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Project report

# Digital Think Tank as Vehicle to Digital Transformation

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## Digital Think Tank as Vehicle to Digital Transformation

The digital transformation of our corporate world is in steady motion in many companies. Starting with the stronger emphasize on the collection and analysis of data, over the expansion of the organization's IT-infrastructure, up to a more intensely used digital communication (e.g. whatsapp): more and more business processes are being digitized.

The implementation of the digital transformation is hereby approached by companies in various ways. Some ask an IT-consulting house to conduct business processes analyses and an implementation of digital processes. Others again found or buy a start-up, which probe new business models nonadjacent to the traditional business.

LEAG is taking another route. As part of their digitalization strategy, the company focuses on a think tank approach ('Digital Think Tank': DTT) to push the digital transformation. This approach is also supposed to positively affect the company's cultural shift toward more agility. flow consulting has supported and accompanied the digital think tank in its first steps. In this project report, we mainly write about the project's first phase – the conception, targets and project kick-off– since now, in August 2017, the DTT is still in a working phase.

LEAG (Lausitz Energie Bergbau AG & Lausitz Energie Kraftwerke AG) with its base in Cottbus in the Lusatian (Lausitz) region, is Germany's 4th largest energy providing and largest brown coal-mining company. Additional core-businesses are the refinement of brown coal and the operation of coal-power-plants. LEAG is the joint brand of Lausitz Energie Bergbau AG and Lausitz Energie Kraftwerke AG. The company was founded in 2016 when the Swedish energy corporation Vattenfall AB sold the Lausitz coal mining operations and power plants to the Czech EPH-group and its financial partner PPF Investments. However, the history of LEAG, respectively the original company (Lausitzer Braunkohle AG und Vereinigte Energiewerke AG), dates even back to the former brown coal collectives of the former German Democratic Republic (East Germany). Vattenfall AB acquired the mining company in 2001, sold it again though in 2016 due to their strict CO2 emission targets. LEAG is one of the largest private employer in Eastern Germany. With roughly 8000 employees, the corporation mine for approx. 60 million tons of brown coal every year, resulting in revenues of about 1 billion Euros.



Illustration 1:  
The coal power plant „Schwarze  
Pumpe“ near Cottbus



Illustration 2: Jänschwalde/ Cottbus North spoil conveyor bridge in the opencast brown coal mining

## **Using a think tank approach for digital transformation**

LEAG intends to actively drive on the company's digital transformation with the aim to become more efficient and more flexible in the future. That's why the Digital Think Tank was initiated.

The think tank is composed of several employees from different levels in the hierarchy and from various departments of the company. The group is separated from the corporation's hierarchy, to generate ideas for digitalization independent from departmental interests. The think tank reports directly to the CEO. The members of the group can use about 20% of their working hours for the DTT. The goals are:

1. Development of strategies for the digital transformation of business processes of the LEAG
2. Identification of processes for the "internet of things" / industry 4.0
3. Revealing the potential of and areas for digital transformation

Another goal of the Digital Think Tank is to stimulate and launch LEAG's cultural shift toward more entrepreneurial and lived agility: "By applying this approach, we believe to render a flatter and more agile organizational structure", describes Alexander Lengstorff Wendelken, former head of the HR-development department and now managing director of LEAG's subsidiary TSS GmbH. This change is paramount for this coal mining and power plant operating company, having set aspiring goals for future growth. To be fit for the future and to find lucrative new business sectors, the company leaders as well as regular employees need to think in new, innovative ways and therefore will gradually have to free themselves from their traditional and conservative organizational culture.

## **10 employees were selected**

To ensure acceptance for the DTT within the company and to win the right people for the DTT team, an internal, multi-stage application process was initiated. 68 people from all parts of the company applied to become team members. An important selection criterion was, among others, the person's competences and affinity for digital topics. Additionally, the goal was to create a diverse team with many different professions and broad departmental affiliations. The selection process was conducted during the months of March and April 2017. An internal jury - composed of members from the HR-department and the CEO himself - selected 10 applicants for the team. The head of HR and the CEO were also the sponsors of the project. The HR-development in their function as developer of the concept serves as internal advisor to the project.

The team members do not receive any further monetary compensation apart from their 20% share of working hours. The think tank is limited in its duration; the program is designed to run for around 12-18 months. However, the team members are to decide on their own when to adjourn. The steering board is informed about the team's progress in a monthly review meeting. The think tank is free to choose its own budget; however, the funds are decided upon by the steering board on demand. The ten team members received a customized training and consultation concerning the methodology before the project launch. This was conducted in form of a three-day kick-off workshop.

### **Group dynamics, creativity and innovation: the kick-off workshop**

The kick-off workshop was an important milestone of the project. It took place at the end of April 2017. Shortly beforehand, the members of the newly founded think tank were invited by the CEO to a welcome speech in a public forum at the corporate headquarter. On this occasion, the official assignments and goals of the group were once again clarified. In the following workshop, the group primarily worked on three topics:

- Team building and personality: the group's diversity and collaboration
- Creativity: techniques for finding and selecting ideas, and innovation
- DTT organization: working techniques for a well-functioning think tank

On the first day of the kick-off workshop, the team members came to know each other and became more familiar with themselves by means of a personality- and team-profiling (Power Potential Profile<sup>®1</sup>). In this way, the strengths and potentials of the group members became transparent. Trust was built, tasks could be distributed after skills & potentials of the members, and the acceptance of having a necessary diversity within the group increased. Teambuilding exercises and Canadian paddling on the Spree river in the evening stimulated the group dynamics further. Furthermore, the group could work out the distinctive tasks of the team and its members, and could also reveal the think tank's chances and risks in succeeding in its pursuit.

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<sup>1</sup> View [www.powerpotentialprofile.de](http://www.powerpotentialprofile.de)

Potential chances	Potential risks
Knowledge transfer	Budget is too low
To build networks	Too little knowledge
Lobbyism internal/external	Lack of precision
Feeling to create something new	Conflicts within DTT
Free/open assignment	Jealousy among colleagues
Founding a start-up	Fears of other employees
Probing and testing new technical equipment	Dependent on the support of others
Better communication	Technical limitations
Modernization of IT	To lose oneself in details
To set a good example	To strain oneself / take on too much
To shape future work	Possible unsuccessful attempts
To create new confidence	Failed communication
New organizational structures	Compatibility with working hours
...	...

Illustration 3: Extracts of the results of the group work: chances and risks of the Digital Think Tank

<p><b>practical</b></p> <ul style="list-style-type: none"> <li>- see benefits</li> <li>- grasp advantages</li> <li>- argue objectively</li> <li>- try product</li> <li>- discuss details</li> </ul> <p>Trap: Getting lost in facts and details</p> <p style="text-align: right;"><b>ST</b></p>	<p><b>personal</b></p> <ul style="list-style-type: none"> <li>- maintain relationships</li> <li>- personally convincing</li> <li>- help people</li> <li>- manifest sympathy</li> <li>- demonstrate reference</li> </ul> <p>Trap: Neglecting goals due to sympathy/antipathy</p> <p style="text-align: right;"><b>SF</b></p>
<p><b>competent</b></p> <ul style="list-style-type: none"> <li>- explain background</li> <li>- clarify strategy</li> <li>- show knowledge</li> <li>- master theories</li> <li>- develop possibilities</li> </ul> <p>Trap: Being blinded by theoretical deliberations</p> <p style="text-align: right;"><b>NT</b></p>	<p><b>motivating</b></p> <ul style="list-style-type: none"> <li>- illustrate sense</li> <li>- convey enthusiasm</li> <li>- point out perspectives</li> <li>- waken talents</li> <li>- inspiring people</li> </ul> <p>Trap: Being affected by the enthusiasm without checking the consequences</p> <p style="text-align: right;"><b>NF</b></p>

Illustration 4: Four different preferences in communicating<sup>2</sup> - an extract of personality theory.

<sup>2</sup> The module personality (JPP) of the Power-Potential-Profile®, please view: [www.powerpotentialprofile.de](http://www.powerpotentialprofile.de)

On the second day of the kick-off workshop, various creativity techniques were presented and exercised. The members were to understand how to research, collect and analyze data, as well as how to generate creative ideas. To generate ideas about digitalization and to find digitalization potential within LEAG is the main task of the think tank. Not only a theoretical approach was used here, but rather a combination: the four essential phases of the creative process were right away probed and exercised by means of two examples from the LEAG world: (1) define the problem, (2) find ideas, (3) evaluate ideas, and (4) implement ideas. At the end of a long day two, after a lot of theoretical and practical examples and exercises, the group could present several well applicable & useful ideas as a result. On the next day, the necessary steps for the implementation of the selected ideas found the day before were discussed. Having gone through this training, the group has learned about and exercised the main elements of the creative process as a basis for the further work in the think tank.

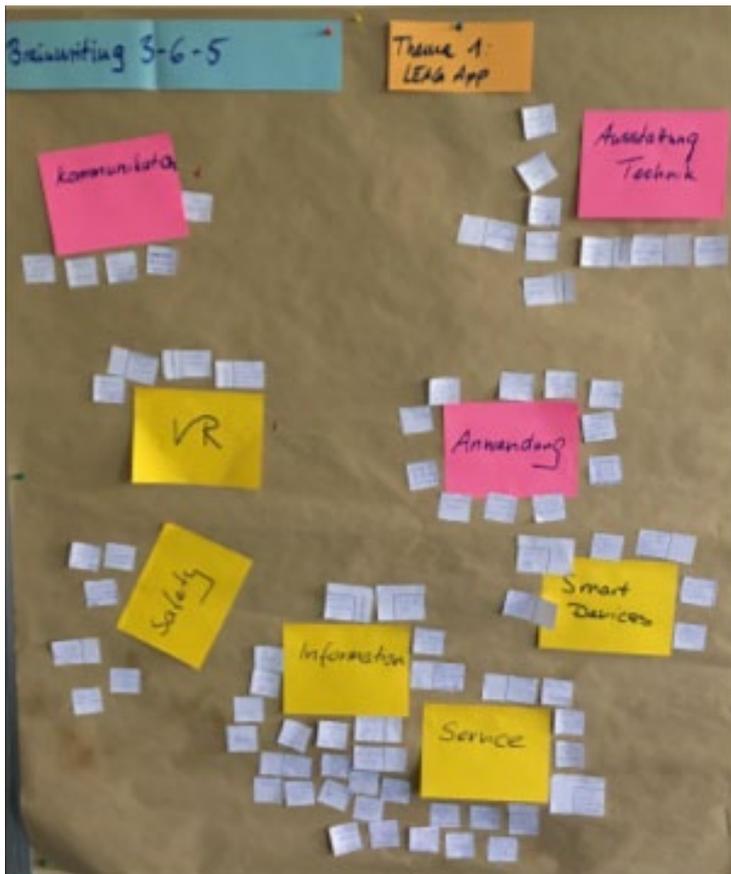


Illustration 5: Results of the group work with the creativity method 'Brainwriting'

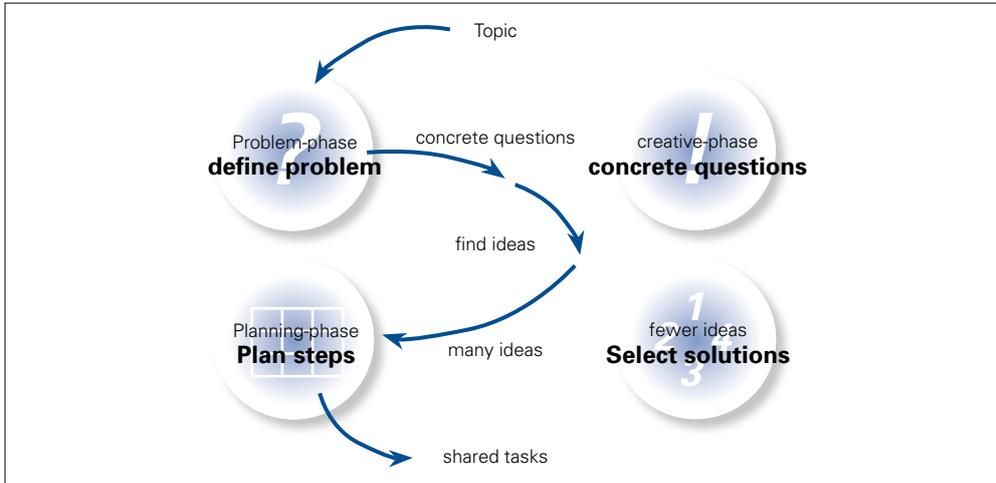


Illustration 6: The four essential elements of the creative process.

On the third day, flow consulting consultant Renke Ulonska presented the topic of “open innovation”. Several studies<sup>3</sup> gave the theoretical input: The most novel ideas will most likely not be found within the company, but rather outside of the boundaries of the organization (e.g. in analogous markets). Having the theoretical input in mind as background, the workshop participants went on to brainstorm about where to find ideas, using a guiding question: *“To promote our topic, which knowledge and experts from our company, our industry / sector, and from other industries / sectors should we use?”*. This way of questioning the idea finding process rendered the basis for the further research: a plan of actions. The list was filled with e.g. visits of trade fairs, innovative companies, or congresses. Experts and organizations from all different kinds of sectors were named to serve as impulses for the group’s research.

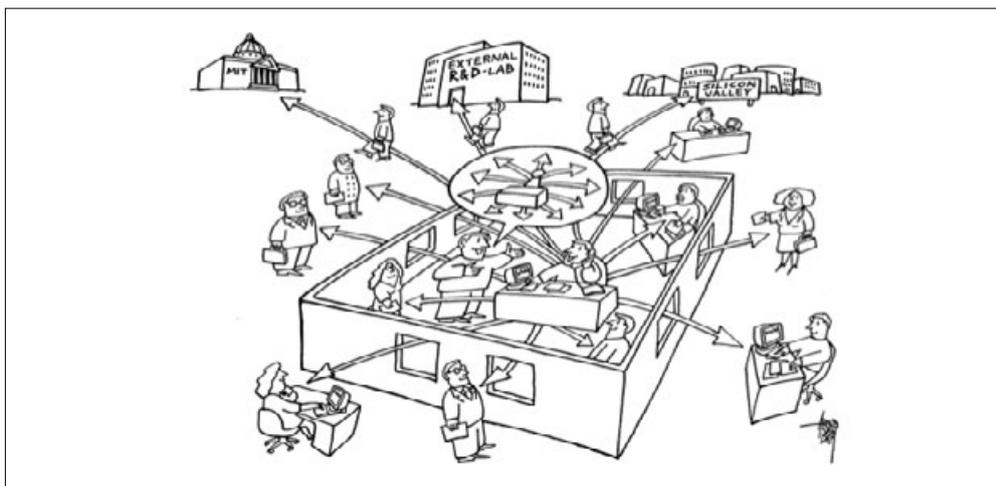


Illustration 7: Open innovation approach<sup>4</sup>

<sup>3</sup> see for example Poetz 2010, Harryson 2010, Agerfalk and Fitzgerald 2008, Katila and Ahuja 2002, Pisano and Verganti 2008, Rosenkopf and Nerkar 2001

<sup>4</sup> Source: „know-who based entrepreneurship: from knowledge creation to business implementation “, Sigvald Harryson 2010

The end of the workshop tackled the important issues of self-organization of the group. The think tank team members agreed on several questions: where, when and how often to meet? How do we communicate with each other? How do we divide the work? Who is responsible for what? Etc.

As a result of the kick-off workshop, the participants had clarified task responsibilities, the methodology of the task approach, and the opportunities and risks of their work in the think tank. The DTT members are not experts in innovation and digitalization as found, for example, in universities or in research institutions, but rather view these two topics from a practical perspective within LEAG. Their crash-course in the kick-off workshop has taught them though some useful tools for their innovative mission.

#### ***The Digital Think Tank (DTT)...***

- is composed of 10 members, who were selected - in a transparent application process - on the basis of their digital competences, their expert knowledge in their area of work, and their motivation for digital topics.
- is not a full-time position: The participants can use ca. 20% of their regular working hours for the DTT.
- is self-organizing: meeting times & locations, work equipment, trainings, etc. are organized and decided upon by the think tank members themselves.
- acts like a “start-up company within the corporation”: the DTT participants search for, take up and develop their roles within the group themselves based on their competences.
- is not incorporated into the regular or a specific project hierarchy, but...
- reports directly to the LEAG CEO, though without formal requirements on how or what to report.
- adjourns independently when no more ideas are generated. It is expected though that this is the case after 12 to 18 months.
- does not only develop own ideas, but enables all employees to submit their ideas (there is no bonus system for ideas)
- is expected to initiate a cultural shift within the corporation toward more agility and flexibility.

## **Next steps**

The team started their actual work quickly after the workshop. It could apply their learned creativity methods and generate some 200 ideas already during May and June 2017. These ideas were not solely developed by the DTT team, but many of those were submitted by colleagues from various departments within LEAG. In the summer of 2017, the DTT was in the process to evaluate and prioritize the ideas collected with regard to effect and ease of implementation. At the same time, the team's efforts in researching, studying, interviewing, analyzing and finding more impulses from external sides – are still ongoing. In the meantime, progress reports and project recommendations are communicated to the DTT steering board. Subsequently, the management team / board of directors will then decide on the implementation of an idea.

There is no specific time schedule in the course of this approach. The members of the think tank alone decide how much time is needed for which project phase. Here, an iterative approach can be considered. An idea could be expanded by new findings or impulses, or it could be checked upon via an interview with a colleague working close to the subject matter. The DTT will also decide independently on the group's adjourning phase. The time to do that is supposed to be the point in the project when the group is not delivering a sense-making contribution within their agreed framework anymore. This will most likely occur after a period of approximately 12 to 18 months.

## **An experiment for the cultural shift**

An additional goal of the think tank is to depict a positive example for another, more agile form of communication and organizational structure and therewith to accelerate the cultural change within the organization. Within LEAG, the entire company will observe how the DTT works as a newly formed group, which influence it has, how the ideas are implemented, and which effect the ideas have, etc. The DTT is a pilot project for LEAG and the company felt absolutely positive about it, since it could collect many ideas already shortly after its launch. In addition, LEAG employees and leaders from many departments have communicated that they are very happy to be able to contribute their own ideas as well – regardless, if they are precise or abstract – into the project. For LEAG this means a first step to unlock their innovative potential and to open up towards a more agile company culture, says Alexander Lengstorff Wendelken. The approach – if successful - is to serve as a model for other projects of this kind.

## Authors



**Renke Ulonska:** Consultant and trainer at flow consulting gmbh. His focus areas are: consulting and leading pursuits of change and digitalization, strategy, process and business analyses, consulting within procurement & supply chain, innovation management, and backup research. He has trained and methodologically accompanied the Digital Think Tank in the subject of creativity and innovation.



**Alexander Lengstorff Wendelken:** Former head of LEAG HR/personnel-development. Since July 2017 he has become head of the LEAG daughter company TSS Logistics. He has significantly developed the concept of the Digital Think Tank and coordinated it with the LEAG board. He has been one of the main initiators of the concept within the company and has conducted the application selection process. Mr. Lengstorff Wendelken has also initiated the kick-off workshop and continues to accompany the group, however, without playing an active role within the think tank.

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