

Engaging the whole at Philips



The 'People factor' figures big in Philips' strategy to transform itself.

It is no surprise that the Amsterdam headquartered company places customers at the centre of this approach: wanting not only to 'delight' them, but to 'enhance the lives of people'. The practical interpretation of this has been a reorganisation of its processes and ways of working to become a true customer centric driven company.

Gerard Kleisterlee, Chief Executive, explains that the thread running through Philips "is not the fact that we use semiconductors, it's the fact that we have a common mission." (Financial Times, March 23rd 2008). Delivering that mission is up to the 120,000 staff who work in three sectors: Healthcare, Lighting and Consumer Lifestyle. A lot has to be achieved as a result of recent mergers and acquisitions. 'Consumer Electronics' and 'Domestic Appliances' has been merged into one 'Consumer Lifestyle' sector, and many acquisitions need to be integrated at the same moment that increased attention is focussed on customer centred innovation. Adding urgency is the promise (offered from headquarters to the financial markets) that the combined effect of these changes will be to double profitability and increase sales over twenty percent by 2010.

Capturing its people's emotional energy and building commitment is the focus of a large scale, centrally defined programme, including three initiatives: 'Engaging with improvement', 'Engaging with the brand' and 'Engaging with sustainability' - all aimed at engaging employees behind the vision to create a customer centric company.

Creating engagement is an objective that Philips extends beyond its employees and toward its customers. 'Delighting customers' will require the continued creation of products and services of sufficiently high quality that customers become ambassadors for Philips. The initiatives are supported with head office resources: teams which coordinate communication, training and measurement of progress (for instance in the definition of an 'engagement index').

'Engagement with improvement' is a company wide team competition resulting in thousands of team-based improvement projects, pitted against one another in an exciting series of local, regional and global finals that have involved almost one in five employees. 'Engagement with the brand' challenges employees to reduce the complexities in Philips and focus on ensuring that customers recognise 'Sense and Simplicity' in all that the company offers. 'Engagement with sustainability' channels enthusiasm inside and outside the company to improve Philips' environmental, social and economic impact.

Alignment between its businesses and its head office functions and operations, requires everyone to recognise that their contribution is important to the common mission. In order to check that this is so, a company wide 'Engagement Survey' is conducted every year with every single employee. Beyond a mere satisfaction survey, it is used to check that a solid linkage exists between employee engagement and business performance – and to define corrective actions.

After twenty years of pioneering work in Business Excellence with EFQM, Philips has a deeply engrained culture of linking strategy to initiatives, ensuring that results are measurable and that improvement is continually sought. The 'Engagement Programme' is typical of a highly structured approach that seeks to build a better organisation through sharing and learning. But that's still not enough. To be the best,

you need to compare yourself with the best – and that means inviting exchange with people from outside the organisation.