

Collective Intelligent Management

A Review of the Nokia CMO Customer Care “Learning Journey”

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In 2004, the CMO (customer & market operations) Customer Care division of Finnish corporation Nokia was struggling with inefficient processes and rising costs. Consequently, top management initiated a program to drive cultural change as a way to meet this challenge. Four years of leadership development and training later – and Nokia Care’s managers no longer wait for orders from above. They act in a flexible, efficient and autarkic collaborative way to provide their services in a collective intelligent manner.

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1. Introduction

1.1 The Setting

“The only organisation capable of unprejudiced growth, or unguided learning, is a network. All other topologies limit what can happen” (Kelly 1994: 26).

It is the third week in March 2008, and the conference area in Schloß Pichlarn, a luxury hotel in Austria, is buzzing like a beehive. People move through the corridors like swarms following untraceable routes, grouping in hallways and around food, going off into the surrounding woodlands. They are given highly specialised information, they must solve complicated tasks, find solutions and – most importantly – communicate with each other. This is exactly how it should be. One hundred selected leaders, from all countries in the world representing the Customer Care department of the world’s largest mobile phone manufacturer, Nokia, have flown in to develop what is now considered by network researchers, organisation theorists and management consultants, as the most progressive form of business management today and which is known as: Collective Intelligence.

Nobody is really certain how a high level of intelligent behaviour emerges within systems where agents work together following simple rules yet without any central point of control. In his book *Out of Control*, Kevin Kelly (1994) – the visionary editor-in-chief of the internet-technology magazine *Wired* – explained the network theoretical premises of the intelligence patterns of bee and ant colonies, swarm robots and Wiki-communities, and did so in a way clear enough for even commercial organisations to understand. Since then a trend has emerged where more and more companies are considering the possibilities of using collective intelligence teams as an answer to a marketplace which is increasingly spinning out of control. The underlying idea is that self-organising, interference resistant, developable and adaptable multi-agent-networks can supersede declining organisations based on old-fashioned, trivial and static hierarchical structures and which live off heroic style management cultures.

1.2 The Challenge

Nokia CMO (customer & market operations) Customer Care is not just considering these ideas but have already begun implementing them. In 2004 Maximilian Kammerer, former Vice President

of Global Customer Care, and Michael Hengl, founder of 1492.// GmbH, an integral consulting firm, launched a high quality diversification project: the “Nokia Learning Journey”. The aim was to turn the corporate problem child – the customer service department and its repairs administration – into the driving force behind this technology-orientated mobile communications giant and its future global corporate development, and to achieve this all within 4 years. The impetus was the realisation that the conditions for competitive strategies in this tough market have recently seen some major changes.

The boom era of growth and the seemingly endless demand that grew out of the first two decades of the mobile phone industry is now clearly drawing to a close in an expanding and maturing market place. Customer demands are getting higher, not only with regard to extra features and phone quality, but especially for after-sales service. If buyers are unsatisfied with the service, they will take their business elsewhere. According to Maximilian Kammerer’s vision of the future, “We can safely assume that customer service will have a higher priority in the future as technology, products and design become more and more unified, leaving only the level of service that will make the difference”.

At the same time, there is a constant increase in technological innovation as well as new routes for accessing information, which is especially important for young users and impacts on their purchase decisions. Not so long ago, Nokia launched a small range of “feature phones” onto the market that were designed primarily for telephoning, and yet now there are 10 times as many “smart phone” models on the market that include an endless choice of software programmes and extra features. This places a rapidly growing and increasingly complex demand on the customer service department, which is then heightened by the immense volume of Nokia’s market share. One sixth of the world’s population uses a mobile phone made by Nokia – and when they do not work they are returned. Total profits from mobile sales are radically cut when higher service costs arise from inferior quality and service. It is becoming more complicated to set up, operate and update phones, making it more and more necessary to simplify things for the customer.

Before the beginning of the Learning Journey, the repair administration department were not in a good position to make things easier for the customer. During the mobile “gold rush” the service infrastructure was limited to a hectic and disorganised set-up of repair services that needed to cope with a high demand. The result was a worldwide patchwork service organisation. Isolated and far away from the customer, the service points complacently muddled along with arbitrarily introduced rules and methods in over 120 different countries. Take for example a new model

that was first released in the Japanese market: it was found to have a common software error and was sent back to the repair centre, but nobody thought to inform headquarters of the problem, which would have prevented the faulty parts from being released to sensitive European consumers. International communication, information exchange and unified problem solving – in short the entire behavioural patterns of a collectively intelligent agency network – were simply not occurring.

2. Getting Started

This needed to change as soon as possible. In 2003, Kammerer was commissioned from Apple to help break the company out of this old format. It took two years to prepare for this extremely ambitious and costly development project. When we look into the busy beehive of the Learning Journey, we see Kammerer giving his incentive, stimulation and drive to the whole process. Yet the question was how he proposed to take this massive, segmented organisation, which has grown complacent with success, and direct it towards collective intelligence? The answer turned out to be making these changes from within instead of using a top-down, hierarchical structure to pass on orders. This meant building upon the collective intelligence of individual agents and orientating them towards the central hub of the entire organisation. The 100 leading members of the staff should become disseminators, whose behaviour towards their immediate 1,000 members of staff would then spread infectiously to the 10,000 associated employees working in this business section.

This particular path can be difficult to follow and may stretch some employees to their limits, especially if they do not understand the rules of this new network, namely:

- You are one part of a total system, whose aim it is to reach a high level of customer satisfaction!
- If you want to stay in the system, then you have to want a better system, i.e. make yourself useful!
- Stop always doing things the same way!
- Develop new paths together with others!
- Don't always blame others for mistakes!
- Take responsibility!
- Communicate!

Collectively this will result in a higher quality of service. This is what intelligent networks are all about: usage and responsibility, exchange and communication. From now on, swarm compatibility is decisive for continuity and status within the system. The groups have been carefully formed to allow the airing of as many differing opinions as possible on a particular problem. In such a system it is entirely feasible to have a Country Junior Manager from Argentina, a Global Senior Director from the USA, an Indian Repair Centre manager and an IT-Support Specialist from England sit down together and work out such problems. “This is truly a novelty for Nokia Care. And if somebody from a lower position displays excellent network qualities, it is possible that they could be going home as a Global Manager, approaching their job in a new light”, explains Kammerer. Yet in this new hierarchical set-up, a quick climb to the top can just as easily go the other way. Since launching the Learning Journey, practically all job positions have been reshuffled. “Actually the pressure should already be high enough”, says Hengl, “but market leadership is like opium – a numbing high of self satisfaction. It requires a very high level of energy, to make the people at Nokia Care understand that from now on this is what it is all about.” It is only when the slope gets really steep that the angular pebbles start to roll.

This is where the core competencies of executive consultant Michael Hengl come into play. The work of the former ski racer, entrepreneur, and Top Management Advisor is as unconventional as his methods. “In the conventional approach of experts or during systemic consultation, it is usual to speak about the customer system and consultation system”, explains Hengl, “and because of the fear of corruption, no consultant is supposed to dig too deep into customer systems, otherwise he might find himself taking on the same responsibilities as the management. In systemic terms this is known as asking unguided questions. What we, on the other hand, do is known as cannon ball consultation! Not only do we enter a customer system, but take a running jump into it and explode.” With the aim of changing systems, 1492 consulting and associated experts aimed at driving participants to make a range of valuable experiences at a number of different levels. This is a holistic approach “that works. We use the energy to provoke crisis situations. Crises are vital for making sustainable changes. We generate waves that bring the energy to another level, creating a new kind of resonance that was previously unthinkable”, says Hengl.

The integral consultative approach fuses analysis with implementation, diagnosis with therapy. The high potential candidates experience and fight together through a five-stage, inter-related modular programme that aims to eliminate their cognitive limitations and equip them with an intelligent network attitude. These “Swarm meetings” take place every half-year in Austria, where

candidates struggle together through one of the weeklong learning modules. Leading experts and university-based research teams contribute with their avant-garde approach. Their “lateral thinking and inspiration”, adds Hengl, “has to strike a chord in each candidate at the right time. The traditional recitals of renowned management gurus seduce you into only believing in methods and expertise. Contrarily, participants of the co-ordinated programme within the Learning Journey are taught to radically think for themselves and in so doing to act for themselves too. Only then can your global potential increase.”

At the heart of the “Whole System Change” is a multi-stakeholder feedback instrument used for measuring and evaluating collective intelligence. In the most recent model, Nokia Care intelligence is made visible in real time. It is based on the thesis that collective intelligence is far superior to the singular intelligence of agents in the system. Strategic decision-making is no longer based on historical data or expert opinions at Nokia Care but on the intelligence of all concerned. “Allowing our collective intelligence tool to record the paradigm shift at the executive leadership level, this results in a quantum leap in business performance and efficiency”, says Hengl.

Accordingly, the individual modules of the Learning Journey have the function of matching up the human-software involved in leadership positions with the technical possibilities for measuring collective intelligence, and then to make them compatible with one another.”

3. The Modules

3.1 Module 1 – Beyond the Horizon

The main problem is the way in which senior management thinks. As in every large company people at Nokia are inevitably trapped in their every day work routine with its limited internal perspectives, and they are stuck working at a mostly operative level. During a 2,000-hours work year, they are barely able to glimpse the bigger picture. Furthermore, Nokia Care has always “suffered” from chronic market leadership, which means that they often lose track of the customers and forget that it is customers who generate Nokia through their purchases. This leads to reluctance in Nokia to compare oneself with others. Complete company departments continue to live in the past, driving at full speed into a situation while using the rear-view mirror to guide them. This

high-risk approach only works as far as the first bend. This ignorance leads to an arrogance that is continuously criticised by customers.

“To begin with, we had to show all the groups that there exists a world outside of Nokia”, says Kammerer. “We started with the first group in Europe, the second one in Silicon Valley and additional ones in Singapore, London and New York. We have visited businesses that also have a global customer care department. We have led open discussions with Google, Yahoo, HP, Apple and Amazon in Silicon Valley. What are we going to do? What are you going to do? What is good and bad? We stayed in top hotels in New York. Although having nothing to do with mobile telephones, it was very good for generating ideas about customer care. The issue at hand was for our people to know where they stood and to understand the benchmarks.” This bigger picture and the open discussions were finally evaluated in detail and compared to the current status quo. Scholars from Witten/Herdecke University and later from the University of Bayreuth helped to supply the expertise.

3.2 Module 2 – Leave Your Comfort Zone

The second step is to personalise these new perspectives: “Rate your overall performance! This has been totally forgotten at Nokia – individually and collectively”, stresses Hengl. Those who want to achieve something beyond their immediate horizon must leave their comfort zone and learn again to objectively evaluate their own work on customer values, doing so with brutal honesty and a performance orientation. To experience their own limits, the participants climb a 12 metre high pole in snow-covered woodlands, aiming to climb onto a small platform at the top – and then jump off, secured only by a single rope in the hands of a colleague. “Nothing more than nature can bring people back to themselves”, Hengl stresses, “because nature and its reality cannot be bribed.” Once back inside, it is down to business. The group is confronted with common problem scenarios taken from the Executive Board.

All around the castle participants can be seen musing, discussing and arguing into the early hours of the morning – ready to present their strategies to the committee the next day. All know that the feedback is brutally honest and that repeating old methods will have its consequences. The goal is to compel a sense of responsibility and to reveal what really can be achieved. Socio-romantic groups within the company that have lost sight of their competitive aims quickly stand out by displaying an average collective intelligence that is far below standard.

“All this drives you to make a comparison between self-assessment and outside-assessment with hair-splitting exactitude”, explains Hengl. “Stop being complacent: What was the exact output? What was your contribution? How do you judge yourself? What is revealed when others judge you? Whether or not you’ve given your best is of no interest here. What is the best? How far away are you from being the best? Success can grow out of failure. No breakthrough without a breakdown.” Questions and sentences like these bring participants to the edge of what they can stand, and what they can deliver. Yet this is where the learning takes place. “The harsher the performance evaluation, the more respectful and loving you have to learn to treat each other. Only trust in a setting without fear, like in the Learning Journey, will help to win favour amongst the most different of colleagues. Only a mutual goodwill, love and online feedback can enhance the collective intelligence. This holds the seed for the new Nokia Care DNA.”

3.3 Module 3 – Utilise Your Potential

How do we make a difference? New skills are needed for those new to this context. Just being faster and more efficient with the old methods is not enough. The aim here is to use free space creatively. “To achieve this we place in the hands of the participants creativity techniques and alteration methods”, says creativity trainer Daniel Wetz while around him small groups puzzle over a creative problem on the plush carpet of the conference room floor. Wetz’ workshop results can be seen in many large, brand name products piled high on supermarket shelves. “Most engineers, business managers and administrators are still thinking on a far too traditional basis, when it comes to problem solving or innovation. Over the decades they have been instilled with the adage of ‘fault free production!’. After years this becomes etched into your mind. To make the mental change to ‘faults are vital!’ has a shock effect because most hardcore engineers cannot believe how fast one can collectively learn and see their profits making a quantum leap. Although new ideas don’t always have to be spectacular, often new ideas that have a maximum effect seem to be quite trivial at first glance.”

Innovation, therefore, not only needs techniques but also a new way of thinking. “We make it clear to people that blockages not only come from the influence of complacency, but that human consciousness is often not in a position to think things out in a new way, mostly because we extrapolate the future out of the past”, concludes management mentor and creativity expert Christo Quiske. In intensive workshops about social constructivism in management (Quiske/Wiek 2009),

this established manager goes on to explain to the audience that their entire picture of the world, with its behavioural patterns, fears, targets and values, is simply a mental construct. But they are the only ones who can change it.

3.4 Module 4 – Simplify Your Life/Love

Afterwards there is a mental clean-out. Management programmes often aim at training participants to do something new. But few, however, explain how to stop following old ways. Leading positions are, as a rule, packed with work, because the positions are carried out inefficiently within inefficient structures. There is usually not enough time to achieve things differently, i.e. far more simply. An example is the degeneration of the reporting system from Nokia Care. “There are reports on simply everything”, says Kammerer. “How do I find out whether or not a report to which I am contributing is at all important? Maybe by not sending it off for three weeks and see if anyone asks after it. In case they ask, work with them on something new and far more efficient.” Werner Tiki Küstenmacher was invited to develop such complexity reductions in all living and working areas. He is the author of “Simplify Your Life“ (Küstenmacher/Seiwert 2008), which deals with the group development of intensive simplification strategies for everyday working life. But it does not stop there. Leading on from this is a principle that deals with how to “simplify your love”. If participants are unable to establish and maintain successful relationships, then they cannot be expected to understand and implement the concept of customer intimacy, or of lifetime relationship management. This is because behind all customer satisfaction statistics are real people looking to communicate with the company and maintain an ongoing relationship – otherwise they would cut all ties before they even begin. “In relation to this, many leading executives used Jack Mitchells successful ‘Hug Your Customers’ (Mitchell 2003) concept for the first time in their production company only to see their Net Promoter Score (cf. Seidensticker/Reichheld/Pross-Gill 2006) shoot right up”, says Hengl.

3.5 Module 5 – Become a Guide to the Future

Those who can do all this now ultimately require the skills to teach others. This is attainable with a new method – leading without force – which is the ultimate challenge for all participants. All that is needed to achieve this goal is a stage. A most magical of places, standing on a stage can

mean so much for so many, and it is a place where the majority of leading executives can appear visibly uncomfortable. The programme is known as “Shakespearience” and focuses on moments of truth, of which there are plenty in the service environment. Actress and leadership trainer Katja Bellinghausen has specialised in helping top managers in their new leadership roles to participate in a play that is shown on the international stage: *Service*.

“It is very difficult for many to drop their social status”, says Bellinghausen. “Anyone acting the role of Vice President will send the audience off to sleep. If the Vice President, however, learns that his high-status role is only one of many that he can bring on the stage, then he or she can break away from the stiff cliché to present a role that is true to them instead.” This makes any character far more interesting and keeps the audience surprised and attentive. Only those who have the courage to present their own authentic performance can survive the critical spectators. “The audience can smell inauthenticity a mile off! That is why my main question to the actor is if he or she wants to be identified by customers and colleagues as a ‘pretender’. This form of acting work has mainly to do with your battle with your inner critic. Shame, fear of failure and of not being good enough let many shy away and thus prevent the development of their potential. It’s great to experience leading executives discovering their centre and watch these previously introverted managers outgrowing themselves.”

“To make the Learning Journey experience a success for any business it is of decisive significance that the leading executives can stand in front of their employees and convey their own vision with emotion”, explains manager Kammerer, emphasising the importance of this art form, which is often neglected by many businesses. “Just like they are doing here on the stage, this is authentic leadership. To be convinced enough of oneself to be a sustainable influence. To achieve this there has to be a repeated scrutiny of your own role and its attractors. Anyone in our structures who is devoted to the illusion of power and control will fail miserably.”

During the break, when the exhausted swarm re-groups over snacks, the most important aspect of this whole Learning Journey can be found there, and it is not led by any one. People gather at tables in multi-national, multi-ethnic, multi-functional, multi-hierarchical groups. At last they are living up to the company motto: *Connecting People*. Many of these relationships will continue on after the programme. A week later, chances are high that an executive in Singapore and another in Helsinki will call each other up to discuss a problem.

4. Results of Collective Intelligent Management

Dirk Glienke, at that time Global Controller Customer Care and one of the first participants in the Learning Journey, boils it down to one aspect: “We quite clearly see the programme as an investment and not as a cost factor. I have just come from meeting some people at different tables and I listened to what they were talking about to each other. Looking at it realistically the tips that they were passing on to each other and the exchange of knowledge has a much higher equivalent value than what we invested. And they will continue to communicate in much the same way upon returning to their countries around the world. We invest in this community, because to keep up with this fast business you have no other choice.”

With continuity, pressure, continuous repetition and enough space to meet up with others, one can reach the driving force required to bring businesses into a collective intelligence movement. “Decisive is that I, as leader of the company section must at all times show absolute commitment from the beginning to the end”, says Kammerer. The theory behind collective intelligence states that self-organised intelligent behaviour can only unfold and develop in networks that lack central control and leadership. But how will the role of the manager change as soon as old hierarchical and power structures become obsolete?

“I see myself as a Servant Leader”, says Kammerer. “My role is not to be the top of the pyramid and to give out orders, but to be in the centre of a network and create conditions where functionality is ensured. Being part of the network I do not direct it, but fill in the gaps and initiate processes and tasks that the network can then solve as a collective. This means that I am making a contribution to the collective intelligence, just as everyone within the network. And when things are running well, then I just restrict myself to making corrections and giving impulses. We are still at the learning stage and I still have to give orders and put on the pressure sometimes. Now that we have put five groups through the Learning Journey, however, we will soon reach the critical mass for collective intelligence. From this moment on, I see myself operating more and more from the edge of the network where I will have a better overview of everything. Finding the right balance for a collective intelligence community, that for me is the new face of leadership.”

It takes a new form of management that, even in these intermediate stages, does not need to shy away from the old ruling system. Since this conversion process started, the company has seen sensational operative results. “I won’t mention any figures”, says Kammerer, “but the costs of guarantee revaluations have sunk considerably.” People are now looking at the role of Care within

Nokia in a different light. “Even the leading executives have suddenly noticed that it is not only an enormous quantity of money passing hands, but that also a nationally expanding service intelligence will cut costs tremendously.” A comparison of two situations shows what the association has been through. A crisis situation arose in Latin America where the people concerned had not participated in the Learning Journey. The problem was ignored and it spiralled out of control. Around the same time, a problem also arose in Thailand. Some of those involved were at the Learning Journey and they immediately contacted Europe to ask for help, “without my intervention” remarks Kammerer, in a modest but proud way. “They organised themselves, thus saving considerable costs which, although they cannot be directly calculated, can be identified through the altered method of communication.”

5. *Next Steps*

New methods of communication have been helping to overcome company boundaries more and more often. Social media plays its role as well as a new mindset towards the needs and benefits of communication. The question at hand is when customers will be able to become an agent within this intelligence network? “We would be happy to get this far”, says Kammerer talking at the end of a tough week, “but Nokia is a production company in the hands of engineers. It took enough time for us to develop beyond the purely engineering set-up to a customer orientated one. To build upon our collective intelligence and to eventually include the customer within our community is the next step. Particularly in our department at Care we already have a close relationship to the customer, but it doesn’t make sense to start with something in one department when another department hasn’t even given it any thought.”

A start however has been made. The new development concept has already caught on in other company departments. Manufacturing Solutions, who are responsible for production technology in the factories, and Delivery Solutions, responsible for IT processes and systems have set up their own Learning Journey. They caught on to it after hearing from some enthusiastic participants and simply went straight to Hengl’s consulting firm – without even asking their CEO, who is responsible for budgeting, or arranging it with the Customer Care department. They reasoned that: this is exactly what we need! So let’s get self-organised! A perfect example of collective intelligence at work.

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