

International Conference of Knowledge Management

A presentation on "Learning Organizations and Communities of Practice"

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The Quester Story

How to become a Learning Organization

"We accompany you and your organization on the path to peak performance with emphasis on competence, responsibility and practical implementation."

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Quester – the company (1 of 2)

History and culture

- Quester is a subsidiary of an internationally listed corporation. Today, it is a leading supplier of building materials and ceramic tiles for contractors and home improvement customers.
- There are 27 branches throughout Austria employing over 650 workers with annual sales of €270 million.
- The company was founded in Vienna in 1937 and remained a family business until 2005. In 2003 the family gave up operational management.
- As is typical for family-run businesses, there were few binding rules and exceptions were fairly common.
- Local operational decisions were at times inconsistent and middle managers often had their own personal channels of communication with upper management.

2003 analysis

- Quester experienced moderate growth within the market and at the end of the 90's, acquired and incorporated one of their largest competitors.
- The integration process was less than ideal and brought many existing issues to the surface. Enormous structural challenges put great strain on human and financial resources.
- Furthermore, the cultural differences between the two companies had a dramatic slowing down effect on overall performance while hindering the "corporate strategy" of building up a common customer base.
- The consequence of this internal turbulence was poor sales performance and therefore painful financial losses, which almost brought Quester near the point of breaking.

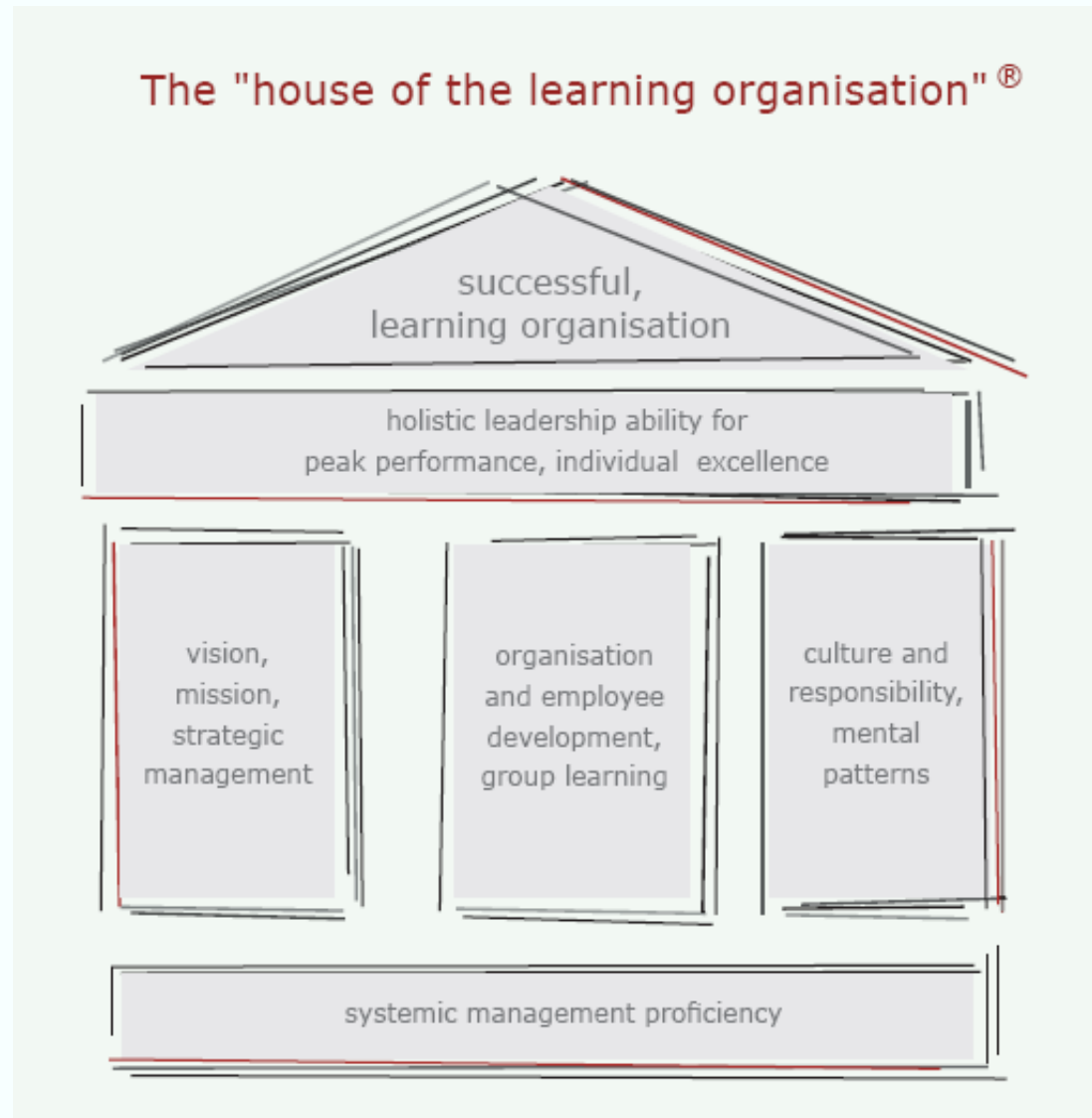
Future challenges

- It was clear by the end of 2003 that radical changes had to be made. Several major issues had to be quickly addressed in order for Quester to regain its competitive edge.
- Financial and market-side goals were more ambitiously restated and several additional benchmarks were put in place. Managers had to take on greater accountability by becoming local entrepreneurs which required quick and flexible action on their part in addition to a new way of thinking.

The acquisition by CRH

- Speedy and inconspicuous company sale based on strategic deliberations such as independence, identity, level of freedom and culture.
- Short transitional period for new owners and speedy withdrawal of previous owners.

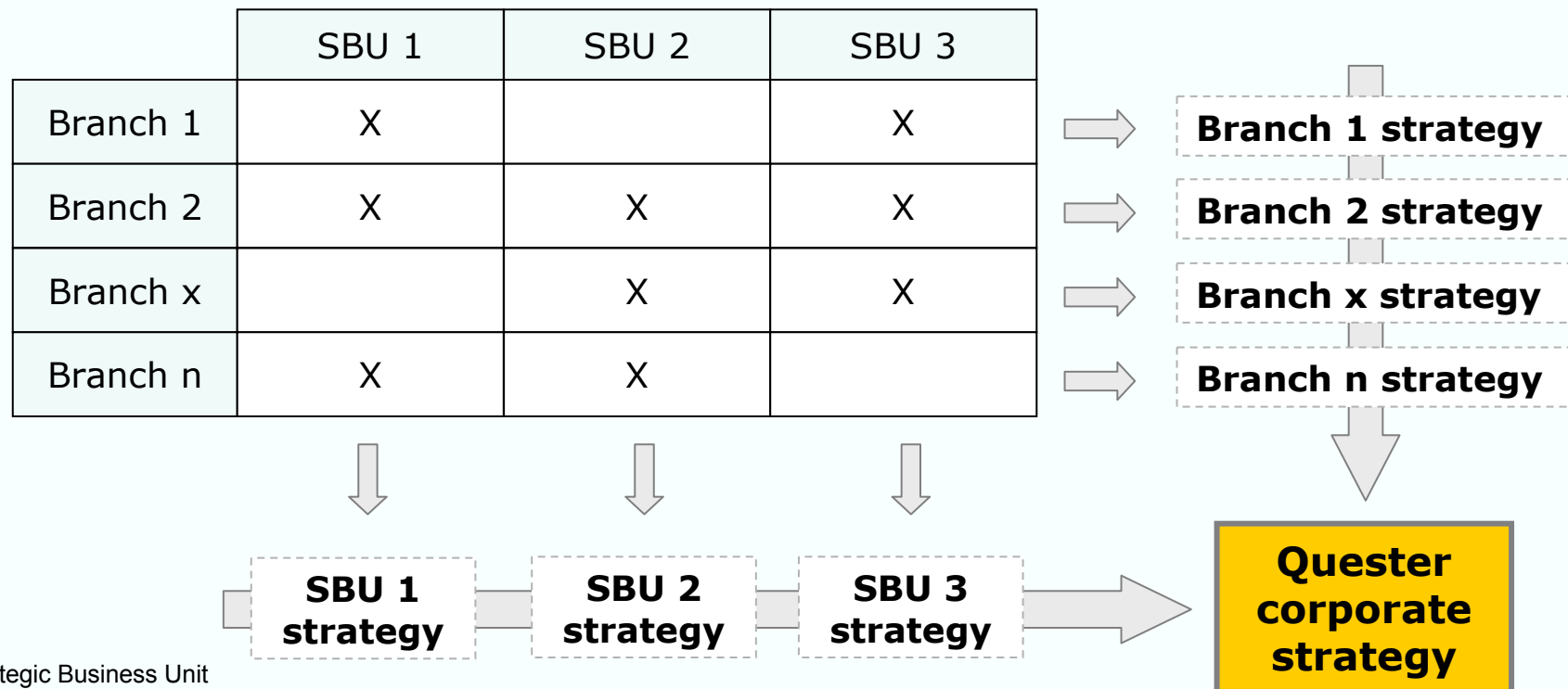
The "house of the learning organisation"



Strategy development (1 of 2)

■ What was done

- Strategy guidelines (what we want, what we don't want).
- Development of SBU strategies (**S**trategic **B**usiness **U**nit) in order to consolidate into corporate strategy (strategic planning process).
- Development of branch strategies, periodic strategy review and revision.
- Additional seminars on strategic management and case studies.

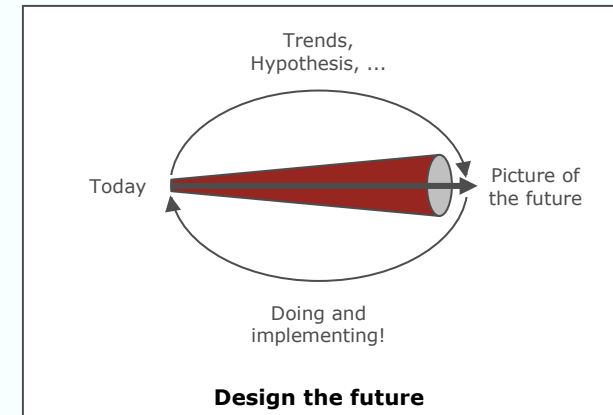


SBU ...Strategic Business Unit

Strategy development (2 of 2)

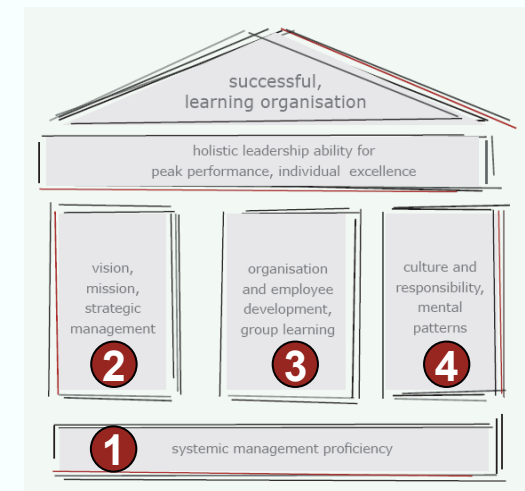
■ How it was done

- Coordination talks with executive board regarding guidelines and SBU structuring.
- Development of SBU strategies in project groups bringing about awareness and understanding (Goals, Resources, Methods / Projects, Premises).
- Exchange of SBU strategies in executive meetings leading to development of corporate strategy.
- Communication and exposition of SBU strategy and corporate strategy as they pertain to long-term viability of organization.
- Deduction of individual branch strategies via moderated meetings with branch managers – targeted exchange of challenges and approach to solutions.
- Implementation and adaptation of strategies.



Summary

Associative thinking **1**, application of strategic management knowledge **2**, team learning through exchange of ideas and rethinking of approach **3**, change in behavior of branch managers **4**.



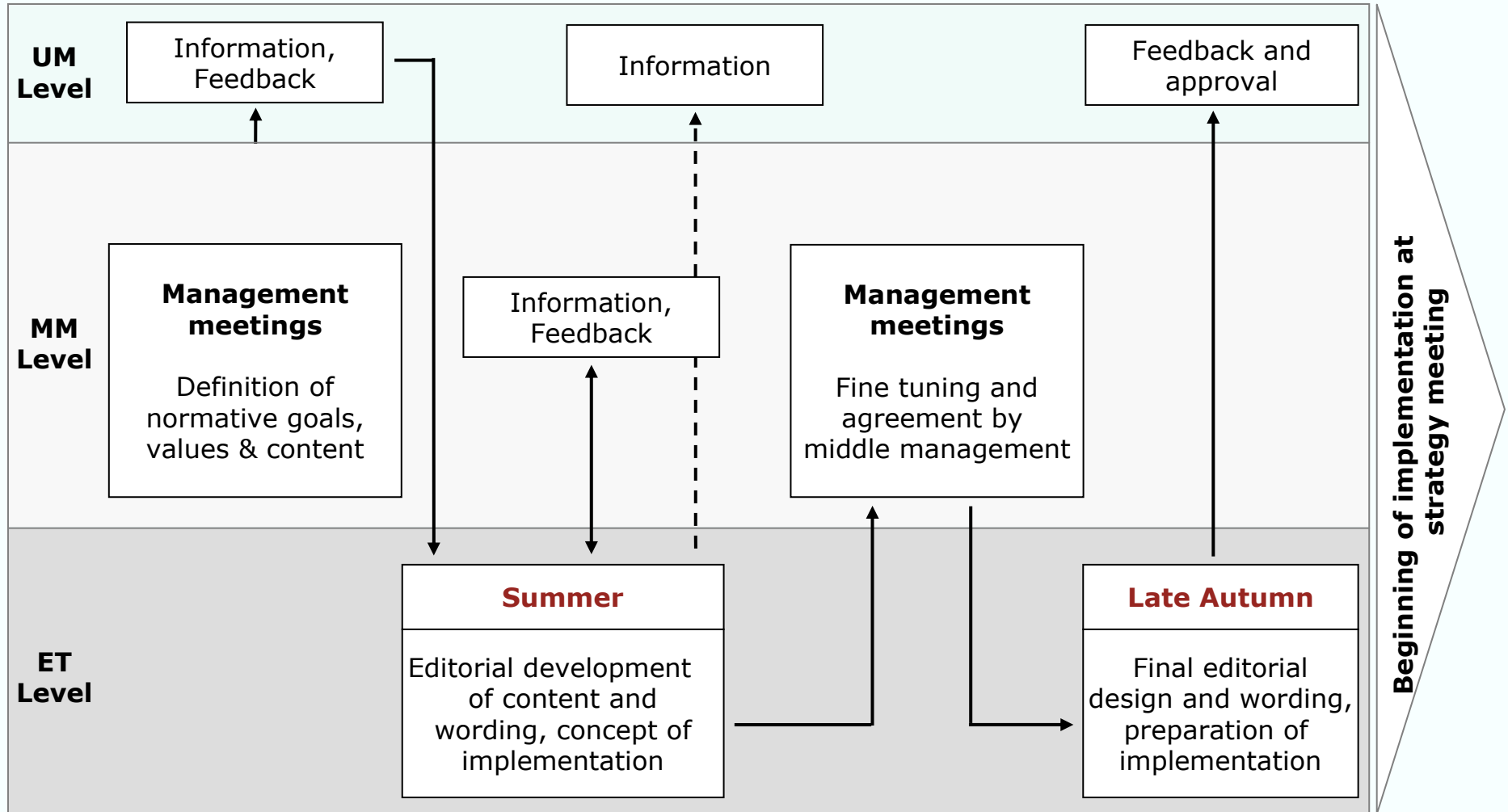
■ What was done

- Development of statements of main purpose, organizational mission, normative goals, values and standards.
- Wide consensus from management regarding wording and content of statements.
- External and internal communication, implementation and establishment within organization.
- Business mission as management tool became linked with other tools such as staff appraisals, management by objective and staff meetings.
- Specialized goals for particular areas or individual persons could be derived from this.
- In addition, short and easily understood slogans were developed.
- The business mission contributed to clarity and transparency with regards to needs, abilities and belief.



Development of business mission (2 of 3)

■ The process



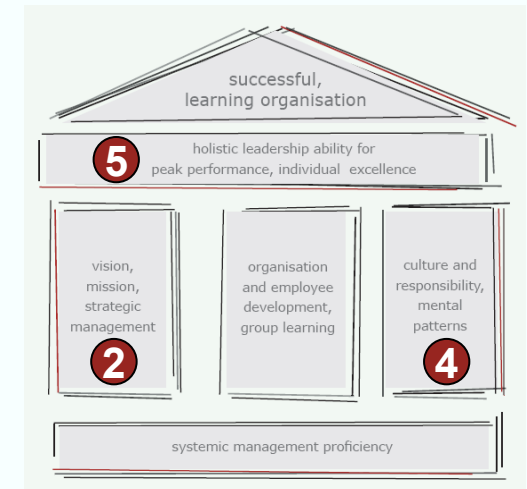
UM... Upper Management , MM... Middle Management, ET... Editorial Team

■ How it was done

- The development of the business mission was explicitly desired and supported by upper management. It is entirely consistent with CRH concepts, culture and values.
- The content of the business mission was developed with input from middle management as well as supervisory staff from within the organization. As a result, "duration" and "process" took on an especially relevant meaning.
- The business mission was presented and explained "individually" to each employee. Short and easily understood slogans were coined for specific target groups.
- Implementation remains a constant work in progress for middle management. Many internal and external measures were therefore developed with the sole aim of ensuring permanent implementation.

Summary

Universal consensus and understanding of purpose, values and goals; a common guide for the entire organization and belief in individual abilities **2**, changes of culture and conscious perception of individual responsibility, benchmark for the entire organization **4**, development, application and integration of management tools, benchmark for individual behavior **5**.



The Quester academy (1 of 3)

What was done

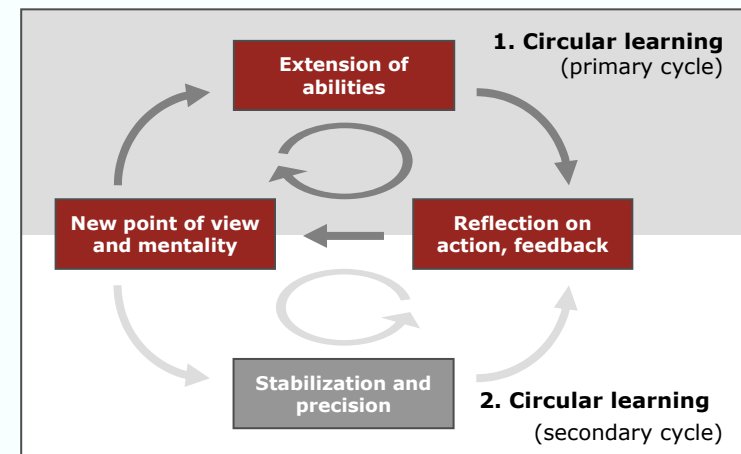
- Approximately 600 participants from every branch and the headquarters took part and got to know each other. This translates to almost 90% of the workforce.
- Divided into 32 target groups, the participants acquired competency in specific current topics.
- They completed the academy within 1.5 to 3 days by successfully completing various courses.
- Both mandatory and elective courses were offered. The ratio of mandatory to elective courses was 70:30.
- The business mission was and continues to be the central theme of every topic and all 255 courses at the academy.
- A common "language" for all topics was more deeply ingrained within the organization.
- Approximately 25 different internal and external trainers as well as 70 vendors were on call.
- A conference hotel with 20 conference rooms and 250 beds was booked for the entire event.

	Name:		Nummer:	
	Zielgruppe 2	Vertriebsinnendienst, Lehrlinge, Filialleiterstvt., MAWI	Gruppe:	B7
	Zeit	Nr., Veranstaltung	Trainer	Wo / Raum
Donnerstag 01.03.07	13:00-14:00 Uhr	Registration im Hotel		Empfang
	14:00-14:30 Uhr	Einführung	Hr. Marolt / Hr. Neubauer	Open Space
	14:30-15:30 Uhr	2.5 Business Mission	Hr. Kral	Salon
	Pause			
	15:45-17:15 Uhr	1.7 BOX	Hr. Seidenader / Fr. Berghuber	Atrium 1
	Pause			
	17:30-18:15 Uhr	Wahlfach kurz		siehe Wahlfachplan kurz
	18:30-20:00 Uhr	Abendessen		Open Space
Freitag 02.03.07	07:45-09:15 Uhr	1.5 Geheimnisse der Kommunikation	Hr. Rosenberger	Tannenhühle 1
	Pause			
	09:30-11:00 Uhr			
	Pause			
	11:15-12:45 Uhr	1.16 Marktplatz	Lieferanten	Großer Saal
	13:00-14:00 Uhr	Mittagspause		Open Space
	14:00-15:30 Uhr	1.15 Produktschulung	Lieferant	Steinhäusli
	Pause			
	15:45-16:30 Uhr	Wahlfach kurz		siehe Wahlfachplan kurz
	Pause			
16:45-18:15 Uhr	Wahlfach lang		siehe Wahlfachplan lang	
Abschluss	Wichtig: Vor der Abfahrt Feedbackbogen aus Ihrem persönlichen Ordner ausfüllen und im Projektoffice „Turmstüberl EG“ abgeben, dort erhalten Sie auch Ihr persönliches Teilnehmerzertifikat und Ihren Schulungspass!			
Ausbildung Ende				

The Quester academy (2 of 3)

■ How it was done

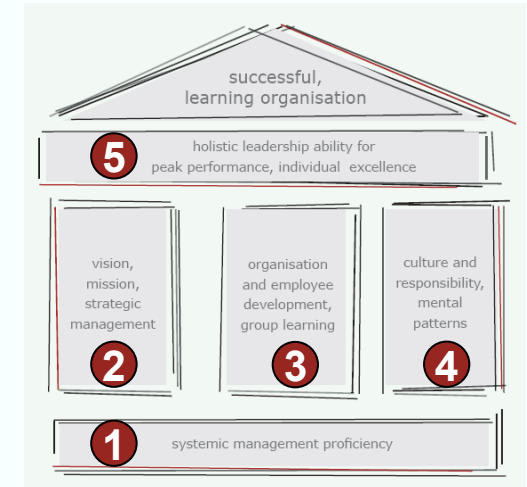
- At the academy, the business mission was introduced and explained to each target group. It was also continually referenced during courses.
- Even external trainers were briefed on the business mission and a course of action was didactically agreed upon.
- Participants were able to exchange experiences with each other during courses and bilaterally discuss various approaches to problem solving.
- Participants applied what they learned in workshops – they're now able to apply these same experiences in everyday practice.
- In order to strengthen business relationships as well as discuss new technologies and products, "market place discussions" with vendors were carried out.
- The event was hierarchy-free due to "open questions" with upper and middle management.
- Management was briefed on entire event proceedings and were required to set positive example.
- There was ample time in the evenings for all participants to relax and reflect on each day's activities.
- A simple and stable feedback system for continual improvement and development of the academy was installed.
- Critical success factors were precise scheduling, strict project management and very good infrastructure.



The Quester academy (3 of 3)

Summary

Linking awareness of organization as complete entity with understanding of internal and external functions **1**, permanent and continual emphasis of business mission as central theme, automatic networking of organization **2**, team learning through application and intercommunication **3**, employee appreciation, strengthening of identity and common bond **4**, employee motivation and conscious leadership from within **5**.



2007 analysis

- Management operates much more independently, confidently and assumes responsibility. Emancipated branch managers now function much more as entrepreneurs.
- Culture has become more homogenous, employees have strengthened their identity with Quester.
- Common approach to agreements and guidelines has become binding, contributing to more dependable procedures and increased reliability.
- As a result of this and a positive economic cycle, Quester has become a profitable arm of CRH with noticeably positive and long lasting results.

Future challenges

- Despite much effort, several measures are still being implemented. This will remain an ongoing work in progress.
- Management still needs to further develop its new way of thinking, in addition to mental flexibility and the will to improve.
- Quester will and should never quit learning, or learn to quit becoming a learning organization.

Quester – a community of practice (abstract)

- **Business Mission:** This has become a permanent fixture of the workday. From upper to middle management, from individual meetings to the Quester Academy - each employee is acquainted with Quester's purpose, goals and values.
- **The Quester Academy:** Employees meet each year in a moderated, hierarchy-free environment to share experiences, gain knowledge as well as to socialize with each other. The new experience of bonding with and inspiring each other increases effectiveness and efficiency throughout the entire organization.
- **Best Practice – Quester:** Individual or branch specializations and ideas are constantly being pinpointed and then made accessible to the rest of the organization. Each person is able to learn from the other and this system has become institutionalized.
- **Best Practice – CRH :** Management systems, customer loyalty programs, management practices, etc are no longer kept secret within the organization. Each country or organization is capable of doing something especially well. This is then rehashed and served up to other countries and companies as a sort of "best achievements buffet".
- **Specialty group organization:** Product managers lead specialty groups with the goal of achieving the best possible effectiveness and efficiency in product management. These groups consist of buyers, sales representatives, etc, in order to determine competitive market prices, customer wishes, product line design and choice of supplier.
- **Learning projects:** At present there are five effectiveness and efficiency projects spanning specialities and branches. Information flows from one project to the other through a certain team composition. These projects are the source of the new way of thinking.

„Höre nie auf anzufangen und fange
nie an aufzuhören“

(“Never stop learning and never learn to stop”)

Bert Brecht

Thank you for your attention

For more details or a copy of this presentation: www.acm-quadrat.com



- **Stefan Marolt** was born in 1964 and after studying business administration in Vienna, he began his career in the banking sector at Giro Zentrale as a credit analyst. He then switched to a major electronic retail chain (Niedermeyer) as controller and later left the company as CFO. In 2002, he joined Quester as CFO and was appointed to the position as CEO in 2006.



- **Siegfried Neubauer** was born in 1964. He learned tool making and later studied mechanical engineering and economy at the University of Graz. He began working at Malik Management Zentrum St. Gallen in Switzerland and after several years of consulting and teaching seminars in strategic management, business development and change management, he founded acm quadrat in 2005 – the “house of learning the organisation”.