Leadership in International Organizations

Reconstruction of Services Organization

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ABSTRACT

This work is about leadership challenges and solutions in international organizations. Consolidation of modern businesses is leading towards more multi-national corporations and requires special capabilities from the leaders in the organizations.

This study belongs into the field of international leadership. Theoretically it is based upon the strategic leadership, management and cultural awareness.
This work is empirical by nature and it uses primary information from selected case company. The viewpoint in this enquiry is the one of an international service organization.

With this work I will provide essential information for multinational managerial process. It will be give concrete tools for the managers that are facing the challenge of creating multinational organizations.

This study shows the importance of specific leadership capabilities in international organizations. In contribution part I have gathered together specific findings in the areas of culture, leadership, working environment and team creation.

Keywords	Leadership, international, service organization, challenges
Pages	51 p.

TIIVISTELMÄ

Tämä työ kuvaa johtamisen haasteita ja niihin liittyviä ratkaisuja kansainvälisissä organisaatioissa. Nykypäivän yritysympäristö on yhä kansainvälisempi ja vaatii erityistaitoja organisaation johtajilta.

Tämän opinnäytetyön alueena on kansainvälinen johtaminen. Teoreettisesti se perustuu strategiseen johtamiseen, johtajuuteen ja kulttuurihaasteisiin. Työ on luonteeltaan empiirinen ja hyödyntää tietolähteenään pääasiallisesti valittua malliyritystä. Työn näkökulmaksi on valittu kansainvälinen palveluorganisaatio.

Työn tarkoituksena on jakaa olennaista tietoa kansainvälisten organisaatioiden johtamisen haasteista ja tarjota työkaluja näiden haasteiden menestyksekkäälle hoitamiselle.

Tämä työ osoittaa kansainvälisen organisaation johtamiselle tarvittavat erityiskyvyt. Kontribuutio-osaan olen kerännyt tutkimusalueeseen liittyvät löydökset kulttuurin, johtamisen, työympäristön ja työyhteisön rakentamiseen liittyen.

Asiasanat   Johtajuus, kansainvälinen, palveluorganisaatio, haasteet

Sivut   51 s.

CONTENTS

1 INTRODUCTION

Many Finnish companies are merging with their partners and competitors in other Nordic countries. Finnish companies are also expanding their operations in the Baltic area. The purpose of this work is to create a guideline for companies and leaders that are facing the challenge of building up an organization for cross-border working in Nordic- and Baltic region. This work is about leadership challenges and solutions in international organizations. Consolidation of modern businesses is leading towards more multi-national corporations and requires special capabilities from the leaders in the organizations. A lot of effort is put on efficiency gains when international organisations are created. Usually immediate savings and synergies in usage of workforce, production capabilities and administration are expected. At the same time leaders are struggling with the challenge of building an organization with people from different countries, different cultural backgrounds and in most cases different expectations.

1.1 Research Framework

This study belongs into the field of international leadership. Theoretically it is based upon the strategic leadership, management and cultural awareness. The reason for this theoretical choice is the emerging need for management capabilities in international environment that blends the behaviorally orientated concepts of the interaction and people approaches with the more managerially and strategically orientated Market Strategy and Industry Strategy Approaches. This work will be empirical by nature and it will use primary information from selected case company. The viewpoint in this enquiry is the one of an international service organization.

This work will provide essential information for multinational managerial process. It will be give concrete tools for the managers that are facing the challenge of creating multinational organizations.

1.2 Background for Ericsson

From the opening of his repair shop for telegraph equipment in 1876, Lars Magnus Ericsson envisioned the great potential of phones, and also saw the need to improve the technical quality.

Ericsson contributed to making Stockholm the world's most telephone dense city by the late 1800s. Ever since, it has been Ericsson's firm conviction that communication is a basic human need. Ericsson is the only company in the world offering systems for all major mobile communication standards, actively promoting standardization and open systems. (Meurling &Jeans 2000 , p. 23)

Ericsson is the world's leading provider of technology and services to telecom operators. The market leader in 2G and 3G mobile technologies,

Ericsson supplies communications services and manages networks that serve more than 185 million subscribers. The company's portfolio comprises mobile and fixed network infrastructure and broadband and multimedia solutions for operators, enterprises and developers. The Sony Ericsson joint venture provides consumers with feature-rich personal mobile devices.

Ericsson is advancing its vision of 'communication for all' through innovation, technology, and sustainable business solutions. Working in 175 countries, more than 70,000 employees generated revenue of USD 27.9 billion (SEK 188 billion) in 2007. Founded in 1876 and headquartered in Stockholm, Sweden, Ericsson is listed on the Stockholm, London and NASDAQ stock exchanges

Ericsson has a vision to be the Prime Driver in an all-communicating world.
This means a world in which all people can use voice, data, images and video to share ideas and information whenever and wherever they want.

Ericsson core values are respect, professionalism and perseverance. These values are the foundation of the Ericsson culture, guiding daily work - how to relate to people and how to do business. (Ericsson Corporate Facts, 2008)

1.3   Background for Market Unit Nordic and Baltic's

Ericsson's market unit Nordic and Baltic's (NOBA) consists of Finland, Sweden, Norway, Denmark, Estonia, Latvia, Lithuania and Iceland. There are also operators in Faroe Iceland and in Greenland that are served by this organization.
In 2007 there are more than 70 operator customers that are dependant on the services from this organization. In the area of NOBA there are more than 28 Million inhabitants that are secured on their telecom services by the competences of the operators and the services from Ericsson.
During 1998 there was a common awareness in the local companies within Ericsson that the delivery cost for Services within Ericsson was too high to match the market prises. To maintain Ericsson's leading position as main integrator for Ericsson delivered systems and to strengthen Ericsson's position as the main Service provider the local company management teams decided on forming Nordic Service Unit. That meant that all local company Service Organizations were to be placed under one common management to gain large scale synergies. During the beginning of 1999 Nordic Service Unit (NSU) was formed. (Frydenberg, 2006)

During year 2000 a planning work started in the management level to form a new Market Unit for Ericsson. This Market Unit was to cover all Ericsson operations in Nordic- and Baltic area. Even though the services organizations were put together since 1999 the majority of sales and marketing functions were still done per country. With NOBA integration all the Market Unit functions were put together. That meant also that the new market unit got a one leader who was capable of doing decisions for the

whole MU Operations. Baltic countries joined NOBA during the end of 2001-beginning of 2002. MU NOBA has its own organization which is reflected in the local country organizations. Today MU NOBA consists of 8 countries. In the organization there are more than 700 people working out of which around half are working within Services. (Frydenberg, Luukkonen, 2006)

1.4 Content of This Research

The structure of this thesis consists of four different areas. In chapter Theoretical Framework I will explain theoretical framework for the research area focusing on strategy, leadership and cultural impact on change processes. In chapter Research Problem and Method I will introduce the reader to research problem and research method in detail. Chapter Research Results presents research results based on the in depth interviews that were done for this study. At the end there are two chapters describing analysis and discussion based on theory and in depth interviews. Last chapter is dedicated to conclusions.

2 THEORETICAL FRAMEWORK

Creating an organizational change in an effective way has been one of the most common items in the management books since 1950's. Necessity for change goes often together with the change in the company's strategies. Necessity might come from competition in the market, changes in the operating environment or from the new business opportunities.

Strategies are also a subject of trends. Different ways to form a strategy are offered by many well known authors throughout the world. Usually all managers have at least heard about Sun Tzu and his ideas about strategy. Not so many are familiar with the latest trends like the ones that W. Chan Kim and Renee Mauborgne describe in their book "Blue Ocean Strategy – How to Create Uncontested Market Space and Make the Competition Irrelevant."

For a manager who is facing a situation where a change strategy is needed there is one good rule: The strategy that is needed will not be found from the books. It has to be created every time from the needs of the situation and organization. No two changes are alike. Instead the ideas from the others should be taken as the tools for creating change strategy. The best result can be achieved by using these tools in the context of your own situation. For one area a certain approach might work well but it might not give a satisfactory result when you go further in process for creating a winning strategy.

2.1 Leadership Versus Management

Difference between leadership and management has been a subject that is often discussed in theory. In this work I have focused on leadership so it is important to make difference between these two concepts.

One of the descriptions comes from Bennis and Nanus: "There is a profound difference between management and leadership, and both are important. To manage means to bring about, to accomplish, to have charge of or responsibility for, to conduct. Leading is influencing, guiding in direction, course, action, opinion. The distinction is crucial. Managers are people who do things right and leaders are people who do the right things." (Bennis & Nanus 2005, p.20)

Another description of leadership comes from Richard R. Lewis, "Leadership functions in two modes – one of networking and one of task orientation. In network mode the concerns, in order of appearance, are the status of the leader, the chain of command, the management style, the motivation of employees and the language of management used to achieve this. In task-orientation mode, the leadership must tackle issues, formulate strategies, create some form of work ethic, and decide on efficiency, task distribution and use of time." (Lewis 2001, p. 68)

2.2   Defining Strategy

Different tools have been created to help the creation of strategy. Selection of right tools will be one of the important parts of strategy work. In this section I will present some of the fundamentals for defining strategy.

Strategy process has usually five fundamental work areas:
1) Collection and analysis of Strategic information
2) Definition of Strategy
3) Planning of strategic projects
4) Implementation of Strategy
5) Follow-up, evaluation and adjustment of Strategy (Lindroos & Lohivesi, p.31)

Usually different companies and management teams are quite good in the first three areas but the real success is dependant on the last two points. (Lindroos & Lohivesi, p.58)

For international organizations the problems in the strategic work are usually related to politics, culture and labour laws in different countries as well as communication of strategy to suit local conditions. Other challenges are common for strategy work in general.
Typical organizational barriers in a multi-country operation are lack of cultural awareness, poor motivation and lack of ability to execute.
Lack of awareness and poor motivation are well described by Michael Beer and Russell A. Eisenstat: "Most failures in organizations start when top management advocates a new direction and begins to develop programs for change without finding out what influential people in other parts of the organization think of the new focus. They thereby set themselves up to be blindsided by concerns that emerge much later. A smaller number of well-intentioned top managers make the opposite mistake. They do not advocate at all. Instead, in the name of participation and involvement, they depend entirely on inquiry—assembling a large group of managers and asking them to define a direction. The result is often widespread frustration. Managers and employees look to leaders to articulate a point of view about where the business is going, a point of view to which they can respond. Leaders need to advocate, then inquire, and repeat as needed." (Beer & Eisenstat, 2004)

2.3   Leading Change

When strategy has been defined it is time to start the implementation. Implementation of strategy usually means changes in the ways of working in the organization. In many cases unsuccessful change management has been the reason for failure in implementation of strategy. When different companies are merged or they start cooperation across boarders there is usually a change in the strategy as well.

There are many researches made on the subject of change management and change leadership. From different methods I have selected a method that is based on emotional impact on successful change. Reason for this

selection comes from my own experience as a change leader, indications from the in depth interviews made for this study and examples from many studies made on change management.

In this chapter I'll explain change leadership via Kotter & Cohen framework.

Based on the research made by Kotter & Cohen there are eight essential parts in successful change management program:

1. Sense of Urgency
2. Driver Team
3. Visualize the Target
4. Communication
5. Empowerment of Actions
6. Highlight Short Term Success
7. Perseverance in Change Management
8. Make the Change Stick

(Kotter, J.P. & Cohen, D.S. 2002)

To get people committed to change they need to feel and see concrete need. This need has to be so strong that it creates a sense of urgency I the organization. Everyone needs to understand that without change the company and people working in it will have difficult times ahead. Sense of urgency needs to be kept up throughout the whole change process.

Any successful change needs a committed and enthusiastic driver team. This team will plan and implement commonly agreed activities and act as change agents in the organization. When the change is done in an international organization it is important to have participants from all countries that are impacted by the change. Sometimes it is needed to change the existing managers in the organization if they can not commit to new ways of working.

Vision of the new way of working needs to be very clear and concrete. Modern trend is to talk about elevator speech. Everyone in the organization should be able to communicate the vision to any outsider in a time it takes for elevator to go from first floor to sixth floor. Vision needs to be bold enough to support the strategy but also so concrete that it feels achievable.

Communication has an essential part in any successful change process. Communication needs to be simple and it needs to touch people's emotions. Different communication styles needs to be used based on the local conditions and individual situations in the target group. It is also advisable to use all possibilities to highlight vision in all communication messages. In international organizations one of the challenges with communication is to get the same message in the same format to all affected people.

Empowerment of actions means highlighting and rewarding of behaviors that are in line with change targets. It is important to raise individuals from the organization based on their contribution to the new way of working.

Sometimes it is also needed to change persons in the organization if they can not show the right commitment to the ongoing change process.

Every change needs constant fuel to keep it moving. Like it was stated before a constant sense of urgency needs to be kept up. Another way of keeping the organization focused on the right change behavior is to use all opportunities to highlight short term success. All small or big success stories need to be brought to general attention and good performance in change process will be regarded as something to look up to.

Change management requires a lot of perseverance. All messages need to be in line with the target. Managers need to constantly seek for new opportunities to keep the change moving. All issues that are brought up from the organization need to be handled fast and in line with change targets. In international organizations it is important that the change agents in different countries are continuously being updated on latest information regarding the change status and required activities.

When the change process is at its end there is still one important task to complete. Chance needs to be done so that it sticks in the organization. This means that the new way of working will be applied even if the change managers and leaders are changed. All new personnel need to be trained to follow all necessary processes and ways of working according to new setup. In international organizations it is important that the change is not too much profiled to the local level change agent.

2.4 Cultural Understanding

When looking at the local cultures in different countries you have to separate your interest at least to two different aspects. One is the local culture in the country as it gives you the understanding of local conditions in the society. Other on is the local company culture and how well it has adapted to the company's global culture.

To get familiar with local country cultures and even to do comparisons between different local cultures has become easier as a consequence of internet. One of the pioneers in cultural study area is Geert Hofstede. He has created a scientific method to compare different cultures.

Hofstede divides culture in five different dimensions:

Power Distance Index (PDI)

Individualism (IDV)

Masculinity (MAS)

Uncertainty Avoidance Index (UAI)
Long-Term Orientation (LTO)

In his studies Hofstede has analyzed these five measures in order to differentiate cultural nature of different countries. It is based on the massive

amount of interviews that were conducted starting since 1967. The findings and interviews have been constantly upgraded and refreshed during the years.

Hofstedes studies show that there are major differences in the cultures in Nordic and Baltic countries. Denmark is among the countries with shortest Power Distance Index and Sweden has the lowest grade in masculinity. Individualism is in quite equal level in all countries but biggest variation can be seen in Power Distance Index, Masculinity and Uncertainty Avoidance Index (Hofstede 2008.) This means that typically people from different countries in Nordic and Baltic area have a different approach to different situations.

Managing the differences in cultural environment has become more and more important for leaders in the organizations. Richard D. Lewis claims that "The behavior of the members of any culture group is dependant, almost entirely, on the history of the people in that society." (Lewis 2001, p. 65) Thus to understand the culture a leader must also learn and understand the history of any culture in focus. In Nordic and Baltic area all countries have similarities and differences in their history that can explain differences in cultural behavior.

2.5 Ericsson Company Culture

Basis for a globally networked enterprise is shared organizational culture. It tries to create an international arena or trans-national social state. To create such enterprise is a challenging task. Most of the succeeded so far have been companies in technology business. Famous examples are Nokia, SAP, Oracle and IBM. (Ruckenstein 2004, p.28.)

Ericsson as a company has done a lot of activities in this area throughout its history. Latest big campaign started when Carl-Henric Svanberg took the lead in the company. All employees in company were trained in lessons about the Ericsson global company culture under the heading "Culture beats strategy- every time." It has been seen also that Ericsson company culture is very strong and is in many cases over ruling the local culture in business behaviour.
Ericsson core values are respect, professionalism and perseverance. These values are the foundation of the Ericsson culture, guiding daily work - how to relate to people and how to do business. (Ericsson Corporate Facts, 2008)

2.6 Leading From Distance

One of the challenges for a leader in multinational organization is the need for remote leadership. In many cases people have their leaders in other countries or other locations within the same country. This creates a challenge for daily interaction and fluent communication between different leaders and employees.

"To truly master distance and thrive in to distributed workplace, we need to change the way we work on a daily basis so that we are not just good leaders, but good *distance leaders* who:
• **Use geographical distribution to its greatest advantage**
• **Minimize perceived distance between people**
• **Make strategic use of face-to-face interaction**
• **Reward results, not face-time**
This requires cultural change that starts at the top of the organization with different attitudes and actions that, eventually, become embedded throughout the organization. The intervention does not need to be time-consuming or costly, but it must be comprehensive -- the pay-offs of a high performance distributed workforce are too important to ignore."
(Froggatt 2003, p.1)

Geographical distribution can be turned into a benefit in for of possibility for lower cost allocation, emergency recovery planning and more time with the customers. To minimize perceived distance a lot of efficient tools can be used in form of video meetings, teleconferences and computer based meeting systems. Face-to-face interaction will have a new more important meaning and the messages that are distributed in this way are considered to be most crucial ones. It is also important that the performance of the individuals is clearly measured based on achieved results and not based on their face-to-face interaction with the leaders in the organization.

2.7 Different Local Laws and Union Rules

As Market Unit Nordic and Baltic's (MU NOBA) consists of operations in eight different countries there are also eight different sets of laws that need to be taken into consideration during operations. In Ericsson local laws and regulations are taken care of by local company. Local company is Ericsson's legal entity in that country. In case of NOBA it is the local line manager and local host manager that needs to take care of that laws and regulations are followed. They also have the responsibility to inform operational managers of possible conflicts between operational plans and local laws.

Union negotiations have to be commenced locally as well. Usually there are personnel in local company that is taking care of that part. An operational manager from another country can be used to clarify the changes in Union Negotiations but their role is only informative. It is also important to know that even thought the line manager from another country sets the salary for the employees in his organization it has to be in line with local Union Negotiation results and Human Resources (HR) rules. Also it is notable that the local host manager has to officially sign these documents as foreign manager has no signing authority in other countries. (Luukkonen, 2006)

For an organization it is advisable and in many cases a necessity to have local presence in a country where there are operations and employees. That will make the handling of local laws and regulations much easier. It is also notable that some of the agreements need a local country citizen as a formal signer of the contract to be legally binding. (Frydenberg, 2006.)

3 RESEARCH PROBLEM AND METHOD

3.1 Research Problem

Research problem has become from the internal need in the case study company. A change that has been done in the company earlier will have to be continued constantly and there are still many problems in the areas of truly efficient leadership of the organization.

The research problem is to find out 1) what are the obstacles and problems when forming a technical Service organization for telecom operators in Nordic and Baltic region and 2) how to solve these problems?
Consequently, the objectives of this study are 1) to spread experiences and best practices and 2) to create guidelines on how the organizational development should be prepared and planned for a multinational organization.

3.2 Research Methods

This study belongs into the field of international leadership. Theoretically it is based upon the strategic leadership, management and cultural awareness. The reason for this theoretical choice is the emerging need for management capabilities in international environment that blends the behaviorally orientated concepts of the interaction and people approaches with the more managerially and strategically orientated Market Strategy and Industry Strategy Approaches. This work will be empirical by nature and it will use primary information from selected case company. The viewpoint in this enquiry is the one of an international service organization.

This study will utilize a case study approach for gaining primary information from the selected case company. The criterion for choosing the case company is the assignment to further study possible improvements in the leadership and governance for a multinational organization.

Theoretical background for this work has been collected from various sources to visualize previous studies in the field of international leadership challenges.
Qualitative method is used as a base line for this study. In depth interviews were done with four managers from the case study company.
Interview results have been processed against the theoretical background in "Discussion" section.
Author of this study has been involved in the change process throughout the whole time period. Also participating observation is used.

Methodology selection is based on the analysis of the assignment for this study. In depth interviews were done with the persons that have a long history of leading multinational organizations and thus had a good and solid

background for their opinions. As this work is mostly touching the area of leadership it was natural to select various leaders to be interviewed.
Presented theory has been selected based on the issues that were seen as most important from the assignment perspective.
Authors own experiences are expressed in parts of this work.

4 RESEARCH RESULTS

In depth interviews were conducted during October – December 2006 in various locations. All interviews were recorded and during the interviews notes were made. Interviewees did not get the questions in forehand but instead the questions were used as the guiding principals during the interviews.
Interviews were recorded to this work by the author using the notes from the interviews and the recordings made during the interviews.

Following questions were used as a baseline for the in depth interviews:
- Background of the person being interviewed
- Leadership challenges in multinational organization
- Impact of culture to leadership
- Implementation of strategy in a multinational organization
- Challenges in communication
- Leaders position in the organization
- Suggestions for implementation of multinational organizations.

These questions were selected in order to have the answers and views to the research questions and to cover the area as detailed as possible. Each interview lasted between four to six hours.

Following persons were interviewed:

- Veiko Sepp, President of Ericsson Estonia 10.10.2006
- Jari Luukkonen, Global Service Delivery Center (GSDC) Manager for China, former Local Support Manager for MU NOBA. Stockholm 11.10.2006.
- Tor Frydenberg, Services Vice President for MU NOBA, Country Manager for Ericsson Norway. Copenhagen 15.11.2006.
- Sören Lund, Head of NOBA Project Office, Copenhagen 04.12.2006

They were selected to be interviewed due to their long experience in international leadership, their role in the organization and their capabilities to provide different perspectives to this work based on their position or location in the organization.

4.1 Participatory observation

I have been myself part of the case organization since 1999 holding different positions. Currently I run first line support for operator customers in Nordic and Baltic's region. In that organization there are around 200 people located in seven different countries. My background in this organi-

zation will be visible in some of the comments regarding background information and conclusions for this work. It has also made it easier for me to approach different items in interviews in very detailed levels.

4.2   Interview with Veiko Sepp

Background
Veiko started in Ericsson 1991 when he was hired as trainee to Ericsson Finland. His first assignment was in Enterprise sales. At the same time Ericsson started to sell equipment to Estonia from Finland.
1995 Veiko was selected as head of Ericsson's representation office in Estonia. Between years 1996 to 1998 he worked as sales and marketing director and in 1998 he was appointed as President for Ericsson Eesti AS. He had that position when Ericsson Eesti joined Market Unit NOBA year 2001.

In NOBA Veiko has two roles. Outside his role as local company president he is also responsible for a NOBA wide program in Mobile Internet area.

Just before Ericsson Eesti joined NOBA they had finalized planning and implementation of Baltic Market Unit. That was a common MU with Latvia and Lithuania. As all these countries joined NOBA this Baltic setup was dismounted. Joining NOBA was a surprise for both sides. Swedes did not know so much about the reality in the Baltic countries. In NOBA management team it was only the MU Head that had knowledge of what was ongoing. Management Team round trips started to be known as tourist trips in Baltics. Positive thing was that the heads of local companies in Baltic countries were invited as members of NOBA Management Team from day one. It was important to secure home market before other assignments from NOBA.

In NOBA the management of account organizations is centralized. This method seems to work. All local companies have their own management teams. Local strategies are done in local management team. Input will be collected from NOBA Market plan and from local needs. Every day sales is headed by the account organization. Information goes inside the account in NOBA level. This structure has helped in knowledge sharing and helping with the business cases between people in different countries.

During NOBA time the number of resources declined first from 64 to 50 but today Ericsson Eesti has more than 90 employees. That has created a need to find new premises for the local company. As a result of growth there have been also signs of cultural differences between old and new employees. That has brought new approach to the way of thinking in the local company. Estonia has been selected as a main competence center for NOBA HelpDesk, Manage Service Single Point of Contact, Systems Integration competence center and many smaller projects.

Leadership and Culture

Working as line manager in international organization has given good baseline to lead this type of organization. There needs to be a business driven approach to leadership. Flexibility is key issue for success. There needs to be a moderate amount of processes as well.

In the beginning of NOBA there were 16 members in the MU Management Team. Most of the important decisions were not done in these meetings but in between the meetings. Your own role as a member of the management team was highly dependant of your own activity. There were some big surprises in the beginning. NOBA Management Team was focusing on too small details like Mobile Phone policy in the MU. Meeting culture was very Swedish. There was usually a lot of discussion of different matters but no clear decisions were taken. Veiko has a view that it was for each individual to decide if they complete their work assignments or not. One of the great challenges is how to correct wrong behaviors across boarders. Impact of leader's nationality to leadership has not been experienced as an obstacle. In some cases there has been some significance in the beginning but very fast it is the person himself that is important.

For the cultural differences between countries the stereotypes are mostly correct. Estonian and Finnish culture in working life is similar. Time and experience have taught Veiko to be more patient. It is not vice to start the implementation before the decision has been made for sure. Swedes are using labor union negotiations as an excuse for delaying things. Swedish culture is also in favor of unifying people. Divers' people might even be punished for their diversity. In Swedish and Ericsson company cultures there are no consequences for failure. Norwegians are straighter in their approaches. Veiko has mainly good experiences from working with Norwegians. They value family and free time travelling. Work for them seems to be more like a hobby. Putting hard requirements on Norwegians is complicated. They have a very high feeling for independence.
Finns have been very good for Veiko himself and for Ericsson in Estonia. Management cultures in Estonia and Finland are very similar. It is easy to interact with Finns and they are also predictable. Finns are also straight in their talks and actions. Their main focus is in the activity at hand.

For many roles in international organization Veiko says that it is too easy to choose between different roles. His main focus is in his role as local company manager and as a line manager for employees. Operational role in NOBA is more like filling the extra time. Unclear role descriptions between line, host and operational managers is sometimes creating problems. There is a high risk for micro management. Cooperation between business controllers in different countries is still not fully working.
For NOBA Services the problem is that there are no members from the Baltic countries in the Services management team.

Veiko summarizes the differences between NOBA time and independent local company time:
NOBA works better since people have got used to this kind of working. Structures in NOBA are easy to understand. NOBA creates possibilities to do things that were not possible as single country market unit. Also the

change of Market Unit head has had a positive impact as the leader role is extremely important in NOBA like setup.

Advice and Changes
For the areas of improvement Veiko mentions following issues:
Replacement of matrix type organizations would be preferred. Cooperation between countries can be further improved especially in Services. There needs to be more focus also on Services sales. The whole MU organization needs more drive and business approach spirit. Also the closest line manager should be in the same country as the employee.

4.3 Interview with Jari Luukkonen

Background
Jari Luukkonen started his work career in Ericsson. As a fresh engineer he was assigned to do Data Transcript work for AXE switches. Later he continued his studies in the area of marketing with focus on career in sales. After being in different companies Jari came back to Ericsson 1990 to sell Enterprise equipment. Soon he left sales and started to work as a project manager first in Finland and later on for several years in China and Japan. In 1999 he returned from Japan and was assigned to work in Sweden for Telecom Management towards Market Units. At the end of 1999 he was selected as manager for Wireless support for newly created Nordic Service Unit. NSU covered only Nordic countries. Next change was made in 2001 when the Baltic countries joined and Market Unit Nordic and Baltic was created. Jari worked in NOBA until August 2004 when he was appointed as a Global Service Delivery Center manager in China.
Jari had newer imagined to work with Customer Support. After he started he found out that it was a lot different to what he had expected. He found the whole area of customer services to be a pleasant surprise. His main task was to organize and lead the activity for NOBA.

Leadership & Culture
Nordic Service Unit started very slowly. First Services VP did good work in motivating the employees and managers in the organization. Quite soon it became evident that the commitment from the higher management in different local companies was missing. Services organizations from different countries were put together but other Market Unit activities were still country based. The reason for the NSU setup was cost savings.
From the beginning it was obvious that every country had own agendas. Each country representative in NSU was expected to drive the interest of their local country unit. Most of the managers also had double roles, career in local country besides NSU role. That was mainly due to risk of NSU to fail. NSU lacked a clear line organization and unified management. There were several conflicts between the goals of each legal entity and operational goals for NSU. At the same time the expectations to NSU setup were huge. Requirement from local company managers was to have immediate 20% cost savings. On the other hand they also requested that there should be no cost or head count cuts in their own country unit

Few months after the start up of NSU the Services VP gathered all managers in the organization to a management meeting where IBM Nordic shared their experience from setting up a similar organization. That was received very well since only the knowledge that some other company had done a similar exercise was creating trust to the task at hand. It also provided a reality check for the plans that had been done so far. As a guideline from the early days experience Jari mentions two things: First you have to create a business case which you must believe and follow. Secondly you have to remember that the beginning of this kind of activity is extremely hard.

Jari was the first one inside NSU to organize his unit as a matrix between countries. He found out after close lookup of different options that matrix was the best suited option for the situation at hand. Direct line organization did not fit the need for working efficiently across boarders. There were too many conflicts in responsibilities and the need for direct communication was exceeding the wanted level. Together with the implementation of matrix model came the enablers for real operational leadership across boarders.

After Wireless (Mobile) Support implemented matrix organization there were three different organizational models used in customer support delivery in NSU. Datacom support had a model that was called "Big head/small head" model. It was kind of master/slave implementation of datacom competence centers. Wireline support had a model where each country unit was responsible for supporting their own customers in the country. All cooperation was done in the management level in the management meetings.

In 2001 a new Services VP was appointed. At the same time all support areas were gathered under one leadership and NOBA ELS (Ericsson Local Support) was formed. At the same time also the Baltic countries were added to the structure. New support unit was organized as a matrix as it seemed to be the most efficient way to achieve the goals for the new organization.

During NSU time the focus had been fully on cost savings. There was no vision on how to make the best out of the existing organization. The whole NSU setup seemed to be more like a dream than a planned way of running efficient business. One of the major differences between NOBA and NSU was that in NOBA there was a generic NOBA Business Plan to follow. In NSU the organization tried to live with Business Plans from four different countries. With NOBA the organization also got one common management. That clarified the situation a lot.

In the area of leadership there were a lot of challenges. In the beginning the greatest challenge was in the motivation of employees from different countries. For the assignments at hand there was a lack of competent staff but in local companies the management did not see the need. Support from different managers in local companies in general was found out to be quite poor. Especially in Sweden the labor unions also did their best to delay things. When ELS was formed in 2001 it was most important to get the commitment from the management. At the same time Ericsson started to be in crisis situation financially.

Need for cultural understanding and cultural competences were high lighted from the early days of NSU. There were some clear differences in cultures between Nordic countries. Jari describes different country cultures in working life shortly so that the Danes are very good in sales, Norwegians are very operational, Swedes negotiate a lot and Finns have very straight forward attitude. The culture in Baltic countries is very close to Finnish one. In practical life the differences are quite small. Jari took an approach that he did not let the culture impact his management style. One specific thing in the culture was the involvement of Swedish labor unions in the decision making process. For the cultural differences between Nordic and Baltic countries Jari summarizes that with normal common sense it can be managed.

All organizational changes in NOBA had to be presented to the Swedish labor unions. Support from Human Resources organization in all countries was important but this was especially needed in case of Sweden. Most of the union negotiations just took time but did not do any benefit to anyone. In case of staff reductions it was easiest done in Denmark but became very expensive. In Sweden and Norway the reduction process was hardest to the company.

Leading from distance was tried to be eased up by having big common face to face meetings between all managers in the organization. In NSU times a consultant was used to discover and high light differences in each individuals profile. Despite all this effort on understanding each other there was no common communication plan for the whole Services unit. Jari followed a rule in his way of running the management for his organization. He stayed one week in each country and then three weeks in Finland. There was a clear need from the managers and staff that the leader of the organization has to be present in each country regularly. Rest of the management activities when not on site were handled via telephone and e-mail.
Difficulties in communication are one of the prices in a cross boarder organization. Usage of technology in meetings became very important. Same voice and same slides needed t be available to everyone at the same time. Programs like Netmeeting were introduced to the whole organization.
Leading from distance requires a lot from both managers and staff. It is not possible to be present in all locations to see that the things are getting done. Self discipline of employees and managers is required. There will also be a delay in surveillance of the impact of activities. One of the key qualifications for the manager of this type of organization is to find out which of the employees need surveillance and which are self going and providing good results without constant need to confirm things with their manager first.

Different roles in a multi-country organization can create a lot of confusion. It is very hard for someone coming from outside the organization to understand the content of each role. It is very important to understand the responsibility of each role. Each operational manager needs to agree with all host and line managers what are the frames of their responsibility in de-

tail. Still in the NOBA organization there were totally different opinions for the responsibilities in different roles. Especially for an individual employee it is very important to know who his real manager is. In Customer Support it was made clear to employees that their line manager is their only manager. As customer support has been the only clear matrix organization in NOBA there has been also a lot of ideas and bitter criticism on the way of organizing. All this criticism has been ignored since there has been no better suggestions on how to set up such activities between all countries efficiently.

Advice and Changes
Jari summarizes his interview with few ideas to the manager who is facing this kind of change program:
First think what you want to achieve in detail. Do we want to work together or is it enough to have a management level coordination.
If you want to create a common functional unit you need to set clear targets and structures to achieve the wanted change.
Leader's role is essential. You need to be strong in your belief. Also power and authority needs to be in place. You need to adjust to the local conditions but to be able to forget country boarders in the operational activities.

4.4   Interview with Tor Frydenberg

Background
Tor Frydenberg has worked 14 years in Ericsson. From that time he has been the last 7 years as local company president in Ericsson Norway.

In 1999 discussions about Nordic cooperation started between local company presidents. Pressure to lower cost especially in the area of services delivery came from Ericsson central organization responsible of EMEA area. At that time it was decided to go for Nordic implementation in Services area. A common Services VP was selected to start the planning and implementation of this new organization. After that the Services cooperation started the evolution. At this time the Baltic's were not in the picture yet.
Sales and marketing were not included to this cooperation from the beginning. At that time a lot of Service delivery functions were in the account organizations so the transition was not easy. This created a lot of conflicts inside the organization when common way of working was tried to be introduced.

Tor did not plan for Services VP position. When Veli-Matti Mattila was Services VP for NOBA Tor took part in Services Growth Program. Veli-Matti was Services VP only for 4 months before he left Ericsson to become CEO for Elisa in Finland. Tor was selected as Services VP for NOBA 1st of June 2003. At that time Services was not a hot business area. A lot of relationships had to be built in the beginning.

Tor does not see a lot of conflicts between his country and NOBA roles. Biggest challenge comes from the time management perspective. Success

requires that you need to be able to trust your employees and be sure that they take their responsibilities. In his two roles Tor spends about 80% of his time to Services VP activities and 20% to activities as country manager. He also has two different instances as his manager, Head of MU NOBA for his Services VP activities and the board of directors for his role as Country Manager in Norway. The whole organization and the way of working in NOBA is very complex and hard to understand for the people coming from the outside of this organization.

Leadership and Culture

In the area of leadership Tor mentions first that there are crate variations in the areas of distances, languages and cultures. Also tools and systems are different in different countries. Human resources organizations in different countries have a bit different ways of operations due to local conditions and regulations. The ways to handle labor union negotiations are different in each country and there are differences also in the handling of employee incentives.

As a manager and leader of this type of organization you face a lot of new situations. Different management styles are needed when interacting with different groups of people. Swedes are looking for consensus. Norwegian mentality is between Danish and Finnish. Norwegians and Finns work well together. Reliability is in place and you can trust that the things are getting done. In some of the countries in NOBA the approach is based on the needs in the own country unit. Conflict between local ambitions and NOBA needs are obvious.

Line manager and Host manager roles are complex. These roles have now started to work in NOBA as the roles and responsibilities have been clarified. Legal perspective to all operations comes via country managers. When changes are done in NOBA organization and operations they will be checked so that they don't contradict any local laws and regulations. All organizational changes have to be checked with all impacted country managers before they can be done. Even I the situation where operational managers are working across boarders the legal responsibility lie in the country manager of the local country unit.

To visualize the changes in the cultural behavior between different countries Tor takes and example of what happens when a decision has been done on NOBA level:

Finns go back to Finland and start to implement the decision. Swedes will have a series of meeting to negotiate what was actually decided. Danes are innovative and agree on the meeting but you can not be sure what they do when they get back to Denmark.

When NOBA was formed the Nordic part went together first and the Baltic countries followed a bit later. Tor felt that it was hard to get the Baltic's to adapt to the new model in the beginning. To him the business, Ericsson local companies in these countries and the countries as such felt very small. In Latvia there was very limited business for Ericsson. Lithuania seemed to have far too big organization for the customer base they had. Estonia on the other hand was easiest to integrate. They adapted to NOBA quite easily. Tor thinks that this is because of long common history between Ericsson in Finland and in Estonia. Latvia and Lithuania seemed to have the attitude that they have to keep away from all NOBA processes.

Full NOBA implementation did not start successfully in these countries from the beginning. Latvia and Lithuania even had a Swedish country manager at the time they joined NOBA but that did not help since there were too many people in the organization with their own agendas.

Tor reminds that there is also a change in the leadership style between companies with less than 100 employees and more than 100 employees. Management methods and need for processes vary based on the number of employees. It is not possible for the leader any more to know personally all employees in the company when the team is getting big enough.

In the areas of strategy and implementation it is a challenge to align people and their views to strategy. It is much easier to get people moving when you only have one country and smaller unit. Also communication is easier in country perspective starting from one common language. NOBA has lead to matrix organization which means that people get signals at least from two dimensions, country management and NOBA management. It takes longer to see the results of your actions in NOBA. In NOBA environment it is very important to have clear strategy and clear communication of strategy. It is also very challenging to get this in place. A long history of previous decisions has to be taken into consideration when new strategies are created. NOBA was lacking a good strategy for a long time. Recently under the leadership of new head of NOBA a solid MU Strategy has been created. This has helped the implementation of sub-strategies a lot. Targets are now the same for the whole unit independent of country. Incentives for employees were unified as well.

Communication has been a great challenge as well. When you as a manager have a message to employees you need to consider if you travel and present the message yourself or if you leave the communication to be done by the local country manager or some other local manager. These situations vary a lot dependant on the manager and country. You also need to be good in using different communication channels and methods to reach employees in the whole organization. Independent of how you do the communication you need to get the commitment from the local management to get your messages through. Tor has used done many round trips with all employee meetings around NOBA Services targets and results. That has helped in the implementation of strategies. Tor feels that people feel proud today for working in Services organization. This has improved a lot during the past few years and Tor thinks that it is partly due to improved communication. Tor reminds that things take time when you run an organization across boarders. Perseverance and consistency in your messages are needed.

Tor also reminds that the local society might have an impact to the ways of working in different countries. He names as an example the conflicts between local people and Russian origin people in the Baltic countries. Inside Ericsson there has been no indication that this is a problem as Ericsson company culture is very strong and could even overrun the local culture in the business behavior. Baltic countries are catching up with Nordic rapidly. One of the biggest differences at the moment is still the situation of women in the labor market. It is still much more advanced in the Nordic side.

Tor has done leadership from distance for many years. He says that it is important to have the line manager for an employee in the same country. Managers can have their managers also sitting in other country. Employees understand the matrix organization but they relate to their closest manager in the same country. It is often the one that set's your salary and benefits in the same country that feels like the true manager. Local conditions are very important to employees. All managers need to be capable of handling remote management and to handle local needs with the help of the host manager.

Split between different roles to line, host and legal company managers has been complex for the employees. On the other hand most of the managers have adapted quite well to this setup. A lot of communication is needed between line and host managers in different countries. All new managers in the organization should have capabilities to handle this type of working.

Advice and Changes

When a company starts new operations across boarders it is important to get to know the local conditions first. In most of the countries there is some kind of export council that can help to find right local contacts. It is important to get to know local culture, laws and regulations, market studies and funding possibilities.

4.5 Interview with Sören Lund

Background

Sören Lund was hired to Ericsson in 1994. He started his career as tester for AXE switches. In 1996 he was promoted to be a project manager. 1998 he joined the Market Unit in Denmark as a program manager towards Telia in Denmark. 1999 Sören was promoted as department manager for logistics organization in Denmark. 2001 Sören was selected as the manager for NOBA Project Office.

Sören needed to start building Project Office organization from scratch. He started by creating organization for project management in Nordic countries. He took over the manager role for Project Management in Finland, Norway and Denmark. Nothing was done for the Swedish project management in the beginning. First important activities were to find new managers for the organization and to start creation and implementation of common processes. It required a lot of work to find out how to start the operations. From the beginning it was decided that two major projects in Sweden were left outside this process. In 2002 the first change in the organization was done when Project Office model was revised based on the model from Ericsson University. All project managers were certified as part of the program. Sören laid the foundation to change by having a lot of discussions and feedback sessions in Project Office management team meetings. Based on the findings many programs were started with the aim to unify ways of working and tools used for project management in NOBA area.

Another head count reduction program started in 2003. In 18 months the number of project managers was reduced from 64 to 53. Whole period had negative impact on the ongoing change programs.

Leadership and Culture

For the area of leadership Sören mentions that the whole implementation has been a huge learning process. There has been a lot of work trying to interlink all different cultures. He says that it is very important for a leader of such organization to understand himself what he wants to achieve.

Sören started the implementation by putting the structure for the new organization in place. He says that it was easy to get the basic high level things agreed and implemented. When implementation was preceded on the local more detailed level there was a need for different communication styles depending on culture in each country.

Sören was using open leadership style during the process. He was involving a lot of people in discussions regarding different implementation options. He also needed to replace one of the line managers in the organization during the process as the employee satisfaction results were indicating poor performance. A special leadership problem was experienced in Sweden. It was hard to keep good project managers in the group as there were many opportunities inside Ericsson in Sweden.

Sören found out fast that different leadership cultures had an impact on NOBA management team as well. Top managers and Services managers had different view on when the decisions were actually made and what was the content of decisions. When hard times came again in 2003 management was overrunning leadership.

Change management and leadership in the Baltic's have a special mention from Sören. He says that Latvia and Lithuania are not on board even today. They are still like independent islands inside project office. Implementation in Estonia has been much easier and much more like in the Nordic countries. Lithuanian part of the organization hides behind local conditions and they don't participate in the NOBA community. Also their local management allows that. At this moment Sören does not have full confidence in the group he has in Lithuania. He says the only way forward is to get drastic changes in the local management. Other vice it is almost impossible to change the culture from local to NOBA. Implementation in Latvia is not finalized because of very small business there.

As a leader Sören believes in visibility. He says that it is very important to be present locally in regular terms. It is also important to be visible to the upper management. This will make it easier to get your messages through. In most of the countries it works fine to work with and through host managers. It is also important to maintain good relations with the local Human Resources organization. Different roles in the organization have not created any problems for Sören. With this he means roles as line-, host-, operative- and legal manager. Still there needs to be a balance between local and NOBA loyalty.

For cultural differences Sören says that there are still some differences in the ways of working depending on the country. During the years the differences have become smaller and smaller as the ways of working have started to be more aligned. Sören has found out that it is easier to approach different situations with humor. Same type of humor works between Danes and Norwegians. Finnish humor is much rougher. In the area of showing temper Sören has found out that it is acceptable in other Nordic

countries but should be avoided in Sweden. It has become obvious for Sören that you can manage most of the cultural differences with basic leadership things. It is important to listen to people and to be open minded in different situations. It is also very important to get the local management into the loop regarding day to day management and change programs. Most of the people in different countries are following common rules in NOBA but they might see the rules in a different way because of their cultural background.

In order to be present for the employees in different countries Sören follows a schedule how he visits each local company. Sweden requires special attention and there Sören is almost every week. It has taken along time to get his status settled in Sweden.

In a remote organization it is also important to be very precise when working with e-mail. Messages should be very clear and understandable for people through the whole organization. This is not only because of cultural differences but there are also differences in people's capabilities to understand English.

It has more accepted in NOBA to use resources across boarders in different projects. This has caused new problems like difficulties in having work and stay permits for Baltic employees in Nordic countries. These are things that need to be taken into consideration when resourcing is planned in the project.

Sören says that he has actively avoided talking about local politics with his employees. There are historical things that can still touch people's emotions deeply. Also views and passion about politics in different countries differ a lot. It is easy to end up standing in the mine field if you are not careful. Instead sports is usually quite safe and famous subject in interaction between people from different NOBA countries.

Strategy and implementation of strategy have been heavily outlined by NOBA Services. Local accounts lost some of there power to service delivery. That was very hard process for some of the managers in local companies. Few of the local company managers had to leave Ericsson as they were unable to accept the situation. They were in favor of more local control to sales and delivery.

Services Management team has been a combination of managers with different experiences and backgrounds. During NOBA times there has been three different Services VPs with three different leadership styles. Most of the management team members have experienced some difficulties in understanding the aim with different strategies and different implementation styles. A lot of workshops and team building activities have been used to get the group unified. Finally the mutual understanding was achieved by having common targets for all members in the management team. Success in strategy creation and implementation has been based on trust between management team members.

Communication has been a major challenge in this type of cross boarder organization. Sören says that from his experience this area has improved a lot during the past few years. He visits all countries at least bi-monthly and communicates most important messages himself. He also distributes his monthly report to all project managers so that they can get an overall pic-

ture of all projects in NOBA. According to Sören it has taken a long time to get to a situation where you can efficiently communicate from the distance. He has tried to improve the situation by having workshops with his project manager team regarding communication and culture. There was also a specific problem with two major Swedish projects not belonging to the project office responsibility in the beginning of NOBA. It created confusion in the messages as there were two different models trying to achieve same goals.

Communication between different areas inside Services has not been easy all the time. During the decline of the business and reduction of work force there was a lot of protectionism in each practice area. That made cooperation and common communication hard. Today as the reductions have been done and work load is high there seems to be a status quo.

Sören sees that the next big challenge for the project office will be the need for competence development in totally new areas. Work with 3G rollouts is declining and coming new products will be more IP based. Delivery organization in NOBA area will need a total renewal quite soon due to changes in the market situation. For project office this will mean a new way of working that is more seen in the IT world. Instead of individual product deliveries there needs to be capabilities to deliver complex solutions to our customers.

Advice and Changes
From his many years of experience in building multi national organization Sören likes to give some advice to the leaders that are facing this situation. It is very important to have a well planned change management program for merging of companies in different countries. From the beginning of the program a leader needs to seek for loyal persons that are committed to coming change. There needs to be a strong local driver who can help to get the new setup in place. It is also important to understand and respect local culture. Communication about staffing strategy has to be clear. By this it will be easier to avoid people going to a defensive mode. Strategy for the new cooperation has to be very clear and easy to communicate. That will give all involved parties a good picture on how they can contribute to the change.

Change managers need to be prepared to take the fight and walk the extra mile during change program. It is important to identify and promote local loyal change managers. It is easy to fail in the areas of culture, local laws, etc. if you are not well prepared. In some cases it is also advisable to change the top management in the merged company.

5 ANALYSIS

Analysis is done by reflecting the interview results against selected theory in this study. In chapter 5.1 I have analyzed the strategy work and implementation of strategy in Nordic Service unit based on the interviews and compared that to theory presented in section 2.2. Chapter 5.2 analyses Nordic Service Unit implementation based on the results from in depth interviews. In chapter 5.3 I have analyzed the startup of Nordic and Baltic's organization from consolidated interview perspective and chapter 5.4 is dedicated for analysis on Market Unit Nordic and Baltic's implementation based on the interview results and theory. Last chapter 5.5 is dedicated for the analysis of local cultures in Market Unit Nordic and Baltic's based on the interview findings.

5.1 Views On Methods Used In Change Process

The following analysis of the start up of Nordic Service Unit (NSU) & Market Unit Nordic and Baltic's (NOBA) is based on the in depth interviews of the services managers at that time. Purpose with this chapter is to analyse actual activities in NSU and NOBA and compare them with selected methods from the theoretical background.

After a long selection process a Swedish manager was selected to lead the change process to form Nordic Service Unit. In the beginning the whole setup was still mainly based on the old country based structure and there was not an urgent driver for a fast change. Market outlook was still good and Ericsson was earning a lot of money on the traditional business. Most of the time in the Management Meetings was used on finding so called soft synergies, eq. doing things that would not jeopardize any local company interests. Also the steering group for NSU was formed from the local company managers in the Nordic Countries that had the view that we have to decrease the cost but don't touch the operations and ways of working in my country.

Decision making in the organization was impacted a lot from this kind of attitude. Services Vice President had to struggle between finding synergies and not touching any vital local structures. Luckily the services management team was created from good and capable individuals who shared a common vision.

After the first quarter of year 2000 a new threat appeared. It was evident that Ericsson was in crisis. Company was bleeding money and drastic actions were needed and taken to solve the situation. That gave also free hands for the Services VP to plan for the more optimal way of working in the services organization.

5.1.1 Collection and analysis of Strategic information for Nordic Service Unit

For Nordic Services the collection and analysis of initial data was done during 1998. The local company presidents in Nordic countries were given an assignment to plan together for activities to lower the delivery cost in

services. Assignment came from the head of Ericsson EMEA business unit.

During the detailed analysis work it was found out that similar or same activities were performed in parallel in all Nordic countries. The ways of working were different in each country and each unit. Even the service agreements had a strong local flavour. It was seen that the high cost structure in services delivery had a potential of causing too high customer prices for services delivered by Ericsson. That could have led to loss of important deals in SW and infrastructure business.

Based on the analysis the decision was to create NSU (Nordic Service Unit.) Unit consisted of all service delivery units in all four countries. A Swedish lady was appointed to lead the unit as Nordic Services VP. She was to be reporting to a council of local company presidents.

Also a decision was made to exclude sales and marketing part from the implementation at this stage. Thinking behind this was to avoid too many changes in the customer interface at the same time.

It seems that in this stage the methods that were used for the analysis were 1) environmental analysis and 2) scenario analysis. Most probably also SWOT analysis was used. Outcome of these analyses never reached the workforce in the organization. This was later on noticed as a lack of feeling for urgency since there was no clear communication of background for the need of change.

5.1.2   Definition of Strategy

When the decision of forming the NSU was done the work for defining the strategy for this new unit was given to Services VP. The frames were given by the steering group that consisted of four local company managers. They stated in their assignment that the most important achievement was to lower the services delivery cost.

Since this was a totally new unit and worked in a new way that was never tried before in a market unit for Ericsson Services VP decided to start from defining mission and vision for the unit. The vision statement was formed to be: "We will be the best service provider in Nordic area and due to that we will win the operator business." For mission there was only a slogan type of statement: "Services make the difference."

Services VP gathered around her a management team that consisted of the former services heads in different Nordic countries. She also hired some new persons to the management team to be able to man all positions in her planned new organization. This management team was then the basis for the strategy work for NSU.

The strategy for the whole unit was then planned by the members of the management team. Interaction with the lower levels in the organization during the work was quite moderate. There were also a lot of local company ambitions left in the people presented in the management team.

It seems that none of the known tools for the strategy planning were used during the planning of NSU Strategy. Communication of the strategy towards the workforce was highly limited to the mission and vision statement. There were no messages pointing out the sense of urgency from the management team.

5.1.3 Strategy Teams

Management team for NSU did not set up any strategy teams inside the team itself. Instead all sub-units (found in the picture 1.) had their own management teams that focused on problems in their own areas. The findings of these teams were coordinated in the NSU Management team level.

All these strategy teams in the sub-unit level had a quite large independence. As there was no clear over all strategy for the whole unit all different sub-units came up with their own suggestions of their views on how to operate and structure the operations in their specific areas. As management team did not have a clear vision on how to structure the whole operation in Nordic area they accepted a variety of different strategies from many sub-units. The acceptances of variation lead to structure where every sub-unit was organized and managed in a different way.

The results of the planning work in different units lead to many different implementation plans. As examples of differences in organizational structures there was matrix model used in the Wireless, line model was used in Wireline and a model called "Big head/small head" was used in Datacom/IP. All units also came up with different targets to measure the success of implementation.

It is quite obvious that the future of the whole unit was not to become an easy one. All members of the management team were driving the benefits of their own organizations and their own plans. There was also in the background for many of them disbelief for the success of this new setup. They continued doing a career in their local companies as well. There was only little evidence of usage of tools for strategic planning. Most of the planning work was focused on overcoming the tactical barriers in order to get the team setup in a way that it looked like a common Nordic implementation. In reality most of the functions were not touched and continued to be working in a country mode.

5.1.4 Implementation of Strategy

Services VP was more focused on the people aspect than the operational aspect. She came out with an idea to train all managers in the intercultural diversity training. The training was mostly focused on understanding of differences between different people, little on differences between different cultures in Nordic area. This training had very little to do with the units strategy or goals.

In other occasion Services VP invited the head of IBM Nordic to tell all NSU Managers about IBM's struggle to build a real Nordic organization.

This was a very well received session since it contained a view from a company that had done the same change years before. Especially in the Q&A part we learned a lot of thing we should avoid in our effort for making NSU a one unit.

To get the employees from different countries together Services VP arranged a common training for the whole unit. Subject was around business opportunity training. It brought the people in the unit together but was again lacking strategic messages to the people. As the strategies were not communicated in the NSU level each unit had to stick with the communication of their own strategies.

All sub-units did their best to communicate and implement their own strategies across all units in the group. As these strategies were mainly operational plans to maintain the current situation with Nordic aspect there was no remarkable change for the employees. Most of the work and findings were done in management level. A series of common meetings were set up during the period to define the needed changes in each operational area. In most cases even the second level managers had two roles, one in NSU and one inside the local company. Most common expectation from the managers at that time was as follows: "I can handle the operations in my own area with my customers in my country. I just need occasionally some help with the resources from another country." By the time of the beginning of NOBA in 2001 only Wireless unit in NSU had taken the first real steps towards the implementation of real Nordic organizations. All other units were still working mainly in the same old way as before. Only the managers met monthly to talk about the possible future synergies.

5.1.5 Follow-up, evaluation and adjustment of Strategy

For NSU it was obvious that the follow-up, evaluation and adjustments of strategy where not done since there was no common and communicated strategy for the group. Instead NSU was very focused on following up unit goals. Main tool for the follow-up was Balanced Scorecard. There was one Balanced Scorecard (BSC) for NSU and each sub-unit had their own BSC that was connected to the unit one. In order to steer the behavior of employees in unit Services VP tried to have same STI (Short Term Incentives) and BBI (Broad Based Incentives) for everyone in the group. In the first two years that failed completely since the local companies still insisted to have their own goal in incentives as well.

Sub-units followed their own views and operational plans and had their own targets and goals. Heads of these units reported to Services VP the figures and progress that was expected to be reported. Real change in the ways of working had not started in the employee level. They experienced that there was some changes ongoing but it did not affect their work. First level managers in most units understood the need for deeper cooperation between different country units but the actual change did not happen due to unclear messages and the need to deal with the every day work issues.

5.2 Nordic Service Unit Implementation

The work towards forming a real Nordic Service Unit started slowly. Main activity in the beginning was the planning and organizing of the work in the management team. At the same time the selected managers for sub-units tried to organize their operations. There was no clear strategy work done in the group.

First services VP did a good work. She focused especially on the motivation of the employees and managers. A lot of change programs were started to get the units in the different countries to work together.

There was a clear lack of commitment from the upper management in the local companies. This was due to the decided structure to unite services delivery but to keep the local companies and accounts separate. Every individual country seemed to have its own agenda. Most of the service functions at that time were placed in the account under the direct control of the Key Account Manager. This made the change even harder.

All higher management positions in NSU were filled equally with managers from all four countries. It was obvious that the country representatives tried to play on the benefit of their own country. There were also many individual managers who made their career both in NSU and in the local company. The reason for such behaviour was the fear of unsuccessful outcome in NSU implementation. That did not make things easier in the work of the services management team.

The first organizational model for NSU was called a "Hamburger Model." The model was unclear for most even inside the organization. There was a lack of clear line organization with clear leadership. Most of the managers in the lower levels tried to do their best in an unclear situation. There were also evident conflicts between the operational targets of NSU and the targets in each local company.

Cost saving expectation towards NSU was tremendous. Local company presidents expected 20% immediate savings but were reluctant to any drastic changes in their own countries. Any escalation to local company presidents resulted in long discussions without any clear decisions taken. All of this resulted quite soon to the direction where all sub-units were creating their own business plans and operational plans based on their individual needs. In customer support this lead to different structure in all major areas. Wireline support had country based responsible managers and all cooperation was to be done in monthly meetings between the members of management team. Wireless chose matrix organization model and Datacom implemented something called "Big head/small head –model."

The NSU time seem to have been a period of cost saving focus without any clear common services vision. The whole NSU felt more like a dream than a structured way of implementing new organization.
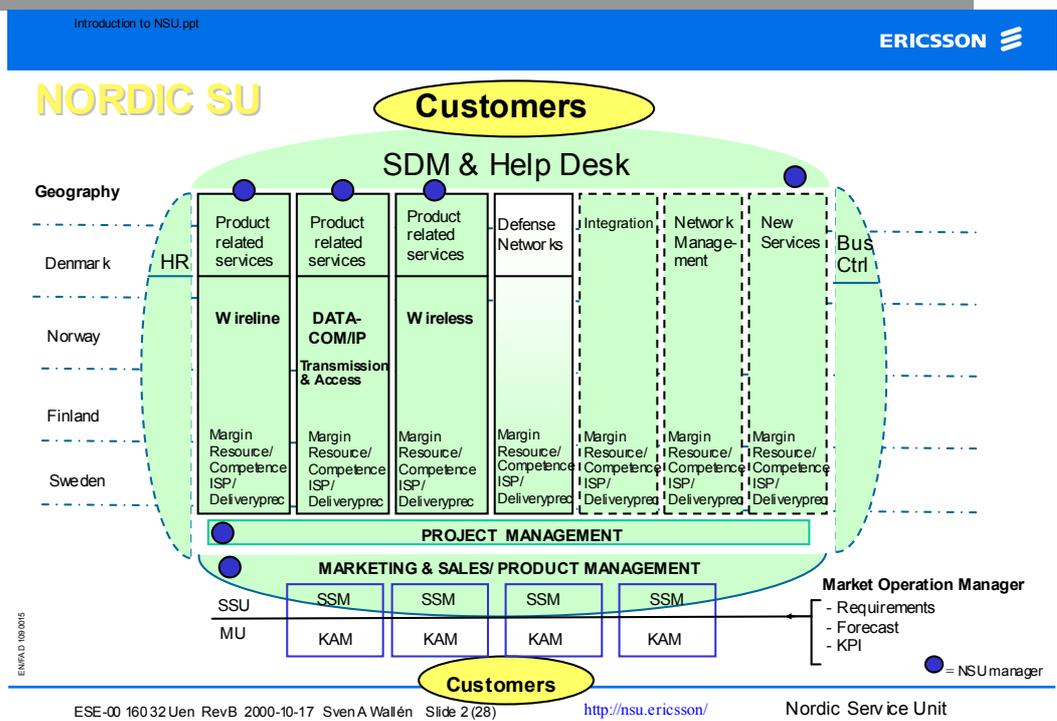
Figure 1. *NSU "Hamburger Model"*

5.3 Start up of Nordic and Baltic Services

During years 2000 and 2001 Ericsson started to face big problems globally. Trend in the market had changed and the company was not prepared for the future. In all markets operators reduced their investments heavily. Ericsson was in crisis.

One of the consequences of the healing and restructuring programs in Ericsson was that Market Unit Nordic and Baltic was created during 2001.

New Services VP was appointed in the middle of 2001. After his arrival the old management team was reorganized. In customer support different units were placed under one management. Former split between different support units was reorganized as matrix under one leadership. Matrix model was selected since it seemed to be most efficient of all models that were concerned during the planning process.

For NOBA Services there were a few benefits that did not exist in NSU time. First there was one common management for the whole market unit. Service's VP was member of Market Unit management team. Services could not be overruled by individual account managers or local company managers. Second improvement was that the Services business plan was created and implemented by Services Management Team. That brought for the first time the whole services strategy together in NOBA. For services managers that meant that for the first time they had clear guidelines for their work towards common goals.

Leadership of multi-national organization sets specific requirements for leaders. The first big task was to motivate the employees for the new way of working. During NSU times there was a lot of cooperation between managers in different countries but that did not impact employees that much. They mainly concentrated working with the same customers as be-

fore. For employees it was challenging to understand the benefit of working with colleges in other countries or even to work for an operator in other country. There was still a lack of commitment and support from some of the local managers. That made communication towards employees even more difficult. During the chance process there were also difficulties with delays caused by the constant need for Labour Union negotiations in Sweden.

Leading from distance was something all managers had to learn in the early days of NOBA. Most of the units in Services started to have bi-monthly face to face meetings. In between these meetings there were separate telephone conferences with operational managers and line managers monthly. To get all new messages through there was also a series of big all employee meetings in all countries. That provided employees in the organization a possibility to get the messages directly from the source and raise their concerns directly to the manager of the whole organization. There was a big need for local presence communicated by employees and local managers. During early years of NSU and NOBA different methods were developed to get the information flow more natural in remote meetings. Outside of e-mail and telephone conferences also different electronic sharing tools were taken into use. Tools like Microsoft Netmeeting and Lotus Sametime proved to be excellent way of sharing documents and presentations in telephone meetings.

Leading from distance requires a lot from managers and employees in organization. As a manager you don't have the possibility to always follow closely the implementation of all activities. There is a mandatory delay in follow up of different actions and their impact to operations. Thus it is important that the people in the organization are very self driven. This type of organization makes it also possible for the employees to take independent responsibility for their own work. In action it became evident quite fast which of the individuals needed surveillance and control and which were highly self driven.

Regarding the structure of management in NOBA organization it will be hard for a newcomer to understand the roles of line-, host-, operative- and legal entity managers. It is important that all managers in these roles go through their roles in order to agree and understand what is expected from each owner of the role. Especially this is important between line manager and operative manager that are from different countries. They must agree in very detailed level of the activities that line manager wants to delegate to local host manager. There have been different opinions in the organization regarding these roles. In some cases the local host manager has tried to take the full operational and line responsibility from the appointed line or operational manager. There have also been cases with a lot of criticism from the local host managers towards NOBA level organization. As there are many roles and a lot of room for confusion it is very important to communicate to the employee who is his real manager. In case of NOBA it has been decided that the line manager is always the real manager of employee.

NOBA ELS
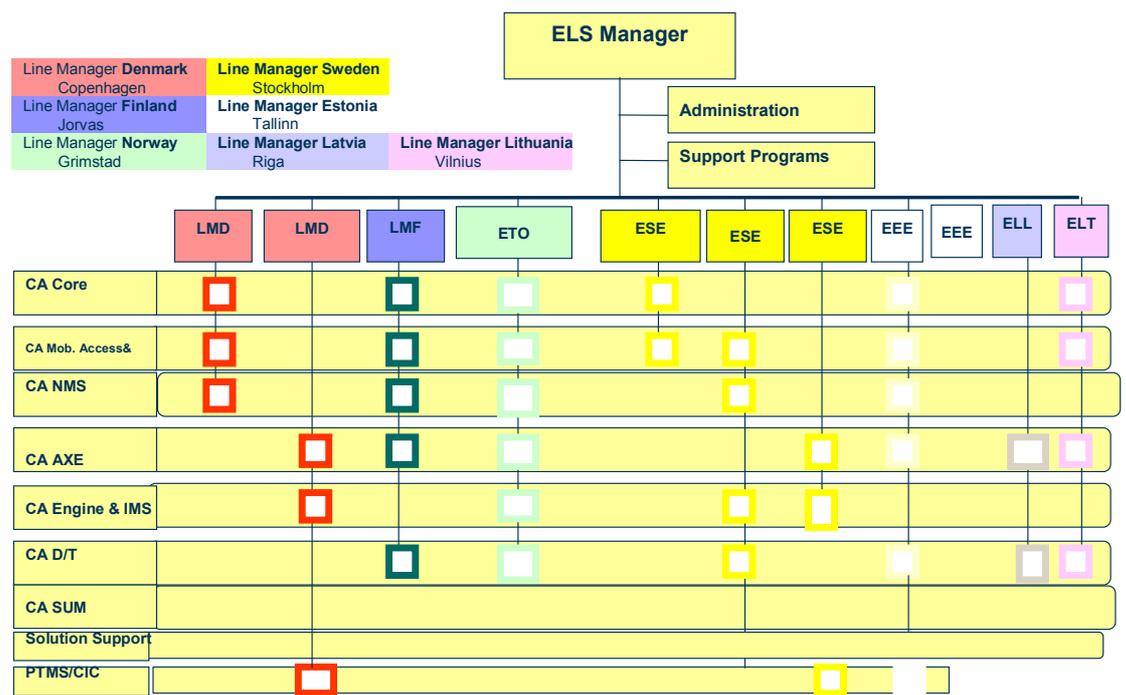
Figure 2. *Visualization of NOBA customer support (ELS) organizational model. Line managers are on the top part of the picture and operational managers in the left side of the picture. ELS Manager is line manager for both operational and line managers.*

Another perspective for NOBA implementation came from the Baltic part of the organization. One month before MU NOBA was formed the Baltic countries had just finalized one common Baltic organization. As a consequence of NOBA the Baltic setup was dismounted. Forming of NOBA game as a surprise for both Nordic and Baltic side. Baltic local company presidents were invited to NOBA Management Team from the beginning.

NOBA Management Team in the beginning was an unstructured group. Most of the important decisions were made in between management team meetings. Management team also focused on too detailed issues like mobile phone policy in the MU. It felt like the MU Head was the only one who had some kind of overall picture of the situation.
It became obvious quite soon after the start up that especially Swedes had very limited knowledge of the reality in the Baltic market. There was also obvious lack of information regarding the Baltic area as such.
NOBA Management Team made round trips to Baltic countries in order to inform staff about the coming changes. In the Baltic offices these round trips soon became to be known as tourist trips for the Nordic managers. Content of these meetings was not very well planned and the staff could not see the benefit from these meetings.

Alongside with NOBA Management Team there were also local management teams. Their assignment was to run and steer local company and align local company strategy with NOBA strategy.

Changes in leadership and management styles were obvious when NOBA started. There was a lot of discussions and usually on quite small details. Major decisions were maid outside Management Team meetings in smaller groups. Decision making was very slow. It was a typical example of Swedish discussion culture. Most of the managers in NOBA MT level have three different roles as host-, line- and operational manager. The role description of each role seems to be too unclear. That creates a risk for micro-management.

There was also a conflict between the working cultures in different countries. It was hard to get the people in the Nordic side to do their activities on time. It seemed like that there was some kind of freedom to choose if the activities were done on time or not. In some cases even the people changed positions rather than the pain of doing their jobs well.

The nationality of the leader had some importance for the organization in the beginning but quite soon the person himself had the biggest impact on how he was seen as a leader. There were more difficulties between certain cultural groups but usually those could be solved quite fast.

The change from the local company structure towards NSU was not easy. There was a lot of resistance from the accounts that had fear of loosing their power over delivery organization. There was no internal need to form NSU but the pressure came from corporate function that was responsible for EMEA region.

Services at the beginning of time were not the hot business. It took a lot of work to build up the relationships with different players inside the MU and in the corporate level. Services organizations and ways of working are very complicated and hard to understand for someone coming from outside.

There was a lack of good and solid strategy for a long time. That changed in 2005 when for the first time there was an overall NOBA strategy created and communicated to all employees. That has helped the work in all sub-units as there is a clear path to follow for all in the organization. Challenge with creation of NOBA strategy has been the broad history (legacy) that had to be taken into account when creating new ways of working.

It has been a challenge to align people and views to common strategy in NOBA Services. It is easier to get people moving in one country and smaller units compared to multi-country organizations. Timely and correct communication is one of the main important areas in order to be successful. NOBA has also meant a creation of matrix organization which means that people get signals from at least two dimensions all the time (country & NOBA.)

All together the communication has been one of the major challenges in this type of organization. You should first consider if you do the communication yourself (travel), use the local country manager or other local managers. Local situations differ a lot depending on country and group in a country. You should be able to adapt your messages to local situations.

There is a need to use different channels to reach all the people in the target group since most of them are not in the same place at the same time even in the country dimension. Local country manager's commitment is a key issue for successful communication and implementation of changes. All employee meetings have been used as one of the main forums in communication of targets and results. These kinds of meetings are run regularly in all countries. This has helped a lot in the implementation of Services strategies throughout the whole NOBA. Today people are feeling proud to work at the services organization. This kind of proud feeling has improved a lot during the past few years. Things take time when you are running big organization across boarders. Perseverance is needed and you need to be very consistent with your messages towards employees.

There are many problems created by the complexity of this type of organization. The way of working is still complex for most of the employees in Services. Managers instead have adapted quite well. There is a huge need for timely communication between line- and host organizations in each country. All managers in this type of setup need to have capabilities for remote leadership, management and communication.

There were differences in used tools and ways of working towards the customers in different countries. It took a lot of work, meetings and workshops to find out how to start common operations and common way of working. Common tools needed to be implemented and at the same time there was a need to recruit new employees to the organization.

As a leader your own understanding of the current situation and wanted outcome is extremely important. You also need to have a basic understanding of the local cultures in different countries. Especially important is to understand the culture in each local company. Leader needs capability to use different communication styles based on the location of the unit as a result of local cultures. It seems that the best way to get the organization working was to use an open leadership style where people from different countries were involved to decision making a lot. Turnover of capable resources has been sometimes a big problem during the change process.

The people in the local company are hiding behind the local conditions and don't participate in NOBA community. It has also been experienced that the upper management in the local company allows that kind of behaviour. It has been very hard to change the local company culture without changing some of the managers at the same time.

Some of the managers were not comfortable with direct leadership style. Some of them also experienced that the central control was too tough for their operations. To clear the expectations and to achieve common understanding in the management a series of team building activities and common workshops were launched. Target setting for all different service units was also unified. Major unifying thing between different managers in the management team was achieved when these common goals were put in action as part of incentive program for all managers and employees. The

success in a multi-country management team is highly based on the trust achieved between the team members.

5.4 Analysis On Nordic and Baltic's Implementation

In this chapter I have analysed the change in MU NOBA Services organization against the theory presented in chapter 2.3.

5.4.1 Sense of Urgency

In case for NOBA Services there was a clear external threat that could be used as reason for the sense of urgency. Ericsson was bleeding money and the whole company was close to bankruptcy. This was used a lot in driving different change programs in Market Unit but the message was not clearly focused on the activities. It was not obvious for the employees how they could contribute to change process. As there were layoffs and reorganizations happening at the same time it was hard for the managers to steer the rest of the organization through the change.

There was not a clear and simple message that could have helped managers to utilize and keep up the sense of urgency in the organization. A lot of focus was put on the handling of layoffs but there was lack of communication on how to inspire the people that were left in the organization. This gave a lot of room for fear and anger in the remaining parts of the organization.

5.4.2 Driver Team

Selecting right driver team was problematic for the managers in the start up of NSU and NOBA. Most of the managers were inherited from the earlier organizations and major part of the middle management stayed unchanged during NSU and early NOBA times. Additionally the company culture in Ericsson is not in favour of fast change out of managers that might be wrongly positioned. It has also became evident in the deep interviews for this work that the team work and meeting structures were not optimised to support change management in different driver teams.

5.4.3 Visualize The Target

During NSU times there was mission and vision statement for Services organization. They also stayed as statements since there was no clearly communicated strategy to back up the messages. As NOBA was started and VP Services changed even the mission and vision statements were forgotten. Most of the sub-units in Services organization needed to create their own visions of future as a base for communication with the employees. In the beginning MU Services Business Plan was in a high level and it was difficult to share it in a touching way with the employees in different units. On the other hand most of the sub-units created excellent plans for their own areas. Introduction of different change programs was highly de-

pendant on the situation in hand and not impacted so much by the services overall strategy.

5.4.4 Communication

Most managers in Services organization understood the importance of communication during change process. This did not result in good planning as it was not common to see a communication plan in accordance with change program. It was also obvious in the interviews that the messages were not tuned based on the audience and in many cases that created unnecessary frustration and confusion in the organization.

Usage of various communication channels developed fast in the organization. Regular employee meetings with higher management involvement were introduced. Different IT-tools like Netmeeting and Sametime were taken in use. Parts of the organization used also monthly newsletters as communication channel. Channels were in place but the content needed fine tuning. Even today it is a challenge to find right channels and right kind of messages to keep the change moving in the organization.

5.4.5 Empowerment of Actions

After the beginning of NOBA Services there was a gradual change in the management positions. It became obvious that the ones having belief in NOBA way of working started to create better career in the organization that the ones who played two roles. Benchmarking was started between other Market Units and external service providers in the MU area. Success stories were collected and high lighted to the whole organization. Eventually even the incentive systems were unified between different countries in the market unit. Base for the incentive program was changed from local country goals to NOBA level goals for each unit and individual. Lately there has been also training for all employees regarding feedback culture in the organization.

In NOBA the empowerment index in the Dialog survey has been above Ericsson average for many years. In most of the cases for a Services organization that is a benefit. On the other hand this requires even more from the managers of such organization. Instead of direct work leadership there is much more requirements for work assignments, coaching and individual feedback discussions. Most of the new ideas and ways of working are questioned by employees and managers need to be able to justify their decisions towards employees.

5.4.6 Highlight Short Term Success

This has been an area that has been not used well in the NSU and NOBA implementation. It was only after 2006 when the communication in the organization started to focus on highlighting short term success stories in strategy implementation. It has proven to be something in the local cultures as well that needed to be changed. For most of the parts in Services

organization it was hard to start talking and communicating about small steps to the right direction. Expectation was that only major savings or major deals should be commonly shared. There is still a long way to go to reach messages that really are deeply meaningful for the employees in the organization.

5.4.7 Perseverance in Change Management

Sub-units in Services organization have been very successful in being perseverant on their messages towards employees. In Services level this part has improved a lot lately. In early days there was a lack of clear plans which lead to lack of clear communication as well. It has been also a problem to some of the sub-unit managers to delegate enough of their daily activities to have time for long term planning and communication towards employees. Capability to keep up the sense of urgency has varied a lot as well between different units in Services.

5.4.8 Make Change Stick

This is an area that has improved most in NOBA Services organization. Managers that did not believe to change in the beginning of NOBA have been mostly replaced with the ones that really believe. Ericsson as a company has a long tradition with processes and documentation of ways of working. As there have been changes in the management it has been proven that the continuation of changes made is not dependant on individual managers any more.

5.5 Local Culture in Nordic and Baltic Countries

Most of us who have experienced NSU and NOBA times have had some ideas of differences in cultures between countries in the area. In the beginning of NSU we had training in cultural understanding. It was quite common belief that there are no big differences in cultures within Nordic area. That was basically due to common historical background and strong Swedish influence to culture in all countries. Also common main religion was named as one of the reasons. We were proved that we were wrong. One of the first exercises was to draw flag of all other Nordic countries except your own. Flag of Iceland was included as well. Result was that none of the teams got them all right. That made us consider if we knew so much about other things either.

Following are the stories from in depth interviews done to this study:

Most of the stereotypes of different nationalities in NOBA area do match the reality. The Swedes are in favour of unifying people. The ones that have strong profiles and who stick out from the mass might even be punished in working or social life. On the other hand even constant failure goes without punishment. This is not only typical for Swedish culture but has become as a part of Ericsson company culture as well.

Swedes are known for having a lot of meetings and in their culture it is common to let all members of group have an opportunity to express their opinions and feelings before decisions are made. With Swedes it is advisable to wait until the decision has finally been done before any implementation activities are started.

Norwegian approach to things is direct and decision making is fast. Family and travelling are very important to Norwegians. Due to high standards in social security it seems that work is for them more like a hobby. It is also hard to put heavy requirements to Norwegians. Their feeling of independence is high. In case of too hard pressure from working life the person sometimes rather changes company or position to other areas in Ericsson than sacrifices his own or family time.

Finns are very easy to work with. Management cultures in Finland is very direct. One of the major benefits is that the predictability of actions is very high with Finns. That leads to mutual understanding and trust. Finns also say their thoughts directly and their mode of activity is very straight forward. Their focus is on issues and feelings are very seldom connected to business life. People in the Baltic countries seem to be close to same kind of work behaviour as Finns.

The issues with cultural differences can be solved with normal common sense. Following example from decision making process was heard in an interview: "After decision has been made in Nordic forum Finns start to implement. Swedes go back home and start to discuss what was actually decided and who should do what. Danes are innovative in meeting and agree on the decisions made but it is hard to predict what they do regarding implementation."

 Rules are followed in different ways in different countries. That can be easily corrected with feedback in most of the countries but in Sweden it could mean that you need to open up again the discussion for the rule itself. There are also differences in the way you can express yourself in different countries. It is for example possible to have temper in communication with Danes, Finns and Norwegians but it is not a preferred way in communication with Swedes. When text is used as mean for communication it is important to use right wording to avoid unnecessary confusion.

6   DISCUSSION

The purpose of this section is to discuss the findings from analysis.

6.1   Findings from Nordic Service Unit Case

The beginning and the assignment to form NSU did not go well. The idea behind the act was valid and did fill the criteria for a major change in the organization. In order to high light few of the mistakes done during the process I have gathered them to short bulletins:

1. You can not change only the services delivery part without changing the sales part at the same time. In this case despite the customer impact the whole marketing and sales should have been changed at the same time. Now the change created only confusion in the organization when delivery tried to go Nordic but sales and marketing staid local.
2. Management team for NSU was mainly picked from the old services managers that were still tied to their old country organizations and old ways of working. Due to lack of strong vision and strategy some of them had a chance to think that this is something that will go away during the time. They still continued to do career in the local company as well often contradicting the ideas and goals for NSU.
3. Strategy work in the management team failed totally in the areas of communication and implementation. The only visible outcome was mission and vision statements that remained distant to the employees in the organization. There were no signs of planning for the efficient implementation of NSU ideas to the whole organization. Instead all sub-units were allowed to do their own planning based on their current operational needs.
4. The whole process with NSU was lacking support from the steering group. Like you can see from the interviews in the chapter 9 all local company managers saw this as a necessary step in order to increase profitability and market share but they were reluctant to changes in their own local markets. The question remains open: Did they do this because of the pressure from corporate head quarters or did they really believe in idea? What ever the answer is the implementation did not reach its purpose.
5. Most of the sub-units did their best in trying to implement a real Nordic organization. As they were lacking a strong central steering in their work most of the implementations lacked a real Nordic perspective. Sub-unit managers took the easy way out and concentrated only to operational problems at hand. The whole change in the sub-units was seen as something that the managers do.

6. Implementation in NSU and sub-unit level was lacking the power of high lighting short term winnings. All focus was put in reporting the right numbers upwards. Short term reported gains overcame the real long term goal.

What was then the benefit of NSU experience before next big change happened and the whole organization was turned into NOBA? NSU was not a total catastrophe. It did not lead to any decline in market share for Ericsson in Nordic area. It also planted a seed in the mind of the managers and employees that this way of working could be possible for a market unit. There were a lot of learning's taken from that period for the implementation of NOBA Services. Majority of the findings were in the areas of strategic planning and implementation of strategy.

6.2 Findings from Nordic and Baltic's Services Case.

Based on the interviews there was no indication that any known strategy theory was used when NOBA was implemented. If there was a strategy it has been unclear even for the members of NOBA Management Team at that time. Most of the other thinks that are indicated as tools for successful change in different theories were not efficiently used either. How was it then possible for Ericsson in Nordic and Baltic region to make such a change? I believe based on this study that it was the openness and capabilities of leaders in this organization that made the change successful. When there was no clear model to follow or if the guidance from management was not in good level they acted based on their best capabilities to achieve the results.

New countries joined the organization when Market Unit Nordic and Baltic's was formed but little focus was put on cultural understanding. This did lead to unnecessary traction between different people in the Market Unit. With better preparations these issues could have been solved before they appeared.

Positive with the NOBA implementation was that the management realized the lack of Services strategy and it's meaning eventually. After the strategy was defined and implementation was started it was much easier to unify ways of working in different parts of the organization. Leaders had also better capabilities to lead the organization as they had had some practise and training during the Nordic Service Unit period.

7   CONTRIBUTION

First you have to think what you want to achieve with the change. Is it good enough if units in different countries are working independently or should they be working together across borders? What is the level of co-operation needed between the units in different countries? If your conclusion is that you want to build one common unit across all countries you need to define clear targets and needed structures. As a leader your role is extremely important. You need to have strong belief on what you are doing. You also need to have commitment and support from your own managers. It is very important to show early in the change process that you have the authority and responsibility to commit this change. Sometimes you need to have capability to adapt your plans to local conditions but in operational issues there should be no limiting boarders between different country units.

In case for NOBA type of organization it was a mandatory prerequisite that all service contracts were renegotiated. Language in all contracts and documents was changed from local language to English. It also became mandatory for the customer to have all official interaction between them and Ericsson in English. This program took two years to finalize.

In technical services work it is also advisable to have mature remote connections. That will enable centralization of competences and services delivery to preferred locations. That is also a prerequisite for the efficient usage of out tasking of work to other vendors or other locations in world.

If you are starting operations in a country where your company does not have personnel it is advisable to contact the local export council. They can help you to get the understanding of local conditions. They are also able to advice you on the areas of culture, laws and regulations, market studies and funding. They do also have good connections to local resource providers and can advice you with the recruitment of local personnel. You can also seek for help from other companies that have already started their operations in that country.

When putting parts of organizations together or including bought companies in new structure it is advisable not to start with lay offs. It is better to look at the functions in different parts of organization, make a plan that is looking into future requirements for this organization and plan for the centralization of different functions. After all that is done there is a time for resource adjustments in the new organization.

From the interviews and background material following points can be found regarding cultural learning:

- Be aware of the local culture as it will affect your operations.
- Leave the direct customer interface to be handled by the locals as they can understand the deep meanings of messages better.
- Study the local company culture and make an active decision if you allow it to influence the way of operations.
- It is advisable to allow some local adaptations.
- Cultural understanding is a mandatory competence of all international leaders.
- You need to adapt your communication and leadership style to fit the local company culture.
- Leading from distance requires a lot from leader and employee.
- Culture beats strategy-every time.

Key success factor for any leader seems to be the ability to understand and adapt to local culture. These capabilities are needed in all steps of leadership from definition of strategy to implementation and follow-up.

Securing Success in Handling Local Laws and Union Regulations is a very important area. As a leader for multi-national organization you should get familiar with the local rules and conditions. There needs to be a contact point in each country that is specialized in these items. Create a strong cooperation with these people. They can make your life much easier or harder.

Seek for opportunities to be involved in Human Resources and Union negotiations. Then you can secure that the changes you are about to make are timely communicated in a way you want to deliver the message. Remember also that the local company has the legal responsibility and they can overrun your operational decisions if those are not in line with the rules in the market.

International cross-border organization sets new requirements to leadership as well. Especially this has been a challenge and sometimes even a problem for operational managers in NOBA. There is very seldom an opportunity to gather all employees from seven different countries in a same location. Thus most of the communication has to be done using telephone conferences, e-mails or net meetings. Also messages have to be in such a level that all participants find them interesting and there shall be no danger for misunderstanding due to cultural differences and distance.

From NOBA experience it has proven to be beneficial if people working in same operational area can be brought together at least twice a year. That gives employees an opportunity to meet their remote colleges face to face and it gives operational manager an opportunity to strengthen team spirit

and communication. These meetings have also been used to create common rules for handling of remote leadership.

It was also early in the process that the basic rule for employee cooperation across boarders was found. Real trust and foundation was built when people from different countries were put to work together in common NOBA projects. There they learned how good the other ones were in their work and as individuals. That was the key to success when forming later on virtual work groups from people in different countries.

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