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CASE STUDY

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Transforming corporate headquarters: a case study of a collaborative journey



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Abstract

Transforming the organizational structure of a headquarters in order to decentralize authority and decrease its size remains a huge challenge for international corporations looking for agility. One of the main issues is how to overcome the inertia of corporate headquarters (CHQ). This paper examines a CHQ transformation at an industrial multinational that has developed its own participative method with strong reliance on internal resources and an intensive pace of change. It outlines how internal change agents orchestrate and implement this change at the level of CHQ—but not without some tradeoffs. While the approach adopted has helped CHQ and the organization to develop new skills and ways of working, at the same time some tradeoffs—such as the pace of change and the exclusion of managers from the consultative process—may have had effects on the implementation of change.

Keywords: Change processes, Internal change agents, Corporate headquarters (CHQ) transformation, Collaborative practices

Introduction

Transforming headquarters to decentralize authority and give greater agility to the whole organization remains a major challenge for international corporations (Ferlie and Pettigrew 1996; Kunisch et al. 2015). The roles and tasks of the traditional CHQ situated at the top of an organizational structure are now being called into question and disputed. The main challenges in this quest for transformation are to overcome the propensity that CHQs have toward inertia (Miles 2010) and to select the most efficient approach to implement changes.

A large industrial multinational with French roots launched an unusual change process at the time of a new CEO's arrival that affected its headquarters in the context of France's centralized public companies. The new organizational structure and strategy called for the transfer of power from CHQ to new business units. But what was the best way to achieve this goal?

Several key practical challenges have been tackled throughout this case of CHQ transformation. The first challenge: designing and implementing a “homemade” participative method of transformation in order to develop new internal capacities

required to run an agile and decentralized organization in a pyramidal multinational with a top-down tradition. This transformation can be read as a process of “becoming,”¹ which is appropriate in an organizational context where efforts are being made to overcome inertia, implement a new strategy, and, at the same time, create a new mindset. The second challenge: coordinating the roles and interactions of the different focal actors in the process of change, particularly the top management team, the transformation department, the internal facilitators, and the managers. The third challenge: counterbalancing the propensity of CHQs toward inertia by adopting an intensive pace of change, with possible tradeoffs, particularly with a differentiated involvement of employees versus managers in the process.

This case study² offers an empirical opportunity to illustrate and assess these tradeoffs and their consequences. It illustrates a “becoming” change process, where the journey is as important as the destination. Here the process of change itself forms part of the final strategy, which aims to align all the components of the organizational structure and develop the workforce’s dynamic capabilities.

The situation of the Group³

The deregulation of European markets in the early 1990s promoted the international growth of the Group, an old French industrial company. Several subsequent mergers, followed by the acquisition of a major international competitor in 2010, were crucial steps, and the Group became the world’s leading firm in its markets in terms of revenue. It has a turnover of almost €60 billion (2018) and employs approximately 150,000 people in 70 countries. Although the Group is now a multinational enterprise, the French state continues to hold around 20% of its share capital. Therefore, its past as a public company still influences its values and management approach.

Strategic reorientation of the Group

In 2015, directly inspired by changes in the Group’s environment, the new CEO of the Group launched the future corporate strategy with a focus on decentralization and digitalization to address the following challenges:

- support the Group’s digital transformation;
- develop new activities based on the valorization of local resources;
- move toward the coexistence of centralized and decentralized generation systems, making them smarter, more efficient, and more flexible;
- put this approach into practice locally as much as possible on an area-by-area and country-by-country basis.

¹The process of becoming has been discussed by Langley et al. (2013).

²To document this process of change, various data were collected: in-depth interviews of internal stakeholders involved in the change process, detailed feedback given in the internal surveys, and internal corporate documents. Each step was documented by internal reports before, during, and after the process. The authors attended as observers alongside CHQ employees two 1-day seminars about the transformation. The authors held numerous exchanges with members of the transformation department. This article arose from a shared desire to conceptualize the method developed and implemented by the transformation department. This proximity to the data is balanced out by the academic authors, who provide distance as a result of their outsiders’ perspectives and scholarly frameworks for data analysis (Gioia et al. 2013).

³The company in question asked to remain anonymous, so we refer to it as the Group.

Until this time, the Group had been divided into five business lines, overseen by a large CHQ. The top management team (TMT) felt that this organizational structure was ill-suited to the implementation of the new strategy and proposed a new structure that redefined everybody's responsibilities. The five business lines were abolished and 20 business units (BUs) were created to lower the Group's center of gravity. The intention was also to increase flexibility, mobility, and response times to ensure close alignment with local areas. As a result, each BU is a geographic entity tied to a particular country (Brazil, China) or group of countries (Northern, Central, and Southern Europe; Latin America; Southern Asia/Middle East; Asia-Pacific; North America; Africa), depending on the density of activities. France was handled in a special way given its major significance in terms of size within the Group and the presence of regulated entities. To enhance interconnectivity, the geographic BUs were supplemented by global steering BUs to reflect the worldwide scope of their activities. Based on the subsidiarity principle, each of the 20 BUs operates with a high level of autonomy, planning and honing its own strategy and development depending on its market, and tailoring these to the market's maturity and regulation type, the specific risks facing each area, the competition, and consumer requirements. Alongside the creation of the BUs, the details of a new CHQ were worked out to ensure that the Group operated as an interconnected unit in line with its "One Company" principle. In turn, five entities, called "business lines," were established and centralized within the CHQ with the following tasks:

- accelerate development through support provided to the project and the management of major programs;
- support industrial and commercial development;
- identify and interconnect all competencies;
- oversee, in their areas of competence, implementation of the Group's overall strategy.

At the central level of CHQ, the business lines form close-knit teams that can mobilize internal networks of competencies within the BUs. Their impacts on general management and the BUs is consolidated by five global operational functions: (1) business development overview, tasked with ensuring the strategic consistency of investment decisions and overseeing requirements in development processes; (2) research and technology, responsible for integrating a 5-year vision into the business lines; (3) industrial projects; (4) strategic sourcing and supply; and (6) shared services center (SSC), an autonomous function with responsibility for transactional activities (general purchases and IT, finance, human resources, real estate, logistics, information systems, and internal consulting).

The shift away from a highly centralized vision of their organization has been a radical change for the Group's employees. However, for the TMT, the new structure was about more than a change to the Group's organizational charts—the idea was also to evolve operationally.

Mismatch between CHQ and the new organizational structure

Following the implementation of this new organizational structure, the TMT thought that CHQ would naturally evolve and adapt to this redistribution of roles and tasks. This was a

major challenge due to the Group's French roots: The CHQ had always been considered the command center, the organization's center of gravity. Furthermore, the holy grail for all of its managers was to have a role at the CHQ, considered a marker of recognition and prestige. The new orientation of the future CHQ rattled staff and the management layers in particular, by reversing this traditional order. More specifically, in the context of the enterprise project, it was expected that the future CHQ would:

- uphold the unity, authority, and consistency of the Group's management and of the collective interest, in line with the "One Company everywhere" principle;
- challenge and be challenged;
- deliver high-quality services to general management;
- continuously analyze its own effectiveness.

Under the new strategic plan, CHQ's mission is to safeguard the collective interest and the coherence of Group administration. The aim is to refocus on the following missions: define strategic orientations based on forward-looking analyses; set the associated overall objectives; promote the appropriate regulatory and institutional commitments; organize reporting within the Group; and, finally, determine the conditions for the transformation. Here the new CHQ structure is supposed to focus specifically on the administrative function of regulatory affairs, as well as on the more entrepreneurial function of value creation.⁴

However, the CHQ has not adapted quickly enough to the reorganization; it continues to conduct operational tasks that should have been transferred to the BUs. With all of these tasks still being carried out by CHQ, its position is confused, and during discussions between general management and the new BU executive committees, the latter accused CHQ of continuing to have a "command and control" mindset. Specifically, the BUs view CHQ as a "structure that is too complicated and should be simplified" and "too expensive," where "roles and responsibilities need to be reviewed to establish a more efficient process while avoiding task duplication." Support function customers have asked CHQ to "simplify management levels and simplify structures" and to "make the CHQ leaner to improve the level of service." The CHQ's relationship with the BUs needs to be revised; while ensuring the feedback of information required for the Group, CHQ must be redesigned to serve them.

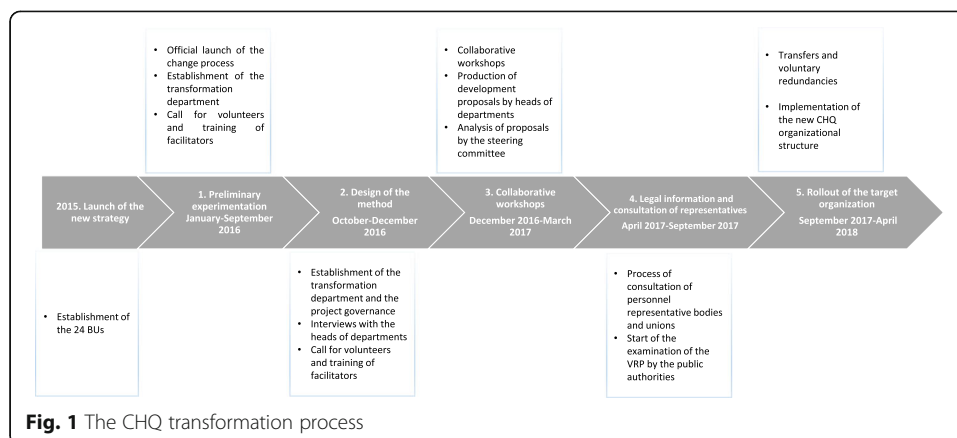
This mismatch between an organizational structure resulting from a new strategy and a more traditional centralized CHQ is clearly identified as a trigger of change.⁵ This gives rise to a number of bottlenecks in the transformation process, as well as a certain amount of inertia at CHQ. In fact, the challenge is to move away from a framework in which "command and control" is exercised by CHQ, and move toward greater decision-making authority for the BUs.

The CHQ transformation process

To illustrate the change process effectively, the following sections detail the sequences of events. They offer a broad view of the whole process and reflect its intensity in terms

⁴This topic has also been discussed in the literature; see Ciabuschi et al. (2012).

⁵On this topic consult Kunisch et al. (2012, 2015).



of pace and the role of each stakeholder. Next, Fig. 1 presents the CHQ transformation process.

Phase 1: preliminary experimentation (January–September 2016)

The new organizational structure was launched in January 2016. Several CHQ adaptation approaches were tested, starting in the spring, at the instigation of the new TMT. Undertaken with the aid of various external consulting firms, the results of these efforts did not fully live up to expectations, although they did pave the way for, and then foster, a favorable environment for the launch of the transformation process. Several reasons explain these setbacks:

- While external consultants⁶ are very much experts in organizational strategy, their jobs come to an end once the strategy has been worked out, and they leave implementation to the managerial line, even though this is the most difficult and perilous part of the transformation process. Managers may feel helpless and do not always have the resources and competencies to mobilize their teams. Furthermore, this is not always the best way to foster the involvement of internal stakeholders.
- Where the strategy and new blueprints designed by external consultants risk having a destabilizing effect on managers and executives (in terms of their habits, power relations, and so on), it is not surprising that they are not very motivated to implement them.

To guide the CHQ transformation, the TMT benchmarked the Group's headquarters against the headquarters of other major international groups based on various aspects, including the sizes of the departments and their compositions. It appears that the average cost of general and administrative expenses (generated by the support functions) among large multinationals fell from 4.34 to 3.77% of revenue between 2007 and 2014, according to a report by a consultancy firm. By contrast, in the case of the Group, support function costs still accounted for 5.6% of revenue at the end of March 2016. Another internal study conducted in 2016

⁶On the issue of external consultants, consult Beer (2013) and Stouten et al. (2018).

compared the number of employees at the CHQs of leading multinationals with the total number of employees, finding that the Group had a higher proportion of employees at HQ than the other corporations surveyed. Compared to other industrial groups, the disparity was even greater, with 1.6% of the Group's employees based at HQ as opposed to between 0.2 and 0.5% at the other industrial groups. The Group's TMT used benchmarks as a point of reference in its CHQ transformation objectives, with a view to creating a sense of urgency concerning the need for change. However, despite the number of CHQ employees and the size of CHQ relative to the BUs, the TMT strategically chose not to set quantitative downsizing targets for the former at the start of the transformation process in order to avoid hostile reactions from employees. Before the transformation, the CHQ workforce comprised approximately 1700 employees split between three European geographic locations, with the lion's share (roughly 1250) based in Paris.

Given the imperatives of the new strategy, expectations regarding HQ and benchmarks, the TMT decided that the future CHQ should be the focus of a specific project aimed at completely rethinking how it worked. It entrusted management of this project to a CTO (chief transformation officer) accompanied by a project team. The project team, wishing to set an example in terms of running a major transformation project internally, also put in place various monitoring and governance bodies for this project to be consistent with its goals of transparency and a co-constructed process. These elements were key to establishing the legitimacy of the change process. The change process was officially launched in October 2016, driven by the TMT's desire to quickly move the CHQ's transformation forward.

Phase 2: design of the method (October–December 2016)

This second phase focused on method design and the pilot stage. In October 2016, a CTO was appointed to run this change process, and a transformation department was established. An internal team made up of the CTO and volunteers received the specific task of formulating and facilitating the change process. Past experiences (with external consultants), and also the TMT's beliefs about the strength of a participative approach, were the basis of the method's guiding principles, defined as follows:

- Drawing on internal expertise enhances performance and develops real change-related competencies within the organization.
- Co-construction with individuals promotes involvement in the project.
- Alleviating resistance to change depends on acquiring individuals' trust. Therefore, being transparent and respectful in a way that enables genuine co-construction is a constant objective.
- Setting a good example enhances motivation and performance.

An important feature of the transformation department was the TMT's request that at least 20% of CHQ's workforce be involved in the change process. This was the only set KPI. At the same time, there was no target in terms of workforce numbers to avoid restricting discussions, proposals, and open brainstorming on future tasks. The TMT

also indicated the following set of general orientation principles to guide reflections during the change process:

- The CHQ's activities must serve the interests of the TMT and the board of directors, all BUs, and the external commitments/obligations (regulatory function).
- The CHQ is not intended to perform transactional activities—that is the role of the SSC—or any other activities unless it can be proven that these are best performed at that level, or to undertake activities that do not serve the interests of all BUs (global).
- The CHQ's teams have no integrated support functions (for example, no HR in IT, and no IT in HR).
- The restructuring must support the simplification of the hierarchical managerial line and the reduction of the number of hierarchical levels between the CEO and CHQ employees.
- The restructuring must streamline the number of geographic locations and involve a shift toward homogeneity at the team level.

After these principles were announced in October 2016, an internal collaborative and consultative process was launched to reflect on the changes that would be made to CHQ in order to meet these specifications. In this preparatory period, the transformation department made adjustments to the method to be followed, and consulted the department heads to collect their ideas on processes and changes in their own departments.

This second phase was used to develop the guidelines for both the expected outline of CHQ and the framework for the method to be deployed. The TMT's role here was to make clear the reasons behind its expectations (the *why*), while the transformation department would design the method to be followed to make this collective deliberation and co-construction possible. In this context, the consulted employees had the task of working out how this strategy would be implemented within CHQ. In line with the principle of transparency and taking into account the sensitivity of industrial relations in France, the TMT was careful to organize a governance approach that would follow the CHQ transformation process. Four bodies were established to coordinate and direct the change process, each with its own specific role and makeup:

- a method task force, made up of the CTO and the representatives of the three EVPs (executive vice presidents), tasked with analyzing the suggestions for the target organizational structure and challenging and supporting the department heads;
- the project team, in charge of defining the approach involved in the method, made up of a project management office (PMO) led by the CTO (organizing workshops, putting forward proposals for the target organization, and writing the legal document);
- a steering committee (Steerco), made up of three EVPs representing the Group's executive committee, responsible for choosing between the different proposals;
- a monitoring committee, made up of trade union representatives and the CTO, with meetings initially scheduled twice a month and subsequently on a weekly

basis. This committee addressed all the project's action points. Here too, a co-construction approach was adopted, which helped to foster new trust-based relationships with the unions.

The many exchanges between these four bodies helped to improve the flow of information communicated via various channels. This approach also provided quick returns and facilitated fast adjustments throughout the change process.

Phase 3: collaborative workshops (December 2016–March 2017)

In December 2016, hands-on workshops were launched using 40 volunteer employees as facilitators. Some of them described why they chose to be protagonists in this change process:

In fact, I volunteered [...], taking part in the change process was a new challenge as it was a process conducted in-house by in-house personnel for in-house personnel. That's quite rare, especially in our Group, which has the means to bring in outside firms. It was a pretty unusual approach for them to say, 'we have the talent here.' That was important for me. It was a recognition that people with the skills and willingness to do this are available in the Group.

The workshops were held across the European CHQs. Employees were told that these events were created to give them the chance to make suggestions regarding the breakdown of tasks and the organization of CHQ, as well as internal stakeholders' requirements vis-à-vis CHQ. The framework comprised three consecutive workshops organized in each of the 50 departments with different compositions between December 2016 and March 2017.

At the *first workshop*, only the volunteer employees of the CHQ's 50 departments were invited to attend. To create a climate of confidence and encourage employees to offer opinions, the workshops were closed to managers or directors. Various measures were introduced to encourage everybody to participate (team meetings, a newsletter, and a meeting of all personnel). This workshop aimed to perform a diagnostic assessment and analysis of a map of all departments' tasks and activities. Four basic questions guided the discussions:

- Which activities need improvement?
- Which activities should be kept within the entity?
- Which activities could be transferred to other entities [transactional (SSC) or operational (BUs)]?
- Which activities could be abolished?

Even some facilitators recognize that, despite the novelty of the method and the conditions of the workshop (confidentiality, benevolence, no management presence), it was a major challenge for participants to work on a new target organization in which there was no guarantee they would have a role themselves. A facilitator mentions: "At the Group [...] it was the first time I'd seen that type of workshop in that format [...], I'd

already had to lead some workshops, but not in that format. It was quite a new experience. The volunteer employees were asked to think about the CHQ of tomorrow. It was a rather sensitive question, as they had to think about a target organization in which they wouldn't necessarily have a place themselves." This testimony underlines the difficulty of creating an atmosphere of trust that encourages employees to get involved in the process despite the uncertainty surrounding its consequences for their own positions in CHQ.

The *second workshop* involved only CHQ's relevant stakeholders—people from the BUs and SSC. As such, it was all about getting these stakeholders' views of CHQ's missions. Roughly 700 non-CHQ employees from all of the Group's entities (Asia-Pacific, Middle East, Americas, Africa, Europe, and SSC) were also involved in the process. They were then asked the same four questions posed in the first workshop. This workshop, with a focus on collecting internal stakeholders' ideas, had several objectives: to ascertain their expectations, to make teams aware of the changes to the BUs and to their expectations, and to ensure alignment between the expectations of BUs and the new orientations of CHQ.

Finally, the *third workshop* brought together CHQ employees and stakeholders from the BUs and SSC to draw up scenarios addressing how tasks would develop. The participants were divided into three subgroups. Each group put forward a different scenario using the following scale: a "free" scenario, one that was easy to implement, and a more disruptive scenario. The aim here was to see to it that as many ideas and suggestions as possible got a hearing. At each of these workshops, the facilitators' roles were to ensure that the principles of listening and empathy were respected, enabling employees to speak completely freely, and also to respect the confidentiality of the discussions. Their reports and summaries were also written impartially, with participants' identities kept anonymous. As this facilitator mentions: "I think the use of anonymity worked very well and was really essential. It made some people open up more. The advantage of this method is that it can be a gradual process: The first workshop was designed [to get participants to speak openly]. The collaborative aspect was one of the key success factors, even though people weren't used to it. The workshops and the coming up with scenarios went well."

In keeping with the principles of transparency and respect established at the start of the process, all the employees and employee representatives had access to the reports and summaries from each workshop, regardless of whether they participated. In addition, participants used the digital app Klaxoon to make contributions instantaneously and anonymously. These anonymous ideas and comments were then raised for discussion at the workshops.

In total, more than 800 CHQ employees (almost 50% of the total) participated, substantially exceeding the 20% target participation rate that management had set for these workshops to be deemed a success. In all, 150 workshops were held between December 1, 2016, and February 15, 2017, with no delays arising in relation to the schedule issued to employees. Once all of the workshops had taken place, the department heads (almost 40)—who were only invited to the last hour of the third workshop to hear employees' suggestions—drafted proposals for refocusing activities and a new organization of their areas of activity, based on the workshop findings. Copies were issued to the steering committee from February 2017 on to assess whether these proposals were consistent with the objectives and principles the TMT had earmarked for the new CHQ.

As a result of this collaborative process, a summary of the proposals was sent to the Steerco, which was tasked with choosing between the various options. The first round of this process took place between late February and early March 2017. There were also discussions between the Steerco and the EVPs whose departments were affected around reworking the proposals, as not every one of them complied with all of the TMT's framework principles for the tasks of the future CHQ. Finally, the full set of proposals was submitted to the TMT, along with the points that still had to be settled, relating to the goals of the process. The final choices were made by the executive committee on March 13, 2017.

Throughout these project finalization and target organization stages, all of the employees' suggestions were compiled, as it was important to be able to explain to all participants what had become of each suggestion—namely, whether they had been taken on board in the final target organizational structure, and why not if not.

Phase 4: legal information and consultation of representatives (April–September 2017)

April 2017 saw the start of a new phase during which employee representative bodies were informed and consulted of the final target organizational structure, as required by the French legal environment in which the Group operates. While the Group is present in many European countries, French law regarding industrial relations is the most complex. Because the new target organizational structure entailed reducing the size of CHQ and setting up a voluntary redundancy plan (VRP), this new framework had to be negotiated with the social partners, necessitating a statutory minimum consultation and negotiation period. The Group is an iconic national group in France, seen as a flagship of the French economy. Indeed, it used to be publicly owned, and the French state still holds roughly 20% of its share capital. This made redundancies culturally inconceivable and rendered any organizational change highly sensitive. As a result, the negotiation phase involved various constraints, such as a duty to refrain from informing employees when the social partners would be consulted in order to avoid any obstructive behavior. This silence, which followed an intense period of discussion and information, created a certain degree of uncertainty and even frustration among personnel.

The new organizational structure of CHQ was also submitted to the European Works Council (EWC), which brings together employee representatives from the various countries affected by the transformation. The new target structure was finally communicated on April 20, 2017, 2 months following the final workshop.

Phase 5: rollout of the target organizational structure (September 2017–April 2018)

In September 2017, the social partners issued their opinions regarding the new organization after 5 months of appraisal, and the French state approved the terms of the VRP. Things began to move again, but more slowly this time, at the request of the HR department, which wanted to give employees time to make the best choices in terms of their future positions at the Group regarding: internal mobility (in other words, job transfers), external mobility (personal/professional project), and age-related measures (early retirement). In fact, employees moved very quickly. The social dialog process accompanying the transformation process as a whole, including the ongoing consultation of personnel representatives, enabled this change to take place without

any strike action or major protests, which is unusual in the French cultural context. To this end, a decision was made that the target organizational structure would be introduced gradually, in line with departures and transfers, between September 2017 and December 2018. Support mechanisms for the remaining CHQ employees were established to help introduce the new structure, along with these employees' new tasks. A training plan tailored to each department's needs was put in place to support the development of new competencies.

During this last phase, which focused on the implementation of the new organizational structure, a support program for managers was also established. Their closeness to teams results in them dealing with sometimes complex individual situations, while often being affected by the changes themselves. To avoid managerial isolation and to nurture behavior based on compassion and respect, support, and mutual assistance, managers were trained regarding the psychosocial risks, with some receiving individual or group coaching. In addition, training about a new managerial culture was provided.

At the end of this intensive period, some concrete and immediate changes could already be observed in terms of organizational structure, with a major decrease in the CHQ's size, as well as regarding employees' working and collaborative practices, and a new distribution of roles and responsibilities among CHQ and BUs.

Immediate outcomes of the change process

In terms of the size of CHQ, 40% of positions have disappeared. This means that, in all, CHQ's new organizational structure has 802 fewer positions. Only 115 employees actually left the Group under the VRP; 205 made use of the opportunity to move to another position in the BUs; and 150 took early retirement. The total cost of the restructuring has been estimated at €200 million. For employees, such a major change certainly generates concern and anxiety. While coaching and support measures were in place throughout the process, the departures and job changes may have left some staff feeling a sense of loss. Data on how the change has impacted employee engagement are not yet available.

However, senior managers are seeing some positive changes in work behaviors and practices. The digital tools used during the change process (apps such as Klaxoon and remote collaboration tools) are being used more regularly by personnel, who are now in contact with people in the BUs and around the world on an almost daily basis. As a result, they increasingly promote such working methods themselves. The use of a change method deploying facilitation and consultation tools has also created an appetite among employees for a more horizontal way of working, based more on dialog and collective intelligence. Some CHQ directors observe an increasing propensity toward cross-departmental involvement in new projects. Such collaborative working methods and practices are gaining ground both at CHQ and within the BUs. For instance, 150,000 employees were consulted via a digital platform with a view to devising future strategy. The development of each department's strategic plans appears to be a more open process, drawing on employees' ideas and solutions. Nowadays, it seems incongruous to devise a strategic plan behind closed doors or involving only the management committee. There is

also an abundance of initiatives beyond CHQ, in the BUs.⁷ CHQ therefore acts as a catalyst and facilitator of cross-fertilization.⁸ The TMT encourages the adoption of such change methodologies within the BUs so that they too can move their internal transformation forward.

In terms of roles and responsibilities within the organization, CHQ's new organizational structure involves streamlining headquarters and abandoning certain tasks. For instance, the business development overview (BDO) department (a CHQ department) scrapped several tasks. Its leaders decided that approval-related activities for a first opinion on investment projects should be delegated directly to the BUs, with the BU involvement dependent on the type of activities envisioned. Only acquisitions worth more than €50 million and industrial projects worth more than €150 million will be systematically submitted to the operational function of the BDO. Activities requiring a second opinion will be delegated directly to the BUs.

At the end of December 2018, the new CHQ structure was expanded. The change process was completed in less than 24 months, which is remarkable given CHQ's propensity toward inertia. The intensive pace of change in this case study offers interesting insights.

Key insights of this CHQ change process

The CHQ change process offers four key insights detailed in the following Table 1. As elaborated below, these refer to balancing speed and involvement against inertia, to the importance of journey over destination, to the roles of focal internal actors, and to the choice of proceeding without managers.

Balancing speed and involvement against inertia

Is it better to take your time transforming an HQ with 1700 employees and a highly bureaucratic culture? Or should you do it quickly? In the Group, the TMT opted for a fast pace in order to reduce employees' senses of uncertainty, to create a sense of urgency regarding the need for change, and to limit the risk of inertia at CHQ. The new TMT wanted to mark a major turning point in the Group's general strategy, thereby expressing its vision for the future and signaling a break from the past. Regarding the speed of change, it took less than a year for the team working on the CHQ transformation to complete these initial phases of the process. The collaborative "homemade" approach can explain this pace. The TMT, together with the transformation department, created the right conditions to involve a majority of CHQ employees. From the beginning, they were committed to ensuring transparency and information availability throughout the process. With intensive communication, the different governance bodies enabled a continuous flow of information, which helped create confidence in the process and broad involvement. Accordingly, individuals involved in the process from the outset were regularly informed of progress (through multiple and varied communication channels), and were able to move forward in their acceptance of the major change in the roles and status of CHQ.

⁷Examples: setting up a "shadow" management committee with young talents, implementing "lean" approaches, co-construction approaches.

⁸Participant observations were conducted at this type of meeting in order to highlight and share BU and CHQ initiatives.

Table 1 The key insights of the CHQ change

Key insights	<ul style="list-style-type: none"> - High involvement of CHQ employees, thanks to the novelty of an in-house collaboration method. - Intensive pace of change that counterbalances the CHQ's propensity for inertia. - Specific articulation of the focal actors (TMT, transformation department, facilitators, and governance entities) throughout the process that ensures transparency and information availability. - Change process that serves as a laboratory for demonstrating to the entire group the value of this type of approach. - Development of a new mindset at the CHQ, no longer at the head of the Group, but at the service of the BUs. - Use of qualitative guiding principles instead of quantitative targets. - TMT defining the <i>Why</i> of the change with some guiding principles; the employees defining the <i>How</i>.
Risks for the future	<ul style="list-style-type: none"> - Rollout of the new organization by middle managers not engaged in the change process. - Potential return of old habits. - Challenge of extending these new practices to the entire group, beyond the corporate headquarters.

The scope of the transformation and the number of people concerned (roughly 1700) are also remarkable. The high level of employee participation in the change process (more than 800 employees, almost 50% of the total) is a marker of success and a favorable condition for acceptance of the final organizational design. Furthermore, this design resulted largely from employees' suggestions. Specifically, almost 70% of the 560 employee suggestions were adopted in full or in part. All of these combined elements add legitimacy to management's final decision. From a process point of view, those involved did not have to wait until the end of the process to discover the final organizational design; they were made aware of it as it unfolded.

Another condition partly explains the high level of involvement in this process. The consequences that change had on employees' job security were relatively limited. Indeed, due to the specific public status of some employees and the corporate cultural reluctance to engage in redundancies, participants were assured that the risk of losing their jobs was limited. They knew that the Group would propose several options, such as relocation in a BU or another department, or that the terms of the VRP would be generous. Redundancies were limited and negotiated with advantageous conditions. In this context, people felt safer and more willing to participate in a collective consultation.

In terms of transparency, the TMT was also careful to keep all required stakeholders such as unions and representatives informed through a suitable project-governance approach. For instance, the method task force held weekly monitoring committee meetings with trade union and staff representatives in order to create the right conditions for dialog. As a forum for freedom of expression that exceeded legal requirements, this non-institutional body gave the relevant parties the chance to resolve problems together by breaking away from the kind of posturing often seen in social dialog. More akin to employee representative bodies, the relationship of trust fostered here facilitated the signing of the VRP following the collaboration stage. This focus on quality social relationships avoided the threat of strikes or a position of resistance within the employee representative bodies, thus avoiding inertia and enabling an intensive pace of change.

In turn, the method itself was a major success factor. The collaborative approach adopted was unusual for this organization. The choice made was to disrupt existing

habits by forgetting the experts and giving employees a voice. The preparatory work and the workshop format led to the emergence of a wealth of ideas and facilitated the quick returns expected by participants. From the beginning, the team of volunteer facilitators was dedicated to the project and involved in the design of the change process. The quick pace was accepted because they were allowed to lead the project and set the tempo. Another strength of the method was that all stakeholders concerned were invited to get involved in the co-construction process in the same period. Every department undergoes restructuring at some time or other at its own level, but in this case, everybody addressed the questions at the same time. This meant they all worked on the restructuring together, an approach that enabled rich interactions. It was also a good way to develop a common understanding of the type of organization needed in the future, with a cross-cutting vision. At the same time, it was a huge logistical challenge to handle so many workshops in a limited time. It should be pointed out that overseeing a transformation at such a fast pace can be a source of exhaustion for participants who have to handle their own jobs at the same time as the consultation process. Some press articles mentioned this strain at the Group's CHQ.

"The journey is more important than the destination."

Management's goal was to bring about an organizational transformation that, through experimentation, would develop dynamic capabilities, and, via a co-construction process, produce a new definition of CHQ and its roles. The aim was also to break with the pyramidal centralized tradition that held a powerful CHQ at the top. In the view of the Group's management, this structural transformation also had to be supported by new work practices and behaviors that would reflect this less vertical vision of relations between CHQ and the BUs. Furthermore, the transformation project itself needed to be seen as the locus and means for implementing new collaborative work practices. The change process itself served as a "learning laboratory" for willing employees to experiment with collective intelligence methods to be redeployed in the new CHQ. Their involvement in this collaborative process has made them open to these methods. The features of the various methods—such as the use of internal actors and a broad commitment to the collaborative change process—have contributed to the emergence of cross-cutting collaborative practices. This project at CHQ is now cited as an example for the rest of the organization. The transformation department now observes and accompanies an increasing number of organizational experimentations in the BUs where teams innovate to work differently.

Focal actors: using internal protagonists to coordinate the change process

The success of the change process required a mix of several internal conditions, particularly interactions between different internal actors: facilitators, the transformation department, and the TMT. One of the special features of this change process is the trust placed in employees and their abilities to support the transformation project. The process was all the more unusual because the Group has the financial resources and well-established habits to use external consultancy services. Using internal human resources represented a major shift in the way change was previously conducted (with an emphasis on expertise). The 40 volunteer facilitators from CHQ and the BUs played

the roles of drivers of change. Heterogeneity here reinforced the message that a cross-cutting approach was the Group's new way of working. Having colleagues serving as custodians of this method sent a strong signal to employees, allowing them to make a correlation between the quality of the workshops and internal competencies. The fact that this was done on a voluntary basis was a mark of the trust placed in employees to successfully perform large-scale projects. Furthermore, involving employees who were not primarily people managers helped to ensure constructive discussion with employees. As well as instilling a sense of pride in the project promoters, involving employees in facilitation helped to make them ambassadors for the methodology, ensuring that they in turn embodied these principles and practices in their daily lives. As such, the facilitators explicitly emphasized that the attitude required of them was a key factor in the success of the approach. The support provided to these facilitators by the team in charge of the transformation contributed to a sense of belonging to a community, guided by the same ambition and serving their colleagues' needs.

The transformation department can be said to have played a major role by setting the rules and frameworks of the method. From the outset, the challenge was to move beyond a hierarchical vision of change preempted by experts and managers. In the process of change, this internal department contributed by nurturing the process and guaranteeing transparency, and it now contributes to the rest of the organization with the learning outcomes.

After defining the new strategy (the *why*), the TMT⁹ initiated the transformation by adopting a broad consultative process to address the corporate culture. In order to be coherent, the TMT limited its intervention during the process. It issued guiding principles and empowered people to express themselves freely with regard to the new CHQ configuration. This combination of top-down and bottom-up approaches is unusual in the context of a major hierarchical traditional organization like the Group. The TMT needed to be confident in the method adopted. The arrival of the new CEO was undoubtedly a unique occasion for this strategic and cultural turn.

Management issue in a process of change without managers

The workshops were held without directors or managers to ensure less inhibition in the idea-sharing process. However, this choice is not without consequence. In change leadership, middle managers are essential factors of success,¹⁰ or, alternatively, can block progress. Those who stayed have the task of rolling out the new CHQ configuration. As mentioned above, it is known that people who are closely involved in the design of a new organization can be expected to take ownership of it very quickly and tend to be more engaged. Therefore, one can question the implementation of the new CHQ structure from a medium- and long-term perspective. The decision not to include middle management in certain co-construction phases, like the workshops, probably allowed employees to express their opinions more freely; however, managers in situations like these are more likely to find it difficult to take ownership of these new organizational structure and understand the new work approach tested in the

⁹On the role of TMT in change leadership, see Heyden et al. (2017).

¹⁰On this topic, consult Livijn (2019).

workshops. This could also create feelings of exclusion and generate anxiety with regard to the organizational changes, which were built without them. At the same time, their exclusion from the process could be interpreted as a lack of confidence in their capabilities. To some extent, they may feel that their roles and missions in the organization are being questioned or even threatened. In such a context, one can understand the kind of reluctance among some managers.

Some managers were definitely shaken by such a different approach in their organization, which previously valued expertise and hierarchy. It should also be noted that some of them appreciated the value of this approach, which allows employees to talk more freely, unleashes their creativity, and strengthens their commitment to the project. They saw an opportunity to listen to, take on board, and respond to all the proposals that had been made, enabling them to review their initial plans on the basis of all the input they had received.

This transformation of the organizational structure—scaling back CHQ's powers and requiring it to serve the BUs—may have been a tough pill to swallow for the group of directors and managers. Some managers may have assumed that this would be a traditional change with only a few variables altered, whereas, in fact, it was truly an organizational transformation in both form and substance (“becoming”). However, this new structure was sometimes difficult for them to accept, as it fundamentally calls into question their roles within these divisions. The prestige that used to be associated with working at CHQ—which, prior to the transformation, was at the top of the organizational pyramid—no longer applies. This fundamental questioning of their roles may be difficult to take.

Conclusion

This case study examines how an organizational transformation was undertaken in the CHQ of a huge industrial multinational with French roots. The analysis reveals some pros and cons of the adopted approach. The pros include the collaborative homemade method as a factor of success, the governance and communication processes in place throughout the transformation, the selection of relevant actors and their interactions during the change process, and the decision to opt for an intensive pace of change. This change marks, if not the end, a decline in the dominance of CHQ expertise over the rest of the organization. The intensive imposed pace and the makeup of the stakeholders involved ensure that the effects of the hierarchical structure, such as CHQ's inertia, were overcome. The choice to combine a top-down approach (determine the *why*) with a bottom-up approach (determine the *how*) is an interesting one.

Regarding the cons, the choice to exclude middle management from the process so as to focus on employees can be questioned as it has consequences in the medium to long term. No data are currently available on the consequences for the behavior of middle managers in the rollout of the new structure, but this issue certainly needs to be carefully monitored. Additionally, as mentioned above, the change is recent and old habits are never far away. One can also question the institutionalization of these new working practices. In a French context, working at CHQ carried prestige. It takes time to change such rooted representations. The temptations for CHQ to continue to be the experts at the top of the Group could persist. The TMT probably has to keep an eye on this issue. Obviously, this single case presents limitations regarding the potential

generalization of the findings, and the specific French context should be noted. The legal environment offers relative protection to workers, which constitutes favorable conditions to commit people to a process of change. The French state, as shareholder, is still in the shadows. However, this case study offers an understanding of methods used to conduct change, and identifies challenges and tradeoffs for the actors of a new organizational structure at a CHQ. Additional theoretical and empirical investigations are needed with longitudinal perspectives to assess institutionalization and adoption of these methods and changes both in the CHQ and throughout the organization.

Abbreviations

BU: Business unit; CHQ: Corporate headquarters; CTO: Chief transformation officer; EVP: Executive vice president; SSC: Shared services center; TMT: Top management team; VRP: Voluntary redundancy plan

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Authors' contributions

SC contributed as the primary author of this work. SB contributed as the secondary author both to the field data collection and interpretation and to the conception and design of the case study. Both authors read and approved the final manuscript.

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