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With 12 Figures

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Foreword

At a time when managers often provide fodder for unseemly headlines, and some are even compared unflatteringly with locusts, today's business leaders are called upon as never before to demonstrate the moral justification for their activities, and to ensure that it is understood by all the key stakeholders of a company. What is required is nothing less than a management renaissance, based on a thoroughgoing concept of corporate leadership; there is no less a need for decision makers who hold themselves to the highest standards, with a positive perception of their function as agents of dissemination, and who are committed to the good not only of "their" firm, but also of society in general.

Particularly in today's environment of significant movements of goods, the highest priority is accorded to the social and labor policy elements of company management. For its part, the State must create advantageous framework conditions and promote the willingness to accept risk that is fundamental to the entrepreneurial spirit. A social, constitutional state with a liberal social structure has always been and remains the prime concern of democratically spirited forces everywhere. When managers live up to the expectations with which they are entrusted, they lend the social market economy – often misunderstood and sometimes even misused – a new luster. This in turn fulfils the hopes and expectations of those Europeans for whom the development of pan-European structures stands for the recovery from post-communist stagnation.

This political aspect is very important and – when the transformation is complete – will not only provide impetus to the economy, but will also promote security and stability. The inexorable advance of globalization in all areas of life also presents an opportunity for new growth stimuli for the global economy. Professionally trained managers will know how to make the best use of these opportunities for growth in their own companies. And thus they will furnish the best evidence that the creation of prosperity across borders is the most important indicator of their own success.

Just as politics must serve the freedom and dignity of the citizen, the welfare of the individual must also be paramount in business. So how is the success of today's managers to be measured? How can they juggle the multiplicity of conflicting demands and survive in the face of global competition? By striving to manage in a professional, socially responsible manner, cultivating the ability to think systematically, and pursuing appropriate advanced training courses at progressive business schools. Such training heightens the sense of responsibility, hones in-

stincts for the enormous range of demands to which they must respond, and equips managers with the extra knowledge they need to fulfill their role as examples within the company.

Modern business schools are open sociotechnological systems that train essential management potential efficiently and effectively. Close ties to industry and cooperation with major market participants make for an environment that provides an optimum reflection of reality. With their emphasis on teaching management skills, business schools thus represent the ideal complement to universities, which concentrate on research and instruction, since many close and successful partnerships already exist between business schools and universities.

Management as a branch of science should not be limited to Marketing, Human Resource Management, Finance, Organization, Communication, MIS/IT, Controlling etc. – in future its scope must be broadened to include social expertise. This is why I support the Genetically Growing Case Study, for when the study participant is actively involved in implementing the transfer concepts that are developed here, his sense of responsibility is sharpened, and he is made keenly aware of the implications of his management decisions in all their forms. Since the participants in the Executive MBA course of study are senior executives who can themselves look back on several years in leadership positions, they can build on their own experience and are capable of actively engaging the professors.

Dr. Hans-Dietrich Genscher

Former Foreign Minister
of the Federal Republic of Germany

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PART THREE

Transfer of the Genetically Growing Case Study (GGCS) to the Company

PART ONE:

Innovative Case Study Methodology – A Concept for Executive Development

I. From the Harvard Case Study Method to the Genetically Growing Case Study

Case study methods have been used for training and professional development of executives for decades. In order to work through a case study, the study participant is placed hypothetically in the position of the manager in the company who must make the decision. In this capacity – after gathering and evaluating all the information that is pertinent to his decision – the study participant must decide for one of several alternative courses of action, justify it, and present ways in which the planned solution might be implemented.

The major advantage of the case study method is thus twofold – it *reflects real-life situations,* and it includes a *practical learning process*: by considering a written case that is taken from corporate practice, study participants are instructed in the professional work methods they need in order to exercise their managerial functions.

Harvard University, Boston

The case study method, which was introduced for the first time in 1909 at Harvard University in Boston (Massachusetts, USA), has also been used in European centers of learning for economics and management development since the end of the Second World War.

However, it is associated with theoretical and practical weaknesses. Those weaknesses were described in the first volume of this project ("Harvard Anti-Case"). This criticism of the traditional case study method and its variants led to a call for a new model for the case study method – the "Genetically Growing Case Study (GGCS)" – as an instrument of management development.

All traditional case study methods work according to the principle of learning by simulation. For the most part, they are based on the traditional model of the case study method as it was introduced at the Harvard Graduate School of Business, called the Harvard Case Study Method. This method seeks to instruct through involvement of the participants in group work by presenting study participants with a description of a realistic case from real company practice. Study participants study the case alone; then they work in groups to analyze and evaluate the issues of the case, and to prepare possible solution.

By recreating real-life situations as closely as possible and requiring active participation, the method seeks to minimize the distance between the instruction

environment (the institute of advanced management studies) and the functional environment (the company).

Other case study variants based on the Harvard Case Study Method will be discussed briefly in the following.

Case Methods

In the *Case Problem Method*, the problem for consideration is presented together with its *solution.* Study participants must analyze the dynamics of the problem solving process by following the path by which a solution was reached.

In the *Incident Case Method*, just a *single incident* from a company is presented. Analysis of the case is centered on gathering additional information and data so that the context of the case may be understood sufficiently to make a reasonable decision.

In the *Synergomêtre Method,* participants receive inadequate information relating to sections or problems within a company. This method too concentrates mainly on collecting additional information that is directly required in order to reach a resolution. However, that information is distributed among various work groups formed by the participants, so that it has to be obtained under *competitive conditions*. The learning process emphasizes working as a team to achieve the desired synergy effect.

Company process simulation attempts to demonstrate the effects of decisions in complex systems, and thus to raise participants' awareness of their implications by *simulation of a system process* (usually computer-supported), with entry of decisions into the system, responses to the participants, resubmission of modified decisions, and so on.

In the *Action Learning* instructional model, managers are sent to work in *host firms*, usually for about six to twelve months, and begin working on projects immediately upon their arrival. The managers have to function in an alien company culture and the company's problems are analyzed by outsiders, so that both sides acquire a new perspective on the problem.

A.   A Criticism of Traditional Case Study Methods

In this part, I would like to repeat my criticism of traditional case study methods for the sake of better understanding. In essence, it is directed at three issues:

- The case study methods in common use neglect to take into account the differing levels of education, age and experience of the study participants for didactic purposes.

The justification: A case study method in Executive Development, i.e. for learning corporate management, can only be used for people who have demonstrated that they already possess the potential for professional and personal development. Accordingly, a management andragogic learning process is required, the substance and design of which are tailored to the participants' phase of life.

- The traditional case study methods **do not** transcend the spatiotemporal boundaries of the teaching and learning process. Ultimately, there is still a chasm between the learning environment (the advanced training institution) and the functional environment (the company), which **is not** bridged by conventional case study methods. It is certainly desired that the lessons learned will be transferred to the reality of the management process, but this transfer is not considered to be essential and itself a part of the learning process.

- My last point of criticism relates to the inadequate consideration for the "time" factor in work with the case study method. The traditional methods favor a situation-related decision based on a predetermined set of data. But in view of current trends in world and national economics, company strategies must be planned with a view to **the long term** (a chronologically progressive view rather than a view sideways through a single point in time). The status quo must be determined on the basis of the company history and harmonized with long-term planning so that the solution concept for a case study can be drafted. In order to fulfill this requirement, of course only the most current data can be used for analysis and planning.

These then are the salient points of my criticism of traditional case study methods. Before proceeding to my presentation of the Genetically Growing Case Study as a modern, reasonable alternative, I would like to briefly review the theoretical-didactic tenets on which it is based (described fully in "Harvard Anti-Case", chap. 2).

B.   The Concept of an Andragogic Approach for Management

Management andragogy is understood to be the specific theory and practice of learning how to manage in a company. One of the principles upon which it has been developed is an analysis of the lifecycles of adults. Since adults learn differently than children and adolescents, and are also motivated to learn differently, learning processes need to be developed that are directed specifically at this target group.

Managers in the fourth decade of life are characterized by qualities of judgment, maturity, and readiness to accept responsibility. These qualities must be taken into account in the learning process. The motivation for advanced training at this stage of life is often born of a person's desire to deploy these qualities in his or her own

career, which means advancing to the next level in the company. Communicating the particular skills and general knowledge that are indispensable for this, together with the corresponding abilities, is the real task of a case study method in Executive Development.

C.   The Company – An Open Sociotechnological System

Successful corporate management requires a global view of the company, including all its subsections and the interplay between them. At the same time, the various influences on the company from politics, the economy, culture and ecology must also be observed and evaluated.

For the purposes of this book therefore, in keeping with system theory, the company is defined as an open sociotechnological system. It is made up of various subsystems and in turn it is incorporated in the supersystem of the national economy, with which it interacts constantly.

According to this system theory perspective, the company is divided into the following subsystems:

- Corporate Strategy

- Marketing

- Human Resources Management

- Operations Management/Logistics/Research and Development

- Finance and Controlling

- MIS/IT.

Any learning process with the stated objective of enabling those who follow it to practice holistic management of a company must deal with each of these subsystems. It is also important to ensure that each company's history, philosophy and policy as well as the concept of qualitative growth it embraces are incorporated as fundamental references in the learning process. But the essential components of the learning process must be the readiness to assume substantive responsibility through inevitable transfer, which is to say the application of what has been learned in a company of the participant's choice.

D.   The Genetically Growing Case Study (GGCS)

The *Genetically Growing Case Study (GGCS)* fulfils these conditions better than all traditional methods.

The term "genetic" was chosen because it describes the course of the learning process as a progression in which the importance of constant streams of new information (Internet) and the effect they have on the nature of the study thereafter is emphasized. The term is also intended to recall the similarity of our system-oriented case study model to ecological thought, since every company is also linked directly with its biological environment.

At the same time, "growing" is used to characterize the process by which the study participants – successively upon completion of each study block and as they process streams of constantly updated information – implant the transfer concepts they have acquired in the subsystems of the company of their choice: Thus, the case study continues to grow.
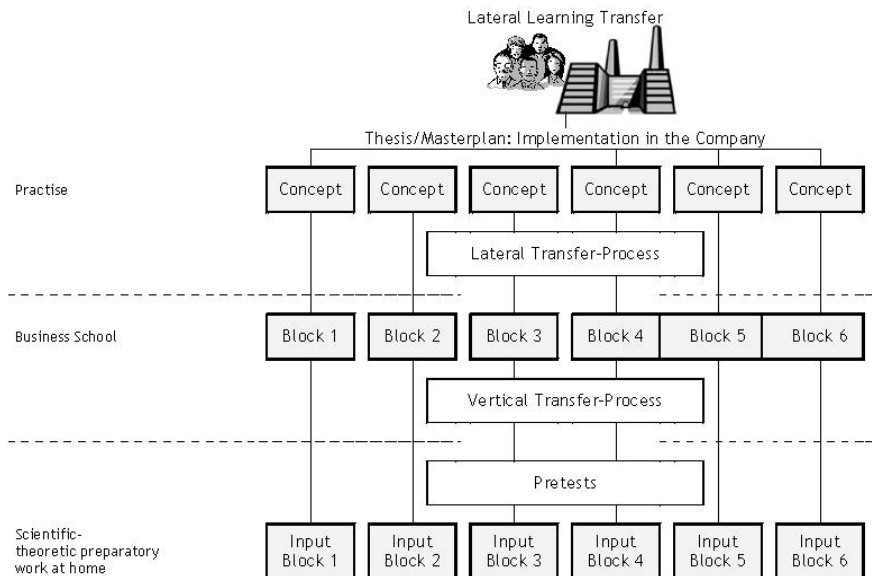
Fig. 1. The system of the Genetically Growing Case Study

E.   Work with the GGCS

Since the methodological concept of the GGCS is based on management andragogic principles, potential study participants must undergo a selection procedure before they are admitted to the GGCS Executive Development training. This is designed to ensure that study participants are equal to the management andragogic demands of the learning process. Candidates, who must be aged over 30 and have at least five years' management experience, are selected by means of a

combination of interviews and aptitude tests. The procedure ensures that they possess the requisite theoretical and practical knowledge to be able to assess their career path realistically and deliberately, and to formulate and reflect upon their experiences appropriately. Finally, tests are designed to round out the aptitude profile by testing intellectual competencies, language ability, conceptual thinking and stress tolerance.

Work with the GGCS is divided into the following phases:

- Preparation for the study blocks (in-service)

- Participation in the study blocks (full-time)

- Post-processing of the study blocks and developing transfer concepts for the subsystems of the company of their choice – corresponding to the content of the preceding study block (in-service again).

The preparation period is about three months, the individual study blocks each last two weeks. The partial transfer concepts should be produced within two to five weeks thereafter. Since participation in the blocks may be arranged at a time convenient to the participants, the entire study process should be completed within two to three years.

1. Preparation Phase

The *preparation phase* consists of an intensive study of reference works (in English and German) with the focus on a block. The study participant must complete this work in addition to his or her management activities in the company. The study of reference works lays the theoretical foundations for work in the study block. The study participant should already be reviewing and analyzing the theoretical material critically with regard to various issues of difficulty.

The results of this individual study will be tested before each block in the form of pre-test questions. If the study participant demonstrates sufficient basic knowledge, he or she will be admitted to the study block.

2. Study Blocks

Over the course of the study, the study participant will take part in six *study blocks,* each of which corresponds to a company subsystem:

- Corporate Strategy

- Marketing-Management

- HRM

- Operations Management/Logistics/R&D

- Finance/Controlling

- MIS/IT.

As soon as work on a study block begins, the learning process for each study participant must be directed at the transfer that must be made later. The material that is learned must accordingly be reviewed and processed critically and in detail on the basis of the participant's own professional and personal experiences.

The study blocks consist of a combination of teaching and discussion of academic theories and practical work on the case under instruction.

In order to teach current information, hearings are also used: introductory hearings place the topic of the respective study block in a wider system context (the national economy for example), technical hearings are more generally associated with the topic and are designed to present specific sources of information on subordinate topics of a study block.

A workday during a study block is divided into:

- A three-hour learning phase (or technical hearing), led by a European presenter

- A three-hour learning phase (or technical hearing), led by an American presenter

- A two-hour learning phase with both presenters (team teaching)

- Several hours of working in teams on the solution of the case under instruction.

This schedule will be maintained through the entire study block.

3.   Zurich Living Case

The *Zurich Living Case* represents a system-oriented description of a real company in a strategically difficult position. Study participants are required to analyze this Zurich Living Case, gather additional information they need to interpret the case independently, and to develop this case in parallel with their theoretical work into a solution concept that may be presented in line with the focus topic of the study block.

Work on the Zurich Living Case is done in teams. In this way, it is intended to develop the study participants' social skills and their ability to deliberate on and discuss sociopsychological processes. A subtask will be assigned to each member of the team reflecting that member's abilities (or also his weaknesses). Throughout

the entire study process (i.e. over the course of all six blocks), each participant will be expected to assume a variety of social and functional roles in the groups.

Each group will be led by a tutor, a team member who has greater knowledge than the others of the work undertaken in the study block, and who has experience of group dynamics.

The Zurich Living Case will be selected by the responsible moderator, the leader for the block, and will be updated as necessary with additional instructional material (teaching notes). The teams will also be guided in their work by people who have already completed their work with the GGCS (mentors).

Each block will conclude with:

- Group tests in the form of presentations of the solution variants for the Zurich Living Case, held before a board of professors and experts, which will challenge each solution presented via the faculty and the junior board and will evaluate the quality and formal preparation of case solutions and presentations, and

- Individual tests, in which the learning progress of each study participant will be examined with questions on the focus topic.

Each study participant will receive a grade which is based on his or her performance in the group and individual tests.

4.   Post-processing Phase

In the *post-processing phase* of a study block, each study participant must draw up his or her own transfer concept (partial transfer) corresponding to the respective subsystem of the company he or she has chosen. In this way, it is intended that the newly acquired knowledge and skills will be transferred to the reality of the operational area under consideration.

In this way, study participants develop a strategy for the company over the entire period of study. I call this overall strategy the master plan.

F.   The Master Plan

In the *master plan,* the six partial concepts are combined in English and German taking into account the external environmental variables of the company (global and national economic influences, political context, legal context, ecological and social context). With regard to the chronologically progressive view, the history of the company must not be ignored. Planning for the continued existence of the enterprise must take a long-term view.

Finally, when it is complete, this *thesis* must be submitted to the Institution of Executive Development for examination. In the final examination, the study participant must explain and defend this thesis in dialectical discourse before a board of professors and experts.

In the last phase of the transfer, this examination is followed by the implementation of the thesis (as described in the master plan) as an innovative measure in the selected company for a period of one to three years.

During this time, the executive Institution of Executive Development continues to perform an advisory function via the R&D Center, so that when difficulties arise in the implementation of the transfer they can be discussed and any necessary adjustments can be made to the strategy.

II.   Selection of Study Participants

Work with the GGCS is directed to the formulation of a practicable corporate strategy; the fundamental element in this process – and this is where the GGCS exceeds the limitations of all previous case study models – is a learning process conceived on management andragogic principles, which builds on the study participants' own experience, maturity and willingness to assume responsibility. Therefore, a selection procedure is implemented in the constitution of a study group (plenum) for working with the case study method, to ensure that all members of the group have the requisite degree of managerial experience and maturity, and willingness to assume responsibility.

Based on the above, the target group for Executive Development with the GGCS are promising managers who are in positions of middle management (operational level) and whose career path will take them into senior management (executive level), or people who are already in senior management and wish to supplement their theoretical and practical knowledge with the GGCS learning process.

Since work with the GGCS involves detailed examination of problems at the strategic level of the company, and from the broadest possible range of perspectives, i.e. holistically, the participants too must necessarily be drawn from a wide range of disciplines.

In consequence, the target group must therefore undergo a selection process. This selection of study participants is made on the basis of a combination of interviews and various aptitude tests.

A.   The Interview

Regarding the interviews: Together with the aptitude tests, the task of the interviews is to ensure that the selection of candidates for Management Development is cast as broadly as possible, which means gathering quantitative as well as qualitative data. Only afterwards, following a thorough analysis of the interview and test data is the final selection of candidates made.

Considerable care must be exercised in interpreting the results of the interviews as well as those of the tests. Arnsfried B. Weinert (1987), recommends the following procedure for conducting an interview successfully:

- conduct semi-structured discussions

- use material for discussion within a statistical predictive model (besides other sources of information)

- define a categorization model for evaluating positive and negative information, with a view to the actual predictability of work performance

- the candidate must possess sufficient experience of the professional position (in this case the training course) and the demands entailed thereby

- the range of variables about which information is to be gathered must be limited, with a view not only to capturing it objectively, but also so that it can be evaluated in the interview situation

- those variables that may have predictive pertinence with regard to the professional position (in this case participation in the training) must be limited and differentiable in meaningful manner

- the use of quality lists is advisable (Q-Sort method) for examining and comparing different candidates; this method consists of a number of statements that describe a person in categories on the basis of their positioning in a like-unlike matrix.

The interview is intended to determine the degree to which the candidate for work with the GGCS possesses the qualities that are important for the learning process based on management-andragogic principles. These particularly include the following determinations:

- The candidate's personal assessment regarding his or her course in life and professional career to date

- The candidate's aspirations for the future in terms of career and personal development

- The candidate's status in terms of

  - experience (personal and professional)
  - sense of responsibility
  - maturity in professional and personal matters

- The candidate's individual views on the world (economy, politics, social environment, family, personal value system)

- The candidate's own expression of his or her reasons for wanting to take part in the training with GGCS.

As a selection instrument, the interview should also seek to establish the nature of institutional qualifications and the range of the candidate's experience in his or her professional career.

Since participation is also predicated on commensurate managerial knowledge, study participants should not be less than 30 years of age; the ideal age range is between 30 and 40.

Institutional qualifications must be of high quality, because a high order of intellectual capability and factual knowledge will be essential not only for processing the GGCS, but also later in the exercise of executive functions. An academic degree would meet this criterion, for example.

B.   Experience Values in the Professional Career

As was pointed out earlier, the practicalities of corporate management at the senior level demand a high degree of personal maturity and the associated experience-based knowledge. Study participants must therefore already have managerial experience. Five years experience in a managerial position may be considered a substantive experience. Not until they have achieved the personal stability that accompanies middle adulthood and gained the corresponding experience are most people equipped to exercise a sense of responsibility in executive management.

It is recommended to use other selection tools as well to test for the necessary aptitude for Executive Development.

One such tool is the use of tests, although the results from these tests should be treated with caution, because ultimately a complete picture of the candidate's qualifications, which determines whether he or she should be admitted to Executive Development with the GGCS can only be obtained from a combination of all the selection instruments and other proofs of ability (professional certifications, references with due allowance for the subjectivity of their content).

Arnsfried B. Weinert (1987) lists the advantages of tests as instruments of selection – bearing in mind all the methodological and ethical difficulties of administering them:

- "Tests concentrate purely on determining the potential capabilities of the candidate, so they preclude the possibility of subjective prejudices such as may be created in personal third party assessments.

- Test results provide an objective and above all a standardized example of the candidate's professional conduct, personal characteristics, technical capabilities etc, which lends itself particularly well to statistical evaluation.

- It is relatively easier to measure a test's usefulness or lack thereof in measuring predictable work performance than is the case for other selection means.

- Tests often allow qualifications, gifts, talents and personal qualities to be "discovered" in the candidate that may not be observed at the hiring interview or with other selection instruments.

- Finally, tests are usually less expensive than other selection procedures."

In order to obtain a complete picture of the candidate, a combination of the following tests seems appropriate for purposes of selecting study participants:

- Intelligence tests
  (e.g. the Hamburg-Wechsler Test for Adults or the Zurich-Wechsler Intelligence Test)

- Language tests (TOEFL)
  The intense international interplay in business relations means that mastery of foreign languages is now indispensable for management. A certain knowledge of English is essential, and may be tested for example by administering the Test of English as a Foreign Language (TOEFL).

- Graduate Management Admission Test (GMAT)
  This test from the United States is generally considered to be a basic requirement for admission to academic management training courses. Candidates should be able to demonstrate a "score" of 550 points or more in order to be considered for admission.

Weinert also points out that the administration of tests is associated with certain ethical problems:

- Intrusion into the privacy of the test subject (in personality tests)

- Misuse of the data gathered by the testing institution

- General data protection (danger of the data being communicated to third parties).

It should be noted on this issue that data which is gathered at the administration of tests must be treated with the utmost discretion under all circumstances, to prevent any possibility of misuse and to protect the test subject's privacy.

Finally, the following should be borne in mind when interpreting the test:

- If the test result is negative, this should be communicated to the test subject tactfully, the negative conclusion should be interpreted constructively, and the test subject should be made aware of other options for achieving his or her objectives.

- If the test result is positive, there are no more hurdles for the test subject to negotiate, and his or her motivation may justifiably be raised considerably.

III.   The Preparation Phase: No Pain, No Gain

One criticism that has been leveled at conventional case study methods is that while they undeniably promote certain skills such as teamwork, they are less ideal for instruction purposes. Furthermore, it is at the level of strategic company management that the instruction of conceptual and social skills needs to be emphasized, as their importance at this level is growing steadily more apparent.

However, this does not mean that in this target group teaching technical knowledge relating to the various disciplines of the company can be neglected. On the contrary, it is precisely here that knowledge of facts and theories about the overall company system must be most current. The research and theoretical material used in solving a case study must be the latest available, whether it be scientific, political, technical, organizational, sociological or ecological in nature.

In order to achieve the various but complementary learning objectives in each study block, it is recommended to adopt a hybrid approach, such as is used in the GGCS itself.

In this context, an academic-theoretical methodology concentrating on the focus of the block is combined with case study processing in teams.

A.   Transfer Orientation

With this approach, participants are able to process the case scientifically and under simulated conditions, and then make the transfer to the subsystem in their own company.

Transfer orientation in work with the GGCS is effected in the following steps:

- *Vertical transfer* (use of newly acquired theoretical and practical knowledge in the study block)

- and *lateral transfer* (wherein the newly acquired knowledge is analyzed and adapted for application and implementation in the respective subsystem of the chosen company).

Starting in the preparatory phase, work is carried out with a view to its subsequent transfer, which reinforces the practical applicability of work with the GGCS. The

transfer process is already started here and passes through various stages, which will be described later.

The researcher Belz (1981) divides the transfer process into the following phases:

- 1. The pre-phase
  (in GGCS terms: study of reference works and pre-test questions),

- 2. The seminar phase
  (in GGCS terms: the six study blocks),

- 3. The post-processing phase
  (in GGCS terms: incremental transfer plan of lessons learned in the block to the corresponding subsystem of the company),

- 4. Application phase
  (in GGCS terms: synthesis of partial plans into a master plan *and* implementation thereof in the company).

This transfer is encouraged in the GGCS as follows:

- the objective of the study block, its instructional content, the mandatory transfer of lessons learned to the participants' own management environment after the block, and organizational workflows are explained to participants beforehand,

- academic foundation literature on the focus topic of the block is sent to the participants together with a directive to complete the required and problem-oriented reading list,

- the success of the study of reference literature is examined (pre-test questions).

B.   Study of Reference Works

Work with the GGCS is designed to establish a link between theoretical and practical work. To ensure that all study participants have reached the same cognitive level in terms of their academic-theoretical understanding of a study block, the essential basic knowledge must be acquired and also tested.

Participants are instructed to study pertinent reference work before their intended participation in a study block with a given focus topic, for example HRM. These reference works are selected by the study leaders.

A reasonable period of time is allotted for this required reading; depending on the works involved, it may begin about three months before the start of the block.

As the study block progresses, the selected works will be used to support arguments in the lectures as well as for processing the Zurich Living Case and for the lateral transfer on this topic – as a theoretical foundation. They must reflect the most recent thinking on the block's focus topic.

In this context, it should be noted that this private study does not yet refer to the case that is to be processed later in the team. Rather, it is a means by which the general academic-theoretical basis is learned before the seminar begins; participants only receive the case study text (with accompanying explanations by the presenter) after the seminar has started, at which point they begin to read, analyze and discuss the study in teams.

This approach addresses the requirement that the method should reflect reality as closely as possible. Issues that arise without warning and are pertinent to corporate management are discussed and worked through in the team. It would seem highly improbable that management in reality has had the chance to deliberate upon a problem before it arises.

The private study of scholarly literature on the focus topic of the block also means that study participants are compelled to examine their own "intellectual work methods". It may be assumed that intensive private study of reference works to acquire new information is a very significant component of the professional tasks of managers and executives in corporate leadership positions. In the private study period, the study participant has the opportunity while reading to detect any weaknesses in his or her techniques in respect of the minimum theoretical requirements for participation in a block, and to make corresponding improvements.

The main criteria for selection and study of the reference works are:

- that they reflect the most recent status of scholarly discussion on the focus topic;

- that the study participant should place the theoretical material in the context of his or her previous management experiences and should already be realizing the information he or she is missing, and taking steps to fill these lacunae, and

- that the participant should already be considering closely the relevance of the academic material with a view to transferring it to the practical environment.

C.   Pre-test Questions

Before the participants are admitted to the study block, they must pass tests to ensure that they have acquired a satisfactory academic-theoretical knowledge of the respective focus topic of the study block.

But the study participants do not sit this test in a "classic" test scenario, under extreme time pressure and in laboratory conditions. The primary purpose of the test is to determine whether the participant has a profound understanding of the scientific principles of the topic, also with the opportunity to check the lessons they have learned themselves. Therefore, it is expedient to send the entire test to them, so that they can answer the questions at home, and refer to the reference works as necessary.

These tests mark the completion of the private study period and are designed to answer the following questions, as defined by June (1986):

- Did new thematic relationships become apparent during the test?

- Did new perspectives on accepted relationships arise?

- Have previous assumptions been cast into doubt by the reading?

- Has my reading advanced the development of my own situation?

- What questions remain after finishing the required reading?

- What comprehension problems remain and what steps can be taken to surmount them?

- Does the reading reveal the need for a certain change in approach?

- Have I become aware of new problem areas?

These questions are intended to help participants to use the thoughts prompted by their reading to best advantage, so that they can also better evaluate what they have read.

The content of the test for purposes of examining prior knowledge should be compiled by the presenter for the block, because:

- The learning objectives must be reflected in the test. They must be incorporated in the test questions according to their content and "their underlying behavior".

- A balance must be maintained between the issues emphasized in the test and the focus issues in the specified learning objective.

- It must be established that the test assumes skills (understanding of the vocabulary and the issues) that are certainly present in the target group.

In compiling the test, the formal structure of the issues should take into account the learning objectives and also the method of the subsequent instruction.

It is recommended to include a combination of multiple choice questions and open-ended questions interspersed with small case studies, incident cases, which the study participant must answer with reference to the focus topic.

Study participants must be allowed adequate time to work through the test (about two weeks). The responsible presenter will then review the test papers and evaluate the results. At least 80 percent of the questions should have been answered correctly. If the results are positive, the study participant's knowledge of the academic principles may be considered sufficient, and he or she will be admitted to the desired block.

(An illustrative example of "Pre-test questions" and the answers provided by a study participant are included in Part 2/Chapter XI.)

IV. Organization and Methodology of the Study Blocks

The learning contents must be worked out during the study blocks: the transfer process begins directly in the study blocks.

The most important consideration here is the individual planning for the implementation of the learning contents, which must be rehearsed, debated and planned.

The progression of a study block is designed to ensure:

- intense concentration on the academic-theoretical principles of the respective focus topic,

- a group dynamic process in team working and solving the Zurich Living Case,

- intensive orientation and thorough understanding of special theoretical and practical problems associated with the focus topic. This is essential to enable participants to transfer the knowledge they have gained from the focus area to the real company of their choice without assistance.

A. Duration of the GGCS Study Block

A block can be set up to run for about 14 working days, with the days lasting from 10 to 14 hours. Within this brief period devoted to the case study seminar, time must be found to present the latest information on how the focus topic is affected by the global and domestic economies, and political, sociological and ecological factors.

The methodology of the GGCS is conceived so that study participants in training are constantly involved in the interplay between instruction and practice:

- the reference literature must be mastered while they continue to perform their preexisting managerial duties,

- in the intensive training phase (the study block), they receive theoretical-academic instruction and work on the Zurich Living Case,

- in the post-processing phase of a block, having returned to their managerial activities, study participants develop the transfer of the focus topic of the

block they have just completed to the corresponding area of the real-life company of their choice.

Example: In post-processing after the intensive phase (e.g. the "Marketing" study block), participants transfer their newly acquired marketing knowledge to the Marketing division in their own company, after the "HRM" block, they make the transfer to the HR division of the company, and so on.

After each study block, this cycle begins again until the participants have attended all the study blocks and the partial concepts can be combined in a comprehensive solution strategy for the overall situation, and are presented in the form of the master plan.

B.   Structure of the Study Block

The learning and teaching process on each working day in a block is divided up as follows:

- *Teaching discussions* (discussion of academic-theoretical principles); about eight hours per day. Specifically, the day's agenda is as follows:
  - a three-hour theoretical learning phase with a European presenter,
  - followed by a three-hour theoretical learning phase with an American presenter,
  - a two-hour learning phase on the focus topic, moderated jointly by the two presenters (team teaching).
- *Teamwork* on the Zurich Living Case follows the academic-theoretical work (four to five hours per day for the entire duration of the block).

At the end of each study block, the teams must present their solution to the Zurich Living Case.

With this logical combination of formal instruction in the academic-theoretical tenets of management with practical work on a Zurich Living Case, and particularly by incorporating the transfer of lessons learned to the home company as part of the training process, the GGCS breaks through the narrow boundaries that until now have constrained case study methodology.

1.   Teaching Discussions

The teaching discussions constitute the theoretical framework and the academic basis of each study block.

It may be assumed that the study participants have already acquired a basic knowledge of the academic-theoretical principles of the study block, since they have completed the required reading and demonstrated their knowledge in the pre-test questions.

The purpose of the teaching discussions, which are led by the presenter (and the co-presenter in the team teaching discussions), is to relate this theoretical knowledge to the practical management situation of the study participants and to their ongoing work on the Zurich Living Case, and to deepen their knowledge in interactive discussion.

The academic-theoretical learning objectives and content are prepared by the responsible presenters with a view to the topic of the block. The presenter breaks down the learning steps, provides the necessary additional information and references to further sources of information.

The conceptual structure of the teaching discussion will be determined by the leading presenter and the co-presenter.

2.   Hearings

The process of acquiring knowledge is further facilitated by listening to experts on topics related to politics, sociology and other disciplines (hearings). This term has been chosen as a special designation for a special methodological instrument, referring as it does to an exceptional opportunity for a (study) group interested in this information to question leading authorities in the field.

Two types of hearings are used as methodological instruments in the GGCS study block:

a) The Introductory Hearing

Introductory hearings serve as the introduction to the focus topic under study. The purpose of these hearings is to place the topic of the respective study block in a wider context (macroeconomic influences on the company, for example the currency situation, trends in the national economy, current sociological developments).

b) Technical Hearings

Technical hearings are special presentations of current information for study participants, and they should also be incorporated in the concept for solving the Zurich Living Case and the GGCS. These technical hearings are not necessarily closely related to a focus topic; their connection to the topic may be less rigidly defined in the interests of an interdisciplinary approach.

In terms of their methodological construction, introductory and technical hearings are identical: both teaching forms consist of a combination of presentation and follow-on discussion between the presenter and the study participants. The presenter will be a recognized authority in the respective field.

The technical hearing in a study block should not exceed a total time of two hours (one hour for the presentation, one hour for the discussion).

Although the content of the hearings is not specified, a relationship should be drawn between the subject of the hearing and issues of corporate management, internal and external systems of the company.

Technical hearings in the GGCS are offered in the following subject areas:

- psychology and psychoanalysis,
- sociology,
- ethics/dialectics,
- politics,
- jurisprudence,
- national economics,
- politics.

For the study participants, attending a technical hearing provides an outstanding opportunity to supplement their management expertise, in theoretical and practical terms. This is extremely important not only for their work on the GGCS, but also for their daily management activities.

Two minute takers are appointed for the plenum, who will take written notes of the presentation and the discussion, so that the new information will be available to the entire study group. The two sets of minutes will be compared and merged. This final set of minutes will be handed out to all study participants.

All hearings – introductory and technical – consist of two phases:

The purpose of the *expert presentation* is to place the respective focus topic in a broader context, to offer theoretical and practical insights into the pertinent environmental variables (particularly those of a macroeconomic and sociological nature) of the system in system-oriented terms, and to highlight their significance for the conception of a long-term corporate strategy.

The *discussion* is intended to serve as a stock-taking point for the newly acquired information and its significance for specific issues of the focus topic. In the introductory hearing, it serves as an introduction to the debate surrounding the analysis of the case and to the significance of major elements of the system world.

3.   Teamwork

Much of the work with the GGCS takes place in work groups. Therefore, I think it is important to provide a few brief notes on the essential features of an effectively functioning team:

Interaction: The group members must be able to interact with each other.

Group size: Face-to-face communication must be possible for all members. Groups should have no less than six and no more than ten members.

Duration: A group needs time to work; a minimum period must be allowed before interactions begin to emerge.

Goal-orientation: The group must be goal oriented; it is a society with common interests that need to be realized.

Group conventions: In order ensure the continued existence of the group in the work process, all its members must comply with certain conventions, standards or criteria which are formulated more or less deliberately and (can) become the standard for the group.

Sense of association: The group process gives rise to a feeling of association among the group members.

Role assignment: As the working and interaction process develops, social roles are adopted, leading to a differentiation of the functions of the group's members.

Organization of activities: In order to attain the objectives and promote the interests of the group, some degree of coordination of activities, i.e. organization using the resources and equipment available is evolved.

Group instruction and working develops in the following phases (which may also be viewed as the work process in the various teams for the GGCS):

The nature of the *first phase* is relatively closed: the topic has been defined, the learning objectives identified, the groups formed and assigned.

The *second phase* is more open: work in small groups begins, the study participants acquire facts and establish connections in these groups, and preliminary results are formulated.

The *third phase* is rather closed again: here, the interim result of the small groups are presented and consolidated. Afterwards, the work of the small groups is compared, critiqued and corrected, with any necessary additions. Finally the corrected results are set down in writing.

In this phase, the results are verified, the solution to the problem is presented, and the group work is concluded.

Teamwork on the Zurich Living Case is conducted similarly:

- teams are formed from the plenum
- the teams receive the case (with key questions) for processing
- the team begins processing – planning, assignment of tasks, organization
- processing continues every day after the instruction discussions for the duration of the block study period
- decisions regarding the solution of the case are reached by consensus
- the solution is presented jointly and is defended before the rest of the plenum and the test committee
- the solution is evaluated by experts.

The newly acquired information is always transferred on an individual basis, and for this each study participant works closely with the presenters and mentors.

Composition of the Team

Teams are formed from the study participants in the plenum. The optimum size of a plenum is 48 study participants. This means that six teams of eight can be formed. Each team is tasked with developing a solution strategy for the Zurich Living Case during the course of the study block. Whereas a spirit of complete cooperation should exist within the team, the teams compete with each other to create and present the best case solution.

The primary objective of the team work should be to deploy the specific capabilities of the team in order to make the best possible decisions for solving the case, and to present the solution that is thus developed jointly to the plenum.

To ensure that the group work produces the best possible result, the constitution of the team must take into account certain criteria, qualities and role statuses of its members.

The first step is to appoint a group leader, someone who has more experience of working in groups, and will be able to detect and proactively manage any problems in terms of the group dynamics or technical work processes (to ensure the efficiency of the group work process). This person will have the status of "first among equals" and for these purposes will be called the "tutor".

The tutor is named by the lead presenter of the block. He or she will be someone who has already completed more study blocks than the other members of the team. The tutor fulfills the role of a leader in sociopsychological terms.
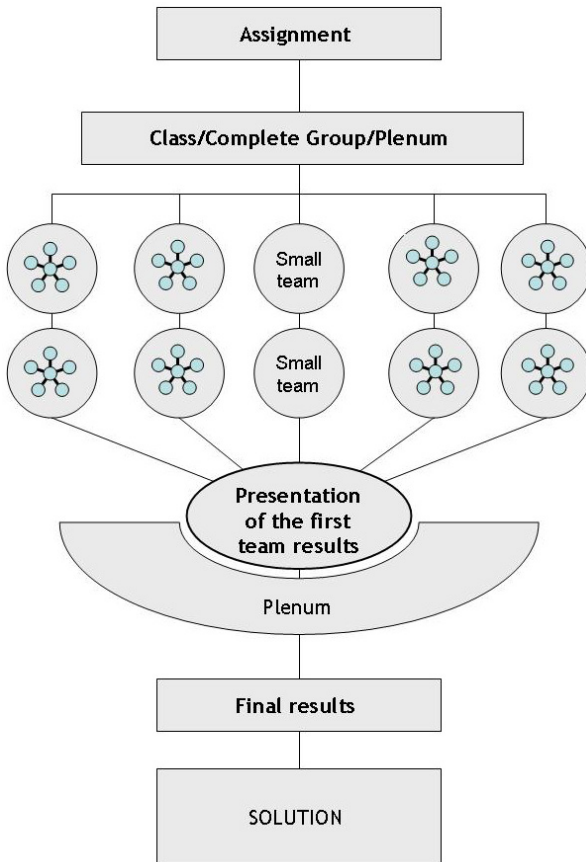
Fig. 2. The learning process in teams (teamwork)

Source: Döring 1983, 200

The team should be formed such that its members again represent an ideal mix of professional backgrounds and knowledge levels gained from blocks already completed. In this way, the conditions will be created for maximum synergy.

The individual tasks within the group should be assigned so that each specialist can apply his or her experience most effectively in an area in which he or she is particularly knowledgeable, but also so that each specialist can also assume responsibility for additional secondary tasks in areas where he or she has previously shown weaknesses. The tutor and the other group members must work together to design a process whereby individual weaknesses can be addressed constructively.

The teams' work on the Zurich Living Case during the study block is monitored by mentors. A mentor is a previous study participant who has successfully completed

the study process with the GGCS, and thus has experience of successful case processing. The teams can turn to a mentor for advice if they get into difficulties.

Mentors are in attendance for the entire study block, but do not remain with the same team all the time. They can be asked to join a group temporarily in order to advise its members.

Mentors also participate in the tests, because their special knowledge of the different team processes mean that they can contribute significantly to a well-founded evaluation of the teams and the individual team members. They can also help study participants as they create their transfer concepts for the company of their choice. In this way, the mentor's advisory function is extended to include the transfer process as well as the learning process.

Group Dynamics

Tasks are assigned within the team so as to make the best possible use of the existing specialist knowledge of the team members. The study participants' role status should change during the team work: every team member should take the role of group leader at least once during the study time.

It must be borne in mind that the dynamics of a group undergo the following evolution (as described by Tuckman, 1965):

Forming: Group members are unsure of themselves and depend on a leader. In this phase, members work out what behavior is considered acceptable in a given situation. They define the tasks, rules, and appropriate methods.

Storming: Conflicts may arise between factions of the team and opposition to the leader may be expressed. Opinions may become polarized. The groups refuse supervision; this may lead to an emotional rejection of the task.

Norming: A feeling of group solidarity develops. Group conventions are established; members provide mutual support. Opposition and conflicts are negotiated and resolved. Opinions and feelings are expressed candidly; a willingness to cooperate is engendered.

Performing: Interpersonal problems are solved. The group structure is aligned with the performance of its task. Role behavior becomes flexible. Constructive processing of the task becomes possible and solutions to problems are developed.

The leader must have mastered these processes of group dynamics in order to be able to preserve an overall view of the work process and intervene when it is disrupted. The team members should also be familiar with these issues, so that they can apply their own informed reasoning to the group process.

Moderation of the Group

Each study block in the GGCS is directed by a presenter. As the moderator, the presenter instigates the desired group dynamics processes by performing various tasks in the teaching and learning process. The moderator has the following functions:

- he determines the scholarly learning content and the learning objectives of the block,

- he provides the academic instruction (teaching discussions),

- he introduces the plenum to the case analysis (explanation of the case and distribution of additional and supplementary information),

- he initiates the team work on the Zurich Living Case (composition of teams and their tutors),

- he monitors the teamwork process and provides corrective guidance if it is disrupted,

- he intersperses additional information and "micro-cases" (small case studies) with corresponding tasks,

- he reviews and corrects the solutions to the "micro-cases" and solution strategies used by the teams for the Zurich Living Case,

- he administers the final technical tests (compilation of test questions and evaluation of answers),

- he assumes an advisory function for the purposes of the transfer of lessons learned in the study block to the companies.

The role of moderator may best be filled by highly experienced university and college professors. These technical experts possess the requisite current knowledge of the respective discipline, are in a position to evaluate its practical applicability, and are qualified in questions of higher education teaching methods.

The United States has been and remains the source of many important advances in management training (in the field of Marketing, for example). On the other hand, some disciplines of Executive Development require a specifically European viewpoint. The moderation model described previously as team teaching represents an ideal combination of these two academic "territories of origin".

V. The Zurich Living Case Study

The Zurich Living Case provides an all-round description of the current situation of a real company in a difficult position. In this, it already differs from many traditional case study descriptions, which only present partial aspects or isolated situations of a company.

In many Management and Executive Development institutions, these cases are created once and are then repeated again and again for succeeding generations of study participants. But I think that this approach is flawed, because in view of the complex and dynamic economic development of the last few decades, it is no longer possible to talk of "classic" situations that can be used for efficient, transfer-oriented learning processes in Management Development. The reason: Nowadays, managers face a range of entirely unprecedented problems every day in the course of their management duties, which must be solved creatively. Moreover, the knowledge of all the pertinent technical disciplines that is available for diagnosing and solving these problems continues to evolve at an enormous rate. Accordingly, new ways must constantly be sought to create up-to-date cases and solutions therefore.

Case descriptions must be based on a realistic and current company situation. This requirement is only satisfied by case studies relating to real cases that occurred within the last year.

Efforts to reduce the distance between the instruction situation and the real-life situation for teaching executive management led to the development of the *Life Case Study* or *Zurich Living Case Method*, as is used at the London Business School.

Researchers Perlitz and Vassen describe the Life Case as follows:

"A Life Case is understood to be the processing and penetration of a corporate situation that currently obtains in a company . ... The advantages of case studies of this kind lie in the fact that the students receive all the information that is currently available at the time of the decision and in order to reach their decision. Consequently, participants are afforded the opportunity to join in the work of reaching a real-life corporate decision, and the enterprise receives a number of possible solutions, which it can use. ... Life Cases are thus related to reality more closely than other forms of case study."

The Life Case Method is often used in internal company training. The information necessary for solving the case is provided by senior and middle managers. The data from the study participant's company are elicited in the Management Development of the respective business.

A.   The Special Nature of the GGCS

The is not the case when working with the GGCS:

The case is selected from real life by the study directors of a block, who currently have corporate management positions or work as consultants in addition to their teaching activities; together with a graduate of the GSBA who is now the CEO of a corporation, they transcribe the case in the form of a case study. The sociodemographic data – development background of the company, its political and social context and technological framework conditions – are real.

The moderator formulates the case description. This must include enough information to enable the team to work successfully; on the other hand, it may also contain deliberate "weaknesses", because the team's task also includes gathering additional data.

The company that allows its data to be used for processing in the training course has the benefit of being able to apply the suggested solutions to its "case" that are prepared during the course. These strategy suggestions are subsequently submitted to the company's senior management. In this way, the company's management receives a number of possible strategies, which it can evaluate and implement as it sees fit.

If the solution suggestions to Zurich Living Case Studies are drawn up by students without the necessary practical experience, such as might be the case with students in an academic institution, there is a danger that the problem analysis, the identification of solution strategies and the proposed decisions might be based too exclusively on theoretical reasoning to be acceptable to the company's management.

This danger does not arise in work with the GGCS because the study participants possess not only a basic theoretical training, but also practical experience of management.

It should be noted here again that the case should include information about the historical development of the company (a chronologically progressive view rather than a static, cross-sectional view). For study participants, this means that they must refer to the company's history to create a concept for its medium and long term development that will assure its continued existence and qualitative growth.

In addition, the director of the study block will introduce new information gradually as the work progresses, which the teams must take into account in their sub-

sequent deliberations. It is a standing task of the teams to continue gathering pertinent, current data from up-to-date publications, the media and the Internet (on the currency situation, stock market activities, political and sociological events on the national and international scale) and to include it in their processing of the case.

B.   Writing the Zurich Living Case Study

The case study should be created after contacting and in closest cooperation with the highest-level management of the company in question. Once contact has been made with senior managers, the procedure for gathering the necessary data is prepared and structured. The definitive "release" of the case study in the form of teaching material cannot take place without the express consent of the company's senior management.

At this stage too, it is important for the author of the case study to draw information from as many secondary sources as possible (trade magazines, daily newspapers, Internet, radio/television) for the description of the company.

The internal company data are gathered at the company's location. While doing so, observation of the company's employees can also provide significant information.

When interviewing respondents, which may include both managers and employees from all functional areas of the company, the following considerations should be borne in mind:

- The interviewer should not ask direct questions about problems or difficulties, but should ask about specific experiences.

- Although a list of questions should be worked out ahead of time, there should be sufficient scope for unscripted questions and answers, because this may bring to light unexpected details that are important for the case study. Questions must be formulated so that they are clearly understood.

- The interviewer must maintain a neutral attitude throughout. He should avoid making positive or negative comments about the answers received. Leading questions must be avoided under all circumstance!

In the course of researching additional information in the company, for example when evaluating documents, distortions may arise that occurred during the document revision process. It should be ensured these errors are excluded from the research.

When all the data needed to create a case study has been compiled, the case study can be written.

An example of a Zurich Living Case is presented in Part 2, Chapter XII of this book.

VI. A Summary of the Learning Objectives and Instruction Content of the Study Blocks

The GGCS will be conducted in the following six study blocks:

- Corporate Strategy

- Marketing

- HRM

- Logistics/Operations Management

- Finance/Controlling

- MIS/IT.

The following chapter includes a description of the learning objectives for the individual blocks, together with examples of content options. Because the academic disciplines are evolving so rapidly, it is not possible to specify this content definitively here. Its relevance for a modern Executive Development course must be evaluated constantly, and the material must be modified as necessary.

A. Corporate Strategy

Today's business environment is one of global competition, scarce resources, rapid technological changes, constantly changing markets, increasing demand for social responsibility, and shrinking organizations. All managers, not just top managers, must develop broad-based, holistic skills to conceptualize these demands and then come up with strategies that successfully address them. Corporate Strategy provides participants with these necessary skills.

The course objective is to develop a managerial point of view – a capacity for analyzing problems on a broad business, company-wide and global basis, yet also be relevant for the participant's job; to develop the ability to distinguish between basic causes and symptoms of business problems; to develop orderly, analytical thought processes that can reduce environmental uncertainty; i.e. to show the link between rigor and relevance, theory and practice; to develop the creative skills necessary to visualize problems and solutions differently from the competition; to learn from each other by sharing our perspectives and our experiences.

Academic Content

- Basics

- Strategy

- Corporate Strategy

- Business Strategy

- Functional Strategy

- Fit of Corporate Strategy, Business Strategy and Functional Strategy

- Strategic Management

- Strategic Analysis

- Strategy Development

- Strategy Implementation

- Strategy Controlling

- Methods and Tools of Strategic Management

- Management Issues in Strategy

- Building Company Values

- Strategic Risk Management

- Global Strategy

- Strategic Alliances

- International Competition

- Strategic Positioning

- Strategy Dynamics.

Learning Outcomes

After the Corporate Strategy Seminar, the students will be able to:

- Recognize, appraise and justify strategy processes on functional, business and corporate level, find and select strategies with respect to visions and missions, and show an understanding of formulating, evaluating, implementing and controlling them

- Work on strategic imperatives (productivity growth, customer-driven enterprise, speed, total quality management, micro-marketing, empowering of employees, boundaryless organization)

- Evaluate business performance and create competitive performance

- Use the cause-effect-chain to generate strategic advantages; find and interpret drivers of an industry and define and use the levers in order to gain competitive advantage

- Respond to and manage change by adopting existing or developing new strategies

- Define the role, influence and responsibility regarding corporate strategy of all hierarchy stages in an enterprise (from the board to the trainee)

- Think strategically to the good of all stakeholders (customers, employees, suppliers, shareholders, collaborators, state and public)

- Use and assess a wide range of management tools for analysis, strategy development, strategy implementation and controlling

- Develop rational approaches to decision making under conditions of uncertainty, overcome risk and sustain competitive advantage

- Think with a global perspective based on an understanding of both the domestic and global environments of the organizations.

Standard Textbooks

- Yip, G.S.: "Total Global Strategy II", Upper Saddle River N.J. 2003

- Müller-Stewens, G., Ledner, C.: "Strategisches Management, Wie strategische Initiativen zum Wandel führen", Stuttgart 2003

- Hoskisson, R.; Hitt, M.; Ireland, R.: "Competing for Advantage", Ohio 2004

- De Wit, B.; Meyer, R. : "Strategy – Process, Content, Context, an International Perspective", London 2004

B.   Marketing-Management

The course objective is to develop usable knowledge about the design and development of marketing policy in complex organizations; to offer a program to help insure that this new knowledge is used promptly and effectively by participants in their jobs; to help the participants develop skills in the creative and systematic use of marketing concepts in the design and evaluation of marketing and business strategies of an organization.

Academic Content

- Characterizing Marketing, Markets, Marketing-Concepts

- Market Research (including Basic Statistics)

- Market Segmentation (Life Style Typologies)

- Market Forecasts

- Product Policy: Product Innovation (Planning Process)

- Branding Strategies (Brand Equity, Positioning, Brand Enrichment)

- Product Policy: Product Differentiation, Product Relaunch

- National Brands/vs. Private Labels

- Pricing (Pricing in Practice, Pricing Strategies, Pricing to the Consumer, Pricing to the Retail, International Pricing Strategies)

- Communications (Corporate Identity Policy, Advertising Decisions, Sponsoring/Product Placement/Product Publicity, Integrated Communications, International Communications)

- Distribution (customer relationship, category management, efficient consumer response).

Learning Outcomes

After the Marketing Seminar, the students will be able to:

- Distinguish and assess critically the theoretical and practical rationales underpinning strategic marketing perspectives

- Communicate with marketing specialists in a professional manner.

- Plan and implement market-oriented actions, target segmentation and develop growth strategies by using concepts and frameworks

- Apply simple forecasting and market analysis methods, be aware of the pitfalls and changes, and manage new product development and the product life cycle

- Assess the correct pricing strategies to adopt under different assumptions and define price elasticity of demand and supply

- Analyze and assess customers and competitors and the likely response of both under conditions of oligopoly

- Analyze and organize consumer buying behavior, create customer value, enhance customer satisfaction and conduct an integrated marketing communication

- Recognize situational problems and implementation barriers affecting the structure and organization of strategic marketing

- Evaluate and assess the practical utility of relationship marketing programs

- Act in an international business, identify political risk, evaluate strategic options for cross-border/global activity and manage cross-border organizational issues.

Standard Textbooks

- Kotler, P.: "Marketing Management", (11th edition), New Jersey 2003

- Daniels J.; Radebaugh, L.; Sullivan D.: "International Business; Environments and Operations" (10th edition), New Jersey 2004

- Cateora, P.R., Graham, J.L.: "International Marketing" (11th edition), Boston 2002

- Berndt, R. (2004): "Marketingstrategie und Marketingstrategiepolitik", Berlin, Heidelberg, New York 2004

C.   HRM

The course objective is to establish the links between the needs of effective organizations in highly competitive environments and human resource activities; to describe relationships among organizational characteristics such as key business issues and human resource activities; to identify the alternatives that exist in human resource practice and the factors that influence their use; to illustrate how human resource can facilitate a change in the strategy and direction of an organization; to describe the structural alternatives facing human resource departments that desire to link with the business; to identify the implications of linking with the business on the roles and competencies of the human resource leader and staff; to illustrate how the new role of management development in organizational change; to heighten your involvement in managing human resources; to discuss international aspects and comparisons in human resource; to give you opportunity to presentations and group interaction.

Academic Content

- Importance of HRM

- Linking HR to the Business: Structure Strategy Vision Mission Values Company Culture Models and Frameworks

- Managing HR in Merger and Acquisitions

- Managing HR in IJVs

- Strategies for International HRM

- Organizational Structures for HRM

- HR Planning

- Competencies and Requirements

- Recruitment Retention Reduction

- Selection

- Training and Development: Leadership

- Compensation

- Downsizing of HR

- Job Design and Flexible Work time Systems

- Motivation und Benefits

- Balance Scorecard

- Controlling of HRM

- Performance Measurement

- Performance Feedback

- Performance-based Pay

- eHRM

- Establishing of HR Functions as Service Center

- Value Add of HRM to Corporate Value.

Learning Outcomes

After the HRM Seminar, the students will be able to:

- Communicate effectively in a managerial role, utilize leadership skills effectively, empower employees, respect company culture, and recognize HR as a critical success factor

- Communicate with HRM specialists in a professional manner and recognize their role in the business strategy

- Understand human behavior in organizations and situations; identify and resolve individual and group performance problems; and conjunct human complexity with technical and financial solutions

- Critically evaluate the various models, theories and approaches to HRM, diagnose problems and recommend appropriate action

- Improve job and work process design and methods of motivation, compensation and benefits

- Use and evaluate different tools for recruitment, selection, training, assessment (performance measurement and feedback) and development

- Assess and discuss the ethical and social implications, situations, actions and policies within a business and understand the ethical and environmental ramifications of decisions

- Assess and use different ways and tools of interpersonal communications and information systems on different levels (business unit, corporate, multinational)

- Manage human resources in culturally diverse environments, understand the HR requirements of multinational/global enterprises and train staff for a time as expatriate in a subsidiary

- Work with and understand the legal implications in the HR business.

Standard Textbooks

- Jackson, S.E., Schuler, R.S.: "Managing Human Resources", Ohio 2002

- Berthel, J.: "Personal-Management", Stuttgart 2000

- Dowling, P.: Welch D.: "International Human Resource Management" (4th edition), London 2004

- Hilb, M.: Integriertes Personal-Management. Ziele-Strategien-Instrumente (12th edition), Munich, 2004.

D.   Logistics/Operations-Management

Important learning objectives are:

- To gain a clear understanding of how to set business direction and migrate it to operations, logistics, and research and development

- To develop a systematic approach for effectively managing operations, logistics, and research and development

- To gain exposure to emerging issues and trends that relate to practice of operations, logistics, and research and development.

Academic Content

- The Levels of Strategy and their Interrelationships

- Integrated Business Planning (Manufacturing and Service Companies)

- Developing a Service–oriented Company (Understanding Customer Needs and Expectations, and Developing a Value Proposition)

- Business Process Analysis, Service Delivery Systems, Supply Chains, and Capacity Analysis

- Process Analysis and Improvement

- Goldrattl's Simulations (Understanding the impact that Variance has on process flow, and then understanding how so manage this impact)

- Understanding the Structure and Dynamics of a Supply Chain

- Simulation of Service Delivery Systems with Sims Quick

- Human Element of Operations Managements and Service Quality

- Tools of Quality Management (Pareto Chart, Fishbone Diagram and Control Chart)

- Quality Management: Best Practices (including Benchmarking)

- Customer Satisfaction and Loyalty,

- Employee Satisfaction and Loyalty

- Addressing Capacity Issues

- Making Inventory Decisions

- Tools of Operations Management (Optimization, Simulation and Queue Management

- ERP, Systems, Forecasting, and Production Planning

- JIT Concepts and Information System

- Project Management

- Examples of Modern Supply Chains in the Grocery Industry

- Activity Based Costing

- Learning and Knowledge Management.

Learning Outcomes

After the OM/Logistics Seminar, the students will be able to:

- Describe concepts of logistics, operations, supply chain, capacity and demand management and relate them to overall corporate and business strategy

- Communicate with operational and logistics specialists in a professional manner

- Apply the concept of customer service management in the business planning

- Describe the basic production system and the fundamental trade-offs involved in its operation

- Describe the use of supplier integration, partnering and network sourcing for the improvement of the supply chain performance

- Describe standard inventory and production control and realize their implication on the dynamics of the supply chain

- Expose the main demands of the three OM-tools: Optimization, simulation and queue management

- Appraise the strengths and weaknesses of the basic materials requirements planning (MRP/Just in Time MRP) and enterprise resource planning (ERP), analyze the performance of MRP/ERP systems and assess where the systems are applicable

- Craft customer value and apply value analysis and value engineering techniques

- Use simulation software (SimQuick) and apply it to business tasks.

Standard Textbooks

- Duchessi, P.: "Crafting Customer Value", Purdue 2002

- Russell, R.S., Taylor, B.W.: "Operations Management-Multimedia Version", New Jersey 2003

- Schmenner, R.W.: "Plant and Service Tours in Operations Management", New Jersey 2002

- Pande P.S.; Neuman R.P.; Canvanagh R.R.: "The Six Sigma Way", London 2000

E.   Finance/Controlling

Important learning objectives are:

- To gain a clear understanding of the role of finance in a company
- To be able to apply the presented knowledge in the fields of financial planning, capital budgeting, mergers and acquisitions, international finance and working capital management
- To get to know to handle different kinds of financial controlling mechanism.

Academic Content

- Risk Return and Valuation (Basics Portfolio Theory Asset Pricing Models Securities and their Valuation)
- Financial Analysis Forecasting and Valuations (Financial Statements Financial Planning Forecasting)
- The Cost of Capital
- Controlling
- Capital Budgeting (Evaluating Cash Flows Risk Analysis)
- Mergers and Acquisitions
- Capital Structure (Strategic Financing Decisions Dividend Policy)
- Leasing and Hybrid Financing (Preferred Stock Warrants)
- International Finance (Multinational Financial Management)
- Managing Risk: Swaps
- Private Capital Markets
- Working Capital Management (Current Asset Management Short-Term Financing).

Learning Outcomes

After the Finance Seminar, the students will be able to:

- Read and interpret financial information and make value-based decisions
- Communicate with financial specialists in a professional manner
- Demonstrate the understanding of stocks, bonds, dividends, financial markets, interest rates, capital budgeting, time value of money, prices and of the relation of all these issues

- Assess accurately the financial performance of an organization across a range of performance criteria

- Understand the Rating under Basle II

- Document accounting systems and internal controls, and create performance monitoring plans; lay out an amortization schedule in a spreadsheet and use appropriate financial functions and formulas for the periodic calculation

- Evaluate financial impacts of mergers and acquisitions (M&A), initial public offering (IPO) and performance-based compensation systems

- Evaluate, report and manage risk, for example currency risk (translation, transaction and economic)

- Assess the impact of national boundaries on capital budgeting decisions and evaluate international capital budgeting techniques

- Observe national monetary and fiscal policies and the problems which may occur, as well as observe the linkages between countries and the impact of these linkages on national economic performance.

Standard Textbooks

- Brigham, E.F.; Ehrhardt, M.C.: "Financial Management, Theory and Practice" (10th edition), Ohio 2002

- Brigham E.F.; Houston J.F.: "Fundamentals of Financial Management" (10th edition), Ohio 2004

- Perridon, L.; Steiner M.: "Finanzwirtschaft der Unternehmung" (12th edition), Munich 2003

F.   MIS/IT

Learning Objectives are to provide the students with the basic and advanced knowledge of information technology (IT) and management information systems (MIS) as they are used in modern corporations and organizations. The technological endeavors are fully explored to benefit the business angles of the enterprises. The understanding of the importance of information relative to decision making is emphasized to fully utilize the strategic importance of information technology.

Academic Content

- Information and Communication Technology Revolution,

- Managing the Key Relationships: IT, Innovation and Change

- Information Technology Planning: Merging Plans with Applications
- What Does it Mean to be Strategic?
- IT and Strategy: Identifying and Creating Trends Managing Innovation
- Valuating IT
- Change Management: A Fifty Year Perspective
- Justification of Reengineering Projects
- Application Strategy
- Disruptive Information Technologies: Future IT Issues
- Technology Road Mapping
- Outsourcing: Make or Buy
- Planning: It is Either BSP or SAP
- What's the Value of Information?
- IT Implementation
- E-Commerce
- Challenges
- Pricing Forces
- Building on e-Commerce Company
- Supply Chain Management and Customer Relationship Management
- Learning Organization and Knowledge Management
- The Matrix and Critical Success Factors
- Critical Thinking: The Key to Learning and Communication
- Trend: The Key to Crating a Culture Conductive to Effective Knowledge Management.

Learning Outcomes

- After the MIS/IT Seminar, the students will be able to:
- Assess IT infrastructure, responsibilities and support and propose IT enhancements
- Communicate with IT specialists in a professional manner
- Identify advanced information system concepts, trends and methods of development to manage innovation and change

- Analyze chances and threats of reengineering projects and of IT application strategies

- Define the value of information and use the advantages of a learning organization and knowledge management

- Identify business opportunities of IT and be aware of international issues

- Understand the progress in information technology and be able to effectively integrate this change in the decision-making process

- Assess the economics of e-based strategies, and use the advantages of the e-business/e-commerce

- Use computerized decision support systems (DSS, data driven & model based)

- Deliberate issues like the application of wireless technology, outsourcing, IT for customer relation management (CRM) and supply chain management (SCM).

Standard Textbooks

- Laudon, K.; Laudon, J.: "Management Information Systems", New Jersey 2003

- Applegate, L. et al.: "Corporate Information Strategy and Management", Irwin 2002

- Belardo, S & A: "Innovation through Learning", Whitston Publishing, 2002

G.   Learning Objectives: Corporate Philosophy, Corporate Strategy, Leadership Personality

All of the learning objectives and content in these six study blocks, each of which relates to a functional area of business life, should be addressed with a view to three aspects of corporate management:

Corporate Philosophy

The learning objectives and content in the six areas must be aligned with the corporate philosophy. The "corporate philosophy" defines the parameters within which all business activities are performed. In keeping with the system-oriented approach, the corporate philosophy is not a static concept: it must be flexible if it is to be sustainable and successful in the long term. Each company must develop its own corporate philosophy.

Corporate Strategy

One of the primary goals of the learning objectives and content in this learning process must be to enable the general concept of the corporate philosophy to be implemented in the running of the company in tangible terms. The corporate strategy is the practical, functional realization of the corporate philosophy in the various divisions of the business.

Leadership Personality

As in the real-life management situation, the leadership personality in this learning process is the responsible engine and vehicle of management processes. All companies live through the decision making and conduct of individuals, and through the network of relationships that is created by these activities. This is what turns the company into a living system, in which the senior managers must function as pilots: finally, the business objectives must be harmonized with the enormous diversity of qualities offered by the company's employees. In order to lead successfully, managers must pay equal heed to the underlying psychological and social mechanisms and the behavior patterns of themselves and others.

H.   Learning Objective: Taking Responsibility for Decisions

The transfer and implementation of the managerial skills gained in the GGCS study method are just as important as the knowledge itself. Accordingly, the element of "taking responsibility" is given the same emphasis as "decision making". It takes its place among the key qualities of the leadership personality, which assumes responsibility for the consequences associated with a decision both within and beyond the limits of the company. This quality can and must be learned. In today's management echelons, it is imperative that the choice of one action from several alternatives be guided by ethical principles.

Making decisions and taking responsibility for their consequences are essential elements of the transfer of lessons learned in Management Development to the practicalities of the managerial function.

In the system that is the business venture, every act also implies assumption of responsibility. The decisions made in corporate management determine the way in which the system and its parts function; to some degree, they define the "playing rules". Even the most trivial decisions, whether correct or not, can have far-reaching implications in the company and its surroundings, in economic, sociological or ecological terms.

A case study method with the stated purpose of fulfilling the transfer requirement must impose the imperative of ethical behavior and deal with it actively.

This is translated to the study participant's company and can be moderated with transfer and feedback concepts by the thesis counselor .

I.   Learning Objective: Management and the Dimension of Time

This learning objective satisfies the third requirement for a modern case study method, according to which it is absolutely indispensable to also consider the factor of "time" in Management Development.

"Learning corporate management" cannot just be a one-time training course. Companies and organizations are integrated in an environment that is constantly evolving:

- This may refer to the development history of the company itself

- The current political, economic and sociocultural development of the societal system in which it is placed, which inevitably influences the organization

- The limited availability of natural resources and technical products as a function of time

- The time-related constraints on information and knowledge. The time within which information must be obtained is getting shorter; knowledge is becoming obsolete faster and faster; imitation times of products and expertise are shrinking.

Successful Management Development must provide instruction in entrepreneurial action with reference to time constraints. This is also true for the individual's use of time on the personal level. At the professional level, this aspect touches the historical determination of the company's location and the "modernness" of organizational structures, work sequences, production and production methods. At the supra-company level, this means taking into account the influences of national and global economies and their implications for the company. Questions of social value changes must also be placed in this context.

The dimension of time *itself* cannot be affected, although it directly affects the activities of corporate management. One of the tasks of senior management is capture all time-dependent variables and harness them for the benefit of the company.

Transfer-oriented corporate strategies that are developed in case study seminars must take the time factor – that is to say, the past, the present *and the future* – into account so that a realistic long-term concept for the company can be created. This means anticipating all internal and external variables and assessing their consequences for the company.

J. Learning Objective: The "Qualitative Growth" Orientation Concept

All companies are subject to the same need to safeguard their long-term ability to survive. In order to do this, they need a growth concept that reflects modern economic and social imperatives. Because of the manifold and complex structural changes – both national and international – that have taken place in the recent past and the concomitant signs of crisis in the commercial-technical, ecological and social fabrics, senior management can no longer rely on growth concepts that have proven successful in the past.

Today, stagnating markets, rising costs, shrinking resources and a threatened environment are compelling a reconsideration of value systems. As a result, the realignment of business growth objectives towards even ideal values seems mandatory.

VII. Teaching Notes

Teaching notes are provided to the presenter of the respective study block along with the case study text and are only available to that presenter. They describe the concept of the case study, explain learning and teaching objectives, learning steps, possible solution variants and their evaluation; they include notes on the sequence of learning steps in the team work and on the tasks of the leader.

They thus constitute documentation, an orientation guide, and instructions on how to proceed for the study directors.

The teaching notes consist of a synopsis (section A) and a notes section on the treatment of the case study (section B).

Among other things, the *synopsis* includes a description of the target group for this case study and defines the focus topic. The scope and content should be indicated here together with other materials to be used (statistics, graphics, accompanying text and attachments). The time requirement for preparation (private study), the team work and the plenum discussion are also indicated here as well as information about the time when the study is to be produced and revised.

For the GGCS, a note is also added regarding the mandatory conception of the transfer of lessons learned from the case, which must be completed within one to three months.

Explanations regarding particular problem areas of the case may also be provided.

Section B, the *notes section* for treatment of the case study, includes general and specific notes for the case study analysis, possible solution variants and strategies as well as a list of reference works.

The general and specific notes for the case study analysis include concise information about the study process and the learning objectives. The learning objectives should also be described briefly in terms that reflect the taxonomy of the objectives for the respective case.

The core problem of the case and possible solution strategies may also be sketched. The function of statistics, graphics, and any attachments should also be explained here.

If necessary, the author of the case study may point out any potentially difficult didactic issues, or may add personal comments on any solution variants that are preferred or not favored.

The list of reference works should be included in the teaching notes for the leaders of the study block and the case study seminar: these include the reference work on basic principles as well as current literature, technical references and notes on the use of special media, for example even daily newspapers. The studies director may decide whether part or all of this list of references should be made available to the study participants.

The teaching notes thus include:

Section A: Synopsis

1. Technical information about the case study

    1.1 Focus topic (technical report)

    1.2 Target group definition

    1.3 Scope of the case study, including

    – Total number of pages

    – Text

    – Graphics

    – Statistics

    – Balance sheets

    – Attachments

    1.4 Time requirement

    – Private study (study of required reading, time for studying the case study)

    – Team work

    – Study in plenum

    – Period for transfer

    1.5 Date of production, date of revision

2. Description of the case study

    2.1 Description of the systems affected
         (environment variables/population/sector) in the company

    2.2 Content of the case study

    2.3 Problems addressed

Section B: Notes for treatment

1. Notes for the case study analysis

    – on the study process

    – on the learning objectives with reference to the objectives taxonomy

    – on didactic problems/experiences as necessary

2. Possible solution variants and strategies

    – possibly with personal comments by the study director

3. List of reference works

    – literature on basic principles

    – advanced and technical literature

    – suggested further reading for study participants

(see also: Perlitz/Vassen, 1976, pp: 110/111)

Figure 3 shows a summary of the study blocks in the Genetically Growing Case Study (GGCS).

Block I Strategic corporate management			
Block II Marketing management			
Block III HRM	Leadership Personality	Corporate Strategy	Corporate Philosophy
Block IV R + D, Productions and Operations management			
Block V Finance management/Controlling			
Block VI MIS/IT			
Thesis/Master plan			
Defense of thesis			

Fig. 3. The study blocks of the GGCS in summary

VIII. Presentation of Solutions and Tests

At the end of each study block, the teams present their solution variants for the Zurich Living Case. The formal presentation as well as the logical process by which suggested solution is reached and substantiated are evaluated in a block examination.

This is intended to determine whether and to what degree the study participants have achieved the objectives of the study block. This is purely a test of vertical transfer, and *not at this point* an examination of the partial transfer concept (lateral transfer) that is to be made later to the company of choice.

The group test examines the team's solution to the Zurich Living Case, participants are also tested individually on the academic-theoretical knowledge they have acquired during the study block. The block examination is thus an intermediate step for testing the learning process for the study participant.

A. Group Testing

In the block examination, each team in the study block presents its solution strategy for the Zurich Living Case to a board of experts and examiners, which includes a management representative of the firm that supplied the case. Thus to some degree the study participants assume the role of external consulting groups.

Each member of the team presents a subsection of the total concept. The presentation is introduced and concluded by a team member who is appointed to this task.

The solution strategies are recorded in writing in a comprehensive seminar paper that contains all the elements of the group work. The formal structure of this paper must comply with the standards for academic papers. The seminar paper should be about 40-50 pages long (see also Part 2, Chapter XIII of this book).

In this paper, the corporate strategy for the focus topic that has been developed in the team is linked explicitly to the pertinent environmental variables for the company system. Thus for example a corporate strategy drafted for the "Human Resources" focus topic must take account of the prevailing labor market conditions (regional and national), current social policy, the technological background and the ethical dimensions of decisions and their consequences (for example in the case of lay-offs due to rationalization measures).

The solution strategy is submitted in the form of a formal presentation. Audiovisual aids (PC projector, overhead projector, flip charts etc.) may also be used. Each team has 45 minutes in which to make its presentation. Afterwards, the examining board questions the team members about the solution variant they have presented for about 15 minutes. In this way, team members are not only tested on the knowledge they have gained, but at the same time they receive instructions in presentation technique.

The solution suggestions are presented before the plenum, the management representative of the company under consideration, and an examination board consisting of professors, mentors and experts. The board compares the various suggestions, challenges the presenters regarding the feasibility of their solution, discusses the proceedings with them, and finally makes its evaluation.

The presentation serves several purposes:

- it provides training in "selling" ideas developed individually and in the group

- it provides an opportunity to practice defending ideas and conclusions in the face of possibly intense opposition (the risk of this is more significant in the larger, unfamiliar plenum than in the collegiate atmosphere of the team)

- it enables a wide range of possible solutions to be visualized

- it creates a motivating atmosphere of competition due to the rapid succession of presentations of different team solutions

- it serves to teach behavior that is constructive both sociopsychologically and in terms of group dynamics.

In the presentation, the solution strategy is deconstructed to its various components. The elements are presented by individual members of the group; a study participant starts the presentation with an introduction in English, providing the plenum and the examining board with a brief overview of the intended proceedings. The same participant also concludes the presentation (again in English) with a summarization in the manner of a thesis.

For purposes of training the necessary teamworking skills, this method lends itself well to practicing the assignment and acceptance of roles in a small group and at the same time promoting cohesion of the group. Ultimately, criticism of the work of an individual team member impugns the work of everyone in the team, which must be able to stand up to critical questioning!

Finally, a grade is awarded for the team work on the Zurich Living Case in agreement with the examining board. The criteria for evaluation are:

- completeness of the analysis of the problem in terms of the focus topic, quantification of the problem, and the solution conception

- logical consistency and prospects for success of the proposed solution strategy

- the formal structure of the presentation and seminar paper with the solution conception, and

- the appraisal of the creativity of the solution strategy presented.

Besides the evaluation of the team as a whole with the award of group grades, the individual performance of each team member is assessed.

After the evaluation, each participant must receive didactically constructive feedback on the results they have achieved in the study block. If the participant's performance indicates that theoretical or practical weaknesses still exist, these must be pointed out.

B.   Individual Testing

The group tests are followed by individual tests. These take the form of open book examinations.

In the individual test, the study participant is required to demonstrate that he or she has acquired substantive theoretical and academic knowledge of the focus topic of the block and is in a position to apply this knowledge in appropriate situations. The participant should be able to

- associate them with special problems of corporate management at both the operational and strategic levels, for example specific legal and personnel issues

- associate them with broader problems of corporate management at both the operational and strategic levels

- present and distinguish between broader problems of corporate strategy and company policy, for example the applicability of new marketing strategies, opportunities for product innovation in the national market and so on

- apply this knowledge to questions of the system environment, for example political and ecological problems with which the corporate strategy may be confronted.

The evaluation is made on the basis of the correctness of answers in academic and theoretical terms, and their originality as creative approaches to problem solving in broader issues.

As with any examination, the individual portion of the block examination will evoke anxiety on the part of the participants. This specific stress situation should be observed particularly closely by the examination board. The participant should demonstrate his or her ability to manage stressful and anxiety-inducing situations by appropriate preparation with the correct means.

IX.   The Master Plan (Thesis)

The master plan (or thesis) is the corporate strategy for the company of the participant's choice, developed over the course of the six study blocks.

It is thus a synthesis of the six transfer concepts for each functional area derived from the respective study block, in the form of a consolidated strategy concept with a formulation of concrete objectives.

The entire undertaking is moderated by a thesis advisor, who may be chosen from the teaching faculty by the study participant himself.

The study participant begins by preparing a proposal for the thesis, consisting of:

- research project
- definition of the objective
- methodological procedure
- content items
- reference works to be used
- the proposal is 5-10 pages in length.

A.   Concepts (Transfer Units)

An integral part of working with the GGCS is the phase following each block in which the lessons learned are transferred to the corresponding area in practice. The synthesis of these partial concepts ultimately leads to the overall GGCS:

- the Corporate Strategy block is followed by transfer to strategic corporate management
- the Marketing Management study block is followed by transfer to Marketing Management
- the HRM study block is followed by transfer to HRM
- the R+D/OM study block is followed by transfer to R+D/OM

- the Financial Management/Controlling study block is followed by transfer to Financial Management/Controlling

- the MIS/IT study block is followed by transfer to MIS/IT in the company of the participant's choice.

The formulation of transfer concepts marks the start of the realization phase of the GGCS. Since the transfer is to be made to a real company, the company in which the study participant works, and is to be made to that organization, the active acceptance of responsibility for one's decisions represents an inherent part of the learning process. If I have previously called for a management-andragogic basis for learning processes in Management and Executive Development, the GGCS meets this requirement also: the transfer process is contingent on the professional experience, judgment and maturity of the study participants.

The partial transfer concepts should each be prepared within three to five weeks. They are system-oriented, strategic conceptions for the functional areas treated in the preceding study block. Each is related to the other system elements – the focus topics of the preceding and subsequent study blocks. Since each partial transfer concept represents the treatment of a subsystem of the business, their structure is analogous with that of the GGCS as it encompasses the entire company system.

Each partial transfer concept consists of a situation analysis of the functional area under consideration. The area's links to its operational environment are established, external data are processed and information from the company itself is gathered and analyzed. Study participants must base the reasoning behind their decisions on this process.

A strategy for the respective subsystem is developed from the situation analysis and the insights obtained thereby. This partial strategy must be formulated in such a way that it can later be integrated with the other partial transfer concepts to create an overall strategy for the company. This strategy formulation is inextricably bound up with the company's moral profile, business principles and strategic framework objectives.

The study participants are then challenged to reflect upon the process of implementation in concrete terms. To this end, the specific objectives of the functional area are defined and conceivable problems in the realization thereof are discussed. More often than not, more than one procedural variant is possible. Each is evaluated according to the criteria defined earlier to arrive at the optimum solution.

The anticipated results from the realization of this solution are described. Any problems that may potentially arise following the implementation process should be identified and discussed in writing beforehand.

Here too, due consideration must be given to the time factor in the case study work:

The partial transfer concepts should only include current data from the company and its environment. The necessary sources must be found by the study participants themselves, the information must be researched independently.

Finally, all six partial transfer concepts are revised and consolidated to form the GGCS; in the context of this revision, the structure of the six focus topics may be modified according to the nature of the analysis and the formulation of the strategy; this depends entirely on the specific situation of the company under analysis.

The following section describes the principal elements of the management-andragogic approach of the GGCS in the form of the master plan.

B.   Situation Analysis

For the purposes of implementation according to system theory principles, the analysis of the company situation must include a representation of both internal and external influencing factors, the interplay between these factors must be quantified and evaluated for the final purpose of compiling a global strategic conception for the company.

This part of the master plan includes an analysis with the following major themes:

- External influences on the company

  In the *political environment:* Participants must prepare a longer-term analysis of the political forces at work domestically and abroad, including their implications for the company.

  In the *sociocultural setting* participants should assess societal trends and their relevance for organizational innovations in the company.

  With *regard to demographics,* observable developments should be highlighted and related to the company situation.

  In the *economic environment,* many influencing factors must be analyzed and their mutual relationships described:

  - the influence of the global economic situation,

  - the influence of the domestic economic situation,

  - the state of the money and capital market,

  - the rate of inflation,

  - the influences of affiliated markets,

  - the state of the industry,

  - the labor market situation.

In the *technological environment,* technological developments and their effects on the company should be elaborated.

From the *ecological viewpoint,* the analysis should include a discussion of ecological problems and solutions therefore that are made possible by innovations in the corporate strategy that apply to the biological environment. This factor is currently of enormous political and social significance. Any planning in this respect must be made with the utmost sensitivity and prudence.

The assessment of all these external influences on the company system yields an opportunities and risks profile. From this, an impact analysis is derived for the subsequent procedure.

This impact analysis is placed in relation to the analysis of internal influences, which is carried out next.

- Internal influences on the company

These include most importantly the company history and its interpretation. The current development phase of the company must also be examined.

Only current data should be used for the analyzes of external and internal influences. In any event, planning of the subsequent procedure must be *directed to the future,* it must address the long-term issues of profitability, sustainability and qualitative growth.

Besides an investigation of internal and external influences on the company, the master plan must also include the following elements:

Corporate Strategy: Here, the next steps for management of the company are described, taking into account external and internal factors. These last will be described in the following.

Marketing: Marketing strategy is designed so that it can operate with a reasonable expectation of long-term success on the national and international markets.

Personal: The company's employee potential is evaluated and a strategy proposed in which human resources are utilized rationally and efficiently as a primary component of the company.

Research and Development/Production: The object is to put in place an R+D management that encourages innovation, and to establish efficient workflows in production.

Finance/Controlling: The financial situation of the company is analyzed, assessed and planned for the future in such a way that the necessary finances will be available for future developments. A Controlling strategy is formulated, the objective of which is to design an early warning system that senior manager can use to respond early to new developments.

MIS/IT: Technical and IT aspects and their influence on corporate objectives are analyzed. The significance of gathering and analyzing information as the basis for the decision process and thus also the strategic importance of information technology is emphasized.

The analysis of internal influences can be used to compile a profile of the strengths and weaknesses associated with these factors. This is then related to the effects of the external influences that have been identified.

The final result of these activities is a company evaluation that reflects the present situation of the company and from which a strategic conception for the future can be derived. This is central to the second phase of the master plan, the transfer to the company.

C.   Strategic Planning

The strategic planning portion of the concept is directed at sustainability and qualitative growth (ROI)

It consists of the following segments:

1. Moral Concept Profile

The moral concept profile should clearly explain how the individual operational areas are to be evaluated by senior management in order to establish the long-term corporate strategy. To this end, the following factors are evaluated:

- service offering of the company,
- quantitative and qualitative growth,
- innovation,
- risk tolerance,
- distribution of earnings,
- property holdings,
- personnel,
- HR policy,
- wages and salary policy, social security benefits,
- company morale,

- employee development,

- consideration of employee goals,

- management style,

- consideration of moral posture.

2. Business Principles

The business principles section should answer the following questions:

- What are the bases (products, services) for the future development of the company?

- Where are the long-term sales territories?

- What resources (personnel, finances, equipment) will be available in the future?

- What intangible value (knowledge, patents) are present or need to be acquired?

- What are the company's relationships to its competitors, the state, its social and biological environments?

The company's business principles determine the goals that are set for members of the organization. It is the task of company management to formulate these goals and assure their implementation.

3. Strategic Framework Objectives

These define the limits of the planned activities that are proposed in the master plan.

The third part of the master plan describes the objectives of the functional areas at the operational level. These objectives are associated with the framework objectives.

The individual objectives for the subsystems are derived from the general company objectives. The thesis sets forth

- the objectives and functions of the individual areas,

- management requirements derived therefrom,

- immediate measures and

- subsequent procedure.

This culminates in a general, system-wide

4. Action Plan

All conceivable alternatives for achieving the objectives are discussed, evaluated with reference to the criteria catalog, and the optimum solution is selected. Specific steps for implementation are suggested, the anticipated consequences are described and measures for addressing the consequences are discussed.

Part 3, Chapter XV includes a complete example of a master plan constructed in this way as a strategy manual for the company of choice. Finally, measures for monitoring the implementation of the strategy are suggested. They should provide an indication of the degree to which the master plan has fulfilled its intended purpose and whether the procedure needs to be adjusted further.

D.   Defense of the Master Plan

Following completion of the six study blocks and formulation of the master plan by the study participants, the plan is submitted to the training institution and appraised by an examining board. This board is composed of three members, experts and professors of the faculty. After an appraisal by the thesis advisor, the study participant must defend the master plan orally: in this defense, the participant must assert the validity of his or her global system solution conception for the company of his or her choice before an examining commission.

To this end, the participant must formulate the fundamental and key ideas of the master plan as cogently as possible. These ideas must then be defended in a dialectical debate with the examiners.

The criteria by which the members of the examining commission evaluate the master plan are

- academic correctness
- degree of innovation of the proposed corporate strategy
- application to the practical setting
- comprehensiveness
- logic and consistency of the proposed measures.

X. Practical Implementation of Lessons Learned in the Company

The primary aim of advanced management training with the GGCS is to transfer the conclusions set out in the master plan as described in the previous chapter to the company and its various subdivisions (phase 4 in the transfer process according to Belz).

The method for achieving this must already be evident in the formulation of the master plan. The measures that will be necessary for this purpose must also have been discussed in the master plan.

The transfer of lessons learned to managerial practice in the company represents a system-wide innovation process. In terms of its place in the sequence of events, it follows the defense of the master plan before the board of experts.

In order to be able to implement this medium-term innovation process, which must be consistent with the culture of the company, the vigorous support of the company's management will be required: It must create a climate in which innovation is embraced. Because the success of any business innovation is determined overwhelmingly by the open-mindedness of senior management and *whether they really want* change.

The next task of senior management is to plan and direct the changes in the organization systematically and incrementally. Each individual step completed must be recorded in writing in as much detail as possible. Because it will not be possible to ensure that any necessary adjustments can be made in good time unless the interim results are thoroughly documented.

The process of innovation should be supported by conflict management measures (in the event of resistance) and unambiguous definitions of authority and responsibility.

The process of transfer to the company should be completed within one to three years. If necessary, the institution that conducted the Management or Executive Development training may be called upon to lend advisory support.

PART TWO

The Genetically Growing Case Study in Seminar Practice

XI. Course Overview HRM Block for GSBA Zurich

This course is intended to expose you to the "big picture" of the intersection of human resource (HR) management, business policy, and competitive strategy.

Our goal is to introduce you to the key "core competency" areas necessary to become successful managers of human capital. We do this by presenting a broad overview of organizations and the strategic management processes, with special emphasis on the HR function. In essence, our objective is to have you develop a broader perspective of business through the development of a strategic HR viewpoint. This viewpoint will require that you learn the functional tools (HR practices) of HR management as well as the broader business issues of strategy and competitive analysis. You will be asked to look at the HR implications of corporate-level and business-unit-level strategy formulation and implementation. We will also introduce you to the critical business skills of planning and managing strategic activities, through a general management perspective to HRM.

The course employs a variety of teaching methods, including lectures, videos, handouts, discussion, case write-ups and team presentations. Although the specific activities vary, the objectives are always the same. They are:

- to improve your understanding of how a firm's approach to managing human resources can enhance or detract from the firm's overall effectiveness; and

- to develop your personal competencies as an HR professional or line manager with a keen sense of the importance of managing human resources effectively.

Near the end of the Block, we will consider the competencies needed by HR professionals and the characteristics of an effective HR department.

Objectives of Our HRM Block

1. To heighten your involvement and sense of opportunity in managing in managing human resources – either as a line manager or as an HR manager

2. To provide ample opportunity to become familiar with all the specific HR practices and activities

3. To identify models and frameworks that can be helpful in understanding human resource management

4. To identify, discuss and analyze the links between and implications of the needs of effective organizations in highly competitive environments and HR activities.

5. To identify the factors that give rise to different ways of managing human resources for equally effective results. Discuss why there is "No One Best Way."

6. To give you ample opportunity for presentation and group interaction.

Assumptions

1. You enjoy working and learning.

2. You all have some different needs and styles.

3. You are willing to work hard on things that are useful and/or pay well.

4. You will silence your phones, beepers and pagers in the classroom.

5. Working as effectively as possible requires effective teamwork.

6. You appreciate feedback, autonomy and the opportunity to participate and contribute.

7. There are always more assumptions that are as important as the first six.

Course Requirements

Individual Pre-test. There is one pre-test to complete. It will be evaluated by both Professors Jackson and Schuler. It will be the beginning of describing your own company and its business objectives and the implications for HRM. It will be linked with your Final exam, so please retain a copy of it for yourself. Please send a hard copy to GSBA. Please keep the file of this for yourself because you may wish to revise it for the final exam.

Participation. The participation portion of your grade will be based on your contribution to class discussions about the cases (including contribution to your team's case presentation during the block) and the topics for each session, your use of the required readings during your class discussions and presentations, as well involvement in your team's activities outside of class. Feedback will be provided to you during the Block on several criteria including: 1) frequency (quantity); 2) value-added (quality); 3) respect for others (listening to others); 4) relevance to the topics; and 5) application of the materials that you make to your situation.

Final Exam. The exam for will build upon your pre-test. It will require you to perform a detailed analysis of your company. You will need to assess its strategic business issues and objectives and describe their implications for managing human resources. This analysis will be based upon materials we will discuss in class and that is found in the chapters of our textbook. This exam is due on Friday morning, August 30. Please provide us with a hard copy and a Word file on a disk.

Zurich Living Case. We have worked together with Prof. Randall Schuler of GSBA to provide a unique Zurich Living Case Study. The topical area is "HR Issues in Mergers and Acquisitions: How Companies Can Be More Successful through Better HRM." The written analysis is due Wednesday, August 28; and the oral presentation is Friday, August 30.

Grades

1. Grading Structure for each Individual's Grade (one grade from J and S together)

a. Individual Pre-test	25 %
b. Participation (both in the class and in your team)	15%
c. Final Exam	60%
TOTAL	100%

2. The Zurich Living Case Grade: Written analysis and the oral presentation, including the question and answer session on Friday, will determine the Team's grade. Each team will receive one grade that is then given to each member of the team. In addition, the best team for the Zurich Living Case presentation will be selected at the end of the day on Friday.

PLEASE NOTE: You are expected to be a full participant in team cases and exercises, both within and outside of class. Attending class but not participating does not provide us with a basis for giving you a maximum grade. Not carrying your weight, especially on team activities, can have detrimental impact on your grade that may go well beyond the 15% participation grade. Dysfunctional participation, e.g., use of cell phones, side conversation, etc. reduce your participation points.

Grading

We're all here because effectively managing human resources is important and exciting. You can do as well as you want to. The grading scale, which has to be followed precisely, is as follows:

- A   6.0   96-100%
- A-   5.5   91-95%
- B+   5.0   86-90%
- B   4.5   81-85%
- B-   4.0   76-80%

Reading Materials

1. Textbook: S.E. Jackson and R.S. Schuler. *Managing Human Resources: A Strategic Partnership Perspective,* 8e (Cincinnati: Southwestern Publishing: 2003).

2. Additional Cases: Booz-Allen & Hamilton; Precision Measurement of Japan (PMJ); and Southwest Airlines and Lincoln Electric (cases in the book).

3. Articles: Jackson and Schuler, Knowledge Management, *The Financial Times*; Schuler and Jackson, HR Issues in Mergers and Acquisitions, *The Financial Times,*

4. News stories as daily hand outs for class discussions.

Please read and study each chapter and relevant web sites thoroughly before the chapter is discussed and use them as much as possible in your case analyzes.

XII. Pre-test

A.   Pre-test for GSBA HRM-Block

This pre-test asks you to describe several parts of three organizations:

  a. Booz-Allen & Hamilton (case handout)

  b. Southwest Airlines (in our textbook, Managing Human Resources through Strategic Partnerships, 8e, by Jackson and Schuler, 2003)

  c. Your organization. If your organization is very large and complex, you may focus on only one business unit.

In the preparation of your answers, you should demonstrate that you have read the textbook and handouts. You may also wish to speak with your HR manager or others who have information about HRM policies and practices in your organization.

Limit your answers to 10 double spaced pages using a 12 pt font. Please submit your pre-test to GSBA as a Word file document to GSBA. If this is not possible, send a hard copy to GSBA. We will use this pre-test for discussion in class and you will be asked to build upon some of your answers in the final exam. So, we strongly recommend that your retain an electronic copy.

  1. Describe the external environment for each organization.

  2. Describe the internal organizational environment for each organization, i.e., the vision, mission, values, structure, culture, strategies and key business objectives of each organization.

  3. Describe the HR practices, e.g., HR planning, recruitment and retention, job analysis, selection, performance measurement and feedback, compensation, and training and development, for each organization.

  4. Describe the relationship or linkage between the HR practices and the internal organizational environment. How well are the HR policies and practices aligned with the internal environment?

  5. Briefly summarize how each member of the HR Triad participates in managing the organization's human resources.

  6. For your organization only, briefly summarize how well people are managed. If your organization improved how it manages human resources, what would be the benefits for the organization's key stakeholders?

B.   Pre-test Solution

1. Describe the external environment for each organization.

Booz-Allen & Hamilton

Competition	The external environment of the consulting business is extremely competitive. The entry barriers are relatively low.
Customer	The customer are segmented into importance groups. The target is to focus on target clients.
Regulations	Is not an key factor for an consulting company.
HR	The human capital is the critical success factors. Industry and functional knowledge are essential. The company focuses their effort on the partner and staff development. A globally-integrated knowledge-sharing program is in place. Each consulter is more or less equally important for the company.
Market situation/Trends	The market situation of the consulting industry is shaking right now. The booming days of the 90ties are over.

Southwest Airlines

Competition	The external environment of the airline business is very competitive. The entry barriers are extremely high.
Customer	The customers are selecting the airline primarily based on price. High quality regarding to safety standards, service and convenience are assumed.
Regulations	Highly regulated industry. Different laws in each country.
HR	The human capital is important but the success of this industry is highly affected by the economical situation (Sept. 11th). The success of the company is mainly depending on the people which are doing the strategic decisions (CEO, CFO, COO).
Market situation/Trends	The airline business is pretty unstable at the moment because of events like Sep. 11, Afghanistan war and the absence consolidation of the industry.

Own Company – S+B Baumanagement AG

Competition	The external environment is relatively competitive. The entry barriers are relatively low. The construction business is a local business (around 90% local).

Customer	The order qualifiers are: Quality and price. Order winners are: Companies that can inspire confidence!
Regulations	Regional regulated industry. Different regulations in each region.
HR	The human capital is most important success factor. 95% of the employees of the company have direct and intensive contact with the client. It is essential that the people are well educated, well trained and empowered.
Market situation/Trends	The airline business is pretty unstable at the moment because of events like Sep. 11, Afghanistan war and the absence consolidation of the industry.

2. What is the internal environment for each organisation (vision, mission, values, etc.).

Booz-Allen & Hamilton

Vision	The vision 2000 builds on a view of how our client's world is changing. The practices of the Vision 2000 (5 for industry, 2 functional, 2 geographical).
	The vision has a great support by all parties.
Mission	To be the leader in Consulting that uses abstract thinking skills to effectively implement the created tasks to lead themselves to a satisfied customer, everywhere.
	Abstract thinking in operation and IT all over the world focuses on the fulfillment of mission.
Values	Human capital to be available all over the world
	The company pushes the information (knowledge) throughout the entire company without time delay – supported by IT sophisticated systems.
	Consultants are taken care of, no matter what.
Business Objectives	**Long – term clients relationship**
	Booz-Allen & Hamilton goal is to establish long-term client relationships in order to save the profit potentials. The company has discovered the importance of increasing the retention rate of clients and therefore the weight of the client relationship.

Overall strategy	**To be the lead in the industry**
	Best quality and independence on the location Booz-Allen & Hamilton makes sure that clients get the best the company is able to offer.

Southwest Airlines

Vision	**Focusing on people creates the airline of choice**
	Excellent service delivered through friendly employees creates customer value. An environment is created that serves customers better and the company benefits from that.
Mission	**Customer service goes in hand with employee's commitment**
	See above; customer service creates harmful area where employees deliver the same feeling to customers.
Values	**Creating a relaxing atmosphere**
	Even though the pressure at work gets sometimes high, let the motivated attitude overcome the situation.
Business Objectives	**Efficient delivery of good services**
	The customer defines the quality. Customer focused service, that meets the customer expectations.
Overall strategy	**Fulfillment of customer expectations/low fare, prices**
	In certain regions to be the most less expensive airline that still provides the best service from highly motivated, well treated and empowered employees.

Own Company – S+B Baumanagement AG

Vision/Mission	To become the leading "Baumanager" in Switzerland.
	S+B provides the best cost to benefit ratio. People (client, partners, employees etc.) are the most important part.
Values	Customer: high perceived customer value
	Human: partnership, fairness, trust
	Quality: Quality of the product is defined by the customer. We are doing our job very well.
	Leadership: well trained, motivated, empowered

Business Objectives	Improvement in efficiency.
	Growth in revenue.
	Consolidation of the new founded (June, 2002) company in Zug.
	Extension of manpower in Olten (from 22 to 26 employees).
Overall strategy	Growth without direct attacking our competitors – expand market segments (customer groups).
	Build up a extremely strong relationship to our clients.
	Well position our company in the market.

3. Please describe the HR practices of each company

Booz-Allen & Hamilton

Recruitment	Booz-Allen & Hamilton started a Vision 2000 structure model. Therefore, the recruitment is not done centrally any-more, but within each project. Hiring and development is a part of project hiring.
	With Vision 2000, people could be hired all over the world and shifted within a unit, but is limited to resources of the company. There is no resource pool that people could be borrowed off.
HR Planning	This is a hard task @ Booz-Allen & Hamilton. Staffing is handled with each project within the communities. They consist of operations, IT specialists and strategy planning.
Job analysis selection	Booz-Allen & Hamilton focuses on three important aspects:
	1. Analytical tools, functional/logistical know-how
	2. Ability to teamwork, presentations
	3. Quick understanding of company's vision, mission, ex-pectations, objectives
Performance measurement and feedback	Partners meet once a year to discuss their performance within projects. This procedure shares the information and strengthen the communication between same level partners within the company between different units.
	Cross linked non-partner appraisal
	This evaluation involves about 12 employees of different levels who have worked with the partner during the year. Questionaires are focused on performance and development in a project and within the company.

Compensation	**Partner compensation**
	The compensation is linked to the company's success on the market. Points could be won as you perform better. Performance is measured on:
	Staff development
	Client and market development
	Financial contribution
	Cooperation, respect
	Non partner compensation
	Compensation is fixed. The bonus is different in relation to the country.
Training and development	The company focuses its training on the job and also allow home-office time to concentrate on certain issues. Additionally, one-week training sessions are offered at the beginning after joining the company and once a year after. This training concentrates on company values.

Southwest Airlines

Recruitment	The "Triple Crown Award" and several rankings show the high interest of people to work for Southwest Airlines.
	Recruitment is focused on one-to-one interviews with the in-flight department including a supervisor, a recruiter and peer. The applicants have to show that they could identify themselves with the company's culture, otherwise they do not get hired. More than 100.000 people per year are rejected.
HR Planning	Unfortunately, the detailed HR planning is not described yet. Still, the low fluctuation is an indicator for an outstanding corporate culture and teamwork within the company.
Job analysis selection	The company does not have "written in stone" job descriptions. Everything is focused on customer and safety.
Performance measurement and feedback	Even though there are no details, people have to make decisions on the spot due to decentralized approach. That also empowers the employees and emphasizes their roles and responsibilities.
Compensation	You do not get very good paid at Southwest Airlines, but you are proud to be a part of this company. Salaries are not high, even management and pilots are able to get stocks.

Training and development	This issue is handled by everyone him-/herself. Training is done if needed. Once a year the employees are trained on company's values.

Own Company – S+B Baumanagement AG

Recruitment	The recruitment process is organized as follows:

1. The senior management defines needs and job description

2. The responsible HR person places advertising in the newspaper and at the university.

3. HR reviews incoming CV's and discusses with senior management

4. HR invites/rejects applicants.

5. HR supports interview process with senior management.

6. HR and senior management are planning the training plan.

7. The applicants who got selected receive a 4 week training. In charge of this training program is the quality manger.

HR Planning	We have within the board one person who is responsible for the HR. The person is working out every 3 year a new HR strategy based on the overall company strategy.
Job analysis selection	The senior management is responsible for defining the job, but gets support by HR. This definition includes roles, responsibilities, qualification, education needs, experience, …
Performance measurement and feedback	Evaluation of employees and the definition of performance will be done semi-annually. Criteria's of the tasks (or projects) will be identified by the senior management supported by the team leaders (team spirit, customer focus, special know-how,..). This evaluation involves all levels. Goals are also defined for the next year and measures are defined. In our company the most important part are the soft factors (employees need to have a good team spirit and a positive relationship with the customer).
Compensation	At least at this point of time, there is no compensation matrix in place. Compensation is base on performance and will be determent by the CEO. We actually had an bonus system but as a consequence of an employee analysis, we increased the salary and pay no bonuses anymore. The senior management gives incentives like nice pencils, wellness weekends etc. depending on the situation.

Training and development	We actually realized that the human capital is the most important factor for the success of the company (service industry), the company emphasizes the training and development of each employee. Everybody receives training linked to the task for the company. Internal training sessions are focused on processes and technologies of the company, external education programs are based on the priorities of the individual employees.

4. Describe the relationship between HR practices and internal organization environment (vision, mission, etc.) of each company.

Booz-Allen & Hamilton

Vision

Practices of Vision 2000, support of involved parties
- Top quality recruitment
- Experienced people
- Regularly training and development for all consultants

Mission

To be the leader in Consulting that uses abstract thinking skills to effectively implement the created tasks to lead themselves to a satisfied customer, everywhere.
- Train people in technologies to support the strategy
- Hire people who want to travel
- Multi cultural experienced people needed

Values

Human capital available all over the world.
- Training/development is essential
- Best in class behavior
- IT support to transfer Knowledge throughout the company is available

Business objectives

Long-term clients relationship
- Build up brand awareness
- Recruit people with emotional intelligence
- Make employees understand the importance of this objective

Overall strategy

To be the leader in the industry.

Customer satisfaction
- Recruit only the best in class
- Select the right staff for each project (client)
- Train people to become experts (in certain areas) and generalists

Southwest Airlines

Vision

Focus on people creates the airline of choice.

- To hire only the best candidates on the market (recruiting process focused, assessment, …)

- Make the working place a fun place to be

Mission

Customer service goes in hand with employee's commitment.

- Make customers aware of the service they get

- Create motivated, team orientated environment

Values

Creating a relaxing atmosphere.

- Good care of employees by the company

Business objectives

Efficient delivery of good services.

- Clear technologies that are repeatable

- Open communication behavior

- Training/development on people skills

Overall strategy

Fulfillment of customers' expectations.

- Great people skills

- Staff knows more than the industry average employees, leading function

- Very open communication

Own Company – S+B Baumanagement AG

Vision/Mission

To become the leading "Baumanager" in Switzerland.

S+B provides the best cost to benefit ratio. People (client, partners, employees etc.) are the most important part.

- Recruit the best people

- Innovative candidates

- Team orientated/skilled people

- Train the people well and empower them

- Inform the people about the overall performance of the company by a regularly basis

Values

Customer, human, quality and leadership

- The key success factor: Recruit people who are highly motivated

| | - | Train the people very well (Leadership training, quality control training etc.) |
| | - | Promote entrepreneurial thinking – empower the people |

Business objectives

Improvement in efficiency.	-	Redefine your processes
Growth in revenue.	-	Implement change management
Consolidation of the new founded (June, 2002) company in Zug	-	Motivate and train the employees
	-	Increase the involvement of senior management
Extension of manpower in Olten		

Overall strategy

Growth without direct attacking our competitors – expand market segments (customer groups)	-	Recruit skilled people
	-	Guarantee high training standards
	-	Hire people with high emotional intelligence
Build up a extremely strong relationship to our clients.	-	Communicate the company's values
Well position our company in the market.		

5. Summarize how each member HR Triad participates in managing the organization's human resource.

I actually focused on my own company to get the most possible output. The Southwest Airline has implemented an improved HR management system. The HR Triade is well integrated into their company as well as the flow of information throughout the entire company. Specially, the company has empowered the people throughout the organization regarding to their function and tasks.

Own Company – S+B Baumanagement AG

HR Triad	Implication
Line Manager	
Work closely with HR professionals and employees to develop and implement HR policies and practices.	The person who is in charge of HR is member of the board and therefore HR management gets the appropriate attention.

Include HR professional in the formulation and implementation of business strategy and discussion of its HR polices and practices.

On a daily bases, consider the implications of business decisions for managing human resources strategically and work to reduce barriers to this objective.

Learn about and apply basic accepted principles for managing human resources.

Seek input from employees and HR professionals in order to improve own competency for managing human resources.

We have an monthly management meeting and one agenda item is HR.

We hope that I can learn more about the basic principles at the HRM Block and implement them into our company.

We have a process in place, which improves the Know-how transfer (HR etc.) throughout the company.

HR Professionals

Work closely with line managers and employees to develop and implement HR policies and practices.

Stay informed of the latest technical principles for managing human resources.

Develop the skills and competencies needed to support change processes.

On a daily basis, consider how well the organization's approaches to managing human resources fit with the current global and organizational environment.

Be proactive in learning about how leading companies are managing human resources and what they're learning from their experiences.

Work with employees to help them voice their concerns effectively and serve as their advocates when appropriate.

It is give in our company (because of the size), that the line managers, the HR professionals and the employees work closely together.

We actually hat huge changes last und this year. We haven't really a appropriate process in place. In the future we will manage changes more formal.

We are doing benchmarking annually. So we actually try to learn from other companies to be able to improve the entire business.

Employees

Work closely with line managers and HR professionals to develop and implement HR policies and practices.

Accept responsibilities for managing their own behavior and careers in organizations.

Recognize the need for personal flexibility and adaptability.

Be committed to learning and changing continuously throughout one's career.

In our company the communication between HR professionals, managers and employees is pretty good. The inputs of every employee is taken seriously. Everybody can influence the company's future.

We are working on an internal and external employee development program. Consequently, in the beginning of year 2003 we are able to better react proactively and to be able to educate the people inline with the business strategy and therefore meet our goals.

Learn about and apply basic accepted prin-
ciples for managing human resources for
HR activities in which they participate.

Be willing to share ideas that might help the
company manage its people better.

6. Summarize how people are managed and if you improve how the company
    manages human resources, what are the benefits for the key stakeholder?

Within our organization structure (Senior management 3 partners, 4 team leaders
and then project leader) we have the organization structure regarding our main
functions/tasks. The Team leader and the senior management are the leaders of the
departments. The HR department is managed by a senior manager (owner) of the
company. Consequently, the human resource management has the appropriate at-
tention. The company is strongly aware of the fact that one of the critical success
factors is the human capital. Today the people within the company are pretty good
managed, but we still have to improve the human resource management to become
an first choice employer.
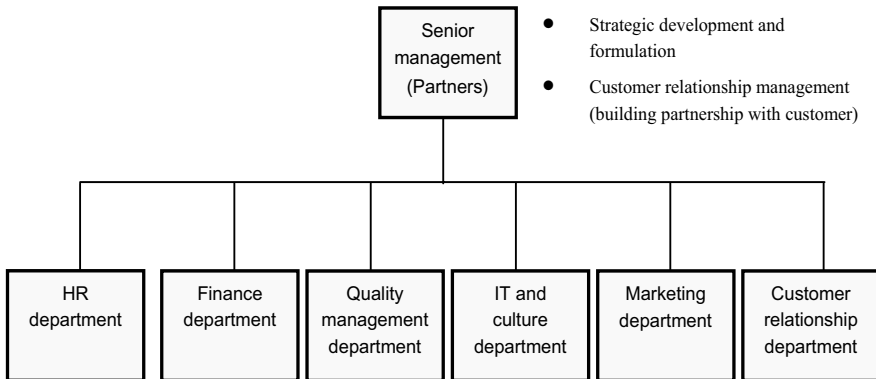
Fig. 4. Organization structure

Our target is that we are able to finish our human resource management concept
by the end of 2002.

We strongly believe through the improvement of how the company manages hu-
man resource management we are able to create value for the customer and there-
fore improve customer retention and increase revenue.

Technology		
As global consultancy is based on sharing knowledge and experience the transformation of information to anywhere at anytime is essential. Access to latest developments and research is also very important.	Very long life cycles of an aircraft, evolving technology allows to improve economies of scale (more seats in an aircraft, less operational costs for the aircraft). As well in operations a huge involvement of technology is essential. A reliable and scalable IT-Infrastructure is key to success in cost-leadership maintaining.	Banking industry heavily reliable on IT-systems. Availability of services 24hx7 is a big issue for all banks. Still old legacy systems online who need to be migrated; will be very cost intensive in the future for all banks.
Culture		
As the BA&H work on a global bases most of time onsite at client locations, the consultant has to be aware of the local culture conditions. This is handled through the internal training, mentor program and the knowledge-sharing program.	As SWA started its business in a very local area (TEXAS) no special focus was needed. But with the growth to areas local conditions has to be adopted.	Swiss still very selfish in life. Are looking more what others have and what others think. Employees keep knowledge tacit to secure his/her position.

XIII. Zurich Living Case

"ORANGE Switzerland: Managing Human Resources towards a future that will be ORANGE for all"

1. Management Summary

ORANGE Switzerland, born June 29th 1999 and toughest challenger of the ex-monopolist Swisscom, is widely recognized as having performed one of the most successful market entries of the past decades in Switzerland.

After three years of fast growth (thanks to highly successful external and internal branding) and above average commitment (thanks to a strong pioneering spirit) the company faces today the classic challenge of having to move on from the pioneering phase into something more stable and mature. The goal is to gain efficacy, stability and productivity; ideally without losing any of the extraordinary energy and motivation of the launch years. Two areas are of highest priority:

- Marketing: With overall market growth having slowed down, – i.e. freefloating and new wireless customers having been bound – ORANGE must, for continued growth, gain existing market share. It must develop a marketing strategy and tactics aimed at even more profile, perhaps review its youthful image to include a larger market segment and attack the market leader Swisscom more directly and aggressively.

- Human Resources: The pioneering euphoria is over, the "heroes are tired": Andreas Wetter and his crew must now move ORANGE Switzerland – and with it its employees – from the pioneering phase to the next level: professionalism, continuity, efficacy must find their way into the organization. The art is to acquire these qualities whilst keeping up the high innovation, the impressive pace, the fairness, entrepreneurship and enthusiasm, which had been ORANGE Switzerland's forte right from the beginning.

To assist CEO Andreas Wetter and his VP Human Resources Christian Luginbühl in this strive towards innovation, more continuity and higher productivity with sharp and sound analyzes and highly creative but realizable solution proposals – this will be your assignment during the forthcoming human resources MBA-Block.

2. Who Is ORANGE

Shareholder with 99.9% – ORANGE UK, owned by France Telecom, has extensive international experience in the rapid establishment of new high performance GSM 1800 communications networks. The company history is a famous case of successful pioneering. ORANGE has set up one of the two largest GSM 1800 networks in the world and its operation in the UK is, with over 11 million customers, the world's most successful GSM 1800 network.

ORANGE is recognized for having led the way in mobile communications marketing, sales, distribution and customer service. Many of the marketing innovations introduced by ORANGE, such as per second billing, and package deals have been adopted by the competition.

www.orange.co.uk

Shareholder with 0.1% – Judging balance sheets, the Banque Cantonale Vaudoise (BCV) is the second largest of the Swiss Cantonal Banks. It is active internationally, as well as at a local level but it's mission is the encouragement of economic growth in Canton Vaud.

The BCV has an international network of relationships and branches in its main markets of Hong Kong, Singapore and Athens. In the financial capital, London, the BCV is a key player in the international activities of the Union of Swiss Cantonal Banks (UBCS).

www.bcv.ch

3. ORANGE Switzerland Key Figures

- Market entry: 29 June 1999
- Shareholders: 99.9 % ORANGE SA/France Telecom
- 0.1 % Banque Cantonale Vaudoise (BCV)
- Number of customers: 925'000 active customers
- Turnover: CHF 887 mio
- EBITDA: CHF 10.5 mio
- Number of employees: 1583 Fix- and full-time employees
- 24 apprentices
- 2001: the most popular employer of the branch for college graduates

- Antennas: 2560 in operation

- Coverage: 97.5 % of the Swiss population ORANGE own network

- Network quality: Best network quality in the 17 largest Swiss cities and on the most important Swiss motorways (Study carried out by Montena and the Institute of Communications Technology ETH Zurich in November 2000, April 2001 and August 2001)

- International roaming: More than 200 agreements in over 100 countries

- Advertising
    - 2nd Prize "Campaign of the year 2000"
    - 1st Prize "Campaign of the year 1999"
    - Silver Prize of the Effie Award for the campaigns "Saltlake" and "Greenland" 1999/2000

- ORANGE point of sales: 76
    - 7 ORANGE Shops
    - 4 ORANGE Centers
    - 65 ORANGE Points (Shop-in-Shop)

- Partners point of sales: 5134

4. Vision and Mission (Version from Website, for All Stakeholders)

Vision

Our corporate vision is that wirefree services become the preferred personal communications tool for all communication needs.

Mission

Our mission is to become the leading provider of high quality wirefree communications services to the people of Switzerland.

Value Proposition

Transparent service this is simple, reliable and innovative with no hidden charges, offering excellent value for money, with strong brand identity, best customer care, underpinned by excellent coverage and supported by first class distribution.

Fair

ORANGE believes that you should not have to pay for time that you don't use. The more you talk, the better value you should get. ORANGE is committed to keeping your costs low, so that everyone can afford to make and receive calls at any time.

Simple

ORANGE believes that wirefree communications should be easy to choose. That's why ORANGE Price Plans give you one single price for standard calls no matter when you use your phone. Also, technological features are useless unless they are easy to use. That's why ORANGE focuses on innovation in the design of services which are easy to use.

Straightforward

ORANGE believes that it should be easy for you to understand what you have bought. Nothing should be hidden. That's why with ORANGE you get a fully itemized bill that tells you exactly what you are paying for.

(Please note that there is another "vision" and "mission" document available which addresses itself exclusively to the staff. It can be found under the heading "Leadership".)

5. History/Political Environment

20.04.1998 – Consortium awarded license to operate GSM 1800 network.

ORANGE Communications SA was today awarded a license to construct and operate a GSM 1800 network for mobile telephony in Switzerland. The decision was announced by the Swiss Communications Commission following a two-month review of bids received from six consortiums for the award of two national licenses. ORANGE Communications SA comprises ORANGE plc, VIAG AG, Swissphone Engineering AG and the Cantonal Bank of Vaud (BCV).

Commenting on the award, Frithjof Frederiksen, Managing Director of ORANGE Communications SA said: "We are naturally delighted by this news. The competition was very strong but we always believed that our unrivalled experience in operating GSM 1800 networks, the success story of ORANGE plc in the UK allied to the strength of the brand, our track record of working together in other markets, and our knowledge of the Swiss market for mobile telephony would prove a winning combination. This is not only good news for ORANGE but also for the Canton of Vaud whose authorities gave us magnificent support." ORANGE Communications SA is

based in Lausanne in the Canton of Vaud. The company has pledged to create up to 1,250 jobs in Switzerland of which around 70 per cent are in the canton of Vaud and Lake Geneva region. It has also announced plans to invest more than one billion Swiss Francs in the venture; this will encourage the creation of high-tech start-up enterprises in the region. In addition, ORANGE intends to have close working relationships with Lausanne-based academic and technical institutions. ORANGE plc and VIAG AG each currently hold 35% of the shares of ORANGE Communications SA with 20% held by Swissphone Engineering AG and 10 % by the Cantonal Bank of Vaud. It is also envisaged that there will eventually be a public offering following listing on a Stock Exchange. (…)

19.10.1998 – ORANGE Communications SA has appointed Andreas S. Wetter as Chief Executive Officer

Mr. Wetter, 49, joins ORANGE Communications from the COOP group in Switzerland where he is currently President and CEO of Radio TV Steiner AG and Member of the Executive Management Board of Simeco Holding AG. Mr. Wetter is expected to commence his new responsibilities with ORANGE Communications early in 1999 and are based at the company's headquarters in Lausanne.

The appointment of Andreas Wetter as CEO of ORANGE Communications marks a further decisive step in the build-up towards the launch of the company's GSM 1800 mobile telephone network in Switzerland planned for April 1999.

Welcoming the appointment, Georges Muller, Chairman of the Board of ORANGE Communications, said "Andreas Wetter brings to ORANGE Communications a thorough knowledge of the consumer electronics market in Switzerland as well as a deep understanding of the retail and distribution chain. This allied to his managerial skills, drive and enthusiasm are vital assets in ensuring the success of our company in a competitive environment."

Andreas Wetter is no stranger to the telecommunications market having previously been engaged in senior management positions at the Ascom Group prior to joining COOP in 1996. As such, Mr. Wetter had managerial responsibility for the start-up of Ascom in the Cellular-Terminal Market (GSM phones). Previous managerial positions held by Andreas Wetter include Ascom Audiosys AG and Prime Computer/Computervision AG. Mr. Wetter studied in Switzerland and Canada and holds an MBA from the Graduate School of Business Administration GSBA Zurich.

Commenting on his nomination, Andreas Wetter said "Joining ORANGE Communications is a fascinating challenge. Few positions in Switzerland offer the possibility to be in at the start of a new venture in a fast-growing market. I look forward to being part of a successful team aimed at making ORANGE the mobile telephone company of choice."

Frithjof Frederiksen, General Manager External Relations at ORANGE Communications, added "This is excellent news for ORANGE. I have known Andreas Wetter personally for a number of years. He are a considerable asset to the management team."

ORANGE Communications SA was awarded its mobile telephone license in Switzerland by the Communications Commission (COMCOM) in May 1998. The consortium is composed of ORANGE plc, VIAG Aktiengesellschaft, Swissphone Engineering AG and the Cantonal Bank of Vaud (BCV).

23.07.1999 – Clear Legal foundation for mobile radio masts: Planning Appeals Committee demands assessment according to internationally accepted guidelines, declares early application of draft legislative proposal for protection from non-ionising radiation to be unconstitutional.

In an appeal judgment, Canton Zurich's Planning Appeals Committee III has ruled that the threshold guidelines set out by the International Commission. For Non-Ionising Radiation Protection (ICNIRP) are the benchmark for environmental assessment of planning applications. The ICNIRP guidelines are based on recommendations published by the World Health Organization (WHO) which, according to the Zurich Cantonal Planning Appeals Committee, agree with the latest generally accepted scientific findings concerning verifiable biological effects of electromagnetic fields.

The Planning Appeals Committee simultaneously declared as unconstitutional a recommendation by the Swiss Federal Department for the Environment, Transportation, Energy and Communications (UVEK). The recommendation urged cantonal and local governments to begin applying the regulations concerning protection from non-ionising radiation (NISV) prior to conclusion of the legislative approval process. Advance application of regulations that had neither been enacted by the Federal Council, nor yet definitively formulated, was unacceptable, the Planning Appeals Committee said.

Instead, cantonal and local government officials are being asked to assess the electromagnetic field generated by a planned mobile radio mast on an individual basis, in line with international ICNIRP thresholds; these are the only figures available that are based on the latest generally accepted scientific findings.

In the case brought before it, the committee ruled that an ORANGE mobile radio mast was fully compliant with the threshold and free space figures set out by ICNIRP, as well as the NISV draft. ORANGE Communications SA enhanced that the same applied to all their masts in canton Zurich.

The appeal, which was lodged by owners and residents of adjacent property, was rejected by the court, which further ordered that they pay the entire legal costs of the case, plus compensation to the mast operator.

13.10.1999 – ORANGE has more than 160'000 customers

More and more people are calling with ORANGE: 3 months after the market entry, the number of customers increased to more than 160'000. At the same time, the infrastructure as well as the services have been strongly developed: The international roaming is including now 45 countries and ORANGE has created its own information service.

The market entry of ORANGE takes a successful course: After only a quarter, more than 160'000 people are using the ORANGE mobile network. The fact that ORANGE has offered a very high coverage of 90 % since its start has certainly contributed to that success. "The national roaming agreed with Swisscom has been strategically paid off", says Andreas Wetter, CEO of ORANGE.

The "Upgrade to ORANGE" promotion of single band to dual band mobiles occurred very positively. The big rush on subscriptions was a high challenge for ORANGE and its retailers.

Call Center Development

In order to satisfy continually its customers, ORANGE has strongly developed its Call Centers in Bussigny (VD) and Zurich: As a result, 300 additional jobs in total have been created. Whenever you want to find the name, address or number of a telephone subscriber, in future you can use ORANGE's own information service on the ORANGE network at the standard price, 24 hours a day, seven days a week. And ORANGE customers won't need to remember a new number – it will continue to be 111.You will hear spoken information in English, German, French, and Italian. Within Switzerland, you can be connected directly to the number you have asked for, and you can also have all the information confirmed as a text message (SMS), so that you can store the details right away.

Now You Can Receive ORANGE in the USA

"We shall understand one another better in the future". Fully in line with this vision, ORANGE offers comprehensive international roaming outside Switzerland. Thanks to our comprehensive coverage, you can already use ORANGE services throughout Europe, and the entire range is available.

Well over a hundred international roaming agreements have already been signed and sealed. Roaming is possible in 45 countries throughout Europe, Africa, Asia and North America; coverage in the USA includes various major cities such as New York, Boston, Miami, Key West, Detroit and Indianapolis. You can call up a complete list at www.orange.ch.

A point to remember is that transmission in the USA is on 1900 MHz, which means you must use a Triband mobile phone. And now you can obtain Triband phones of this sort from ORANGE Shops as well.

In the Immediate Future

In the next few months alone, ORANGE are making more major additions to its range of services: if you want the latest information in text form (SMS) about the weather, the news, the stock exchange, sports or lottery results, you can call it up or have it sent to you automatically – and you yourself specify the amount of information that you want.

HSCSD is the name of an expanded technology that will provide all ORANGE customers with a much higher data speed on the existing GSM network before the end of this year. The many benefits that this will bring include a major expansion of mobile Internet access.

ORANGE are taking yet another step forwards next year with the new GPRS connection technology. This ISDN-speed package makes mobile telephone and data transmission even more efficient and cost-effective. Suitable mobile sets are available in spring 2000.

The Internet from Your Mobile Phone

As soon as the service is available next year, ORANGE's network infrastructure are ready to call up specially processed information on the World Wide Web directly from a mobile phone. The magic letters here are WAP (standing for Wireless Application Protocol). Mobile phones with WAP capability will then offer you the ideal way of using interactive services such as travel or hotel reservations and telebanking; you'll be able to browse through the cinema listings and book your tickets at the same time, or you can order a pizza delivered to your door.

16.12.1999 – Wanted: media and IT specialists, commercial apprentices: As of summer 2000, ORANGE are realizing an ambitious and exemplary apprenticeship concept.

This growing mobile telephone service provider thus intends to apply longer-term measures to remedy the lack of appropriately trained junior staff in the telecom industry.

Now that the internal and pioneering development of ORANGE has largely been completed, a period in which serious apprentice training would have been impossible, the focus has shifted also to consolidation in the HR field and realization of the trainee concept. Many outside and foreign consultants brought in for the start-up phase are currently being replaced as planned by ORANGE staff recruited in Switzerland. "The time is now right for a trainee program. We can offer apprentices a stable environment and adequate specialist attention to ensure they get top-quality training," says Hans-Ulrich Daeppen, the officer responsible for Human Resources. Based on the segments covered by ORANGE, training courses for commercial apprentices, IT apprentices with focus on systems engineering as well as

mediamatics apprentices are launched in Lausanne and Zurich starting August 2000; 54 trainee slots are thus to be created by the year 2002.

The Right Chemistry

"ORANGE has a good name with young people, too: the corporate philosophy is uncomplicated and modern, the products are fair and the whole package is nicely seasoned with a dash of fun. We want to use this successful mix to attract young women and men to the telecom business," explains Daeppen. "We want our trainee concept to be as young and fresh as our company."

Helping Young People Integrate and Develop

Obviously, ORANGE is looking for youngsters interested in new technologies, in the new media and in computers, people who will additionally bring extensive communication and language skills to this multicultural Swiss company. Depending on the type of traineeship chosen, the young people are trained according to the directives of the Swiss Federal Agency for Vocational Training and Technology in a whole range of segments. At the same time, however, they are given a comprehensive overview of the business activities pursued by ORANGE, in the commercial and technical sectors as well as in the distribution and customer service fields. Fundamentally speaking, ORANGE are working within the so-called dual system, i.e. appropriate school education combined within the apprenticeship program. In the IT and mediamatics fields, part of the training will take place separately according to the 3-pronged traineeship approach (e.g. basic apprenticeship year in IT).

ORANGE Promotes Key Skills

"ORANGE will invest in a training system for young people that covers all aspects," says Brigitte Staub, Training & Development officer and hence also responsible for the apprenticeship concept. In addition to promoting specialist skills, ORANGE also emphasizes the value of personality development, for example teamworking abilities and communication skills. Naturally, internal training schemes will enjoy high priority. Target agreements and regular assessment interviews will help the trainees define their progress to date and determine their future training needs. Team projects and assignments in the various ORANGE branches will promote flexibility and mobility. The apprentices are given the opportunity from an early date to collaborate in intradepartmental projects.

ORANGE Is Investing Time and Money

Assuming a total of 54 apprentices per year, ORANGE are investing approximately 1.4 million Swiss francs in apprentice training. Although ORANGE has already received a large number of inquiries for traineeship slots within the company, we recommend that young people respond to the concrete job adverts for apprentices in the Zurich and Lausanne newspapers.

30.5.2000 – ORANGE grows to more than 600,000 customers

From zero to over 600,000 customers and 95% brand recognition in Switzerland, all within just one year: the ORANGE executive board and CEO Andreas S. Wetter can celebrate extremely positive results after a turbulent first year in business. And ORANGE is also announcing a birthday surprise: an attractive loyalty program for all customers, starting in July.

ORANGE set an ambitious timetable for business development. On 29 May 1998, ORANGE won a tender to establish a nation-wide 1800 MHz GSM network, and was awarded a license by ComCom. The pioneer team of 20 staff grew explosively until the end of 1999. With 780 new jobs, ORANGE is among the Swiss companies that have been most successful at creating new employment. Some 1300 people now work for ORANGE, and the company is launching an exemplary apprentice training program this autumn.

Demand Exceeded All Expectations

The goals were highly ambitious, and presented a daily challenge to staff at all levels. On the one hand, the enormous boom that has led to mobile phone ownership among more than half the Swiss population is proof that the public accepts mobile telephony's benefits. Within six months of market launch, ORANGE achieved 95% brand recognition within Switzerland. The company won 312,000 new customers by the end of 1999; the figure for mid-2000 is already way above 600,000 and rising all the time.

ORANGE offered four products right from the start, including a PrePay option. Later came ORANGE Business 5+5, a package tailored to the needs of small and medium-sized companies. Attractive promotions accompanied extremely popular "lifestyle" launch advertising, which was voted best campaign of 1999 in a WerbeWoche reader poll.

Also crucial to the big success was excellent teamwork with over 4200 sales outlets throughout Switzerland. 7 ORANGE shops provided sales support, acting as competence centers for mobile communications. ORANGE puts the focus firmly on people, so service receives special attention. The customer care centers in Bussigny and Zurich handle thousands of calls each day.

A Brake on Network Growth

Regrettably, vague public fears about so-called "electrosmog", coupled with planning approval delays, led to postponements in constructing the independent base station network demanded by the Federal Council. The Swiss federal system means that each and every base station site must be individually negotiated. Top management formed a seven-strong environmental task force to engage in constructive dialogue with local government officials, the public at large, and resi-

dents in the vicinity of base stations. Well over 300 presentations underlined the importance of this activity. Thanks to a national roaming agreement with Swisscom, ORANGE customers benefited from 90% population coverage right from day one. Coverage currently exceeds 95%.

Enactment of the "non-ionising radiation protection decree" (NISV) on by the Federal Council on 1 February 2000 put a formal end to the legal uncertainty surrounding base station radio masts; Switzerland now has the toughest regulations in the world. ORANGE currently operates over 1000 of its own base stations, all of them compliant with the terms set out in the new decree. There is also good news about the development of international roaming since market launch, with over 120 agreements between ORANGE and network operators in 70 countries, including major US cities.

Technology for the Future

Not least thanks to ORANGE, dual-band phones have become the new Swiss mobile standard within a year. The latest technologies are coming thick and fast: in March, ORANGE launched an advanced SMS service called ORANGE Info. And the ORANGE WAP portal went live in mid-June. Currently in the pipeline are HSCSD (ORANGE Fast Data), scheduled for launch in the third quarter. Initial GPRS tests have been successfully completed, and the public launch is planned for the fourth quarter. ORANGE has also applied for a UMTS license.

Premiere: A Real Birthday Surprise for All ORANGE Customers

ORANGE is set to offer even greater rewards for customer loyalty. "ORANGE Thanks", an innovative loyalty program that is the first of its kind in Switzerland, is being launched in July for ORANGE Personal, Plus 100 and Professional subscribers.

Commitment to Education and Training

14.11.2001: ORANGE has committed itself to a new long-term partnership with UNICEF, the United Nations Children's Fund. This support concentrates on educating and training children in underprivileged regions, and the first actual project is dedicated to setting up over 130 girl's schools in India. Up to the end of December 2001, ORANGE will donate 12 Swiss francs to UNICEF for each new ORANGE Membership Plan. This is the first such partnership that ORANGE has entered into.

Education for All

ORANGE and UNICEF both attribute particular importance to people, mutual understanding, and quality of life. If we seek to improve people's quality of life and pro-

mote mutual understanding, it is essential that we provide them with adequate education and training, a belief in the future, and a global outlook. As an internationally oriented enterprise that looks to the future, ORANGE intends to use its long-term partnership with the prestigious Children's Fund to achieve these shared goals.

Christmas Promotion for UNICEF

ORANGE's Christmas campaigns this year all revolve around the UNICEF partnership. For each new ORANGE Membership Plan through 31 December 2001, OR-ANGE will support the project with a donation of 12 Swiss francs, thus allowing over 130 girl's schools to be established in rural India. This support will greatly benefit girls who would otherwise receive no education whatsoever.

If you would like to actively support this project, you can also transfer a donation directly to UNICEF account PC 80-7211-9 (code word: ORANGE for UNICEF). For further information, see ORANGE for UNICEF. ORANGE and UNICEF will regularly keep you posted on the progress of the project.

ORANGE with the Lowest Monthly Fee

22.11.2001: If you want to make calls on your mobile at a low price, then "OR-ANGE Economy" and "ORANGE Limit" are what you're looking for. The monthly charge for "ORANGE Economy" is 9 francs 90 for a minimum call volume of 10 francs per month, making "ORANGE Economy" the most attractive PostPay offer throughout the Swiss market. What's more, new customers benefit from reduced-price mobile phones. And "ORANGE Limit" also brings PostPay customers the added benefit of a simple and yet flexible way to keep track of costs – an advantage that was previously only enjoyed by PrePay customers.

In addition to existing price plans, ORANGE now has a new offer, "ORANGE Economy", aimed at customers who only make few, short calls. "ORANGE Economy" meets the customers' need for a price plan with a low monthly fee and a wide range of additional services. "ORANGE Economy" allows customers to make use of all national and international services provided by the company, making this new mobile phone subscription an appealing alternative for previous PrePay customers.

"Talk More, Pay Less"

The new ORANGE price plan, "Economy", is the ideal and most attractive solution for customers who use their mobile phones for less that 60 minutes per month. On average, this corresponds to slightly less than two calls per day. This degree of utilization completely exhausts the monthly call volume of 10 Swiss francs, with calls costing between 60 and 70 centimes. Here, too, we follow the ORANGE motto "Talk more, pay less".

Phenomenal Success of ORANGE Chat Platform

13.05.2002: Launched by ORANGE in October 2001, the virtual "Habbo Hotel" (www.habbohotel.ch) is an innovative Internet chat platform for young people. After just 6 months, the number of registered "inhabitants" has reached 100,000 – a result that is being celebrated with a big competition. Each week, the platform is visited by over 30,000 users, around 50% of whom are young people aged between 14 and 18.

The innovative chat forum for the cyber youth is a trendy meeting place in the form of a virtual hotel, containing everything that a proper hotel needs. The virtual environment of Habbo Hotel, in which everyone has the opportunity to realize their own fantasies, is made up of public rooms (accessible to all guests) and private rooms (available only to the owners and to any friends they choose to let in).

Chat Forum for Individualists

Once they have registered, visitors to Habbo Hotel each create their own virtual identity, their personal Habbo. Each Habbo has a name and individual appearance – determined by selecting a hairstyle, clothing, and accessories – and communicates with the other hotel guests.

Public and Private Rooms

In the public rooms – the "Skylight Lobby", the "Chromide Club" (with a dance floor where the Habbos can even act as DJs themselves), the bars, the games rooms, the ORANGE Cinema, and the most popular room of all, the Lido swimming pool – the characters can meet, get to know one another, and build up social contacts. Since the virtual characters are created by real people, virtual contacts between players occasionally give rise to meetings and relationships in real life.

All Habbos have the chance to set up their own private room with furniture and other objects, choosing from a catalogue that caters for all sorts of tastes.

Communicating as in Real Life

In addition to the chat function, the platform provides what is called the Habbo console, allowing users to leave messages, send e-mails, meet friends, and get to know new people.

In order to protect the young people and prevent any serious mischief, Habbo Hotel is moderated. In other words, supervisors have the task of protecting the Habbos and negotiating or intervening should any problems arise. If users feel pestered, they can ring an alarm. In extreme cases, for instance in the case of offensive insults, defiant guests may even be shut out of the virtual hotel. Furthermore, ORANGE has integrated a "decency filter", which replaces certain strong language, insults, or offensive words with the term "Bobba".

A Little Small Change Is Needed Even in the Virtual Hotel

While public rooms can be used free of charge, users need so-called credits to set up their private rooms, i.e. to purchase furniture and other objects. Credits can be obtained by credit card, by calling 0900 700 800, or by SMS (user name to short number 4205 for 5 credits or 4210 for 10 credits). These are then added to the monthly telephone bill. One credit corresponds to 20 centimes, which means that it takes around 50 to 100 credits, or between 10 and 20 Swiss francs, to fully furnish a luxurious room.

Over the course of the last six months, parties and special promotions have been organized on a regular basis. For example, there have been virtual weddings with a Habbo priest, beauty contests, and talk shows. At Christmas, on Valentine's Day, or at Easter, the Habbos and their virtual friends can enjoy appropriate articles or presents from special catalogues.

From May 13 to 27, registered Habbo users now have the opportunity to take part in a competition, with 1000 prizes of 100 credits (20 Swiss francs) to be won. All participants need to do is complete and send the competition form on the homepage. Participation in the competition are confirmed with an e-mail reply.

Biel Site

24.05.2002: The architecture of the past and present come together for the future – ORANGE opens its new Biel Site. The solemn opening of ORANGE's new branch in Biel turned out to be something of a big social event. Elisabeth Zölch-Balmer, cantonal Senator and economics Minister of the canton of Bern, Hans Stöckli, Biel town President, and Andreas S. Wetter, Chief Executive Officer of ORANGE Communications SA/AG, greeted not only a large number of representatives from business and politics but also the new employees.

The architecture, design and building concept are quite unique and have been added to an already existing 1960s building (formerly Biella) in a remarkable and surprising way, with parts of the building very much from the 21st century. The total floor space of 6,650 m2 is divided up among a building in three parts (sector A, B and C), each sector containing five floors including the basement. The site at number 40 Alexander Schöni-Strasse is 2,200 m2 in size.

Providing Work for the Regional Building Trade

ORANGE invested 28 million francs on the conversion and on new building work: 20 million francs on building work, five million francs on computer systems, two million francs on work spaces (office fixtures and fittings and the technical infrastructure) and one million francs on creating parking space for 90 cars. About 90% of the work on the project and building went to firms in the Biel region and from the canton of Bern.

ORANGE will create a total of around 300 jobs in Biel medium term. Employees will operate in the various sectors of the building from within ultra-modern workspaces. The employees at Biel have at their disposal three cafeterias where it's nice to linger for a moment, 15 comfortable meeting rooms, nine modern training rooms and a multi-purpose room, which can be used for larger gatherings and events.

There are a number of reasons why ORANGE chose Biel as a location for its third site in Switzerland – alongside its headquarters in Lausanne and the big Zurich site: because of the canton of Bern's cluster-focused economic policy, the "Espace Mittelland" economic area (Bern, Freiburg, Neuchâtel, Solothurn, Jura, Vaud and Valais cantons), the bilingualism of the up-and-coming telecommunications town of Biel and its proximity to the Biel Hochschule für Technik und Architektur (HTA), to the Federal Communications Office BAKOM and to the highly skilled workforce in the area.

6. Products and Services

Herebelow you find a summary of the products and services offering as it is presented on the website. Here again, ORANGE works a lot with values – partly with new ones. For example, at one moment, a catalogue download is described as: "How very convenient. How very ORANGE." The term "convenient" does however not appear in any mission statements (cf. Chapters 3, 8 and 9).

For further details on products and services beyond the herebelow excerpts please consult http://www.orange.ch/en/index.htm and the attached brochures and flyers.

> "*Welcome to our new catalogue called „all about ORANGE". It's bright, colorful and packed with useful information about all our products and services. Designed and written to make using, and choosing, our products and services as simple and convenient as possible. Just for you.*
>
> *For example, if you'd like to receive the latest news or sport results on your mobile phone, then check out ORANGE Info on pages 32-33. Or you might want to maximize your voice mail with some great new features. In which case you should have a look at ORANGE Box Professional on page 30. To personalize your mobile phone simply download some of the latest ring tones or logos on pages 36-37."*
>
> *"all about ORANGE" is available at ORANGE Shops and ORANGE Partners and can be ordered hereafter. With all the information you need organized into one publication. Making everything you would like to know about ORANGE, quick and easy to find.*"
>
> "*How very convenient. How very ORANGE.*"

"*At ORANGE, we aim to keep everything simple. Our services are thus easy to understand. Hardly radical, we would admit, but still a refreshing change in a world where „high-tech jargon" seems to be the norm.*"

"*We place customer service at the top of our priorities. If you are ever in need of help or assistance, our expert Customer Care staff is on hand day and night to sort out your problems or answer your queries. Please call our toll-free number 0800 700 700 (we are available 7 days a week, 24 hours a day). You can also find useful information in our new catalogue called „all about ORANGE".*"

- *SMS Experience*
- *ORANGE Box*
- *ORANGE Genie*
- *ORANGE Info*
- *ORANGE Thanks*
- *Directory services*
- *Important phone numbers*
- *Mobile Number Portability*
- *MTV Ringtones*
- *Internet@ORANGE*
- *ORANGE WAP*
- *ORANGE SIM Card*
- *ORANGE Limit*
- *Other services*
- *ORANGE Talk*
- *ORANGE Twin Card*
- *ORANGE Box Professional*
- *ORANGE SMS Option*
- *ORANGE Fast Data*
- *ORANGE Express/ORANGE Express Plus*
- *Personal Organizer Hotline*

For national calls with ORANGE you don't need to worry about peak and off-peak times. The price you pay for such calls is the same, no matter when you call.

Every ORANGE customer enjoys per-second billing after the first ten seconds of the call, so you only get charged for the time you actually use to make the call.

The total amount of standard minutes you use in a month determines the price per minute of your calls, depending on the membership price plan.

Standard minutes include calls to all Swiss fixed and mobile numbers and to OR-ANGE Box, excluding calls to international numbers, premium rate services (e.g. 090, 156, 157-numbers), directory services, ORANGE Genie (CHF 1.50 per minute) and 0800 numbers (CHF 0.45 per minute for ORANGE PrePay as from 13.12.2001).

Calls not charged as standard minutes include calls to international numbers, premium rate services (e.g. 090, 156, 157-numbers), short numbers (150, 1600, 161, 162, 163, 164, 187), directory services, ORANGE Genie and 0800 numbers.

Free of Charge

Calls to our Customer Care (0800 700 700), emergency calls and most 0800 numbers are free with all ORANGE membership price plans.

For ORANGE PrePay, calls to our Customer Care (0800 700 700), calls to recharge the ORANGE PrePay account (0800 700 555 and 0800 700 444), and emergency numbers are free. All other 0800 numbers are charged at CHF 0.45/min as from 13.12.2001.

Premium Rate and Short Numbers

Calls to Premium Rate numbers (e.g. 090, 156, 157) and the short numbers (150, 1600, 161, 162, 163, 164, 187) are charged at the rate applied by the service provider, added to the standard call charge as per price plan.

Diverted Calls

Calls diverted to your ORANGE Box are free when you are in Switzerland and billed when you are abroad (unless you have all your calls diverted directly to your ORANGE Box). Calls diverted to numbers other than your own ORANGE Box are billed according to the destination (ORANGE, mobile, fixed or international).

7. Human Resources

This is the most important section containing most of the key data you need to fulfill your assignment. The ORANGE Switzerland Management Team trusts you with considerable in-house data in order to give you greatest possible insight into their Human Resources Mission, Strategy and Goals.

7.1 HR Management – One of the Company's Major Strategies Basic Assumptions and Long-Term HR Goals

- ORANGE Switzerland wants to be the most attractive employer in the mobile communications sector on the Swiss market and amongst the 10 overall leaders across all industries in Switzerland. In 2001 ORANGE Switzerland was already rated in Switzerland's top 20 preferred employers. Even considering that ORANGE plays in a highly attractive industry and benefits from the "pioneer's bonus" (young, fresh, innovative vs. "dusty" bureaucratic ex-monopolist; phenomenal marketing budget; extremely fast growth meaning plenty of fast track career opportunities, powerful global shareholders behind, etc.) this is a fantastic performance which none of the other market entrants have been able to achieve. ORANGE Switzerland is working hard for this, as this HR chapter will outline.

- ORANGE wants to achieve employer "attractiveness" through a combination of job challenge and enrichment (high level expectations through effective delegation combined with substantial freedom to act, well balanced between task, responsibility and authority), social fairness including extended possibilities for development and advancement, Company culture and work environment, competitive compensation and benefit structure.

- ORANGE Switzerland expects its staff to be able to take pride in the Company and recognizes its motivated employees to be the Company's most important source of success.

Therefore, Human Resources (hereafter referred to as "HR") is committed to

- attract, motivate, develop and retain the best professional people, accompany the employees in their work life cycle and care for high quality of their working life

- develop effective and innovative HR solutions which are bound to create a motivating, performance-, result- and customer-oriented working environment

- create an ever-learning and constantly-improving atmosphere to promote constructive attitude towards fast technological advancement, employee satisfaction and personal development

- prepare optimal working conditions within the limits made available by the Company and ensure availability of appropriate working tools and contribute actively to Safety and security

- be a major partner with Line Management to understand their needs

- promote values shared between Company and employees, values that include namely entrepreneurial Teamwork, Honesty, Effectiveness, Fun, Inspiration, Results, Simplicity & Trust (THE FIRST, see also chapter 9, Culture and Leadership)

- integrate various management tools (organization, performance management, remuneration, employee development and promotion)

- carry out the central and Company-wide functions covering recruiting, employee development, remuneration and employee contract management.

The Human Resources Division is responsible for the Company-wide strategy pertaining to the Human Resources Management, the development, implementation and enforcement of policies relative to the Management instruments, the provision of functional guidance to Line Management.

Employment Equity

In assigning positions and responsibility through internal transfers and promotions and external hirings, no preference is given to any sex, age, creed, color, race, nationality, with the exception of limitations imposed by Swiss law and regulations (minimum age, certain work not allowed for women, restricted work permit availability for people of other nationalities). This equity of treatment includes both opportunity for any job as well as pay.

Employment of Disabled Persons

For a variety of selected positions and locations, physically and mentally disabled persons are considered for Employment.

Part Time Work/Job Sharing/Work from Home

Whilst a series of jobs are offered on a part time basis for organizational reasons, HR in collaboration with Line Management will endeavor to offer job sharing for selected full time positions. Similarly, the possibility of working from home are tested for selected positions and, if feasible, offered as an alternative to working in the office.

Management Principles and Style

ORANGE Switzerland is committed to the following principles:

- Management by Objectives and Empowerment: Conventional Management activities including Planning, Deciding, Delegating, Coaching and Controlling are complemented by the techniques of "MBO " in principle, assigning tasks as complete as ever possible, delegating highest possible responsibility and freedom to act, and holding the employees concerned responsible for achieving the goals set

- Competency based Human Resources Management System: Core and specific competencies will gradually be included in all position descriptions as a benchmark for all HRM purposes. In particular, competencies are used for recruitment, performance assessment and staff development issues

- Empowerment: All employees are assigned specific tasks and responsibilities generally described in the position description, embedded in the overall responsibility of the organizational unit and specified by targets periodically set. The employees are dotted with the decision power necessary to carry out the function successfully

- Open Communication: Management is conducted by open communication, both up and down, for discussion of current and future business, favorable and unfavorable information

- Mutual Trust: Relations between supervisors/managers and their subordinates are based on mutual trust and respect. Credibility is the basis for handling conflict situations. Abuse of mutual trust is considered a serious handicap for further working together

- Time to manage: Managers will spend less time on detailed functional content, and place more effort on the management of their people and the general and interrelated nature of the particular function in the business. The manager accepts that, to a limited degree, some subordinates require more management than others

- Recognition of prevailing conditions: The particular way of management reflects the prevailing conditions in terms of time, capacity, the means available and will serve the best possible development of all people in ORANGE Switzerland. Management in crisis situations may require more authoritarian approaches. The balanced utilization of such methods will constitute a particular challenge for Management

- Rules as well as Results: The results expected are attained in full respect of the rules set forth in this document and following particular conditions prescribed in the annual targets set for groups and individuals.

7.2   Management Instruments

In order to ensure effective management of the business and equitable treatment of the employees a number of management instruments are put in place. Competencies will gradually be developed as a benchmark for HRM purposes. The Managers take full ownership of these instruments, they ensure their utilization and, where necessary, introduction through appropriate courses.

- MBO (Management By Objectives)
- Position Description and Evaluation
- Performance Evaluation
- Remuneration System
- Information up and down
- Employee development
- Promotion
- Manpower Planning

7.3   Organization Development

Current Organization – Status

The organization charts, general, divisional and departmental, are issued and updated by HR whenever changes in the structure or the nominal occupations occur.

Development of the Organization

HR initiates and assists Line Management in developing and constantly-adjusting the organizational structure and the run-down of operations, with the goal to meet the requirements of the market and the Company strategy by making the organization effective, process- and customer-oriented and transparent. Furthermore, HR assists all Management in identifying appropriate balances between line, functional and staff responsibilities (matrix organization) to run the business effectively. Quality in terms of external and internal service, its directly and indirectly related income and cost as well as safety and security for the company, its employees, business partners, customers and suppliers, the public and the environment are determining factors.

Approved Positions and Employees Assigned to Them

General

The HR Division keeps track of all positions in the Company and their respective status. Permanent positions are described and rated, they indicate their numerical

existence as well as their occupational level. Temporary positions are to indicate minimal details and a clear validity term. Any person working in the Company against any form of remuneration is assigned to a valid position either permanent or temporary.

Definition of Responsibility and Authority by Function

Responsibility and authority by function is defined in line with and cascading from the responsibilities and authorities of the division concerned.

Signature Power

These regulations (Signature Policy) define how Company commitments and liabilities are engaged towards the outside world. The rules correspond all in all with the organizational hierarchy. There are, however, regulations defining limitations in terms of amounts committed and double signature requirements.

7.4   Human Resources Planning

General

HR Planning is a medium-term management instrument used on a regular basis for planning of the staffing in terms of both quality and quantity considering social, Company-specific and technological changes and developments, providing the Company with the corresponding cost elements. For this purpose, the immediate and medium term organization adjustments are developed on the basis of strategic business assumptions. The corresponding key positions and, from these, the quantitative and qualitative human resources issues (strengths, weaknesses, shortages, redundancies indicating the time scale) are identified and corresponding people actions are developed; they include hirings, terminations, transfers and employee developments both formal and practical.

Organizational Requirements

Definition of current and future position requirements in terms of both quality and quantity, providing alternative scenarios, developed with the businesses.

Succession Planning

Planning of succession to the identified key jobs with internal candidates indicating the relative readiness and developmental actions planned where required. HR co-ordinate the plans, input originates primarily from the line.

Evaluation of Employee Potential

Functional and management potential is assessed for all employees in the performance evaluation process. HR will conduct representative tests and, in collabo-

ration with Senior Line Management, will assess the potential of higher specialists, middle and upper Management employees.

Identification of High Potential Employees

Employees who can clearly develop two steps beyond their current level in either management or functional positions are considered "High potential employees". Their potential must be confirmed through professional Assessment Centers. In order to avoid loss of these "high potential employees", they receive preferential treatment in terms of developmental actions, both theoretical and practical. They are tested through transfers involving high level expectations ("fast trackers"). Success in these assignments and appearance on corresponding succession plans are conditions to remain on the list of "high potential employees".

Definition and Review of Position Requirements

Before filling any position, its entrepreneurial requirement is to be questioned and justified, and analyzed in terms of the possibility of reorganizing or re-assigning work and the future outlook including potential changes. Thereby new positions are to be described (work-order) and approved by the Manager two levels up.

Filling of Vacancies – General

Level of Qualification

It is most important that vacancies of any kind and at any level be filled with people meeting the position requirements. Overqualification and underqualification tend to be problematic for both the Company and the employee concerned. Some overqualification or development potential is appropriate for areas of fast-moving technology to ensure that the employee in such position can follow successfully the changes involved.

Internal Versus External Appointments

Where feasible, internal transfers and promotions are organized. Whilst most open positions at clerical level are covered by external recruiting, vacancies in management positions are covered with a ratio of about 50/50 for internal/external candidates.

HR and Line Management Responsibility

All recruiting, internal and external, is managed through the HR organization (Recruitment Center). HR decides on the timing and the kind of research activity. Headhunters are in principle only consulted for rare specialists and Top Managers. Whilst HR preselect the applicants, decisions on appointments are made jointly between Line Management and HR whereby Line Management has the ultimate choice.

Internal Appointments

All openings are published through the ORANGE Intranet communication channel with relevant details of the job profile. ORANGE employees may apply provided they are basically qualified for the job opening and have held their current job for minimum 12 months.

a) Transfers are made for a variety of reasons, namely:

- One-time transfer originating from the fact that the person involved occupies a redundant job and the opportunity for that person to enter and fill a valid position

- One-time transfer representing a developmental action originating from a performance appraisal (positive or negative)

- Planned transfer in a job rotation program for employee development (for employees with recognized potential or high potential

- Unplanned opportunity that suits Company and employee.

b) Promotions

Where corresponding openings exist, promotions are considered utilizing an employee's potential for a higher functional or management responsibility. Normally, more than one internal candidate is considered. Outside candidates are attracted whenever the internal candidates are either non-existent or not fully qualified or at a time when the balance of internal/external appointments is unfavorable.

No promotion is announced and put into effect unless the Company is clearly convinced of the person's success in the new position and the person involved accepts the new position and the responsibility involved. Promotions are not used as a reward for past excellence but to utilize the employee's potential to the Company's advantage. Attention is paid to ensure against promoting people to their level of incompetence. Promotions are never operated to resolve a salary problem.

External Recruiting

For local and regional functions involving communication with customers and regional authorities and service providers, recruiting will concentrate on people from the corresponding region. The use of work permits for foreigners should be exceptional.

The leading Headquarter functions must be occupied by top caliber managers for the respective activities and, representing know-how, technology and ownership will involve a partially multinational community. The international managers must be prepared to learn Swiss languages and adapt to the Swiss way of living. Hiring

specialists in the mobile communications and Information technology sectors tends to be an international affair for at least a few years.

Depending on the nature of the job and availability of people, employees are hired in differing status, namely:

a) Permanent employees: for positions that tend to remain valid long term

b) Temporary, term contract employees or contractors: for positions with a limited or unknown time scale

c) Consultants: for assignments of less than ongoing occupation or for specialized work not offered by people in ordinary contracts

7.5   Contract Terminations

Staff Reductions for Organizational Reasons

If and when the Company should be faced with the requirement of staff reductions due to organizational reasons, i.e. that some organizational components should be reduced as a result of loss of business or technological change or transfer of activities to other locations to which commuting is impractical, the following rules will apply as long as the Company's financial situation is on good grounds:

a) Inplacement: To the extent possible and practicable employees are put into other available positions in the Company in the same location or within reasonable commuting distance.

b) Severance Pay and Outplacement in case of termination: Apart from the legal notice time which the Company of course respects, the employees concerned is paid a termination indemnity. The Company also provides Outplacement services to assist laid-off employees finding a decent job commensurate with their qualifications.

Policy and Practice on Lay-Offs for Performance or Disciplinary Reasons

The Company does have a policy to terminate employees whose discipline or performance is not reaching acceptable levels. Termination is preceded by an official warning pronounced in a regular or special performance appraisal and a period set during which correction is expected.

However, this rule is not often applied, i.e. the "acceptable level" is generously defined, as CEO Andreas Wetter confirmed to the faculty during briefings. Whilst of course wanting to attract, develop and keep the best talents on the market, Andreas does not believe in an exaggerated "elite hype" in the merciless stile of "up or out". He is aware of the fact that, in any organization, all cannot be high performers and certainly not all the time. He believes it is the duty of a CEO and his

people managers to provide a climate that permits high but also medium and even a few low performers to contribute regularly and solidly to the organization and to improve their individual and group performances within their possibilities.

7.6   Performance Planning and Management Position Descriptions

Every permanent position in the Company is described and approved. The position descriptions contain their identification, the basic purpose, a comprehensive description of the problems to be resolved, the main responsibilities and competencies, and the respective performance measures, the know-how required, relevant statistical data and the key relationships with others both internal and external. Position description should be valid for a few years, responsibilities and performance measures will therefore be held in general terms, specific numerical requirements for a given year are defined.

Titles

Position Titles must fulfill internal and – for many of them – also external requirements. The titles are to reflect the kind of occupation or specialization and, for positions involving line or functional management, their respective level. For uniform application HR are issuing comprehensive tables of titles to be utilized.

Position Evaluation

Every permanent position in the Company is evaluated through an analytical position evaluation system. The process consists of the actual evaluation effected by a committee and a regular Management review of evaluations made. The position evaluation system contains, for all positions in the Company, the same criteria, namely professional know-how required, management, organizational and communications know-how required, problem-solving, responsibility, freedom to act, physical effort and environmental stress. The position evaluation process is maintained through evaluation sessions taking place on a regular or on a need basis, handling new and modified positions and annual reviews by Top Management.

Annual Targets

General

The annual target process includes

- the setting of objectives for higher specialists and management (MBO process) through corresponding agreements between the employee concerned and his superior

- the setting of job standards for clerical staff by the superior

- the correct timing of the process, the form to be utilized

- potential adjustments during the year

The Basis for Annual Targets:

The targets are formulated in writing and indicate deadlines or time priorities where applicable. Targets include the following sources:

- Objectives, quantified for the specific year, derived from the position description applicable for the job involved and the cascading Company goals relevant for this position (for higher specialists and managers only)

- Job standards applicable for the specific year (for clerical staff only)

- General Company objectives applicable for all parts of the organization

- General divisional objectives if such divisional objectives have been set

- Capacity for team management, where applicable

- Personal goals formulated from the individual development plan (positive and negative points out of the last performance appraisal)

- One-time special goals, where applicable

- Project goals (define project management or participation), where applicable

- Group goals in which the individual shares, where applicable.

Where figures are involved, their source and measure usable by both Company and employee are to be specified.

Targets are set according to the following rules; SMART – Simple, Measurable, Accepted, Realistic and Timely. The company provides a "target agreement process and performance appraisal guide" for this purpose.

Performance Evaluation and Review Process

General

With this ORANGE wishes to establish a common understanding of employee performance between the employee and his/her supervisor. This status is achieved by comparing the actual versus expected performance. Deviations, both up and down, require appropriate actions. Performance evaluation serves Company and employee alike; the Company is dependent on results achieved, the employee is entitled to receive recognition for his or her contribution and expects developmental assistance. Open communication on performance, positive and negative, provided Management feedback is well-balanced and constructive, will foster employee motivation and commitment.

Performance Measure and Levels

Performance is measured against the position description in general and the periodical targets set in particular. At the end of each calendar year, the performance of all permanent employees is analyzed and formally and assessed by the corresponding Line Manager. Employee performance is classified, in principle, in 5 levels, namely

- Unsatisfactory performance
- Performance needs improvement
- Fully satisfactory performance
- Performance exceeding expectations
- Excellent performance

Normal Distribution of Performance Levels

Whilst performance of any job is rated against the expectations, the Company issues guidelines indicating how the different levels of performance are distributed in principle. The expected distribution in our Company is as follows:

- Performance level   1   0 %,
- Performance level   2   10 %,
- Performance level   3   40 %,
- Performance level   4   35 %,
- Performance level   5   15 %.

Review and conducting appraisals, steps following the appraisal.

Before conducting any performance appraisal, the appraisal is signed off by the corresponding Head of Department, Line Manager etc. respectively. Based on particular strengths, the growth potential (functional and management) and areas requiring improvement, development alternatives are discussed.

The final plan, involving discussion and approval by both line and HR management, takes into consideration decisions relative to the potential evaluation and Company interdisciplinary requirements.

7.7 Compensation

Generalities

The employees, both permanent and temporary, receive competitive remuneration based upon the function assigned and the actual performance. ORANGE operates no automatic increases.

The way compensation is handled by the Company is transparent to the employees. Whilst salary ranges and actual salaries are not revealed to the employees (except for Manager's own subordinates), the way salaries are calculated is communicated to the employees.

Direct and indirect monetary compensation (base salary, variable compensation, advantages) are just one part of the remuneration for the employee's contribution to the Company's profit and reputation. Other elements include social factors, professional and personal development, quality of working life, self-realization. All remuneration parts together must be perceived as a competitive advantage in the labor market.

Internal equity is assured by linking the base salary scale directly to the level of the function assigned. Within the salary scale of any position level the actual base salary level reflects the constant performance over time of the individual concerned. No other differentiation is allowed.

Compensation primarily consists of Base Salary and Variable Compensation (the two components together are known as Total Cash). The mix between Base Salary and Variable Compensation changes gradually along with job level: The lowest level positions are paid almost entirely in form of fix salary; the highest level positions are paid two thirds in fix salary, the rest is variable. Other elements of total compensation will include the legally required benefits and the advantages. External equity is sought through compensation comparisons and benchmarking with the market in general and other leading companies. Competitive compensation for ORANGE Switzerland is defined as being either the average of Total Cash of the mobile communications market or third quartile of Total Cash of total market in the geography the Company operates.

Reality today is that ORANGE compensates better than Swisscom.

The Salary Lines, Salary Ranges and Their Utilization

A general Company line (representing 100 % or range midpoint) for all position levels is defined on the basis of market data and the Company policy. This line is reviewed annually. HR may consider special lines at defined percentage above or below the general line. The purpose of such lines is to adjust for geographic particularities, to compensate for special pay items for entire groups, and the like. The midpoints of all functional levels, linked together, forms a continuous midpoint line (100 %).

The salary range of 80 % (minimum) to 120 % (maximum) is built around the midpoint line for all positions in the Company. The salary range for any position level is divided into the different performance level segments. All salary reviews are based on the performance appraisals.

Remuneration of Higher Level Duties

Employees performing duties at a higher level while replacing their supervisor, or another higher level employee, are entitled to a special allowance as of the fourth month of their new/additional assignment, or if the assignment is shorter, at the end of the period of replacement.

Variable Compensation

As part of the Total Cash Compensation program all permanent employees are eligible for the ORANGE Switzerland Bonus Scheme. Additional variable pay items, such as specific Incentive schemes for sales, are compensated by lower base salary.

Bonus Scheme for All Permanent Employees

All permanent employees are participating in the Bonus Scheme. The bonus potential depends on the position level varying from about 10 % at the lowest level to about 50 % of base salary at the highest levels. The level of actual bonus, expressed in a percentage of bonus potential, depends on a combination of Company performance on the one hand, and individual and/or group performance on the other hand. The monetary benefits are thereby directly related to the results achieved in one calendar year and no link, either direct or indirect, is made to previous years.

Incentive Scheme for the Sales Force

In order to foster sales and to remunerate the Sales Force along general market conditions with a competitive edge, the Company is offering an incentive scheme. The Sales Force is paid on a base salary line set at a lower level than the Company general line. In turn, they are entitled, in addition to the Bonus Scheme, to participate in the Incentive Scheme. The Incentive Scheme provides monetary benefits for sales realized for a given period in a defined potential customer area. The sales targets are established in consideration of the market potential for the sales area involved. The incentive scale is such that base salary underpayment is fully compensated by the Incentive at sales target level.

Legally Required Benefits

As a minimum, ORANGE Switzerland will apply the legally required benefits and, with them, the legally required contributions applicable, in accordance with Swiss law and regulations at any time. Benefits include a variety of employee insurance plans, the paid public holidays, illness and maternity leave pay and salary replacement during compulsory service in the Swiss Army/Civil Service.

Advantages Including Extra-Legal Benefits

In line with the Company vision to be one of the best employers on the Swiss labor market, the Company endeavors to offer additional advantages, in addition to legal requirements, in different areas including Company products put at the employees disposal at better than market conditions, additional vacation, improved insurance plans and/or higher than legally required portion of premium payment by the Company, educational assistance, and the like.

7.8   Training and Development for Employees and Management

General

An important HR responsibility consists of the systematic development of the employees. In close collaboration with the line, the requirements, general and individual, are defined, quantified, prioritized. Specifically, training and development activity is undertaken to

- update employees on the fast-moving technology

- continuously improve the competencies and behavior

- develop systematically the management at all levels

- support the development activities for employees in general

- support the planned activities for "high potential" employees

- introduce new employee in Company systems and approaches.

Co-operation with Universities

ORANGE Switzerland collaborates with Swiss and other Universities, particularly in the area of mobile telecommunications, Information technology and management. The Company's contribution is in form of scholar- and traineeships and project work for graduates and post-graduates. In turn the Company expects to have access to updated theoretical know-how.

Apprenticeship Programs

The Company will make available apprenticeship programs in commercial and technical areas in accordance with Swiss Federal and Cantonal legislation. ORANGE Switzerland commits to offering the public an apprenticeship program of high value in terms of the practical exposure and the support in the theoretical work conducted in the accompanying school.

Career Planning

Employees whose individual performance is rated "fully satisfactory" or higher are considered for detailed discussion on their individual career with their line manager together with HR with a view to drawing up a personal career plan. The Company will counsel the employee constructively and endeavor to help him/her to reach best suited positions though without formal commitments.

7.9   Communication Between the Company and the Employees

Principles of Communication

Communication in its adequate form is of utmost importance to all business and human relationships. Therefore ORANGE Switzerland are committed to

- effective communication up, down and lateral to support ongoing and planned business activities

- open face-to-face communication on favorable and unfavorable matters pertaining to the business, employee performance and relations between employees

- tact and respect in communications between management and employees

Company – Individual Employees

Instructions, guidance, information back, forth and sideways, request for support are ongoing communication activities required to conduct the business. Communication effectiveness in these areas includes precision, timing but also balance in content and volume in order to attract due attention.

HR are committed to listen to an employee's arguments if and when communication with line management breaks down.

Company – Groups/All Employees

In communicating with defined groups or all employees the Company will use the appropriate means and system in order to exchange information, views, opinions, desires and requests on a timely manner. The various types of communication include:

- Information flow as defined for business activities and decisions

- Ad-hoc meetings

- Institutionalized meetings

- General meetings

- Information through the intranet system

- Information on bulletin boards

- Information through employee bulletins

Harassment and Mobbing

ORANGE Switzerland will not tolerate any harassment amongst its employees. Employees who are being harassed by colleagues or superiors are encouraged to get in contact with the social service and, finally with the General Manager HR who will conduct an investigation. If the findings are conclusive, the person at fault will receive an official warning from high level line and functional management. In case of repetitive action – on the same or other persons – termination for disciplinary reasons is the normal course of action.

Mobbing, a psychological persecution with the known or unknown goal to get someone off the job, is handled by the Company the same way as harassments, though it must be recognized that an investigation is usually more complex and tends to involve more that one person.

Gifts and Favors Offered to Employees

ORANGE Switzerland will endeavor to remunerate its employees at a fair and competitive rate at all times. Those employees purchasing directly or indirectly material or services, however small or big, are paid to negotiate the best prices and conditions in balance with the quality of the contracted material or service. Rebates irrespective of their justification – quantity or quality – are identical to price reductions negotiated and belong to the Company. The same is finally valid for gifts and favors of any kind: they are part of the price, irrespective of their official or unofficial negotiation, and belong to the Company.

Relations with Unions and Employee Representations

ORANGE Switzerland employees may choose to be or become members of Employee Representations or a Union. The Company will respect Employee Representatives and Union Officials and negotiate deals with them on all matters pertaining to subjects of general interest to the employees not covered individually. The Company seeks good relationship with the Employee Representatives and Union Officials, maintains constructive co-operation and shares with them pertinent information relative to the activities, decisions and plans on future development.

The Company premises and communication system including the Intranet are not available for Union activities. The Company will not tolerate that sensitive information or Company secrets – commercial or technical – should leave the Company premises or should be abused in any way.

Government Relations

Whilst the Company, at top Management level, keeps active relations with the government on various issues, HR will maintain specific Government relations with the Departments of Economic Affairs and the Department of Police, both for the purpose of ensuring adequate availability of work permits for foreigners. Regular contact with the Federal Police Department is also a must.

Professional Associations

With a view to exchanging views and information with other Companies on all matters pertaining to the HR activities and policies, HR will establish and maintain constructive relations with professional associations and their members in the different geographies.

Health and Safety

The Company will assist its employees in keeping their health and safety conditions at a high level. Corresponding programs include Company-paid medical check-ups, safety regulations in investment programs and operational activities.

HR Audit

Internal and External Audit

Corporate Audit or Controlling Department or the External Audit Company may conduct HR audits at the request of the Chief Executive Officer. The General Manager HR is entitled to request an internal audit if special circumstances justify such an action.

Climate Surveys

In collaboration with Top Management, HR Management will organize climate surveys to be conducted by external specialists. Such climate surveys must be anonymous for the Company and results that cannot be grouped into sufficiently anonymous entities must not be revealed to the Company.

HR Information System

To support HR current activity, forward planning, controlling and development, HR develops and maintains a comprehensive Information System. Whilst non-sensitive information may be made available to other or any Company component, sensitive personnel information (as described by Swiss labor laws) must not leave the HR premises in any form, be it in paper, or electronically or otherwise.

Key Performance Indicators for HR

The key performance indicators for HR include the following:

- Availability of professional people for all activities at the right time, in the right place, at decent cost

- Effective introduction of new employees

- Successful development of the employees through practical and theoretical development plans and well directed training

- Managing competitive compensation and benefit program, seen to be attractive, fair and equitable

- Integration of various management tools, mainly Performance Management, Compensation Management, Employee and Management Development, HR Planning including Succession Planning

- Generation of innovative HR solutions generating a motivating, performance-, results- and customer-oriented work environment with satisfied employees

- Availability of an effective HR Information System

- Creation of an ever-learning and continuously-improving atmosphere and quality of working life

- Being seen by Line Management as partner for success

- Promotion of values shared between Company and employees

8. Culture and Leadership

Please find here just a few climatic impressions on Culture and Leadership in addition to details on ORANGE Switzerland's management and human resource management principles and style which are formally described in chapter 8 above.

As can be seen by the messages herebelow, culture – and by that a particularly young culture, communicating strongly via emotions – and leadership at ORANGE Switzerland are strongly accentuated and amply described, towards the outside world as well as within. Again and again, documents are found to this respect, such as the one herebelow. Values, emotions, coolness and youngness are stressed in the campaigns, brochures, sponsoring activities, etc. Company culture and leadership are closely linked, such as everything else, to the notion of "brand values". Brand value thinking seems to be the underlying factor determining the outlines of all the company's reflection, action and communication. This goes for example as far as to the very architecture of new ORANGE Switzerland Headquarter that is be-

ing constructed in Biel. You might also wish to consult some of the video campaigns from launch till today, as well as the habbohotel chat room.
(http://www.orange.ch/en/video_archive.htm, http://www.habbohotel.ch).

Brand Values (a Document Delivered to All Employees of ORANGE CH)

A brand is a promise delivered. ORANGE promises to be

- dynamic
- friendly
- honest
- refreshing
- straightforward to everyone it touches

ORANGE Group Vision

"To create a better future where people can communicate and access whatever they want, whenever and however".

ORANGE Switzerland

Vision: Together to the Top

We want to become the leading value provider of outstanding mobile life services, creating sustainable value for customers, employees and shareholders, meaning focus on the human beings.

Mission

- Focus on the fundamentals:
- Best aligned and empowered people
- First in networks
- First in service
- Best value for money
- Leader in innovation

People Values:

- Our people own the brand.
- To deliver the brand promise, we need to encourage:

• Teamwork	We will work together to achieve the business goals. Regular communication is an integral part of meeting this value.	
• Honesty	We are truthful and fair.	
• Effectiveness	We will focus on what is important and make the most efficient use of all our resources.	
• Fun	We want to have fun by being part of the winning team. We believe an exciting and rewarding environment is essential to create and sustain our success.	
• Inspiration	We will foster a culture that encourages pioneering and incisive thinking.	
• Results	We will make the right things happen quickly.	
• Simplicity	We believe all processes and services should be understandable, logical and easy to use.	
• Trust	We will create an environment in which trust, respect and understanding prosper.	

9. Conclusion/Deliverables

Conclusion

ORANGE Switzerland is today leaving the Pioneering Phase to enter a new life cycle phase. What worked yesterday might not work today and tomorrow, especially in leadership and human resources management (pls. find attached a paper on Enterprise Life Cycles to remind you of the characteristics of the different phases).

CEO Andreas Wetter (AW) and VP HR Christian Luginbuehl (CL) are aware of the need to change – and to manage that change – and eager to act. Here are a few quotes from them, stemming from one of the preparatory conversations we had sometime in mid June 2002:

Faculty asked: *"What would you like to achieve regarding your human resources? What company do you wish to be in order to best meet the exigent needs of tomorrow's market place? Where do you wish your people to go with you?"*

AW answered: "…I would like to head an organization in which people naturally strive to deliver the difference, "le plus", that little bit of extra mileage that is not necessarily asked for, that does not cost anything, yet that makes all the difference to colleagues, customers or any other stakeholders… (…) …as a matter of fact it's easy: we need to be as productive with 1600 employees as our major competitor with 2500… – I'd like to bring the organization to a level of motivation permitting it to produce an "unfair share" of innovation, productivity, deliverables…. (...).. the market pressure is increasing, we have come to a point now where we need to reach objectives more quickly, productively, efficiently…, but I want them to do it out of a high motivation, not pushed by threats. Our main competitor tends to work with threats as a mobilize: up or out, competition clauses and suchlike. I don't what this. I want to find a way to keep and even increase the openness, the cross functional sharing that we have at ORANGE, whilst considerably increasing productivity. Value added comes from an organization that thinks and acts in networks – not from a "this is not my problem, this is not my job" attitude."

CL answered: "We have achieved much already: we're in the top 20 preferred employers, we have a human resources mission statement and HR policies that are state-of-the art and that are already much more than paper and words (cf. Chapter 8). Much of what we committed to is already reality, or getting there. We have – so far – no problem to attract the best talents from universities and technical colleges for ORANGE… (…) …the only real problem we have is a need for better retention: our collaborators stay with ORANGE for an average of 18 months. That's not enough. We would like them to stay for at least three years, better five or more."

Faculty asked: "Why do you think people like to come to work for ORANGE Switzerland but leave again after an average of 18 months?"

AW answered: "That's a good question. Partly because they're young and eager to see more of the world: the average age is 30yrs at ORANGE! But there is more: I guess that some are a bit exhausted and worn out after the terrific but demanding launch we had. They were asked to create and build a company and operate it at the same time…, the learning curve was extremely steep; shareholders and other parameters had changed a few times on the way; markets, too: first they faced the mobile phone hype, then the flattening of the demand… Plenty of stress. Some others have not managed to fulfill their goals and noticed it and decided to leave for that reason. Some others were not challenged enough: we try to open challenges by moving them around ORANGE Switzerland and it is my wish – I keep pushing for that – that the door into the (global) corporation be more open. Now that the bilateral agreements with the European Union are in place (June 1st 2002) and we have a greatly facilitated work force mobility also into and from Switzerland I do hope that this necessary European and global exchange of our talents can be increased. (…) Some employees, I can understand that, have not seen their expectations fulfilled, regarding their job, their own personal development, etc….

(…) I guess we had – and still have – a fantastic vision and marched towards it with all our might, – and somewhere along the march we left some of our people a bit lost… We must find them again."

CL answered: "The personal career options in the classic sense at ORANGE are relatively limited. We have a very flat hierarchy and whilst there are plenty of challenging and demanding assignments around and some crossfunctional development is possible, we don't have much of a career ladder to move up on. Also: most of our employees come to us straight from school or as a second employment. That does not make it easier… (…). Of course, being a young and fast-grown organization we also badly lacked in Leadership skills. We have acted upon this shortcoming and built up a three-year leadership and management skills program which is well into its second year now. But we still have work to do, especially in the area of specialized and specific (technical, mechanical, electronic, etc) skills we have to improve."

Deliverables

By the end of the MBA HR Block, faculty and ORANGE Switzerland Management Team would like to receive your sound, creative but realizable solution proposals to the following three questions:

1. **How can we at ORANGE Switzerland markedly increase our productivity (i.e. „…to achieve with 1600 people what the main competitor achieves with 2500") but at the same time keep or even improve on our culture of innovation and crossfunctional teamwork and our unique spirit of openness (by Andreas Wetter)?**

2. **How can we at ORANGE Switzerland become "Employer of Choice" by 2005, i.e. reach our goal of Number One in the Industry and Top Ten overall (by both Andreas Wetter and Christian Luginbuhl)?**

3. **How can we at ORANGE Switzerland continue to attract the best talents but also keep them, i.e. improve average employment time from ø 18 months to ø >36months, by 2005 (by Christian Luginbuhl)?**

Please note:

As always in MBA Blocks, this is not an exam but a consulting assignment. You are consulting teams, ORANGE Switzerland is your client.

From your own personal experience and from having, in your off-campus preparatory phase, thoroughly studied your Human Resources Management literature, you might find that the above three business issues (questions) are related. You may therefore propose to structure your solution proposals differently. This is fine by the client as long as all three issues are addressed.

As always in MBA Blocks we expect you to provide the client with proposals which are of high creativity and innovation but perfectly realizable. For this, they must not only fit the theory and textbooks but also, and much more so, the client's environment, market and company situation, and last but not least fit the culture and stile of its management team. Of course, it goes by itself that you also master and the human resources theory, methods and techniques and apply them in your analyzes and solution proposals.

Please also visit and note the contents of the ORANGE website at:
http://www.orange.ch

Zurich Living Case Study

prepared by

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1. Management Summary

ORANGE Switzerland is a wireless telecommunication company. It is part of the ORANGE worldwide conglomerate, which is also located in different countries worldwide, e.g. Australia, Denmark, France, United Kingdom Hong Kong, etc.

ORANGE Switzerland operates in a saturated market. This market is dominated by three providers Swisscom, Sunrise and ORANGE itself. Due to its recently efforts to enter the Swiss market, the company has a high employee turnover rate. As a result the company has lost of knowledge and reputation.

ORANGE, now being at the end of the startup phase is approaching the mature stage, where internal improvements highly contribute to achieve more differentiation factors. We therefore designed a strategy map showing key drivers needed to follow the corporate targets to increase productivity and keep the culture of innovation and teamwork, to become the employer of choice by 2005 and to attract and keep the best talents.

To react on the rapidly changing environment we recommend ORANGE to implement several interrelated actions, which can be implemented individually or as a package.

To initiate these changes, we propose ORANGE two concrete recommendations, which can be implemented within short time and will help to build up the base for a sustainable differentiation.

We are aware of the fact that the proposed recommendations might not be the only elements of the entire change process but we are convinced that these two actions are fundamental for a successful management taking the cultural perspective into account where human resource management plays a major role.

The first action we recommend is to reposition specific central HR-services. The repositioning is mainly driven by linking HR-services with its business unit's requirements. Thereby we recommend to decentralize dedicated HR specialists and locate them physically close by the business units to fulfill specific HR-tasks in collaboration with the line managers. Consequently ORANGE can assure that the line managers are released from daily HR-tasks and the existing HR-policies can be fully transferred. Furthermore the collaboration between the business units and HR can be improved.

To guarantee this success we recommend to integrate a new role, which enriches one of the existing HR-functions (Job enrichment). The added role of this dedicated HR-specialists is called "participation manager". The participation manager supports the unit in all HR-related activities as a member of the business unit. The participation manager will be integrated in the line to consult furthermore HR-issues. The participation manager will therefore be placed at the disposal from

HR. The selection criteria of a participation manager are based on experience in assigned business area, proven HR-track and strong communication skills.

Acting as an ambassador of the corporate vision and the corporate values, the participation manager guarantees an accurate understanding of its content. As an additional value the participation manager coaches the line manager in the preparation of the individual performance appraisal of the identified high talents (talent pool) and key positions. Furthermore he/she moderates the discussion from an uncommitted perspective.

As the role of the participation manager does not require changes in today's processes, implementation and activation can be achieved shortly. Once the senior management is committed to implement the participation management model and the promotion of the participation managers is done, the activation of the role can begin immediately.

The second recommendation is to implement an "ORANGE-Award" system in order to motivate the employees on the one hand and increase customer satisfaction on the other hand. By asking the customers about service quality after each incoming service-call via toll-free automatically send SMS, the employees enter into direct interaction with the customers. Counting all positive incoming answers makes it easily possible to comprehend the degree of customer satisfaction what relates directly to the agents performance.

In order to increase motivation the company attracts its employees by offering several prices to the winner who has gained the most positive customer responses. The fact that not only a single person performance but also the cumulated performance of the teams are rewarded, encourages teamwork and offers the team leaders, supervisors and management to control employee-performance.

These great benefits for the company can easily be reached by implementing the "Award-System" without big financial and organizational efforts in a short term.

Taking into consideration the revenue of the company (CHF 887 Mio.) divided by the number of customers (1 Mio.) the revenue per customer is CHF 887,00 assuming a margin of 60% the total profit per customer is CHF 532,20. Comparing these profits with the overall costs for the "Award-System" which is calculated to be CHF 207'250,00 for the implementation year, ORANGE has to prevent about 390 attritions to justify the investment. Again having in mind the number of customers, which are about 1 Mio. this means it is necessary to retain a rate of 0,04% of all ORANGE customers.

Furthermore it has to be seen that this action promotes internal and external marketing efforts, which are an appreciated side effect.

The data supporting these recommendations is based on information given to us by the company itself and on stated assumptions made by our consulting team.

2. Analysis of the Current Situation

2.1 The Market-Situation

ORANGE operates in the wireless communication service market. The market includes services like voice transmission within the wireless network, transmissions into the fixed network, transmissions abroad and within foreign countries (international roaming), Mailbox, Faxservice, Redirections, Location based Services and other additional services concerning the treatment of telephone calls.

In December 2001 there were about 5'341'000 customers in Switzerland (active SIM cards). The growth rate decreased since 1999 from 93.0% to 53.9% in 2000 and only 16.3% in 2001. The part of the prepaid customers has been 36.6% at the end of 2001 with a small expansion rate of 2.1% since 1991.

The penetration rate at the end of 2001 rests with 74.8% whereas this rate has been at 21% in 1998. This increase was in particular caused by the market entry of OR-ANGE in 1999 when 30% of the population had a cellular phone network connection.

The revenue with wireless communication services has been about CHF 2.840,497 Mio. in 2000 showing a growth rate of 21%. The average revenue per customer (ARPU) per month decreased from CHF 63,81 in 1999 to CHF 51,03 in 2000. In the European comparison the ARPU in Switzerland is rather high which could be traced back to the fact that the proportion of prepaid customers is rather low. Furthermore the price level in Switzerland is high compared to other countries and the telephone calls of the Swiss customers have a longer duration.

In 2000 the demand of SMS-Services was characterized by a strong growth. The number of sent SMS rose from 288 Mio. in 1999 to more than 1 billion in 2000. The portion of the turnover by data services within the cellular phone network accounted for 6 % of the total revenue.

2.1.1   The Competition

There are three active cellular phone network operators in Switzerland:

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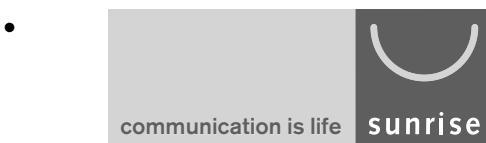
(Fusion of diAx and Sunrise in 2000)

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Swisscom offers its GSM-services since 1993. In 1998 two more GSM-licenses were assigned to diAx (now Sunrise) and ORANGE. While diAx started its activities already in 1998 ORANGE tendered it's GSM-services in 1999.

2.1.2   Market Share

The market shares of the companies have been as follows:
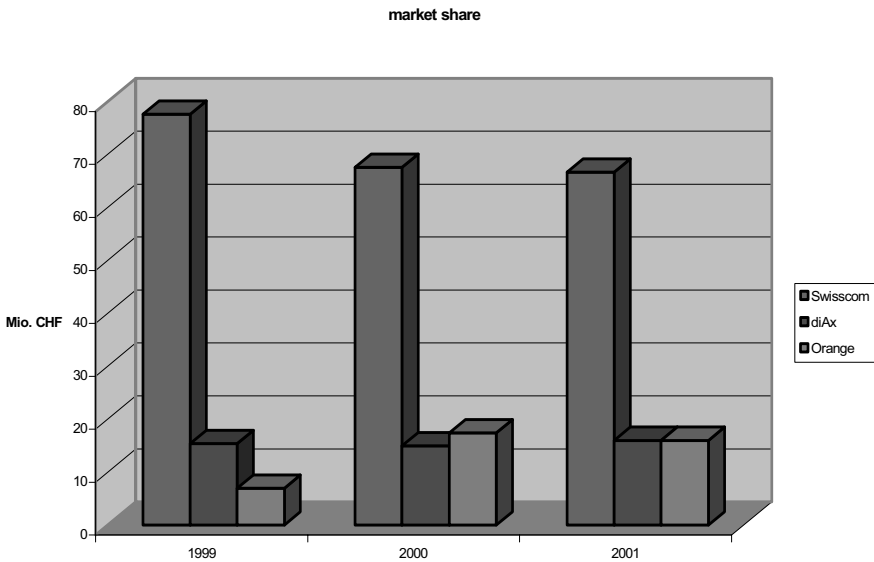
Fig. 5. Market share of cellular phone network operators in Switzerland

The diagram shows that ORANGE's marked share rose rapidly. This could be ascribed to the fact that the company entered the marked at a point the customer number increased keenly.

The market entry of diAx/Sunrise and especially of ORANGE led to price cut at Swisscom. Since 2000 the prices are stable again.

Whilst Swisscom and Sunrise distinguish between normal and lower tariffs depending on the time when the calls are made, ORANGE only offers one 24 hour-tariff within the different models. Nowadays ORANGE offers 3 different tariff-models.
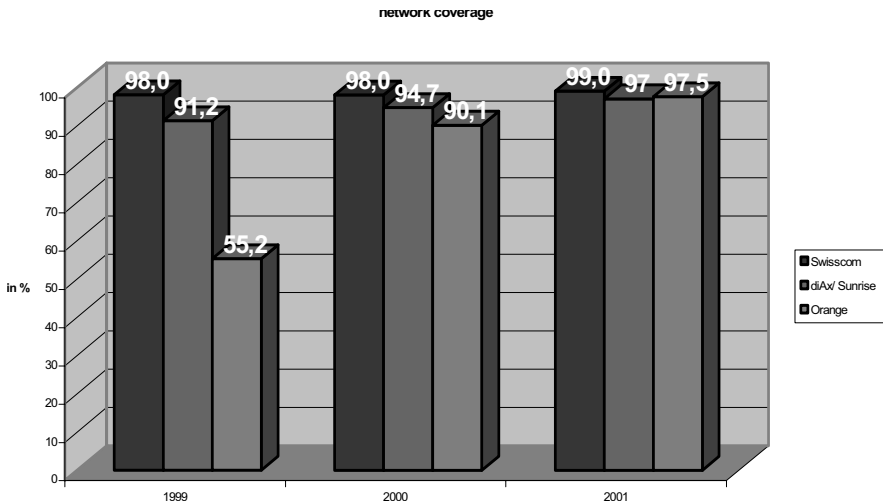
network coverage

Fig. 6. Network coverage

The network coverage plays an important role in the industry because of the fact that potential customers put emphasis on this issue when choosing an operator.

There is a supply liability for each network provider which is regulated by BA-KOM (Bundesamt für Kommunikation). Swisscom and Sunrise had to cover 55.0% of the Swiss area (until the end of 2002) while ORANGE had to cover 53.0% (until the end of 2001). Population wise all three companies had to serve 95.0%.

Meanwhile all operators have upgraded their networks to GPRS (General Packet Radio Service). The networks of Swisscom and ORANGE are also equipped with HSCSD (High Speed Circuit Switched Data). ORANGE furthermore closed a national Roaming Contract with Swisscom.

2.2 Company Profile

2.2.1 History – ORANGE International

In April 1994 ORANGE entered the UK market with the ambitious aim to become the first choice in wirefree communications. To achieve this, ORANGE began building a

strong, fresh, clear identity that set it apart from the clutter that characterized the market littered with high-tech jargon and complicated pricing. It was the start of a revolution. ORANGE innovations like simple "Talk Plans" that offered real value for money, per second billing, Caller ID, itemized billing free of charge, and direct customer relationships changed people's attitudes about mobile communications. As ORANGE began to expand internationally, it focused its interests on countries like Switzerland, which was one of the first steps towards fulfilling a global ambition. This brand has proved to be very successful, 95.0% spontaneous recognition.

2.2.2   ORANGE Switzerland

ORANGE Switzerland operates in the business of wireless telecommunication for residential and business customers. The company was founded in 1998 and entered the market in June 1999. After three years of fast growth the company today faces the classic challenge of having to move from a growth phase into the mature phase. The company is owned at a rate of 99.9% by France Telecom and 0.1% by Banque Cantonale de Vaudeoise. Besides Swisscom and Sunrise, today ORANGE is one of the three provider of mobile communication services in Switzerland and holds currently rank 2[1]. It serves more than 900'000 active customers and covers 97.5% of the Swiss population.

ORANGE achieved a revenue of CHF 887 Mio. and EBITDA of CHF 10.5 Mio. in year 2001. After the successful launch, ORANGE won a few awards such as "the most popular employer of the branch for college graduates" and "excellent network quality in the 17 largest Swiss cities and on the most important Swiss motorways". Even more successful are the campaigns of ORANGE with a high recognition in the target segments. Currently ORANGE has about 1'600 fix and full-time employees. ORANGE offers a wide range of functions and roles among its organization with a modern, non-hierarchical structure. The company operates three call centers among Switzerland (Zurich, Lausanne, Biel-Bienne) covering the most important areas (west, middle and east). An effective distribution network with currently 76 point of sales (7 ORANGE shops, 4 ORANGE centers, 65 ORANGE Points) underlines the overall strategy. In addition to the point of sales, ORANGE operates with 5'100 partners to cover the sales network.

2.2.3   Vision, Mission, Values

ORANGE's corporate vision is that wirefree services are come the preferred personal communications tool for all communication needs.

ORANGE's mission is to become the leading provider of high quality wirefree communications services to the people of Switzerland.

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[1]   Source: ORANGE SA

Transparent service reliable and innovative with no hidden charges, offering excellent value for money, with strong brand identity, best customer care, underpinned by excellent coverage and supported by first class distribution are ORANGE's most important values.

2.2.4   Customers

ORANGE Switzerland operates within two different segments, these are "residential" for private individuals and "Business" for SME's[2]. The company does not make any differentiation among the above mentioned segments in terms of market penetration. Concerning customer care there are different teams to satisfy the different needs of those segments. All of ORANGE's services and products are offered to the customers.

2.2.5   Brand & Products

ORANGE benefits from a high brand awareness with a young and refreshing image. It's brand helped to raise market awareness, to increase customer loyalty, to facilitate expansion into new markets and further more to promote new products and services. The ORANGE brand stands for excellent network quality, simple pricing models, only one low-rate around the clock and a personal professional customer care. As it is introduced throughout the markets where they operate, they will create a pan-European, and then worldwide, strong brand for wirefree communication.

A survey done by the Link institute and Tagesanzeiger (June 6, 2002) shows that ORANGE's customers spend regularly more money (ARPU) with mobile services than the competitor customers: 48% of ORANGE customers spend more than CHF 50 per month compared with 37% Sunrise and 35% Swisscom customers. Swisscom customers are the most satisfied (96% very satisfied or satisfied) followed by ORANGE and Sunrise with 92% satisfaction.

But only 43% ORANGE clients stated very satisfied compared with Swisscom (69%) and Sunrise (61%).

ORANGE offers the following four products:

- **ORANGE – Economy**

- **ORANGE – Personal**

- **ORANGE – Advanced**

- **ORANGE – PrePay** (only for residential customers)

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[2]   SME: small and medium sized enterprises.

The aforementioned products are complemented with the following additional services:

Standard services:

SMS Experience, ORANGE Box, ORANGE Genie, ORANGE Info, ORANGE Thanks* , Directory services, Important phone numbers, Mobile Number Portability, MTV Ringtones, Internet@orange, ORANGE WAP, ORANGE SIM Card, ORANGE Limit*

Optional services:

ORANGE Talk*, ORANGE Twin Card*, ORANGE Box Professional*, ORANGE SMS Option*, ORANGE Fast Data*, ORANGE Express and Express Plus*, Personal Organizer Hotline

*Not available for ORANGE PrePay

The product offering is based on building an ORANGE community to support the vision of ORANGE. Especially in the youth segment the services are designed to create more ARPU because of the SMS and HabboHotel[3] trend. In general the products are simple and easy to understand for all target segments.

Orange price plan for post paid products

Price plan	Orange Economy	Orange Personal	Orange Advanced
Monthly fee (CHF)	9.90*	20.-	50.-
Orange and Swiss fixed networks (CHF/min)	0.60	0.40	0.20
Other Swiss mobile networks (CHF/min)	0.80	0.60	0.40
Standard SMS (CHF)	0.15**/0.25	0.15**/0.25	0.15**/0.25

(source: www.orange.ch)

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[3]   Innovative Internet Chat Platform for young people (www.habbohotel.ch)

2.3 SWOT Analysis

Strengths		Weaknesses	
• Strong brand	++	• Brand does not match employee's expectations	–
• Unique culture	++	• Unstructured recruitment processes due to rapid growth requirements	– –
• Professional Call-Center	++		
• High quality products & services	++	• Inefficient top-down communication	– –
• Strong international network due to France Telecom	+	• Limited career planning possibilities	– –
• International presence	+	• Weak leadership	– –
• Increased motivation due to possible IPO	+	• No communication of change plans	– –
• High social benefits for employees	++	• Lacking client identification processes	–
		• No existing use of synergies with France Telecom	–
		• Weak cooperation with other countries	–
		• Poor implementation of HR-tools	– –
		• Weak HR position as a service provider	– –
		• HR department is reactive rather than proactive	– –
		• Lacking acceptance of the HR division as a part of the business and therefore as a business partner	– –
Opportunities		**Threats**	
• Market niches according to not yet covered segments	++	• Branch-image	–
• Current labor market (availability of employees due to failed Start-up's etc.)	++	• Limited market size	– –
		• Price war	–
		• Weak stock exchange situation	–
• Restricted market access due to limited licenses	+	• Activation of pending licenses	–
• Trend towards customer service focus	++		

Strength	Opportunities
High quality products & services Professional Call-Center	Trend towards customer service focus

Key success factor 1
High customer satisfaction

Strength	Opportunities
Unique culture	Current labor market (availability of employees due to failed Start-up's etc.)

Key success factor 2
Attractiveness for new applicants

Fig. 7. Key success factors

3. Identified Issues

As result of the situation analysis we identified the following issues, which should be addressed:

3.1 Recruitment and Selection

Issue	Comment
Systematic recruitment and selection procedure	So far recruitment was driven by the high demand to build up a large workforce in short time period. In the present phase of consolidation the recruitment and selection has to be based on functional needs (job descriptions), proven qualifications and competencies.
Department-specific procedure	The lack of an overall HR availability and approach could eventually create the risk for a segmented and possibly incoherent recruitment and selection procedure.
Risk management	Unqualified employees unable to fulfill their job requirements are a potential risk to innovation, learning and operations. This can lead to customer dissatisfaction and can in the end have negative effects on the financial results. Solutions to avoid such risks have to be evaluated and need to be quickly implemented.

3.2 Integration

Issue	Comment
Organizational Integration	During the successful start-up phase there was no time left for the establishment of a proper organizational structure and employee integration in order to reflect the targeted culture.

Issue	Comment
40 percent non-Swiss employees	Cultural diversity implies the need for integration strategies and the development of a strong corporate culture. It is very likely that many of the non-resident employees will move on (back to their home countries or to other companies in other countries) a loss of know-how has to be taken into consideration.

3.3 Career Planning and Learning

Issue	Comment
Knowledge management	First initiatives regarding team building activities have already taken place. Cross-depart mental actives could not be observed.
Learning organization	Data that have been made available in the area of service delivery to customers could be used more efficiently and/or more cross divisional.
Structured career planning	In the start-up phase there was no need for long term planning. Short term growth was the main focus.
Middle management development	The phase of rapid growth led to an accelerated career path for employees not necessarily capable for a management job.

3.4 Job Assignment

Issue	Comment
Job description	During the phase of rapid growth people were assigned to activities. The drafting of accurate job description was not a priority.

Issue	Comment
Training program	In order to achieve an equal level of skills and knowledge it is necessary to identify strength and weaknesses to be able to develop tailor-made training programs.
Job enrichment	To reduce burn-out symptoms and increase identification with the organization, a job rotation program might be useful.
Structure in the helpdesk function	After a turbulent start-up phase parts of the call-centers have been brought in line with internal organizational needs and structure.

3.5 Processes, Tools and Work Environment

Issue	Comment
Measures	There seems to be no objective measurement tools available to ensure fair and objective and equal treatment of all employees.
Organization structure	Due to rapid growth people have been assigned to management jobs without sufficient evaluation of their capabilities. According to the CEO there might be a management problem, which merits further investigation.
Employee involvement	Involvement of employees in the internal decision making process has to be improved.
Appraisal	Goals of employees have to be part of overall targets. These goals have to be measurable.
Tools	It has to be evaluated how the many tools are used and linked with each other.

3.6 Communication

Issue	Comment
Top-down communication on vision, mission, values and strategy	Apparently there is a need for honest, open and timely communication establishing an environment of trust. This can be achieved by permanent workshops with participants from management level as well as from non management level.
Communication processes	Communication processes exclusively based on IT tools do not correspond with overburdened employees needs. A return to conventional methods (i.e. management by walking around, dialogue etc.) needs to be reviewed.
Effectiveness/Fun culture	As fun does not imply hard work, people met a job reality that did not correspond to their expectations, based on the public image of the enterprise.
Corporate knowledge	The high turnover does not allow building up a high level of corporate knowledge.

3.7 Brand and Image

Issue	Comment
Adaptation of people's alignment to company's communication/brand.	The image is young and not serious enough for business purposes.
Supportive element of attractive brand	Recruitment efforts are positively affected by the positive brand image.

3.8 HR Function

Issue	Comment
Mission of HR	A changing organization needs revised HR objectives to ensure alignment with business objectives.

Issue	Comment
Acceptance of HR function	The HR function has only limited acceptance among line managers/departments.
HR policy: Gap between theory and practice	If HR practice would be in place as indicated in the briefing note there would be little need for a change.
HR services	HR department is criticized for not being proactive enough.
Skill management	There is no process visible, which compares the skills and competencies of employees with the required competencies and skills of the job the people do. As skills and competencies of people as well as of jobs change over time, investigation in this area seems to be necessary.
New entrance/outsourcing	As the HR function might be not able to deliver requested services in the transition phase the risk of outsourcing/splitting of HR function should not be underestimated.

4. Strategic Approach

4.1   Increased Retention Rate

With concrete actions as described in the following strategic maps, ORANGE should increase the employee's attitude about their job and the employee's attitude about the company. This will lead to a change of the employees behavior and will especially increase the employees satisfaction. An increased employee satisfaction rate will automatically contribute to an increased retention rate.

4.2 Increased Productivity, Efficiency and Satisfaction

ORANGE should improve the service quality. This can be achieved by better trained people in the Call Center. This will reduce the average time per Call and also the straight trough processing (no or only a few follow up calls) and will result in an increased customer satisfaction and an increased efficiency.
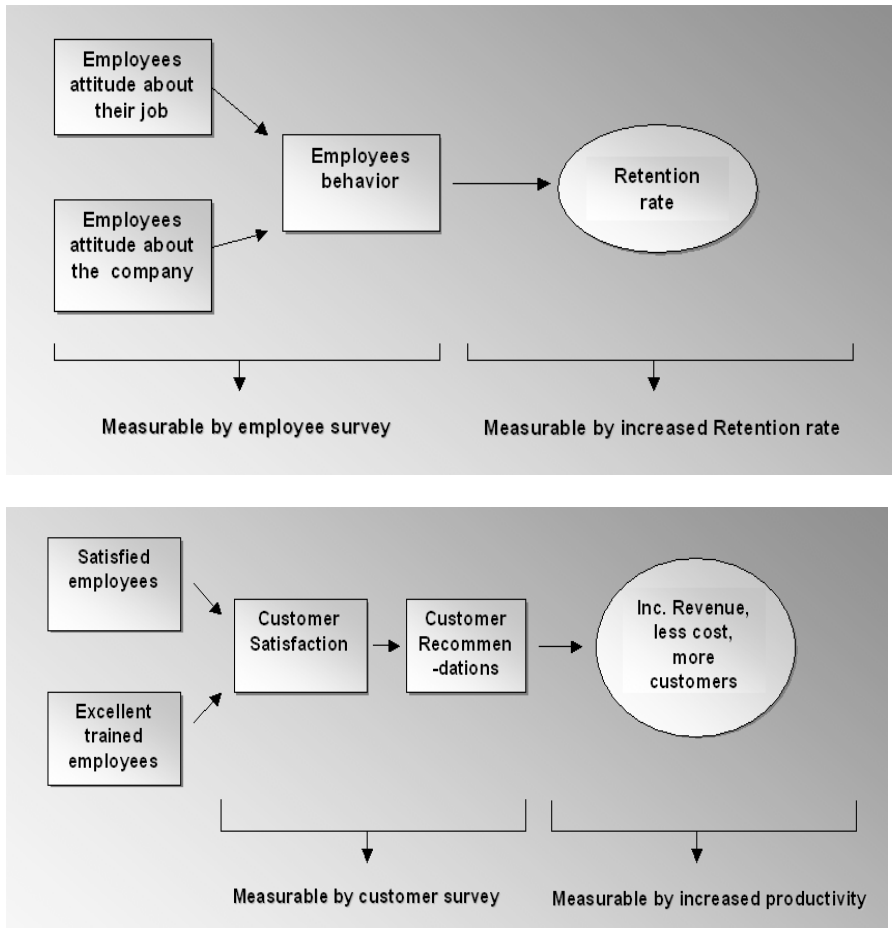
Fig. 8. Impact of employees' attitude

4.3 Become Employer of Choice

As a conclusion of the strategic approach mentioned before, these activities will enable the company to come closer to its goal to become an "Employer of Choice", because through the above approaches (see also the following strategic map) ORANGE will have

- improved honest, open and timely communication

- established an environment of trust

- will have to ensure that its managers are dedicated and competent

- through job alignment, resource screening, job rotation,
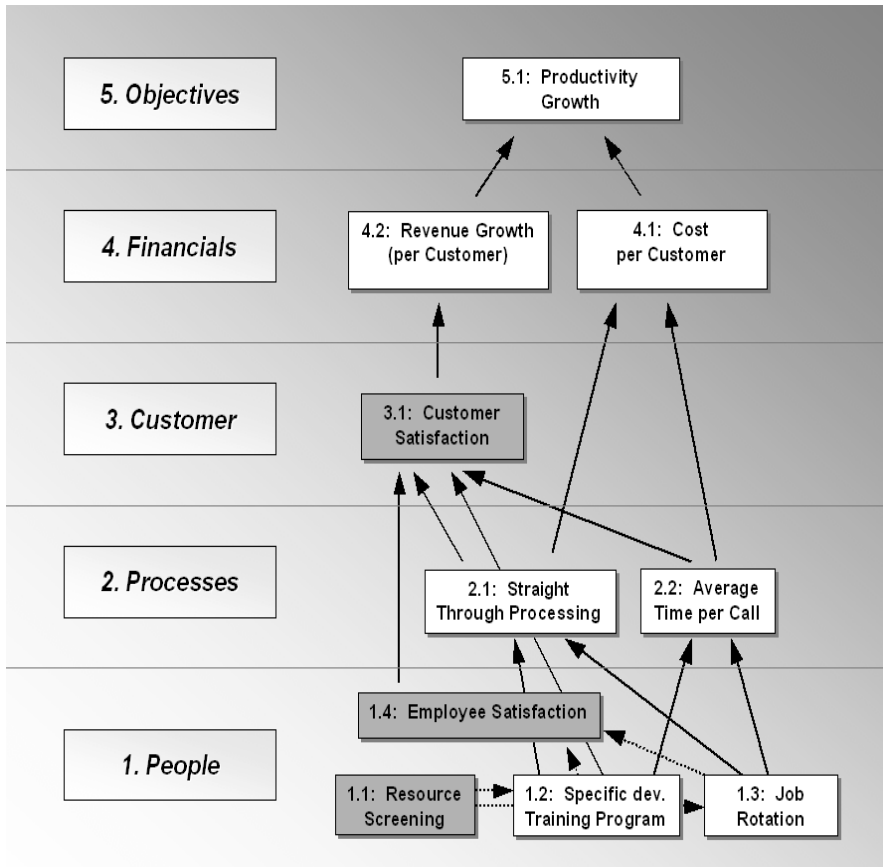
Fig. 9. Description of the "Productivity Growth Strategy"

which especially will enforce knowledge sharing. In a second step this knowledge sharing should be managed and in the end result in an actively used knowledge management system.

Besides this, ORANGE already has a lot of policies and documents/templates in place. If especially the appraisal system is used with real personal and measurable goals and linked together with a transparent incentive system (benefit package, bonus system, promotion, high talent pool, award system) a lot of the prerequisites are done to become an employer of choice.

To ensure this, top management has to ensure the use and acceptance of these procedures and tools in the entire organization.

5. Strategy Map

As summarized above, there are two main areas

- The job assignment of employees

- Honest, open and fair treatment of all employees

5.1 Productivity Growth Strategy

If the job assignment of employees is in line with their knowledge, skills and personal objectives and in addition matches with the company's expectations and requirements, this will be an optimal prerequisite for a high employee satisfaction. Satisfied employees will work more efficient and also will keep the customers happy. To achieve the best possible efficiency, the job assignment of employees is a key task.

Box	Action	Measurement	Timeframe	Who
1.1	**Resource-Screening prerequisite:** Check periodically skills, knowledge and competencies of employees.	Specific checklists for all job categories have to be developed.	Until end of December 2002.	HR in close relationship with Line Manager
	Systematic Resource Screening: As a result of the resource screening either the employees skills do match with the job requirements or if there is a GAP specific training has to be recommended or layoffs may be necessary (this doesn't replace the ongoing resource screening as already implemented). **Target:** all people are in the rage of 95-100% in fulfilling job requirements.	Percentage of matches: < 95% Training required > 100% eventually job rotation within the department. > 150% reassign employee to an adequate job.	Every 6 months	**Line Manager** in close relationship with **HR** **HR** should make proposal in agreement with confounded line managers.

Box	Action	Measurement	Timeframe	Who
1.2	Specific Training:			
	According the GAPs out of the existing training course portfolio the necessary modules have to be put together and offered to those employees who need to improve on these specific deficits.	Theoretical and practical test	At the end of the training course.	**HR**
	Review Training/Test results.	Oral Feedback to employee	Immediate after the course (latest one week after)	**Line Manager** (and evtl. together with **HR**) **and with employee.**
	Target: All employees with GAPs get offered a training possibility within 4 weeks after the GAP has been identified.	Date of GAP identification vs. Date of course attendance.	4 weeks after GAP analysis	**HR**
1.3	**Job Rotation:**			
	To increase employee satisfaction and to reduce eventually burn out situation, capable employees are offered job rotation possibilities.	**Resource Screening (see Box 1.1.)** **Employees satisfaction survey**	Every 6 months	**Line Manager** in close relationship with **HR.**
	Either	(Job rotation should provide enrichment and empowerment to the employees + therefore employees satisfaction should increase to a certain level which has to be defined by ORANGE.).		**HR department**
	• in the team in witch they are already part of or			
	• in a team with similar tasks, or			
	• in an other department.			
	Target: see measurements "employer of choice"			

Box	Action	Measurement	Timeframe	Who
1.4	**Employee Satisfaction**			
	It has to be ensured that the relevant questions regarding resource screening, refresh training offerings and job rotation possibilities are asked.	Survey results	Every 6 months	**HR**
	Target: In 2005 at least 90% of all employees are fully satisfied with their current job.			
	If today the percentage is lower, the Management Team has to define an appropriate increase rate per year.			
2.1	**Straight Through Processing**			
	ORANGE must measure the number of calls that were closed the first time compared to the calls, which needed a follow up call.	New measurement figure, that can be **easily computed out of the existing call statistic.**	Every month	**Line Manager**
	Each employee performance on this figure should be made publicly available within the company to praise the good performers and to challenge the others for improvement.		Every month	**HR**
	Target: The target has to be set by ORANGE management (as per 2005 the efficiency should increase by 100%, an increase per year of about 28% would be defined as appropriate.)			**Management Team**

Box	Action	Measurement	Timeframe	Who
2.2	**Average time per Call**			
	This figure should be available out of the existing call statistic and should be brought	New measurement figure, that can be **easily computed out of the existing call statistic.**	Every month	**HR**
	• Into relation to one single employee			
	• And into relation to a certain customer			
	• And into relation to a certain customer group.			
	Each employees performance on this figure should be made public available within the company to praise the good performers and to challenge the others for improvement.		Every month	**HR**
	Target: The target has to be set by ORANGE Management (e.g. 20 sec. As per 2005 the Efficiency should increase by 100%, an increase per year of about 28% would be appropriate.)			**Management Team**
3.1	**Customer Satisfaction**			
	It has to be made sure, that in the regularly executed customer survey, the customer can rate the criteria described in Box 2.1 and 2.2.	Survey Result	Once a year	**Controlling**
	Target: has to be set by ORANGE Management (e.g. at least rating 9.5 in 2005 on a scale with maximum at 10. Depending on the existing rating the necessary increase per year has to be defined).			**Management Team**

Box	Action	Measurement	Timeframe	Who
4.1	**Cost per Customer** As the time required to close a call and the number of follow-ups per calls have been reduced, the resources and consequently ORANGE's costs per call get increased.	This figure can be easily computed out of existing statistics. Time per Customer from call statistic divided by cost per customer. The relevant cost related to the help desk is the cost per sec. (can be computed out of the help desks cost structure).	Every quarter	**Controlling**
	Target: Detail figures have to be defined by ORANGE. The help desk is only a part of the overall customer costs, an increase of 100% in the help desk efficiency by the end of 2005 will lead to lower costs per customer even when all the other costs remain the same.			**Management Team**
4.2	**Revenue Growth (per Customer)** Revenue data per customer should be available. If not, it has to be made available immediately by comparing revenue data of the actual month with revenue data of the previous month. This can be made on a single customer base, a customer group base or on the total revenue.	This figure can be easily computed out of existing statistics.	Every month	**Controlling**
	Target: This revenue growth figure has to be in alignment with a lot of other parameters and has to be calculated very seriously.			**Controlling and Management Team**

Box	Action	Measurement	Timeframe	Who
5.1	**Productivity** As the productivity should increase by 100% by the end of 2005, a certain number of people has to deal with about the double number of calls. See goals in Box 2.1 and 2.2 .	Measurement see Box 2.1 and 2.2	Every month	**HR**
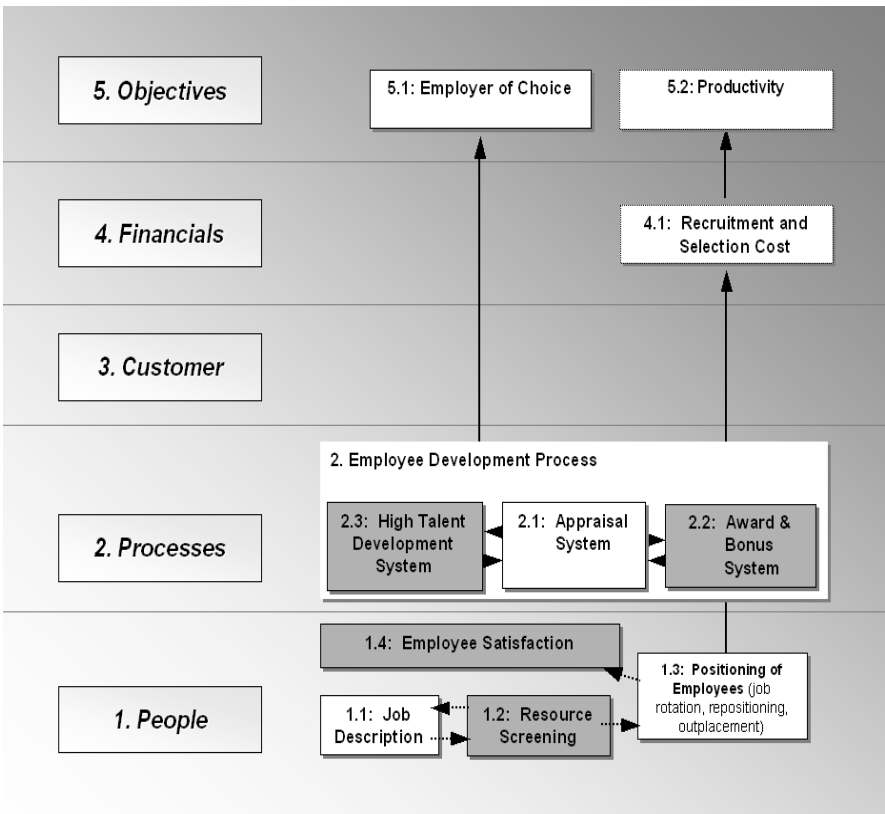
Fig. 10. Description of the "Employer of Choice" Strategy

5.2 "Employer of Choice" Strategy

In the previous chapter it was shown, how little adjustments in assigning people to jobs can improve the employees output and therefore the companies efficiency and performance. Besides this, the employees will be more satisfied with their work.

If the above mentioned actions can be combined with an attractive employee development program with a transparent award and a bonus system, the basis is done to become an employer of choice. The following diagram shows how the different activities are linked together. A side effect for an employer of choice will also be a decrease of the recruitment and selection costs as the company on one side can choose its applicants out of a larger recruitment pool and on the other side the company will have a higher retention rate. This means less new people have to be selected with lower risk not to get the right skills. Both these effects will result in lower recruitment and selection cost and will most probably increase the company's productivity.

Box	Action	Measurement	Timeframe	Who
1.1	**Job Description**			
	The job descriptions have to be available for each job with detailed descriptions about minimal required knowledge, skills and competencies. In addition the job description should contain additional desirable knowledge, skills and competencies with the perspective to future promotion.	Job descriptions for all jobs available **Target:** 100%	End of 2002	HR
		Every job is part of a job family **Target:** 100%	End of 2002	HR
	The single job description should be embedded in a job family, which itself is defined within a salary range. This gives additional opportunity for horizontal promotion if additional knowledge, skills and competencies are acquired by the employee.	Every job family is put in relation to a salary range. **Target:** 100%	End of 2002	HR

Box	Action	Measurement	Timeframe	Who
1.2	**Resource-Screening prerequisite:** Check periodically skills, knowledge and competencies of employees.	Specific Checklists for all job categories have to be developed.	Until end of December 2002.	**HR** in close relationship with **Line Manager**
	Systematic Resource Screening: As a result of the resource screening either the employees skills do match with the job requirements or if there is a GAP specific training has to be recommended (this doesn't replace the ongoing resource screening as already implemented) **Target:** all people are in the range of 95-100% in fulfilling job requirements.	Percentage of matches: < 95%: Training required > 100%: eventually job rotation within the department. > 150%: reassign employee to an adequate job.	Every 6 months	**Line Manager** in close relationship with **HR** **HR** should make proposal in agreement with confound. line managers.
1.3	**Job assignment of Employees** Depending on the results of the resource screening process, the different actions as described in 1.2 have to be taken.		Twice a year	**HR**
	Target: 20%	Promotions within job categories (horizontal promotion)	Twice a year	**HR**
	Target: 50%	Percentage of management jobs offered to internal employees.	Twice a year	**HR**

Box	Action	Measurement	Timeframe	Who
	Target: 25%	Percentage of employees taking part in job rotation programs in the same department.	Every quarter	**HR**
	Target: 10%	Percentage of employees taking part in job rotation programs to other departments.	Every quarter	**HR**
1.4	**Employee Satisfaction** It has to be ensured that the relevant questions regarding resource screening, refresh training offerings and job rotation possibilities are asked. **Target:** In 2005 at least 90% of all employees are fully satisfied with their current job. If today the percentage is lower, the Management Team has to define an appropriate increase rate per year.	Survey results	Every 6 months	**HR**
2.1	**Process Appraisal System** When an employee joins the company, he/she gets the objectives that are valid until January/February of the following year, when the objectives are replaced/reviewed in the regular appraisal process. Each employee has to get job-adequate personal objectives, but not more than five. Each objective has to be weighted with a certain percentage rate of a total amount of money that the employee may get for achieving these goals. These objectives have to be reviewed quarterly between line managers and employees. It may also be applicable that some objectives get adjusted as economical circumstances change.			

Box	Action	Measurement	Timeframe	Who
	Objectives set by line managers on time. **Target:** 100%	Counting the appraisal forms received by the HR	Once a year	**HR**
	Are the quarterly reviews done. **Target:** 100%	Counting the reviews done by line management.	Every quarter	**HR**
	Are the targets measurable **Target:** 100%	Evaluate and count the objectives set in the appraisals.	Once a year	**HR**
	Number of employees get appointed to the high talent development program. **Target:** 15% Other Actions and measurements see below: "employer of choice".	Counting the number of employees.	Every 6 months	**HR**
2.2	**Award and Bonus System Bonus System:** Employees who achieve an objective with less than 75% get for this objective no bonus at all. For achievement there is no maximum limit.			
	Percentage of Bonus assigned in the years budget could be given to the people. **Target:** > 100 %	CHF of Bonus paid	Once a year	**Controlling**
	Award System: As described in detail in chapter Recommendation an award system should be put in place to provide ongoing challenge and competition between employees and teams. And on top it should provide fun to succeed in such a competition. Objectives assigned to awards can already be part of personal objectives or they come up out of specific and very important objectives to be achieved by the company.			

Box	Action	Measurement	Timeframe	Who
	Target: • Best single performer • Best team performance An award team (employees and managers) will announce the winners according the defined rules.	Evaluation by award team.	According timeframe set by award team (it can vary from time to time)	**Award Team**
2.3	**High Talent Development System** Employees, with a good performance can be promoted to another job level (horizontal promotion) or the can take part in job rotation programs. **Targets:** see targets "employer of choice". Employees who have outperformed can be selected to get member of the "High Talent Development Program". For these people an individual training and development program is put together which prepares them for future career steps. Within the targets of appraisal and personal development plan. **Target:** 100%	Appraisal review	Every quarter	**Line Manager**
	Turnover rate			**HR**
	Target: at least 5% below actual overall rate.	**Turnover rate**	Every month	**HR**
	Target: 50%	Percentage of management jobs offered to internal employees.	Twice a year	**HR**

Box	Action	Measurement	Timeframe	Who
4.1	**Recruitment and Selection Cost** Action is defined by the measurement. **Target:** End of 2003 30% less cost than today.	Average recruitment and selection cost per new engaged employee.	Every quarter	**Controlling** together with **HR**
5.1	**Employer of Choice** To become an employer of choice can not be seen or measured on a single number. It is a combination of single activities which have to be performed by employees, managers an HR. The most important activity is not to have a lot of tools and procedures in place, but to use the once witch are available and improve them constantly in close cooperation between the members of the HR triad. The measurement in the column aside defines almost always the activity to achieve the goal mentioned below.			
	Target: 1:40	Number of applications per open jobs	Every month	**HR**
	Target: 1:30	Number of applicants in the recruitment pool per job category.	Every month	**HR**
	Target: below 10%	Turnover rate	Every month	**HR**
	Target: 25%	Percent of staff seeking career counseling	Every month	**HR**
	Target: 85%	Number of employees meeting development goals	Once a year	**HR**

Box	Action	Measurement	Timeframe	Who
	Target: 90% (at least 5 days training per year)	Percentage of staff taking advantage of training opportunities	Every quarter	**HR**
	Target: 20%	Job performance of staff taking part in the development program.	Once a year	**HR**
	Target: 100%	Percentage of employee's objectives which are really measurable.	Once a year	**HR**
	Target: 100%	Percentage of appraisals done on time.	Once a year	**HR**
	Target: 25%	Percentage of employees taking part in job rotation programs in the same department.	Every quarter	**HR**
	Target: 10%	Percentage of employees taking part in job rotation programs to other departments.	Every quarter	**HR**
	Target: 0%	Number of people, who had to be replaced as a result of bad job performance.	Every month	**HR**
	Target: See chapter 6 Recommendation	Number of different people given awards.	According award cycles	**HR**
	Target: In 2005 at least 90% of all employees are fully satisfied with their current job. If today the percentage is lower, the Management Team has to define an appropriate increase rate per year	Employee satisfaction rate	Twice a year	**HR**

Box	Action	Measurement	Timeframe	Who
	Target: Only half the time needed by the end of 2003 compared to today.	Increase in response time of HR.	Twice a year	
	Target: 20%	Reduce the time from starting recruitment to selecting a new employee.	Twice a year	
	Target: 50%	Promotions within job categories (horizontal promotion) Percentage of management jobs offered to internal employees.	Twice a year	
5.2	**Productivity** The expenses for recruitment and selection per new employee should decrease, as an employer of choice has large application pools ($\Rightarrow$ low recruitment cost), low retention rates and also only very few people who have to be replaced as a result of bad job performance. As figures are not available **target** has to be set by ORANGE.	Average cost per newly selected employee.	Every month	**HR**
	As the cost of HR decreases and with all other costs equal the profitability should increase.	Productivity according company standards	Every month	**Controlling**

6. Recommendations

6.1 Participation Manager (PM)

We recommend to combine specific HR-functions with business tasks to build up the common understanding and trust, to benefit from overlaps, to minimize structures and to improve the corporate culture and teamwork. As a result HR needs to be *repositioned by decentralizing specific activities* to support the line of business.

Therefore we recommend to implement the *new role of a participation manager* to support and strengthen the repositioning. The Participation Manager (PM) supports the unit in all HR-related activities as a member of the business unit. Therefore the PM will be integrated in the line to consult furthermore HR-issues. The PM will be placed at the disposal from HR (evaluation and selection from existing FTE[4] – no raise in FTEs).

The main role of the PM is to verify and conduct the entire change process and to fulfill the known HR tasks within the line of business. The PM is responsible for the coordination and the communication of the change activities.

In addition, the PM is responsible for the design and the initial resource inventory and the sequencing skills management. One of the most important results of these activities is the managed identification of high talents and key functions.

6.1.1   Value Proposition

The PM assures the communication and information through all levels such as horizontal and vertical (vertical equal the assigned units; horizontal equal to all HR-services within ORANGE).

Moreover the dedicated PM will be responsible to address the HR-requirements from the line into central HR and vice versa. As being integrated in the unit the PM will only play a consultant role for supporting the line managers. The PM should be able to reduce the workload of line mangers for HR-activities. As a result HR will be able to understand the business function in detail and therefore is able to serve the unit better and more efficient with a common business understanding. The aim is to relief the unit from time consuming daily HR-activities such as recruitment and selection, skill management, resource inventory, leaving interviews etc. If ORANGE plans to start a job rotation program the PM will be supporting the involved parties and is responsible of its communication and information.

The implementation of the new role Participation Manager is fully in line with ORANGE's economical and cultural values. The PM is responsible for development, planning, and implementation of all structural or functional changes.

As an ambassador of the corporate vision and the corporate values, the PM guarantees an accurate understanding of its content. As an additional value the PM coaches the line manager in the preparation of the individual performance appraisal of the identified high talents (talent pool) and key positions. Furthermore he/she moderates the discussion from an uncommitted perspective.

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[4]   FTE = Full Time Equivalent

6.1.2 Target Segment

Primary target segment are the line managers which expect that their needs are understood and get the expected HR-services. It is assured that their HR-requirements are fulfilled straight close to their unit but inline with the overall HR-practices. The motto is easy, fast and efficient. The PM is responsible for delivering the required HR-services in line with the expected quality.

Secondary target segment is central HR because of the possibility of a periodical resource inventory of the available resources. The PM will be able to identify the key positions and the high talents. The aim is to place the high talents for the best suitable position among the organization.

6.1.3 Management & Organization

The philosophy of a decentralized PM has to be supported by senior management. Implementing the PM role will impact the following areas:

Area	Impact
Management	The overall decision for an implemented PM must be supported by Management. That means after implementation of the decentralized HR, Management has to commit to the selection of the PM, implementation processes and the operation of its function.
Processes	Initially it is not required to change the existing processes. ORANGE might merge in the future some of the current business processes with the HR-processes to obtain higher efficiency.
Workplace	The PM will be physically placed in the same office as the allocated unit. Therefore a workplace must be made available.
Job Specification	The role of the PM must be designed and the related HR-functions need to be modified. The Job spec contains the target setting, tasks, competences and responsibilities.
Selection of PM	Criteria are based on experience in assigned business area (e.g. finance, customer care, IT etc.), proven HR-Track and strong communication skills, preferred are existent personal relation form the HR to the business managers.
Implement & operation	HR will need to provide the required resources from its existing head count. As HR will not raise its FTE target and implement the PM on existing processes, basically operations can be started shortly after management approval.

6.1.4 Objectives

Description *Tangible*	Performance Indicator	Timescale	Comments
Increase of quality of selected process	**Turnover rate & Average employment time** Decreased turnover rate and increased employment time	Semi annual	
Focused skill management and permanent resource inventory	Progress status report, min. 10% of executed analyzes of the overall employees within the assigned unit.	Monthly	
Increased employee satisfaction	ORANGE feedback survey	Semi annual	Enable counter-measurements before the employee left the company. Feedback is not only based on one survey per employee (leaving after 18 month) but moreover on the continuous development.
Intangible			
Increased quality of HR-policies by integrated elaboration through joint of HR and business line	The most important policies are known and accepted in the line of businesses ORANGE feedback survey	Annual	Measured by questioning through random selection
Coached change activities	Change process can be managed without fear and frustration of involved parties. Final report of change process release. Employee satisfaction survey	Permanent Per release Semi annual	PM verify and conduct the entire change process
Time saving for line managers	Acceptance of HR within line of business ORANGE feedback survey	Annual	Because of very subjective comments of the line managers, results may vary

6.1.5   Risks & Benefits

What does the option cost?

Evaluation and selection of the required PM's are based on the fact that we will promote them from the existing HR-environment. A raise of the HR FTEs is not planned. Only a workspace in the dedicated line will be needed.

What are the consequences, if option is not executed?

The acceptance of the HR within the business lines will remain on its level what means the GAP of the mental distance between HR and the Line can not be closed:

Fig. 11. Today's HR – Triad

ORANGE HR department asked for the acceptance of HR within the organization stated that the fulfilling of the services are well, however HR does not have an image of high service orientation, still reactive in some areas rather than proactive. Therefore we assume that the actual HR-triad might look like the above graph.

Fig. 12. Future HR – Triad

The graph shows that the potential GAP will be closed with the implementation of the PM.

Furthermore the effective adoption of change activities is rather difficult. As well the fast and efficient identification of high talents within the skill management activities are rather difficult.

6.1.6 Implementation

The following tasks need to be completed prior the implementation of the function:

1. Commitment of senior management for the participation manager model

2. Evaluation and selection of 5 participation managers:

   - Residential

   - Business

   - Products & Services

   - Strategy and Planning & Communication

   - Finance & IT

3. Buy-in act (requirements and expectations from Line managers to the participation manager; expected deliverables)

4. Scope of Tasks, competencies and responsibilities of the participation manager function

5. Gap analysis between plan versus actual situation and identification of all possible measurements to achieve unit targets

As the role of the participation manager *does not require changes in the today's processes*, implementation and activation can be achieved in short time. Once the senior management is committed to implement the participation management model and the promotion of the participation managers is done, the activation of the role can begin immediately.

Time & Task plan	+ 1 Week	+ 1 Month	+ 3 Month
Commitment of senior management	████		
Evaluation of participation manager		████	
Role activation		████	
Resource inventory			████
Gap analysis			████

We recommend to review the results of the participation managers (PM) by the end of the year to adjust the objectives, if required.

6.1.7   Role Description Participation Manager

The Participation Manager is not a stand-alone function but will be attached to the already existing HR-function. Therefore this tasks will be additionally added to his/her existing tasks.

Role DESCRIPTION (additional to the Job Description)		
Role Title	**Participation Manager**	OGS No
Reporting to (name & function)	Human Resource Manager with a doted line to assigned Line Manager	
Assigned Unit	To be defined	

Role DESCRIPTION (additional to the Job Description)	
Role Mission	The participation manager will link the HR services with the requirements of the units to fulfill all change activities on one hand and to establish a resource inventory system and skill management on the other hand.
Key Tasks and Activities	Guarantee that communication and information flows bi-directional from HR-Department to the dedicated unit. Realization of systematical skill management and resource inventory (high potentials identification) The PM is responsible for development, planning, and implementation of all structural or functional changes. Ambassador of the corporate vision and the corporate values
Required Education and Professional Experience	Experience (pref. Senior experience) in HR-Related function, project management or coaching Graduates degree
Professional Knowledge	In depth business understanding of the dedicated unit such as finance, customer care, sales, marketing, IT etc. Distinctive behavior of diplomacy and knowledge of human nature as well as social competencies Excellent skills in communication and rhetoric Analytical understanding of the company's social environment and its employees
Required Languages	☒ English fluent (proficiency level) ☒ French fluent (proficiency level) or ☒ German fluent (proficiency level) ☐ Other: fluent (proficiency level)
Remarks	

6.2 "ORANGE-Award" Powered by Customer Feedback

The ORANGE HR targets 2002 are, among others, ensuring employee satisfaction and at motivating its employees to increase performance. *We therefore recommend that ORANGE introduces a structured award-system to motivate the employees and increase customer's satisfaction* ("sustainable value for customers, focus for on the human beings "as outlined in ORANGE's vision").

6.2.1 Description

As we know by interviewing Mr. Blumauer there is no reward-system at ORANGE by now. The only reward given to the employees is a little incentive when receiving a special "Thank-you-letter" by the customer. Therefore the following reward-system should be implemented.

How does the system work?

After the termination of each service-call, the customer will receive automatically a SMS[5] ("Were you satisfied with the ORANGE call-center service? To answer simply press on "yes" or "no" (toll-free)").

The "yes" and "no" answers will be electronically recorded. The affirmative answers per agent will be cumulated to measure the customer service success.

What do the employees have to do?

To be able to receive an "ORANGE-Award" call agents have to collect so called "ORANGE's". Per 10 positive SMS-feedbacks the agent receives one "ORANGE". These ORANGE's are added up to the total individual and the total score.

What do the awards look like?

ORANGE-Team-Awards: Within all three Call Centers, teams will compete against each other to collect the most positive SMS-answers. The number of the gained "ORANGE's" of each team-member will be added up to a total score. The winning team is determined quarterly and yearly. While the quarterly *"Spring-Team-", "Summer-Team-", "Autumn-Team-"* and *"Winter-Team-Award"* is a "Dinner-Voucher" handed out by the HR-Manager, the *"ORANGE-Team-of-the-year-Award"* is handed out by the CEO at the end of the year during the

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[5]   SMS = Shot Message Service on mobile telephones

ORANGE-Christmas-Party. The winning team will be sent to a VIP event in Switzerland.

ORANGE-CuC(Customer Care) – King/Queen: The best 3 agents of the year will be selected among all three call centers of ORANGE. They will be rewarded at the end of the year by the CEO during the ORANGE Christmas party. The winner receives a voucher for a "Royal Weekend" for himself/herself and his/her family in a five star hotel of his/her choice (CHF 5'000). The second best agent and his/her family will be sent to an international ORANGE-VIP-event (CHF 3'000). The third best agent wins a special personal training seminar (CHF 2'000).

What are the incentives for the customer to reply to the SMS?

Customers who answer the SMS will participate in a lottery to win different prices like: Free Minutes, Mobile Phones, ORANGE-Rubber-Boats, ORANGE-T-Shirts, ORANGE-Caps etc.

How does ORANGE internally communicate?

ORANGE should create the "ORANGE Ticker". This Ticker will permanently present the individual and the team rankings via the Intranet and thus increase the use of this existing information tool.

As another communication-tool, ORANGE should set up a so called internal *"ORANGE-Radio"*. This could be a way to communicate and inform the employees about the rankings and besides that about new products, services, development, prices, events and competitor activities on a regular basis. This is a recommendation which should be faced separately after having set up the "ORANGE-Award-System" and is not further considered about in this report.

6.2.2   Value Proposition

As the CEO and the General Manager HR stated, ORANGE wants to attract and retain employees and also to become the employer of choice. The average employment time should be increased from 18 months now to 36 months by 2005. Taking into consideration the revenue of the company (CHF 887 Mio.) divided by the number of customers (1 Mio.) the revenue per customer is CHF 887,00 Assuming a margin of 60% the total profit per customer is CHF 532,20. Comparing these profits with the overall costs for the "Award-System" which is calculated to be CHF 207'250,00 for the implementation year, ORANGE has to prevent about 390 attritions to justify the investment. Again having in mind the number of customers which are about 1 Mio. this means it is necessary to retain a rate of 0,04% of all ORANGE customers.

What are the values for the employees?

The goal of the ORANGE-Awards is to show the employees that the company is interested in their performance on the one hand and wants to increase quick and satisfying customer service on the other. The employees expect from their employer to be cared about. They want that good work is recognized to be good and is honored as such. With the Award the company is aiming at motivating its employees and thereby improving customer service.

The implementation of the "ORANGE-Awards" is fully in line with ORANGE's economical and cultural values. The following People Values (THE FIRST) are supported:

- Effectiveness and Results (via a measurable control and customer care system)

- Simplicity and Honesty (the system is transparent, easy to understand and handle)

- Trust and Fairness (with stress on respect and understanding as negative feedback will only lead to thorough training in line with company goals, see also: risk analysis, further down) Teamwork and Fun (competition is fruitful and aims at the exchange of best practice

What are the values for the management?

Through the ORANGE-Award-System the team leaders are enabled to control their team performance. By counting the "Yes-" and "No-Answers" they receive an indication for customer satisfaction rate. The team leader is responsible for following up the negative answers. Once a call-agent has collected more than 20 negative answers per month the team leader has to provide the agent with feedback upon his personal job performance and explore possible inefficiencies. After having received 40 "No-Answers" within one month the call agent has to undergo a further training program.

What are the values for the customer?

ORANGE wants to offer superior services tailored to the customers' particular needs and increase the employees performance without changing ORANGE's culture (fun AND competition). The goal is to measure the call-agent-performance and increase customer satisfaction.

6.2.3   Target Segment

Performance improvement is the overriding goal for all segments of personnel within the organization. Call-center employees were chosen as first target group: they form the critical link between company and customers and gave raise to concerns due to deficiencies in performance. Benchmarking and exchange of best practice between the teams of the three call centers by means of data exchange (on best performing teams and their practices leading to success) clearly aim at an essential sub-target: team leaders and their performance.

The next target segment to cover will be the newly established business unit. At a third step back-office functions have to be covered after having developed appropriate performance measurement tools.

6.2.4   Management, Organization & Processes

Action	Impact
Management	The supervisor is responsible for the reporting who is supported by participation manager (PM) (see recommendation 1). The PM i*s responsible for the whole process*: development, planning, and implementation and control. IT develops, implements and supports the necessary infrastructure. However it will be supported be the line manager and IT.
Processes	Existing call center processes are enriched with a simple customer feed-back function. Data are made available to the supervisor by IT services. Assistant (Internal Communications) to the GM-HR has to process information and develop an employee focused presentation based on team- and competitive values (intranet ticker, Radio ORANGE). Corporate communications has to develop and implement PR measures for customers. HR is responsible for the reward system. The message is: Customer care and Total Quality Management.
Workplace	Technical adjustment of the Call center workplaces (release button for SMS)
Implement & Operation	HR and call centers will not raise their Full Time Equivalent (FTE) target. Corporate Communications will implement accompanying measures for the new tool within existing FTE. IT can implement the technical adjustment on existing processes. Operations therefore can be started shortly after management approval for strategy and additional costs.

6.2.5 Objectives

Description	Performance Indicator	Timescale	Comments
Tangible			
Control call agents' performance	Complaint rate per agent	Monthly	
Control team leaders' performance	Complaint rate per agent within a team/per team		
Increase and control customer satisfaction	Complaint rate per total incoming calls		
Control team-combination	Average "Yes-answer"-rate per team member compared to other teams/regions		
Decrease duration of service-calls	Average duration of service-call	Monthly	
Lower own call-center telephone-charges (infrastructure-costs)	Amount of telephone charges		
Lower turnover-rate	Amount of quitting	Yearly	
Lower training-costs	Amount of courses		
Intangible			
Increase motivation of employees	Development of the number of positive answers	Monthly	The move to a "fun AND performance" image boosts employees self-esteem and reinforces THE FIRST
Increase support	Number of feedback-meetings with team-leader		
Encourage teamwork			
Strengthen corporate culture	Turnover rate/Number of new applicants	Quarterly	
Increase attractivity for applicants	Number of applicants	Monthly	
Rise intranet use (ticker)	Number of accesses	Quarterly	
Improve information flow	Agents have overview of fellow performers	Quarterly	

6.2.6   Implementation and Costs

Description	Cost	Timing
Setting up of an automatic SMS-system and a technical evaluation system	CHF 20'000 (nonrecurring)	Until 12/2002
SMS feed-back (2 times the number of incoming calls[6])	CHF 150'000	2003 budget
Communication of the new system to the customer (Layout, flyers within invoices, advertisements[7])	CHF 10'000	2003 budget
Setting up the "ORANGE Ticker" in the organization's intranet	CHF ./.	Until 12/2002
Setting up of the "ORANGE-Radio" in all call centers	CHF 5'000	Until 12/2002
Rewards for teams and annual winners	CHF 22'250 CHF 3'750 (Team-dinner) CHF 7'500 (Team-event) CHF 5'000 (Hotel-voucher) CHF 3'000 (VIP-event) CHF 2'000 (Seminar)	2003 budget

Taking into consideration the revenue of the company (CHF 887 Mio.) divided by the number of customers (1 Mio.) the revenue per customer is CHF 887,00 Assuming a margin of 60% the total profit per customer is CHF 532,20. Comparing these profits with the overall costs for the "Award-System" which is calculated to be CHF 207'250,00 for the implementation year, ORANGE has to prevent about 390 attritions to justify the investment. Again having in mind the number of customers which are about 1 Mio. this means it is necessary to retain a rate of 0,04% of all ORANGE customers.

Furthermore it has to be seen that this action promotes internal and external marketing efforts, which are an appreciated side effect.

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[6]   Assumption: Every customer calls 0,75 times per year. SMS-costs = 2 x 0,10 CHF per incoming call (back and forth).

[7]   Assumption: Free advertising space in the "All about ORANGE", free advertising on existing flyers added to invoices.

6.2.7   Risks & Benefits

- *Analytical value of the SMS feedback*: Rapid response after the service call gives an indication on customer's feelings. Only positive feedback can be taken as a valuable statistical basis. Why? A positive statement is based on positive feelings – you do not click "yes" just for fun if you have been badly treated three seconds before! Negative answers on the other hand can only give an indication about under-performance: customers might tend to mix up negative messages (negative content of the call, for example reminder of an unpaid bill) with the way how the message is conveyed by the agent. "Fun" answers (clicking just out of a personal mood) have to be taken into account by a statistical correction element.

- *Employees*: The measure is in line with the CEO's intention to add the value of performance to the "fun"-image of the organization. This has to be openly communicated: Fair and transparent evaluation of performances linked to the improvement of the quality of services. Negative feed back (see above: analytical value) should *exclusively* be used as a rough indicator for less valuable performance. This has to be internally communicated before the launch, as there exists the risk that employees otherwise might interpret the measure as a breech of the organization's values.

- *Financial impact*: The additional financial burden is justified by the comparative cost of a continuous customer satisfaction survey and added value of a high performing call center.

- *Customers*: Customers will interpret the possibility to give an immediate feedback on whether or not they are satisfied with the service delivered as an additional customer care initiative. To avoid misunderstandings the cost-free character of the measure has to be properly communicated.

What are the consequences if the option is not executed?

ORANGE wants to become the employer of choice and therefore it has to find ways to bind the existing employees on one hand and attract applicants on the other hand.

If the "ORANGE-Awards" are not executed, ORANGE will have to face big problems in motivating, attracting and especially retaining it's employees. As a matter of fact the turnover rates within call-centers are extremely high (up to 33 %[8]). To prevent people from leaving the company after a short period of time, ORANGE has to find a way to create a unique company culture which the employees can easily identify with and which is motivating them to stay within the company for more than 18 month and also attract new young and creative people.

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[8]   www.callcentermagazine.com, The Teleworking Option, 04.05.02

6.2.7   Implementation

As described in chapter 6.2. the "ORANGE-Award-System" can easily be implemented as there are no big efforts to be undertaken. Setting up the SMS-answering-System could be done within about 4 weeks. Communication of the new "ORANGE-Award-System" can be done while setting up the IT. Customers can be informed during the next invoice-period. Due to this time-frame the whole implementation could be done at latest until the end of 2002.

As mentioned before the highest expenses will be the SMS-feedback-costs, which are two times the number of incoming calls. Assuming a ratio of 0,75 times incoming calls out of all customers, the costs will be approximately 2 x CHF 750'000 = CHF 1,5 Mio. times CHF 0.10 sums up to CHF 150'000.

All other costs are mostly nonrecurring costs, which are not that high compared to the big VIP and marketing events that ORANGE organizes regularly.

The effect of this system compared to its rather small investment is very high as it makes the employees commit themselves to the company and create a unique company culture, which makes it attractive for new applicants to join the ORANGE Company.

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  - • Zurich Financial Services
  - • Deutsche Telekom
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Transfer of the Genetically Growing Case Study (GGCS) to the Company

XV. Thesis

Benchmarking Clinical Trial Processes of Medical Affairs at Janssen-Cilag AG, Switzerland

A thesis submitted in fulfillment of the requirements for the degree of

Master of Business Administration MBA

Submitted on
01 October 2004
to the
Graduate School of Business Administration Zurich, Switzerland
Thesis-Advisor:
Prof. Dr. Andrew Shogan

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3.   ABBREVIATIONS

AE	=	Adverse event
AP/P	=	Actual patients divided by the population
AS/P	=	Actual sites divided by the population of a country
BUD	=	Business unit director
CAF	=	Central administrative file
CP/AP	=	committed patients divided by number of the actual patients
CP/P	=	Committed patients divided by the population
CRF	=	Case report form
CRO	=	Contract research organization
CRA	=	Clinical research associate
CS/P	=	Committed sites divided by the population
DCF	=	Data correction form
DO/AP	=	Percentage of dropouts in relation to all included patients
EDC	=	Electronic data capturing
FPI	=	First patient in
FR	=	Final rating
FTE	=	Full time employee
GAF	=	Global administrative file
GCP	=	Good clinical practice
GP	=	General practitioner
GTM	=	Global trial manager
HTS	=	High throughput screening
IB	=	Investigators brochure
ICF	=	Informed consent form
ICH	=	International conference on harmonization
IEC	=	Independent ethics committee
IF	=	Investigator file
IRB	=	Independent regulatory body

KOL	=	Key opinion leader
KPI	=	Key performance indicator
LAF	=	Local administrative file
LPO	=	Last patient out
LTC	=	Local trial coordinator
MAF	=	Medical affairs
MF	=	Multiplication factor
MRAF	=	Medical & regulatory affairs
NME	=	New molecular entity
OC	=	Operating company
OL	=	Opinion leader
PM	=	Product manager
SAE	=	Serious adverse event
SF/AP	=	Percentage of screening failures in relation to all included patients
SM	=	Site manager
SOP	=	Standard operating procedure
SUA	=	Serious, unexpected and associated adverse event
TCF	=	Trial center file

PART I: THESIS

1.   MANAGEMENT SUMMARY

Although modern drug discovery has considerably advanced in the last decade, the number of registered new molecular identities (NME) has constantly fallen and the cost of developing a drug to FDA approval has reached over 800 million USD. Clinical studies contribute significantly to these development costs. Thus, streamlining and optimisation of clinical trial processes is one of the key success factors in this business.

All Medical Affairs core processes were mapped out and rated by two clinical experts against "critical success factors". Clinical phase IIIb/IV trials had the biggest business impact, and it was decided to benchmark our study processes with those of our European sister companies to learn from the "best in class" and improve our performance.

As a first step, the clinical trial processes were delineated, and divided into 5 major stages: the initiation, pre-trial, trial, post-trail and completion phase. Core processes, including corresponding key performance indicators (KPI) were identified to measure our performance and to identify the "best in class". Both quantitative and qualitative KPI's were chosen to properly measure all aspects of performance.

Although a total of 20 KPI were identified, only six of them could immediately be measured based on an existing database called CIMS. Country I and Country C performed better than Switzerland, and were chosen as benchmarking countries. The consequent analysis of the full questionnaire revealed five major performance gaps, mainly in the field of patient and site recruiting, but also in the sensitive topics of serious adverse event handling and audits.

Finally, steps are proposed to close this gaps including the appropriate implementation plan. In essence, we have to increase our participation in international trials and improve our recruiting rate by means of competitive recruiting and patient recruiting material (brochures, advertising, radio, newspaper). Further, training of Medical Managers and external monitors, and best practice sessions from audits and periodic compliance checks must be implemented.

INTRODUCTION

1.1.   The pharmaceutical industry

Modern drug discovery efforts emerged in the 1970's and laid the foundation for today's blockbuster classes. Until the early 1990's, major drug development successes were based on highly successful pharmacology and medicinal chemistry, which lead to the identification of „drug targets", i.e. enzymes and receptors interacting with the „active principle". In the last decade, the discovery of new drug targets and revolutionary advances in molecular biology, genomics, proteomics, bio-informatics and nanotechnology opened a new era of drug discovery. In combination with high throughput screening (HTS) technologies, millions of compounds are nowadays tested against hundreds of targets.

Although global R&D investments continuously rose and topped 25 billion USD in 2000, only 32 new molecular entities (NME) were launched in the same year representing the lowest output in 20 years.[1] It has been estimated, that the cost of developing a drug to FDA approval now reaches 800 million USD, a 2.5 fold increase since 1980.[2] Whereas the pre-clinical costs decreased both as a percentage of total costs as well as in absolute measures, the clinical costs increased four-fold since 1980, and from 33% of total costs in 1990 to 58% now. The cost pyramid further broadens with each step in the clinical development phase. Therefore, it's one of the fundamental principles of drug development to shorten the development process, and to terminate projects of uncertain outcome as early as possible.

A second area of substantial improvement represents the timely management of clinical trials at the required quality standards, which are determined by the ICH-GCP guidelines.[3,4] Between the initial idea of a new compound and its market entry approximately 12-15 years elapse, as shown in Figure 1. Taking into consideration that patent protection only lasts 20 years after filing, only 5-8 years are left for the commercialization of a new drug and to justify the investment (Figure 1). A one day delay of a potential blockbuster drug equals a financial loss of 3 millions USD. Thus, it is imperative to streamline clinical trial processes by optimizing each step of the testing procedure and identifying bottlenecks.

Discovery & Development Process
12-15 Years and US$800 Million per new drug

Discovery   Exploratory Development   Full Development

| Pre-Clinical Phase | | Phase I | Phase II | Phase III | |

0   5   10   15

| 3-11 yrs | | 7-9 yrs | | 2-4 yrs |

Idea ——————— **12-15 Years** ———————→ **Drug**
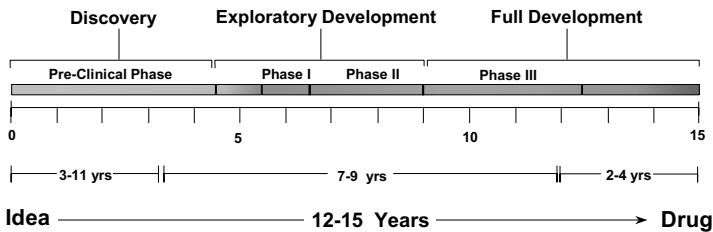
Figure 1: Timeline of the drug development process[5]

1.2.   Benchmarking

1.2.1.   WHAT IS BENCHMARKING

Benchmarking is a practical tool for improving performance by learning from best practices and the processes by which they are achieved.[8] Benchmarking involves looking outward (outside your own company, organisation, industry, region or country) to examine how others achieve their performance levels and to understand the processes they use. In this way benchmarking helps explain the processes behind excellent performance. When the lessons learned from a benchmarking exercise are applied appropriately, they facilitate improved performance in critical functions within an organisation or in key areas of the business environment.

Application of benchmarking involves four basic steps:

1. Firstly, understand in detail your own processes.
2. Next analyse the processes of others.
3. Then compare your own performance with that of others analysed.
4. Finally, implement the steps necessary to close the performance gap.[9]

Benchmarking should not be considered a one-off exercise. To be effective, it must become an ongoing, integral part of an ongoing improvement process with the goal of keeping abreast of ever-improving best practice.

To benchmark successfully, the following conditions should be met:

1. A shared, common vision of the performance improvement goals and objectives
2. Open and committed high level support
3. The commitment of all stakeholders in the process to progress and change
4. A willingness to examine critically one's own practices
5. The ability and willingness to co-operate and share information and expertise with others
6. To be able to learn from others' best practices
7. The flexibility to implement the necessary changes

Benchmarking does not mean simply copying others' practices, it requires the ability to innovate and adapt what you have learned from others according to your organisation's specific needs. It is a dynamic process that evolves with growing experience, and with application to different organisational and cultural settings.

Benchmarking is constantly evolving in the light of ever increasing experience applying it in different organisational and cultural settings. When applied appropriately, the lessons learned from a benchmarking exercise can facilitate performance improvement in key areas of the business environment or in critical functions within an organisation.

1.2.2.   A SHORT HISTORY OF BENCHMARKING

The history of innovative adaptation is as old as humankind,. People have always observed good ideas around them and adapted them to meet their needs and situations. Fred D. Bowers, the former benchmarking program manager of Digital Equipment Corporation, once said that "the second person to light a fire is humankind's first benchmarker".[10]

Another early and famous adopter of this idea was Henry Ford:

> Ford Motor Company: In 1912, a curious Henry Ford watched men cut meat during a tour of a Chicago slaughterhouse. The carcasses were hanging on hooks mounted on a monorail. After each man performed his job, he would push the carcass to the next station. When the tour was over, the tour guide said, "Well, sir, what do you think?" Mr. Ford turned to the man and said, "Thanks, son, I think you may have given me a real good idea". Less than six months later, the world's first assembly line started producing magnetos in the Ford Highland Park Plant.[11]

However, it was not until the 1970's, when the concept of benchmark evolved beyond a technical term (a distinctive mark on a rock, a wall, or a building)

signifying a reference point. The word migrated into the lexicon of business, where it came to signify the measurement process by which to conduct comparisons. In the early 80's, Xerox Corporation introduced the word „benchmarking" in rather narrow terms focusing on comparisons with one's primary competitor (Table 1).

The impetus for benchmarking in Xerox was the discovery that the manufacturing costs of Xerox products equalled the selling price of their competitors. That discovery prompted Xerox to look at ways of decreasing their manufacturing costs. They did this by not only carrying out product and cost comparisons with the competition, but also by comparing Xerox processes with the processes of the competition. They were looking for the industry best practices and used the information gathered from this benchmarking activity to make changes within Xerox leading to improved performance and reduced manufacturing costs.

The success of benchmarking in this instance resulted in benchmarking being introduced to all business units within Xerox. Xerox made a fundamental change to the way that targets were set within the company. They no longer set targets based on historical performance, instead setting targets based on the performance of market leaders.

The next step for Xerox was to move from benchmarking only against competitors to finding best practices outside their own industry.

The history of benchmarking in brief:

1979	Xerox evaluates operating processes at Fuji-Xerox using "Competitive Benchmarking."
1981	Xerox adopts benchmarking on a corporate wide basis after coming under intense pressure from its Japanese competitors.
1982	Xerox benchmarks its Logistics and Distribution unit against retailer L.L. Bean to improve its warehousing and material-handling operations.
1987	President Ronald Reagan signs the Malcolm Baldridge Quality Award Improvement Act.
1989	Robert C. Camp of Xerox publishes the first book on Benchmarking, Benchmarking: "The Search for Industry Best Practices That Lead to Superior Performance."
1990	The Strategic Planning Institute establishes its Benchmarking Council to help companies use this quality tool.
1991	The term "benchmarks" is added to the guidelines for the Malcolm Baldridge Quality Award.

1992	American Productivity and Quality Centre opens its International Benchmarking Clearinghouse (IBC). Michael J. Spendolini, originally from Xerox, publishes "The Benchmarking Book."
1994	Opening of the German Benchmarking Center on the Frauenhofer-Institute.

Table 1: History of Benchmarking

1.3.   About Janssen-Cilag

1.3.1.   SHAPING THE FUTURE OF HEALTHCARE

Janssen-Cilag is a leading research-based pharmaceutical company, with more than 19,000 employees worldwide and establishments in about 50 countries.[12] The company markets prescription and over-the-counter medicines for a range of conditions in the areas of gastroenterology, fungal infections, women's health, hematology, mental health, neurology and pain relief.

Since its founding, Janssen-Cilag has been firmly grounded in science and the search for innovation. That focus and commitment are nurtured by a unique blend of "opposites" -- a lean, entrepreneurial size and organization that allow it to be nimble and opportunistic, backed by the significant resources of Johnson & Johnson its parent company and the world's most comprehensive manufacturer of health care products. This combination has led to a rich history of success.

1.3.2.   THE FOUNDATIONS

Janssen-Cilag originates from two pharmaceutical companies: Janssen Pharmaceutica and Cilag.

Janssen Pharmaceutica was established in 1953 in Belgium (Beerse) by a young medical doctor, Dr Paul Janssen. Success came quickly, because the fifth molecule synthesized was found to have therapeutic properties. Many more innovations were to follow, in fields as diverse as gastroenterology, psychiatry, neurology, allergy, mycology and pain management. In 1961, Janssen Pharmaceutica joined the Johnson & Johnson group of companies. With more

than 80 drugs to its name (five which feature on the WHO's list of essential drugs), Janssen Pharmaceutica continues to be one of the most innovative companies in the world.

Cilag (an acronym formed from the initial letters of Chemical Industry Laboratory AG) was founded by Dr Joos, a doctor in chemistry, who set up a small research laboratory in Switzerland (Schaffhausen) in 1933 and then founded Cilag in 1936. His first discovery was pyridazil, a disinfectant for the kidneys and urinary tract. By 1952 he had discovered seven new chemical compounds and developed them into new products. In 1959, Cilag joined the Johnson & Johnson group of companies. The company's R&D track record covers discoveries and developments in the fields of biotechnology, central nervous system, women's health, dermatology, anti-infectives and immunology.

1.3.3. JANSSEN-CILAG TODAY

Through the years, Janssen Pharmaceutica and Cilag had established separate marketing and sales operations in various countries to support the medicines discovered in their laboratories. In the early nineties, these marketing affiliates were joined to form Janssen-Cilag, in countries where both had a presence. This unified structure allows increased flexibility and customer responsiveness, and ensures the optimum use of resources. The non-marketing activities are still operating under their original name. Janssen Pharmaceutica, for instance, continues to have a major presence in Belgium and the US. In Belgium alone, Janssen Pharmaceutica currently employs over 4300 staff in Beerse and Geel, in key competence areas like research and development, chemical and pharmaceutical manufacturing, and local and international services. Similarly, Cilag continues to have operations under the Cilag name in Switzerland, ranging from R&D through manufacturing and international services.

1.3.4. RESEARCH

People live much longer than a century ago. Experts estimate that half of that gain (10 to 20 years) is attributable to medicines. But the quest is not ended yet. Medical science continues to evolve at an extraordinary rate, opening whole new horizons for discovery research and product development and innovation in all manner of treatment and therapies.

To maximize their future opportunities in the exciting field of healthcare, Janssen-Cilag and the other Johnson & Johnson companies spent about 2.6 billion USD on R&D in 1999, putting the corporation in the top 20 companies in the world (based on absolute spent R&D costs). This financial commitment is matched by continuous, non-stop, endless, relentless innovation that

permeates every function and individual in each and every one of the companies. One of the key focus areas is biotechnology, which represents the promise of entirely new and highly targeted therapies for a range of diseases. At the same time, amazing genomics tools are already beginning to revolutionize and speed up the discovery of traditional pharmaceutical medicines.

Two global R&D groups, the Janssen Research Foundation (JRF) and the R.W. Johnson Pharmaceutical Research Institute (PRI), have traditionally conducted the research efforts of Janssen-Cilag. Recently, the R&D base was extended with that of biotechnology company Centocor, which joined Johnson & Johnson in 1999 - strengthening the Janssen-Cilag ambition for world leadership in biotechnology. These centers bring together multinational teams, focusing the creativity of the finest scientific minds towards the relief of pain and suffering. This versatile and growing reservoir of scientific knowledge is enhanced through interacting with academic and other outside research organizations, as Janssen-Cilag intensifies the search for technology-based solutions to many of the healthcare problems that continue to plague humankind.

Headquartered in Beerse, Belgium - the home of its founder, Dr. Paul Janssen - the Janssen Research Foundation operates drug-discovery centers in four other countries: the United States, Japan, Country D and Country K. In addition, 21 nations participate in JRF clinical trials. The Janssen Research Foundation (JRF) has discovered more than 80 medications that treat disabling or life-threatening conditions such as mental illness, fungal infections, gastro-intestinal disorders and pain. Five of those medications are now included on the World Health Organization's Essential Drug List.

The R.W. Johnson Pharmaceutical Research Institute (PRI) is headquartered in Raritan, New Jersey (USA), with additional locations in Spring House, Pennsylvania, USA (research laboratories), Schaffhausen, Switzerland (research), and La Jolla, California, USA (biotechnology centre). PRI was formed in 1988 by pooling the talent and resources from the R&D units of several J&J pharmaceutical organizations. It has developed unique therapies for women's health, haematology, and neurology, and continues to look for new breakthrough discoveries in these and other therapeutic areas. Very recently, both PRI and JRF were united to form J&J PRD.

In recent years, Janssen-Cilag has systematically moved to the forefront of the biotechnology revolution, with a unique range of biotechnology drugs supported by a strong heritage of R&D and education expertise. This move was strengthened when Centocor joined the Johnson & Johnson group. Founded in 1979, Centocor is a leading biopharmaceutical company specializing in the development and commercialization of therapeutic products to meet critical human healthcare needs. A world leader in monoclonal antibody technology, Centocor's innovative products focus on the

management of three major disease areas: cardiovascular, autoimmune and cancer.

In the pipeline of the R&D organizations are drugs to treat illnesses such as cancer, depression, bipolar (manic-depressive) disorder, acute pain and chronic constipation.

More recently, other companies such as Alza (the leading provider of drug delivery solutions with the world's broadest array of technology platforms, including oral, transdermal, implantable and liposomal technologies), Tibotec BVBA (a pharmaceutical research and development company who mainly focus on the discovery and development of innovative HIV/AIDS drugs and superior anti-infectives for diseases of high unmet medical need), and Scios (a biopharmaceutical company developing novel drugs for the potential treatment of cardiovascular and inflammatory diseases) joined the Johnson & Johnson group.

2.   ORGANIZATIONAL STRUCTURE

2.1.   Medical and Regulatory Affairs

As shown in Figure 2, a medical director, who is also in charge of our regulatory matters, heads the Medical & Regulatory Affairs department of Janssen-Cilag AG, Switzerland. The regulatory department consists of a senior manager regulatory affairs, a manager regulatory affairs, one assistant and one part-time assistant (15%). Each business unit is represented by at least one manager medical affairs (4 in total), who are supported by one medical assistant. Hence, a total of 7 employees report directly to the medical director, who herself reports to the VP Medical Affairs Europe. In addition, to improve the alignment of our activities with the needs of our marketing and sales departments, each medical manager is assigned to a business unit and works closely together with the business unit directors and product managers. The "Director Medical & Regulatory Affairs", one level higher, reports to the managing director. Therefore, whereas the company formally has a divisional structure, the Medical & Regulatory Affairs department has at least informally adopted a matrix structure.
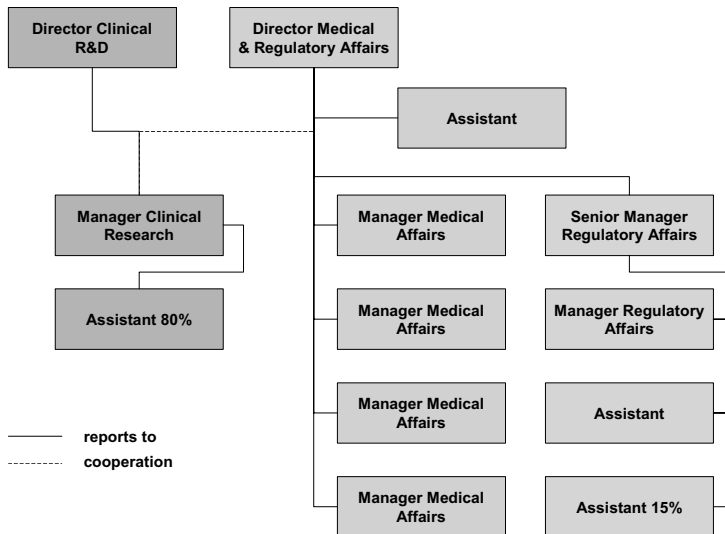
Figure 2: Organization chart of the Medical & Regulatory Affairs Department

2.2.   Core processes

By analyzing the different tasks and responsibilities of the Medical & Regulatory Affairs (MAF) Department, four distinct key processes can be identified:

a) *Regulatory application:* submission of regulatory dossiers (1) and participation in phase IIIb trials (2)
b) *Drug safety (pharmacovigilance):* reply to customer requests (3), follow-up of adverse events (AE) and serious adverse events (SAE) (4)
c) *Information:* oral presentations and medical information (5), double-visits with sales representatives (6)
d) *Marketing support*: planning and realization of phase IV and postmarketing surveillance studies (7), training of sales representatives (8), support of the sales and marketing department (9)
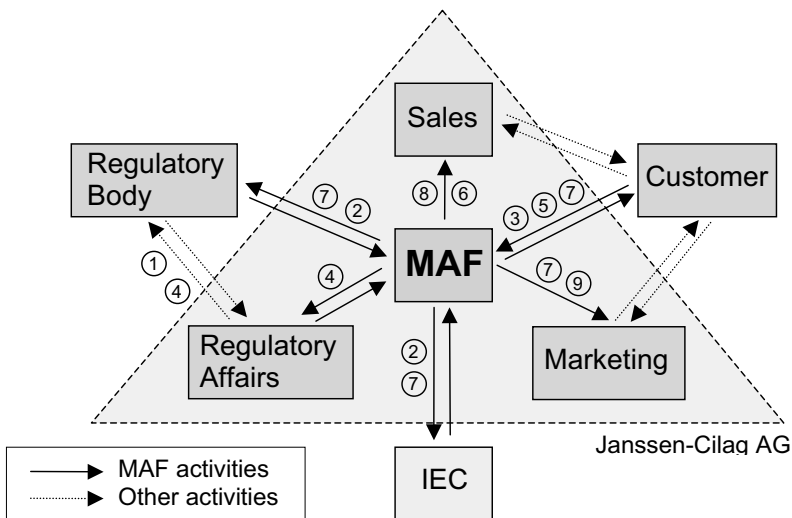
Figure 3: Activities of the MAF group

The relationship of MAF with our internal (in the blue triangle) and external customers are multifarious, as outlined in Figure 3. Please note that only the major relationships are shown. The reality is much more complex.

2.3.   The uniqueness of the supply chain

Primary Influence	
Secondary influence	
Marginal influence	
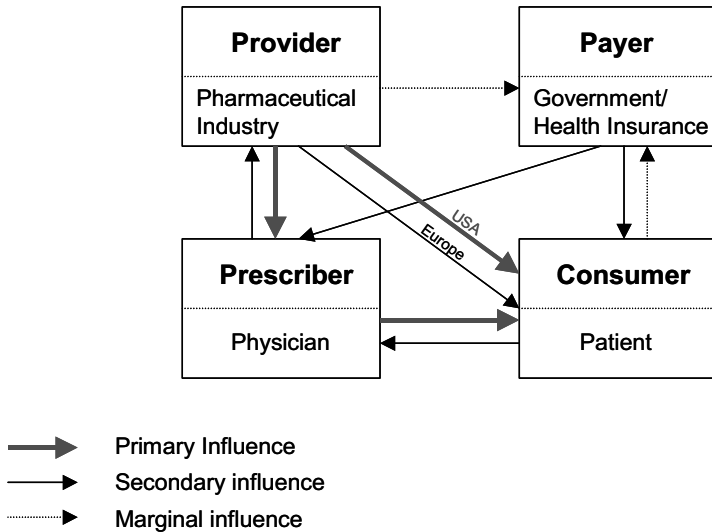
Figure 4: The unique supply chain model of medicines

As demonstrated in Figure 4, the supply chain in the pharmaceutical industry is very unique in so far, as payers, prescribers and consumers are distinct parties. This explains at least in part why health-care costs worldwide increase constantly despite numerous price-cutting efforts.

2.4. The value chain

Within the generic value chain, the MAF activities are located in the fields of marketing and sales (Figure 5). The regulatory activities do not really fit into the original charts of Michael Porter.[13] However, since the regulatory approval (a) stands at the beginning of the value chain and remains imperative for all other value creating activities, it is added as the first „primary activity" in order to address the importance of the regulatory authority in the pharmaceutical industry.

The role of the FDA as the most influential regulatory authority worldwide has been addressed very recently by the "Wall Street Journal", emphasizing that "The FDA should view itself not as a gatekeeper but as a facilitator."[14] Indeed, the approval (in Switzerland by the "Swissmedic") and reimbursement (in Switzerland by the "Federal Social Insurance Office; BSV") of pharmaceutical compounds has become very crucial for the success of the pharmaceutical industry.
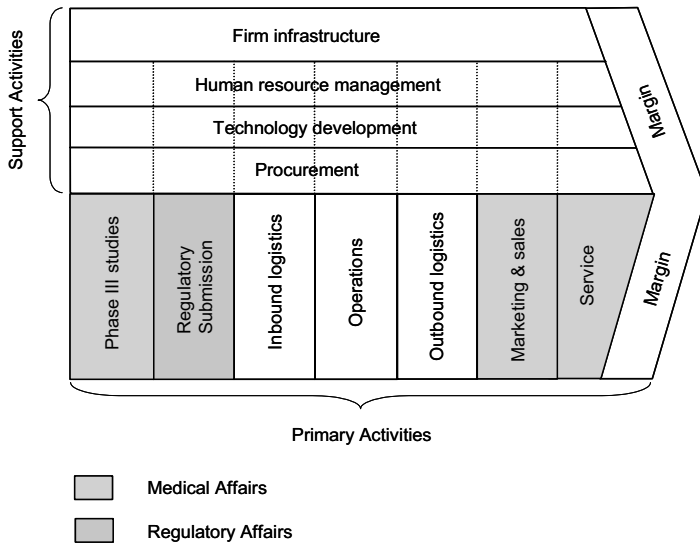
Figure 5: The generic value chain

3.   THE BENCHMARKING OBJECT

3.1.   Assessment of core processes

To evaluate the individual benchmarking-potential, the core processes of MAF (see chapter 2.2.) were rated against pre-defined "critical success factors". Although the assessment cannot be fully objective in nature due to the complexity of the processes, the evaluation was performed by the best of one's knowledge and verified by the medical director and a clinical research manager to minimize the impact of individual perceptions.

Critical success factor	Processes								
	Regulatory dossiers submitted	Phase IIIb trials	Customer requests	Follow-up of AE and SAE	Oral presen-tations	Double visits sales reps	Phase IV trials and surveys	Training of sales reps	Support sales and marketing
In line with business strategy MAF	3	3	2	3	2	2	3	3	3
Time reduction potential	2	3	2	2	1	1	3	2	1
Cost reduction potential	1	2	1	1	1	1	2	2	2
HR reduction potential	2	2	1	1	1	1	2	1	1
Sustainable competitive advantage	3	3	1	1	2	1	3	3	2
Long-term impact	3	3	2	2	3	2	3	3	3
Total	**14**	**16**	**9**	**10**	**10**	**8**	**16**	**14**	**12**

1 = low impact; 2 = moderate impact; 3 = high impact

Table 2: Quality-Process-Deployment-Matrix of MAF

As demonstrated in Table 2, the realization of clinical trials in a timely fashion and at the highest quality standards should be the major business focus of MAF. Indeed, most of our resources in terms of time, financial and human capacities are spent for clinical studies. According to our current business plan for Switzerland, approximately 40% of our FTE's work for clinical studies and outcomes research.

3.2.   Definition of the benchmarking object

The results from the previous chapter lead to the objective of a benchmarking project within the European boundaries to improve the clinical study processes of MAF Switzerland. First, our study performance will be evaluated against pre-defined, objective criteria. Then, core processes including corresponding key performance indicators (KPI's) will be defined in order to identify performance gaps. Measures to close this gap and possibly outperform the „leaders", and an implementation plan round up this thesis.

3.3.   Improvement objectives

The primary objective is to achieve a better business impact of MAF Switzerland by closing the gap to the "best in class" of our European sister companies. Quantification of the primary objective is rather difficult, however, the gaps to "best in class" should be closed by ≥80% at a follow-up examination one year after implementation. The secondary objective includes the maintenance of a superior quality standard during all steps of the clinical trial process.

3.4.   Implications of clinical trial processes on stakeholders

Clinical trial processes represent a major stake in the R&D and pre-marketing phases, and may have a deferring effect on the product's life cycle. Of even greater impact would be a low quality of the study, which not only may cause a delay due to exclusion of trial subjects and study centers, but also corrode the credibility of this company through corrective measures by the regulatory authority and independent ethics committees (IEC). The implications of poorly performed clinical trials on the stakeholders are depicted in Table 3:

Stakeholder	Implication
Regulatory Affairs	Delayed approval
Marketing Department	Delayed launch in new indications (phase IIIb), delayed market penetration (phase IV, surveys)
Investigators	May be annoyed by delayed processes (e.g. DCF's)
Regulatory bodies and IEC	Delayed and in particular carelessly processed clinical trials may reflect poorly on a company
Shareholders	Loss of potential revenue due to study delay, loss of credibility in case of poor quality
Competitors	May catch up with follow-up products/studies in case of study delay
Society	Delayed consummation of new drugs, negative perception of this company as a whole

Table 3: Impact of poorly performed clinical studies on stakeholders

4.   AIM OF THE STUDY

The aim of this thesis is to improve our clinical study processes by benchmarking the performance of our medical affairs group with the „best in class", and subsequently implement the „best practices" in form of an adapted, preferably improved version into our local environment. This work may serve as a role model and hopes to stimulate similar projects within the Janssen-Cilag group.

5.   PROCESS DEFINITION AND IDENTIFICATION OF KEY PERFORMANCE INDICATIORS (KPI'S)

5.1.   Clinical Trial Process

Clinical trials of MAF Europe are projects with a usual duration of 2 to 3 years from study planning to analysis and publication of the study results. The whole process can be divided into 5 different stages, as shown in Figure 6. The central European MAF team is responsible for the first step, the planning and initiation of European trials. This phase will not be discussed since it has no direct influence on our local trial processes, and is therefore out of the scope of this thesis.

Figure 6: Clinical trial process of MAF, responsibilities and information flow (next page)

Phases: Initiation | Pre-Trial | Trial | Post-Trial | Completion

CIMS

Rows: Database | Medication handling | Central Team | Local Marketing | GTM | LTC | Monitor | IEC | Reg. Authority | Investigator | Patient

Initiation
1) Request for participation
2) Evaluation of participation
3) Assessment of internal recourses
4) Pre-Selection of Investigators
5) Decision regarding study participation

Pre-Trial
1) Allocation of resources
2) Contacting the investigator
3) Pre-trial assessment/ feasibility
4) Investigator selection
5) Signing trial agreement
6) IEC application
7) Drug order
8) Handover documents to investigators
9) Investigators meeting
10) IEC approval
11) Notification application
12) Trial Initiation visit
13) Drug supply
14) Notification received

Trial
1) First patient in
2) Monitoring visits/ CRF collection
3) Amendments
4) Data correction Forms
5) Last patient out
6) Site closure visit

Post-Trial
1) Site closure notification to IEC
2) Site closure notification to regulatory authority
3) Drug return/destruction
4) Last data correction forms
5) Archiving

Completion
1) Study analysis
2) Feedback to Investigators
3) Abstracts/ Publications
4) Audit

Legend:
● ◐ ○
responsible for process step
gives input
gets information

5.1.1. INITIATION PHASE

Request for participation: each country is approached by the headquarters through the GTM, and requested to participate in a trial.

Evaluation of participation: the local MAF teams evaluate their participation according to certain criteria, such as the alignment with marketing activities, expected availability of patients, and impact on other ongoing clinical trials.

Assessment of internal recourses: after the value of participation has been assessed, the availability of internal resources to monitor (= site manager; SM) the study must be evaluated. If the resources are scarce, external CRO's must be approached to ensure the monitoring. If a decision for external monitoring has been made, contracts have to be prepared. At a later stage, the monitors must be trained to local standards and SOP's.

Pre-Selection of Investigators: the investigators must be evaluated according to their ability to accomplish the trial, e.g. to have the required patients and the know-how, capacity, appropriate study team, time and technical equipment. In addition, marketing considerations may effect the pre-selection, such as the influence of OL on local GP's.

Decision regarding study participation: The final decision is reached by the MAF team (cooperation between medical director and medical managers) and the LTC (who may be identical with the medical director and medical manager in smaller countries). The decision is communicated to the GTM and local marketing.

5.1.2. PRE-TRIAL PHASE

Allocation of resources: final assignment of the monitor and LTC, eventually with the help of external CRO's.

Contacting the investigator: the LTC or monitor approaches the chosen investigators to stimulate their interest. The monitor also provides draft documents to the investigators.

Pre-trial assessment/feasibility: the monitor contacts the investigator he is in charge off. He discusses the trial with the investigator, obtains a CV and Lab documentation, assesses the adequacy of facilities, requests the IEC information, and completes a "pretrial visit report".

Investigator selection: final investigator selection is done by the LTC and monitor. The investigator selection must be communicated to the GTM. The monitor/LTC should also request the initial CIMS entry of the trial.

Signing trial agreement: the LTC sends two printouts of the trial agreement to the investigator, who returns one of the signed documents.

IEC application: the LTC or monitor prepares the final documents for the IEC submission for the investigator, such as the protocol and amendments, informed consent form (ICF), the investigators brochure (IB), financial compensation of investigator and subjects (if applicable), the insurance certificate, the recruiting material (if applicable), decisions of other IEC's and the CV of the investigators.[15] If necessary, translations of the ICF to the sites local language(s) have to be obtained by the LTC.

Handover documents to investigators: all relevant documents, which have not been handed over to the investigators previously should be sent to them including all missing documents for IEC application. The trial center file (TCF) and investigator file (IF) must be prepared by the monitor, the local administrative file (LAF) by the LTC. The investigator is responsible for the submission of the final documents to the IEC.

Investigators meeting: in most clinical trials of large scale (international, multicenter), an investigator meeting is scheduled to train the investigators, LTC's and monitors. Special emphasis is always given to the protocol, CRF's (inclusion, exclusion criteria, AE and SAE-handling[16]) and GCP/ICH requirements. Training of the study team has to be provided by the SM's.

IEC approval: the IEC decision is sent to the investigator within 30 days after receipt[17], who in turn sends a copy to the LTC. The IEC composition should be checked by the monitor.[18]

Notification application: After the study has been approved by the IEC, a copy of the approval including some other documents (protocol, IB, ICF, copy of identification label and covenant between sponsor and CRO) must be sent to the regulatory authority for notification, who will give the approval within 30 days.[19]

Trial Initiation visit: The trial initiation visit can be done before the regulatory authority's notification has been received, however, the study must not be started without notification. During the trial initiation visit, the monitor controls if the investigator has received all necessary documents, and provides training to conduct the study according to regulatory and company specific requirements. The investigator should also get a refresher regarding the GCP/ICH-guidelines, his responsibilities to the patient, the IEC/regulatory authorities and the sponsor, and a safety training. The monitor completes a "Trail Initiation Report".

Drug supply: the drugs can now be shipped to the study site (usually to the hospital pharmacist, who must be registered as a study team member on the site signature form, or the directly to the investigator) by a central organization

or the local OC according to standard procedures with appropriate "file shipment forms". Further, the randomization code must be forwarded to the investigator.

Notification received: the trial can be started after the notification from the Swissmedic has been received. This can last up to 30 days.[20]

5.1.3.   TRIAL PHASE

First patient in (FPI): the investigator informs the monitor after he included the first patient in the study. FPI should be a signal to the monitor to schedule the first monitoring visit in order to avoid protocol violations and reporting errors.

Monitoring visits/CRF collection: during the monitoring visits, the monitor must review all CRFs for completeness, consistency and legibility. It is recommended to conduct source data verification for all subjects. Discrepancies between the source data and CRF's must be resolved with the staff (investigator, co-investigator or study nurse), and must be documented by staff members only. The TCF must be reviewed regularly, CRF's and outstanding DCF's collected and sent to the CRF/DCF receiving unit. Further, the content of the LAF must be reviewed regularly. The monitor completes a "Monitoring visit Report", and updates CIMS on a regular basis. In case of changes of staff members, they have to be trained as described previously.

Amendments: amendments are sent by the GTM to the LTC. The LTC sends 2 copies to the investigator, who in turn forwards one copy to his IEC. In case of minor amendments (administrative changes, typing errors), another copy is sent to the regulatory authority, and the study can be continued.[21] However, if a major amendment is submitted, the study must be interrupted until the notification from the IEC has been received.[22] This notification together with the amendment must then be forwarded to the regulatory authority. The study can only be continued after the notification of both the IEC and regulatory authority has been received. Further, changes of the IB, ICF revisions and SAE's must be sent to the investigator in 2 copies (one for him and one for the IEC). The regulatory authority has to be informed by the sponsor within 7 days.[23]

Data correction Forms: after the CRF's have been reviewed by the CRF receiving unit, DCF's are sent to the monitor. He forwards them to the investigator, who returns them after answering the queries. The monitor then forwards them back to the DCF receiving unit. In electronic data capturing (EDC) systems, this process has been reengineered.

Last patient out (LPO): the investigator informs the monitor after the last patient has completed the trial. The monitor then prepares the site closure visit.

Site closure visit: the monitor initiates this visit to close the center. He has the following responsibilities: to inform of staff about center closure, to review the TCF, to retrieve all remaining CRFs, to resolve outstanding queries and issues, to ensure collection/destruction of drug supplies, to collect randomization codes, to arrange shipment of biological samples, to remind the investigator on archiving requirements/publication policy, to discuss the possibility of an audit/inspection, and to instruct the investigator to notify the IEC about the trial completion. The monitor prepares a "site closure visit report".

5.1.4. POST-TRIAL PHASE

Site closure notification to IEC: the investigator notifies the IEC about the completion of the study within 90 days after study termination.[24]

Site closure notification to regulatory authority: the monitor notifies the regulatory body about the completion of the study within 90 days after study termination.[25]

Drug return/destruction: the investigator returns the unused drugs, which will be destructed at the sponsor's site. Alternatively, the drugs can be destroyed at the investigators pharmaceutical unit if available.

Data correction forms: the last DCF's must be handled as described above.

Archiving: the following archiving activities have to be arranged: the GTM the GAF, the LTC the LAF, the monitor the IF and the investigator the TCF.[26]

5.1.5. COMPLETION

Study analysis: the study is analyzed centrally at our European headquarter.

Feedback to investigators: the investigators are kept up to date with either newsletters and/or a post-trial investigators meeting. Further, the final payment of the investigators should be arranged.

Abstracts/Publications: the data are published as abstracts for scientific meetings, publications are written for medical journals.

Audits: internal (performed by J&J personnel) or external (performed by regulatory authorities) audits may be done to assure the quality of clinical trials. Audits can either be executed during or at the end of a study.

5.2.   Key performance indicators

5.2.1.   WHAT IS A KEY PERFORMANCE INDICATOR (KPI)?

A Key Performance Indicator (KPI) is the measure of performance of an activity that is critical to the success of an organization. Beyond the high level maxim that "You can't control what you don't measure", the definition of those specific key indicators whose implementation and use would bring *the most measurable* benefit to a specific organization can vary substantially from organization to organization. KPI's must therefore be tailored to individual settings.

5.2.2.   IDENTIFICATION OF KPI'S

For the given issue, the performance measure of clinical trial processes, KPI's should be identified but are not overly influenced by country specific peculiarities, such as differences in regulatory legislation. However, they cannot entirely be excluded. As shown in Figure 7, quantitative and qualitative metrics are suggested, and arranged according their impact on individual trial cycles:

Figure 7: Qantitative and qualitiative KPI's in relation to trial phase (next page)
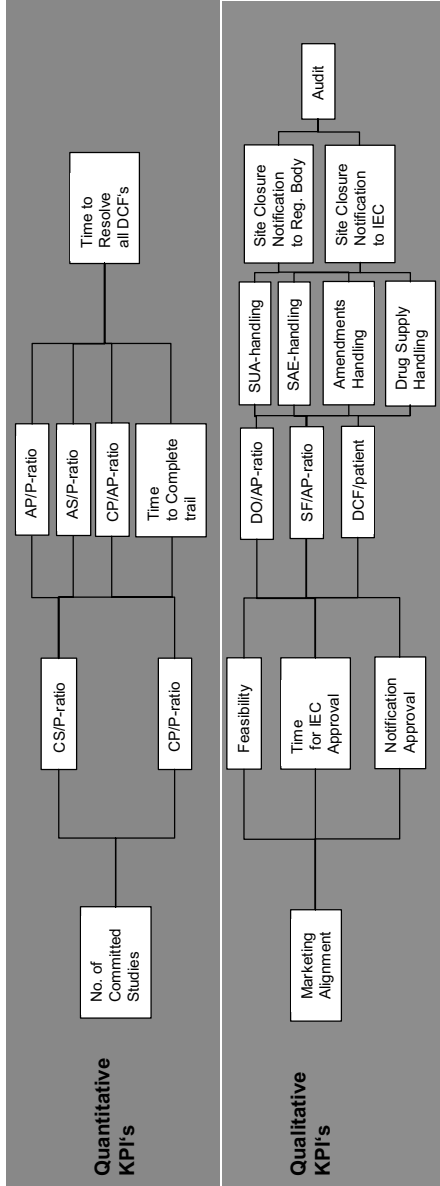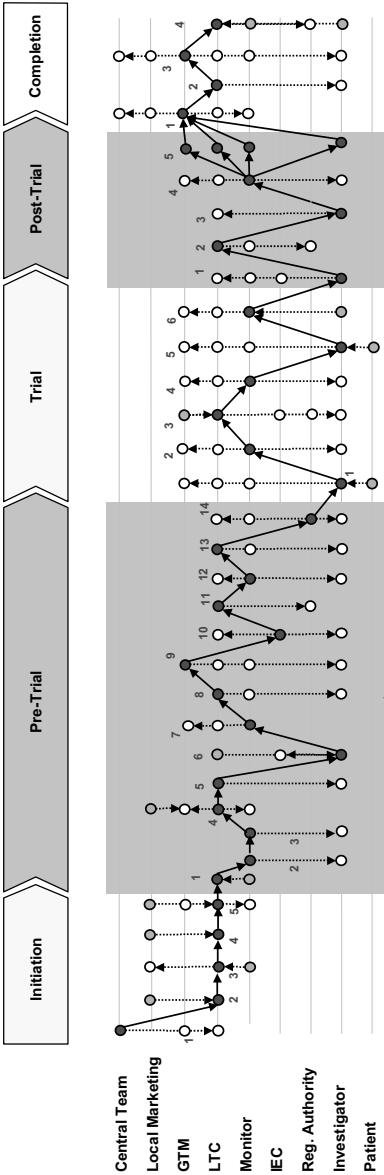
5.2.3.   KPI DEFINITION

As previously mentioned, the identification of the relevant KPI's is specific for each organization/process and key for success. In addition, the definition of the metrics is relevant for their implementation and future improvement and refinement.

At this point the process, it was necessary to identify the KPI's. The KPI's were developed with the help of the medical director and the manager clinical research in order to reduce the subjectivity of individual assessment. The KPI's and their definitions are depicted in Table 4 to 8. The rational for each KPI is given to understand the impact of non-compliance with each monitored step.

KPI	Definition	Rationale
No. of committed studies	Number of committed international studies.	It has been demonstrated that participation in clinical trials has a positive impact on confidence and prescription behavior of investigators. Note: small countries may not contribute in all trials due to a lack of capacity.
Marketing Alignment	What might be the impact of the study perceived by marketing (PM, BUD)	At the end, only sales performance counts. Therefore, MAF and marketing activities must be aligned according to the strategic direction.

Table 4: Definition and rationale of KPI's during the initiation phase

KPI	Definition	Rationale
CP/P-ratio	Committed patients divided by the population of a country	More patients are essential for the study visibility and the completion of the trial. Bigger countries should be able to include more patients in total.
CS/P-ratio	Committed sites divided by the population of a country	More study sites and therefore a greater number of investigators allow a better visibility. Bigger countries should be able to include more sites.
Quality of Feasibility	No. of chosen Investigators who include at least two patient	Feasibility describes how well the Investigators have been chosen at the beginning of the trial. Besides the number of investigators who are able to include at least one patient, there are many other quantitative and qualitative feasibility-indicators (e.g. time to complete the trial, no of DCF's and others). However, they are described later and are therefore not repeated.
Time for IEC Approval	How long does it take to get the IEC approval (from submission to receipt)	A fast IEC approval indicates a thorough and careful IEC preparation. However, the quality and decision of the IEC cannot be influenced by neither the investigator nor the monitor.
Time for Notification Approval	How long does it take to get the Regulatory body approval (from submission to receipt)	A fast regulatory body approval indicates a thorough and careful IEC preparation. Again, the quality of the work of the regulatory body can not be influenced

Table 5: Definition and rationale of KPI's during the pre-trial phase

KPI	Definition	Rationale
AP/P-ratio	Actual patients divided by the population of a country	More study sites and therefore a greater number of investigators allow a better visibility. Bigger countries should be able to include more patients in total. AP/P is more important than CP/P since it reflects the actually included patients.
AS/P-ratio	Actual sites divided by the population of a country	More study sites and therefore a greater number of investigators allow a better visibility. Bigger countries should be able to include more sites. AS/P is more important than CS/P since it reflects the actually included patients.
CP/AP-ratio	Committed patients divided by the number of actual patients	The CP/AP ratio is a very important metric since it reflects the commitment of the country to do their job. A low CP/AP-ratio may negatively impact the prescribing behavior of the investigators ("the study as a effigy for the drug"). A negative CP/AP-ratio may further delay recruiting and disturb central study planning.
Time to complete Trial	How long does it take to complete the trial: actual vs. planned	Time is also very crucial for every clinical trial, because a time delay may lead to substantial cost increases and may also disturb central study planning.
SF/AP-ratio	The percentage of screening-failures in relation to all included patients	Screening failures can not continue the study, usually because of violation of an inclusion or exclusion criteria. In some studies, the investigator has no way to influence a certain kind of SF (e.g. Hp-positive patients in pH-metry studies). In most studies, the SF-ratio can be reduced by careful study of the inclusion and exclusion criteria.
DO/AP-ratio	The percentage of drop-outs in relation to all included patients	Drop-outs are patients who discontinue a study. Usually, it's due to side effects or because the patient dislikes to participate in the study. The investigator and monitor have only limited influence on the drop-out rate. However, a careful patient selection and thorough information may reduce this rate to a certain extend.
Amendments handling	Amendments must be forwarded to the investi-gator, IEC and regulatory authority. Major amend-ments must be approved by the regulatory author-ity, minor amendments send for notice.	Amendments are also a safety issue, and it is therefore imperative to comply with the legislative requirements.[27]
Drug supply handling	Drug supply must be handled according to ICH/GCP standards[28] and in line with the protocol. No delays should occur.	Drug supply is also a safety issue. Delays of drug supply may postpone the study and endanger subjects on medication.

KPI	Definition	Rationale
SAE-handling	SAE cases must be handled according our legislative requirement[29], our SOP[30] and the study protocol	The proper handling of SAE's* is very delicate. Non-compliance may have serious consequences from the regulatory authorities, because it is a safety issue.
SUA-handling	SUA cases must be handled according our legislative requirement[31], our SOP[32] and the study protocol	The proper handling of SUA's* is very delicate. Non-compliance may have serious consequences from the regulatory authorities, because it is a safety issue.
DCF/patient	Number of DCF's per patient	CRF errors or any left open questions should be identified by the monitor and immediately corrected by the investigators. DCF's therefore indicate missed errors. DCF's also give a lot of extra work for the CRF/DCF collecting unit, the monitor and the investigator, and may delay the trial.

*SAE = Any untoward medical occurrence that at any dose: results in death, is life-threatening, requires impatient hospitalization or prolongation of existing hospitalization, results in persistent or significant disability/incapacity.[33]

*SUA = Adverse event that is considered "serious, unlabeled and associated"[34]

Table 6: Definition and rationale of KPI's during the trial phase

KPI	Definition	Rationale
Time to resolve all DCF's	Time in weeks from receipt of DCF's until they are forwarded to the DCF collecting unit.	DCF's should be resolved as fast as possible in order to speed up the study analysis.
Site closure Notification to regulatory body	Time between site closure visit and sending the notification to the regulatory authority.	It is a legislative requirement to notify the trial termination within 90 days to the regulatory authority.[35]
Site closure Notification to IEC	Time between site closure visit and sending the notification to the IEC.	It is a legislative requirement to notify the trial termination within 90 days to the IEC.[36]

Table 7: Definition and rationale of KPI's during the post-trial phase

KPI	Definition	Rationale
Audit	Result of the internal or external audit (minor findings, major findings)	Audits are either part of implementing quality assurance by the sponsor (internal audit)[37], or can be conducted by the regulatory authorities (external audit).[38]

Table 8: Definition and rationale of KPI's during the completion phase

5.2.4.   KPI RATING

The above identified KPI's must be defined and rated according to different performance levels. However, it has to be noted that both KPI's and their ratings should be evaluated and refined on a regular basis. It may even be reasonable to adapt KPI's to different study settings. For instance, the drop-out rate may be caused by conditions, which can be influenced neither by the investigator nor the monitor (e.g. positive Hp-Test in intragastric pH-metry studies).

The following definitions and ratings of the metrics are proposed (Table 9 to 13). In cases where data were available from the CIMS database from the trials RAB-INT-8, FEN-INT-26 and FEN-INT-30 (see chapter 6.1.3), the average performance of the best country was rated as 5, the performance of the worst countries was rated as 1. The numbers were smoothed for easier processing. For all other KPI's, ratings were established through discussions with the medical director and the manager clinical research, taking into account their profound knowledge in this field. Since these ratings are subjective, they need to be continuously refined after experience with this rating system has been gained.

	Quantitative Metrics		**Qualitative Metrics**	
Initiation	**No. of committed studies→ rating**		**Alignment of chosen trial with marketing activities (rated by local marketing) → rating**	
	0-20%	1	Very poor	1
	20-40%	2	Poor	2
	40-60%	3	Moderate	3
	60-80%	4	Good	4
	80-100%	5	Very good	5

1 = low rating; 5 = high rating

Table 9: Rating of KPI's during the initiation phase

	Quantitative Metrics		**Qualitative Metrics**	
Pre-Trial	**CP/P-ratio → rating**		**Quality of Feasibility → rating**	
	<0.5 patients/1 mil residents	1	<20% of investigators	1
	0.5-1.5 patients/1 mil residents	2	20-40% of investigators	2
	1.5-2.5 patients/1 mil residents	3	40-60% of investigators	3
	2.5-3.5 patients/1 mil residents	4	60-80% of investigators	4
	>3.5 patients/1 mil residents	5	>80% of investigators	5
	CS/P-ratio → rating		**Time for IEC approval→ rating**	
	<0.2 sites/1 mil residents	1	>10 weeks	1
	0.2-0.5 sites/1 mil residents	2	8-10	2
	0.5-0.8 sites/1 mil residents	3	6-8	3
	0.8-1.0 sites/1 mil residents	4	4-6	4
	>1.0 sites/1 mil residents	5	< 4 weeks	5

	Quantitative Metrics	**Qualitative Metrics**
	-	**Time for not. approval → rating** >30 days (= delay) 1 ≤ 30 days 5

1 = low rating; 5 = high rating

Table 10: Rating of KPI's during the pre-trial phase

	Quantitative Metrics	**Qualitative Metrics**
Trial	**AP/P-ratio → rating** <0.5 patients/1 mil residents 1 0.5-1.5 patients/1 mil residents 2 1.5-2.5 patients/1 mil residents 3 2.5-3.5 patients/1 mil residents 4 >3.5 patients/1 mil residents 5	**SF/AP-ratio → rating** >20% 1 15-20% 2 10-15% 3 5-10% 4 0-5% 5
	AS/P-ratio → rating <0.2 sites/1 mil residents 1 0.2-0.5 sites/1 mil residents 2 0.5-0.8 sites/1 mil residents 3 0.8-1.0 sites/1 mil residents 4 >1.0 sites/1 mil residents 5	**DO/AP-ratio → rating** >50% 1 30-50% 2 20-30% 3 10-20% 4 0-10% 5
	CP/AP-ratio → rating Actual = < 40% of committed 1 Actual = 41-59% of committed 2 Actual = 60-79% of committed 3 Actual = 80-99% of committed 4 Actual ≥ committed 5	**Handling of Amendments→ rating** Violation 1 No violation, delivery issues 3 No violation, smooth forwarding 5
	Time to complete the trial→rating Actual > 130% of average 1 Actual = 110-130% of average 2 Actual = 90-110% of average 3 Actual = 75-90% of average 4 Actual < 75% of average 5	**Handling of drug supply→ rating** Violation 1 No violation, delivery issues 3 No violation, smooth delivery 5
	-	**Handling of SAE's→ rating** Violation 1 No violation, smooth forwarding 5
		Handling of SUA's→ rating Violation 1 No violation 5
		No. of DCF's/patient*→ rating ≥10 1 7-9 2 5-7 3 3-5 4 ≤3 5

1 = low rating; 5 = high rating
*the number of DCF's may also depend on the quality of the protocol, the CRF set-up and the data analysis. The chosen number of DCF's for a given rating may therefore be adapted to the characteristics of individual trials.

Table 11: Rating of KPI's during the trial phase

	Quantitative Metrics	Qualitative Metrics
Post-Trial	**Time to resolve all DCF's→ rating** ≥4 weeks 1 3-4 weeks 2 2-3 weeks 3 1-2 weeks 4 ≤1 week 5	**Handling of site closure notification to IEC→** **rating** Violation (>3months) 1 No violation (<3months) 5
	-	**Handling of site closure notification to Regulatory body→** **rating** Violation (>3months) 1 No violation (<3months) 5

1 = low rating; 5 = high rating

Table 12: Rating of KPI's during the post-trial phase

	Quantitative Metrics	Qualitative Metrics
Completion	-	**Audit→** **rating** Major violation 1 Minor violation 3 No violation 5

1 = low rating; 5 = high rating

Table 13: Rating of KPI's during the completion phase

6.   IDENTIFICATION OF "BEST IN CLASS"

6.1.   Measuring performance of clinical trial processes of MAF Europe

6.1.1.   SETTING THE KPI'S

All MAF trials are reported in our CIMS database, which is used by the senior management to assess the progress of all clinical studies. This database is updated on a regular basis, and includes data of a number of measures such as:

- expected patients/ subjects
- entered patients/ subjects
- actual patients/ subjects
- no. of screening failures
- no. of drop-outs
- completed patients/ subjects
- collected CRF's
- no. of sites
- start date
- end of recruiting
- end date

Although the author belief that all previously identified 20 KPI's are valied, only six of these metrics could be used to measure the performance of our European neighbor states. All other KPI's could not be considered retrospectively due to a lack of this data.

In order to evaluate all KPI's, our database would have to be considerably updated. Since both the software-update and the continuous feeding of the database is very resource consuming, it is suggested to run a pilot with two or three small to midsized countries. Thereafter, a cost-benefit analysis needs to be carried out before a final decision regarding the implementation of the proposed performance rating system could be made.

Quantitative KPI's:

1. Actual patients/population of the country (AP/P-ratio)
2. Actual sites/population of the country (AS/P-ratio)
3. Committed patients/actual patients (CP/AP-ratio)
4. Time to complete the trial in relation to the average (T)*
   *the time to complete the trial is only considered if $\geq 50\%$ of the committed patients were included, to exclude centers who are fast due to a lack of patients

Qualitative KPI's:

1. Percentage of screening failures (SF/AP-ratio)
2. Percentage of drop-outs (DO/AP-ratio)

6.1.2. DEFINITION OF KPI'S

The same definition and rating was used as described in chapter 5.2.3. and 5.2.4.

6.1.3. WEIGHTING THE KPI'S

The metrics are weighted according to their relative impact to the study performance, as shown in Table 14. In order to reduce the subjectivity of the assessment, the weighting was developed with the help of the medical director and the manager clinical research. Please note that the weighting is slightly different compared to the one described in chapter 7.1., because only a very limited number of KPI's were available, and they have to sum to 100%.

KPI	Weight
AP/P-ratio	20%
AS/P-ratio	15%
CP/AP-ratio	20%
Time	20%
SF/AP-ratio	15%
DO/AP-ratio	10%
Total	**100%**

Table 14: relative impact of individual measures on trial performance

6.1.4. MEASURING THE PERFORMANCE OF INDIVIDUAL COUNTRIES

In order to get a reliable comparison, only completed clinical trials with at least 7 participating European countries are assessed (Table 15). Three studies met this condition:

1. FEN-INT-26: "A study to compare the safety and efficacy of Durogesic with sustaines release morphine in strong opioid naïve patients with chronic low back pain."
2. FEN-INT-30: "Pain relief assessment of Durogesic treatment in rheumatoid arthritis or osteoarthritis patients using a starting dose of 25 mcg/h, with pain insufficiently controlled by first line Rx."
3. RAB-INT-8: "Double-blind placebo-controlled trial assessing the efficacy and tolerability of "on-demand" maintenance therapy with 10

mg o.d. rabeprazole for 6 months in NERD (non-erosive reflux disease) patients."

Only countries participating in at least 2 of these trials were taken into consideration:

Country	Pop.[39] (in mio.)	AP/P (20%)	AS/P (15%)	CP/AP (20%)	Time (20%)	SF/AP (15%)	DO/AP (10%)	Total[C] (100%)	Ranking
Country A *average*[B]	10.26	4/2/3[A] **3**	3/3/2 **2.67**	4/3/2 **3**	2/1/- **1.5**	1/5/1 **2.3**	1/1/4 **2**	2.45	**12**
Country B *average*[B]	10.21	3/2/- **2.5**	3/1/- **2**	2/5/- **3.5**	3/5/- **4**	5/5/- **5**	2/3/- **2.5**	3.3	**4**
Country C *average*[B]	5.35	5/-/5 **5**	5/-/3 **4**	5/-/5 **5**	3/-/3 **3**	5/-/1 **3**	1/-/5 **3**	3.95	**2**
Country D *average*[B]	59.99	1/2/4/2 **2.25**	1/1/1 **1**	4/3/5 **4**	5/4/2 **3.37**	5/3/1 **3**	2/1/5 **2.67**	2.79	**9**
Country E *average*[B]	59.67	3/-/3 **3**	1/-/1 **1**	4/-/5 **4.5**	2/-/3 **2.5**	5/-/1 **3**	1/-/5 **3**	2.9	**7**
Country F *average*[B]	81.97	2/1/- **1.5**	2/1/- **1.5**	5/3/- **4**	4/2/- **3**	5/4/- **4.5**	2/2/- **2**	2.8	**8**
Country G *average*[B]	10.6	2/-/5 **3.5**	1/-/2 **1.5**	2/-/4 **3**	5/-/4 **4.5**	5/-/1 **3**	1/-/5 **3**	3.18	**5**
Country H *average*[B]	16.01	5/-/2 **3.5**	3/-/1 **2**	5/-/2 **3.5**	2/-/3 **2.5**	5/-/1 **3**	1/-/5 **3**	2.95	**6**
Country I *average*[B]	4.51	5/5/- **5**	4/5/- **4.5**	5/5/- **5**	3/2/- **2.5**	5/3/- **4**	2/3/- **2.5**	4.03	**1**
Country J *average*[B]	38.64	2/2/2 **2**	1/1/1 **1**	5/5/4 **4.67**	2/3/3 **2.67**	5/4/1 **3**	2/4/3 **3**	2.77	**10**
Country K *average*[B]	40.11	2/1/2 **1.67**	1/1/1 **1**	5/4/2 **3.67**	2/5/- **3.5**	5/1/3 **3**	4/3/5 **4**	2.76	**11**
Switzerland *average*[B]	7.28	5/2/- **3.5**	3/2/- **2.5**	5/2/- **3.5**	3/4/- **3.5**	5/5/- **5**	1/3/- **2**	3.43	**3**

Explanations:
[A] study evaluation: FEN-INT-26/FEN-INT-30/RAB-INT8
[B] average: arithmetic average
[C] Total: average ratings were weighted and summated
AP/P-ratio = Actual patients/population of the country
AS/P-ratio = Actual sites/population of the country
CP/AP-ratio = Committed patients/actual patients
SF/AP-ratio = Percentage of screening failures
DO/AP-ratio = Percentage of drop-outs

Table 15: Performance evaluation from the identification of "best in class"

The following countries were not eligible, because they participated only in one of the three international clinical trial:

- Country L – S

The following countries were not assessed, because they participated in only 2 trials, and failed to include half of the committed patients in one of the studies (exclusion criteria for the assessment of "time to complete the trial in relation to the average (T)"):

- Country S - U

Important remarks: Although the performance of individual countries was assessed to the best of one's knowledge, the following limitations should be kept in mind:

- the database might not be accurately updated
- only 3 clinical trials could be evaluated
- not every European country participated in all trials
- regulatory differences may influence the performance
- the workforce may not correlate with the size of the country, e.g. some emerging countries may have a big population but only a small MAF department

Therefore, even the author thinks this evaluation is accurately enough to identify the "best in class", it is an improper appraisal for some of the less performing countries due to a broad variation of underlying conditions.

6.1.5.   SENSITIVITY ANALYSIS OF THE WEIGHTING OF THE KPI'S

Although the weighting of the KPI's was done according to the best of our knowledge, it is still very subjective in nature. In order to measure the impact of different weightings on the metrics, a sensitivity analysis was performed. Only the five highest rated countries according to the performance evaluation of Table 15 were taken into consideration, because the others have no impact on the identification of "best in class".

The 6 KPI's AP/P-ratio, AS/P-ratio, CP/AP-ratio, Time, SF/AP-ratio and DO/AP-ratio were weighted with 10% to 30% in 5% steps, and their impact on the rating and ranking of the top 5 countries were measured. Please note that the weights of all the other KPI's also alter when the weighting of one metric changes, because it always sums to 100%.

The ratings were calculated according to the following example of Country I and an AP/P-ratio of 10% (according to Table 15):

0.1x5 + 0.15x4.5 + 0.2x5 + 0.2x2.5 + 0.15x4 + 0.1x2.5 = 3.525; since this sums to only 90%, it is multiplied with 1/0.9 = **3.917**

Country		Weighted KPI: **AP/P-ratio**				
		10%	15%	20%	25%	30%
Country I	rating	3.917	3.974	4.025	4.071	4.114
	ranking	1	1	1	1	1
Country C	rating	3.833	3.895	3.95	4	4.045
	ranking	2	2	2	2	2
Switzerland	rating	3.417	3.421	3.425	3.429	3.432
	ranking	3	3	3	3	3
Country B	rating	3.389	3.342	3.3	3.262	3.227
	ranking	4	4	4	4	4
Country G	rating	3.139	3.158	3.175	3.190	3.205
	ranking	5	5	5	5	5

Table 16: Sensitivity analysis of the AP/P-ratio

Country		Weighted KPI: **AS/P-ratio**				
		10%	15%	20%	25%	30%
Country I	rating	4	4.025	4.048	4.068	4.087
	ranking	1	1	1	1	1
Country C	rating	3.947	3.95	3.952	3.954	3.956
	ranking	2	2	2	2	2
Switzerland	rating	3.474	3.425	3.381	3.341	3.3.304
	ranking	3	3	3	3	3
Country B	rating	3.368	3.3	3.238	3.18	3.130
	ranking	4	4	4	5	5
Country G	rating	3.263	3.25	3.238	3.227	3.217
	ranking	5	5	4	4	4

Table 17: Sensitivity analysis of the AS/P-ratio

Country		Weighted KPI: **CP/AP-ratio**				
		10%	15%	20%	25%	30%
Country I	rating	3.917	3.974	4.025	4.071	4.114
	ranking	1	1	1	1	1
Country C	rating	3.833	3.895	3.95	4	4.045
	ranking	2	2	2	2	2
Switzerland	rating	3.417	3.421	3.425	3.429	3.432
	ranking	3	3	3	3	3
Country B	rating	3.278	3.289	3.3	3.310	3.318
	ranking	4	4	4	4	4
Country G	rating	3.194	3.184	3.175	3.167	3.159
	ranking	5	5	5	5	5

Table 18: Sensitivity analysis of the CP/AP-ratio

Country		Weighted KPI: **Time**				
		10%	15%	20%	25%	30%
Country I	rating	4.194	4.105	4.025	3.952	3.886
	ranking	1	1	1	1	1
Country C	rating	4.056	4	3.95	3.905	3.864
	ranking	2	2	2	2	2
Switzerland	rating	3.417	3.421	3.425	3.429	3.432
	ranking	3	3	3	3	3
Country B	rating	3.222	3.263	3.3	3.333	3.364
	ranking	4	4	4	4	4
Country G	rating	3.028	3.105	3.175	3.238	3.295
	ranking	5	5	5	5	5

Table 19: Sensitivity analysis of the "time to complete the trial"

Country		Weighted KPI: **SF/AP-ratio**				
		10%	15%	20%	25%	30%
Country I	rating	4.026	4.025	4.023	4.023	4.022
	ranking	1	1	1	1	1
Country C	rating	4	3.95	3.905	3.864	3.826
	ranking	2	2	2	2	2
Switzerland	rating	3.342	3.425	3.5	3.568	3.630
	ranking	3	3	3	3	3
Country B	rating	3.211	3.3	3.381	3.455	3.522
	ranking	4	4	4	4	4
Country G	rating	3.184	3.175	3.167	3.159	3.152
	ranking	5	5	5	5	5

Table 20: Sensitivity analysis of the SF/AP-ratio

		Weighted KPI: **DO/AP-ratio**				
Country		10%	15%	20%	25%	30%
Country I	rating	4.025	3.976	3.909	3.848	3.792
	ranking	1	1	1	1	1
Country C	rating	3.95	3.905	3.864	3.826	3.792
	ranking	2	2	2	2	1
Switzerland	rating	3.425	3.357	3.295	3.239	3.188
	ranking	3	3	3	3	3
Country B	rating	3.3	3.262	3.227	3.196	3.167
	ranking	4	4	4	4	4
Country G	rating	3.175	3.167	3.159	3.152	3.146
	ranking	5	5	5	5	5

Table 21: Sensitivity analysis of the DO/AP-ratio

As demonstrated in Table 16 to 21, the weighting of the AS/P-ratio and the DO/AP-ratio are critical for the final ranking and the identification of "best in class". In case the AS/P-ratio would be weighted with 25% or above, the Country B and Country G would have changed their places. The DO/AP-ratio is critical for the first places. If this KPI would be weighted with 30%, Country I and Country C would be both on the first place.

Nevertheless, both Country I and Country C are clearly ahead of all the other countries and should be regarded as "best in class". A different weighting would not have any influence of the ranking of the best performing countries.

7. COMPARISON OF INTERNAL PERFORMANCE WITH "BEST IN CLASS"

7.1. Weighting the KPI's

7.1.1. DEFINITION OF MULTIPLICATION FACTORS

For the weighting of all KPI's, a slightly different approach is suggested. Every KPI is multiplied with a number, which reflects its importance to the final outcome of the study, as shown in Table 22. The following multiplication factors (MF) are suggested:

Importance	Multiplication factor
Not important	1
Moderately important	2
Important	3
Very important	4
Crucial	5

Table 22: Multiplication factors for weighting the KPI's

The ratings must be multiplied by their corresponding multiplication factors to get the final KPI rating. The sum of all final KPI ratings (FR) indicates the performance level of each country. The usage of multiplication factors (and not percentages) has the advantage, that certain KPI's can easily be omitted (e.g. SF-ratio in pH-metry studies) without jeopardizing the whole calculation.

7.1.2. ALLOCATION OF MULTIPLICATION FACTORS TO KPI'S

The multiplication factors for the KPI's were assessed by two experienced clinical researchers (similar to the development of the KPI's). However, these numbers need to be refined with increasing experience. The KPI's with the corresponding multiplication factors are shown in Table 23.

KPI	Multiplication factor (MF)
No. of committed studies	3
Marketing Alignment	4
CP/P-ratio	1
CS/P-ratio	1
Quality of Feasibility	4
Time for IEC Approval	3
Time for Notification Approval	2
AP/P-ratio	4
AS/P-ratio	3
CP/AP-ratio	4
Time to complete Trial	4
SF/AP-ratio	3
DO/AP-ratio	2
Handling of amendments	3
Handling of drug supply	3
SAE-handling	5
SUA-handling	5
DCF/patient	3
Time to resolve all DCF's	3
Site closure Notification to regulatory body	2
Site closure Notification to IEC	2
Audit	5

Table 23: Weighting the KPI's by multiplication factors

7.2.   Comparison of performance with „best in class"

The reference studies RAB-INT-8, FEN-INT-26 and FEN-INT-30 were rated for Switzerland and the two "best in class" countries Country I and Country C (Table 24 to 26). The ratings were multiplied with the multiplication factor (MF) to get the final rating (FR). The FR of all three studies were added and divided by the number of studies the country participated to calculate the average performance for each KPI. For the purpose of this thesis, the average KPI ratings are more helpful in order to perform a gap analysis (see chapter 7.3.).

In order to calculate the country performance for individual studies, the FR's have to be added vertically (see Table 24 to 26, last line).

Switzerland									
	Rab-Int-8			Fen-Int-26			Fen-Int-30		
KPI	rating	MF	FR	rating	MF	FR	rating	MF	FR	average
No. of committed studies	-	3	-	3	3	9	3	3	9	9
Marketing Alignment	-	4	-	4	4	16	3	4	16	14
CP/P-ratio	-	1	-	4	1	4	3	1	3	3.5
CS/P-ratio	-	1	-	4	1	4	2	1	2	3
Quality of Feasibility	-	4	-	3	4	12	4	4	16	14
Time for IEC Approval	-	3	-	4	3	12	4	3	12	12
Time for Notification Approval	-	2	-	5	2	10	5	2	10	10
AP/P-ratio	-	4	-	5	4	20	2	4	8	14
AS/P-ratio	-	3	-	3	3	9	2	3	6	7.5
CP/AP-ratio	-	4	-	5	4	20	2	4	8	14
Time to complete Trial	-	4	-	3	4	12	4	4	16	14
SF/AP-ratio	-	3	-	5	3	15	5	3	15	15
DO/AP-ratio	-	2	-	1	2	2	3	2	6	4
Amendments handling	-	3	-	5	3	15	5	3	15	15
Drug supply handling	-	3	-	5	3	15	5	3	15	15
SAE-handling	-	5	-	3	5	15	5	5	25	20
SUA-handling	-	5	-	5	5	25	5	5	25	25
DCF/patient	-	3	-	2	3	6	2	3	6	6
Time to resolve all DCF's	-	3	-	1	3	3	2	3	6	4.5
Site closure Notification to regulatory body	-	2	-	5	2	10	5	2	10	10
Site closure Notification to IEC	-	2	-	5	2	10	5	2	10	10
Audit	NA	5	NA	3	5	15	-	5	-	15
Total										254.5

Table 24: Performance analysis of Switzerland for the referenced studies

Benchmarking MAF, Janssen-Cilag AG   Jörg M. Läuffer, M.D.   48/69

Country I									
	Rab-Int-8			*Fen-Int-26*			*Fen-Int-30*		
KPI	rating	MF	FR	rating	MF	FR	rating	MF	FR	average
No. of committed studies	–	-	-	NA	3	NA	NA	3	NA	*NA*
Marketing Alignment	–	-	-	3	4	12	5	4	20	*16*
CP/P-ratio	–	-	-	5	1	5	5	1	5	*5*
CS/P-ratio	–	-	-	4	1	4	5	1	5	*4.5*
Quality of Feasibility	–	-	-	5	4	20	5	4	20	*20*
Time for IEC Approval	–	-	-	1	3	3	1	3	3	*3*
Time for Notification Approval	–	-	-	1	2	2	2	2	4	*3*
AP/P-ratio	–	-	-	5	4	20	5	4	20	*20*
AS/P-ratio	–	-	-	4	3	12	5	3	15	*13.5*
CP/AP-ratio	–	-	-	5	4	20	5	4	20	*20*
Time to complete Trial	–	-	-	3	4	12	2	4	8	*10*
SF/AP-ratio	–	-	-	5	3	15	3	3	9	*12*
DO/AP-ratio	–	-	-	2	2	4	3	2	6	*5*
Amendments handling	–	-	-	5	3	15	5	3	15	*15*
Drug supply handling	–	-	-	5	3	15	5	3	15	*15*
SAE-handling	–	-	-	5	5	25	5	5	25	*25*
SUA-handling	–	-	-	5	5	25	5	5	25	*25*
DCF/patient	–	-	-	3	3	9	2	3	6	*7.5*
Time to resolve all DCF's	–	-	-	3	3	9	3	3	9	*9*
Site closure Notification to regulatory body	–	-	-	NA	2	NA	NA	2	NA	*NA*
Site closure Notification to IEC	–	-	-	NA	2	NA	NA	2	NA	*NA*
Audit	–	-	-	3	5	15	NA	5	-	*15*
Total										243.5

NA = not applicable

Table 25: Performance analysis of Country I for the referenced studies

KPI	Rab-Int-8			Fen-Int-26			Fen-Int-30			
Country C										
	rating	MF	FR	rating	MF	FR	rating	MF	FR	average
No. of committed studies	2	3	6	4	3	12	-	-	-	9
Marketing Alignment	3	4	12	4	4	16	-	-	-	14
CP/P-ratio	5	1	5	5	1	5	-	-	-	5
CS/P-ratio	4	1	4	5	1	5	-	-	-	4.5
Quality of Feasibility	5	4	20	2	4	8	-	-	-	14
Time for IEC Approval	5	3	15	1	3	3	-	-	-	9
Time for Notification Approval*	NA	2	NA	NA	2	NA	-	-	-	NA
AP/P-ratio	5	4	20	5	4	20	-	-	-	20
AS/P-ratio	3	3	9	5	3	15	-	-	-	12
CP/AP-ratio	5	4	20	5	4	20	-	-	-	20
Time to complete Trial	3	4	12	3	4	12	-	-	-	12
SF/AP-ratio	1	3	3	5	3	15	-	-	-	9
DO/AP-ratio	5	2	10	1	2	2	-	-	-	6
Amendments handling	5	3	15	5	3	15	-	-	-	15
Drug supply handling	5	3	15	1	3	3	-	-	-	9
SAE-handling	5	5	25	5	5	25	-	-	-	25
SUA-handling	5	5	25	1	5	5	-	-	-	15
DCF/patient	4	3	12	4	3	12	-	-	-	12
Time to resolve all DCF's	3	3	9	3	3	9	-	-	-	9
Site closure Notification to regulatory body	1	2	2	1	2	2	-	-	-	2
Site closure Notification to IEC	1	2	2	1	2	2	-	-	-	2
Audit	NA	5	NA	5	5	25	-	-	-	25
Total										248.5

NA = not applicable
* the notification approval goes in parallel to the IEC approval and not sequential as in Switzerland

Table 26: Performance analysis of Country C for the referenced studies

7.3.   Analysis of the performance gap

KPI	Switzerland	Country I	Country C	Gap*
No. of committed studies	9	NA	9	0
Marketing Alignment	14	16	14	-1
CP/P-ratio	3.5	5	5	-1.5
CS/P-ratio	3	4.5	4.5	-1.5
Quality of Feasibility	14	20	14	-3
Time for IEC Approval	12	3	9	+6
Time for Notification Approval*	10	3	NA	+7
AP/P-ratio	14	20	20	-6
AS/P-ratio	7.5	13.5	12	-5.25
CP/AP-ratio	14	20	20	-6
Time to complete Trial	14	10	12	+3
SF/AP-ratio	15	12	9	+4.5
DO/AP-ratio	4	5	6	-1.5
Amendments handling	15	15	15	0
Drug supply handling	15	15	9	+3
SAE-handling	20	25	25	-5
SUA-handling	25	25	15	+5
DCF/patient	6	7.5	12	-3.75
Time to resolve all DCF's	4.5	9	9	-4.5
Site closure Notification to regulatory body	10	NA	2	+8
Site closure Notification to IEC	10	NA	2	+8
Audit	15	15	25	-5
Total	254.5	243.5	248.5	**

NA = not applicable
* gap = Swiss performance – average performance of Country I and Country C
** gap of the total performance not applicable due to missing performance ratings of Country I and Country C

Table 27: Performance gap between Switzerland and "best in class"

According to the gap analysis (Table 27), the following performance gaps with a high impact (gap ≥ 5) could be identified:

- **Actual patients divided by the population of a country (AP/P-ratio)**
- **Actual sites divided by the population of a country (AS/P-ratio)**
- **Committed patients divided by the actual patients (CP/AP-ratio)**
- **Serious Adverse Event (SAE)-handling**
- **Result of internal/external audit**

8.   STRATEGY TO CLOSE THE GAP

Performance gaps may arise due to a number of different reasons, and just to imitate the "best in class" may not always be the ideal solution due to national differences of the legislation and company structure. The aim should therefore be to improve the performance by taking the local situation into consideration. In the following chapter, ideas are given which can be implemented in Switzerland from a practical point of view.

8.1.   Actual patients divided by the population of a country (AP/P-ratio)

More patients must be included into the trials. Every additional patient in a clinical study has a significant impact on our resources. We are currently challenged with reduced headcount and decreased financial resources. Since local projects are financed from our local MAF budget and international ones centrally, we should further shift our activities towards *European trials* with a central budgeting. This measure has already been implemented.

Other measures to improve the number of actual patients are *competitive recruiting* between different centers participating at the same center and patient *recruiting with the help of different medias* such as newspapers and internet-tools. We have indeed used competitive recruiting in a recently finished trial (EPO-INT-02), and will use patient recruiting material in an upcoming study (TOPMAT-MIG-303).

The following measures will specifically be pursued:

- Increased participation in International/European trials and lower investment in local studies (activity 1)
- Discussion with the Medical Affairs Managers about methods to improve the recruiting rate (competitive recruiting and patient recruiting material such as brochures, advertising, radio, newspaper) (activity 2)

8.2.   Actual sites divided by the population of a country (AS/P-ratio)

When recruiting the study centers, we should try to convince more investigators (with a lower patient number) for our trials. By doing this, we could improve our impact from a geographical perspective. This is of even greater importance considering the fact that Switzerland is composed of three different regions with each having a distinct language and cultural setting. A study done in the German-speaking part of Switzerland may not necessarily

be appreciated by the French-speaking part. It's always better to have them both participating.

Other methods to improve the AS/P ratio include measures to improve the *relation with our Key Opinion Leaders* (KOL), a better *payment* (difficult due to budget constraints), introduction of *innovative new drugs* and placement of *phase II/IIIa trials*. Whereas locally we have not much of an impact on the payment and the innovation level of our products, we can certainly influence our KOL's by involve them in advisory boards and placement of early stage clinical trials in Switzerland. We are currently working very hard on both issues with a novel chemotherapeutic drug (VELCADE), which will be launched in summer 04.

The following measures will specifically be pursued:

- Current status regarding advisory board participation of our KOL's (activity 3)
- Discussion with the Medical Affairs Managers regarding methods to improve the relationship with KOL's (activity 4)
- Establish the involvement of KOL's from different language areas as a guiding principle (activity 5)

8.3.   Committed patients divided by the actual patients (CP/AP-ratio)

The CP/AP-ratio describes the willingness of the investigators to fulfill their commitment. Although the investigators can influence the recruiting performance, it is also up to the LTC and study monitor to optimally *inform the investigator regarding possible recruiting hurdles* and to assure a flawless execution of the study protocol. Other measures include *competitive recruiting* and *patient recruiting material* as described in chapter 8.1. In addition, the monitor and LTC have to constantly check the recruiting rate of all investigators and have to interfere early before it's too late to catch-up. The monitor must visit the study site on a regular basis and remind the involved study-personal (investigator, co-investigators, study nurses) if the recruiting rate is not satisfactory. Low performers must sometimes be excluded from further participation.

The following measures will specifically be pursued:

- Current status of the recruiting rate from all ongoing trials (activity 6)
- Training of the Medical Affairs Managers regarding methods to improve the recruiting rate (competitive recruiting and media recruiting) (activity 2)

- Training of the (external) monitors regarding methods to improve the recruiting rate (activity 7)

8.4.   Serious Adverse Event (SAE)-handling

The SAE-handling must be performed according to the Swiss legislation and local SOP's, and no deviation should be tolerated. Both the monitor and LTC are responsible for the timely reporting of SAE cases by the investigator, and must make sure at the initiation visit that he knows the definitions and timelines. To improve this compliance issue, training tools must be established for our investigators. In addition, we have to verify that our external monitors from CRO's are familiar with our internal SOP's.

The following measures will specifically be pursued:

- Verify the knowledge status of our monitors regarding internal SAE reporting procedures (activity 8)
- Training of the monitors and Medical Affairs Managers regarding internal SAE handling (activity 9)
- Monitor future compliance issues by periodic checks (activity 10)

8.5.   Result of internal/external audit

At our internal audit from the FEN-INT-26 trial, a number of minor findings were found and have already been implemented. At a second audit a half-year ago we again were confronted with a number of minor findings. Again, we have corrected these findings and in addition communicated the findings in our department as a learning experience. The findings from different audits are usually very diverse. Therefore, the best is to learn from each other and to demonstrate the audit findings with the corresponding corrective actions to the other Medical Managers.

If I would have the resources, I would start to write an "audit-guide" with best practices, most common findings, a guideline how to prepare an audit, and up-date this guide on a continuous basis. However, this has to be postponed to headcount constraints.

The following measure will specifically be pursued:

- Discuss audit findings with the whole medical department to learn from each other (best practice) (activity 11)

9.   STRATEGY TO SUSTAIN PERFORMANCE IN WELL EXECUTED PROCESSES

To close the gap to the "best in class" is certainly a fantastic tool to improve the performance. However, it is also paramount to sustain the performance level in well-executed processes. According to the analysis of the performance gap (chapter 7.3), the MAF group Switzerland has also shown superior performance in the following tasks:

- **Time for IEC approval**
- **Time for notification approval**
- **Time to complete the trial**
- **SF/AP-ratio**
- **Drug supply handling**
- **SUA-handling**
- **Site closure notification to regulatory body**
- **Site closure notification to IEC**

9.1.   Timing issues

The time for IEC approval and the time for notification approval are defined by the time it takes to receive the IEC approval and regulatory body approval, respectively. The time to complete the trial determines the relation between the actual vs. the planned time to complete the trial. All three metrics can therefore be positively influenced by a careful time-management, and by a realistic prognosis regarding the outcome. Further, we depend very much on our IEC and regulatory body, who obviously are doing a good job. A correct timing might be a Swiss specialty, which we will try to keep that way. Further, we have currently very experienced medical managers who are trained to keep the timelines. The only action point will be:

- a careful and profound training of new medical managers (activity 2, 7 to 9)

9.2.   Percentage of screening failures in relation to all included patients (SF/AP ratio)

Screening failures occur when patients are included into studies even when they don't meet the inclusion or exclusion criteria. This ratio is very much dependent on the training and of course willingness of the investigators to

follow the study protocol. Therefore, we have to keep our level of investigator training before a trial starts. Other big influencers are the CRA's, who regularly monitor the trial progress, and take corrective actions in case the protocol has been violated by the investigator, co-investigator or study nurse. We work very closely with three CRA's since years. We should try to establish a long-term business relationship with them, and put enough resources behind the training of new CRA's (e.g. training of local SOP's) and new medical managers who will coordinate the trial in the function of LTC's. In addition, the selection of investigators (experience with clinical trails, resources) plays an important role and must be regarded as a key factor for success. The LTC's must be trained to recruit successfully. In brief, we must:

- Put sufficient resources behind the training of new CRA's and LTC's (activity 2, 7 to 9)

9.3.   Legal issues

The drug supply handling, the SUA handling, and the site closure notification to both the regulatory body and IEC are following legal requirements and may have serious consequences in case of non-compliance. Similar to the KPI's mentioned above, a thoughtful training of medical managers, monitors and investigators is key to comply with these requirements. It will be paramount to train new and inexperienced parties.

10.   COST-BENEFIT ANALYSIS

The following activities have been identified as crucial for the success of our Medical Affairs clinical trial processes:

Activity 1:   Increased participation in International/European trials and lower investment in local studies

Activity 2:   Discussion with the Medical Affairs Managers about methods to improve the recruiting rate (competitive recruiting and patient recruiting material such as brochures, advertising, radio, newspaper)

Activity 3:   Current status regarding advisory board participation of our KOL's

Activity 4:   Discussion with the Medical Affairs managers regarding methods to improve the relationship with KOL's

Activity 5:   Establish the involvement of KOL's from different language areas as a guiding principle

Activity 6:   Current status of the recruiting rate from all ongoing trials

Activity 7:   Training of the (external) monitors regarding methods to improve the recruiting rate

Activity 8:   Verify the knowledge status of our monitors regarding internal SAE reporting procedures

Activity 9:   Training of the monitors and Medical Affairs managers regarding internal SAE handling

Activity 10:   Monitor future compliance issues by periodic checks

Activity 11:   Discuss audit findings with the whole medical department to learn from each other (best practice)

In Table 28, these activities are weighted according to their expected benefit and cost (in this context, cost means achievability, financial implication and time needed):

	Achievability	Funding needed	Time needed	Average cost	Expected benefit
Activity 1	++	+++	+	++	++
Activity 2	++	+++	+++	+++	+
Activity 3	+	+	++	+	+++
Activity 4	+++	+++	+	++	+++
Activity 5	+	++	+	+	+++
Activity 6	+++	+++	+++	+++	+
Activity 7	++	++	++	++	+++
Activity 8	++	+++	++	+++	++
Activity 9	+++	+++	+++	+++	+
Activity 10	+	+++	++	++	+
Activity 11	+++	+++	++	+++	+++

+ = high cost or low benefit; ++ = moderate cost or moderate benefit; +++ = low cost or high benefit

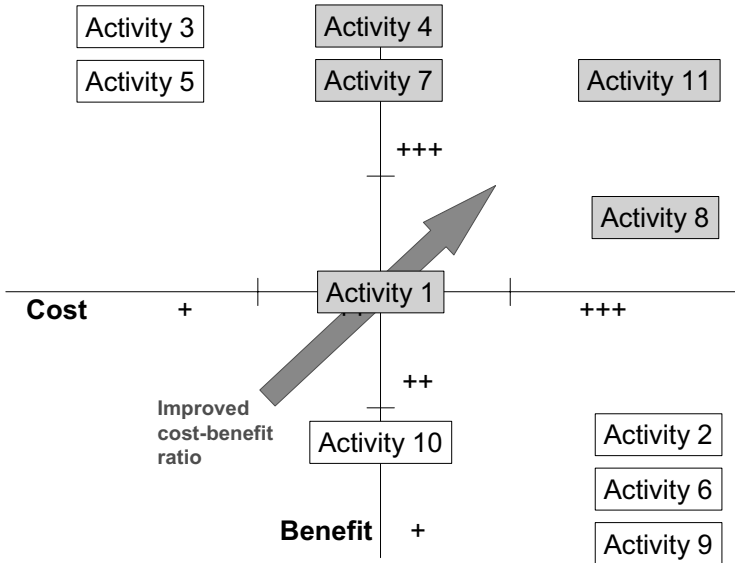**Table 28:** Cost-benefit analysis all MAF activities

Figure 8: Activities 1, 4, 7, 8 and 11 have the highest cost benefit ratio

According to the cost-benefit analysis in Table 28 and Figure 8, activities 1, 4, 7, 8, and 11 have the best cost-benefit ratio and should be processed in the first priority. Activities 3 and 5 have a high benefit, but are also associated with high costs. They should be regarded as a long-term-investment, and need considerably higher resources than most other activities.

The activities 2, 6, 9 and 10 are easy to accomplish, but are not as rewarding as other activities. However, these activities are low hanging fruits and should be processed along the way.

Please note that the weighting of the activities is again very subjective and may vary considerable depending on the assessor. The author feels that this weighting best reflects the current situation for the MAF team Switzerland.

11.   IMPLEMENTATION OF MEASURES

Based on the analysis and identification of key activities to close the gap, the implementation timelines as shown in Figure 9 are proposed:
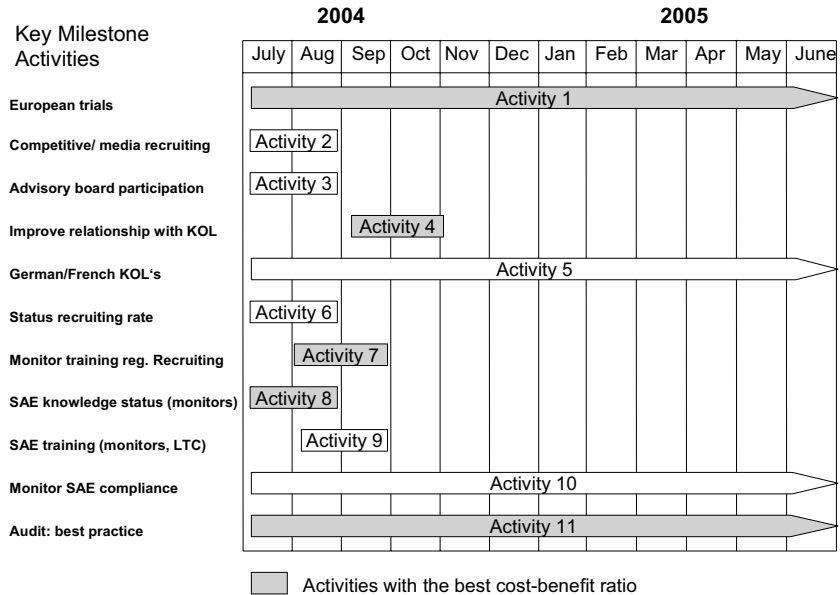
Key Milestone Activities	2004					2005					
	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
European trials	Activity 1											
Competitive/ media recruiting	Activity 2											
Advisory board participation	Activity 3											
Improve relationship with KOL			Activity 4									
German/French KOL's	Activity 5											
Status recruiting rate	Activity 6											
Monitor training reg. Recruiting			Activity 7									
SAE knowledge status (monitors)	Activity 8											
SAE training (monitors, LTC)			Activity 9									
Monitor SAE compliance	Activity 10											
Audit: best practice	Activity 11											

☐ Activities with the best cost-benefit ratio

Figure 9: Implementation plan of key activities to close the gap

The activities are grouped according to their impact on the MAF performance. Safety and compliance issues have to be addressed in the first line. Activities with a defined start and end are depicted as a square. Activities, which may pop-up irregularly but on a continuing basis, are shown as an arrow. The proposed actions are not worked-out in all their details since this is not in the scope of this thesis and also considerably varies depending on the task and involved persons.

The author is convinced that, by implementing the proposed activities, the performance gap to the "best in class" can be closed, and MAF Switzerland will considerably improve it's delivered value for the whole operating company.

12. CONCLUSION

12.1. The need to optimize clinical trial processes

Modern drug discovery has changed considerably in the last decade with the discovery of new drug targets and revolutionary advances in molecular biology, genomics, proteomics, bio-informatics and nanotechnology. Nonetheless, the number of new molecular entities (NME) has fallen on a global basis, leading to continuously increasing development costs of at least 800 Million USD per new drug. Early termination of doubtful drugs in early clinical development and stringent cost containment and time management are paramount for the pharmaceutical industry. Thus, streamlining clinical trial processes by optimizing each individual step is one of the key success factors in this business.

12.2. Reasons to use benchmarking to improve the performance

Benchmarking is a practical tool to improve the performance by learning from best practices ("best in class") and the processes by which they are achieved. The application of benchmarking basically involves four basic steps: 1) understand your own processes in detail; 2) analyze the performance of others; 3) compare your own performance with that of others analyzed; 4) implement the steps necessary to close the performance gap. Benchmarking does not simply mean to copy other's best practices, it requires the ability to innovate and adapt what you have learnt from others according to your organisation's specific needs. By using this tool, two lessons can be learnt: first the user is forced to understand his own processes in a great detail, and second he can benefit from the experience from the class leaders. Benchmarking allows to re-engineer processes and thus lead to incremental and sometimes disruptive innovation. Depending on the objectives, an internal benchmarking within it's own industry can be used, in particular if only incremental innovation is sufficient. Benchmarking outside the industry might deliver a much bigger improvement, but is usually associated with bigger resource needs.

12.3. Political considerations during benchmarking

It's the nature of benchmarking to compare the performance of different organizations and their processes. Whereas the "best in class" will be flattered, those at the lower end will not see the importance to participate at this exercise and might question the usefulness and validity of the performance evaluation. As a consequence, successful benchmarking is only feasible with the commitment of the senior management. In the best case, senior management sponsors the project. If a line manager has the idea to

benchmark with other institutions, he should inform senior management before contacting his colleagues. What I have now described for internal benchmarking, is of even greater importance if benchmarking within it's industry is planned. Then, the senior management of both companies have to come to an agreement and formulate the conditions to allow a win-win situation. The same applies for benchmarking projects outside the industry, although it might be easier to come to an agreement.

12.4.   Core processes of Medical Affairs

Although the Medical Affairs unit in Switzerland performs a lot of different tasks (e.g. medical training of sales representatives, medical information, marketing/sales support, pharmacovigilance and clinical trials), the core process with the biggest business impacts remains the conduction of clinical phase IIIb and IV trials. Within our company, there is currently a lot of debate if MAF should still be responsible for these tasks, in particular phase IIIb trials, or rather focus on phase IV studies and surveys (a survey is regarded as a marketing tool, requires no IEC approval, but does not allow any additional intervention to standard treatment by the physician). Our clinical R&D organization (J&J PRD) would then also take care of all phase III trials. The analysis presented here could be a strong argument not to change the responsibilities of clinical trials.

12.5.   Choosing the best KPI's

The performance is measured according to pre-defined key performance indicators. It's absolutely paramount to choose the best-possible KPI's to bring your organization forward. I have identified 20 different KPI's - both quantitative and qualitative ones - to reflect both hard facts such as timing issues and patient numbers, but also soft parameters to measure clinical performance. Although I was able to fill out the performance questionnaire, my comparison countries - Country I and Country C - could not deliver all relevant data due to local differences of their health care systems and legislations. As a consequence, only comparable parameters should be measured and KPI's must be constantly adapted to best reflect continuous changes.

12.6.   Performance gap of MAF Switzerland

The analysis of our performance gap revealed that MAF Switzerland has to improve on five key processes: 1) Actual patients divided by the population of a country (AP/P-ratio); 2) Actual sites divided by the population of a country (AS/P-ratio); 3) Committed patients divided by the actual patients (CP/AP-

ratio); 4) Serious Adverse Event (SAE)-handling and 5) Result of internal/external audit.

12.7. How to close the performance gap

After performance gaps are identified, ways have to be found to close them. This can either be achieved by copying the class leader, or by looking for individual and feasible solutions to best address the local needs. Since both our resources and legal requirements differ from Country C and Country I, practical solutions were sought to improve our weaknesses. Off course, a more comprehensive approach would include intensive discussions with Medical Managers and Directors from the lead countries. However, it has to be stated that our five performance gaps can easily be addressed with well-known improvement measures. The value of this benchmarking project is therefore the identification of the performance gaps, and less so the methodology to close them.

12.8. We have to improve our recruiting rate

Both the actual patients divided by the population (AS/P-ratio) and the committed patients divided by the actual patients (CP/AP-ratio) are considerably lower compared to the Country I and Country C. We therefore have to find methods to improve our recruiting rate of the involved investigators and co-investigators. The two most common tools are competitive recruiting and patient recruiting material, which both should be implemented as soon as possible. The AS/P-ratio gap should be closed by improving our current status with the key opinion leaders (KPI's), e.g. involve them in advisory boards and early clinical trials (phase II and IIIa/b). Further, the Medical Managers and monitors must be better trained to motivate investigators to fulfill their commitment.

12.9. We have to involve more study sites per trial

The AS/P-ratio, which describes the actual sites divided by the population of a country is much lower compared to the class leaders. Since local studies are often monocentric to get the commitment of a KOL, we should focus more on international trials and convince more investigators to participate (consequently with a lower patient number per investigator). In addition, we should establish the involvement of KOL's from different language regions at the same trial as a guiding principle.

12.10. Improvement of SAE-handling

Our fourth performance gap is related to the SAE-handling, which is strictly regulated by local legislation and internal SOP's. Again, training of medical managers and monitors, who at the end have to motivate the investigators to comply with the regulations, are the primary measures to be pursued. Periodic compliance checks should further be implemented.

12.11. Audit

The fifth performance gap relates to the soft KPI of auditing because we had some compliance issues at our internal audit. To address this issue, audit findings are now always discussed with the whole team in form of best practice sessions. Further, we perform a pre-audit to best prepare for the inspection if feasible. The same measures are now taken for other audits (e.g. upcoming warehouse or pharmacovigilance audits)

12.12. How to sustain the performance in well executed processes

Besides closing the gap to the "best in class", measures have to be taken to sustain the performance level in well-performed activities. In the performance gap analysis, a number of timing issues and legal requirements were identified, in which the Swiss MAF group performed on a higher level compared to Country I and Country C. These processes are very much depending on the time-management capabilities of our LTC's and monitors, and the pre-study training of investigators, co-investigators and study nurses. As an action point, new parties (e.g. monitors) must be trained thoughtfully, and the investigators must be chosen carefully.

12.13. Implementation plan

Since these activities do not happen by themselves and require careful planning, an implementation plan has been provided. I am convinced that the proposed activities will close the performance gap to the "best in class" and therefore considerably improves the delivered value of the MAF team to the Janssen-Cilag AG operating company in Switzerland.

12.14. Future activities

After the identified key milestone activities have been implemented, the change must be measured and our clinical trial processes should be updated on a regular basis. In other words, benchmarking should not be a one-time exercise; it should rather be a continuous tool to improve business results. Further, the chosen KPI's must be adapted to the continuously changing

landscape (e.g. new European trail directive). Last but not least, I will motivate my colleagues from other functional areas to follow my example and benchmark their performance.

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PART II: CURRICULUM VITAE

I was born on August 8th 1966 in Baden, Switzerland, and completed my basic education including kindergarten, primary and secondary school between 1972 and 1982 in the neighborhood city Wettingen. Thereafter, I went to the high school in Baden (mathematic type), which I completed in 1986.

From 1988 to 1994 I went to the Medical School at the University of Zürich, and completed my thesis ("Funktionelle Auswirkungen des Spenderdefektes nach lokaler Muskellappenplastik am Unterschenkel mittels Gastrocnemius/ Soleus-Lappen") in 1996. Following my medical study, I started my professional experience as a resident at the institute of clinical and transplantation surgery, University Hospital Berne (chairman: M.W. Büchler, M.D.).

To broaden my horizon, I decided to spend two years as a research fellow at the gastric pathobiology research group, Yale School of Medicine (chairman: Irvin M. Modlin, M.D., Ph.D., F.A.C.S.). This fellowship was sponsored by two awards of the Swiss National Science Foundation: 1) "The clinical and biological relevance of the somatostatin receptor in naïve and tumor enterochromaffin cells "and 2) "Effect of PACAP and VIP on the proliferation of naïve and tumor ECL cells of *Mastomys natalensis*". Some major publications resulted from these activities including original research papers in "Gastroenterology" and "Regulatory Peptides". My main scientific work was in the field of gastric endocrinology ("the neural regulation of enterochromaffin -like cell proliferation") but also in clinical cancer research, particularly of the hepatobiliary system and the pancreas. In total, twenty publications (most of them as a first author) and numerous book-chapters, posters and abstracts were the fruits of my big interest into basic and clinical science.

After returning from the USA in 1999, I worked another 6 months as a surgeon before I joint the clinic of Internal Medicine at the University Hospital Berne. At this time, I started my postgraduate studies at the GSBA in Zürich. In 2001, I received the Bachelor of Business Administration, and also decided to give my professional career another direction. Consequently, I joined one of the leading pharmaceutical companies of Switzerland, Janssen-Cilag AG (an affiliate of Johnson & Johnson), as a Medical Manager. In spring 2002, I was promoted Director Medical & Regulatory Affairs and run the medical and regulatory affairs unit since then.

I am married with Sapa since 1994, and have two wonderful children Jeannine (8 years) and Jacques (6 years).

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