



Fly the Flag, How to Innovate Management Practices for the “Best in the World”

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1 Context and Needs

Ferrari is the most famous Italian company in the world, a historic and exceptional brand. In 2020, Ferrari was awarded the second consecutive year the title of the world’s strongest brand by Brand Finance, the leading international independent brand valuation and strategy consultancy. With a Brand Strength Index (BSI) score of 94.1 out of 100, Ferrari tops the list of only 12 brands to be awarded the highest AAA rating. Brand Finance measures brand strength based on the efficacy of a brand’s performance on intangible measures compared to its competitors.

The “best engineers in the world” work and express their talent here. Managers express a solid technical expertise. However, the business model is changing, and moving toward greater complexity, teams grow and innovation is a constant pressure. The sector is rapidly evolving due to new emission standards, new technologies, the rise of hybrid and electric, and production processes that need to be updated due to the increased transverse nature of components. These essential changes affect the very nature of Ferrari automobiles and demand radical transformation. Internally, the company has experienced a significant change in leadership and experimented with new management approaches. The Technology Department, the beating heart of the company, is most strongly impacted by these changes. The department has also grown in size consistently, which has required a change in management style. Furthermore, managers need to make a radical change of mindset that has never before been faced by this company: their leadership can no longer rely only on technical expertise but must be integrated with the ability to manage teams and their complexity in order to allow their people to best express their talents, improve performance factors, clarify roles and responsibilities within the team and delegate effectively. In particular, it became necessary to shift the focus

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from operational excellence to innovation excellence, which was already present in the automobiles' development, but that needed to be reinforced department-wide. The legacy management system was no longer helpful, and the company required innovation.

We decided to address this challenge by acting directly on people's daily behaviours and performance factors, creating a management innovation program with a systemic logic and acting at different levels of practices: mindset, processes, day-to-day tools, and reinforcing the practices.

The program was named "Fly the Flag" to represent Ferrari's need to hold high the standard of excellence in management practices and in technological innovation.

This program is characterized by:

Engagement of the "final users" in order to understand their needs; their daily experience with the workplace setting and environment in which they carry out their jobs, performance factors of managerial work, triggers that determine a positive or negative outcome when tackling a problem and the relationships between peers, leaders, and associates. We carried out 33 interviews using the Job To Be Done approach, where internal clients indicated the changes they wanted to make but could not because there are constraints that stop them.

Involvement of all management levels into the program, not just those that were initially considered for the intervention: senior and junior managers but also the Top Management, at different stages of the process. This allowed us to intervene at different levels in the decision-making process and create conditions for true, lasting change.

Online facilitation as due to COVID-19, the last part of the program was 100% online.

2 Topics

The subject of the intervention were daily management practices:

- The scheduling and management of meetings, during which it is important to achieve the appropriate balance of involvement to guarantee the presence of all necessary competencies and promote efficacy.
- The decision-making process, which is affected by factors of complexity, speed, and technical expertise. (Ahmed and Omotunde 2012; Kahneman 2017)
- The delegating process, which requires a balance of hyper-specialization and overall vision of the automobile (including performance, design, and user experience).
- The Innovation of their management practices by finding solutions to the internal customer frictions. (Scharmer and Kaufer 2015).

3 Approach and Methodologies

The management innovation intervention followed the Design Thinking methodology (Panetti 2017). We defined the directions to work based on the needs and frictions collected from those involved and worked on implementing the change program by working on step-by-step adjustments based on feedback (Appelo 2016; Ariely 2016).

The directions identified were methods of collaboration, decision processes, and delegation mechanisms. Starting from the identification of these objectives, we worked on the system of meetings. We began making adjustments to the process based on daily observations of existing habits and the measurement of KPIs.

We began by eliminating redundancy and inefficiency, and used this new and improved system to design a meeting schedule through an iterative process. The autonomous decision-making abilities of individuals and therefore of the system improved in each successive attempt (Bote 2018).

Examples of specific methodologies used:

1. The LEGO[®] SERIOUS PLAY[®] Method is a facilitated meeting, communication, and problem-solving process in which participants are led through a series of questions, probing deeper and deeper into the subject. Each participant builds their 3D LEGO[®] model in response to the facilitator’s questions using specially selected LEGO[®] elements. These 3D models serve as a basis for group discussion, knowledge sharing, problem-solving, and decision-making.
The LEGO[®] SERIOUS PLAY[®] Method improves group problem-solving. By utilizing visual, auditory, and kinesthetic skills, the Method requires participants to learn and listen, and it provides all participants with a voice. The Method serves as a shared language regardless of culture or position.
2. Management Success Cards[®] is a tool focused on the needs of frantically busy managers and leaders who seek instant extreme focus learning.
It consists of 65 colour-coded management skill development cards designed to coach managers through professional development. Each card inspires and drives people to think and act confidently, productively, and successfully. We explicitly used this tool to train the skills of delegating and providing feedback.
3. Impro
We created a safe space for people to thrive, take chances, fail, engage in “Yes, and. . .” types of exercises, and suspend judgment and improve critical thinking.
4. Day by day improvement
we developed sessions embedded in daily operational work: individual coaching on the job for managers and collaborators, team coaching on real working groups, and short workshops on performance factors issues. (Senge et al. 2010; Kluger and Nir 2010; Ofman 2002; Buckingham and Goodall 2019)
5. KPIs co-design
we co-designed KPIs to measure the impact of the development program on performance (business) factors.
Some of the KPIs we applied were:
 - # of person-hours/week planned in meetings
 - # of person-hours/week spent in meetings

- # meetings/week with the same content
 - # of personal actions/month delegated based on the outcome of meetings
 - Team goals reached/ Individual goals reached
 - % of cases tackled using improvement actions determined
6. FORTH Innovation Method (Van Wulfen 2013)
- We facilitated four online workshops using virtual boards inspired by the FORTH methodology for nine interfunctional groups in a 6-week process.
- All the groups worked on the same management innovation assignment and, based on it, they formulated four innovation opportunities for each group. Then they explored trends and technologies and gathered customer frictions. In the third workshop, they brainstormed to raise ideas, then chose the best ones and transformed them into idea directions and concepts.
- We ended with five new managerial solution clusters ready for implementation.

4 Lessons Learned

Identifying *business indicators* as well as objectives from the beginning.

Continuous engagement with daily activities always beginning from the experience of the “end users” and from their frictions, as this can lead to constant discoveries, including that the problems identified by the buyer do not reflect the entire picture, or are just the effect of the frictions experienced by the end-users (Singler 2019; Wiringa 2018).

We showed the value of using specific methodologies in *real workplace situations*, seeing what is happening first hand and understanding the settings in which people work, for example: where do meetings take place, how do people carry out their jobs (e.g. sitting or standing, their workspace setting).

Working in an *agile* manner, by planning interventions based on short phases made up of workshops followed by the observation of practices, to propose adjustments and changes through coaching on the job.

New rules for online facilitation:

- *Have an online mindset as* It is not enough to transfer the activities from offline to online, but It's about understanding and using all the advantages of the online. The most important is to work synchronously and asynchronously, to optimize group interactions and leave time and space for individual work.
- *Less is more:* Be simple (based on the technological skills and habits of your participants), calibrate the use of technology. The possibilities are endless even in simplicity. Of course, do not forget to give small challenges; the participants will learn new tools to give them enthusiasm and motivation.

- *Provide the human touch*: Remember that there are different learning styles, so use a mix of online methods, experiential and theoretical, emotional, and cognitive—and collaborative ways to ensure everyone gets engaged.
- *Manage Time*: Online time is completely different from live time. Always design the session with the “*accordion approach*”: consider in advance what you can jump if you are short of time and what you can add if you have spare time.

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