Organization Development at Sony Electronics

presented by:

David Lipsky

Sony Electronics Inc.
When I say Sony, you think _______?
Sony Corporation History

In 1946...

Akio Morita

Masaru Ibuka

...develop Sony’s core ideology:

We Create Technologies that Inspire People to Dream and Find Joy
David Lipsky’s Mission

I build bridges to get people from where they are to where they choose to be...
What does it take to build The Sustainable Enterprise? 

When It All Comes Together!™
Sustainability Story

2005

• Organization has been resized
• Now time to redirect attention from efficiency to “create and grow” – with discipline
• Diversity opportunity is clear – properly addressed, will increase growth potential
• Morale is clearly an issue
• Urgent need to engage employees – “critical mass” to drive positive change
• HR organization is ready to drive growth direction

2009

• We continue to stay lean & operate efficiently, as we grow revenues & profit
• Our people know where we’re headed, what we stand for, and how they make a difference
• Sony’s brand in the talent marketplace is strong – we attract great talent from all backgrounds
• We continually develop competencies & capabilities that drive strategy execution
• Our organization is diverse, agile, innovative and passionate about achieving our mission

Business Leader Survey Gap: Effectively addressing organizational culture during organizational realignments, industry consolidations and mergers and acquisitions
Talent and OD Integrated Effort

**Strategic Learning**
Teach competencies related to growth

**Organizational Development**
Enhance strategic process and increase focus on growth

**Talent Management**
Identify, develop, retain and attract “growth” talent. Optimize assignments
Initiatives to Drive Growth & Profitability

Executive Forum – Strategic Growth

Organizational Capability & Alignment

Increased Growth & Profitability

Talent Acquisition

Leadership Forums

Core Leadership Curriculum

Individual Competence & Motivation

Employee Engagement

Performance Management

Talent Management

Diversity Education

Mission, Strategy & Values

New Employee Orientation
Why Do We Need an SEL Mission & Values?

Change Survey Results - ALL FORUMS (June - October)

- Build support with key power groups: Gap 1.4
- Employ leader behavior to create support: Gap 1.6
- Use symbols and language: Gap 0.9
- Define points of stability: Gap 1.6
- Create dissatisfaction with the status quo: Gap 0.9
- Build participation in planning and implementing change: Gap 1.7
- Reward required new behavior: Gap 1.8
- Provide time and opportunity to disengage from the current state: Gap 1.1
- Develop and communicate a clear image of the future: Gap 2.1
- Use multiple leverage points to achieve change: Gap 1.5
- Employ transition management structures: Gap 1.3
- Collect and analyze feedback data: Gap 1.7

Need to do
Currently doing
Mission and Values Purpose

• **Ensure that all employees**
  - understand our company’s direction
  - clearly see how their job contributes to our success
  - understand our values and their importance in shaping our culture
  - are empowered to work toward improving our ability
    • to accomplish our mission
    • and improve our ability to act according to our values

Business Leader Survey Gap: Aligning and executing strategies in a way that meets financial goals and are consistent with core values
To Know:
share a common understanding of the purpose, values, and spirit that have shaped Sony as the leading Brand in America and in the world.

To Think:
utilize our dreams and imaginations to create new products, services, interfaces, content and entirely new business domains that are totally unique to Sony.

To Act:
leverage our Brand knowledge, passion, and creativity as a daily standard of excellence for everything we do. A standard of Being Sony.
• What kind of organization do you want to work in?
Definitions

- **Vision** - a destination
- **Mission** - the path to that destination
- **Values** - are the principles that shape the way we behave
- **Strategies** - plans of action that move the company down the path
Mission and Values Plan

• **Step 1 Create Direction**
  - Executive Committee Launch
    - Draft Mission & Values
    - Select Members of Working Team

• **Step 2 Build Commitment**
  - Vision Project Working Team Launch - Collect Feedback
    - Revise Mission & Values
    - Identify Key Gaps

• **Step 3 Implement Plan**
  - Work with OC to Develop Communications and Engagement Plan
  - Launch Communications Plan
  - Execute Gap Action Plan

Business Leader Survey Gap: Clarifying purpose and mission to inspire and engage the workforce
What Kind of Company will SEL be?

**Distribution + Product Management + Engineering and Manufacturing**
Below definitions plus technical and manufacturing excellence and functional coordination

**Distribution + Product Management**
Below definitions plus consumer marketing and product specification/design

**Distribution**
Supply chain management and customer satisfaction (and retail/consumer direct)
Mission

We exceed our customers’ expectations and enrich their lives with product, service, and entertainment experiences like only Sony can.
Values

• Deliver excellence ... by exceeding our customers’ expectations, delivering exceptional quality and service, demanding the best from ourselves, learning from mistakes and celebrating successes.

• Work together ... by collaborating, maximizing the power of diversity, inspiring others to excel, and creating a culture of joy.

• Make a difference ... by creating, innovating, taking risks, adding value, and leading by example.

• Act with integrity and work ethically ... by owning our actions and by having the courage to do what is right for our customers and for Sony.

• Embrace change ... by anticipating the future, remaining agile and adaptable, and creating and seizing new opportunities.

• Be open ... by communicating fully and honestly, encouraging and valuing differences and sharing knowledge.

The power of Sony is in our hands
Mission and Value Gaps

Gaps

We need to continue to change the way we work

Many people, especially those with influence are not willing to take the effort to tear down corporate walls. This needs to change.

Campaigns seem to come and go. Where is the sustained energy and action?

Better communications and knowledge sharing between divisions

We are really bad at celebrating successes

We need leadership by example

I like that it ties in Sony employees and their importance within the company’s mission. I struggle with the company’s mission being around convergence when their P&L’s and intercompany goals don’t seem to align with the mission. Should we move forward with this mission, I would hope to see the goals and objectives of the divisions set up to support it.

If Sony can align objectives and people within the organization and remove bureaucracy it has a unique opportunity to be the largest player in this space.

Build this into our organization - “Values” Management Reviews, NEOP, PRP etc…
Key Opportunities

• Working together as a management team (horizontally integrated)
• Establishing a new way of working and/or simplifying work to support our lean and agile organization structure.
• Articulating a compelling purpose
• Improve management consistency in supporting change (i.e., improve track record of rewarding risk taking and creativity.)
• Introducing more shared metrics across business units to ensure more joint accountability
• Maximizing the power of having the #1 Brand
Mission and Values Toolkit

- Support our leaders in utilizing the Mission and Values to communicate and engage their employees and identify ways to operationalize throughout the business

- Mission and Values Toolkit
  - Mission and Values Presentation
  - Values Video
  - Assessment
    - Paper or online survey
      - Mission Alignment Worksheet
      - Values Alignment Worksheet
Organizational Communications

- **Organizational Communication and Engagement**
  - Communicate and engage employees and leaders across the organization
    - Employee Communications
    - Executive Forum
    - Leadership Forum
    - Leadership Curriculum

Business Leader Survey Gap:
Developing and maintaining the commitment of the workforce to the goals of the organization for better overall performance results
What Can I Do as A Leader?

- Utilize assessment to generate discussion, celebrate strengths, and improve development areas
- Involve employees and co-workers
- Share more information
- Discuss your group’s goals and how they align with Sony’s
- Align individual PRP goals with Mission and Values
- Learn about other Sony businesses
Strategic Growth

Business Leader Survey Gap:
Aligning strategies, people, systems and processes organization-wide to enhance productivity and profitability
SEL’s Strategic Direction

• **US GROWTH STRATEGY**
  - Expand our Core Business with new products or by entering into new market segments
  - Develop New Business focused around solutions and products in both the consumer and business segments
  - Leverage Entertainment as a differentiator by collaborating across SCA
  - Evolve our Channel strategy through CRM
    - Increase customer loyalty and lifetime value
    - Balance distribution

• **US COMPETITIVE STRATEGY**
  - Create an Efficient and Competitive operational process with an excellent Business structure
    - Rationalize fixed assets across SEL
    - Exit non-performing businesses, market segments and/or channels
  - Reinforce Sony as the US AV/IT Market Leader
    - Sustain and strengthen Absolute #1 position in the US market
    - Maintain Best Brand Position (Harris Poll Survey)
Executive Forum Objectives

• **Common understanding of the** future market landscape and the specifics of SEL’s growth strategy and mid-range plan

• Plan of action **to gain buy in for new ideas, drive necessary changes to implement agreed upon plans, address most promising mid-range opportunities and close most critical gaps**

• Increased personal accountability **on the part of each participant for the component of the mid-range plan they will execute**

• Commitments to cross organization collaboration **where required**

• Agreement on cultural changes needed to support strategy implementation, **validation of mission and values as a tool for culture communication and reinforcement**

• **2-3 tangible projects to** ignite growth
Growth Mindset

- How is growth positioned in the strategic process?
- Who “owns” growth
- “We are a growth company”
  - Risk Taking
Are we a growth company? Risk Taking!
Summary: Framework for Growth

Expand the Core

Harvest the Core
Low risk, moderate/low return

Leverage the Core
Moderate risk & high return

Expand the Core
Moderate risk & high return => High risk & moderate return

Inorganic Growth

Orchestrated Growth

Organic Growth

Operational Growth

Sony Pictures, Music & MGM
LCD TV
HD Upgrades
Samsung Partnership
Portable Audio
Cell Phones + Camera + Connect
Digital Cameras – Gain Market Share and Customers

Vish Krishnan, UCSD 2005
The more consumers understand the different businesses we are in, the higher the Positive Brand Ratings.

In this chart, consumers were grouped based on how many different types of businesses they understood Sony to be in. (Choices: Electronics, Music, Pictures, Gaming, TV Programming)
Sustaining the Growth Engine

- Founders Spirit
- Finding our Niche
- A Dash of Process
- US Expansion
- Global Expansion
Results

• Teams Working on Key Issues
  – Operational Growth
    • Hispanic Market Place
  – Organic Growth
    • Personalization
    • Enhanced Revenue
    • Sony United
  – Orchestrated Growth
    • New Business Generation
• Leadership Change (with commitment)
Lessons Learned

- Concurrent vs Functional
- Language of Business
- Blended Partnership
  - Planning, Marketing, BTS, Etc
- Sailboat vs Train
- Be a Helper
Extra Slides
SEL Strategic Learning

Business Leader Survey Gap: Building leadership capacity for now and the future
Our Roadmap

August 2003

Lean Staff

No LMS

Executive Support

Budget

April 2004

SUCCESS

- Complementary products & services from practice areas
- Common, Core, & Critical
- Leadership Forum
- SEL Leadership Curriculum
- All employees, all locations

+ Strategic Direction
+ Assessments
+ Leadership Pipeline
+ TMC Reviews
+ Priorities
+ Business Drivers

Business Leader Survey Gap: Building leadership capacity for now and the future
The Leadership Pipeline

- Leading a Function to Leading a Business
- Managing Others to Leading Managers
- Managing Self to Managing Others
- Leading Managers to Leading a Function
- Leading a Business to Leading Business Groups

3 Phase Blended Approach

**E-Learning Concepts & Practice**
- Self-paced
- Networking and shared learning in Small Learning Groups
- 6-8 weeks to complete approximately 20 hours online and in Small Learning Groups
- Mastery tests

**Learning Lab Integration**
- Approximately 30 hours classroom time
- Format includes skill practice and feedback
- Experiential and focused on application and action planning

**Implementation Follow-up**
- Goal setting with bi-weekly online updates for 10 weeks
  - Manager involved
  - Coaching available
- Virtual Wrap Up Sessions with executives
- Course offerings of electives as needed
SEL Leadership Curriculum

Maximizing Performance & Leadership Potential
- Business Acumen Basics
- Self-Leadership and Initiative
- Time Management
- Navigating Change
- Communication Skills
- Project Management
- Setting Goals & Expectations

Leadership Essentials
- Becoming a Manager
- Situational Leadership
- Giving & Receiving Feedback
- Leading & Motivating
- Coaching & Managing Performance
- Delegation Skills
- Conflict Management
- Retaining Employees

Building Leadership Capability
- Leading Teams for High Performance
- Managing Change
- Influencing, Negotiation, & Persuasion
- Problem Solving & Decision Making
- Selecting Talent

Sony Business Management
- Executing Strategy
- Financial Analytical Skills
- Operational Efficiencies
- Business Planning, Forecasting
- Impact of Business Decisions on Results
- Growth & Profitability
Goal 1: Team building

In the next 10 weeks, I will become much more skilled at recognizing our team’s stage of development so that I can apply the most appropriate leadership style. Measurable results by the end of the follow-through period will be to see significant improvement as reported by my staff and my manager.

Goal 1: What have you done to make progress on this goal?

- Met with the team and shared feedback from my 360, NEO and the team competence instruments. Laid out my developmental goals and recruited their help.

Goal 1: How much progress have you made to date?

- Significant

Goal 1: What are you going to do next?

- When meeting with my team, I will ask who else should know? Should others be consulted? Should others participate in the decision or initiative? Frequently remind them of the interdependence of teams and other business units.
Stakeholder Feedback

- It is a ton of work but...
  - Extremely effective, fun and exciting!
  - I appreciate Sony making the effort to invest in growing leaders – fun, interactive and rewarding!
  - Inspiring and engaging!
  - Excellent opportunity to learn and network while focusing on our leadership capability.
  - Exceeded my expectations!
  - Incredible learning experience!
  - When I first started at Sony we were far behind in how we developed our talent. Now we’re on the cutting edge.
  - I can’t think of a better way to communicate to this company’s future leaders the challenges they face.
  - It’s a great example of continuous improvement – worthy of a case study.
Lessons Learned

• Maintain clear business relevance of programs and focus on application.
• Test your technology interface – and have support available!
• Share and leverage your resources where possible -- carefully and in a structured and organized manner.
• Plan for the unknown.
• **Provide the right amount of direction and support.**
• Plan for flexibility.
• **Teams, “coopetition,” acknowledgement, coaching, and awards all help to keep people involved and stay engaged.**
• **Hearing about the success of other participants is motivating.**
• **Top management involvement and support is KEY.**
Questions/Discussion
Drivers:
• Company History
• Brand Strategy
• Business Strategy

Impact Metrics:
• Brand Image Equity
• Brand Elasticity
• Market Capitalization
• Average Selling Price
• Profits
• SG&A

Path:
• Brand training
• Integration workshops
• Business models/practices
• Awareness & communications

Drivers:
• Organizational Culture
• Work Environment
• Organizational Leadership

Path:
• Leadership development
• Professional development
• HR practices/policies
• Organizational structure/practices alignment with business objectives

Impact Metrics:
• Recruiting
• Retention
• Satisfaction/Sense of Value
• Commitment
• Sense of Ownership
• Intent to Stay
• Performance