Photo courtesy of Lion Nathan

Leadership Development
RESTORES LION NATHAN'S ROAR

Human Synergistics helps brewery change leader behavior.

By Brian Stout

Alcoholic beverage company Lion Nathan experienced growth and success in the early 1990s, when the New Zealand-based company acquired Nathbrew Holdings and two additional breweries in 1993.

But by the beginning of 1996, Lion Nathan's profits, revenue, and market share had begun to slip. Douglas Myers, the CEO at the time, responded by critically evaluating the effectiveness of Lion Nathan's key functional areas, organizational structure, and brand strategy. Myers's actions started a 10-year journey that has revitalized leadership and improved employee engagement, customer satisfaction, and profitability.

Recently, the company was named one of the top 10 companies for leadership in the Asia Pacific region by *Fortune* magazine. To achieve these successes, Lion Nathan leadership learned that accomplishing lasting organizational change means changing behaviors and that everyone, starting with management, needs to commit to change.

The journey

In 1997, around 100 Lion Nathan leaders attended change and development workshops that included receiving feedback through Human Synergistics's Life Styles Inventory 1 and 2 (LSI) assessments, which helped managers gain insight into their self-reported thinking styles and their behaviors as perceived by others. LSI results are presented on a circular graph that shows the relative strength of 12 thinking and behavioral styles, grouped into constructive, passive-defensive, and aggressive-defensive behaviors.

The constructive styles characterize self-enhancing thinking and behavior that contribute to one's level of satisfaction, ability to develop healthy relationships and work effectively with people, and proficiency at accomplishing tasks. In contrast, the leaders' individual profiles showed primarily aggressive-defensive styles, which was painful for many to fathom, including Gordon Cairns, Lion Nathan's CEO at the time.

"Having a visual of your profile is very helpful," says Bob Barbour, Lion Nathan's people and culture director. "We encouraged our leaders to share their LSI profiles with each other. Talking about the profiles and sharing goals

helps people externalize their commitment to change, and creates a network for feedback."

The high-task orientation Cairns and others developed moving up the corporate ladder was not as effective at the top, where getting things done through people is critical. Leaders who exhibit the aggressive-defensive styles on the LSI circular graph often have a strong desire to "look good" and are reluctant to admit mistakes and face unpleasant realities when times get tough. They drive staff harder to perform tasks and focus on avoiding failure rather than achieving success. During the workshop, managers developed their understanding of personal and cultural change, and found three key values: act with

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integrity, face reality, and be passionate about the business.

Over the next year, more than 500 Lion Nathan leaders took the LSI, and these values were developed, confirmed, and refined. The next step was to assess the rest of the company's culture. In 1998, the company administered Human Synergistics's Organizational Culture Inventory (OCI)—which measures the behaviors that people believe are required to fit in as a member of the organization and presents them on a circular graph. Not surprisingly, the aggressive-defensive leadership styles of Cairns and others translated into the behaviors that members believed were expected of them.

Cultural change became a necessity, and Cairns recognized that it would

have to begin with Lion Nathan's leaders. By demonstrating their own willingness to change, leaders showed that they understood the impact of their behaviors and that they were prepared to take a hard look at their own strengths and weaknesses to increase organizational effectiveness.

"Leaders are the key channel to affect culture," Barbour says. "Using tools such as the LSI and the OCI sends the change message through systems."

Next, Lion Nathan developed its definition of great leadership. Its four principles—a motivating sense of purpose, talent management, future focus, and creating a high performance culture, using the OCI as a blueprint—became the basis of programs that helped leaders deliver the message of

cultural change and reinforced the belief that changing culture means changing leaders.

Lion Nathan challenged leaders to develop more constructive styles. Increased accountability and personal responsibility became the new norm, and leaders were given breakdowns of their departments' OCI reports to track their roles in shaping the subcultures of their departments. They were then given coaching and support in leadership programs to help them achieve their goals.

As the leadership-led changes picked up steam, talent-management practices, processes, and systems were aligned with Lion Nathan's core values. These values, along with the company's cultural vision and business goals, shaped
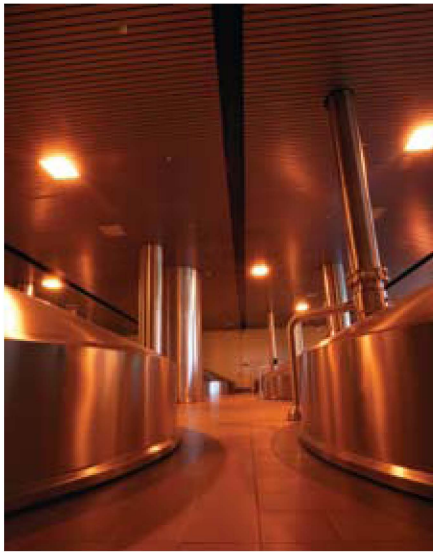
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what would become known as The Lion Nathan Way, which includes the leadership development framework, competency models, performance management, talent review, and remuneration and reward practices.

Focusing on how results were achieved allowed Lion Nathan's leadership to ensure that desired behaviors were being used. The new commitment to achieving results the right way forced some high-profile senior executives to leave early in the change process, and their departures sent a powerful message to the employees. A talent matrix was developed to identify high-potential employees, which included employee achievement reviews and the realignment of recruitment strategies. Applicants are now screened for both competency and cultural fit, including several structured interviews, ability testing, and a motivation questionnaire.

Outcomes

Throughout the change process, Lion Nathan has decreased its aggressive-defensive styles and increased its constructive styles. From 1998 to 2004, constructive styles increased by 53 percent, and aggressive-defensive styles decreased by 37 percent. The company uses the OCI every two years to measure progress and the LSI every 18 months.

"The language from the OCI and LSI circular graphs has become part of every day conversation," Barbour says. "People say things such as 'you're being oppositional' when they see that behavior exhibited."

The shifts in leadership and cultural styles toward constructive styles and away from aggressive-defensive styles have improved several measurable outcomes. Employees have embraced the Lion Nathan Way, which, in turn, has increased accountability for leaders to continue to practice constructive behaviors. Leaders are given OCI results for their individual departments, and they are held accountable for improving them.

Employee engagement has remained high, and Lion Nathan achieved its

target in 2006. In addition, customer-satisfaction levels have remained high and consistent.

"Our values are reflected in our interactions with customers. We say, 'be sociable,' and that message resonates. We never want to leave a customer feeling negative about us," Barbour says.

Lessons learned

Several important lessons came out of this culture change:

- **Leaders influence culture.** The behavior styles Lion Nathan's leaders exhibited set the tone for the culture of the organization.
- **Leaders must be prepared to change their behaviors.** One of the most painful aspects of the change process for Lion Nathan's leaders was facing up to how their behaviors affected the rest of the organization. Lion Nathan found that the key to lasting organizational change begins with leadership, and commitment to change might mean that some people have to "get off the bus."
- **The focus must be on behavior-based change.** Focusing on how results are achieved, not just that they are achieved, can be an effective way to approach cultural change.
- **The message must be consistent to stick.** Setting clear expectations, communicating the vision, and integrating values into talent-management systems are crucial to making changes stick. Employees notice when leadership makes decisions that are not consistent with the organization's values.

Brian Stout is a staff writer for Human Synergistics International

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