm became CEO.



Magnus Lindholm, CEO Scan:

"Scan Easy has meant a change in culture within Scan AB. We have become a more business-like enterprise focusing on our customers. By mapping all of our processes, we have gained a better understanding of our business. The mapping has meant that we have identified various improvement activities within each process and between our various processes. To carry out these activities, we have started improvement groups. Today

we have about 35 active improvement groups working with continuous improvements within the company. We have also created a simple scorecard for the entire operation that covers both management and departmental level. This increased participation within the business because we have broken down our overall company goals to department level. Each department may also add a number of its own goals in their scorecard. Scan Easy

is not a project but a cultural change journey within Scan. We have come a long way on our journey, but we still have a bit to go before we have moved completely to a process-driven company with focus on the customer.”

Margaretha Languerville was internally responsible for coordinating the Radical Collaboration operations within Scan Easy. Margaretha also became a licensed practitioner in the program because Scan’s long-term goal is to make in-house Radical Collaboration training available to all new employees.



Margaretha Languerville, competence manager within Scan:

”Radical Collaboration is the foundation that has given us a common language. It has also contributed to getting employees within Scan to be willing to collaborate more. We have been a happier and more open organization. We meet each other more in common interests, want to be part of Scan’s development and we want to be involved in decision making.”

Michael Claesson, process developer and change manager, has also been trained and licensed as a practitioner in Radical Collaboration.



Michael Claesson, process developer and change manager:

”Now with a year’s experience of working with Scan Easy full time in the production process I can feel the change that has happened in the organization. When I earlier worked in production I saw a lot of territorial thinking and sub-optimization. It was also important to find scapegoats when something went wrong. Today we are thinking more

businesslike, we’re talking more with each other and we deal with conflicts more constructively. I believe that this change is the result of mapping our work

processes with a focus from management all the way down to the employees, and a more open climate. The more open climate is a result of the training effort conducted through Radical Collaboration, particularly the parts about interest-based problem solving and the section on increasing self-awareness.”

Scan has also invited the union to participate in the courses in order to find more constructive ways to work together.



Robert Gustafsson, union leader:

”I did not have any specific expectations when I went to the training but wondered why I, as a union representative, should be there. I felt that I ought to be a little cautious. The first exercise gave me a shock; I participated with the attitude that I was there to “win”. At the joint reflection after the exercise I understood that this was not at all the best way to make money.

It became clear that collaboration was the right attitude. My sense of being defensive evaporated and I got an understanding of what the training was about. I liked the section of self-awareness that gave me insights helping me act more consciously, and the section on active listening that gave me skills I could use immediately. The strongest learning is still the realization of how important openness is for collaboration and the importance of it at work (in negotiations and other meetings). We have used the method of interest-based problem solving on the job. Both the employer and the union have changed and it has resulted in better meetings.”

Elisabeth Flodin, consultant and co-founder of Differo

”Three years with Scan has been very challenging and exciting. During the first year there were new members in the top management team every time we met. A major reorganization was carried out in autumn 2009 and the following year another one. Despite that, Scan employees managed to map their work processes and improve their business. A reorganization can paralyze an organization if everyone guards their own interests, not focusing on the company’s goals and not wanting to cooperate. We were able to avoid that, and instead dealt with the conflicts within the



organization in a more constructive way. The Radical Collaboration program gave the company the tools they needed.

In the beginning, we worked a lot with which meetings were needed in Scan and who should participate. Scan had an incredible number of meetings that everyone wanted to participate in because information was power. At the same time many protested and said that they were

not given any time to work. There were also informal meetings off the record because the transparency during the formal meetings was low. Of course that did not help the efficiency of formal meetings.

Another challenge was that the members of the top management team and other leaders of Scan were use to making all the decisions by themselves, without consultation and/or discussion of the consequences their decisions had on other departments in the company. They were simply not use to listening and being influenced by others. To create a responsible and solution-focused organization all employees needed to be more involved in improving their part in the system or process. This required the leaders to listen, ask open questions and give employees the opportunity to participate with solutions. Of course it was always a balancing act. People needed to know the areas where they needed to find their own solutions and they needed to consider how those solutions might affect adjacent processes. As the framework

became clearer, leaders were able to delegate more of the solutions and decisions to their coworkers.

Scan use to have a more authoritarian leadership style and the people did not dare to speak up when something was wrong. Instead of speaking up about potential future problems employees waited until it could not be avoided anymore. When “the bomb” exploded and the problems became apparent, the culture was such that more energy was spent on looking for a scapegoat than spent on solving the problem. Today there is a big difference. People identify problems and solve them with an interest-based approach. Scan is

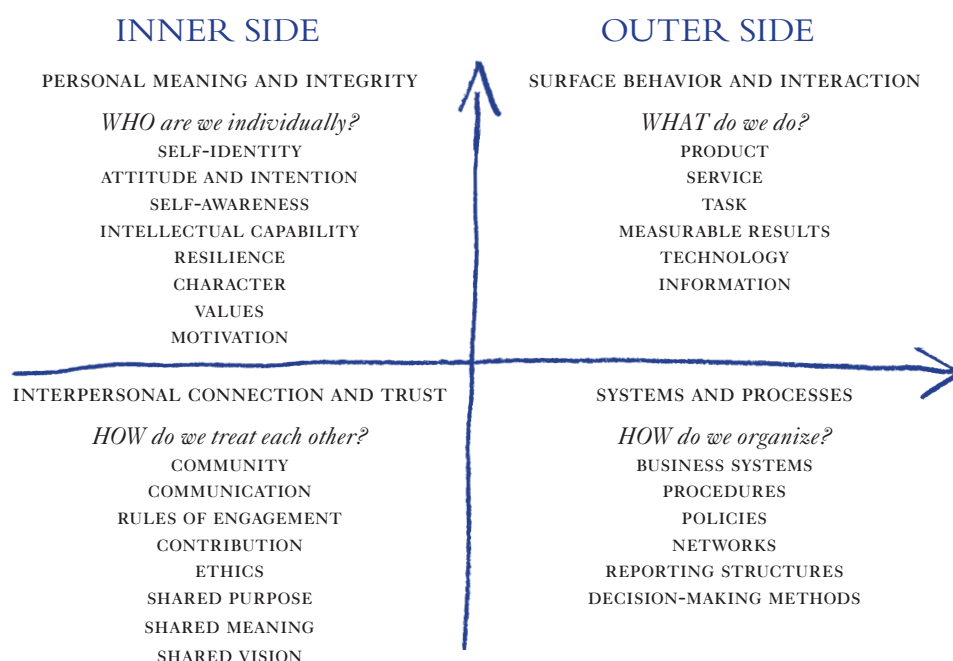
working more and more in a collaborative “Green Zone culture” than in the past, when an adversarial “Red Zone culture” was dominant (see page 7).

Denis Mattsson and Magnus Lindholm have shown patience, courage and understanding during the journey. It is admirable that they could stick to the course despite all the storms and detours. It’s been really exciting and instructive to have been through this three-year journey.”



Lars-Erik Jonsson, consultant and co-founder of Differo

”We invite our clients, in collaboration with us, to discuss and find their best solution based on what they need to do and want to achieve with their transformation. Scan wanted a more customer oriented company



with leaders and employees who collaborated together more effectively in order to be more competitive in the severe Swedish market place.

We started the transformation journey together with the management team by creating their new main customer process. We gave the highest priority to helping the company develop their support processes and the leadership processes of the management team. The outline from this innovation workshop is shown at the top of page 3.

During the same workshop we also discussed the different process roles that Scan needed to have, to be able to succeed with their transformation. The company decided that the role of “process-owner” would be held by the same manager that is organizationally responsible for that particular function.

In the following weeks we developed sub-processes and decided which sub-processes should be mapped first. The process-owners selected the ones that had the highest improvement possibilities.

We knew from a previous employee survey there was a great deal of defensive behavior that was undermining effective collaboration. So we started our training with Radical Collaboration, at the same time as the mapping work took place.

Our goal was for Scan to become self-sufficient with these methodologies. To that end Scan internal trainers became certified in Radical Collaboration concepts and skills in order to train new employees about the company’s emphasis on collaboration.

We helped Scan to create a more collaborative environment with a more open culture by teaching problem

solving tools such as Interest-Based Negotiations.

Employees learned to deal more effectively with their own defensiveness and how to become more skilled at listening and creating an environment where it felt safe for employees to raise and discuss difficult issues, without fear of retaliation.

This new environment helped the process mapping teams work more effectively, and the openness resulted in a more innovative climate which significantly increased Scan’s improvement rate. Radical Collaboration became a success factor for Scan during their transformation journey.

Scan is a good example of how to use the power of working with both the inside and outside (see chart on page 5) of the organization at the same time to reach increased productivity. It is the inner side that is the key to the passion and the emotional energy that gives business vitality and power and meaning. It is here that commitment, dedication, creativity and ingenuity flourish, to combine with the outer side of the organization to insure long-term profitability and success, because there is no product, service or system that cannot be damaged or sabotaged by bad attitudes or dysfunctional relationships.

The fast pace of change in the business climate as a whole will create new leadership challenges. Employee engagement will be increasingly important and future leaders will need to entrust employees with the responsibility to lead continuous improvement efforts, without constant controlling and monitoring, so that passion for work is not demolished.



The Radical Collaboration® Program

Radical Collaboration is a program of professional and personal development, for everybody who has a role where different interests may turn into a conflict.

Today nobody succeeds alone. You must have the skills to build relationships and to form alliances. This is true in everyday situations between individuals as well as between project teams, departments, companies and organizations. In today's business environment companies cannot compete externally if they can't first collaborate internally! Radical Collaboration is a program that teaches practical skills to be more effective at collaboration. The program is based on long experience and profound research.

Five essential skills for building strong collaborative relationships are:

1. Collaborative Intention
2. Truthfulness
3. Self-Accountability
4. Self-Awareness and Awareness of Others
5. Problem-Solving and Negotiating

A commitment to mutual success:

Becoming defensive destroys relationships. When we become defensive we think and act in a rigid way. All our intelligence seems to disappear and we use most of our energy to protect ourselves, instead of trying to solve the actual problems in an efficient way.

It is important that we understand how our defense system works; we should explore our defenses, learn to recognize how they come into play, and learn how to handle them.

When we perceive a threat to our well-being, we often respond defensively. This defense response pattern can take many forms, but the overall effect is to prepare us to fight, freeze or flee the frightening situation in order to protect ourselves.

Physically, emotionally and intellectually we are in a heightened state that is focused on self-protection

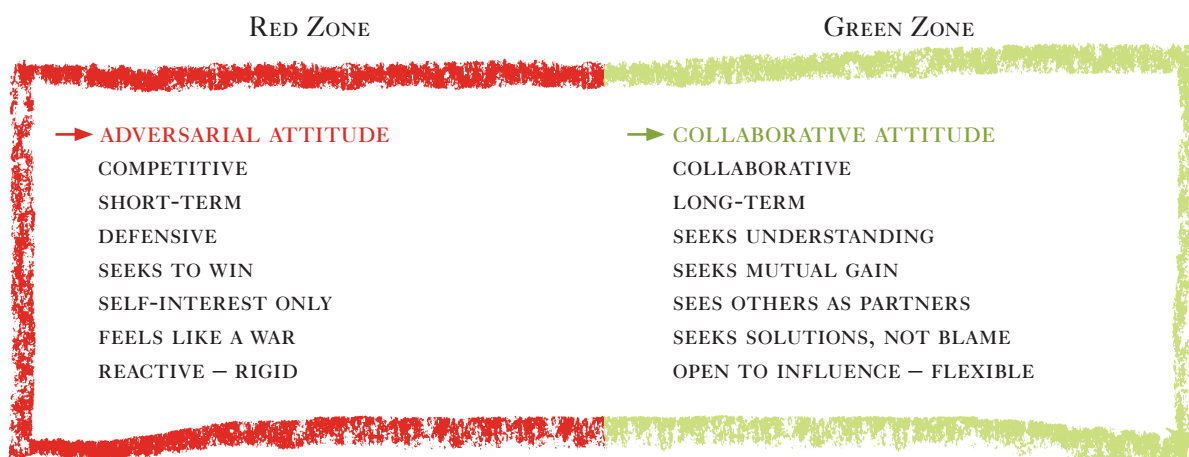
and defending. We refer to this emotionally-activated state and all its attendant reactivity as the Red Zone. The Red Zone is not likely to be a place of collaboration, trust building, mutual problem solving or deeper self-reflection and shared accountability. The long term consequences of a Red Zone culture can be devastating to an organization, a team, or a business. Pain and fear take a grip on individuals, and creativity and overall effectiveness decrease.

On the other hand, when we are feeling relaxed, safe, alive and emotionally significant, competent and likable, then we are not likely to behave rigidly or defensively. We are more able to be intellectually open and honest and to consciously operate in a non-defensive, cooperative, problem solving, accountable state we call the Green Zone.

From the Green Zone, we simply do not perceive conflicted situations as threatening, or if we do, we have Green Zone tools and coping methods that allow us to deal with these situations in a less reactive manner.

To understand your own behavior in relationships – FIRO-theory

Radical Collaboration incorporates Dr. Will Schutz's well known theory of human relationships called FIRO Theory. According to FIRO Theory people interact in characteristic ways around their preferences regarding Inclusion, Control and Openness. How we feel about ourselves plays a big role in whether we get rigid in our behavior or if we can be flexible so that we can act appropriately according to the circumstances we are faced with. By becoming more aware of our own fears and defensive behaviors we can lessen our rigidity and become more effective at collaboration.



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