

PHILIPS' JOURNEY TO DECENTRALIZED DECISION MAKING

Executive Summary

Philips, a global leader in healthcare technology, faced critical challenges in embedding a new operating model designed to decentralize decision-making and accountability across its diverse business units. As the Patient Safety and Quality (PSQ) team integrated these changes, they encountered complex adaptive challenges related to collaboration, leadership alignment, and role clarity, compounded by the high stakes of ensuring patient safety and regulatory compliance.

Philips adopted WIAL Action Learning to address these challenges during an in-person PSQ Summit. The methodology facilitated adaptive problem-solving, leadership development, and team collaboration, enabling the organization to navigate uncertainty and realign its strategy. The summit also included the training of internal leaders as Action Learning coaches to sustain this methodology throughout the organization.

The initiative produced measurable outcomes, including accelerated progress in the PSQ transformation, improved cross-functional collaboration, and the adoption of a culture focused on inquiry and shared accountability. The “Me to We” cultural shift increased mutual understanding and strengthened leadership capabilities, enabling Philips to address complex challenges more effectively.

About Philips

Philips is a global leader in healthcare technology, offering innovative solutions such as life support machines, baby monitors, and diagnostic tools designed to enhance patient outcomes and improve quality of life. Headquartered in the Netherlands, Philips operates in over 100 countries with a workforce of more than 70,000 employees. The organization's mission is to deliver impactful healthcare solutions while ensuring the



safety and well-being of patients worldwide. Addressing challenges related to patient safety and quality is critical for Philips, as failures in these areas can have severe consequences for patients and the company's reputation.

The Challenge

Philips embarked on a transformation to decentralize its operating model, empowering business units to take greater accountability for their specific portfolios. While this strategy was essential for improving agility and responsiveness, it introduced adaptive challenges that were more human than technical.

Key challenges included:

- Lack of clarity in roles and responsibilities across the organization.
- Limited collaboration and alignment among leaders from different regions and functions.
- Skepticism about adopting new problem-solving approaches, given Philips' strong heritage in technical methodologies like 5-Whys.
- Resistance to change, exacerbated by the complexity of the healthcare environment and the high stakes of patient safety and regulatory compliance.

If left unresolved, these challenges threatened to undermine Philips' transformation, jeopardizing operational efficiency, employee morale, and the company's ability to meet patient and stakeholder expectations.

Solution: Applying WIAL Action Learning

Approach and Implementation

Philips adopted WIAL Action Learning as a central methodology to address the adaptive challenges of their new operating model, focusing on enhancing collaboration, inquiry, and leadership development. The initiative was introduced through a 3-day in-person Patient Safety and Quality (PSQ) Summit, involving 80 senior leaders from various

regions, functions, and business units. The summit aimed to establish clarity, accountability, and a unified approach to problem-solving.

Key steps in implementing Action Learning included:

1. **Preparation and Planning:** Problem Presenters (senior leaders) participated in virtual briefing calls to align on their roles and responsibilities during the summit. Participants attended preparatory sessions to familiarize themselves with Action Learning principles, including the power of questioning in problem-solving. Challenges were pre-identified and grouped into 10 thematic areas, each representing a critical issue related to the new operating model.
2. **Training Internal Coaches:** Nine leaders were trained as Action Learning coaches by Matthew Farmer and Kirsty Foster of Emerging World. These coaches, already experienced facilitators, were empowered to support teams during the summit and beyond. The training emphasized applying Action Learning to adaptive challenges, helping participants transition from technical to more collaborative problem-solving approaches.
3. **Facilitating Action Learning Sessions:** Participants were divided into 10 diverse groups, each supported by an Action Learning coach and led by a Problem Presenter. Over two days, groups conducted four 90- to 120-minute Action Learning sessions. These sessions involved refining problem statements, exploring solutions, and identifying actionable steps. Coaches convened during breaks to address emerging challenges and share best practices, ensuring consistent progress across groups.
4. **Summit Debrief and Follow-Up:** On the final day, Problem Presenters shared their findings and action plans with the larger group. This plenary session facilitated cross-team learning, highlighting shared challenges and collaborative solutions. Participants explored the cultural implications of their work, reinforcing the summit's overarching theme of shifting from "Me to We."

Key Activities and Milestones

Philips' integration of WIAL Action Learning into its Patient Safety and Quality (PSQ) Summit was marked by several critical activities and milestones that demonstrated the methodology's effectiveness and adaptability. These phases showcased how Action Learning was leveraged to address complex organizational challenges, foster collaboration, and achieve meaningful outcomes. Below are the key steps and breakthroughs that defined the initiative:

- **Problem Identification:** During the preparatory phase, leaders identified 10 key challenge areas, ranging from fostering trust and collaboration to streamlining processes in the new operating model. These problems became the foundation for Action Learning sessions.
- **Action Learning Breakthroughs:** Groups achieved significant breakthroughs, including:
 - Refining complex problem statements to align with broader organizational goals.
 - Transitioning from quick-fix solutions to a deeper inquiry-based approach, enabling long-term impact.
 - Developing risk-based strategies to manage stakeholder expectations and clarify team roles.
- **Cultural Shift Observed:** Teams demonstrated a marked shift toward collaborative inquiry. Participants embraced open-ended questioning, leading to richer discussions and more inclusive decision-making processes.
- **Post-Summit Integration:** Internal coaches facilitated follow-up sessions to sustain momentum, embedding Action Learning into ongoing initiatives like "Movement Makers" and "GROW." These programs expanded the use of Action Learning across Philips, addressing cultural and operational challenges.

Adaptations

To address Philips' unique needs and operational complexity, several adaptations were made:

- **Tailored Training for Internal Coaches:** Recognizing that adaptive challenges required a different mindset, the training emphasized the value of inquiry over directive solutions. Coaches learned to navigate initial resistance by building trust and modeling effective questioning.
- **Engagement of External Support:** Experienced coaches from Emerging World provided facilitation and guidance, ensuring the methodology's integrity while enabling Philips to develop internal capacity for sustained use of Action Learning.
- **Incorporating Skeptical Participants:** Participants initially resistant to a "new" problem-solving approach were guided to appreciate the benefits of Action Learning for non-technical challenges. Success stories and immediate outcomes helped convert skeptics into advocates.
- **Focus on Scalability:** By training internal coaches, Philips ensured the long-term sustainability of Action Learning, reducing reliance on external support and embedding the methodology across its global operations.

Results

The integration of WIAL Action Learning into Philips' transformation efforts yielded significant operational, cultural, and strategic outcomes. The approach not only addressed immediate challenges related to the new operating model but also set the foundation for long-term organizational improvement.

Operational Impact

Philips' application of WIAL Action Learning led to measurable operational improvements, enhancing efficiency, collaboration, and problem-solving across the organization.

- **Improved Problem-Solving Efficiency:** The summit enabled 10 diverse teams to refine complex problem statements, identify root causes, and develop actionable solutions. Participants adopted a risk-based approach, which improved clarity in decision-making and operational execution.
- **Enhanced Collaboration Across Business Units:** Action Learning sessions facilitated clearer communication between teams, leading to more cohesive strategies for managing stakeholder expectations. These efforts contributed to measurable improvements in efficiency and workflow alignment.
- **Concrete Business Improvements:** Teams developed a collaborative operating model that enhanced communication between external partners and business units, ensuring better alignment with stakeholder needs. Practical steps to streamline processes were implemented, leading to accelerated adoption of the new operating model across regions and functions.

Cultural Shift

WIAL Action Learning fostered a significant cultural transformation at Philips, shifting the organization from individual-focused efforts to a collaborative, team-oriented approach.

- **“Me to We” Transformation:** A central theme of the summit, this cultural shift encouraged participants to prioritize collective accountability over individual agendas. The shift was exemplified by increased trust and collaboration across teams, breaking down silos and fostering a shared vision.

- **Stronger Team Dynamics:** Action Learning sessions deepened relationships among colleagues, creating an environment where diverse perspectives were valued. Participants noted improved team morale and a stronger sense of connection to Philips' broader mission.
- **Adoption of Inquiry-Based Leadership:** Participants embraced the power of questioning as a tool for understanding and solving complex challenges. This practice fostered more inclusive decision-making and empowered team members to contribute meaningfully.

Strategic Benefits

The integration of WIAL Action Learning at Philips advanced long-term organizational goals, driving innovation, adaptability, and alignment with strategic priorities.

- **Acceleration of Transformation Initiatives:** The PSQ Summit accelerated the rollout of Philips' new operating model, ensuring alignment with strategic goals. The program's success laid the groundwork for embedding Action Learning into other initiatives, such as "Movement Makers" and "GROW," which have engaged over 300 employees to date.
- **Scalability and Sustainability:** By training nine internal leaders as Action Learning coaches, Philips reduced dependency on external support, creating a scalable model for addressing challenges across its global operations. Coaches facilitated over 36 Action Learning teams post-summit, with plans to extend the methodology to 240 additional employees by year-end.
- **Enhanced Leadership Development:** The initiative cultivated leadership capabilities critical for Philips' long-term success. Leaders demonstrated greater adaptability, improved conflict resolution skills, and a commitment to fostering an inclusive, collaborative culture.

Quantitative Highlights

The measurable outcomes of Philips' WIAL Action Learning initiative underscore its effectiveness in addressing challenges and driving meaningful change.

- **Summit Effectiveness:**
 - 8.7/10: Participants' average satisfaction score, rating the summit as a valuable use of time.
 - 10 Problem Areas Addressed: The summit tackled critical themes, including collaboration, role clarity, and process improvements.
- **Movement Makers Program Impact:**
 - 60 Employees Trained: Upskilled in Action Learning practices, with a target of 300 employees by year-end.
 - 33 Culture Challenges Addressed: Real business problems solved using Action Learning.
- **Action Learning Adoption:**
 - 36+ Teams Facilitated: Internal coaches applied Action Learning across various business units.
 - 2 Certified Coaches: With the remaining seven in the certification pipeline, ensuring a sustainable framework for ongoing development.

The results from Philips' use of Action Learning demonstrate its value as a transformative methodology, driving operational improvements, cultural shifts, and strategic alignment. These outcomes highlight the methodology's role in fostering an agile, innovative, and collaborative organization.

Participant Insights

Participants in Philips' Action Learning initiative shared profound insights, highlighting personal growth, enhanced teamwork, and the transformational impact of the methodology:

- “Only asking open questions proved to be much more challenging than anticipated and made me reflect on how we are so used to sending instead of receiving. This shift has really helped us make better, more inclusive decisions.”
– Jan Windey, Services CoE Leader
- “The problem-solving was great—not just to address the issues at hand, but also to learn different perspectives from people in various roles and parts of the organization. It deepened our understanding and strengthened our collective efforts.” – PSQ Summit Participant
- “After the summit, I witnessed breakthroughs in how teams approached problem-solving. Facilitators ensured all voices were heard and encouraged deeper conversations, which led to better engagement and ownership. This has been empowering for our teams.” – Katie Feurer, Head of North America Markets & Global SVS and Solutions
- “The training was transformative. Initially, I saw this as another tool, but I quickly realized its potential for solving real problems and improving team dynamics. Action Learning cultivates critical questioning skills essential for effective leadership.” – Philips Internal Coach

These reflections underscore how Action Learning not only addressed organizational challenges but also fostered meaningful personal and professional growth among participants.

Future Plans

Building on the success of its PSQ Summit, Philips is committed to expanding the use of WIAL Action Learning across the organization. The company aims to deepen its integration into leadership development, cultural transformation, and problem-solving initiatives.

Planned Initiatives Include:



1. **Scaling the Movement Makers Program:** By year-end, Philips plans to train 300 Movement Makers in Action Learning techniques, addressing over 33 cultural and business challenges. These leaders will act as catalysts for change, role-modeling the organization's cultural shift.
2. **Expanding Internal Coaching Capacity:** Philips is supporting its nine internal coaches through the certification process, with two already certified. These coaches will lead additional Action Learning sessions, embedding the methodology into more business units and functions.
3. **Broadening Application in Strategic Programs:** Initiatives like "GROW" and on-demand coaching sessions will continue to leverage Action Learning to tackle adaptive challenges, enhance collaboration, and align team efforts with organizational goals.
4. **Sustaining a Culture of Inquiry:** Philips plans to foster a company-wide culture of inquiry by encouraging leaders at all levels to embrace the principles of Action Learning. This includes facilitating more training sessions, hosting workshops, and creating resources to support ongoing learning.

Philips envisions a future where Action Learning is not just a methodology but a core element of its organizational DNA. By scaling its use, Philips aims to enhance adaptability, drive innovation, and create a collaborative, high-performing workforce that can address the evolving needs of the healthcare industry.

Through these efforts, Philips will continue to demonstrate the power of Action Learning to transform challenges into opportunities, ensuring sustainable growth and impactful leadership.

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