

Avaya: Culture Transformation through Alignment



Sometimes to understand an organization's culture, you have to understand

where they came from. Avaya is a global leader in enterprise communication systems providing unified communications, contact centers, data solutions and related services directly and through its global channel partners to leading businesses around the world. The product of AT&T and Lucent, Avaya's mission is to enable their customers and clients to excel by providing them with the best communication solutions possible. Avaya has over 10,000 Partners, 32 global delivery support centers, 18,000 employees and operates in 55 countries.

Understanding Avaya's Roots

Over the last decade, Avaya has dramatically repositioned itself in the marketplace going from a communications provider of phone and voice hardware to a full business collaboration provider offering integrated voice, video, web, multi-media and more (PBX to VIOP to Unified Communications to Business Collaboration). They have grown in capability and in reach through organic growth as well as acquisitions. Partnerships with organizations like Motorola, Polycom and HP have allowed them to offer "best of breed" solutions to their customers. Numerous acquisitions have helped them accelerate their technology offerings in contact centers, unified communication, conferencing and collaboration markets, and to expand geographic reach in EMEA and Asia Pacific. They have had enormous success repositioning themselves in the market place, however, that repositioning did not translate within the organization. "We were driving the technology to the outside world but not driving the changes needed within the company, and thus a great need for a culture transformation became apparent to us," comments Roger Gaston, Senior Vice President of Human Resources.

With these expansive changes, have come incredible challenges. When Avaya began in 2000, they were cast off as the "ugly stepchild" from Lucent. Since then, they've experienced five different sets of layoffs, four CEOs and a complete turnover of their Executive Committee. Staff has been reduced from 35,000 to 18,000 while the workload has remained the same. These changes have taken a toll on the remaining employees and the culture of the organization by creating some counterproductive behavioral patterns needed to capitalize their new market position.

Breaking Bad Behaviors

Roger Gaston, along with Steve Fitzgerald, Vice President of Human Resources, were integral in leading the charge to transform Avaya's culture. They began their journey in breaking counterproductive behaviors in 2007 by helping the organization identify the kind of culture it wanted to have. "From a strategic point of view, Avaya knows where it wants to be. The key for us was knowing where we were starting from, understanding the gap and then working to close it," comments Steve Fitzgerald, Vice President of Human Resources. To understand their current culture, they used the Denison Organizational Culture Survey to assess their baseline culture in 2008. Their goal was to identify the roots of the culture, the stories that kept it there and those behaviors that needed to be changed. Based on those initial survey results, as well

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Roger Gaston, Senior Vice President of Human Resources

as additional qualitative data, they began working to close the gap and transform themselves to reinforce only the desired behaviors.

Through the survey, feedback sessions and observations coming from all levels, functions and geographies of the organization, they learned some very important things about their culture. Things such as: loyalty is valued in the organization, as well as integrity and trust. People cared about Avaya and their co-workers. Innovation was also truly valued in the organization.

They also realized some negative things. By 2008, Avaya had been separated from its parent companies of AT&T and Lucent for nearly a decade or more, and yet, employees were still referring to themselves as “we” in reference to those older groups. This had far reaching implications for the organization. In part, AT&T was effectively a monopoly for a long part of its existence and did not have to deal with marketplace challenges and competition. They discovered other things as well, employees were averse to taking risks, which meant they felt they needed to ask permission or check in before making decisions. Employees were reluctant to take ownership of tasks or projects and there was a lack of urgency in the company leading to poor execution. With the numerous restructurings and changes that happened during the first eight years, a victim mentality permeated. Employees tended to keep their heads down, hoping they would survive.

Changing Behaviors

Ultimately, they realized an overwhelming feeling that no one “owned” the culture and therefore, no one took the initiative to manage it in those formative years. Now was the time for that to change. They identified several values and beliefs that they needed to reinforce within the organization. Some of those behaviors included:

- EVERYTHING starts and ends with the customer
- Corporate priorities = individual and team priorities
- Poor performance is no longer tolerated
- Everyone knows the competition and our strategy to win
- Transparency is the rule, especially when it comes to results
- Competitive energy of employees is focused on competitors, not internally
- Teams are our building block

- There is a place for risk-taking innovators with a compelling idea or argument that is “against the grain”
- Those that are fact-oriented, direct, results-first, execution-oriented risk takers tend to like our culture most

“This roadmap came from a very quantitative and qualitative introspective look at ourselves and an understanding of where we needed to go from a business standpoint. This is how we decided what we needed to emphasize,” comments Fitzgerald. They understood that reinforcing these behaviors throughout the organization would take more than a few all-employee or departmental meetings. Avaya integrated the behaviors in their business on a broad scale from top to bottom and made them part of everyday life. Avaya knew that changing their culture would be a multi-year effort. Their scores from 2008 revealed strengths including Team Orientation, Core Values, Organizational Learning, Agreement and Goals and Objectives – strengths they would leverage on their journey to improvement. While they were pleased with these strengths, they were largely on the lower half of the model, the Internal Focus (Involvement and Consistency). Given their business goals of growth, Avaya focused their improvement efforts on the top half, or External Focus (Mission and Adaptability), area of the model.

They needed a multi-faceted approach to integrating

B-FACETs

B - Bold

F - Fact-based

A - Agile

***C - Cross-functionally
effective***

E - Empowered

T - Transparent

these positive behaviors into the growth oriented culture they desired. They started with taking straight forward action such as improving their corporate governance. They had formal monthly business reviews and re-structured their goal setting process so that it cascaded throughout the organization. New senior leadership took initiative by being exemplary role models. The new behaviors were communicated to all by describing each competency and providing three levels of behavior for each element: the role-model employee, the average performer and the poor performer. These behaviors, or B-FACETs, as they branded them, became the building blocks and were the expectation for performance within the organization.

Integrating a New Competency Model

The next step for Avaya was to integrate these behaviors into their competency model. Each competency contained specific definitions and behavioral anchors for each level of service from Individual Contributor to Executive Leader. In this way they created the building blocks for superior leadership. At the very base of the competency model, individual contributors were expected to behave according to the B-FACET model: Bold, Fact-based, Agile, Cross-organizationally effective, Empowered and Transparent. As employees moved up in the organization to People Leaders, Organizational Leaders and Executive Leaders, the competencies built upon the maturation expected of an employee moving from one level to the next.

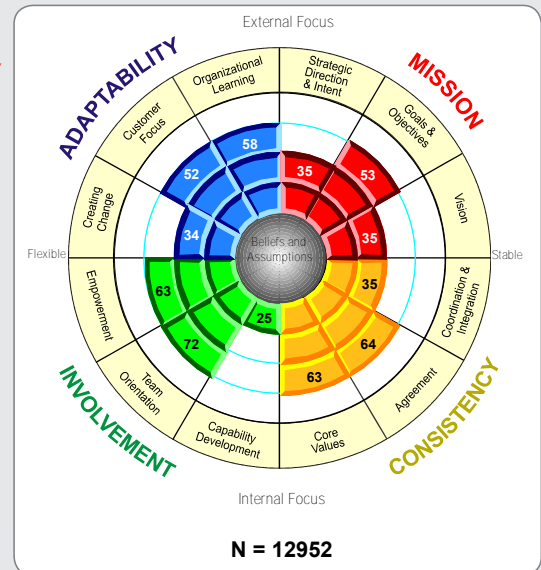
Avaya reinforced the expected behaviors by incorporating them into everything they did. They did this through communications, role modeling and also by making certain that all their systems, processes and decisions consistently rewarded the expected behaviors. Tools like goal setting, promotion evaluation and the behavioral portions of performance reviews were revised to incorporate the desired behaviors and emphasize the message again and again. Avaya designed a number of systems that aligned and reinforced the new culture in a tight and coherent manner. This helped to align systems that weren't formerly in line with the behavioral expectations with those disciplined competencies, for example, recruiting, selection and succession planning.

The Five Conversations

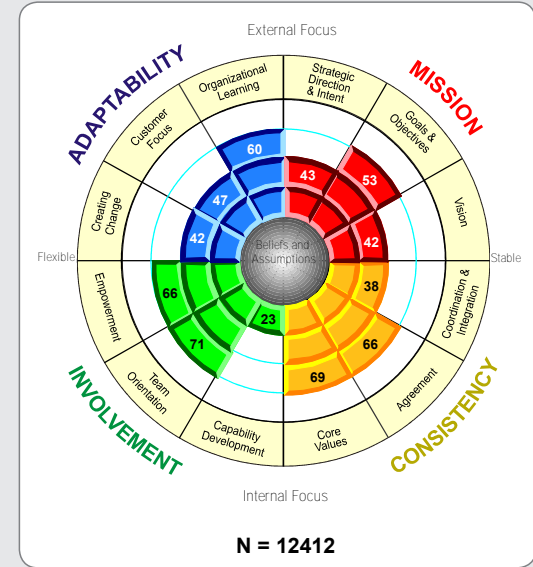
To keep the desired behaviors in the forefront, Avaya also created a rubric for dialogue between employees and their supervisors called the Five Conversations. Supervisors

Avaya Overall 2008-2010

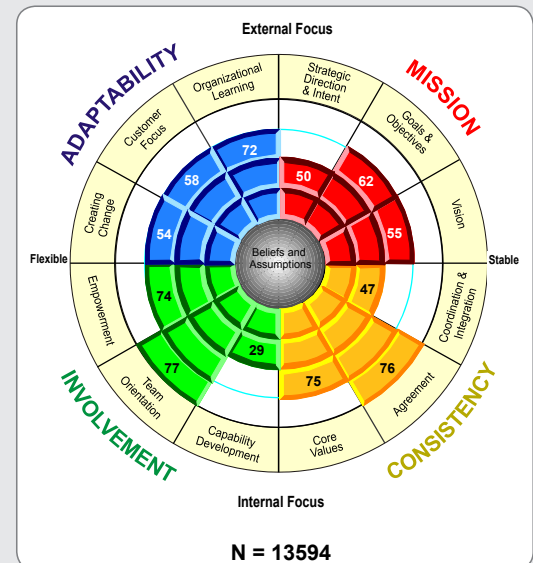
2008 Get Ready



2009 Get Set



2010 Poised for Growth



and employees were expected to have five essential types of ongoing conversations throughout the year, including:

- Talking Strategy – Discussions about Avaya's strategy and goals and how they link to what that individual does in their daily work
- Talking Results – Discussions about Avaya's performance as a company, team, and as individuals
- Talking Rewards – Discussions about rewards for achieving Avaya's desired objectives
- Talking Capability – Discussions about improving Avaya's capability
- Talking Talent – Discussions about making sure Avaya manages its talent well

There were some specific events around each element of the Five Conversations, however, more importantly the conversations were consistently taking place throughout the year through one-on-one, face-to-face interactions. These conversations helped to build alignment, engagement, retention and satisfaction in employees. Since they have implemented the Five Conversations practice, they have seen that managers who implement them well, lead units that dramatically outperform units where they are ignored.

Measuring Progress

While the last few years have not been without their challenges for Avaya, the changes in their culture have shown some tangible results. "We've been through an interesting journey that has had many ups and downs along the way – some of which has been created by us and some of which has been created by the external environment. It was a matter of perseverance and we stayed true to the fundamentals and principals of the behavior sets. That was the big lesson for us and has gotten us where we are today. Over the course of the last two years, we've made progress in just about every one of our fundamental financial metrics," comments Gaston. Avaya has seen a steady growth in total revenue and gross margin over the last six quarters. They have also realized cost savings of \$1.6 Billion between the 2009 and 2010 fiscal years. Perhaps even more remarkable is that their rate of innovation over the last year and a half has resulted in the largest product launch in Avaya's history and their highest patent registration submissions year ever. Avaya launched 44 products in fiscal year 2010 and had 401 patent submissions and 112 patents issued. True to Avaya's belief that this is a multi-year journey, Avaya continues to integrate their culture and strategy to continue to actualize their high performance culture in the years to come.

Related Resources

Denison Consulting. (2005). *ResearchNote: Overview of the Denison Model*. Ann Arbor, MI: Author

Denison Consulting. (2010). *ResearchNote: Balanced Profile, Better Organizations: Learning to Balance*. Ann Arbor, MI: Author

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Contact Information

Denison Consulting, LLC
121 West Washington, Suite 201
Ann Arbor, Michigan 48104
Phone: (734) 302-4002
Fax: (734) 302-4023
Email: TalkToUs@denisonconsulting.com

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