

**Transforming the Network of Conversations  
in BHP New Zealand Steel:  
Landmark Education Business Development's New  
Paradigm for Organizational Change**

by David C. Logan

Outstanding corporate leaders say that business performance is strongly determined by corporate culture.

Corporate culture change experts and scholars report that transforming a corporate culture takes years, and needs an army of consultants. The reason for this becomes clear when you examine the current models for cultural change. Treating the symptoms has always been the long hard way to health.

The breakthroughs our clients have enjoyed in transforming their corporate cultures are a product of a new paradigm that provides direct access to the causes of corporate culture.

Utilizing this new paradigm, the transformation of a corporate culture is reliably doable in a short time frame, while being built to last.

Steve Zaffron, President, LEBD

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At the end of January, 1998, Malcolm Burns sent out the eighth edition of *Leadership Links*, an internal communication tool, to the workforce of BHP New Zealand Steel. It began:

Having spent much of the past week...around the plant and talking to many people, I have a really good feeling about New Zealand Steel and its future. There is no doubt, at least in my mind, that the majority of employees are totally committed to playing their part in making this business so robust and sound that it will be able to withstand any threat to its future that external factors may exert.

It is interesting to reflect on the change from the general feeling of pessimism which was almost pervasive at New Zealand Steel just two years ago to the optimism which abounds today.... Our collective experiences of the past year also seem to have created an environment in which we are able to recognise opportunities and are searching for ways to translate those opportunities into realities....

I really believe that we have made a genuine paradigm shift at NZS and that we are now on the threshold of really capturing the opportunities available to us.

As Burns typed the words, he reflected on the dramatic transformation of a troubled company. And he knew that in a month he would leave BHP New Zealand Steel to become president of another BHP operation. He felt that he was leaving the operation in a great state.

#### NEW ZEALAND STEEL

New Zealand Steel, founded in the late 1960s as a private company, began galvanizing steel imported from Japan and then selling it to industries within New Zealand. Through its early years, the company experimented with ironsands—a plentiful resource located in sand dunes along the beaches south of Auckland. After several successes, the company pioneered a commercial process using direct reduction to extract iron from ironsands. Soon after, the New Zealand government took over the operation and sought to use the extracted iron in the manufacturing of steel. The government's goal was to use the naturally abundant ironsands to produce steel for domestic industry at a price that would also compete on the world market.

Through the 1980s, the plant was plagued with industrial relations problems, including frequent union-management conflicts. In addition, the process of extracting iron from ironsands was expensive, resulting in expensive steel.

The 1970s and 1980s were difficult years for the New Zealand economy. In the early 1970s, energy prices soared as Great Britain entered the EEC, bringing about a severe economic recession. Thousands left the country for Australia. The response of Prime Minister Robert

Muldoon was to intervene in the economy on an unprecedented scale, including borrowing funds from overseas, increasing government deficits, financing large industrial developments, freezing wages and prices, and regulating interest rates. In 1984, the country elected a new government that began to reverse these policies. Restrictions on free enterprise, that had been imposed over 50 years, were dismantled. Agricultural subsidies were eliminated; income tax rates were reduced; controls on wages, interest rates and foreign exchange rates were lifted.

During this period, state-owned enterprises, including New Zealand Steel, were privatized. New Zealand Steel found itself in the unfortunate situation of having to compete with imported steel that was less expensive and of better quality than the steel it could produce. Yet the company retained its exclusive license with the New Zealand Government to mine ironsands until 2066. Because of these problems, the company quickly went through several ownership changes until BHP acquired a 31% interest in 1989 and a controlling interest in 1992. BHP obtained complete ownership in 1996.

When BHP took over control of the plant, it had several goals: resolve the technical problems associated with processing ironsands, increase the volume of steel through process streamlining, and cut costs.

#### BHP

Headquartered in Melbourne, Australia, Broken Hill Proprietary (BHP) is one of the world's largest diversified resources companies, with operations in more than 70 countries. In 1997, the company employed more than 61,000 people with operating revenue of US\$17.03 billion. In terms of market capitalization, BHP was the largest company in Australia until December, 1997, when it was overtaken by National Australia Bank.<sup>1</sup>

BHP began making steel in Australia in 1915. It is the sole integrated producer in Australia of basic iron, raw steel and related steel products, supplying about 74% of Australia's steel requirements. In 1997, BHP Steel had a worldwide operating revenue of US\$6.27 billion, earning a profit of US\$101 million.<sup>2</sup>

#### OPERATIONS OF BHP NEW ZEALAND STEEL

BHP New Zealand Steel is New Zealand's only fully integrated steelmaker.<sup>3</sup> The company has a mine at Waikato North Head in which ironsands are extracted by excavators on a conveyer, and then processed by magnetic and gravity separation. The extracted iron (59% concentration) is transported to the steel mill in Glenbrook through an 18-kilometer pipeline. To extract one million tons requires the extraction and processing of 4.9 million tons of ironsands.

<sup>1</sup> Mark Westfield, "Big players get bigger." *The Banker*, December, 1997. No. 862, Vol 147, Pg. 47.

<sup>2</sup> BHP Annual Report, 1997.

<sup>3</sup> "S&P Financial Analysis—Broken Hill Proprietary Co., Ltd." *PR Newswire*, December 11, 1997.

The Glenbrook steel mill is located 50 kilometers south of Auckland. The mill uses a direct reduction process followed by electrical melting to produce molten iron, which is then used to create various steel products. In 1997, BHP New Zealand Steel produced 641,000 tons of steel, which satisfies between 55% and 70% of the New Zealand requirements; 67% of the steel was exported to the United States, Australia, Japan, Pacific Islands, Papua New Guinea, South East Asia, and Canada.

#### THE CRISIS AND THE RESPONSE

In 1994, BHP named Malcolm Burns as Managing Director of New Zealand Steel. Before taking over the helm at New Zealand, Burns had almost 40 years with BHP, serving in a variety of prestigious management positions. Most recently, he was the group general manager of the six underground BHP coal mines in the Australian state of New South Wales.

Burns' mandate from BHP was to return the operation to profitability. This was a difficult assignment, considering that the operation was built on shaky assumptions about the cost and time required to process ironsand, and the view that the New Zealand Dollar would remain low. Burns describes the problems at New Zealand Steel this way:

New Zealand Steel is a paradox. The plant is too small to benefit from large economies of scale, so its steel is relatively expensive. Yet the plant is too big for New Zealand. In the steel industry, it is very unusual for a plant to export the bulk of its product, but New Zealand exports two-thirds of its steel. We're unaware of any other steel operation that even comes close to that ratio.

So why did he accept the challenge to turn around the operation? "My life has been in steel, and I enjoy a good challenge," he said in response to the question. "Besides, there was a job to do."

According to Ian Sampson, then General Manager of Human Resources, Burns' strategy was to "get the tons [of steel produced] up and the costs down." He planned a series of process improvement techniques and a round of downsizing to accomplish these two objectives.

The initial plan was to reduce headcount from 1600 to 1200 (primarily through voluntary layoffs), and to cut costs by NZ\$50 million.<sup>4</sup>

In addition to traditional cost cutting and process improvement, the senior management of BHP New Zealand Steel began a series of integrated change processes. These included bringing in Kepner-Tregoe—which focused on middle management, providing rational process tools and promoting employee involvement—and the Australian associates of the Santa Fe Institute, who

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<sup>4</sup> Frank Haflich, "BHP Steel Begins Restructuring." *American Metal Market*, April 30, 1997. No. 83, Vol. 105, Pg. 1.

helped to integrate system thinking into the company. In addition, process improvement initiatives and cost cutting measures were put in place.

From 1995 to 1996, Burns' strategy began to pay off. By June of 1997, the workforce had been reduced by 25%.

While these approaches helped to reduce costs, improve business processes, empower executive planning, and focus on rational system thinking, it wasn't enough to dramatically change the culture or move past all the tensions, pessimism and conflict that permeated the workforce. Ian Sampson notes that if the company didn't find some way to move past these stubborn problems, the other interventions wouldn't be enough. "We still weren't viable," he recalls. The external environment, including a strong New Zealand Dollar, was still unfriendly to the company.<sup>5</sup> (See Exhibit #1 which details the fluctuation of the New Zealand Dollar.)

Sampson adds:

When you think about it, we were expecting the impossible from the employees. Headcount was going down, change was everywhere, and the business was built on shaky technical assumptions. It was widely known that we might close down entirely. And yet we needed people to become proactive, positive, energetic, and to dramatically change their relationships with each other.

Several members of top management believed that two outcomes were missing from these current change initiatives. First, there still wasn't a "must do/can do" mindset in the company. Second, the leaders and employees still hadn't been "unlocked."<sup>6</sup> Sampson asserted: "The pull of the past was stronger than the pull of the future, and that had to change."

In late 1994, Sampson approached Burns about hiring Landmark Education Business Development (LEBD), an international consulting firm.

#### LANDMARK EDUCATION BUSINESS DEVELOPMENT

LEBD's parent company, Landmark Education Corporation (LEC), is known for its public program "the Forum," which is offered through 55 centers or offices worldwide. The Forum promises an expansion in effectiveness and satisfaction in the most basic areas of life—including the daily business of building a career, making thoughtful and intelligent choices,

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<sup>5</sup> Frank Haflich, "Lower Tags Dent BHP Steel Earnings." *American Metal Market*, January 7, 1997. No. 4, Vol. 105, Pg. 2.

<sup>6</sup> Source: Company documents.

experiencing enjoyment and confidence, relating to family and friends, and having life make the difference you want it to make.<sup>7</sup>

Since 1991, more than 300,000 people have taken The Forum. According to a study by Dan Yankelovich, chairman of DYG Inc., 70% of Forum graduates rate the Forum as one of the most rewarding experiences of their lives.

In 1993, LEBD was founded to offer their technology to business corporations. Steve Zaffron, the president of LEBD and a vice president of LEC, summarizes a fundamental assumption of all LEBD's engagements: "A central premise in our work is that the individuals in an enterprise, and the enterprise itself, have the possibility not only of fulfillment and success, but also of greatness."

This premise underlies a full range of consulting services offered by LEBD, from strategic planning with senior leadership, to building and coaching high-performance executive and management teams, to implementing large scale initiatives in workforce mobilization. LEBD tailors these initiatives to the unique needs of its clients, with a specific focus on performance, agility, and the ability to maintain a competitive advantage. (See Exhibit #2 for more detail on LEBD's consulting activities.)

Table 1 presents LEBD's approach, which originates from the premise that an organization's corporate culture stems from a network of conversations. Shifting this network of conversations fundamentally alters the nature of the organization, resulting in dramatic organizational change.

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<sup>7</sup> See Karen Hopper Wruck and Mikelle Fisher Eastley, "Landmark Education Corporation: Selling a Paradigm Shift," Harvard Business School case 898-081, November 3, 1997.

**Table 1: Landmark Education Business Development  
"Our Approach"**

- We gain access to the source of the organization's culture by using a new technology that views an organization as a network of conversations.
- A person's participation in this network of conversations (the organizational culture) shapes their view and their experience of work.
- The way a person views and experiences their work determines their actions at work.
- By impacting the network of conversations in which people participate, you impact the way people view their work— thus impacting their actions.
- Organizational results are a product of people's actions.

Source: Landmark Education Business Development Documents

Table 2 details LEBD's "commitments," which are a basis of all its consulting engagements.

**Table 2: Landmark Education Business Development  
"Our Commitments"**

- Impacting short and long term business results.
- Increasing the focus and accountability of the workforce.
- Creating new insights into how people work effectively together.

Source: Landmark Education Business Development Documents

Table 3 describes LEBD's core competencies. Zaffron and other Landmark executives note that LEBD has shown itself expert in these areas in consulting engagements with many large corporations, including REEBOK International, UNUM (the leading provider of group disability insurance), and public utility Northern Indiana Public Service Company.

**Table 3: Landmark Education Business Development  
“Core Competencies”**

- Ability to manage and facilitate large group conversations to produce new and expanded outcomes and results.
- Ability to incorporate all aspects of cultural, business and human diversity into a focus on the business case.
- Ability to have union and management step outside their separate, often adversarial roles, and experience themselves as a unified team.
- Ability to effectively create and institutionalize corporate values, goals, and objectives.
- Ability to uniquely design engagement processes to address specific client needs.
- Ability to develop an environment where organizations can effectively design and participate in building futures and develop leadership necessary for implementing those futures.

Source: Landmark Education Business Development Documents

From participating in LEBD training programs and initiatives, participants realize that a lot of their actions at work are a result of interpretations from the past which then become the basis for many of their choices. These past influences tend to then impact their future choices and behavior. Steve Zaffron points out that people would be more empowered if they examined and altered their interpretations more than they do. “But most people don’t have a way to access their interpretations or change them in a way that makes a powerful difference,” he asserts. Angelo D’Amelio, a senior consultant with LEBD, describes an interaction during one of LEBD’s training programs in New Zealand Steel:

If I make a request to someone in this room—such as “Linda, bring me a glass of water”—those observing are likely to form a particular interpretation or judgment about me. If they are polite, or generous, they may call me “direct.” Or they may have the view that I’m insensitive, dominating, perhaps even a boor. That interpretation isn’t the “truth” about me—it simply reflects an opinion that was formed in response to the behavior they just observed.



In every case, these judgments guide the way we behave toward others. If people observing me conclude that I'm dominating or boorish, they will treat me that way. Then they will speak of me to others in a way that reflects that view, and soon hundreds of people will be treating me like a dominating boor. I'll respond by forming my own views about them—that they're ignorant, thoughtless, or perhaps just gossips.

If we magnify such interactions by the number of people in a given company, we can see that in very little time, thousands of people are investing enormous amounts of time and energy in relating to one another in a particular way. With such attitudes pervading our corporate environments, we are likely to have disputes, complaints, strikes, or a dissatisfied work force. Our interpretations about one another will often lie at the root of those common business problems; yet to us, it will always look as though the other party is the problem.

In this program, people have a chance to step back and recognize the interpretations behind their attitudes and responses toward others. In most cases, seeing the power of their own interpretations allows for a new perspective and freedom. When we recognize that we can choose to interpret the same information in any number of ways, we are freed from our judgments about people and the work situations that have been difficult for us. If people can see me as other than they have, and I can view them as other than I have, our mutual interactions will be transformed. From there, we have an opportunity for enormous strides in team work, collaboration, union-management dialogue, productivity, absenteeism, and other issues that directly affect the profitability of the enterprise.

Zaffron notes that, while the LEBD technology is innovative and practical, its real value is what it can do to impact bottom-line corporate performance and achieve business results. He explains:

Our firm is primarily focused on results; that while we have a reputation and are generally acknowledged as having leading edge ideas as a company that provides transformation, we really don't think the value is in the idea, the real value is in results.

Daniel Yankelovich, chairman of DYG, Inc., from his study of LEBD's approach says:

Management and employees committed to a company's vision make an organization agile, flexible and powerful enough to maintain a competitive

advantage, but few of us know how to generate this commitment. The results of the corporate programs of LEBD in medium and large corporations appear to create an environment where...committed action of employees can be powerfully elicited.

The results of the programs also show exceptional change in those areas of managerial competence where people felt the most complacent—where they thought there was nothing new to be learned. The programs startled them into the realization that constructive self-improvement is possible, often where one least expects it.

One of LEBD's previous major clients was Magma Copper. In 1993, union and management leaders at Magma Copper had made a concerted effort to increase productivity despite a history of hostility and distrust. This effort included hiring Landmark consultants to assist them in formulating a strategic direction for the company, and building an entirely new work culture. Representatives of all the stakeholders and constituencies of Magma, supported by Landmark consultants, worked together to create a new strategic intent and future for the organization, which include goals 15 years out. This became the framework for the enterprise's strategic plan. A unique feature of this strategic planning process was that it continued until all participants were aligned with the commitments, and goals that were being proposed.

While the goals themselves helped to create change in the company, it is the approach that provided a breakthrough for Magma. The process of completing the past, creating a future through spoken and written declarations and commitments, and discussing these until all participants were aligned, was a revolutionary approach for the company. The Landmark initiative was instrumental in Magma in realizing major accomplishments in key areas, including boosting productivity by 86%, cutting production costs by 40%, and appreciating the stock by more than 400%.<sup>8</sup>

In 1995, Magma Copper was acquired by BHP.

#### LEBD'S ENTRY INTO BHP NEW ZEALAND STEEL

In 1996 Ian Sampson began a dialogue with Malcolm Burns about what could be done to supplement the interventions already underway at BHP New Zealand Steel. Sampson was familiar with LEBD because of its work in Magma Copper.

Sampson recalls his conversations with Burns:

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<sup>8</sup> Source: LEBD Company documents and an unpublished case written by Bob Mueller, who was an executive at Magma Copper. He now works for BHP.

To get the business into a viable state, we would have to do something different, in addition to everything else we were doing. We needed to change how people *were* in the business. I worked with Malcolm to see the possibilities of that. And to try to get the senior management team [Burns' direct reports] to try to understand how people "were" in the business and how they "needed to be."

Burns comments:

Once we got on top of the operational problems, Ian [Sampson] kept bothering me about doing more. He kept talking about how people's relationships had to change. At first, his approach sounded unconventional in the extreme. But to turn around an operation like New Zealand Steel required something radical and groundbreaking.

The initial response to this line of thinking was not entirely positive. "People called it 'wanky HR stuff—soft touchy feely,'" Sampson notes, but adds that this response was based on people's preconceived notions. The management team became decidedly positive as the initiative was implemented.

Sampson describes the turnaround in people's thinking:

I remember a watershed conversation with the senior management team. We proposed to engage LEBD at a cost of a million New Zealand dollars. It was a reasonably significant conversation. I was expecting difficulty because the business was under cost controls at that time. The engineering guy swung the meeting by saying that if we couldn't afford to spend several hundred dollars on each person in the workforce, then the business was truly in very bad state. Shortly after that discussion, we started the Landmark process.

Burns recalls a series of events that brought him into contact with Landmark:

It was fortunate in the extreme. If BHP hadn't bought Magma Copper, we wouldn't have met Bob Mueller [who helped to bring LEBD's approach into several Magma Copper sites]. If Bob hadn't come to Melbourne in 1996 to talk with the BHP Petroleum people, we wouldn't have had the opportunity to begin discussing possibilities for BHP New Zealand Steel.

In November of 1996, Bob Mueller knew what it took to lay the foundation for a transformational change effort to take hold. He ran "commitment sessions," in which 80 managers and union delegates went off-site for two days. The outcome was a document signed by all participants that read:

We are committed to reinventing BHP NZ Steel to build a future which meets the Business, Technical, and Social requirements of a global marketplace.

“This was significant,” Sampson recalls, “because now key leaders were publicly committed. It was a first major step to reducing the pessimism throughout the organization. It said, in effect, that we’re not giving up.”

Burns comments:

We took the attitude that this is our organization, and it’s up to us. If we succeed, we’re going to get the credit. If it fails, we have failed. With the help of Bob and Landmark, this attitude took hold throughout New Zealand Steel.

In April, the top leaders of the company created a document stating their new future. **Table 4** shows the document they produced, which was signed by the top leadership of BHP New Zealand Steel, as well as John Prescott, the Managing Director and Chief Executive Officer of BHP. Their signatures were evidence to everyone in the company that the participants were aligned with the declarations about this future vision.

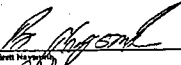
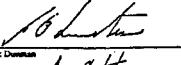
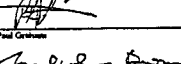
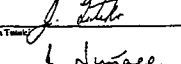
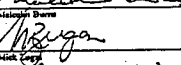
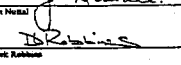
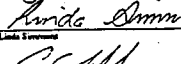

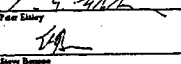
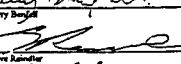
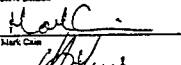
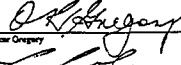
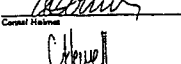
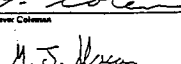
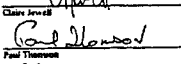
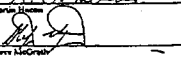
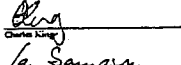
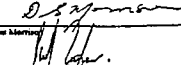
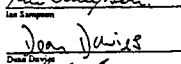
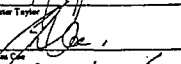
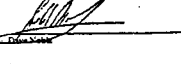
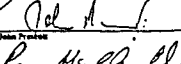
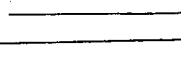
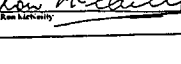
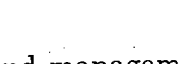

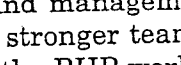
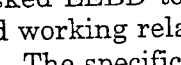
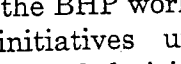
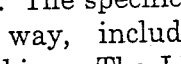
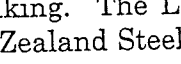
Table 4: New Future Declaration

A NEW ZEALAND STEEL INDUSTRY INTO THE FUTURE FOR NEW ZEALAND

- We are recognised as a company where people enjoy working in a healthy and safe environment, and are striving for cleaner production.
- We are committed to creating a viable future for BHP NZS by meeting financial goals that allow for investment in new technology.
- We meet our customer needs by providing them with consistent quality product, and reliable, responsive service.
- We are committed to everyone having easy access to, and understanding the business information, goals, and performance data of BHP NZS. Stakeholders (e.g. owners, customers, suppliers, employees, and the community) expectations are understood by all.
- We have a highly skilled, highly paid workforce making decisions as if the business were their own.
- We constantly strive to ensure the future of all our operations/plants providing employment opportunities the business can sustain.
- We create and support opportunities for personal development in line with personal and business needs.
- We are recognised as a business that people want to do business with and where people want to work.
- We recognise that continuous improvement is important and we respond positively to necessary change.
- We have relationships based on trust, honesty, and respect.
- We are a valued member of the community.
- We speak with pride about our place of work, defending and promoting vigorously our Company's position and what it is trying to achieve.
- We recognise the need for diversity in our workforce, and that each of us is adding value and making a difference.
- We work in an environment where there is a healthy balance between work and family life.
- We see Leadership exhibited and supported throughout the organisation by many people without formal Leadership roles.

A NEW ZEALAND STEEL INDUSTRY INTO THE FUTURE FOR NEW ZEALAND

We Declare our Commitment to this Future,

 Steve Hayward	 Rick Dunstan
 Paul Croxall	 John Taylor
 Malcolm Burns	 John Heston
 Mick Long	 Derek Robinson
 Linda Seymour	 Greg McEwan
 Paul Ebbury	 Barry Budge
 Steve Bannan	 Steve Kaindl
 Mark Chan	 Oscar Gregory
 Carol Hibben	 Trevor Coleman
 Claire Jewell	 Mark Jones
 Paul Thomson	 Steve McGrath
 Charles King	 Dai Morrison
 Ian Sampson	 Paul Taylor
 Dana Deane	 John Cox
 Colin Clark	 John Prudden
	 Kim McKeown

THE LEBD ENGAGEMENT

Over a period of several months, BHP New Zealand management asked LEBD to construct a consulting engagement that would result in much stronger teams and working relationships in the company, as well as greater ownership within the BHP workforce. The specific goal was an intervention that would complement other initiatives under way, including process improvement, reorganizations, and training on rational decision making. The LEBD change process was a critical part of an integrated change process that New Zealand Steel created and accelerated throughout 1997.

From May through December, the entire workforce was offered the chance to attend one of several training programs called "Leadership for Inventing the Future" (LFIF) which ran for

three and a half days. Each of the LFIF programs was introduced by Malcolm Burns, who expressed his commitment to the company's future and invited people to join in this commitment. The LFIF programs were led by a senior consultant of LEBD. The three and half days consist of an inquiry into the nature of who one is being at work, in such a way that people rethink what is possible for themselves and their organizations.<sup>9</sup> It is in the form of a dialogue that leaves them enabled to bring forth a new level of commitment and performance in their everyday activities at work. The form of the dialogue is simply a conversation between the leader and the participants.

According to senior LEBD consultant Angelo D'Amelio:

The program is designed as an inquiry. As the dialogue gets going, participants discover things on their own about how they relate to work. They learn about their interpretations. Many are surprised to learn that they don't use these interpretations; these interpretations are *using them*. And they learn how powerful it can be to alter their interpretations, which in and of itself can transform their relationships with their co-workers.

These new relationships can improve productivity and reduce absenteeism, just to name a couple of benefits.

Table 5 presents the "promises" of the LFIF program.

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<sup>9</sup> Source: BHP Company documents.

Table 5: Leadership for Inventing the Future  
"Promises"

- You will transform your view of what is possible for you as part of a dynamic, powerful, team-based organisation.
- You will expand your natural capacity for leadership, and expand your ability to work with others and be enabled in expressing yourself, your thinking and your ideas.
- The course promises to challenge conventional perspectives and decision-making patterns and to provide new tools, even new uses of language, for affecting significant change.
- You will have an alteration in your relationship at work and an expansion of your satisfaction in being at work.
- The bottom line promise is you will transform who you are being at work.

Source: Landmark Education Business Development Documents

One of the distinctions covered in LFIF is "racket,"<sup>10</sup> which is defined as "a persistent complaint coupled with a fixed way of being." The participants inquire about their rackets and realize that there is a personal payoff of being this way, including being right, dominating others, and justifying one's self. But there is also a personal cost, including lessened affinity with others, reduced health and vitality, less fulfillment and satisfaction, and limited self-expression. D'Amelio gives an example:

We might, for example, have a persistent complaint that we are undervalued, underappreciated or underpaid in the work environment *and a fixed way of being* associated with that complaint—that is what we call a "racket." Many of us seem to feel that way from time to time. At LEBD, we suggest that such fixed ways of beings, and decisions or conclusions, while understandable, are often contradictory to our own best interests—and may be a bit self-indulgent. When we think we're undervalued we sometimes feel as if we are victims of the "system," that we deserve sympathy, and we are certainly not to blame for things that may go wrong. In this view, we are justified; those whom we see "in power" are obviously wrong.

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<sup>10</sup> "Racket," as used in this context, is copyright Landmark Education Corporation.

Such a view also prevents us from fully committing ourselves, or expressing ourselves, on the job. We are less satisfied than we might be, perhaps never wholly engaged with our work, and not in full partnership with the people around us. Just as individuals construct such self-defeating views, whole groups, or departments have similar dynamics that are counter-productive to the purposes they serve. Their performance then becomes characterized by low satisfaction, low productivity, little or no self-expression. We have all experienced groups where such behaviors are the norm. At the root of this is often a fear of being criticized or disappointed, or of failing once again, or not being recognized.

In working with our client populations, LEBD consultants support such groups and individuals in getting beyond these fixed ways of being. Participants find that these interpretations are grounded in the past. By observing when and how a particular division or group of people constructed these views, they gain a certain freedom with them and find they have new possibilities and new choices, new levels of creativity and participation in their work environment. Many people find that, for the first time in their lives, they are able to choose living and working freely, in a way that is not dominated by what they wish to avoid.

If people can make such choices for themselves, they can transform their work environments in a relatively short period of time. They find themselves more powerful, their colleagues more supportive, their work more inspiring, and will feel in charge of the direction of their lives at work and also for the valuable role they play in achieving the company objectives.

An example of the rackets revealed from some of the groups include: "We don't have enough resources," "Nobody appreciates HR," "We can't say what we really mean or want to say because we're afraid," and "We don't know where we're heading." The groups then inquired into the costs of these rackets. **Table 6** explores one of the group rackets.



Table 6: Example of a Group Racket

Racket: "They" never empower us

<b>Payoffs:</b> <ul style="list-style-type: none"> <li>• Making "us" right/ making "them" wrong</li> <li>• Self-justification of our group</li> <li>• avoiding the domination of "them"</li> </ul>	<b>Organizational Costs:</b> <ul style="list-style-type: none"> <li>• Power</li> <li>• Effectiveness</li> <li>• Productivity</li> <li>• Business Viability</li> <li>• Morale</li> </ul>
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According to D'Amelio:

By exploring the racket and its consequences in people's careers and in the organization, they are left with a choice: perpetuate the racket or give up the complaint and the *fixed way of being*. Altering their way of being allows the possibility of dramatically increasing their effectiveness and directly contributing to the transformation of a department, division an entire organization.

During the LFIF program, it is common for groups to express the view that a racket should not be abandoned because it is based on an accurate and legitimate complaint. Zaffron discusses this issue:

When you look what a complaint really is, you find it is an interpretation concerned with the way things should or shouldn't be. Thus, complaints can't be true or false, or accurate or not accurate, as they include an evaluative component as an essential part of its nature.

Complaints can be useful and powerful tools for change, if one is committed to the complaint and aims to take the appropriate action that moves things toward resolution. But that kind of complaint is not the "persistent complaint" of the racket.

The "persistent complaint" of the racket is designed to appear like something one is committed to but what one is *really committed* to are the payoffs one can get from the racket (i.e., being right, or dominating someone or something, or

avoiding the domination of someone or something, or justifying a position). So when a "racket" is present and in operation, the complaint exists as a smoke screen and becomes part of obtaining a payoff.

The racket is reactive and is designed to allow one to prevail or survive a situation. In an organization, people and groups running rackets create non-productive conversations that negatively impact the ability of an organization to accomplish its goals.

As participants go through program, they are able to step outside their familiar frameworks, old habits and unexamined the assumptions and replace them with new perspectives. This allows them to more effectively take the initiatives to create new commitments. The LEBD approach goes beyond merely making the commitments—it includes having commitments exist in ongoing conversations. **Table 7** describes the complete content of the LFIF program.

Table 7: Description of LFIF Course Content

Day One

- Introduction of the program by joint union-management partnership; review of New Zealand Steel's goals and commitments with the invitation to join in the commitments.
- Overview of program, including guidelines for effective participation.
- Identifying fundamental concerns that unawaredly affect and impact the way people speak and listen.
- Distinguishing the nature of language and its impact on the life and world of a person at work.
- Distinguishing the conversations that make up the culture of New Zealand Steel and how that shapes people's actions and experience of being at work.
- Recognizing the power of the past and how it shapes and influences the future.
- Learning to determine the facts of a situation independent from one's interpretation of the situation, and what that provides.
- Distinguishing the source of effective action.

Day Two

- Discovering the nature of the complaints that often determine one's capacity to act in the work environment—distinguishing “racket” and its relationship to work performance and capacity to lead.
- Work groups/teams distinguishing their rackets at work, with other groups/teams, and with the organization in a way that leaves the groups/teams with new freedom for effective action.
- Distinguishing “authenticity” in such a way as to allow a new level of self-expression and performance.
- Providing access to new ways of being and relating to others at work that go beyond past successes.

Table 7 continued: Description of LFIF Course Content

Day Three

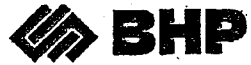
- Understanding resistance to change in such a way that people become more effective at making change happen.
- Continuing to provide access to new ways of being at work which transcend ways of being from the past.
- Learning to invent new possibilities that actually alter one's view of work.
- Distinguishing the vocabulary of "Committed Speaking and Listening," and learning to use this vocabulary to create projects to produce extraordinary results.
- Translating the results into team accountability and responsibility; group/teams meet again to use insights learned to declare new possibilities and generate new commitments.

Completion (½ day)

- Reviewing key distinctions of the course.
- Groups/teams finalizing declarations and commitments.
- Translating and implementing skills and distinctions into everyday job accountability; individuals declaring new possibilities for themselves at work and generating new commitments for what they are up to in the organization and individuals committing to specific results as an expression of those new commitments.

Malcolm Burns, who attended the first LFIF program as a participant, made two personal commitments during the three and half days. To get them into the "network of conversations" of BHP New Zealand Steel, he sent a memo to all employees declaring these commitments publicly. Table 8 presents the complete memo.

Table 8: Memo from Malcolm Burns Outlining His Promises



7 May 1997

Dave Noble  
Snr HR Officer  
WA01

Malcolm Burns  
Managing Director  
BHP New Zealand Steel

Dear Dave

Last Thursday afternoon at the LFIF programme I made two personal commitments which I would now like to provide to you in signed form.

- 1) "I am committed to being the New Zealand Steel visionary."

In making that statement I am not proposing that I alone, or in conjunction with a limited group of people such as the Senior Management Team, will create a vision for New Zealand Steel and then try to force its acceptance through the Company. Rather, my intention is to create an environment whereby everyone in the organisation has the opportunity to contribute their ideas in generating a collective view of what we should aim for in the future.

- 2) "I am committed to fight like an alley cat to secure the future of New Zealand Steel."

This statement means that I am committed to battle on behalf of the employees of New Zealand Steel with anyone who I perceive to be doing things which limit the chance of New Zealand Steel having a successful long term future. Accordingly, I will fight and argue with people inside New Zealand Steel who are not contributing to that future, with people in BHP who doubt our future, with politicians whose actions and policies are damaging to our future, with customers and suppliers who are not supporting us for the future and with anyone else in the community whose words or deeds are likely to create problems for our future.

If you do not think I am living up to these commitments TELL ME!

Regards

A handwritten signature in black ink, appearing to read 'Malcolm Burns', written over a horizontal line.

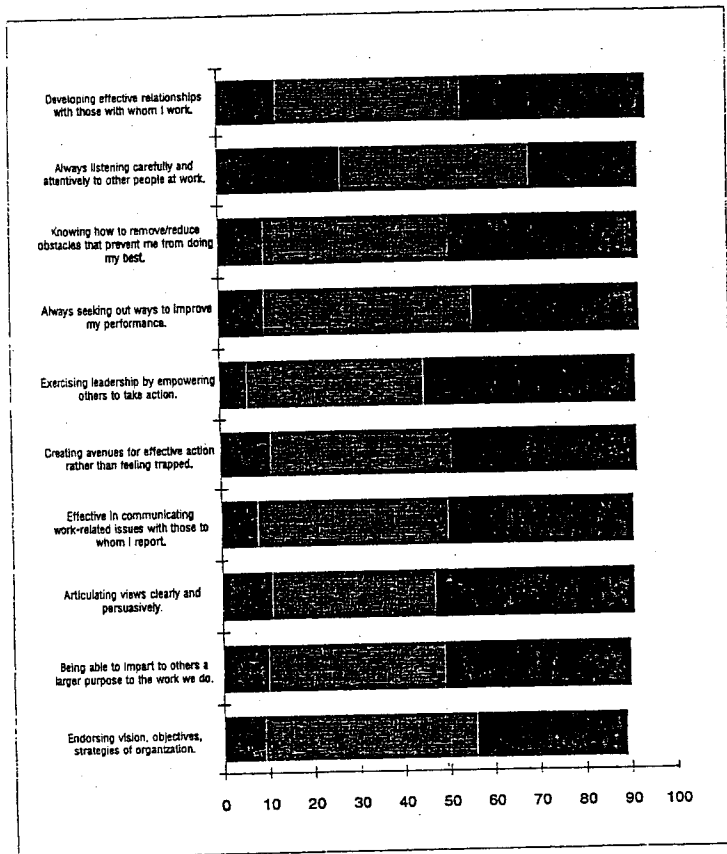
Malcolm J. Burns  
Managing Director

### RESULTS OF LFIF

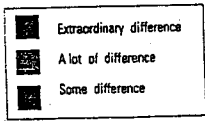
From May through December, Landmark personnel led a total of 10 LFIF programs for about 650 employees and managers, resulting in a fundamental shift in which participants were able to identify their entrenched behaviors, old habits and unexamined assumptions and replace them with new perspectives giving the ability to see, act and relate in new ways. **Table 9** summarizes participant evaluations of the LFIF program.

Table 9: Survey of LFIF Participants<sup>11</sup>

TABLE 1  
CORPORATE PROGRAM / WORKSHOP RESULTS  
BHP-NEW ZEALAND CUMULATIVE  
TOP BENEFITS RECEIVED OVERALL



\*\* Participants were asked to choose whether the workshop made an "extraordinary difference", "a lot of difference", or "some difference" in their intention to take action in each specific area.



<sup>11</sup> This survey was designed for internal use and was not intended to be scientific.

A small minority of participants (about 2%) reported not receiving value from the LFIF program, while the other 98% reported obtaining at least some value from the program. In addition to the numerical data, BHP and LEBD personnel collected comments from LFIF participants. Table 10 includes a few of these comments.

**Table 10: Comments from LFIF Participants**

“The communication factors between crews and individuals—if you’ve a complaint with someone or another crew—the communication is a lot more clear now, I feel. Just being able to go and approach someone about a different situation. It’s so easy to do.... You can approach them and sort things out.” —Steel Worker

“[In the LFIF program], I was saying to myself, if this is my business, I wouldn’t hire me. So it got me thinking.... Angelo [D’Amelio] was using the word which I’ve heard but never thought anything about it—integrity. And it...pushed a button. I’d heard it a million times but never took any significance out of it. And if you say you’re gonna do something, you gotta do what you say. Before it was, yeah, I’ll do that. No sweat, mate. Oh shit, I forgot. And that was bringing it around to getting you to look at where you are now.” —Steel Worker

Paul “Stretch” Thomson, the Assistant Site Chairman for the Engineers Union, said this about LFIF:

I felt the course was good. The relationships during and after the course are much better throughout the company. People can communicate easier and freer.

Probably the number one benefit is teaching people to be their word. If they say they are going to do something, they are going to carry it out. That made a difference in relationships at all levels.

People also learned to be involved, not just to be observers. That makes a difference.

Ian Sampson recounts an incident that highlights some of the benefits of the LFIF program:

For me...a story that demonstrates the power of what’s been achieved in the last 12 to 18 month period is to compare the two collective employment contract



negotiations that we had. In 1996, we decided that we would have a very short contract period because of the uncertainty that surrounded the business. Despite the fact that we wanted to have a short contract, we ended up... at the negotiating table for about 100 hours together. It was a very long and difficult and untrusting kind of environment.

If we contrast that with the negotiations that we just completed in October [1997], we managed to get through the negotiation process which covers roughly a double period.... And we were able to complete those negotiations in about a quarter of the time—under 25 hours at the negotiations table. We also were able to achieve some quite significant innovations in the relationship. We created a new... performance-related bonus system that allows us to really focus the whole of the work force, the whole community of people at BHP New Zealand Steel, on the future and on the performance that we're achieving together.

Malcolm Burns comments:

There are many people at New Zealand Steel who say that the Landmark course is one of the most effective and powerful events in their lives, that it helped them transform themselves on the job. It was the catalyst that altered the aspects of people's relationships that nothing else could have altered.

Burns and other leaders in BHP New Zealand Steel assert that LEBD's engagement helped people throughout the organization to change who they were being at work. This shift galvanized the workforce around a new vision of the future that continues to this day.

#### MEASURABLE RESULTS OF THE INTERVENTION

The set of interventions in the organization produced impressive measurable results. According to BHP personnel, safety performance improved by 50%, key benchmark costs reduced from 15%-20%, return on capital increased by 50% and raw steel produced per employee rose by 20%.<sup>12</sup> According to management of BHP New Zealand Steel, the workforce was also reduced by 25% in a positive, constructive and cooperative manner.

Zaffron reflects on some of the factors that helped make the Landmark intervention effective:

This type of intervention requires strong leadership and strong management. In BHP New Zealand Steel, we were fortunate to have both.

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<sup>12</sup> The specific before and after metrics are proprietary.

By the end of 1997, Burns felt he had accomplished what he had set out to accomplish at New Zealand Steel, that the changes had sustainable power. He accepted another challenging assignment within BHP.

#### DEPARTURE OF MALCOLM BURNS

On the day Burns left BHP New Zealand Steel, the plant hosted a farewell ceremony in his honor. Ian Sampson describes what happened:

The local Maori tribes had presented a very significant carving to the plant when it first opened. At dawn on the day of the ceremony, this carving was brought down from the boardroom to the main new conference room, which had recently been opened.

Later in the day, the formal part of the farewell began. It was open to everyone in the plant who was able to get there. There was a significant turnout.

During the ceremony, there were Maori prayers and a prayer from the plant chaplain. Then the significance of the wall carving was explained to the people, many of whom had not seen it before. It was explained that the managers now felt that it was important that it be shared with everyone in the workforce as it represented pictorially the unity of administration, production, selling and the people in producing iron and steel in New Zealand.

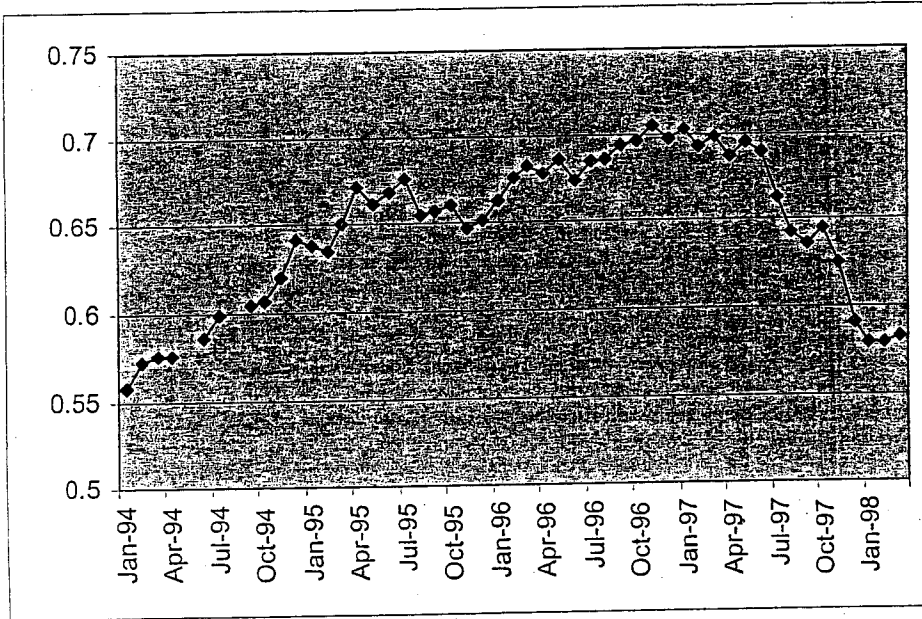
Malcolm was presented with a ceremonial greenstone walking stick—a symbol of leadership and respect in New Zealand. He then presented it to his successor.

At the end of this very moving ceremony, Malcolm reminded the people of the commitments he had made in his letter to the participants in the LFIF, particularly the one that he would fight like an alley cat for the future of New Zealand Steel [See Table 8]. He said that he could no longer do this because he was leaving. He said that while he would continue to support New Zealand Steel in any way he could, it was now up to the people themselves to protect and build what they had started to create as a long-term future for the plant. He then presented the whole workforce with a steel wall sculpture made from product in the plant, in the shape of an alley cat!

It now hangs in pride in a place in the conference room where all can see it and be reminded of its significance as they continue the transformation of the company.

APPENDIX: EXHIBITS

Exhibit #1: New Zealand Dollar Currency Exchange Rates



New Zealand Dollar vs. U.S. Dollar, 1994-1998<sup>13</sup>

<sup>13</sup> Data from the Federal Reserve Bank of New York. Each data point taken at noon EST on the 15<sup>th</sup> of each month, or the business day closest to the 15<sup>th</sup>.

Exhibit #2: LEBD's Consulting Activities

LANDMARK EDUCATION BUSINESS DEVELOPMENT  
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Landmark Education Business Development (LEBD), a wholly owned subsidiary of Landmark Education Corporation, was founded in 1993 to offer its unique technology to business corporations.

LEBD's engagements encompass a full range of consulting services, from strategic vision and planning sessions, to building and coaching high-performance executive and management teams, to implementing large scale initiatives in workforce mobilization. LEBD tailors these initiatives to the unique needs of its clients, with a specific focus on performance, agility, and the ability to maintain a competitive advantage.

LEBD has worked successfully with a wide range of clients, including athletic and fitness giant REEBOK International, and with Magma Copper and subsequently its acquirer, Broken Hill Proprietary. It has also worked successfully with UNUM, the leading provider of group disability insurance, and with the public utility Northern Indiana Public Service Company (NIPSCO). In addition to large industry, LEBD has worked extensively with organizations in the health care sector and with smaller, high-growth companies.

FUNDAMENTAL COMPETENCIES:

- Cultural transformation
- Strategic vision and planning and implementation
- Workforce mobilization
- Union/management relations
- Executive excellence
- Diversity empowerment

CULTURAL TRANSFORMATION

Stimulating people to act and giving them the power to do so may be one of the most important differences between those companies which stagnate and those which develop a competitive edge, as it is the people in our organizations who generate new ideas, develop creative responses, and push for change. The results produced through Landmark's initiatives demonstrate extraordinary effectiveness in unleashing this energy and initiative.

There is nothing more powerful and pervasive than corporate culture. The "culture" of an organization includes beliefs, attitudes and behaviors of the people who work there, which over time become "organizational habit." One of the most difficult tasks is getting people to think outside that framework or culture. When new realities in global competition produce a shift in the environment that has people at all levels of an organization question what they're familiar with, their basic assumptions about the way things are at work, the most common response is to go back to what they know, to what has worked before.

Landmark's initiatives allow people to see beyond that framework and move outside the context, the environment, the corporate culture — to stand back from it, to recognize it and see and act effectively in wholly new ways.

Exhibit #2 continued: LEBD's Consulting Activities

**STRATEGIC VISION, PLANNING & IMPLEMENTATION**

**OVERVIEW**

The future of an organization, when planned from its present condition, will ordinarily rely on existing realities and be limited by current constraints. Most strategic plans say more about today's circumstances than tomorrow's opportunities. Improvements are incremental, and most companies stick to what they are familiar with — even though the real opportunities often lie elsewhere.

LEBD's approach starts with and takes fully into account where a company is currently - its characteristics, its problems, its resources, its objectives, and then departs from that reality to a wholly new approach. This strategic design technology process does far more than determine what actions should be taken in the future, the process actually begins to create and design that future itself.

Strategic vision and planning created by locating one's company in the future vs. planning designed from the present situation, alters the dynamic of the organization itself. Instead of having to motivate or drive people toward its fulfillment, the vision is one that inherently attracts, invites, and pulls people toward it. As a result, individuals at every level are motivated to think and operate as leaders, rather than merely carrying out their assigned accountabilities.

**FULLY INTEGRATED IMPLEMENTATION**

Managers and executives who understand the difference between a strategic intent or vision as concept and strategic intent or vision as a compelling force, know that implementing it throughout is integral to any company's success. A vision or an strategic intent that does not live at every level and with every employee essentially does not exist.

The Strategic Design Process actually begins to create and design a powerful, currently unpredictable future for an enterprise. This future, or a strategic intent that the group creates, becomes a very powerful force in the organization; it builds a life of its own, it develops its own momentum, and carries its own enthusiasm. Each employee knows what the company is out to accomplish, they know their part in it, and the difference they can make. This kind of ownership and committed action of employees throughout an organization makes a company agile, flexible, and powerful in ways almost nothing else can.

This process is not designed necessarily to displace or change a company's existing vision or strategic intent. Rather, it is designed to have the company's vision, objectives, and goals become a powerful force by involving representatives from every area and level of the organization.

Exhibit #2 continued: LEBD's Consulting Activities

**WORKFORCE MOBILIZATION**

**OVERVIEW**

The possibility of delivering extraordinary business results lies in developing real leadership and teamwork at every level of the organization and ultimately in having each and every employee take on the company's goals as his or her own. Still, generating and extending this commitment throughout the company is easier said than done.

In our experience with clients, top executives have been very successful in articulating their goals but have had a difficult time communicating them effectively, and more importantly, having others take them on as their own. When a company's objectives do not live at every level and with every employee, they do not exist with any real power.

LEBD's process (described on the facing page) allows people to move far beyond compliance to an authentic ownership which calls them to participate fully. It creates an environment where the generative and committed action of employees can be powerfully elicited, allowing leadership to emerge and to yield unpredictable results.

**LEADERSHIP PROGRAM**

The leadership program is designed to cause a transformation in "who people are being" at work and provide powerful access to the distinctions of successful leadership, communication and teamwork.

It is designed to bring about a fundamental shift in what people see as possible. Participants are able to step outside of their familiar frameworks, identify entrenched behaviors, old habits and unexamined assumptions and replace them with new perspectives giving them the ability to see, act and relate in new ways.

LEBD works with people to create a climate of innovation and risk-taking and to provide a sense of confidence and a new way of approaching problems that allows people to become self-generative and take initiative to make things happen. Our clients report employees move from being "dedicated, hard-working people" to being accountable for the success of their division or organization.

**BREAKTHROUGH PROJECT PROGRAM**

This program combines the leadership program with workplace breakthrough projects to fully integrate the results into achieving company goals.

The breakthrough project program fundamentally alters how a group of people can work together; it challenges people to rethink what is possible for both themselves and for their organization.

It is designed for employees to generate a transformation in who they are being at work; to result in a powerful outcome-driven team aligned around the accomplishment of the particular division, plant, or company's goals and objectives; and to accomplish specific breakthrough business results. It promises an overall organizational breakthrough and specifically a breakthrough in leadership to produce and manage for unpredictable results. This program is a powerful adjunct and support to any previous team building activities and will accelerate team formation.

Exhibit #2 continued: LEBD's Consulting Activities

**AMONG OUR OTHER PROGRAMS AND SERVICES**

**EXECUTIVE EXCELLENCE**

When an executive team starts to gel, something very exciting happens. There comes a unique doubling of power and performance with the recognition of what the team can accomplish. LEBD's executive program focuses on creating the executives of a company as a powerful team. The CEO and executives distinguish their accountabilities in a way that leaves them with access and power in the fulfillment of their overall corporate objectives. Participants develop and invent critical performance measures and systems with which to steer the organization.

Our clients report that the program leaves executives and senior managers generating, managing and keeping in existence a breakthrough performance culture. The team is able to move forward effectively with integrity and power, welcoming risk and uncertainty and causing each other's success. They become a force for change, learn to initiate and lead the process of change and operate with a sense of urgency. The executive team develops the competency to consistently deliver extraordinary business outcomes.

**UNION/MANAGEMENT RELATIONS**

Union and management relations historically are based on mistrust, conflict of interest, and ingrained adversarial attitudes. Surmounting a history of ongoing conflict and tension, building a strong foundation of partnership and trust is essential to achieving new levels of productivity and a competitive advantage.

Landmark's programs and initiatives bring about a dramatic shift in how people work together in fulfilling the goals of their organization. When people can see and hear themselves as an integral and vital part of an organization's future, they are able to step outside their separate, often adversarial roles and experience themselves as part of a team.

**DIVERSITY EMPOWERMENT**

Cultural diversity in organization means including people of different cultures, races, genders, nationalities and styles. More importantly, a culturally diverse organization recognizes, values and uses people's differences and similarities in support of the organizations objectives.

Organizations can learn to harness aspects of uniqueness as a source of strength and creativity for the organization. Cultural Diversity not only influences the internal operations of the organization, it also impacts the organization's capabilities vis-à-vis customers, suppliers, financiers, communities, and other constituencies. A skillfully diverse organization sets it apart from its competitors.

LEBD's Diversity programs create an organizational culture that recognizes, develops and harnesses the added value of everyone's similarities and differences in service of the organizations's objectives.