

DRIVING CULTURAL CHANGE THROUGH FEEDBACK

RAG completes a 180-degree transformation with Questback software

CASE STUDY RAG AKTIENGESELLSCHAFT

MOTIVATING EMPLOYEES THROUGH FEEDBACK

RAG puts feedback and dialog at the heart of its organizational and leadership development program

Since the implementation of the German Hard Coal Financing Act in 2007 coal mining group RAG Aktiengesellschaft has been downsizing. However, despite a steadily shrinking workforce, employee satisfaction and motivation have actually increased – the result of a respectful, open, and dialogue-based leadership culture.



SITUATION

Objectives

- › To measure, reward and increase the visibility of leadership and communication excellence during a downsizing program
- › To create a feedback and dialogue-based corporate culture
- › To support the change management process
- › To establish an integrated approach to organizational and leadership development

How do you measure leadership and communication excellence?

In 2000, Deutsche Steinkohle AG (now the core of RAG) decided to implement a variable remuneration system for its non-pay-scale employees. The intention was to include soft factors, including leadership and communication, as well as hard facts and figures such as revenue and profit, when setting remuneration levels.

There were two key questions to be answered:

1. How can individual examples of good leadership and communication be identified and rewarded?
2. How can general organizational and leadership strengths and weaknesses be derived from these results, and used to create an integrated organizational development strategy? That was a real challenge in a large enterprise, which, at that time, employed over 40,000 people.



SOLUTION

Stable, secure and efficient: everything on one platform

To get people on board, you need a leadership and communications environment based on respect, openness and clarity. This type of environment isn't created overnight – it takes several years. And it has to be driven by a management board that is completely convinced that feedback and dialogue have the greatest influence over corporate culture – without letting the company's short-term stock market performance determine the direction of the company.

DIRK BERGMANN,
Deputy Head of Personnel and
Leadership Development,
RAG Aktiengesellschaft

To master this challenge successfully, a software solution was needed that could meet a wide range of requirements by providing a stable, secure, and efficient research platform. Questback's integrated, tailored software solution with flexible rights and roles management, backed by comprehensive services, convinced RAG that it would best meet its needs. It could also be hosted on RAG's own servers. "The crucial factors in our decision were the complete package of product security and product services, and of course the stability of the platform itself," says Dirk Bergmann, Deputy Head of Personnel and Leadership Development at RAG.

Convenient data collection

Since the implementation of the variable remuneration system in 2002, an annual 180-degree feedback survey has been used to evaluate a minimum of 800 feedback recipients, based on around 7,000 pieces of feedback. The allocation of feedback providers and recipients was decentralized, but the evaluation of the feedback itself was conducted automatically and centrally. "This makes the process as convenient and effortless as possible," says Bergmann.

To get two different perspectives on the organization, the employee-oriented view is complemented by an organizational climate assessment. Since 2003, RAG has been conducting an employee survey that, in addition to questions about leadership behavior, also covers topics including occupational safety, work organization, and lean efficiency. "Thanks to Questback's software, we were able, for the first time, to collect and validate all the data from our employee survey centrally without any media inconsistencies. That was a big step forward for us," confirms Bergmann.

In addition to 180-degree feedback and company-wide employee surveys, RAG uses Questback's software EFS Survey to run scheduled and ad hoc surveys, team checks and internal customer surveys. "Without this feedback, we wouldn't be able to take action as quickly," says Bergmann. Over the years, these survey results have been used to take the necessary organizational and leadership development steps to achieve a fundamental cultural change within RAG.



Results at-a-glance

- › Annually: A 180-degree survey of around 800 non-pay-scale managers, generating approximately 7,000 pieces of feedback
- › Every three years: A company-wide survey of around 10,000 employees
- › At regular intervals: Internal customer surveys, ad hoc surveys, team checks

Development of strategic leadership objectives and qualities

LEADERSHIP QUALITY

- › Objective-oriented management

87	102	105	120
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- › Team-oriented working

83	99	103	118
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- › Open communication

84	100	100	115
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2003	2006	2009	2013
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MOTIVATION

- › Task organization

97	109	118	127
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- › Working environment

76	86	110	118
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2003	2006	2009	2013
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Interpretation guidelines

67-88	Identifiable weakness
89-110	Satisfactory performance
111-133	Recognizable strength

RESULTS

Feedback matters!

In the mid-1990s, the organizational culture of what was then Deutsche Steinkohle AG was very much defined by a hierarchical, "command and control" environment. However, it quickly became clear that innovation and productivity couldn't flourish in this atmosphere. "To stay competitive, it was clear that we needed our employees to work in an environment that allowed them to contribute their ideas within organizational structures that live and breathe respect, openness and dialogue," says Bergmann. "With 180-degree feedback and company-wide surveys, we had the necessary tools to evolve our leadership and organizational culture in this direction."

This was even more important within the context of RAG's difficult and stressful circumstances: The German Hard Coal Financing Act requires Germany's last coal mine to be shut down in 2018. As a result, the last few years of the company's existence have been characterized by permanent downsizing and the loss of much expertise. "However, thanks to the feedback process, we know where action is needed, and how to maintain this corporate culture until the end of operations – all without experiencing a decline in the performance, motivation or engagement of our employees," says Bergmann.

Feedback and dialogue as the cornerstones of corporate culture

The survey results speak for themselves: Although the last mine will be closed in 2018, RAG has experienced continuous improvements in performance, engagement and motivation, with a high participation rate of over 90%. For example, in 2013, 79% of employees answered "agree" or "strongly agree" in response to the statement, "I am proud to work for RAG". In 2009 the equivalent score was 7% percentage points lower. Overall, every index value has either improved or stayed constant since the 2009 survey. And significant improvements have been made in the indices for leadership quality within the company, climbing dramatically since alarmingly low values recorded in 2003. This is proof that a fundamental change in leadership culture has been achieved.

Thanks to feedback and dialogue, and the organizational development measures

taken as a result, RAG has decoupled the organizational and performance environment from the company's challenging circumstances. Problem areas can now be identified and addressed in a targeted way. Instead of enforced redundancies, around 5,000 employees have been redeployed through retraining and further education. And networking groups have been created that have taken the fear out of the change process for employees.



Institution

RAG Aktiengesellschaft

Sector

Mining

Usage

- › 180-degree feedback for leadership development
- › Employee surveys
- › Internal customer surveys

About RAG Aktiengesellschaft

RAG Aktiengesellschaft, with revenues of 2.1 billion in 2014, combines all the core competencies that have been developed through coal mining in Germany. The group consists of RAG German Coal, RAG Anthracite Ibbenbüren, RAG Montan Immobilien, RAG Mining Solutions, RAG Group Auditing, RAG Ruhranalytics and RAG Sales.

Until the German coal mining industry shuts down at the end of 2018, the company is responsible for producing coal volumes agreed with the government – currently around 7.5 million tons per year. In parallel with the continuous winding down of operations, the company must also manage the transition for staff in a socially responsible way. Only two numbers are needed to illustrate the scale of this task: At the beginning of 2015, the RAG group employed around 12,000 people – in 2007 it was more than 32,000.

Even after the end of coal mining, RAG will still maintain a presence in mining regions to fulfill its obligations in terms of pit drainage, safety of the former mining sites and their development for alternative uses in the future. Depending on location and requirements, this could involve the creation of recreational areas, new urban zones, industrial estates, or renewable energy generation sites.

