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TOPIC

The keys for successful  
orchestration of  
mega transitions in  
our hybrid world

**Herwig  
Stockl**

CEO

Tovoy Solutions AB

SWEDEN

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The keys for successful  
orchestration of mega  
transitions in our  
hybrid world

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SOLUTIONS AB, 28/11/2024

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# The keys for successful orchestration of mega transitions in our hybrid world

## Agenda



- Short introduction and personal presentation



- Some own mega transitions



- Change management theories



- Key success factors



- Failed transitions – could they have been successful?



- Wrap-up

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# Herwig Stöckl \*21/10/1967

## A life in and of constant learning

### Leadership and Change

#### 1. Wieselburg, Austria

❑ school, a sister, youth soccer player

#### 2. Wien, Austria

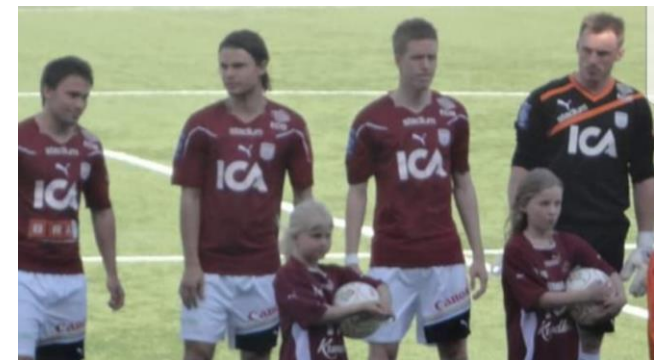
❑ university, Siemens, trying to start a family, amateur soccer player

#### 3. Göteborg, Sweden

❑ Ericsson, NPOs, own family (4 children), youth soccer trainer

#### 4. Frillesås, Sweden & Kienberg, Austria

❑ Tovoy, NPOs, big professional network, children have left home, playing soccer in Oldboys team



#### **10 yrs Siemens**

Vienna & central Europe

#### **18 yrs Ericsson**

Göteborg, Stockholm & Global

#### **6 yrs Tovoy Solutions**

Sweden & Austria

#### **NPO engagements**

e.g. Head of Jury in  
Venture Cup Sweden  
West

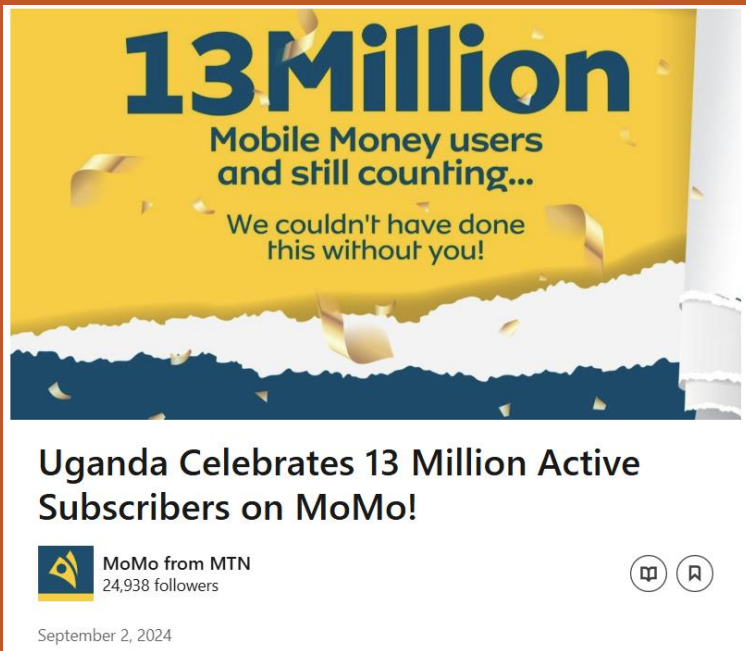
## THE CHANGEMAKER



**Tovoy**  
Solutions

We help companies in growth and change and work with long-term relationships – this is why we are trusted by our partners, customers and suppliers.

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# 1. Bodyleasing on-site becomes Nearshoring from Central Europe

1994 – 2000 during IT boom

Siemens Germany offered Austrian engineers to work in Germany

Salary gap closing between Austria and Germany, no engineers available

1989 Iron curtain fell after 45 yrs

Good universities in Bratislava, Zagreb, Prag, Budapest, etc.

Low salaries in East

German directive management culture failed

Austrian diplomatic approach in area of former Austrian empire combined with a lot of on-site presence from both

Within about 5 years from 500 Austrians in Munich, Berlin and Braunschweig – 1000 Austrians and 500 from H, SVK, CZ, CRO working remote for Germany



# SIEMENS

## 2. Developing new technologies

1994 -1997 Callcenter – automatic call distribution development in Siemens

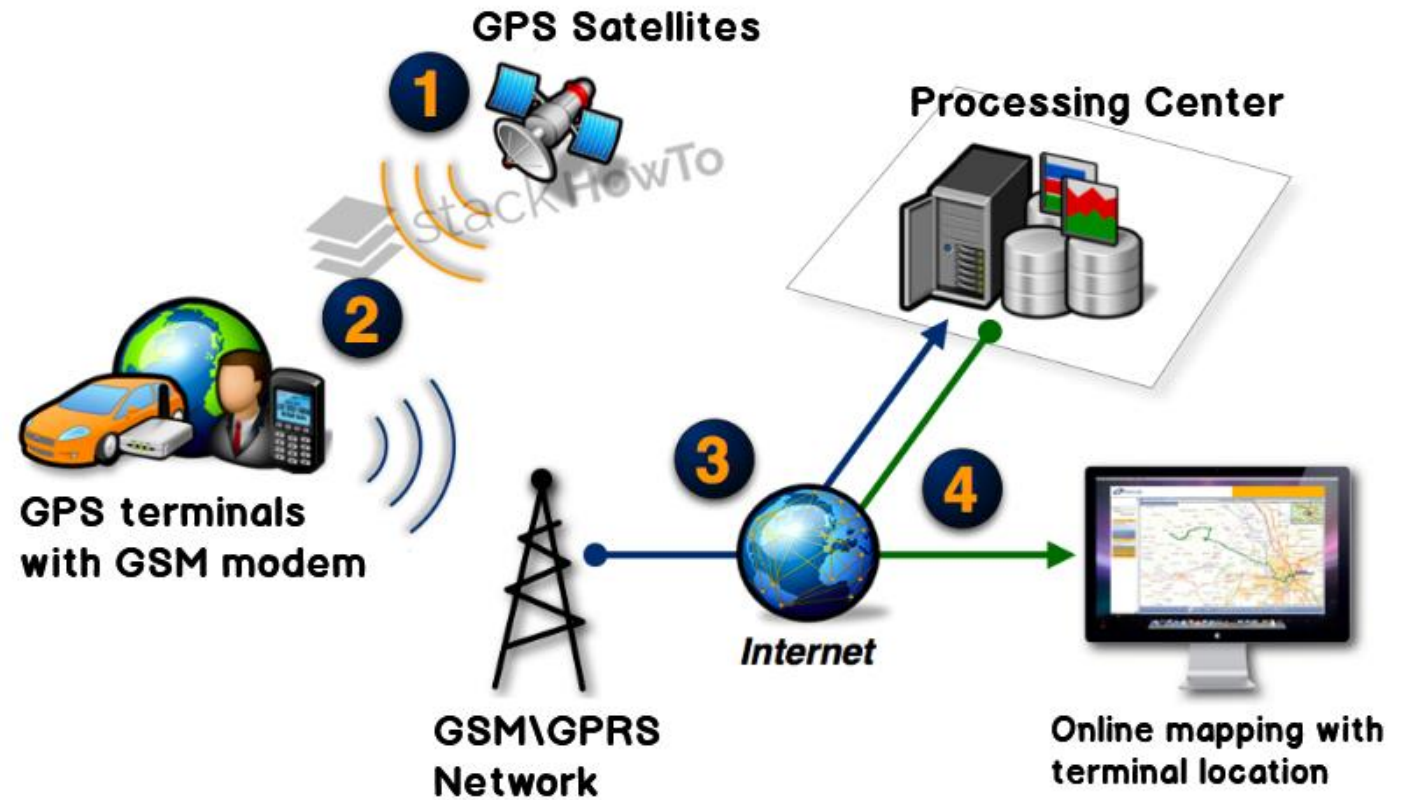
- From Mainframe to desktop
- From centralized support to a kind of DevOps
- From 5 yrs development time to 6 months

1999/2000 EXPO 2000 Hannover with Siemens

- Online booking system, the pioneer Airbnb solution

2001 – 2004 GPRS node development in Ericsson

- Introducing mobile data
- Changing ways of working with new processes
- Moving from the network to a datacenter



*Courtesy of Novacom Services - Image under Cc-by-sa-3.0 license*



# 3. Swap and develop Ericsson Mobile Money solutions

2010 – 2015 development of Ericsson's Mobile Wallet

2016 I left and the solution was put in maintenance mode due to bad alignment with Ericsson core business

2022/23 support sales and marketing re-start

Transforming traditional IT development project management to agile devops development for 100+ engineers

Swapping VISA (ex-Fundamo) systems in markets with up to 10 million active users and in parallel deploying solutions from scratch in markets just starting those services

Building a development, deployment and operations organization from more or less scratch to a 400+ organization today

10 years after first go live today in 2024 450 active mobile wallet users in 24 countries (majority Africa and Middle East)



## 4. MediaKind: a big carveout from Ericsson

2017-2019 After decision to de-invest the mediabusiness a new group was established

3500 global employees were transformed into a NewCo with about 2500 employees in 35 legal entities around the globe

All Ericsson premises and tools had to be left and stand-up from scratch

Business processes and IT support systems were redesigned to fit the new purpose of the company

In the mean-time day to day business had to continue

New majority owner became a US based private equity fund





## 5. Introduction of a new common EHR in Västra Götaland

2 mio patients, 60.000+ healthcare professionals in the region (hospitals and primary care center), 49 municipalities and at 200+ private caregivers

Today a EHR system per major hospital and per primary care center. Highly digitalized and integrated but not on the same core system

Since 2020 implementation of a common ways of working with a new common system (Millennium by Oracle Health) ongoing

12/11/2024 go-live with first hospital lab, lab centers, primary care with about 5000+ users (10% of volume but almost full scope)

20/11/2024 Rollback to legacy systems due to rallies against the system, high pressure on the staff and high volume of trouble tickets



## Reimagine the future of Health—Reimagine the future

Healthcare technologies and unified data empower individuals and enable the health system to influence health outcomes. Oracle Health is building an open health ecosystem of data-driven, human-centric healthcare experiences to connect consumers, providers, public health and life sciences organizations.

Oracle Health

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## As Change Manager YOU

request a		secure		request an		secure		own & drive an		ACHIEVE
X	+	SKILLS	+	INCENTIVE	+	RESOURCES	+	ACTION PLAN	=	CONFUSION
VISION	+	X	+	INCENTIVE	+	RESOURCES	+	ACTION PLAN	=	ANXIETY
VISION	+	SKILLS	+	X	+	RESOURCES	+	ACTION PLAN	=	GRADUAL CHANGE
VISION	+	SKILLS	+	INCENTIVE	+	X	+	ACTION PLAN	=	FRUSTRATION
VISION	+	SKILLS	+	INCENTIVE	+	RESOURCES	+	X	=	FALSE START
<b>VISION</b>	<b>+</b>	<b>SKILLS</b>	<b>+</b>	<b>INCENTIVE</b>	<b>+</b>	<b>RESOURCES</b>	<b>+</b>	<b>ACTION PLAN</b>	<b>=</b>	<b>CHANGE</b>

The Equation for Change

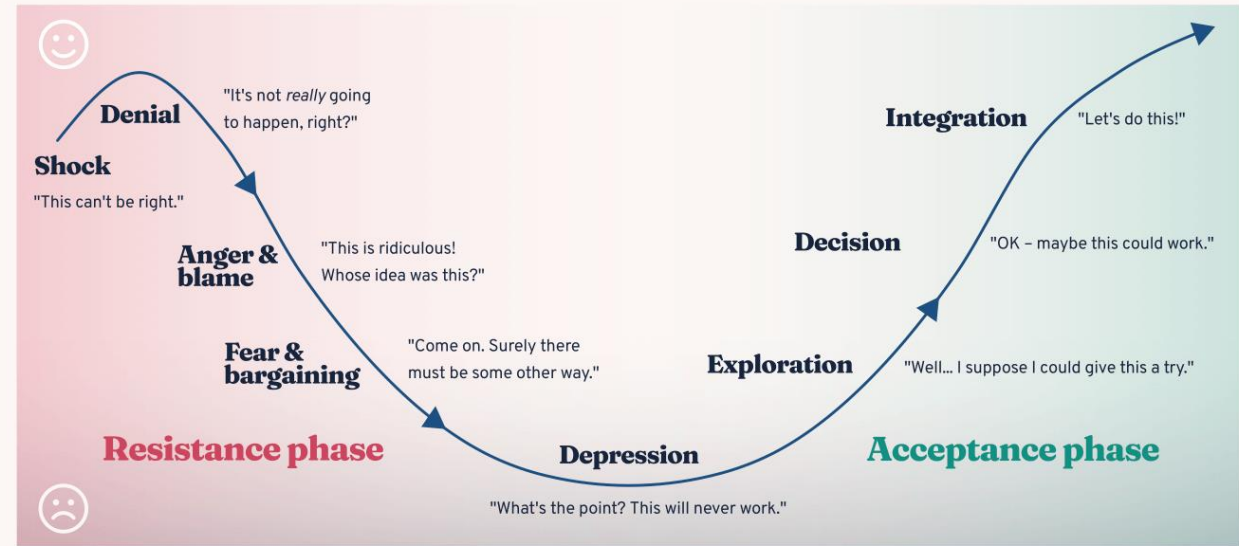


# Don't forget about the Change Curve!

Emotional Change Curve, or simply known as the Change Curve, is a model that is employed in business and change management, primarily as a tool to understand the various stages of organizational change and personal transition of individuals that are affected by change.

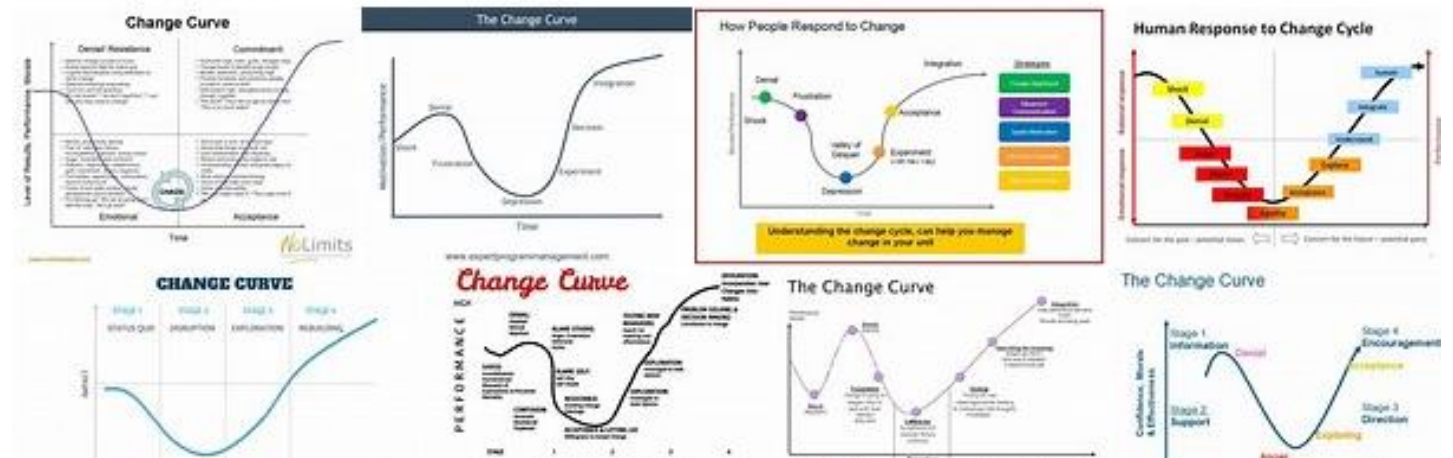
It did not start out that way, though. When Elizabeth Kubler-Ross, a psychiatrist, first developed the Change Curve in 1969, its purpose was to understand what people go through when dealing with a message about suffering from a terminal illness.

## The change curve



## Images of change curve

[bing.com/images](http://bing.com/images)



**Prosci**

# PROSCI® ADKAR Modell



**A**

**Awareness** – Of the need for change

**D**

**Desire** – To Participate and support the change

**K**

**Knowledge** – On how to change

**A**

**Ability** – To implement required skills and behavior

**R**

**Reinforcement** – To sustain the change

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Let us simplify the  
“equation of change”

The 5 elements for  
successful change can  
be grouped in 3 areas:

- Leadership
- Expertise
- Benefits



# 1. Leadership

How to successfully lead  
through mega transitions

- Be early, be one or two steps ahead!
- Communicate, communicate, communicate,...  
AND use visualizations
- Work close to the business owner  
AND keep an eye on business performance
- Show a "we fix it" attitude  
AND secure your team  
nobody can do a perfect transformation job alone
- Use structure, processes and methodology  
BUT also common sense
- Respect individual change curves  
BUT demonstrate confidence and gain trust
- See yourself as the change agent, facilitator of change  
BUT make the line organization accountable
- Use data  
BUT also question them
- Insist on delivering according to plan  
BUT be flexible to change the plan when needed



# 1. Leadership

## VISUALIZE

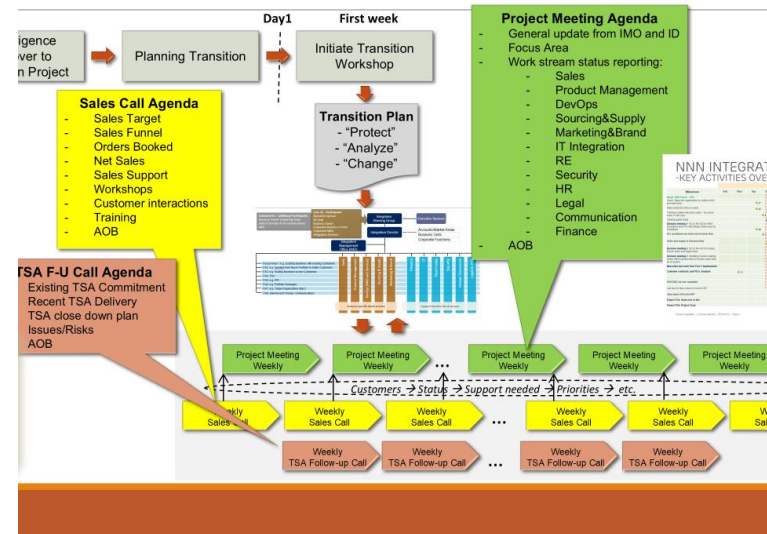
If you cannot summarize your organization in one picture – you likely have a too complex organization

If you cannot summarize your process in one picture – you likely have too complex processes

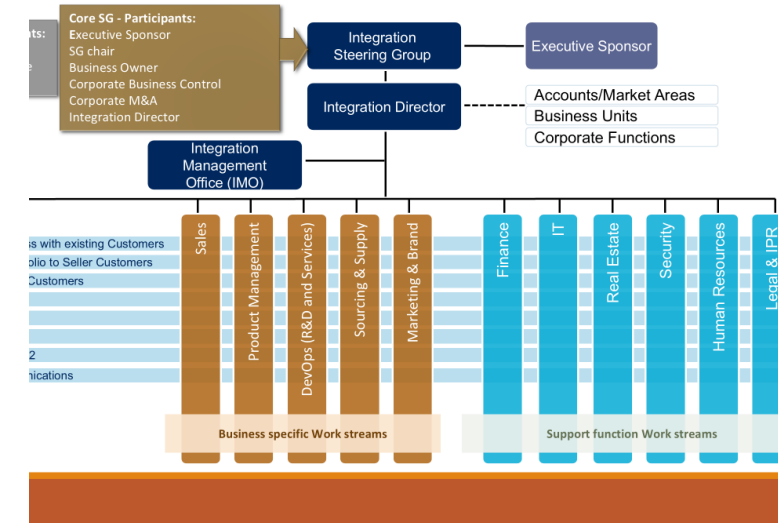
If you cannot summarize the goal of your transition in one picture – you likely have a too complex transition

PS: The pictures to the right were my templates for process, organization and transformation goal in the MediaKind Carve-out (last one anonymized due to confidentiality)

## Integration project: "it works"



## Integration project: project organization



### Strategic Questions:

- **Strategic Rationale:**
  - Market perspective?
  - Buyer perspective?
  - Business rationale
  - Value proposition
  - Offerings
  - Revenue streams
- How to achieve business targets/growth?
- How to achieve BC synergies?
  - Cost
  - Growth
- What needs to be protected in the acquired organization?
  - For how long?
- How to handle cultural differences in business operations?

### What to Sell?

- Portfolio, products, services?
- IPR?
- Resources?
- Processes?
- Tools

### How to Sell?

- Sales Channels?
- Resources?
- Processes?
- Tools?

### How to Develop?

- Product Development?
- Supply?
- Sourcing?
- Resources?
- Processes?
- Tools?

### How to Deliver?

- Service Delivery?
- Sourcing?
- Resources?
- Processes?
- Tools?

**Integration Logic**

### How to Support? (Finance, Legal, HR, IT, RE, Security)

- Resources?
- Processes?
- Tools?

# 1. Leadership

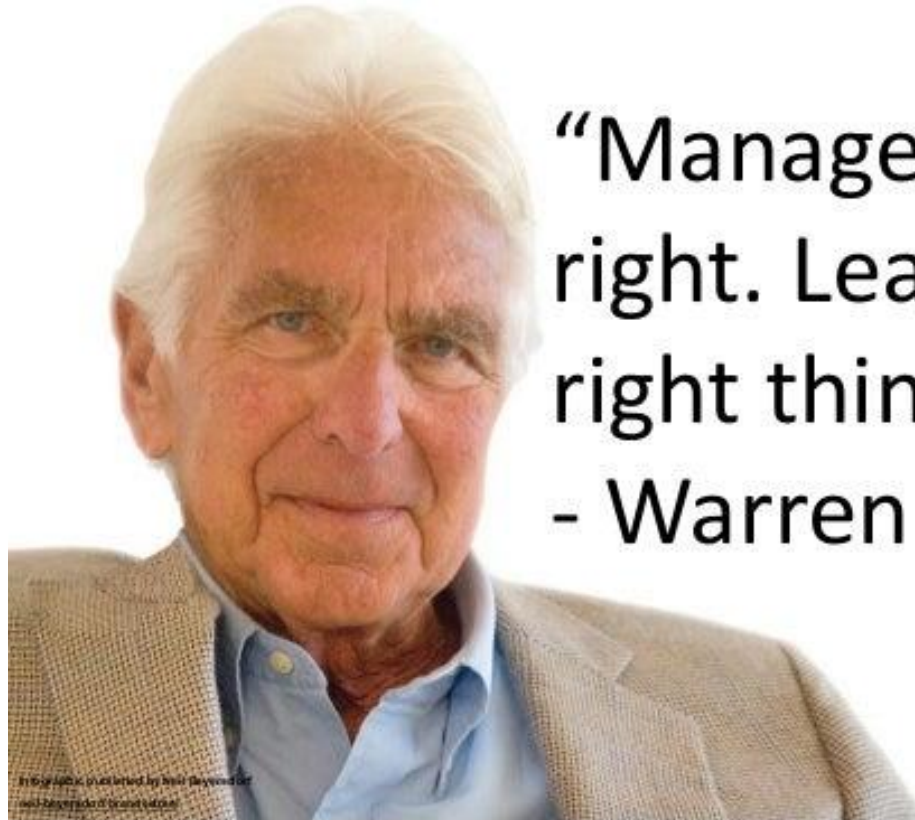
Independent if it really was Peter Drucker who can be quoted for this or not, this quote is absolutely true and likely the **biggest challenge** in mega transitions!



# 1. Leadership

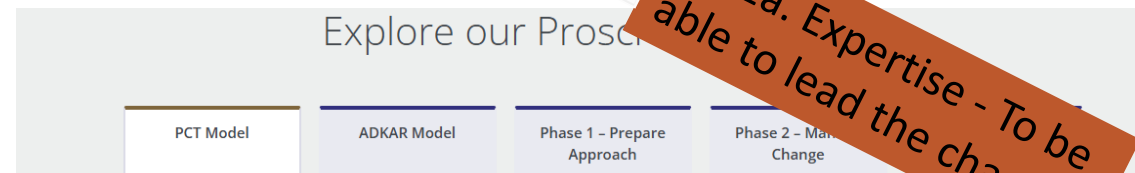
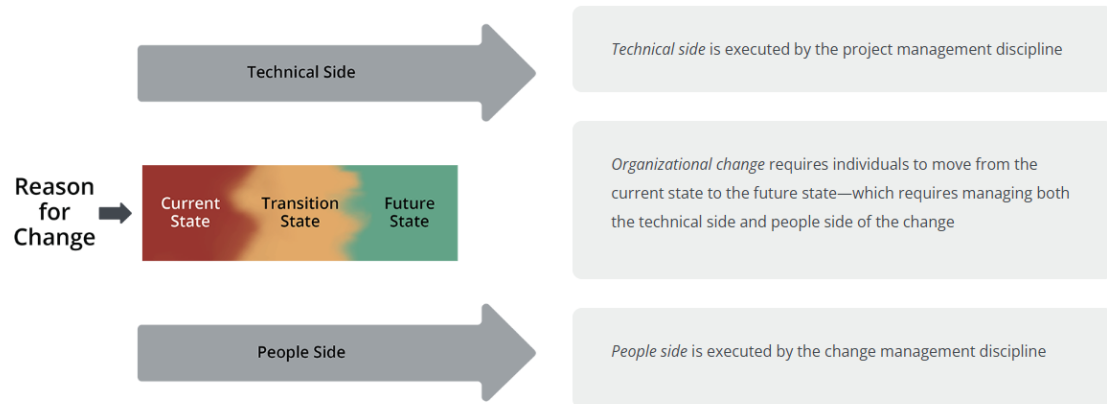
My favourite:

1. I try to do the right things right
2. If I fail on this, I focus on doing the right things
3. It is usually much harder to find leaders doing the right things ...

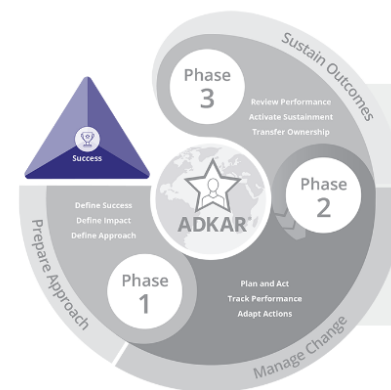


“Managers do things right. Leaders do the right thing.”

- Warren G. Bennis

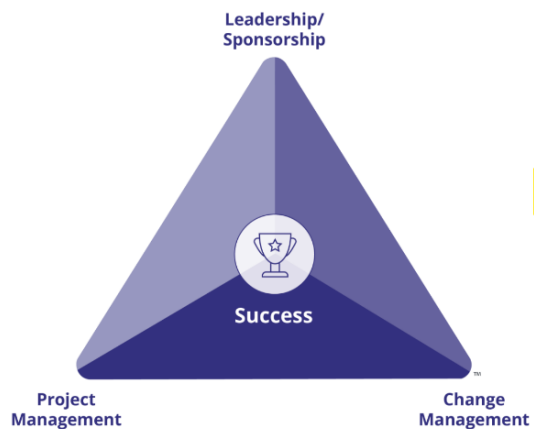


2a. Expertise - To be able to lead the change



### PCT Model

A framework that shows the four critical aspects of any successful change effort and how they are interrelated: a shared definition of success with leadership/sponsorship, project management and change management.



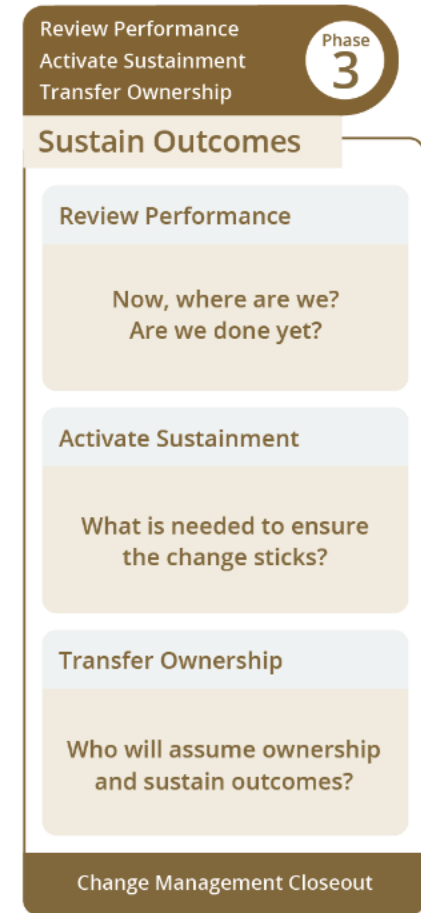
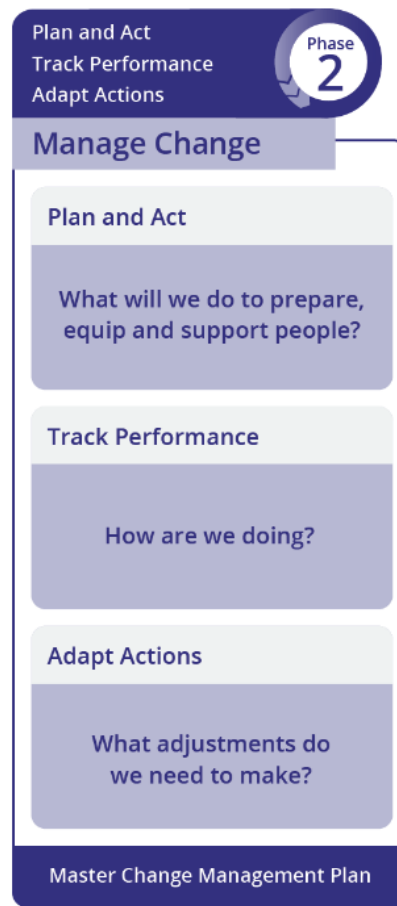
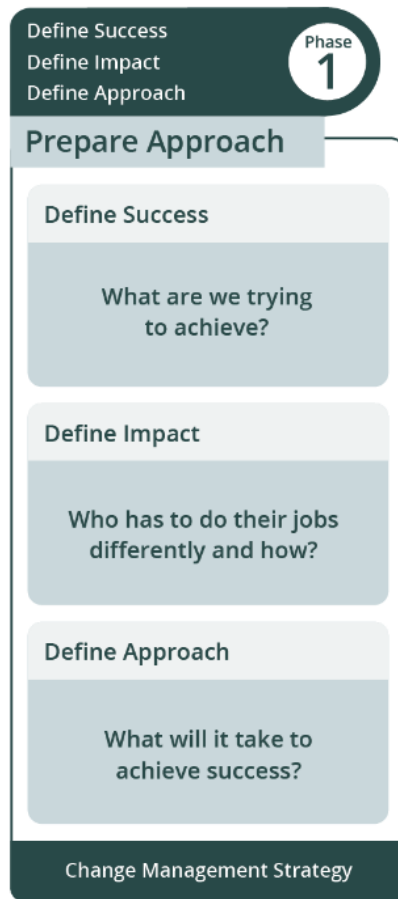
### The 4 aspects of the PCT Model

The PCT Model is comprised of four aspects that are critical for a successful change:

- **Success** – the definition of success for your change, which includes the reason for the change, project objectives, and organizational benefits
- **Leadership/Sponsorship** – the direction and guidance for a project, including who is accountable for defining why a change is happening, how it aligns with the direction of the organization, and why it is a priority
- **Project Management** – the discipline that addresses the technical side of a change, by designing, developing and delivering the solution that solves a problem or addresses an opportunity, within the constraints of time, cost and scope
- **Change Management** – the discipline that addresses the people side of the change, enabling people to engage, adopt and use the solution

### To Improve Is To Change

It has been said that 25% of tech projects fail outright, 20% to 50% show no ROI, and up to 50% need massive reworking when finished. But pre-hoc, ad hoc and post-hoc rationalizations and reprioritizations can help to make any technology project a success when you have the right elements in place. As Samuel Beckett once said, "Ever tried. Ever failed. No matter. Try again. Fail again. Fail better."



3 phases in the change: Ask the same question over and over again: Do they have the skills/competence (they = all the affected people)?



## 2. SKILLS

If they don't exist,  
secure them!



Education



2b. Expertise - To be  
able to do the job!



On the job training



Increase resources with skilled consultants



Secure more focus – outsourcing of less important



Adjust the transition / goals with it



Look everywhere – think out of the box

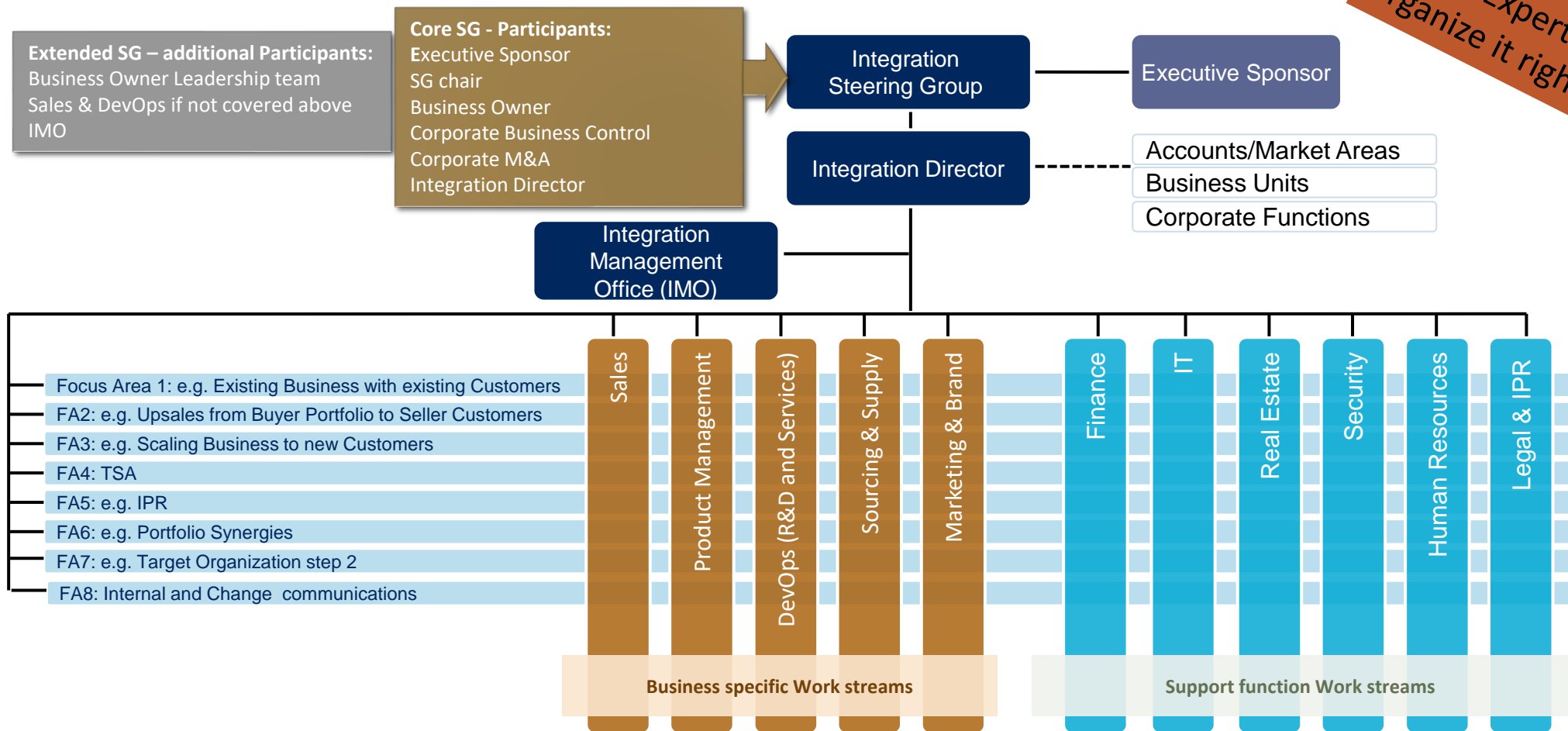


Any combination of above – and more

# An exempal of an M&A integration project



2c. Expertise – To organize it right!



# 3. Benefits Realization

Benefits realization management is the process by which organizations try to ensure that they achieve optimal value from their investments.



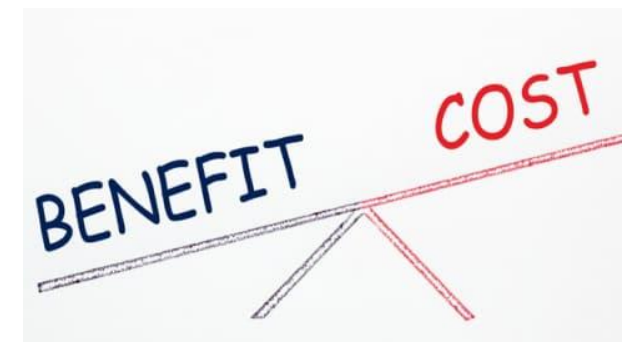
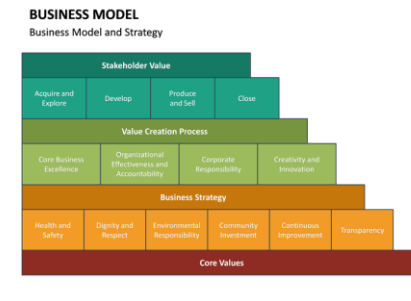
4 key elements of benefits realization

**Benefits estimation** – understanding the benefits that will be achieved (financial, non-financial) incl. extent, timing, etc.

**Benefit measurement criteria** – the metrics that will be used, especially for non-financial benefits

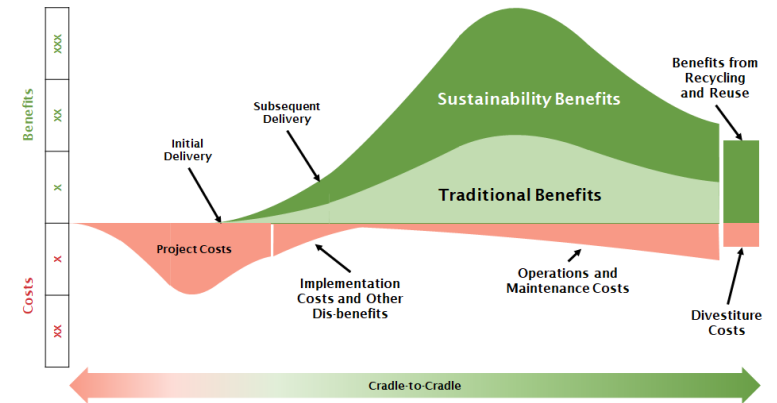
**Benefit forecasting** –to ensure benefits are regularly revisited and updated to ensure they are still sufficient to meet business needs.

**Benefit measurement** – tracking of actual performance against the defined metrics.

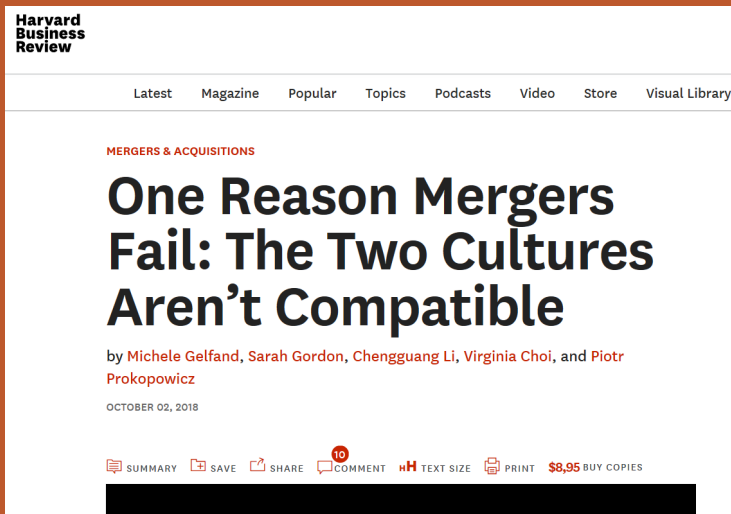


# 3. Benefits realization – common challenges

1. Ineffective strategic planning
2. Inability to communicate strategy across the enterprise
3. Lack of standardization in metrics and measures
4. Failure to set and communicate targets for strategic objectives
5. Difficulty connecting work with strategies and targets
6. Inability to re-forecast benefits throughout the investment lifecycle
7. Low maturity tracking and reconciling results



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- Wrap-up



# Facts: More than 50% of acquisitions fail! More likely the figure is around 80%!

Harvard  
Business  
Review

M&A is a mug's game: Typically 70%–90% of acquisitions are abysmal failures.

Forbes

Billionaires Innovation Leadership Money Consumer Industry

Would you risk your life savings on a coin toss? Of course you wouldn't. But leaders of many mid-market companies will risk their business this year with the same odds—by making disastrous acquisitions.

Most research indicates that M&A activity has an overall success rate of about 50%—basically a coin toss. Chief executives of mid-market companies (generally speaking, businesses with between \$20 million and \$300 million in revenue) should keep those odds in mind, because many more deals will be offered to them this year. The investment banker Robert W. Baird says that the number of deals in the U.S. valued between \$100 million and \$500 million jumped 78% in 2011 over 2009, and he expects this year to be strong as well.

Global  
PMI Partners

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Over the past decade, the debate on the success rate of mergers and acquisitions (M&A) has drawn great attention amongst professionals as well as in the academic world. With billions of Euros invested each year, understanding why deals fail and succeed remains as crucial as ever.

Today, liquid markets and low interest rates have triggered a new wave of M&A transactions. External growth strategies have become popular, even amongst small and medium sized businesses. Markets are more transparent and investors more informed. As a result, transactions are easier to close and should be safer to implement than in the past.

Harvard  
Business  
Review

Nevertheless, recent statistics and studies stubbornly keep sending out the same old message, namely that:

*"Most M&A deals fail." (60 to 80 per cent in fact, depending on the studies)*

It's far too early to know how the newer deals will work out, but the seemingly ageless pattern of giant failures continues apace. In 2015 Microsoft wrote off 96% of the value of the handset business it had acquired from Nokia for \$7.9 billion the previous year. Meanwhile, Google has unloaded for \$2.9 billion the handset business it bought from Motorola for \$12.5 billion in 2012; HP has written down \$8.8 billion of its \$11.1 billion Autonomy acquisition; and in 2011 News Corporation sold MySpace for a mere \$35 million after acquiring it for \$580 million just six years earlier.

# Amazon bought Whole Foods: BIG FAILURE?

**Amazon's 2017 acquisition of Whole Foods was met with a lot of fanfare.** The deal would allow Amazon to grow beyond e-commerce and sell groceries in hundreds of stores while collecting significant shopper data. Meanwhile, Whole Foods could lower its prices (organic avocados for just \$1.69!) and scale up after its recent declines in sales and market share. In the words of Whole Foods CEO John Mackey, the partnership was **"love at first sight."**

**A year later**, such optimism seems hard to find at Whole Foods. Stories of **employees literally crying** on the job over Amazon's changes have begun circulating. Scorecards measuring compliance with a new inventory system are used to punish and sometimes terminate workers. A group of Whole Foods employees have recently taken steps to explore unionizing. **Even customers** — the stakeholders that Amazon values the most — **have been angry** over poorly stocked stores.



Harvard  
Business  
Review

Latest Magazine Popular Topics Podcasts Video Store Visual Library

MERGERS & ACQUISITIONS

## One Reason Mergers Fail: The Two Cultures Aren't Compatible

by Michele Gelfand, Sarah Gordon, Chengguang Li, Virginia Choi, and Piotr Prokopowicz

OCTOBER 02, 2018

SUMMARY SAVE SHARE COMMENT **10** TEXT SIZE PRINT **\$8,95** BUY COPIES

# Harvard Business Review's judgement: Incompatible business cultures

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## AMAZON: "THIGHTNESS"

- Structure and focus on details
- Processes to optimize efficiency
- Hierarchic organization
- Anonymous "whistleblowing"
- Always reviewing performance
- Many measurements and KPIs
- Guiding principle:
  - "Hire and develop the best"
  - "Insist on the highest standards"

## WHOLE FOODS: "LOOSENESS"

- Idealism and high margins
- Rapid growth
- Decentralisation despite the inefficiency
- Innovative and special leadership
- Flat structure about self-organizing teams
- High autonomy and tailormade products
- Guiding principle:
  - "Empowerment must be much, much more than a slogan, it must be in the DNA"

# Amazon – Whole Foods

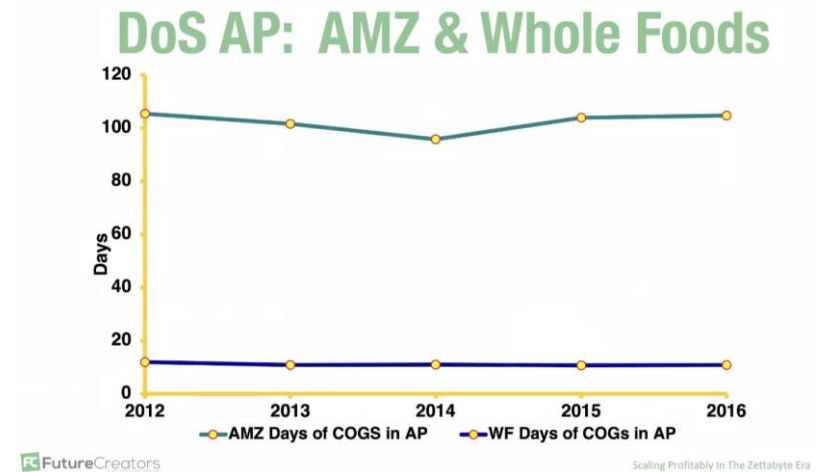
## It was not only culture!

Future Creators analyzed the ERP system and based on data they found already in Due Diligence a clear problem: "information velocity" = time från invoice to payment!

- For customers: Amazon 18 days, Whole Foods only 5!
- For suppliers: Amazon 105 days, Whole Foods only 11!

→ Problem after integration – on top of culture:

- Amazon's ERP and related processes **does NOT manage Whole Foods' business critical demands**
- Many of Whole Foods' suppliers, especially the farmers were **NO longer INTERESTED to sell VIA Amazon** when they needed to wait for their money additional 3 months



**Lack of Expertise –  
at least within:**

- 1. Understanding the market**
- 2. Competence to adjust ERP and business processes**

# MILLENNIUM



Start 12/11 - Rollback 18-20/11

What went wrong?

1. Culture beats strategy – no will to change
2. Lack of expertise – user training not good enough, not enough resources to support while patient care needs to go with highest prio
3. The change curve – for all involved, but even for technology, initial errors, some system performance issues, etc.
4. Leadership focused on doing the things right – not enough on doing the right things
5. Much more – analysis ongoing, the next attempt will be done with a different approach





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successful  
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Use all EXPERIENCE and Know  
How that is available!  
ENGAGE yourself!  
Culture ALWAYS beats strategy!

# How do you succeed?

- 1) Be PRO-ACTIVE, try to be 1-2 steps ahead!
- 2) COMMUNICATE, communicate, communicate,....
- 3) Keep attention on the BUSINESS – that is why we do the transformation!
- 4) Keep an eye on the BENEFITS!
- 5) Use structure, processes, tools – but also COMMON SENSE
- 6) Do respect individual change curves, demonstrate TRUST
- 7) Dare to overgive PROJECT GOALS if needed!
- 8) VISUALIZE, visualize, visualize ... - based on FACTS!

Each transformation program needs attention!

Independent if it is 3 employees at one site or 3000 at 30!

GOOD LUCK!



# THANK YOU!

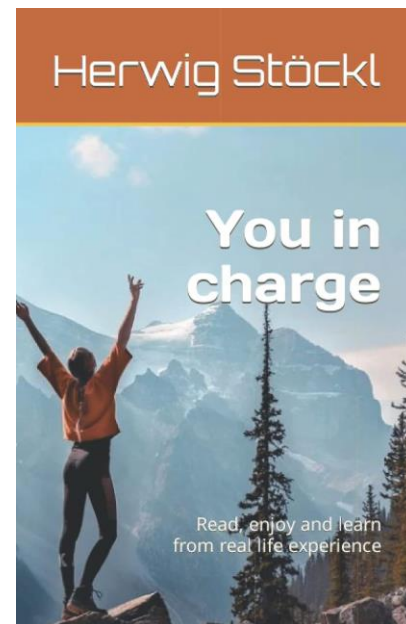
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