

Kooperativa

**Creating an improved understanding
for a new way of doing business**

Forbundet

"We needed to create insight and a better understanding among all our employees of KF's new way of doing business. At the same time, our actions had to quickly affect the efficiency and results of the business. The method we chose was a learning process using Celemi's simulation models which were adapted to KF's organization and business structure."

Roland Svensson
Managing Director and CEO
Kooperativa förbundet
(The Swedish Cooperative Union)

Kooperativa förbundet (KF) is the central organization for approximately 90 consumer cooperative societies in Sweden with a total of 2.3 million members. With annual sales of 30 billion SEK (appr. US \$4 billion), KF is Sweden's largest retailing group. KF operates three hypermarket chains, a supermarket chain, two discount chains and six single—line business chains. It accounts for about 65 percent of cooperative retailing in Sweden. The remaining 35 percent is run by the local consumer societies.

Since the early 20th century—KF was founded in 1899—KF had been responsible for the Swedish co-op movement's wholesaling and in—house manufacturing while the consumer societies had been responsible for local retailing. In 1992 the movement abandoned this division of labor when about a dozen large consumer societies sold their retailing operations to KF. This decision was made in light of several years of deteriorating earnings and the realization that the old division of labor no longer provided the desired efficiency and growth potential.

KF also decided to focus its operations on retailing and to sell off heavy commitments in export—oriented companies and other operations. By integrating the retail trade into the business and organizing it into chains having responsibility for the business throughout the entire chain, KF could eliminate their wholesale trading activities and establish a flow—oriented organization. This was the organizational basis for an entirely new way of doing business.

“In the fall of 1995 we started seeing difficulties in getting this new structure to work,” says Roland Svensson, KF managing director and CEO. “The new organization was in place and new systems were working, but despite the fact that we had lowered our costs by 1.5 billion SEK—about 20 percent of our total costs—we didn’t achieve the desired results. We needed a deeper understanding throughout the entire organization for the new ways of working and their potential.”

A company—wide learning process was created, built on Celemi’s methodology and products. It contained two parts; Apples & Oranges—Flow™ (for KF managers to learn about flow—oriented business principles) and Apples & Oranges—Store™ (a learning process for all KF personnel to understand the generation of revenues from customer—oriented behavior).

According to Mr. Svensson, “The development work and adaptation of Apples & Oranges™ was an important step in refining our new way of thinking and working which needed to be communicated to the organization. Our target group was about 19,000 employees and the actual running of the program was done by personnel within the organization, according to the principle that company leaders and employees learn together.

“We can see that this methodology has gotten a much better response compared to traditional channels of information,” says Mr. Svensson. “The financial relationships become much clearer and people understand much better how our daily decisions and actions throughout the entire organization influence the company’s results as a whole. The process has also had a positive effect on our company leadership. Our managers have expanded their experience and understanding in dialogue with their co—workers and have gained new insights about communication and learning.

“We are now planning a continuation in order to increase knowledge throughout the entire organization about the concept and values of a consumer cooperative company, KF’s nearly 100—year history and our modern mission. The goal is to continue our development toward a learning organization in order to meet future challenges,” concludes Mr. Svensson.



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