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JENNIFER CHATMAN

## Maersk: Driving Culture Change at a Century-Old Company to Achieve Measurable Results (A)

*We knew to be successful as an integrated logistics company that we needed to change the culture. So, we set out on that journey.*

—SØREN SKOU, CEO (2016-2022)  
MAERSK

Ulf Hahnemann arrived at his job interview in December 2015 at A.P. Møller-Maersk—one of the world’s largest shipping companies—fully prepared to discuss the Chief Human Resource Officer (CHRO) position he was applying for. Unfortunately, he wore the wrong clothes. The interviewer expected Hahnemann to comply with Maersk’s conservative dress code and asked him to apologize for his error. At Maersk, men wore suits with shoes and belts that matched, and women wore long sleeves to conceal their bare arms. Employees who came to work violating these rules were sent home to change into more “appropriate” clothes. As Hahnemann sat in his business casual outfit being chided for not dressing formally enough, he was convinced that this Danish giant needed to dust off some of its 100-plus year history and join the 21st century.

Despite his sartorial choices, Hahnemann was hired in 2016 and given the enormous challenge of transforming Maersk’s culture. His experience prepared him for what he knew was a “mammoth challenge.” After graduating from Copenhagen Business School, he had an international career in leadership positions most recently serving as VP of Strategic Programs, People, & Organization for Mars Incorporated (a global maker of pet care, snacks, and candy). While Hahnemann was a people operations (PO) executive for the bulk of his career, he was also an adept business leader—for example, serving as the president of the Mars Petcare North America business. Happily, the new position at Maersk allowed his family to return home from Tennessee to Copenhagen.

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Professor Jennifer Chatman prepared this case study with assistance from Case Writer Susan Thomas Springer as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

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When Hahnemann joined Maersk, the company had grown well beyond its origins as a cargo steamer company into a global conglomerate. Moving into oil drilling, the grocery industry, and banking, however, had not contributed to Maersk's financial success. The publicly traded company (AMKBY)<sup>1</sup> is controlled by an industrial foundation, effectively led by family members through the Foundation board. In 2016, both the Foundation and Company boards were unhappy with Maersk's financial performance, so they hired a new CEO, Søren Skou, to initiate a strategic review. They gave Skou the mandate to assess everything and anything. His review led the management team to split the company—divesting oil and energy services—to focus on creating an integrated logistics company modeled after courier industry leaders UPS and FedEx.

Skou set the ambitious goal of building Maersk.com into a transaction site for selling its services, handling bookings, and precisely tracking the millions of products it was moving around the world each day. Making this transition to a completely digital service provider was a huge strategic shift for the company. And there was no more apparent gap for achieving this new multifaceted strategic goal than in Maersk's lack of suitable technology and technological expertise. In 2004, Maersk sold its subsidiary Maersk Data to IBM, effectively outsourcing its tech capabilities to IBM who, in turn, provided IT infrastructure services back to Maersk.<sup>2</sup> To realize Maersk's new model, Skou said it was clear the company needed to reverse course and invest in in-house technology.

As initial steps, Maersk added trucking and other services to complete the entire logistics chain. They then hired over 3,000 tech workers and nearly 4,000 logistics workers to ship products from production to distribution. Key to the success of this strategic shift was enabling the Maersk website to function like Amazon; businesses would be able to “shop” for logistics to transport their goods globally. Amazon.com launched in 1995 with the mission “to be Earth's most customer-centric company.”<sup>3</sup> Twenty years later, Maersk sought to emulate that full-service model with end-to-end logistics, which constituted a dramatic change in Maersk's service offerings.

The problem, of course, was that Maersk's culture had evolved to support an entirely different strategy, and the transformation surfaced barriers that made it clear that the culture needed to change—dramatically. Relatedly, Hahnemann identified two competency barriers. First, and perhaps most basically, the seafaring company lacked logistics expertise in land transportation. Perhaps more importantly, however, Maersk lacked leading-edge technology and technologists. Previously, Maersk's tech employees served as tech support, mainly servicing employees' laptops. They were not technology experts who could create code and develop a website enabling customers to fulfill their worldwide shipping needs. Hahnemann knew that if Maersk wanted to hire a new kind of tech expert, Maersk certainly couldn't force them to wear suits to work or adhere to other seemingly outdated cultural practices. Joining Maersk as an “outsider,” Hahnemann saw the misalignment between Maersk's culture and its new strategy to be striking.

The year Hahnemann joined Maersk the company was 112 years old—a lot of tradition to turn around. He noticed that leaders were very proud of the company's historic achievements and yet, they seemed out of touch with its current reality. The 2016 annual report showed losses, necessitating Maersk to evaluate its operations to “generate growth and maximise shareholder value.”<sup>4</sup> Also, Maersk's Net Promoter Score—the gold standard for measuring customer satisfaction and loyalty, which can range from -100 to +100,<sup>5</sup> was the lowest Hahnemann had ever seen at a staggering minus 30—a score he said indicated that “customers hated Maersk with a

<sup>1</sup> <https://investor.maersk.com/stock/stock-quote-and-chart>

<sup>2</sup> <https://www.freightwaves.com/news/ibm-completes-takeover-of-maersk-data>

<sup>3</sup> [https://www.amazon.jobs/en/landing\\_pages/about-amazon](https://www.amazon.jobs/en/landing_pages/about-amazon)

<sup>4</sup> <https://investor.maersk.com/static-files/a31c7bbc-577a-49df-9214-af2d649a9f5>

<sup>5</sup> <https://www.qualtrics.com/experience-management/customer/net-promoter-score/>

passion.” He wondered if he could change the culture of an old-fashioned company focused on processes rather than customers. And exactly how could he embark on such a massive shift?

## Need for Strategic Shift

Headquartered in Copenhagen, Denmark, Maersk is a publicly traded business with the founding family controlling the company as its main shareholder. Maersk was founded in 1904 by Captain Peter Maersk Møller and his son. The original logo, which symbolized good fortune to the family, is a white seven-pointed star on a pale blue background still seen on ships and containers in ports around the world. During the First World War, the great need for trade and shipping enabled Maersk to expand rapidly including becoming a shipbuilder. During the Second World War in 1940, however, allied forces requisitioned 36 of Maersk’s 46 ships, most of which were wrecked. Maersk quickly rebuilt and acquired larger vessels, returning its fleet to prewar tonnage levels within just three years. The company continued to expand into new routes primarily transporting crude oil in Maersk tankers. But then, the standardized container revolutionized shipping with consistently sized metal containers that could be transported by ship, truck, or rail. In 1975, Maersk launched its containerized service when its ship, the *Adrian Maersk*, departed from the East Coast of the United States loaded with 385 containers. After that maiden voyage, Maersk expanded its reach from 40 countries in 1990 to more than 100 just ten years later. Modern Maersk ships can transport over 18,000 containers.<sup>6</sup> (Exhibit 1)

Despite growing into a global company, Maersk did not invest in its technical capabilities. Even with the advent of personal computer mass marketing in the early 1980s,<sup>7</sup> Maersk continued using paper and pencil shipping logs, as did some other shippers at the time. It was not until 2017, responding to financial woes in the traditional container sector, that Maersk advanced its technology and applied blockchain, developed with IBM, to digitalize records and reduce the “piles of paper” formerly in use.<sup>8</sup> One shipping reporter wrote that this would unclog the “convoluted paper trail previously involved in a single voyage.”<sup>9</sup> Also, in 2017, Maersk emphasized the importance of technology by appointing its first Chief Technology & Information Officer (CTIO).

The year Hahnemann joined Maersk, before the company embraced technology, Søren Skou, CEO from June 2016 through 2022, stated in the company’s annual report that performance was unsatisfactory: “2016 was a difficult year financially, with headwinds in all of our markets. However, it was also a year when we decided to substantially transform A.P. Møller - Maersk A/S for the future.” The company said it was setting a new course that, over the next few years, would lead to becoming a focused container shipping, logistics, and ports company with the aim of growing revenue again. “We delivered an underlying profit of USD 711m, in line with guidance but clearly unsatisfactory. The main driver of the underlying result was a loss in Maersk Line. A.P. Møller - Maersk A/S reported a net loss for the year of USD 1.9bn impacted by impairments totaling USD 2.7bn in Maersk Drilling and Maersk Supply Service as a consequence of significant over-supply and reduced long-term demand expectations.”<sup>10 11</sup>

“We wanted to be a profitable growth company and the conglomerate model wasn’t working,” Skou stated.

<sup>6</sup> <https://www.maersk.com/about/our-history/explore-our-history#consolidation>

<sup>7</sup> <https://www.computerhistory.org/brochures/1970s-early1980s/>

<sup>8</sup> <https://www.forbes.com/sites/tomgroenfeldt/2017/03/05/ibm-and-maersk-apply-blockchain-to-container-shipping/?sh=2225805d3f05>

<sup>9</sup> <https://www.spglobal.com/commodityinsights/en/market-insights/blogs/shipping/081817-amazon-vs-maersk-the-clash-of-titans-shaking-the-container-industry>

<sup>10</sup> <https://investor.maersk.com/news-releases/news-release-details/annual-report-2016>

<sup>11</sup> <https://investor.maersk.com/static-files/a31c7bbc-577a-49df-9214-aef2d649a9f5>

Skou said that with the company in decline, the board gave him—as the new CEO—a “strong mandate to plan how the company would become a growth company” and added they were willing to look at all options. Through the journey of dismantling the conglomerate, Skou said “it was pretty obvious we needed a culture change.”

## Culture Change Process

Shortly after he arrived, Hahnemann considered what he could use from his culture change playbook at Mars Inc. He asked a management consulting firm he had worked with previously to travel to Copenhagen to build global leadership and team skills at Maersk. Hahnemann convinced Skou to support his recommendation even though the CEO preferred a more local solution (i.e., Denmark or Europe-based). Despite Skou’s support, the sessions in late 2016 did not go well. Hahnemann realized the leadership team was not ready for such an intervention, which made them “a bit resentful.” He learned—as a self-described leader who was “intense and charging forward pretty hard at times”—that he had to be more patient and thoughtful to bring about change.

Hahnemann knew he had many talented people in his 900-employee Human Resource team, but they weren’t experienced in leading culture change. His first thought was to ask Vidula Bal, who he worked with at Mars (and was VP of Learning & Development at Target at the time), to join him because she had helped both of those companies transform their cultures for strategic success. Bal jumped at the chance to work with Hahnemann again, “Ulf has such heart and vision. He’s a leader you follow if he invites you to join his team,” she said.

Bal joined Maersk in 2017 as Chief Learning Officer and became VP of Talent & Development the following year. She and Hahnemann began brainstorming about what a strategically relevant Maersk culture would emphasize and how the company could develop this culture. The culture would need to be more fast-moving and risk-taking to incorporate the needed technological advances. And, from a change management perspective, using Maersk’s typical top-down approach, the way Maersk had operated since the beginning, would not achieve real change. Hahnemann reasoned that because current leaders were so closely associated with the current, ineffective culture, they could not be the ones to originate or approve the new behaviors; this would only preserve the status quo. Also, most top leaders were close to retiring. Instead, Hahnemann was intent on creating a process for change that was both transparent and trust-building, maintaining some of the pride members felt about Maersk’s history, but revamping behavioral priorities to match the demands of Maersk’s new strategy. Bal validated his initial thoughts and agreed on the need for changes that were not passed down through the hierarchy.

Just five months into his new position, Hahnemann was asked to give a presentation revealing the new people strategy at a Maersk leadership conference in front of 900 attendees. He was terrified. First, he wasn’t quite sure what exact steps the HR team needed to take to support the new company strategy. Also, if his slide presentation defined what employees should do, he would only emulate the exact top-down, existing leadership style he was trying to change. Instead, he gave a 30-minute talk with no slides. He focused on moving a company from despair to hope. “Everybody knew there was something desperately wrong, but the hierarchy and company pride didn’t allow employees to speak about it.” After the talk, employees hugged him and thanked him for speaking the truth. The reaction gave Hahnemann hope that there was a desire for change.

Hahnemann and Bal formed a small steering committee, choosing the more progressive leaders in the company as members. Although the committee met to discuss culture change, that language wasn’t used internally in the larger company. Instead, culture was “lumped into the transformation

of Maersk,” said Bal. Hahnemann added that their team felt resistance to the idea of culture change, so the committee sought buy-in from progressive leaders to add “legitimacy” to the changes rather than communicate it as a formal process.

The next step for Hahnemann and Bal was seeking help from professionals outside the organization who understood how to transform a culture. Bal asked Professor Jennifer Chatman, a culture expert at the Haas School of Business, University of California Berkeley, and the Co-Director of the Berkeley Center for Workplace Culture and Innovation, to help guide their efforts. “From working with Jenny at Mars, I knew there were two big categories required to change culture. First was getting leaders to become symbols of the changes we’re trying to drive. Second, was shifting HR practices to create the environment for change,” said Bal.

Chatman traveled to Copenhagen in 2018 to meet with the executive committee and report on the quantitative culture assessment she conducted at Maersk, which was based on asking over 3,000 employees to rate 54 behavioral norms (using her quantitative culture assessment tool, the Organizational Culture Profile (OCP)<sup>12</sup> in the current culture and separately, what the culture needed to emphasize to support Maersk’s new strategy. Chatman’s analysis of the gaps between the current and strategically needed culture revealed four shifts that needed to occur for the company to effectively execute its strategy: become customer-oriented, more collaborative, more people-centered, and faster.

Although the steering committee decided against an official launch, they did hold town hall meetings to share strategic information. Chatman said, “We were solving for the strategy through culture. So, employees needed an accurate understanding of Maersk’s new business strategy to help create the culture that would support it.” Hahnemann called the town halls “powerful” because employees felt respected that the new company strategy was shared with them.

One of the most significant gaps between the current and strategically needed culture was Maersk’s customer focus. “The word customer just didn’t appear in many places in prior business documents because, as a shipping company, Maersk wanted to drive efficiency. So the transformation to a logistics company necessitated focusing on customers which was a really big shift,” said Bal.

“Maersk was not a warm, people-oriented environment when we got there,” said Hahnemann. His colleague Bal knew him to be a “unique HR leader” who could turn around the culture to support the new strategy by creating an environment where employees were happier and focused on customers rather than thinking only of cost efficiencies.

## **Culture Change in Action**

Over time, the team identified 10 culture changes, which they called “iconic moves,” that would help employees prioritize the behaviors that were most suited to Maersk’s new customer-focused, full-service, technologically enabled strategy. Iconic moves require unearthing common practices in that company that were “emblematic of historical cultural values,”<sup>13</sup> and whose continued existence sends mixed messages about the organization’s desire to change. These moves were designed to disrupt core assumptions about how the company would operate in the future, providing a new set of practices that would be suited to the new strategy.

<sup>12</sup> <https://drive.google.com/file/d/1HfzRSGQEFiSNWUSBfu474yOGeSqQyzSK/view>

<sup>13</sup> <https://sloanreview.mit.edu/article/take-a-wrecking-ball-to-your-companys-iconic-practices/>

Hahnemann and Bal decided not to announce the list all at once (and a few moves weren't developed at the beginning). Instead, they rolled out the behavioral changes over the next couple of years. They experienced senior leaders struggling to accept their early proposed moves—so they decided it was too risky to attempt buy-in to a long list. By introducing one move at a time, leaders saw that the moves were changing the company for the better.

### **1. Push Decision-Making to Customer-Facing Employees**

Only 2 percent of Maersk's 80,000 employees worked in Copenhagen in 2018, yet customer-facing employees around the world were required to consult headquarters to make decisions such as pricing. The slow process was unpopular with both customer representatives and customers themselves. Hahnemann and his HR team were joined by the Commercial Team (Sales & Marketing) who were eager to push decision-making out to employees and who drove implementation. "It was a big risk-taking step for us because centralized control from headquarters in Copenhagen had been at the heart of the existing culture."

Chaos ensued as local employees, who had only experienced headquarters making decisions for them, tried to adjust to broader decision-making after a history of decisions cascading from the top.

Additionally, "some feathers were ruffled at senior levels with people who expected to continue to make decisions," added Bal.

### **2. Create Company-Wide KPIs and Bonus Program**

The team created a bonus scheme in which all employees were assessed on the same Key Performance Indicators (KPIs). KPIs included profit, growth, and the NPS. This move was both employee and customer-focused because employees could work cross-functionally for what was right for the company and customers. Hahnemann hoped it would give employees a better understanding of company strategy and their role in meeting it. Specifically, he wanted to remove the "straight-jacket" approach to problem-solving. Despite the bonus change contributing to culture change through increased collaboration, Hahnemann said his committee anchored it (as well as other changes) in the company business strategy to drive "focus and urgency from employees."

### **3. Expose 100 Top Executives to Leadership Training**

Bal brought small groups of top and second-level leaders (up to 20 at a time) to a leadership program to inspire them to adopt a more human-centered approach to leadership, develop stronger relationships with one another, and have real conversations about the intent and impact of the strategic change on both them and Maersk. This training included 360 feedback and the support of an executive coach to help change the behaviors of the senior leaders, many of whom had been with Maersk for their entire careers. Hahnemann hoped the program would be an important contributor to the journey because "if we couldn't get leaders to mirror the new behavior then we couldn't get everybody else to change."

### **4. Introduce Gallup Q12 as a Leadership Accountability Tool**

Some of the 12 survey questions, aimed at measuring employee engagement, made people nervous. One question asked if employees had a best friend at work—another asked if anyone at work "seems to care about me as a person." Gallup states its survey has a high correlation to business performance and has data to back that up.<sup>14</sup> Yet, Maersk leaders were confused about how having friends at work could boost business performance. Hahnemann explained that it could create a sense of belonging and give employees the feeling that they were part of something meaningful.

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<sup>14</sup> <https://www.gallup.com/q12/>

## **5. Create Maersk Leadership Academy**

The Leadership Academy provided Maersk's 9,000 people managers with leadership training at critical moments in their careers, encouraged them to develop "more human" leadership, and helped them understand how their roles and teams contributed to Maersk's strategy.

## **6. Introduce Transparent Internal Communication**

Hahnemann worked with the Communication team to introduce town hall-style employee meetings with the goal of being transparent and truthful. This was one of several shifts designed to move from the old paradigm between leaders and employees, which some described as being reminiscent of a parent-child relationship to an adult-to-adult relationship, to an environment in which each side felt accountable for developing effective practices and producing desired outcomes. In the past communication style, leaders were given questions in advance so they could present their prepared answers. The town halls were live-streamed around the globe to employees who could ask questions in real-time.

## **7. Remove Dress Code**

While Hahnemann began his new position going to corporate headquarters in more "appropriate" attire than he wore to his interview, one day he and his colleagues showed up to the office in jeans. Then, they simply dropped the written manual detailing the formal dress code. Skou was willing to toss the tie, but jeans were a far leap for him—would he and other leaders embrace the change?

Instead, senior executives struggled. One asked, "What if somebody comes to a meeting in red pants?" Hahnemann answered, "So what? [The real question is,] does he have the right information?"

The unannounced clothing freedom prompted questions from employees too. Hahnemann was deliberate about this, "Employees asked what the new rules were, but nothing replaced it: I wanted confusion. We hoped it would spread through headquarters and then around the world."

## **8. Participate in Pride**

Maersk Captain Thomas Lindegaard Madsen was open about being gay including on his popular Instagram account, so Hahnemann took him to lunch and asked, "How is it to be gay in this company?" While Madsen coped well at Maersk, he knew other employees in the LGBTQ+ community were struggling. These employees told Hahnemann they didn't join the usual Monday morning conversations about what they did over the weekend for fear of revealing their status. Their stories left Hahnemann determined to kickstart inclusion by joining the 2017 annual Copenhagen Pride Parade for the first time. After all, his was the only major company in the city that did not participate. Despite the company's traditionally more conservative social views and lack of executive support, Hahnemann signed Maersk up anyway.

"This is make-it or break-it," said Hahnemann. "If this doesn't work and resonate in the organization, I almost couldn't continue personally because I've put so much into this pride effort." He hoped the move would signal whether it was possible to create a progressive company.

## **9. Remove the Hiring Testing Regime**

One big move was attempting to remove both the cognitive and personality assessments for job applicants. The IQ test resulted in hiring smart people but not necessarily those strong in leadership and people skills. The previous culture, characterized by internal competition, encouraged high scorers to brag about their results. "Over time, cognitive ability became the single most important thing. High scores equaled highflyers at Maersk," said Bal. The cognitive test was so ingrained that Hahnemann could not get it removed easily.

The personality test was dropped without much resistance: “If you wanted a diverse company, you would not require a personality test,” said Hahnemann. But the IQ test proved more stubborn to removal.

### **10. Introduce Ombudsmen**

Establishing advocates, or ombudsmen, legitimized that employees have grievances with their company and offered a process for bringing these issues forward to be resolved. “In the spirit of the culture we want to create, you don’t need to hide issues,” said Hahnemann.

### **Next Steps**

In 2019, Hahnemann sat in his culture change steering committee meeting in a sweater—no tie, no jacket—and reflected on how far Maersk had come since introducing the iconic moves. In addition to dropping the dress code, the big moment in the journey so far was signing up for pride participation even though many executives were not on board. There was much more to do. And, unfortunately, Maersk’s internal growing pains about its strategic transition had become public.

In December 2021, discontent about culture change surfaced in the news when one article reported that while the world’s largest shipping container company had announced its “most profitable quarter ever and is on course to deliver the highest profits of any Danish company in history this year,” internal tensions existed. A senior IT executive said in an interview that Maersk had transitioned to a “technology company where we have some physical devices we need to move around.” A veteran sea captain wrote a post stating he needed to correct that impression: “We are not a tech company who happens to operate ships.” The captain's reply—that without the company’s 12,000 seafarers, there would be no Maersk—was greeted with almost universal praise from his followers.<sup>15</sup>

Would future moves shift the culture enough to focus Maersk’s employees around its new strategy, create a progressive company, and improve the bottom line?

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<sup>15</sup> <https://www.ft.com/content/22c7e56d-eae8-4a42-8bf8-35e30e5ee0c0>



## Case Discussion Questions

1. What were the critical challenges Ulf Hahneemann faced in attempting to change the culture of a global company with more than 100 years of history?
2. What made Hahneemann unique as a leader—how did his personal leadership style affect his ability to change Maersk's culture? What were the barriers to his success?
3. What role did the CEO, Søren Skou, play in the cultural transformation?
4. Evaluate Hahneemann's culture change process, including the initiatives, communication, and how his team rolled out the iconic moves. What role did Vidula Bal play in the transformation?
5. How likely do you think the changes introduced at Maersk will lead to measurable improvements in performance?
6. What should Ulf Hahneemann be thinking of next?

**Exhibit 1** Maersk container ship



*Source: A.P. Moller-Maersk A/S 2023.*

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JENNIFER CHATMAN

## Maersk: Driving Culture Change at a Century-Old Company to Achieve Measurable Results (B)

*The financial story from 2016 to 2023 is unbelievable. If Maersk didn't have a new culture and way of working, we would not have been able to take advantage of opportunities such as managing COVID supply chain issues.*

—ULF HAHNEMANN, CHIEF HUMAN RESOURCES OFFICER (2016-2021)  
MAERSK

Despite some choppy seas along Maersk's culture transformation journey, the company greatly boosted its NPS scores, improved its financial results, and created a more progressive culture by investing in culture change through its iconic moves.

### Raising NPS Scores

One key metric needing improvement was Maersk's dismal NPS (Net Promoter Scores), which were in the negative 30s in 2018. CEO Søren Skou said the company's shifts were intended to improve how customers felt about Maersk, and therefore boost its NPS. "Intuitively you have to believe that if we have the right culture, our employees should be happier, more engaged, and emphasize solutions for the customer which leads to more customer satisfaction," said Skou.

"We weren't trying to throw everything out—that would have been unrealistic. There were strengths in our culture, or we wouldn't have been around for so long," Skou added.

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Skou said one weakness that needed to change was Maersk's risk-averse culture—which meant pushing decisions down into the organization. Enabling local decision-making plus training added up to increased shipping volume and higher NPS scores. Maersk gave regional divisions the option of putting regional customer experience councils in place. The 55 regions that set up local councils also received a three-day training course in customer experience improvement methods. The company then did a study comparing regions with and without a council. The result: participating local offices scored 10 points higher on their NPS than offices that opted out.<sup>1</sup>

In 2019, and the following years, Maersk's NPS continued to rise. In its full-year and Q4 2022 results, Maersk announced that it had achieved an NPS of 33, a huge increase from the previous year.<sup>2</sup>

“Our commitment to our customers has led to record-high NPS results in 2022, which is part of an ongoing story of continuous improvement since the start of the pandemic in Q1 2020. We have also seen a 21% organic revenue growth in logistics and customers who are affirming our strategy by growing their ocean business with us,” stated Vincent Clerc, who transitioned from CEO of Ocean & Logistics to Maersk CEO in January 2023.<sup>3</sup>

“Increasing the negative NPS scores was a massive indicator that if Maersk cared about something—such as customers—it could move the needle,” said Vidula Bal, Maersk VP of Talent & Development.

## Financial Growth

In 2021, the company stated it was starting to “deliver superior outcomes.” Further, the company was on its way to delivering superior returns and was proud of having increased customer satisfaction by double-digits every year since 2017.<sup>4</sup> (**Exhibit 1**) 2021 revenue was up 55 percent to USD 61.8b, EBITDA tripled to USD 24b and free cash flow was USD 16.5b, “allowing the company to make strategic long-term investments into decarbonisation and logistics growth, combined with strong cash distribution to shareholders.”<sup>5</sup>

The next year saw continued strong financial results for Maersk. In 2022, revenue increased by 32% to USD 81.5 B, and EBIT increased 57% to USD 30.9 B. Maersk also said it had “accelerated its business transformation” through acquisitions to expand its integrated logistics capabilities.<sup>6</sup>

2023 began on a high note for Maersk. In August 2023, the company announced financial results “ahead of expectations” with revenue at \$13 billion. The company pledged to “reach net zero emissions by 2040 across the entire business with new technologies, new vessels, and green fuels.”<sup>7</sup> That year, the company employed more than 100,000 people in 130 countries, with more than 700 container vessels deployed.<sup>8</sup> Maersk stated its vision was to “transform the flow of the foods, goods, data and materials that sustain people, businesses and economies the world over.”<sup>9</sup>

<sup>1</sup> <https://www.genroe.com/blog/net-promoter-score-success-stories-and-case-studies/984>

<sup>2</sup> <https://investor.maersk.com/static-files/000db719-39c7-46d4-a63d-52c7f9b3f6aa>

<sup>3</sup> <https://www.maersk.com/news/articles/2023/02/08/letter-from-the-chair-and-the-ceo>

<sup>4</sup> <https://investor.maersk.com/static-files/6fc57030-33bd-412b-8670-8b189650a7df>

<sup>5</sup> <https://www.maersk.com/news/articles/2022/02/09/apmm-reports-record-earnings-for-2021-and-guides-for-a-strong-2022>

<sup>6</sup> <https://www.maersk.com/news/articles/2023/02/08/apmm-reports-strong-results-for-2022>

<sup>7</sup> <https://www.maersk.com/news/articles/2023/08/04/maersk-reports-robust-q2-financial-results-in-difficult-market-conditions>

<sup>8</sup> <https://www.maersk.com/about>

<sup>9</sup> <https://www.maersk.com/about/vision>

## Culture Change Results

The 10 iconic moves literally turned the Maersk ship around. Employees were emboldened by a variety of changes that more fully utilized their expertise and initiative. In total, the list of 10 iconic moves included:

### 1. Push Decision-Making to Customer-Facing Employees

Pushing decision-making out to employees worked well over time and with training. “We wanted to increase our ability to take risks by pushing decisions down in the organization,” said Skou. Chief Human Resource Officer Ulf Hahnemann was grateful to work with a “very wise leader” who understood that cultural change needed to occur. Even though the process had been a struggle, Hahnemann appreciated that Skou welcomed and supported his ideas.

### 2. Create Company-Wide KPIs and Bonus Program

The previous “forced-ranking” system pitted employees against each other, requiring them to rank their colleagues as poor, average, or top performers. The new bonus scheme placed emphasis on serving customers. Hahnemann said it was a win for Maersk’s customers when “employees were no longer competing against each other for bonus money.”

### 3. Expose 100 Top Executives to Leadership Training

Leadership training in small groups had an impact on patterns of hierarchy and connection. Bal saw that having candid conversations with peers about the strategy and one another’s behaviors generated a sense of safe connectivity—especially because leaders could share personal challenges and experiences confidentially.

### 4. Introduce Gallup Q12 as a Leadership Accountability Tool

The engagement survey did increase employees’ engagement levels as hoped. The tool began to resonate with leaders as they saw it as creating a culture in which employees could “be themselves,” and, importantly, collaborate effectively to improve Maersk’s global coordination.

### 5. Create Maersk Leadership Academy

The academy provided Maersk’s 9000 people managers with leadership training. This included programs for first-time and front-line leaders to help them understand the basics of line management and leadership; a program to help intact senior leadership teams deliver on the Integrator Strategy and truly change their operating routines to do so; as well as a program for executives to think differently about the role of technology in the future of Maersk. Hahnemann and Bal had previously worked with Peter Block and embedded one of Block’s key principles in the programs. As Block said, “We must establish a personal connection with each other. Connection before content. Without relatedness, no work can occur.”<sup>10</sup>

### 6. Introduce Transparent Internal Communication

Employees welcomed the town hall meetings as a departure from the traditional top-down Maersk communication style where an executive presented PowerPoint slides. The new model—in which a panel of leaders answered questions—built trust. Town halls were popular, effective, and became the “new normal” for company communication.

Skou added that while management communicating about culture change was important, the most important lever was “actually seeing management starting to act differently.”

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<sup>10</sup> <https://www.peterblock.com/>

## 7. Remove Dress Code

After the unannounced “jeans day,” the non-dress code spread throughout the company in one week. This was an enormous shift for the company. As Bal reflected, “In a city that was so cool (Copenhagen), I was shocked when I went for my interview to find people so buttoned-up.”

“For Americans, it may be hard to understand the significance of changing the dress code,” said Skou. “We eventually brought in more than 5,000 tech people—but for the first ones to succeed, it was clear we needed to change the code and not expect them to show up in dark suits.”

(Exhibits 2 and 3)

## 8. Participate in Pride

Employees loved the idea of marching in the 2017 annual Copenhagen Pride Parade and excitement spread. Vincent Clerc, Chief Commercial Officer at the time, wasn’t sure about the importance of participating, but when he saw employees’ positive reaction, he changed his mind. On the day of the parade, Clerc marched with his wife and children; he was joined by the full leadership team and several company owners as well. Maersk continued participation in the annual parade not only in Copenhagen but in other cities where it operates.

In July 2020, Maersk launched two rainbow containers signifying support for LGBTQ+ rights and then grew the colorful fleet in the following years.<sup>11</sup> (Exhibit 4)

## 9. Remove the Hiring Testing Regime

The last of the ten iconic moves Hahnemann and team accomplished was removing the IQ test for job applicants—it had taken three years. “Removal of the IQ selection tool was a huge and provocative change,” said Bal.

That change paved the way for hiring in two crucial areas. In 2018, hiring was intense as Maersk added as many as 300 tech employees a week – software engineers who wrote code, eventually totaled 3,000. Maersk recruited tech workers from Amazon, Disney, Uber, and other companies to quickly ramp up the company’s technical abilities. Also, Maersk recruited almost 4,000 logistics people from companies around the world. In 2021, Maersk continued its focus on tech by elevating its CTIO to the Executive Board.<sup>12</sup>

“I think an important lever was adding thousands of employees which radically changed the makeup of the organization,” said Skou. “On the diversity side, we wanted to create a company that mirrored our customers who were not all middle-aged Danes who had worked their whole career at Maersk.”

## 10. Introduce Ombudsmen

This program enabled past problems to be resolved. “In the spirit of the culture we want to create, you didn’t need to hide issues anymore,” said Hahnemann.

“When you look back and talk about our success, it sounds like we had a very detailed plan and it was all sequential decisions... but I think we learned a lot along the way,” said Skou.

<sup>11</sup> <https://www.maersk.com/news/articles/2022/08/22/maersk-rainbow-container-participates-in-charlotte-pride-festival-and-parade>

<sup>12</sup> <https://www.maersk.com/news/articles/2021/03/30/ap-moller-maersk-appoints-navneet-kapoor-ctio-to-executive-board>

**Exhibit 1** 2016 to 2022 Income Statements: Five-Year Summary <sup>13 14</sup>

## CONSOLIDATED INCOME STATEMENT

AMOUNTS IN USD MILLION

Note	2016	2015
1 Revenue	35,464	40,308
2 Operating costs	28,698	31,265
Other income	247	275
Other costs	246	244
<b>Profit before depreciation, amortisation and impairment losses, etc.</b>	<b>6,767</b>	<b>9,074</b>
6,7 Depreciation, amortisation and impairment losses, net	7,265	7,944
3 Gain on sale of non-current assets, etc., net	178	478
Share of profit/loss in joint ventures	149	165
Share of profit/loss in associated companies	-55	97
<b>Profit/loss before financial items</b>	<b>-226</b>	<b>1,870</b>
4 Financial income	989	1,146
4 Financial expenses	1,606	1,569
<b>Profit/loss before tax</b>	<b>-843</b>	<b>1,447</b>
5 Tax	1,054	522
<b>Profit/loss for the year</b>	<b>-1,897</b>	<b>925</b>
Of which:		
Non-controlling interests	42	134
<b>A.P. Møller - Mærsk A/S' share</b>	<b>-1,939</b>	<b>791</b>
9 <b>Earnings per share, USD</b>	<b>-93</b>	<b>37</b>
9 <b>Diluted earnings per share, USD</b>	<b>-93</b>	<b>37</b>

### Consolidated income statement

Note	2022	2021
2.1 Revenue	81,529	61,787
2.2 Operating costs	44,882	37,748
Other income	319	166
Other costs	153	169
2.1 <b>Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)</b>	<b>36,813</b>	<b>24,036</b>
2.3, 3.1, 3.2, 3.3 Depreciation, amortisation and impairment losses, net	6,186	4,944
2.4, 2.5 Gains on sale of non-current assets, etc., net	101	96
2.5 Share of profit/loss in joint ventures and associated companies	132	486
<b>Profit/loss before financial items (EBIT)</b>	<b>30,860</b>	<b>19,674</b>
4.4 Financial income	1,088	552
4.4 Financial expenses	1,717	1,496
<b>Profit before tax</b>	<b>30,231</b>	<b>18,730</b>
5.1 Tax	910	697
<b>Profit for the year</b>	<b>29,321</b>	<b>18,033</b>
Of which:		
Non-controlling interests	123	91
<b>A.P. Møller - Mærsk A/S' share</b>	<b>29,198</b>	<b>17,942</b>
4.1 <b>Earnings per share, USD</b>	<b>1,600</b>	<b>941</b>
4.1 <b>Diluted earnings per share, USD</b>	<b>1,595</b>	<b>938</b>

<sup>13</sup> <https://investor.maersk.com/static-files/a31c7bbc-577a-49df-9214-aef2d649a9f5>

<sup>14</sup> [https://www.maersk.com/~media\\_sc9/maersk/news/press-releases/files/2023/apmm-annual-report-2022.pdf](https://www.maersk.com/~media_sc9/maersk/news/press-releases/files/2023/apmm-annual-report-2022.pdf)



**Exhibit 2** Maersk leadership team in early 2016 in traditional dress code (Søren Skou 5<sup>th</sup> from left).



**Exhibit 3** Maersk leadership team reflecting both the absence of dress code and more diversity (Søren Skou 4th from left).





**Exhibit 4** Rainbow container. *Copyright A.P. Moller-Maersk A/S 2023.*

