SUSTAINABLE ORGANISATION PERFORMANCE
WHAT REALLY MAKES THE DIFFERENCE?
Acknowledgements
We are extremely grateful to the six organisations (and the individuals within them) who took part in the research.

We would like to thank Dr Valerie Anderson from the University of Portsmouth for her guidance on methodology and data analysis.

Additional thanks to everyone who has supported us throughout the programme.
EXECUTIVE SUMMARY 2

1 INTRODUCTION AND CONTEXT: SHAPING THE FUTURE 7

2 WHAT WE DID: OUR RESEARCH APPROACH 9

3 WHAT WE FOUND: OUR EIGHT KEY THEMES 12
   • Alignment 13
   • Shared purpose 17
   • Leadership 21
   • Locus of engagement 25
   • Assessment and evaluation 29
   • Balancing short- and long-term horizons 33
   • Agility 37
   • Capability-building 40

4 SHAPING INSIGHTS AND PROVOCATIONS 43

APPENDICES 46
   • Appendix 1: Methodology 47
   • Appendix 2: Case study summaries 49
   • Appendix 3: Further sources of information 69
   • Appendix 4: References 73
It is not enough for organisations to perform well in the short term; organisations need to sustain their performance over time, even through testing economic periods. The importance of sustaining the organisation’s people, financial, environmental and societal contribution over time therefore needs to be a top priority for HR and business leaders. We want to help leaders unpick ‘what drives sustainable organisation performance’ in practice and so, for the last two years, we have been undertaking Shaping the Future, a longitudinal, action research and engagement programme.

The core research has been conducted with six case study organisations from the public and private sectors: BIG Lottery Fund, Birmingham City Council, NHS Dumfries and Galloway, Pfizer (Grange Castle), Standard Chartered and Xerox. These organisations are implementing specific change programmes to drive long-term performance. We have worked with these six organisations over the last two years through a period of economic turbulence that is still prevailing. The Shaping the Future programme was designed before the crisis took hold, but subsequent events have meant we have been in a unique position to gain insight into the challenges these six organisations have faced and the creative ways they have approached them. Successful organisations sustain their performance through both good and bad times and we have had the opportunity to examine what really makes the difference.

As well as advancing knowledge through our research and presenting our key insights, a central aim of the programme is to drive practice. We have built a vibrant community of practitioners to share knowledge and debate the issues raised through the research. Currently almost 11,000 people are signed up to this dedicated Shaping the Future network.

In addition, we have engaged with HR practitioners and business leaders through round-table events, polls and online discussions to disseminate and review the issues raised by the research and prompt action. We have integrated their views and experiences into the research to ensure our findings are grounded in reality.

What we did

An initial literature review of the drivers of sustainable organisation performance presented three main themes: engagement, leadership and organisational development. These three themes guided phase 1 of the research, which was conducted between June and October 2009. Six key themes emerged from this phase.

In the intervening 12 months between phases 1 and 2 of the research, we continued to work with our case study organisations, having regular discussions with our key contacts to keep abreast of their progress on their change journey. We also used this dialogue to keep up to date with the challenges and opportunities faced by the organisations, brought into sharp focus by the economic crisis that unravelled during this time.

Phase 2 of the research was conducted between June and October 2010 and was designed to examine in more detail the six themes that our phase 1 research had indicated were important for long-term performance. We looked for evidence that supported or contradicted our assertions, as well as for further, emergent themes.

What’s driving sustainable organisation performance?

Our phase 2 research confirmed the importance of the six themes from phase 1 as drivers of long-term performance: alignment, shared purpose, locus of engagement, assessment and evaluation, balancing short- and long-term horizons. Two additional themes also emerged from phase 2 of the work: agility and capability-building.
Table 1: The eight themes that are important for sustainable organisation performance

<table>
<thead>
<tr>
<th>THEME</th>
<th>OUR DEFINITIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alignment</td>
<td>Perceptions of consistency, fit, links or integration between the values, behaviours or objectives of different stakeholders, both internal and external and with the organisation purpose.</td>
</tr>
<tr>
<td>Shared purpose</td>
<td>An organisation’s purpose is its identity, the reason why it exists and the golden thread to which its strategy should be aligned. Shared purpose takes the connection with the organisational purpose one step further to be shared by all employees and often beyond, to include external stakeholders.</td>
</tr>
<tr>
<td>Leadership</td>
<td>Senior leaders articulate a future-oriented vision in an appropriate style that informs decision-making and empowers employees to achieve organisational effectiveness. The ability to lead, however, is not confined to senior leaders and can be demonstrated at all levels.</td>
</tr>
<tr>
<td>Locus of engagement</td>
<td>People can be engaged at different levels and with various aspects of the organisation or the work and their engagement can be transactional or emotional in nature.</td>
</tr>
<tr>
<td>Assessment and evaluation</td>
<td>The processes that occur at different organisational levels to gather qualitative and quantitative information, to assess the impact of actions and inform decision-making.</td>
</tr>
<tr>
<td>Balancing short- and long-term horizons</td>
<td>Active awareness, management and communication of both known and unknown organisational issues and pressures affecting the short term (of less than a one-year timeframe) while maintaining an active focus on longer-term priorities (with longer than a one-year timeframe).</td>
</tr>
<tr>
<td>Agility</td>
<td>The ability to stay open to new directions and be continually proactive, helping to assess the limits or risks of existing approaches and ensuring that leaders and followers have an agile and change-ready mindset to enable them, and ultimately the organisation, to keep moving, changing, adapting.</td>
</tr>
<tr>
<td>Capability-building</td>
<td>Equipping the people in the organisation with the skills and knowledge they need to meet both present and future challenges. Also identifying existing necessary and potential capabilities, ensuring they are accessible across the organisation. Capability-building applies not only to individuals, but also to teams and organisations.</td>
</tr>
</tbody>
</table>
What does this mean for practice?
From our eight themes we have developed ten insights for HR practitioners and business leaders about what will really make the difference for the long-term performance of organisations. For each insight we pose provocations that are rooted in the evidence. They are intended to prompt and challenge HR and business leaders to appraise how their organisation currently operates, assess the sustainability of existing approaches and drive action where appropriate. These insights and provocations are:

1. **The organisation change response needs to be truly agile and enduring, not a knee-jerk reaction that quickly dissipates**
Sometimes when organisations need to change it’s easy to confuse a one-off reaction for proactive agility. If the organisation reverts back to its steady state when the pressure eases, it may be that the change-ready mindset and skills of individuals, and the structures and systems to deliver lasting ‘generative’ agility are missing. Together these components enable organisations to be open to new directions, assess the limitations and risks of existing approaches, and keep moving and adapting.

   **Provocations**
   - How are employees developing agile mindsets, including having the courage to challenge, being curious and collaborative?
   - Are managers permissive or dismissive in letting employees take the reins of change?
   - Since your last crisis, what has changed long term and what are you really doing differently?

2. **It’s a fine balance between alignment and flexibility**
Organisational alignment, between the values, behaviours and objectives of internal and external stakeholders, and with the organisation purpose, is critical. But, too strong or rigid alignment can block performance, overemphasise short-term needs and stifle agility. To prevent this, alignment must be balanced with flexibility to enable the organisation to morph and change.

   **Provocations**
   - How well do you understand the real leadership style of your organisation and the impact it has?
   - Is your leadership style genuinely collaborative? If not, for how long is a directive approach sustainable?
   - Do your leaders have the capability to flex their leadership style?

3. **Shared purpose can only be achieved by finding the human connection beyond profit or short-term efficiency measures**
Organisations can’t impose a sense of shared purpose and manipulated top–down selling of a common purpose creates cynicism and resistance. Shared purpose is not just for charities or the public sector. By encouraging employees to find their own meaning at work, they connect and create a true sense of what they are at work to do, that’s beyond profits or short-term efficiency measures and regardless of the sector they operate in.

   **Provocations**
   - Have you genuinely engaged with employees on your shared purpose?
   - Are you confident your employees would agree?
   - Where is your evidence?

4. **Collaborative leadership brings sustainability, so don’t default to directive and driven when the going gets tough**
Collaborative leaders support sustainable performance. In periods of great flux and economic uncertainty, sometimes decisions need to be made quickly and decisively but this should only be for the short term and not a default setting. Reinforcing a collaborative problem-sharing approach can drive longer-term, sustainable change, agility and engagement.

   **Provocations**
   - Do you know how aligned your organisation really is?
   - Has your level of alignment prevented you from challenging the status quo or doing something differently?
   - Could the level of alignment you aspire to in your organisation inadvertently inhibit sustainable performance?
5 ‘Middle management’ have a valuable transforming and translating role but are often bypassed rather than refocused, reskilled and leveraged

At a time of job cuts and role scrutiny, the temptation is to bypass or cut out middle managers who are often perceived as performance blockers. Instead of focusing on delayering this middle tier of the workforce, organisations should look at smart rewiring to maximise organisational capability. Suitably skilled and refocused middle managers play a key role as transformers and translators. Their transforming role is in bringing change to life and as translators they facilitate two-way communications between leaders and the front line.

Provocations
- Do your leaders bypass the middle management in times of change?
- Do your middle managers have the capability to be both transformers and translators?
- Is your management development informed by a real understanding of the value-adding capacity of middle managers?

7 Truly understanding employees’ locus of engagement can avoid the risk of over-attachment and underperformance

Organisations need to get under the surface of employees’ engagement and better understand what locus (a particular aspect of work or the organisation) individuals are engaged with. If people become too connected to one thing, this can undermine sustainable performance and loyalty to the organisation.

In times of labour market insecurity, high engagement scores can mislead managers. Having a job may mean employees are temporarily engaged in the short term, but the fixed-grin mask soon slips.

Provocations
- How meaningful is your measure of engagement?
- Have you got a handle on employees’ locus of engagement? Are they engaged with their team, their customers, their line manager, their organisation or something else?
- Don’t be seduced by statistics: do you pay attention to the nuances when action planning?

6 An over-focus on today’s needs is not true talent management; it’s talent tunnel vision

A focus on organisation capability that neglects to see that it’s built on individual-level capability is set up to fail. Often organisations pay too little attention to identifying and developing the capabilities individuals will need in the long term. This implies a leadership/talent management capability gap with too much focus on the operational needs of today rather than the organisational imperatives of tomorrow.

Provocations
- Are short-term pressures impacting on, or even driving, your talent planning?
- Does your organisation have the capability to assess what future technical skills and behaviours are needed?
- Do those responsible for talent-planning act on this knowledge?

8 Perceptions of unfairness undermine employee engagement

Misaligned practices and inconsistencies, such as in management behaviour or career opportunities, can lead to perceptions of unfairness or organisational injustice. This negatively impacts on employee engagement and is a blocker to performance. In tough economic times these perceptions of injustice are rife.

Provocations
- Do people in your organisation feel they are being treated unfairly?
- As a result, do you understand who, or what, in the organisation they feel disengaged from?
- Are such perceptions of organisational injustice founded on misalignment or inconsistencies, or is it just organisational grumbling?
9 Process-heavy organisations are often still insight-light
When organisations are saturated with data, why don’t insights emerge? Is it the wrong data? Is it a lack of time, capability and/or confidence to challenge upwards?

For optimal impact, organisations need to constantly review and cull data collection processes that don’t add value. An overemphasis on backward-looking targets defends existence but doesn’t prove worth. Rather, organisations need to use the data, make the connections and be curious to uncover real insight.

Provocations
• Are you collecting data for the sake of it? When was the last time you challenged/removed a data process that was not delivering?
• What is the missing link to move from data to insight?
• Are you really looking forward or just measuring the past?

10 Leaders don’t always know best about the long-term vision
In good times, organisations can get by through repeating short-term business cycles. In less certain times and for truly sustainable performance, long-term vision needs to be more than this. Employees can be the early warning system – in other words, they can be the early detectors of threats and opportunities. Effective mechanisms for upwards communications – that filter the important signals from the ground from the background noise – can reap dividends and inform longer-term planning.

Provocations
• Is vision-scanning and -setting a two-way process or a management monologue in your organisation?
• Do you capture the views of employees about long-term vision?
• Should middle management be empowered to facilitate this?

Parallels with other CIPD work
The findings clearly resonate with related CIPD work and in particular our Next Generation HR research. While both projects take a different starting point – Next Generation HR is more specifically centred on HR and looks further forward – each is strongly focused on, and acknowledges the importance of, exploring sustainable performance.

And there are interesting parallels in the findings. Each project highlights the importance of agility to sustained performance – Shaping the Future talks of the need for leaders and followers to have an agile and change-ready mindset, while Next Generation HR emphasises the importance of HR creating a living strategy that responds quickly to macro trends and opportunities. Both talk about getting the balance right between organisational alignment and flexibility.

Another shared message is around the vital role that insight can play, with organisations often being data-heavy but insight-light. Organisations need to use data, make connections and be curious to uncover real insight that drives strong performance. Both projects also highlight the importance of establishing a shared purpose that is understood throughout and beyond organisations, something that is also underlined in our Shared Purpose: The golden thread? research.

Finally, we can also see parallels between our findings and some of the issues coming through from the CIPD’s quarterly Employee Outlook survey of more than 2,000 respondents, with employees wanting greater collaborative leadership, two-way communication and feedback, and line managers with better behavioural and soft skills.

Continuing to drive practice
Over the next few months we will be developing practical resources around our key themes. We will also be undertaking further research into specific issues that have emerged from the Shaping the Future programme as important if organisations are to sustain their performance over the long term.

We’d be interested in your thoughts on this report, so please let us know if you have any feedback. Similarly, if you haven’t already done so, you can join our dedicated Shaping the Future network to access further resources and related CIPD work that can help drive practice in your organisation: cipd.co.uk/shapingthefuture
Introduction and context: Shaping the Future

Why sustainable organisation performance?
The overarching question we set out to answer in our Shaping the Future research programme was: what drives sustainable organisation performance? Sustainability is the key issue for HR and business leaders across the globe and the current climate has increased the need for organisations to focus on how they will ensure long-term prosperity. At the Chartered Institute of Personnel and Development (CIPD) we believe sustainability refers to an organisation’s people, financial, environmental and societal contribution over time.

At the same time, much has been said and written about the short-term nature of UK business. Fixed on executive reward and short-term fluctuations in the share price, managers struggle to look a year ahead, let alone five or ten. So while in theory the importance of sustaining performance over time is well known, the issue that remains is how this can be achieved.

We feel this is a timely opportunity to address this gap. A central aim of the programme is to provide practical insights for business leaders generally, and for HR professionals in particular, as they look at ways to ensure they add disproportionate value in their organisation.

This report presents the findings from the two-year research programme we have undertaken with six case study organisations. Our aim here is not to give an academic account of the research, but to provide learning and insights that practitioners can apply to create change in their organisations and so really drive performance for the long term.

The Shaping the Future programme does not operate in isolation but builds on other work that the CIPD and other research organisations have done. For example, the findings closely resonate with our Next Generation HR research. While both projects take a different starting point – Next Generation is more centred on HR and is further forward.

---

Figure 1: Components of organisation sustainability

![Figure 1](image-url)
looking – each is strongly focused on and acknowledges the importance of sustainable performance, and there are interesting parallels in the findings. To find out more about this research project, see cipd.co.uk/nextgen

**The unique context**

The last two years have been a challenging time for all, so working with our six case study organisations throughout this period was a unique opportunity. We were able to follow them on their specific change journeys (the basis for their initial selection as case studies) and in their pursuit of sustainable performance more generally. We could also capture the learning that emerged in response to the challenges faced during these difficult times.

The downturn has resulted in significant pressure on each case study organisation to cut costs and make efficiency savings while still meeting the objectives of their various change programmes. They have to manage their business operations as efficiently as possible in the short term while being constantly mindful that performing well in the long term is a necessity for all.

Successful organisations sustain their performance over time, not just in the short term or through good economic periods. In harder economic times, repeated short-term, and often profit-driven, strategies might not deliver. Rather, organisations need to keep an eye both on and over the horizon, and build in true agility to change and adapt as needed. For our case studies this has meant relooking at both what they want to achieve and how they need to operate.

**The drivers for long-term performance can be better unpicked through gaining multiple perspectives**

The longitudinal approach we have adopted has made it possible to gain deep insight into what is really important for long-term performance. We held interviews and focus groups with people from different functions and at different levels in the organisations, from front-line employees to senior leaders. Using this approach in both phases of the research enabled us to gain a more holistic view of issues faced.

**Engaging with practitioners to drive action**

Shaping the Future is about driving practice by developing insights rooted in research. Unlike previous research carried out by the CIPD, we aimed to go beyond a focused research project to also build a community of practice to share knowledge and understanding and debate the issues as the research progressed. Throughout the life of the programme we have been engaging with HR practitioners and business leaders to disseminate and review the issues raised by the research and prompt action. We have integrated their views and experiences into the research to ensure our findings are grounded in reality.

As we write this, almost 11,000 people are signed up to our dedicated Shaping the Future network to debate the research findings through online polls, discussions and invitations to round-table events on specific themes from the project. The round-table events have been held throughout the UK as well as in Romania and Turkey.

Informed by our research findings, we will be developing practical resources to help practitioners develop action around some of the key insights that our research has revealed are important to ensure their organisations are fit for the long term. We will also be undertaking some further research into specific issues that have emerged from the core Shaping the Future work.

**Summary**

The aim of Shaping the Future is to provide practical knowledge and guidance to HR professionals and business leaders, informed by the research. This report presents the findings and unique insights that we have developed.

The next section of the report outlines how we conducted the research. We present what we found – grouped under eight key themes – in section 3 and then in section 4 we present key insights with some provocative questions aiming to challenge and prompt both HR practitioners and business leaders and ultimately to drive long-term performance in their organisations.
What we did: our research approach

We designed a longitudinal, action research programme, using ‘deep-dive’ case study methods, semi-structured interviews and focus groups to examine the drivers of performance for the long term.

Our case studies

The core research has been conducted with six case study organisations from both public and private sectors: BIG Lottery Fund, Birmingham City Council, NHS Dumfries and Galloway, Pfizer (Grange Castle), Standard Chartered and Xerox.

These case studies were selected as they are undergoing compelling organisational change journeys. Each of our six organisations differed in its focus, operating environment, and the challenges and outcomes it experienced. Table 2 provides background information on each case study and further detail about each can be found in Appendix 2.

Table 2: Summary of case study organisations

<table>
<thead>
<tr>
<th>CASE STUDY</th>
<th>TYPE OF ORGANISATION</th>
<th>RESEARCH FOCUS</th>
<th>NO. OF EMPLOYEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>BIG Lottery Fund</td>
<td>Non-departmental public body, distributing lottery money to good causes</td>
<td>Adoption of an ‘intelligent funding’ approach to the way employees operate to evaluate projects, allocate funding and assess the impact of that funding</td>
<td>950</td>
</tr>
<tr>
<td>Birmingham City Council</td>
<td>Large, public sector</td>
<td>Business transformation programme, changing the way the council delivers services</td>
<td>4,300 within A&amp;C</td>
</tr>
<tr>
<td>(in particular the Adults and Communities Directorate)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NHS Dumfries and Galloway</td>
<td>Public sector, health service</td>
<td>Management development – skills for continuous improvement</td>
<td>4,543</td>
</tr>
<tr>
<td>Standard Chartered, Hong Kong</td>
<td>Large, multinational bank</td>
<td>Driving employee engagement</td>
<td>5,000 in Hong Kong</td>
</tr>
<tr>
<td>Pfizer (Grange Castle), Ireland</td>
<td>Private sector, biopharmaceutical</td>
<td>Lean transformation and continuous improvement</td>
<td>1,200</td>
</tr>
<tr>
<td>Xerox (one of the dedicated Global Document Outsourcing (GDO) service delivery teams)</td>
<td>Multinational, document and print management services</td>
<td>Capturing the learning about innovation and customer focus within GDO</td>
<td>94</td>
</tr>
</tbody>
</table>
How we conducted the research
An extensive literature review indicated that the drivers of sustainable organisation performance can be categorised within three main themes: leadership, engagement and organisational development, and these therefore initially guided phase 1 of our research. Phase 1 was conducted between June and October 2009 (Figure 2). In the intervening period between phases 1 and 2, we maintained contact with our case study organisations to follow them on their journeys. Phase 2 of the research was conducted between June and October 2010.

In both phases we conducted semi-structured interviews and focus groups in each organisation, taking a ‘deep slice’ by talking to people at different levels and across functions. A detailed methodology is included in Appendix 1.

Practitioner engagement
Engagement with, and feedback from, practitioners was central to this work as the aim of this programme is to provide practical insights that HR professionals can use in their own organisations. In both phases of the research we held round-table discussions to debate the research themes. These have been held throughout the UK as well as in Romania and Turkey. We also regularly engaged with our dedicated Shaping the Future network (to which almost 11,000 people are currently signed up), through online polls and discussions to debate themes emerging from the research, and our quarterly newsletter. These activities have informed the research as well as helped to drive practice.

Our findings from phase 1 of the research
Using leadership, engagement and organisation development as our guide to investigate what really drives sustainable organisation performance, our data revealed six key themes: alignment; shared purpose; distributed leadership; locus of engagement; assessment and evaluation, and balancing short- and long-term horizons.

Further detail about our phase 1 findings can be found in our interim report at: cipd.co.uk/shapingthefuture

Research into action
At the end of phase 1, we discussed the findings with our case study organisations and suggested some actions or areas for development. We maintained a regular dialogue with them in the intervening ‘action period’ between phases 1 and 2. In this way we could stay close to the issues and challenges they were facing, both internally and from the wider environment. We discussed the organisations’ progress on their specific change journeys and also any action they had taken as a result of our suggestions from the phase 1 research. We also used the opportunity to keep abreast of new challenges coming over the horizon and any changes to their strategic goals.

Phase 2 of the research
In phase 2 we investigated further the six themes that had emerged from phase 1, looking for evidence that supported or contradicted our assertions, as well as remaining open to any further, emergent themes. We also examined the data collected during the action phase through our touch points.

Analysing the data
The extensive data we collected across the six case studies through 47 interviews and 15 focus groups was analysed systematically. We developed a coding process linked to the existing six themes from phase 1 and expanded the coding system when we saw evidence of further, emergent themes. We remained open to data that both supported and contradicted the importance of the themes. Having coded the data, we then examined it through a process of
discussion facilitated by an external partner to the research team, who challenged and probed our themes.

**Phase 2 findings**
Within the broad areas of engagement, organisational development and leadership, our analysis confirmed the importance of the six themes from phase 1 of the research and helped us further develop them. Two further themes also emerged: agility and capability-building. These eight themes are discussed in the next section with illustrative examples and quotes.

From these eight themes, we have developed ten insights and provocations, grounded in the research findings, to both support and challenge organisations looking to further develop their future approaches to organisational sustainability. These provocations are detailed in section 4.
What we found: our eight key themes

Introduction
Eight themes have emerged from the two phases of our research that, combined, we believe support organisation performance both for today and for the longer term. These are illustrated in Figure 3.

Six of these themes were identified in phase 1: shared purpose, locus of engagement, distributed leadership, alignment, balancing the short- and long-term horizons, and assessment and evaluation. Phase 2 of the research confirmed the importance of these six themes and we identified two emergent themes: agility and capability-building. The phase 1 insight of ‘distributed leadership’ referred to the importance for long-term performance of people at all levels of the organisations assuming leadership roles to different extents. After examining this insight in more depth in phase 2 of the research, we found it to be broader and more complex than originally assumed and so have now termed it ‘leadership’.

In this section we will look at each of the eight themes in turn, drawing out the aspects of each that we believe are important for sustaining performance over the long term. We include illustrative examples and verbatim quotes from our case studies to bring them alive. In practice these themes are inter-related, and we indicate for each theme where we see some key crossovers. We also indicate, where relevant, any changes we saw between the two phases of research in terms of how these themes were manifest.

In Appendix 3, we provide details of further resources relating to each of these themes that you might find useful.
Alignment

• Job roles should be clearly aligned to higher-level objectives.
• Attitudes and behaviour need to reflect organisational values.
• Systems and processes need to be aligned with organisational priorities.
• Internal alignment is critical, but it is also important for organisations to be mindful of external alignment.

Definition: Perceptions of consistency, fit, links or integration between the values, behaviours or objectives of different stakeholders, both internal and external and with the organisation purpose.

Alignment and sustainable organisation performance
Alignment was referred to in different ways across all of our case study organisations. Alignment alludes to the degree to which employees’ perceptions of the organisation, its aims and objectives are consistent and fit with other messages regarding values, behaviours and organisational priorities. It also embraces the perceptions of different stakeholders that may be either internal – such as employee groups, employee representatives, managers, senior leaders – or external – such as customers, shareholders or supply chain organisations. Alignment can go beyond people to include infrastructure, systems and processes. Each of these various aspects of alignment impacts on sustainable performance.

Job roles should be clearly aligned to higher-level objectives
One aspect of alignment is the degree of clarity individuals have about their own role and the extent to which they understand how this fits with the responsibilities of others and the contribution they are making to both organisational objectives and business success.

At Pfizer Grange Castle, continuous improvement systems and area targets linked to the bonus system mean that people know what their role is and how that contributes to their team and the site’s performance.

At Standard Chartered Bank there are processes in place to enable individuals to understand the regulatory pressures on the business and how they could respond to these to ensure they fulfil the requirements of their job.

‘People are focused on the whole perspective priorities and needs; they are getting the big picture of what we’re trying to get to.’

One vehicle for alignment is through cascading objectives and there was a wealth of evidence that our case study organisations were striving to achieve a clear line of sight from organisation through manager, team and individual objectives.

At BIG Lottery there is agreement about the role of objectives in ensuring everyone is clear about what is required in their role:

‘They are aligned without a doubt. Everyone’s individual objectives in their appraisal link to a corporate objective which links into the strategic corporate plan and the strategic framework, so in terms of a structural thing they are aligned. I personally know that by doing that objective, I contribute to the organisational objective.’
Attitudes and behaviour need to reflect organisational values
Alignment is more than simply ensuring objectives line up in a structural way. Objectives need to be clear, not just in terms of what performance levels are expected, but also the behaviours that are expected from people in achieving them. Values and attitudes are important shapers of culture and behaviour, so it is important they are aligned with each other and that they support activities critical to the organisation’s performance, such as customer service or innovation.

At Pfizer (Grange Castle) significant effort is being put into aligning behaviour not just with performance, but with the values of the organisation and communicating clearly what they expect from their employees. HR provided examples where they had openly challenged unacceptable behaviour even when the individuals were high-performing overall in terms of output.

Management behaviour was cited as a potential blocker to performance when it did not reflect the espoused values of the organisation or acted as a barrier with regards to specific initiatives such as development programmes/ information-sharing projects. In organisations where there were distinct professional groups, there was a sense of difficulty in getting alignment when it involved trying to cut across professional boundaries.

In NHS Dumfries and Galloway, the Delivering Dynamic Improvement (DDI) programme is a knowledge-sharing, cross-functional learning and continuous improvement programme. It was designed to get the organisation to work across professional boundaries on the common goal of patient experience. DDI’s legacy is clear:

‘If I see a team next door, whether it’s a team of dieticians, team of nurses who have been really successful at doing something more efficiently I can maybe go and look at what they’ve done and how they’ve gone about it. Then I can say, “Okay you’re not doing the same thing” but what process did they go through to get to that?’

Systems and processes need to be aligned with organisational priorities
When systems and processes were not consistent with the organisation’s priorities, this could be damaging or demotivating. This was particularly the case when employees felt that systems were out of sync with their objective of doing their best for customers or when they believed they were not given the space to try new ideas or ways of doing things.

Internal alignment is critical
A theme that emerged strongly was the importance of knowledge-sharing and cross-functional working. Our case study organisations talked about the benefits of this and of learning from others’ experiences for efficiency and for providing a seamless service to the customer.

At Standard Chartered, ensuring that functions work together to provide a comprehensive service to the customer and operate as ‘One Bank’ is a key priority. This seamless service will contribute to further differentiating the bank from its competitors. A few employees talked about ways that working together can help generate more business.

‘So what I’m saying is we should have the retail banking and the wholesale banking people working together with us. It’s not just referring business – we should go out more. We are starting already to go out more on joint calls. It’s not just one-way traffic, it’s in exchange. I can pass on things to them and they can also give something to us which would create a lot of opportunities to improve profitability.’

Senior managers at Birmingham City Council talked of the value in aligning what people do in their job roles with the overall objectives of the council.

‘We are starting to see that golden thread right back through that journey about meeting the council’s objectives against the council plan.’

Employees are able to see what success looks like and it’s helpful to see, ‘how your targets fit into the bigger picture’.

At Pfizer (Grange Castle) significant effort is being put into aligning behaviour not just with performance, but with the values of the organisation and communicating clearly what they expect from their employees. HR provided examples where they had openly challenged unacceptable behaviour even when the individuals were high-performing overall in terms of output.

Management behaviour was cited as a potential blocker to performance when it did not reflect the espoused values of the organisation or acted as a barrier with regards to specific initiatives such as development programmes/ information-sharing projects. In organisations where there were distinct professional groups, there was a sense of difficulty in getting alignment when it involved trying to cut across professional boundaries.
At BIG a lot of effort had been put into improving cross-functional working and knowledge-sharing since phase 1. There were a number of initiatives in place that clearly had an impact on the understanding and degree of role clarity being experienced by individuals.

‘There is a more realistic approach to the exchange of learning and knowledge. We are developing forums for people to exchange ideas and a wiki to build learning. I am pleased to see people developing these things as well as tools for commissioning programmes effectively. These are all good developments and are really helping to build our learning and assess our outcomes more effectively.’

A lack of alignment around knowledge-sharing and cross-functional working caused frustration and impacted performance.

Line managers/supervisors felt that often teams were reinventing the wheel and not learning from other teams’ successes and mistakes. Where shared learning did take place this was because people had used their own initiative to talk to each other and if you had a good manager or a boss in common ‘who pushed you to see who else does this in your area’.

But it is also important for organisations to be mindful of external alignment

A related issue was the extent to which organisations were aligned with the external world. This was particularly evident in those organisations either operating in or having strong links with the public sector, which had seen enormous pressures on costs.

At NHS Dumfries and Galloway managers were well aware that they needed to align their service to social trends and the changing needs of the patient community. They were also increasingly aware of the impact of the spending review and its impact on budget and resources.

At Birmingham City Council, while the impact of the spending review is accelerating plans already in place to restructure, it is also having implications for the expectations of staff about the kind of service they are able to deliver for the people of Birmingham.

However, external alignment is also important for private sector organisations.

The external environment at Standard Chartered has changed since phase 1 of the research, which was conducted just after the Lehman collapse. Although there is a common feeling that the bank rode the financial tsunami well – it is now in its seventh year of substantial growth – its activities have been affected by the aftermath of the crisis. This has manifested itself in increased regulation and the need to keep growing consumer confidence in banking, which Standard Chartered is doing by concentrating on getting the basics of banking right.

‘I think business-wise the environment is a lot better this year than last year. And what we need to work on is rebuilding the public’s confidence in the banking sector.’

The economic situation in Ireland significantly worsened over the last 12 months and, although this hasn’t negatively impacted on Grange Castle, it served to remind employees how fortunate they are to have job security. This feeling was also heightened by future divestitures by Pfizer across other sites in Ireland. There is also a sense that the economic crisis has increased the focus and demands of regulatory bodies and maintaining a focus on the global marketplace.

‘I’m definitely happy to have a job.’

Shifts from phase 1 to phase 2

In phase 1, interviewees talked about the importance of vertical alignment but in phase 2 there was a greater emphasis on horizontal alignment within the organisation, in terms of both behaviour and attitudes through cross-functional working. For example, the need to promote cross-functional working and knowledge-sharing, both in terms of business-as-usual tasks and in the context of change. Many of our case study organisations have put actions in place to improve efficiencies in these areas or as part of a focus on the customer.

In addition, alignment with external parties has become even more important in phase 2 of the research for all case studies. The difficult economic situation has made it essential to work even more closely with external agencies,
providers and customers to ensure that high-quality goods and services are provided. The drive for external alignment is particularly marked in the public sector with the widespread changes being experienced.

**Relationships to other insights**

The issue of alignment is closely related to shared purpose, with organisation alignment enhanced through having a common shared purpose. Alignment is also linked to an organisation’s ability to respond to short- and long-term issues and to assessment and evaluation as it is important for organisations to have clear, cascaded objectives at all levels linked to the overall strategy for long-term performance.
Shared purpose

- **Shared purpose is strongest when employees emotionally connect with it.**
- **It is stronger when integrated into targets and performance.**
- **Shared purpose should be leveraged through periods of uncertainty and change.**
- **Organisations need to balance the achievement of their core purpose with a focus on efficiencies.**
- **Shared purpose can be compromised by conflicting priorities or structural changes.**

**Definition:** An organisation’s purpose is its identity, the reason why it exists and the golden thread to which its strategy should be aligned. Shared purpose takes the connection with the organisational purpose one step further to a purpose that is shared by all employees and often beyond to include external stakeholders.

**Shared purpose and sustainable organisation performance**

Organisation purposes need to be simple and clearly articulated so that individuals can make sense of them in their roles and reflect them in their behaviours. To enable sustainable organisation performance, employees also need to develop a strong (ideally emotional) shared connection or bond to an organisation’s core purpose.

**Shared purpose is strongest when employees emotionally connect with it**

When we explored shared purpose in our case study organisations, it seemed strongest when employees developed an emotional connection with it. You could argue that this is easier for some of the public sector organisations than some of our other case studies, but this is not necessarily the case. At Standard Chartered Bank, for instance, employees have an emotional connection with the bank’s reputation and the many corporate social responsibility (CSR) and volunteering opportunities that are open to them. At Pfizer (Grange Castle), employees have an emotional connection with improving patients’ lives, and at Xerox Global Document Outsourcing (GDO) Service Delivery team, employees have a strong bond around providing excellent customer service.

People at all levels of Birmingham City Council have embraced the core purpose of the organisation. Employees have interpreted the core purpose of the council in terms of what it means for their job role, suggesting they have internalised it.

‘To ensure the citizens of Birmingham can contact BCC by whatever method they choose and get highest quality information or service which gives value for money.’

‘The core purpose of BCC is to provide services to citizens of Birmingham.’

Similarly, in this second phase of the research, managers within the focus group talked about the strength of their personal motivation to fulfil the core purpose of delivering a good service to the people of Birmingham and improving people’s lives as they felt an emotional connection to it.

Shared purpose is also enhanced if employees are able to make sense of the organisation purpose, internalise it and practise it in their daily routines.
Encouraging employees to engage with the organisation’s activities in the community presents a double dividend for organisations. Employees who are driven by and care for the customer, community and humanity are more engaged and motivated if they perceive the organisation genuinely shares their ethical values. Stakeholders respect and value an organisation that links what it does to something bigger.

Organisations need to know what community and societal issues switch on their employees and encourage opportunities to get involved.

At Pfizer (Grange Castle) there seems to be a strong sense of shared purpose despite the changes accompanied by the merger. The majority of interviewees focus on producing good-quality drugs or have developed an emotional connection to improving patients’ lives, and this has been reinforced by recent poster campaigns and a powerful presentation at the summer leadership conference.

There is also a sense of pride in Grange Castle’s achievements:

‘I think the site has created its own opportunities because of its successes. Part of that success is due to the people that work here and what we’ve built up over the last eight years. There’s new products coming here, and really that’s as a result of our successes.’

Shared purpose should be leveraged through periods of uncertainty and change

Developing a sense of shared purpose becomes even more important in an uncertain economic climate. As the public sector faces mounting pressures, those organisations that are able to align their (in some cases, new) purposes, values and goals for all employees will have a clear head start.

There is also recognition from employees who work with people negatively affected by the recession that their organisation’s purpose and the work that they do on a daily basis is even more vital.

At Dumfries and Galloway, the core purpose of the organisation has not changed. Put simply, it’s to provide quality healthcare while reducing health inequalities in the region. Behind it is a quartet of drivers: quality, people, safety and service. For the CEO John Burns, the purpose is understood across departments and its importance is integrated into targets and performance.

A sense of purpose is evident across NHS Dumfries and Galloway and arguably the colder climate that the board now finds itself operating in has increased the impetus towards sharing this core purpose. We found that individuals across the organisation were able to articulate the core purpose as being about improving healthcare and patient care and reducing healthcare inequalities in the region.

The critical financial environment means that attention is skewed towards the financial side of the equation. But the senior team and the general managers are making it clear that finance is only one leg of the table and that all of the other aspects need to be delivered as well. This is certainly challenging, as Hazel Borland, Director of Nursing and Midwifery, explains:

‘The priorities are the same as they were this time last year. We’ve got a purpose that’s twofold: one is to reduce health inequalities for the population of NHS Dumfries and Galloway and the second is to deliver safe, effective, efficient, reliable and excellent care for any patients that come through our doors. Now that’s the same purpose as we had 12 months ago and that’s not changed and we absolutely recognise that we’ll do that through providing staff with the right environment, through capturing the enthusiasm of staff and through identifying efficiencies for improvement. And that’s exactly the same as it was a year ago.’

At Standard Chartered there is a clear sense of purpose shared across all our interviewees. Many have developed an emotional connection to the bank and this seems heightened by the ‘Here for Good’ campaign.

A shared motivation and engagement to go the extra mile is also demonstrated by many employees for the good of the company, the customer and the community. This is also apparent in the strong team spirit and sense of family across a number of areas.

A sense of purpose is evident across NHS Dumfries and Galloway and arguably the colder climate that the board now finds itself operating in has increased the impetus towards sharing this core purpose. We found that individuals across the organisation were able to articulate the core purpose as being about improving healthcare and patient care and reducing healthcare inequalities in the region.

The critical financial environment means that attention is skewed towards the financial side of the equation. But the senior team and the general managers are making it clear that finance is only one leg of the table and that all of the other aspects need to be delivered as well. This is certainly challenging, as Hazel Borland, Director of Nursing and Midwifery, explains:

‘The priorities are the same as they were this time last year. We’ve got a purpose that’s twofold: one is to reduce health inequalities for the population of NHS Dumfries and Galloway and the second is to deliver safe, effective, efficient, reliable and excellent care for any patients that come through our doors. Now that’s the same purpose as we had 12 months ago and that’s not changed and we absolutely recognise that we’ll do that through providing staff with the right environment, through capturing the enthusiasm of staff and through identifying efficiencies for improvement. And that’s exactly the same as it was a year ago.’
Organisations need to balance the achievement of their core purpose with a focus on efficiencies
With increasing pressure to reduce costs and focus on efficiencies, organisations need to ensure that their core purpose is not negatively impacted. For many of our case studies there is recognition that their core purpose must remain the same, but the way in which it is achieved might have to change.

At Dumfries and Galloway common purpose is driven in the new environment with a laser-like focus on cost reduction. However, the CEO is determined, as are the key managers, that this will not result in an over-focus on costs at the expense of quality, people and service. His commitment means that the organisation will balance the challenge of seeking to drive costs out of the system with ensuring that quality, safety and motivation don’t suffer. That’s a very big ask but employees are already taking it on board, especially those at management levels.

‘I suppose to my mind it’s about how we still try to deliver the same service, but being more efficient around that. I’ve just come from a meeting and it’s all about change and efficiency; but it’s how can we still provide the same service but do it differently, with the skill mix we have.’

At Pfizer (Grange Castle) the acquisitions initially left some people feeling less certain about their future. Some people had noticed a difference shifting from a campus site feel to a much larger organisation. Senior managers emphasised the importance of communication and ‘building a vision for the future’.

Almost without exception managers and employees alike agreed that BIG engenders a sense of shared purpose among its workforce and that this is important for performance. However, a few interviewees expressed doubts that there is a uniform view across the organisation.

‘At one level there is a feeling that most people have a high respect for what we do. People put the extra time in and are conscientious. But if you take a diagonal slice and ask people to describe how they add value you would get different messages. Not sure there is a shared values base. People would attach descriptors to their areas but they are not shared across the organisation.’

‘The majority of people do have a sense of shared purpose. However, I think its works different in different areas and works less well where there are conflicts between elements of organisation in terms of resources or approaches to the workload, or where they see themselves as a slightly separate entity.’

Birmingham City Council’s core purpose remains the same, which is its strength, but the way the purpose will be achieved is changing. Even though fewer resources are available, there is an obvious determination among staff to deliver on the purpose. Interviewees talked about needing to deliver on the core purpose in a more integrated way and how it is necessary to break down cross-functional barriers in order to achieve it.

‘To understand where you actually fit into the organisation and how your service actually contributes to the aim of not only the directorate but the City as well, so maybe it is looking at how you work across different directorates and different types of services.’

‘We have to join and collaborate together really and not to have a group that sits on its own and thinks very detached thoughts really. So in a sense there is a really strong sense of common purpose and shared purpose in the organisation now.’

Yet shared purpose can be compromised by conflicting priorities or structural changes
Shared purpose can be significantly weakened by organisation environment changes such as the shift from a small organisation to a global organisation or by different parts of the organisation having conflicting or even competing objectives. When this occurs, leaders need to re-assert the wider organisational purpose and future vision.

One thing that seemed to work against shared purpose in some of our organisations was the perceptions across some departments of competing objectives. In these instances the department’s objectives were taking priority over the wider organisation’s purpose and creating an ‘us and them’ mentality. With the importance of role-modelling already emphasised, heads of department need to take the lead, helping teams link back to the broader sense of purpose.
Shifts from phase 1 to phase 2
Across both phases of research the importance of employees developing an emotional connection to their organisation’s purpose, internalising it and practising it in their daily routines is evident. In the second phase, the importance of creating shared purpose in difficult times came more into focus. People in the service sectors are generally passionate about helping people in need and some of the organisations are starting to integrate their purpose into objectives and performance assessment. However, organisations need to be aware that too much process around this can compromise employees’ emotional connection with the purpose.

Relationships to other insights
Shared purpose is closely aligned to both leadership and engagement. Leaders need to engender a strong sense of shared purpose and when achieved this keeps employees motivated and engaged by working towards the same ultimate goal. A strong sense of shared purpose can also ensure that various parts of the organisation stay in alignment with a common aim.
Leadership

• Visible leadership and communication is a must in difficult times.
• Line managers need to take an active role in coaching and providing encouragement.
• Line managers can help with sense-making.
• Leaders need to empower others but set key principles and parameters to ensure greater consistency of empowerment in organisations.
• Leaders need to develop a collaborative decision-making style.
• Leadership skills are needed at all levels.

Definition: Senior leaders articulate a future-oriented vision in an appropriate style that informs decision-making and empowers employees to achieve organisational effectiveness. The ability to lead, however, is not confined to senior leaders and can be demonstrated at all levels.

Leadership and sustainable organisation performance
Leadership is critical to sustainable organisation performance. Throughout our case studies we identify the pivotal role of leadership in promoting change and agility. In phase 1 we proposed the importance of distributed leadership for sustainable performance. However, further examination of this original proposition in phase 2 revealed that although leadership at all levels is certainly important, style is also significant.

Sustainable leadership is collaborative and connects people to the organisation purpose and vision. There are situations in the short-term where directive leadership may be considered appropriate, but this style is not sustainable and should not become a default setting. Leadership at all levels contributes to organisational sustainability, from employees taking responsibility for their own role and contribution at ground level, to senior leaders making sense of the environment and communicating the vision for change. Through our case studies we have seen that the economic backdrop is driving the leadership imperative to new levels, especially in the public sector.

Visible leadership and communication is a must in difficult times
There has been an increased focus on leadership to drive organisations through difficult times. A number of our case studies were enhancing their leadership and communication efforts and developing both greater visibility of and accessibility to their leaders.

At Birmingham City Council, the senior management have been increasing their visibility by running roadshows and drop-in sessions across the city, which have been positively received by middle and line managers.

‘Physical visual presence has made a significant impact in terms of how EPM was eventually implemented and how managers have actually taken that massive change programme on board.’

Over the past year at Standard Chartered, employees said they have noticed a step-change in communications with the CEO and other senior leaders using a much more personal style, talking about their family and experiences outside of work as well as delivering formal messages.

Employees and managers also spoke about the strength of role models at senior levels within the bank.
Line managers need to take an active role in coaching and providing encouragement

Line managers have a crucial role in coaching employees and providing them with guidance and feedback through change. Such positive feedback helps provide employees with the motivation they need to keep performing through periods of uncertainty and change.

At Pfizer (Grange Castle) there has been a focus on leadership and communication in the last 12 months to help employees through the many changes experienced. Communications have been continuous through a number of different channels, including quarterly ‘All Hands’ Updates, ‘Make Sure We Talk’ sessions, and a recent Leadership Conference. Additionally, a ‘wall of change’ has been created as a visual and public way of communicating changes and senior leaders routinely visit the wall and discuss issues once a week.

Senior managers have been focusing on developing a coaching style and increasing their visibility across the business. The process for senior leader planned walks around the site has been improved. The 12 directors in pairs take it in turn to visit different areas every week. They gather for an initial 15 minutes at site boards to discuss areas for focus as part of their walkabout. They then spend 45 minutes on the floor followed by a 15-minute action-oriented debrief. This keeps the team in touch with all levels of the organisation and the day-to-day issues that arise.

‘I think there has been more interaction with the site leadership team. There was more visibility of them around.’

‘Certain directors were really good, really into it and interested.’

For employees at Pfizer (Grange Castle), having the freedom to carry out their role depends on the confidence and ability of their manager – and most were very positive about their immediate supervisor or manager, believing they were ‘encouraging and open to ideas’.

‘I certainly feel that with my supervisor I could say whatever I like and sometimes he will agree with it and say, yes, go for it, and some things he’ll go, like, no actually, I’d say the way we are doing it now is probably better. Either way I feel listened to.’

Line managers can help with sense-making

Line managers play an important role in making sense of change communications for themselves and their teams.

At Birmingham City Council, managers need to understand the change journey and what is required from both them and their teams. Cascading communications around the key messages about the changes and the council’s priorities to managers at all levels is a challenge but, if successful, will enable sustainable performance and unify the council. It will ensure that staff receive consistent messages about what is happening.

Leaders need to empower others but set key principles and parameters

The need to empower and even ‘license’ employees to act is critical in all of our case studies. So too is the need to ensure that employees are acting both with a common purpose and towards their organisation’s wider objectives. The balancing act is therefore to empower people as much as possible but to ensure they act within a framework of agreed key principles and parameters. This tension is illustrated in Figure 4.

At Standard Chartered, line managers provide regular feedback and encouragement:

‘For me one important thing is that we get regular feedback from our manager and the business. So for example if we do something that is not very good the manager will say “Okay you should do it that way or do it better.” Similarly we get encouragement if we do a good job, from our manager as well as from the business.’

Figure 4: The tension between empowering people at all levels and setting clear parameters for action

Set clear parameters

Empowering people at all levels
There is a need for greater consistency of empowerment in organisations
While greater empowerment within parameters is desirable this needs to be consistent across organisations to make the best of people’s ideas and avoid feelings of injustice.

The managers all agreed that leadership was an important issue for BIG but not one they had necessarily as yet got right. In terms of distributed leadership they did not think there was a uniform approach regarding the extent to which people were empowered to display leadership skills or use their judgement.

‘There is no uniform approach. Some parts of the business are risk-averse and controlling maybe for good reasons. Others are much freer and empowering in approach. I think there is a recognition that staff are the most expensive but valuable asset. If we don’t encourage them to use judgement we’re wasting money.’

‘There is a big difference between the operational side and the regions and it’s absolutely evident that is down to the leadership. You can see where people are trying to follow suit on best practice but often some of the stifling stuff is down to the culture where people won’t believe that grade 2 can have good ideas.’

Leaders need to develop a collaborative decision-making style
Collaborative leaders support sustainable performance. However, when the going gets tough leaders can often default to a driven and directive leadership style which can erode agility. In periods of great flux and economic uncertainty, sometimes decisions need to be made quickly and decisively, but this should only be for the short term and not a default setting for leaders. Reinforcing a collaborative problem-sharing approach can drive longer-term, sustainable change, agility and engagement.

At Xerox, how accountable and empowered to use judgement people feel is dependent upon which part of the business they operate in:

‘I think it depends which part of the business you sit in. Any of our client-facing people are the most empowered people in the organisation. People can be frustrated by corporate bureaucracy but empowered and able to put things in place to improve the business.’

‘It goes back to the business improvement initiatives. We need to give people accountability. Yes we drag people in the room to have the conversation but then we must give them the space to do something with the outcome.’

‘There is a clear desire to give accountability and ownership to people. We are establishing enablers to operate, which is a form of empowerment.’

‘We always recognise that full accountability is great and we are engaged in the discussion around giving more flexibility to people to do the best in their job. There are some particular organisational constraints which make it a challenge. Do not have all the enablers yet so managing it is a challenge.’

Although discussion around leadership at Birmingham City Council focused mainly on senior leaders and the capability of other management layers to lead the organisation, the value of empowering employees was also mentioned. It is felt that people at all levels benefit from ‘defining better the key principles and parameters in which people work and leave it to...people to operate within those’.

‘I think the front line have got to be empowered to do their job at the end of the day, especially when you have got a lot of remote workers who don’t always necessarily come into contact with the base location on a daily basis.’

‘I can see a turn towards more focused outcomes and change in how we carry out our work. Agile working will increase output of work and freedom to carry out our work within timescales.’
Leadership skills are needed at all levels

Finally, our case studies recognised that leadership skills are not just the preserve of senior leaders but are needed at all levels in successful organisations.

At BIG, the issue of the difference between leadership and management was raised by a number of managers and employees. Generally there is a feeling that managers do not always make good leaders and while they may be successful at managing process they are less successful in managing people. However, there was also a feeling that the new management system supports decision-making and use of information in a more adequate way.

At Xerox, leadership skills at all levels of the organisation were identified as another potential driver of performance. In the GOD Service Delivery team generally, people feel this has improved. There is a positive consensus on the leadership capabilities of the general managers and people generally feel there have been efforts to push accountability further down the organisation to enable people to take more control over their work and exercise judgement. This appears to be manifesting itself in greater clarity over how people are contributing to the business, and more willingness to share knowledge and improve flexibility and responsiveness.

Shifts from phase 1 to phase 2

There is a noticeable emphasis on developing a more collaborative style of leadership in phase 2. While in periods of change sometimes decisions need to be more directive, this should not become the default setting.

Visible leadership and clear communications through change are also critical and their importance was heightened in phase 2. Empowerment is desirable but within clear parameters that are aligned to organisational objectives.

Relationships to other insights

There is a clear relationship between the quality and practices of leaders and engagement. Those organisations with visible and approachable senior leaders and line managers that act as coaches and sense-makers for employees have higher levels of engagement. Leaders also play a key role in creating alignment within organisations, both through their strategy-making and communications and shared purpose through their visioning.
Locus of engagement

• Employees can be engaged with more than one locus at a time.
• Employees’ locus of engagement is not static.
• Employees’ locus of engagement may not translate to engagement with the organisation.
• The line manager has a critical role, affecting engagement at different levels.
• Leader behaviour also affects employees’ engagement.
• Too much engagement with a particular locus can be a blocker to change.
• Perceptions of organisational injustice can be a performance blocker.
• The nature of engagement can be transactional or emotional.

Definition: People can be engaged at different levels and with various aspects of the organisation or the work and their engagement can be transactional or emotional in nature.

Locus of engagement and sustainable organisation performance
Having engaged employees is important for the long-term performance of organisations as they are more likely to ‘go the extra mile’ or put in extra effort. Much of the work on engagement assumes that engagement is with the employing organisation. However, in phase 1 of the research we found that employees can be engaged on multiple levels: for example, with the organisation as a whole, with their line manager, with their team, their job role or their profession. Each of these levels is an example of a different locus of engagement. For sustainable performance, it is important to understand how, and with what, employees are engaged.

Employees can be engaged with more than one locus at a time
Many employees appeared to be engaged on a number of levels at any one time. They might be engaged with their job role, the customer, their team or business unit, their own career or self-development and the organisation as a whole.

In Birmingham City Council, engagement with the service user and to one’s immediate team is strong, with a typical response from managers to the question about what you are engaged with being, ‘my staff and delivering services’.

‘I think they are engaged with the service that they are providing to the service user and I guess to some extent they are also engaged with their line manager…Whilst I am not sure that they are necessarily engaged in the whole organisation if you like, that is their focus and that is what they do.’

Also, if people are ‘not exactly connected to an office or a unit because they spend all their time out in the community and again I think that it is going to be service users and their direct line manager.’

At BIG some managers recognise that employees are engaged with different aspects of their organisation or their work.

‘There are some roles where naturally you would not get the same vocational engagement you would get in others.’

‘People are less engaged with how the organisation treats them in terms of development opportunities or pay. There are also variations around how they feel engaged with their manager and the senior management team. There are degrees to how people feel.’
Employees’ locus of engagement is not static
We also found that what employees engage with is unlikely to be static. Both the loci and the intensity of engagement are likely to differ over time, being influenced by a number of internal and external factors.

In Birmingham City Council managers felt that employees develop a particularly strong emotional engagement with service users in times of uncertainty, especially when there are questions over how the service might be provided in the future. This is manifested in a strong desire to maintain the quality of the care provided.

‘BIG as an employer is right up there in terms of engagement. However, some of the bureaucratic processes they have to follow are down there, so yes people’s engagement will vary depending on their activity or what they are doing, but we had interesting results from our staff survey and generally they were pretty good and people were honest.’

What people are engaged with and the intensity of that engagement can also be influenced by specific actions taken within the organisation.

Standard Chartered Bank encourages social events because they improve engagement within the team. Large, participative events such as town halls and charity events improve engagement with the organisation as a whole.

Employees’ locus of engagement may not translate to engagement with the organisation
Individuals can exhibit high levels of engagement overall but low levels of engagement to the organisation. This usually occurs where their locus of engagement is a work team or business unit that is seen as somehow remote or even at odds with the wider organisation.

For example, the iON employees within Xerox appeared to be more engaged with the iON team and the customer than with Xerox itself. There was a strong sense of purpose and teamwork within the iON team and they felt slightly removed from the wider business.

The line manager has a critical role, affecting engagement at different levels
One of the most important influences on engagement demonstrated by our case studies is that of the line manager – specifically, their behaviour, attitude and performance.

A number of employees from different case study organisations commented about how the line managers impacted on their own engagement levels and that of colleagues.

‘People become disengaged when they are not supported to carry out their role.’

‘Line managers do not always treat people fairly and are slow to deal with poor performers, which can be very demotivating.’

At Pfizer the senior managers talked about how important it is to ‘engage with people and get their ideas’. They place significant importance on the role of managers in engaging and motivating teams.

In any organisation there will be a small minority of people who are disengaged and again the line manager has an important role in trying to re-engage them.

In Standard Chartered, managers told us about how they are actively working with the disengaged to understand the reasons why, and then talking it through and providing support. They spoke about the value of having good-quality one-to-one conversations with people and getting to the root of the issues if they are disengaged. Managers also highlighted the importance of encouraging people to play to their strengths and exploring whether a person is disengaged because their role is not suitable for them.

Leader behaviour also affects employees’ engagement
Employees’ perceptions of organisational justice were also linked to the behaviour of leaders. Employees were more likely to be engaged with the organisation and its purpose if they felt their leaders were also engaged. Sometimes referred to as authentic leadership, people were more likely to believe and trust what leaders said if they felt those leaders really believed in what they were saying.
A quote from one employee illustrates how their perceptions of leadership have affected their engagement.

‘Our engagement scores are okay but senior management should be capable of providing the leadership which is required and there is a feeling that they are not leading well or doing a good job. Senior management is very much at arm’s length.’

Too much engagement with a particular locus can be a blocker to change
Employees in our case studies recognised that engagement can act as an enabler or blocker of performance.

We found instances where high engagement with a particular team or work group, while driving performance in that area, acted as a potential blocker when looking for flexibility or agility throughout the organisation.

‘People are focused on giving good service and that makes them suspicious of the motives behind cost-cutting.’ (Manager, Birmingham City Council)

Perceptions of organisational injustice can be a performance blocker
Within our case studies there were some instances where perceptions of unfairness acted as a blocker of performance. Such perceptions of organisational injustice could negatively impact employees’ engagement with a range of loci.

For example, when line managers’ behaviour was inconsistent across teams, employees perceived some individuals as having greater access to career development or being given greater flexibility to exert their own judgement. While the engagement of those ‘lucky’ enough to work for the ‘good’ managers might be enhanced, for others this perception eroded their engagement. As well as eroding engagement with the line manager, the resulting perception of inequalities in the career development offered across the organisation can also erode employees’ engagement with the organisation as a whole.

In addition, within all of our case studies we found that employees were more likely to be engaged with their employer if they believed customers were treated fairly and ethically. There was evidence that employees were less engaged with their employing organisation if they felt certain customers were unfairly deprived of services.

At NHS Dumfries and Galloway, reducing health inequalities is an organisation priority and strongly embraced by staff.

‘You’re looking at safe, effective, efficient, reliable service for patients and staff alike…making sure that it’s equitable across the organisation, and that we provide support for staff, equally for patients too.’

The nature of engagement can be transactional or emotional
As well as having different loci of engagement, it appeared that engagement can be transactional or emotional in nature.

We define transactional engagement as being contractual in nature, with individuals fulfilling basic expectations in terms of getting the job done and looking after the interests of the organisation. They may be engaged because they believe this is what the organisation expects and this is what they need to do to stay in employment or be promoted to the next level. However, they are not necessarily emotionally engaged with the organisation or the work and hence will quickly turn off their willingness to perform if they perceive that they are unfairly rewarded for their efforts or if they identify opportunities to pursue elsewhere.

Emotional engagement is more deep-seated and occurs when people really identify with their work and are motivated by the desire to do a good job or do the right thing. As illustrated in previous examples, we found instances of high emotional engagement in a number of our organisations.

People may be transactionally engaged with certain loci and emotionally engaged with others. In some instances it was apparent that employees were emotionally engaged with the customer, but reported transactional engagement to the organisation. However, in other case study organisations it was apparent that employees were emotionally engaged on numerous levels.
Shifts from phase 1 to phase 2
Across both phases of research we have noted that employees can be engaged on a number of levels. This second phase of the research has revealed how important it is to understand how and with what employees are engaged as their loci of engagement can either enable or block performance. Engagement with the customer was particularly strong across all case study organisations and we also found that employees’ relationship with their line manager can affect their engagement with other aspects of the organisation and their work.

Relationships to other insights
An integral part of engagement was the extent to which organisations were able to engender a sense of shared purpose among their employees. Employees generally find it easier to engage with a shared purpose when they are able to emotionally connect with it.

We also found engagement to be linked to alignment. If individuals could see and understand the extent to which their roles and objectives fitted with organisational goals and how they contributed to the organisational purpose, they were more likely to develop a stronger sense of engagement.

Finally we noticed that it is important for managers to be aware of what is important to employees and will motivate them over both the short and long term. For example, rewards and recognition may contribute to engagement in the short term, but career development, identification with the organisation purpose and being part of an engaged team may help drive engagement in the long term.

NHS Dumfries and Galloway see the value of staff being emotionally engaged at all levels and managers talked about encouraging people to view their job role in the context of the wider organisation.

“Well it took such a long time to get them over that because I used to hear the same all the time “Oh I’m just a cleaner.” “No you’re not, you’re a fundamental part of the organisation. If you don’t do your job nobody else can do theirs.” And they kept moaning that they are not valued and I’m saying “But you don’t value yourself. Until you start believing you’re important and telling people, nobody else will think you’re important.”
Assessment and evaluation

- Context affects how organisations assess their performance.
- It is important to strike the appropriate balance between collecting quantitative and qualitative data.
- Too much, or the wrong emphasis on metrics, can impede productivity.
- Capturing and analysing information is the first step in assessing and evaluating performance, but acting on the data collected is critical.
- Making data readily available to managers ensures more informed decision-making.
- Managers need to have the right skills to make sense of and interpret the data.
- As well as using data to evaluate past performance, it is important to draw insight from it to inform future activity.

Definition: The processes that occur at different organisational levels to gather qualitative and quantitative information, to assess the impact of actions and inform decision-making.

Assessment and evaluation and sustainable organisation performance
For many organisations, including our case studies, assessment and evaluation is a less developed area but one that is considered a high priority. Assessment and evaluation should be a continuous process, ensuring the right measures are developed and quantitative findings are evaluated alongside qualitative, contextual information to provide organisational insights. Through constant assessment and evaluation it is possible to provide insights not only about past performance, but also to ‘take the temperature’ of the organisation at present. This information can be used to inform future direction, therefore contributing to sustainable performance.

For Xerox the core objectives of returning value to the customer remain. However, changes in the external environment mean that whereas last year the case study contract was dominated by demand issues, it is now dominated by the challenge of demonstrating they are delivering efficiency and cost savings.

‘Everything’s cost related at the moment. If you can save money, it doesn’t matter if it’s a pound or a thousand pounds or hundreds of thousands of pounds, we’ve got to show savings across the board.’

‘Objectives fall into two areas: retaining contract and returning value. Last year our service was demand-driven, now its demand-challenge. Last year the emphasis was efficiency in terms of delivering on the demand, now we are about cost savings and looking at how we can deliver efficiency to achieve this.’

Context affects how organisations assess their performance
The demands of the external context will affect the measures organisations pay most attention to. For example, the current external pressures to drive down costs are acting as a stimulus for organisations to improve in this area.

It is important to strike the appropriate balance between collecting quantitative and qualitative data
Collecting qualitative data can help to inform and explain quantitative data. Qualitative data can also provide a depth of information that can be used to evaluate and inform operations when it is not possible to quantify outcomes.
Too much, or the wrong emphasis on metrics, can impede productivity
People can get frustrated if they cannot see the information they record being used and fed back into the organisation. Having too many measures can lead to a focus on quantity over quality.

There is a feeling by some that the metrics are sometimes measuring quantity rather than quality and others suggested that objectives and targets should continually be reviewed as workloads and circumstances change:

‘All about numbers and about getting things done in time, they are not necessarily about the quality of it.’

Organisations need to balance stakeholder demands to focus on certain measures. With organisations collecting data for regulators, or within the public sector to compare against government targets, a challenge for organisations is how to tie these performance measures with their own internal metrics.

BIG has adopted a balanced approach to assessment and evaluation that reflects their focus on allocating lottery money in a sustainable way. As well as focusing on efficiency, their ‘Intelligent Funder’ programme reflects the emphasis placed on effectiveness, sustainability and customer experience.

‘Two years ago our measures were all about the process of getting the money out of the door in a timely fashion. Now it’s more balanced, some are about the processes we operate but the high-level indicators are quality of customer experience, the difference our money makes and the consequences of doing stuff.’

Capturing and analysing information is the first step in assessing and evaluating performance, but acting on the data collected is critical
Interpreting the data collected and feeding it back into the business was a weaker area for many of the organisations. Few are doing it effectively and it is viewed as a critical area for improvement.

A manager at Birmingham City Council talked about the importance of providing qualitative commentary around ‘the figures’. For example, service delivery needs to be balanced with information about the quality of services: ‘just because a service is “received” doesn’t mean it was of good quality’.

NHS Dumfries and Galloway are also concentrating on improving effectiveness in this area.

‘There are growing debates about some of the data we’re using. People, historically, are not very good at using the data, but I think over the last few months they’ve been asked to look at data and improve it in terms of what data they actually require – to look at using it to drive their services.’

Xerox’s management information system has significantly improved the flow of information, but there was still little evidence about how this information is used. However, managers are very positive about the work of the business intelligence team, who are improving processes and providing daily usage reports.

‘First-line managers are trying to simplify the processes around storing information and making the process more meaningful. It’s too early to say what the impact is but you can already see people working closer together and making the data more meaningful.’

HR is looking at how the performance data available to managers can be used more effectively.

‘Xerox prides itself in doing the right things, such as performance management, but now we have asked the HR community to get closer to managers to do something with the outcomes of these.’

‘We have to make sure we make use of the performance data. Bring alive and make it a real and valid process rather than a pretty exercise once a year.’
Similarly, Birmingham City Council is undertaking a significant piece of work around workforce metrics. The next stage of this work is concentrated on developing the mechanisms by which the wealth of information collected is fed back into the organisation and informs workforce planning and broader talent management activities.

‘We are well on the way to being a well-informed organisation. The skill now is learning how to use that information effectively.’

‘We can redirect workforce priorities and outcomes using the process.’

Most importantly, workforce and financial information are being tied together through the business transformation programme. One manager talked about how this will result in an integrated business planning process, aligning different parts of the council and setting out short-, medium- and long-term aims.

Managers at Birmingham City Council now have at their fingertips the information they need to manage their team and make informed decisions. However, it is up to the individual managers to use this information effectively and act on it. HR is providing support for managers to use the new processes.

‘The provision of better workforce information is equipping managers to more readily see where they are performing well and where issues are emerging that will see where performance will drop.’

‘It essentially does give that framework for the everyday, day-to-day management because obviously as a manager you can log on and look at policies and procedures if you need to do certain things or you can run reports in terms of your sickness, your staff sickness and so it gives you the tools essentially to be able to manage on a day-to-day basis.’

Better provision of management information has implications for resourcing and skills. The improved flow and use of information makes managers more accountable for what they and their team do and also more informed about the skills and resources they need to do it. For this data to aid decision-making, new skills may be needed of managers.

Making data readily available to managers ensures more informed decision-making

Our case study organisations were strong on ensuring managers had the information needed, in an accessible and comprehensive format, to inform decision-making and allocate resources.

In Xerox, management information is now more readily available and accessible across the business. Managers feel they can draw on information when necessary, to inform decisions and allocate resources.

‘Information is more available and accessible across the business and we are giving the people who use the information the ability to pull down and draw down information as they need it. It’s providing people with the information to evaluate their decision-making.’

‘The high-level use of data helps us to be consistent in what we do.’

At Xerox line managers are involved in ensuring management information is used to inform decisions and used in the right way.

‘We have to make sure we make use of the performance data. Bring alive and make it a real and valid process. First-line managers are trying to simplify the processes around storing information and making the process more meaningful... you can already see people working closer together and making the data more meaningful.’

With greater data at their disposal, managers at Birmingham City Council are developing the new skills required in their role to use this information.

‘As a manager it affected how I recorded and administered employee information of a dispersed workforce.’

‘The change in how managers work has changed and more managers are having to be skilled up on IT and multi-tasking.’
As well as using data to evaluate past performance, it is important to draw insight from it to inform future activity

Organisations need to use the data they collect to inform future operations and to scenario-plan, enabling them to be more agile. Our case study organisations talked about the importance of taking the time to reflect on learning at the end of a programme of work, drawing insight from experiences, and highlighted the danger of people getting ‘carried away by the next new thing’ and not taking the time to reflect and share the learning from the last activity.

The most significant finding within this theme is that although most of our case study organisations are collecting data to evaluate performance and key initiatives, few are actually using this knowledge pool to generate insights that can inform future activity. This tension is illustrated in Figure 5.

**Figure 5: The tension between collecting data to demonstrate past performance and drawing insight to inform future direction**

Drawing insight from data to inform future direction

Data collection to demonstrate past performance

Shifts from phase 1 to phase 2

Assessment and evaluation was a less developed area for most of our case study organisations in phase 1, despite a strong recognition of its importance and contribution to sustainable performance. In phase 2, we can see more focused efforts to collect assessment and evaluation data. This is partly in response to feedback from actions suggested in the first phase of research and partly in response to increasing financial pressures and constraints. Indeed, financial pressures mean that organisations are in danger of developing too many measures, which will impede productivity and agility in the long run. Despite collecting greater data, most of our case study organisations are still struggling with developing meaningful insights from the data that could shape current and future organisation strategy.

**Relationship with other insights**

The assessment and evaluation of an organisation’s different activities and processes will help to provide an overall sense of alignment through having cascaded measures. Different assessment and evaluation measures will also be linked to both the short- and long-term horizons. In addition, leadership needs to be interlinked with assessment and evaluation because leadership strategy and approach must be supported by meaningful data and its interpretation.
Balancing short- and long-term horizons

• Context determines the length of the ‘short’ and ‘long term’.
• Organisations must anticipate and plan for future external and internal changes.
• They (organisations) also need to be comfortable with uncertainty.
• The ongoing communication of the organisation’s vision and aims is important.
• Sometimes the short term has to take priority, but short-term pressures can act as derailers.

**Definition:** Active awareness, management and communication of both known and unknown organisational issues and pressures affecting the short term (of less than a one-year timeframe) while maintaining an active focus on longer-term priorities (with longer than a one-year timeframe).

**The short and long term and sustainable organisation performance**
The importance of balancing the short and long term is a recurrent theme in our research and something that is heightened by the uncertain economic backdrop. In order to be successful and sustainable, organisations need to be flexible in responding to the short-term imperatives of change while keeping sight of the long-term horizon.

**Context determines the length of the ‘short’ and ‘long’ term**
Clearly, different organisations have varying timeframes that they plan and work to and this will be dependent on factors specific to their context. While corporate visions/missions may take a longer-term view, in practice it is not that easy to plan extensively into the future. CIPD workforce planning research, for example, finds that only 25% of strategic workforce plans look three years or more in advance. What organisations can do, however, is proactively scan for future trends that will impact the way they deliver their services or products.

**Organisations must anticipate and plan for future external and internal changes**
Case study organisations were strong on scanning for future external and internal issues that would impact or shape their agendas.

NHS Dumfries and Galloway are very mindful of issues relating to the ageing population and the impact this will have on their own workforce and demand for services. They are actively accounting for this in their workforce planning:

‘There are continuing challenges around the workforce and the demography of our region and therefore the impact that has on workforce availability, learning, development, attracting and retaining individuals and there are certain areas within the organisation where at any given time those issues are more or less acute and in the medical workforce always features very highly as a tactical challenge at any given point in time.’

Standard Chartered Bank in Hong Kong had to anticipate the fallout from the global banking financial crisis and the current return to growth and war for talent in the market:

‘Banks and the financial sector have been identified as one of the sectors that obviously caused the downswing and a lot of pain for a lot of people. So obviously we are not the most popular of sectors at the moment. So what we’ve tried to do is to emphasise that actually banks are there to serve communities and to be a trusted partner of the community.’

‘We have been focusing on ongoing engagement to ensure that people stay with us and that our performance is sustainable.’

And, in some cases they changed their business models to ensure they are well positioned for the long term.
For our public sector organisations, the Government’s spending review and resulting efficiency savings is understandably uppermost in their minds. The challenge here is to understand that the necessary cuts need to be made without losing sight of the long-term vision, while also recognising the need to ensure the consistent delivery of day-to-day services.

They (organisations) also need to be comfortable with uncertainty

A key theme arising across all our case studies was the need to be comfortable with uncertainty. Although a proactive stance needs to be taken in scanning future issues, in a period of economic uncertainty or the early days of a merger, senior managers have to accept that some things are simply out of their control: ‘because you haven’t got a sense of the long term really.’ This tension is illustrated in Figure 6.

Outlook research (summer 2010) suggests, people can accept tough decisions if they are kept informed and given the right information at the right time.

The ongoing communication of the organisation’s vision and aims is important

Despite possible uncertainties, the ongoing communication of the organisation’s vision and aims will help to provide focus for organisations and employees at all levels. The case studies showed the importance of keeping this alive and fresh for people and the importance of keeping both short- and long-term horizons uppermost in their minds.

Generally both managers and employees agreed that BIG has been successful at balancing short-term operational requirements with long-term strategy. Most attributed this to the development of a robust strategy, which had enabled them to keep sight of their strategic objectives in the face of political and economic turmoil.

‘It’s crucial to have a long-term sense of what we are about. We have to be clear about our priorities and strengths and hold on to them, whatever is thrown at us. This makes us less susceptible to being diverted.’

Employees at Standard Chartered talked about the many methods of communication top leaders use to ensure everyone in the bank receives the right messages at the right time. People talked about the effectiveness of town halls, large-scale dial-in calls and more informal, personal visits from senior leaders to different business units.

‘Because we need to know what the challenges of the bank next year are also, right? So how can we explain what we are doing in the countries or what we are doing day to day to give support? You know delivering of the overall bank strategy is also key as well. Communication needs to be transparent and also needs to be honest.’

Clearly articulating and communicating a future-focused vision therefore helps people to balance the long and short term for themselves. Employees at all levels had a clear sense of the importance of, and were taking accountability for, balancing the short- and long-term issues and challenges that they were facing. This seemed much more pronounced than in the first phase of the research.
Sometimes the short term has to take priority
A number of the case study organisations were coming under increasing pressure to respond to short-term demands. These pressures related to a number of things, including spending cuts, contractual arrangements and increased regulatory scrutiny.

But short-term pressures can act as derailers
There was a general sense that fewer resources and increasing workloads meant that many employees, particularly those at the coal face, were finding it difficult to keep sight of the long term:

Shifts from phase 1 to phase 2
In phase 2, there seems to be a greater emphasis on the urgency of balancing the short- and long-term horizons. More people at every level of each organisation are aware of the issues and there seems to be greater accountability. The short-term pressures are also more severe than in phase 1, particularly for people in service delivery, with the rapid rate of external changes that organisations have to anticipate and respond to. There is also a much greater need to be comfortable with, and maintain good performance through, uncertainty. Challenging times make latent tensions between short- and long-term issues clearer. There is, therefore, a requirement for consistent and transparent communication processes to ensure both are held in constructive tension.

Relationships to other insights
A strong interplay appears to exist between alignment, short and long term, and assessment and evaluation. The relationship between alignment and balancing the short and long term is clear – organisations need to ensure that they create and execute appropriate short- and long-term objectives and that these are clearly understood by all. For assessment and evaluation, balancing the short and long term presents some challenges. Organisations need to create both short- and long-term goals for evaluation and find ways of assessing comfort with uncertainty and good performance through uncertainty. It is also important
for evaluation of the short term to be used to inform the long-term direction and future decisions. Finally, keeping a sharp focus on balancing the short and long term can help organisations become more agile.

**Emergent themes**
Two additional themes emerged from phase 2 of the research. These are agility and capability-building and are defined below.

**Agility**
The ability to stay open to new directions and be continually proactive, helping to assess the limits or indeed risks of existing approaches and ensuring that leaders and followers have an agile and change-ready mindset to enable them and ultimately the organisation to keep moving, changing, adapting.

**Capability-building**
Equipping the people in the organisation with the skills and knowledge they need to meet both present and future challenges. It also involves identifying existing necessary and potential capabilities and ensuring they are accessible across the organisation. Capability-building applies not only to individuals, but also to teams and organisations.

We did not specifically probe into these two areas as part of our research data collection. But from the data analysis we undertook following the second phase, it was clear these were new and discrete themes beyond the initial six we had identified. We have therefore added them as two additional ‘emerging’ themes that contribute to sustainable performance.

These two themes are discussed below. As they only emerged from the second phase, we are unable to provide any phase 1/phase 2 comparisons.
Agility

- An appreciation of current organisational challenges enables an agile mindset.
- People at all levels need to be ‘change-ready’ in both good as well as challenging times if lasting organisational agility is to be achieved.
- It is important to also consider an organisation’s history when embedding agility.
- A silo mentality between different parts of the organisation can undermine agility.
- Organisations need to balance the rigorous management of resources with organisational agility.
- A focus on continuous improvement is good for the long term but you have to get the balance right.

Definition: The ability to stay open to new directions and be continually proactive, helping to assess the limits or indeed risks of existing approaches and ensuring that leaders and followers have an agile and change-ready mindset to keep moving, changing, adapting.

Agility and sustainable organisation performance
The need for agility was emphasised across all of our six case study organisations as essential for long-term performance, especially given the challenging set of circumstances that organisations currently face. In most of our case study organisations, people at all levels were actively encouraged to develop a change-ready mindset and look for ways to improve how work is done.

An appreciation of current organisational challenges enables an agile mindset
All of our case study organisations have prioritised communication between senior leaders and employees about the current organisational pressures and the need for change. Promoting this understanding among the workforce as a whole is seen as the first step in encouraging employees to ‘buy in’ to the necessary changes facing the organisation. Line managers play a key role in translating the formal messages for staff in terms of what is required of them as a team and in their individual job roles. As such, managers can start to encourage an open and agile mindset, at a particular point in time.

Managers in the Xerox GDO Service Delivery team espoused the value of employees understanding the wider context in which the business operates in order to respond to customer needs in an informed, agile way. Acknowledging the limits of existing ways of doing things and thinking of creative solutions will enable the organisation to increase their focus on delivering efficiency and cost savings for their customer.

‘Local employees need to understand that we are shifting into a different world. The business is up and running and now we need to prove we can do things differently and deliver the promised innovation and effectiveness for the client. Document advisers work with the client to advise how they might be able to save money. They also need to shift their attention to different mediums and channels – move away from paper to other forms of documentation.’

People at all levels need to be ‘change-ready’ in both good as well as challenging times if lasting organisational agility is to be achieved
It is important to ensure that both leaders and employees have an agile and change-ready mindset if the organisation is to take advantage of new opportunities and proactively adapt to changing circumstances and external challenges, rather than simply react.
But it is important to also consider an organisation’s history when embedding agility

If an organisation is not accustomed to change, its history may act as a blocker to agility. For example, employees may not be used to challenging the status quo. All parts of an organisation need to be change-ready and support each other for true agility.

A silo mentality between different parts of the organisation can undermine agility

A suggested action point for most of our case study organisations after phase 1 of the research was to promote cross-functional working. This helps to ensure that all parts of the organisation are working together as one and are aligned to the overall goals and vision. It can also increase efficiency through sharing knowledge and learning, which can help inform individuals of the limitations of current approaches and hence provide an evidence base for initiating change.

Organisations need to balance the rigorous management of resources with organisational agility

Organisations need to balance the tension between the rigorous management of resources required in testing times with the organisational agility to keep moving, changing, adapting (see Figure 7). With fewer resources available, our case study organisations were embracing the need to be more innovative and creative to do more with less.

Figure 7: The tension between rigorously managing resources yet maintaining organisational agility

In phase 1 of the research, Birmingham City Council was at the beginning of a large-scale business transformation programme. Managers felt that employees were reluctant to believe change would actually happen, as change within the council traditionally happened at a slow pace, with some change programmes not coming into fruition. However, business transformation happened at what people described as an uncharacteristically fast pace.

In phase 2, communications from senior leaders have helped staff to embrace change such as through formal communication channels and roadshows. External drivers have accelerated the pace of change and managers talked of the importance of helping employees to understand how the public sector cuts and changes to the way services will be delivered will affect how the council operates and ultimately individual job roles. One manager commented on the need to ‘get people to re-evaluate and understand that some things won’t continue to be done in the done way’. It is important for employees to embrace the changes and for front-line staff to be empowered for the council to be agile.

Pfizer (Grange Castle) have introduced rhythm wheel tools to help with planning and combating volatility in work schedules (for example peak and troughs). These tools have been developed using employees’ knowledge of the day-to-day role. However, along with the greater consistency that comes through fairly prescribed role cards, comes the challenge of ensuring variety and autonomy.

Pfizer are working to balance having a consistent workload with the need for agility. They have firmly embedded continuous improvement processes into ‘business as usual’, with employees now taking more ownership of them. Along with training in continuous improvement processes, there has been training in mindset and behaviours for all supervisors and managers.

A suggested action point for most of our case study organisations after phase 1 of the research was to promote cross-functional working. This helps to ensure that all parts of the organisation are working together as one and are aligned to the overall goals and vision. It can also increase efficiency through sharing knowledge and learning, which can help inform individuals of the limitations of current approaches and hence provide an evidence base for initiating change.

At Standard Chartered, managers and employees alike discussed the importance of establishing a network of contacts across the bank to be able to respond to customer needs in an agile way and to adapt to new products and new regulatory requirements.

‘You have a lot of product partners so people have already got used to working with different people and understanding where they are coming from to bring a solution to the client.’

In phase 1 of the research, Birmingham City Council was at the beginning of a large-scale business transformation programme. Managers felt that employees were reluctant to believe change would actually happen, as change within the council traditionally happened at a slow pace, with some change programmes not coming into fruition. However, business transformation happened at what people described as an uncharacteristically fast pace.

In phase 2, communications from senior leaders have helped staff to embrace change such as through formal communication channels and roadshows. External drivers have accelerated the pace of change and managers talked of the importance of helping employees to understand how the public sector cuts and changes to the way services will be delivered will affect how the council operates and ultimately individual job roles. One manager commented on the need to ‘get people to re-evaluate and understand that some things won’t continue to be done in the done way’. It is important for employees to embrace the changes and for front-line staff to be empowered for the council to be agile.

A suggested action point for most of our case study organisations after phase 1 of the research was to promote cross-functional working. This helps to ensure that all parts of the organisation are working together as one and are aligned to the overall goals and vision. It can also increase efficiency through sharing knowledge and learning, which can help inform individuals of the limitations of current approaches and hence provide an evidence base for initiating change.

At Standard Chartered, managers and employees alike discussed the importance of establishing a network of contacts across the bank to be able to respond to customer needs in an agile way and to adapt to new products and new regulatory requirements.

‘You have a lot of product partners so people have already got used to working with different people and understanding where they are coming from to bring a solution to the client.’

In phase 1 of the research, Birmingham City Council was at the beginning of a large-scale business transformation programme. Managers felt that employees were reluctant to believe change would actually happen, as change within the council traditionally happened at a slow pace, with some change programmes not coming into fruition. However, business transformation happened at what people described as an uncharacteristically fast pace.

In phase 2, communications from senior leaders have helped staff to embrace change such as through formal communication channels and roadshows. External drivers have accelerated the pace of change and managers talked of the importance of helping employees to understand how the public sector cuts and changes to the way services will be delivered will affect how the council operates and ultimately individual job roles. One manager commented on the need to ‘get people to re-evaluate and understand that some things won’t continue to be done in the done way’. It is important for employees to embrace the changes and for front-line staff to be empowered for the council to be agile.

A suggested action point for most of our case study organisations after phase 1 of the research was to promote cross-functional working. This helps to ensure that all parts of the organisation are working together as one and are aligned to the overall goals and vision. It can also increase efficiency through sharing knowledge and learning, which can help inform individuals of the limitations of current approaches and hence provide an evidence base for initiating change.

At Standard Chartered, managers and employees alike discussed the importance of establishing a network of contacts across the bank to be able to respond to customer needs in an agile way and to adapt to new products and new regulatory requirements.

‘You have a lot of product partners so people have already got used to working with different people and understanding where they are coming from to bring a solution to the client.’

In phase 1 of the research, Birmingham City Council was at the beginning of a large-scale business transformation programme. Managers felt that employees were reluctant to believe change would actually happen, as change within the council traditionally happened at a slow pace, with some change programmes not coming into fruition. However, business transformation happened at what people described as an uncharacteristically fast pace.

In phase 2, communications from senior leaders have helped staff to embrace change such as through formal communication channels and roadshows. External drivers have accelerated the pace of change and managers talked of the importance of helping employees to understand how the public sector cuts and changes to the way services will be delivered will affect how the council operates and ultimately individual job roles. One manager commented on the need to ‘get people to re-evaluate and understand that some things won’t continue to be done in the done way’. It is important for employees to embrace the changes and for front-line staff to be empowered for the council to be agile.

A suggested action point for most of our case study organisations after phase 1 of the research was to promote cross-functional working. This helps to ensure that all parts of the organisation are working together as one and are aligned to the overall goals and vision. It can also increase efficiency through sharing knowledge and learning, which can help inform individuals of the limitations of current approaches and hence provide an evidence base for initiating change.

At Standard Chartered, managers and employees alike discussed the importance of establishing a network of contacts across the bank to be able to respond to customer needs in an agile way and to adapt to new products and new regulatory requirements.

‘You have a lot of product partners so people have already got used to working with different people and understanding where they are coming from to bring a solution to the client.’

In phase 1 of the research, Birmingham City Council was at the beginning of a large-scale business transformation programme. Managers felt that employees were reluctant to believe change would actually happen, as change within the council traditionally happened at a slow pace, with some change programmes not coming into fruition. However, business transformation happened at what people described as an uncharacteristically fast pace.

In phase 2, communications from senior leaders have helped staff to embrace change such as through formal communication channels and roadshows. External drivers have accelerated the pace of change and managers talked of the importance of helping employees to understand how the public sector cuts and changes to the way services will be delivered will affect how the council operates and ultimately individual job roles. One manager commented on the need to ‘get people to re-evaluate and understand that some things won’t continue to be done in the done way’. It is important for employees to embrace the changes and for front-line staff to be empowered for the council to be agile.

A suggested action point for most of our case study organisations after phase 1 of the research was to promote cross-functional working. This helps to ensure that all parts of the organisation are working together as one and are aligned to the overall goals and vision. It can also increase efficiency through sharing knowledge and learning, which can help inform individuals of the limitations of current approaches and hence provide an evidence base for initiating change.

At Standard Chartered, managers and employees alike discussed the importance of establishing a network of contacts across the bank to be able to respond to customer needs in an agile way and to adapt to new products and new regulatory requirements.

‘You have a lot of product partners so people have already got used to working with different people and understanding where they are coming from to bring a solution to the client.’
**A focus on continuous improvement is good for the long term but you have to get the balance right**

Most of the case study organisations were focused on cost improvements, efficiencies and continuous improvement. Striving for continuous improvement was recognised as helping organisations to meet short- and long-term objectives, but this needed to be balanced with having the agility to change path if circumstances, objectives or resources altered.

BIG is adopting an intelligent funding (IF) approach to the allocation of lottery funds to cement its focus on the outcomes of funding. This involves assessing the value that the funding brings to communities and people in need, as opposed to the organisations that receive the funding.

For the intelligent funding approach to become truly embedded, BIG needed to simplify the way it does business and also ensure that the two distinct parts of the organisation, the teams involved in intelligence-gathering and outreach work and the grant allocation teams, work more collaboratively.

In phase 1 there was a degree of concern that the tendency of people to work in silos, focused only on their own projects or areas of work, was detracting from the ability of intelligent funding to have an impact. However, in phase 2 we found many more instances of knowledge-sharing and new initiatives to capture learning. BIG is continuing to work on streamlining processes yet recognising that if they are too prescriptive, they may impede agility.

Overall, at Pfizer (Grange Castle) most interviewees recognised that the embedding of continuous improvement processes in the business was helping the organisation to meet both short- and long-term needs. Improving efficiency and performance would help both the site and the wider organisation to remain competitive and sustainable for the long term. However, some employees felt that the balance needs to be right between continuous improvement and ensuring there are enough resources to respond to increasing workloads over time:

‘Now I think it will come to a stage where we have to beg the question, are we going too lean?’

**Relationships to other insights**

There needs to be a strong interplay between agility and assessment and evaluation if an organisation is to make informed responses to both short- and long-term pressures. In addition, agility is closely linked to capability-building as people need to have the capabilities required to respond to new challenges and opportunities presented by a change in focus or direction. It is important that what employees are engaged with does not impede change and hence stifle agility. In sum, there is a fine balance between ensuring that aspects of an organisation are aligned and having an agile mindset to enable the organisation to keep changing and adapting when appropriate.
• **Capability-building needs to be a continuous process.**
• **Building capability is an integral part of successful organisational development and change programmes.**
• **Management capability is essential.**
• **Different manager capabilities are required in difficult times.**
• **Organisations need to be creative about how they build staff capability in testing times.**

**Definition:** Equipping the people in the organisation with the skills and knowledge they need to meet both present and future challenges. However, capability-building applies not only to individuals, but also to teams and organisations. It involves identifying existing and future required capabilities and ensuring they are in place or accessible across the organisation.

**Capability-building and sustainable organisation performance**
It is important to regularly assess the skills of employees to ensure they are suitable for the needs of the team and ultimately the organisation. To enable sustainable organisation performance, organisations need to ensure they are embracing the capabilities needed for today, but also those for future success.

**Capability-building needs to be a continuous process**
Across our case study organisations, managers talked about the need to embed development and skills training as part of business as usual, rather than as a one-off activity.

At Xerox, interviewees felt that growing the skill base of staff should not be a one-off or reactive activity, but firmly embedded in the organisation.

‘There is an expectation now on everyone to leverage their expertise into the account so they can grow it; bring new skills to the party. There is an expectation that Xerox should always be looking to innovate and develop new capabilities.’

In Birmingham City Council, managers’ roles are changing through the organisational restructure and because the way services are provided by the council is changing.

‘It’s about making sure managers understand what they need to do on that change journey.’

In addition, with new people management systems and processes, managers were keen to ensure they have the skills required for their new roles.

‘As a manager [introduction of a new system] affected how I recorded and administered employee information of a dispersed workforce.’

At Standard Chartered, quite a few managers commented on the need for people to have the right skills and knowledge required by the bank in the long term and that the continuous development of people is essential for sustainability.

‘I think one thing we need to keep up to speed with is to keep learning and to learn new things. Because to me the bank moves much quicker than before.’

Maintaining a focus on ongoing capability-building is especially important in times of fast change.

In Birmingham City Council, managers’ roles are changing through the organisational restructure and because the way services are provided by the council is changing.

‘It’s about making sure managers understand what they need to do on that change journey.’

In addition, with new people management systems and processes, managers were keen to ensure they have the skills required for their new roles.

‘As a manager [introduction of a new system] affected how I recorded and administered employee information of a dispersed workforce.’
Building capability is an integral part of successful organisational development and change programmes

All of the case studies had embarked on a programme of work designed to promote the long-term performance of the organisation. In doing so, they were all mindful of the capabilities required of individuals and of the organisation as a whole to deliver on them.

For example, BIG put in place a funding development framework to develop the capabilities required of people within its intelligent funder approach. It was described mostly in positive terms by both managers and employees as was the Scottish initiative the ‘carnival of learning’. As one manager commented:

‘Two weeks of quite intensive training to get people ready to launch a new programme. It was trying to get people to think about the kind of things that would enable them to impact as intelligent funders. I found it a positive initiative and although we have not evaluated it yet it looks likely some people found the softer stuff more challenging than the technical stuff which they are used to doing.’

Management capability is essential

Interviewees in all of our case studies stressed that ensuring managers have both the people management and the right technical skills are crucial for performance. In some of our case studies, employees, and even managers themselves, said there were inconsistencies in managers’ behaviours and actions, for example, with some being good at managing process but not at managing people.

The attributes that define good line manager capability are articulated well in a comment from a Pfizer focus group participant.

‘Someone who listens to your problems; it doesn’t mean they have to solve them or be capable of solving them, but the fact that they are there to listen to you.’

Managers are in the prime position to recognise skills gaps within their team and address them.

At Birmingham City Council, line managers valued the conversations they have with staff.

‘It is that regular dialogue and contact with staff members, making sure that people are appropriately trained and developed.’

And different manager capabilities are required in difficult times

Managers need to have the skills and attributes to operate even in challenging times. During periods of change, managers have to deliver difficult messages to staff and people often look to their manager for emotional support. As such, they are pivotal to the success or failure of change programmes and thus building their capability in these areas is critical.

As a result of the first phase of research, one area that Pfizer concentrated on was developing managers’ understanding of the emotional side of managing change. On the whole, within phase 2, interviewees felt there was a noticeable improvement and that they are receiving this support.

Maintaining engagement in testing times is a further challenge for managers. In phase 1 of the research we found that it is essential for managers themselves to be engaged before they can effectively engage their team. In difficult times managers are expected to maintain employee engagement, even when there may be a cloud of uncertainty around their own jobs.

In all of our case study organisations, managers talked about financial rewards being constrained so it was important that they found alternative ways to give meaningful praise to show employees they are valued. Also they have to have the capability to deal with poor performance.

Organisations need to be creative about how they build staff capability in testing times

Even when budgets are tight, it is essential that staff get the development they need to ensure they have the capabilities for their current job role as well as starting to build those the organisation will need in the future. An action that arose from phase 1 for most of our case studies was around developing knowledge-sharing, enabling people to learn from others across the organisation.
Capability-building is an essential factor in developing organisational agility and resilience. People need to have the capabilities required to respond to new challenges and opportunities. This insight is also closely linked to the leadership insight, with organisations needing to ensure they have the appropriate leadership development in place. For example, leaders need the capability to be able to adapt their leadership styles where appropriate. In addition, it is important for capability-building to be aligned with both the short- and long-term needs of the organisation.

At Xerox, teams identify people across the organisation who possess the capabilities they need, and leverage them for certain projects.

'It was a tough project within a reasonably tight timescale, but by utilising experience and knowledge across the business, rather than just someone who’s focused in one area who might not have the holistic view to what those problems are, we achieved it.'

'It’s not until we come together that you actually start to really get to know those individuals, and then you can utilise their other skills.'
So what do the results of our research mean for practice?
From the eight themes we presented in the previous section, we have developed ten insights for HR practitioners and business leaders about what will really make the difference for the long-term performance of organisations. Some of the insights relate directly to a theme, whereas others span across themes. For each insight we pose provocative questions, rooted in the evidence, intended to drive action and prompt HR and business leaders to appraise how their organisation currently operates, assess the sustainability of these existing approaches and drive action where appropriate.

1 The organisation change response needs to be truly agile and enduring, not a knee-jerk reaction that quickly dissipates
Sometimes when organisations need to change it’s easy to confuse a one-off reaction for proactive agility. If the organisation reverts back to its steady state when the pressure eases, it may be that the change-ready mindset and skills of individuals, and the structures and systems to deliver lasting ‘generative’ agility are missing. Together these components enable organisations to be open to new directions, assess the limitations and risks of existing approaches, and keep moving and adapting.

Provocations
• How are employees developing agile mindsets, including having the courage to challenge, being curious and collaborative?
• Are managers permissive or dismissive in letting employees take the reins of change?
• Since your last crisis, what has changed long term and what are you really doing differently?

2 It’s a fine balance between alignment and flexibility
Organisational alignment, between the values, behaviours and objectives of internal and external stakeholders, and with the organisation purpose, is critical. But, too strong or rigid alignment can block performance, overemphasise short-term needs and stifle agility. To prevent this, alignment must be balanced with flexibility to enable the organisation to morph and change.

Provocations
• Do you know how aligned your organisation really is?
• Has your level of alignment prevented you from challenging the status quo or doing something differently?
• Could the level of alignment you aspire to in your organisation inadvertently inhibit sustainable performance?

3 Shared purpose can only be achieved by finding the human connection beyond profit or short-term efficiency measures
Organisations can’t impose a sense of shared purpose and manipulated top–down selling of a common purpose creates cynicism and resistance. Shared purpose is not just for charities or the public sector. By encouraging employees to find their own meaning at work, they connect and create a true sense of what they are at work to do, that’s beyond profits or short-term efficiency measures and regardless of the sector they operate in.

Provocations
• Have you genuinely engaged with employees on your shared purpose?
• Are you confident your employees would agree?
• Where is your evidence?
4 Collaborative leadership brings sustainability, so don’t default to directive and driven when the going gets tough
Collaborative leaders support sustainable performance. In periods of great flux and economic uncertainty, sometimes decisions need to be made quickly and decisively but this should only be for the short term and not a default setting. Reinforcing a collaborative problem-sharing approach can drive longer-term, sustainable change, agility and engagement.

Provocations
- How well do you understand the real leadership style of your organisation and the impact it has?
- Is your leadership style genuinely collaborative? If not, for how long is a directive approach sustainable?
- Do your leaders have the capability to flex their leadership style?

5 ‘Middle management’ have a valuable transforming and translating role but are often bypassed rather than refocused, reskilled and leveraged
At a time of job cuts and role scrutiny, the temptation is to bypass or cut out middle managers who are often perceived as performance blockers. Instead of focusing on delaying this middle tier of the workforce, organisations should look at smart rewiring to maximise organisational capability. Suitably skilled and refocused middle managers play a key role as transformers and translators. Their transforming role is in bringing change to life and as translators they facilitate two-way communications between leaders and the front line.

Provocations
- Do your leaders bypass the middle management in times of change?
- Do your middle managers have the capability to be both transformers and translators?
- Is your management development informed by a real understanding of the value-adding capacity of middle managers?

6 An over-focus on today’s needs is not true talent management; it’s talent tunnel vision
A focus on organisation capability that neglects to see that it’s built on individual-level capability is set up to fail. Often organisations pay too little attention to identifying and developing the capabilities individuals will need in the long term. This implies a leadership/talent management capability gap with too much focus on the operational needs of today rather than the organisational imperatives of tomorrow.

Provocations
- Are short-term pressures impacting on, or even driving, your talent-planning?
- Does your organisation have the capability to assess what future technical skills and behaviours are needed?
- Do those responsible for talent planning act on this knowledge?

7 Truly understanding employees’ locus of engagement can avoid the risk of over-attachment and underperformance
Organisations need to get under the surface of employees’ engagement and better understand what locus (a particular aspect of work or the organisation) individuals are engaged with. If people become too connected to one thing, this can undermine sustainable performance and loyalty to the organisation.

In times of labour market insecurity, high engagement scores can mislead managers. Having a job may mean employees are temporarily engaged in the short term, but the fixed-grin mask soon slips.

Provocations
- How meaningful is your measure of engagement?
- Have you got a handle on employees’ locus of engagement? Are they engaged with their team, their customers, their line manager, their organisation or something else?
- Don’t be seduced by statistics: do you pay attention to the nuances when action planning?
8 Perceptions of unfairness undermine employee engagement
Misaligned practices and inconsistencies, such as in management behaviour or career opportunities, can lead to perceptions of unfairness or organisational injustice. This negatively impacts on employee engagement and is a blocker to performance. In tough economic times these perceptions of injustice are rife.

**Provocations**
- Do people in your organisation feel they are being treated unfairly?
- As a result, do you understand who, or what, in the organisation they feel disengaged from?
- Are such perceptions of organisational injustice founded on misalignment or inconsistencies, or is it just organisational grumbling?

9 Process-heavy organisations are often still insight-light
When organisations are saturated with data, why don’t insights emerge? Is it the wrong data? Is it a lack of time, capability and/or confidence to challenge upwards?

For optimal impact, organisations need to constantly review and cull data collection processes that don’t add value. An overemphasis on backward-looking targets defends existence but doesn’t prove worth. Rather, organisations need to use the data, make the connections and be curious to uncover real insight.

**Provocations**
- Are you collecting data for the sake of it? When was the last time you challenged/removed a data process that was not delivering?
- What is the missing link to move from data to insight?
- Are you really looking forward or just measuring the past?

10 Leaders don’t always know best about the long-term vision
In good times, organisations can get by through repeating short-term business cycles. In less certain times and for truly sustainable performance, long-term vision needs to be more than this. Employees can be the early warning system – in other words, they can be the early detectors of threats and opportunities. Effective mechanisms for upwards communications – that filter the important signals from the ground from the background noise – can reap dividends and inform longer-term planning.

**Provocations**
- Is vision-scanning and -setting a two-way process or a management monologue in your organisation?
- Do you capture the views of employees about long-term vision?
- Should middle management be empowered to facilitate this?
Appendices

- Appendix 1: Methodology 47
- Appendix 2: Case study summaries 49
- Appendix 3: Further sources of information 69
- Appendix 4: References 73
Methodology
A robust methodology is critical to the Shaping the Future project. We have big questions to answer and we need to do so within a rigorous framework that is both simple and accessible.

Research design
Shaping the Future is a longitudinal action research programme. We conducted semi-structured interviews and held focus groups with a sample of respondents from a particular area of each case study organisation (see Table 2 on page 9) at two different points in time. A longitudinal approach enables us to compare the findings from the two phases of data collection.

A literature review of the drivers of sustainable organisation performance revealed three main areas: leadership, engagement and organisation development. These three areas guided phase 1 of the research, which was conducted between June and October 2009 (Figure 9).

Our phase 1 data suggested six key themes were important for long-term performance: alignment; shared purpose; distributed leadership; locus of engagement; assessment and evaluation; and balancing short- and long-term horizons.

In the intervening 12 months between phases 1 and 2 of the research, we continued to work with our case study organisations, having regular discussions with our main contacts to keep abreast of their progress on their change journeys. We also used this dialogue to keep up to date with the challenges and opportunities faced by the organisations, brought into sharp focus by the economic crisis that unravelled during this time.

We provided tailored feedback to each of our case studies with suggestions for action, based on our observations during phase 1 of the research, aimed at helping them on their journeys.

Phase 2 of the research was conducted between June and October 2010 and was designed to examine in more detail the six themes that phase 1 had indicated were important for long-term performance. We looked for evidence that supported or contradicted our assertions, as well as for further, emergent themes.

The case studies
Six case study organisations from the public and private sectors took part in the research: BIG Lottery Fund, Birmingham City Council, Pfizer (Grange Castle), NHS Dumfries and Galloway, Standard Chartered and Xerox. These organisations were selected for study as they are implementing specific change programmes (which aim to result in continuous change) to drive long-term performance. Working with them, we are examining the drivers of sustainable organisation performance, within the context of their change programme.
We examine the case studies as complex, adaptive systems (Ford 2008), learning from experience, improvising and responding innovatively to both internal and external pressures. It is important to take both the internal and external context into account to appreciate the real business environment (Dammanpour and Gopalakrishnan 1998). Dopson et al (2008) say that many studies acknowledge the role of context in change but for this research it is a particularly important variable of study. The context of each of our case studies is explained in the case study summaries in Appendix 2.

**Data collection methods**
In both phases of the research we conducted semi-structured interviews and held focus groups with a cross-section of employees at different levels of our case study organisations. Interviewing people at different levels and from different functions enabled us to gain multiple perspectives on issues. Where possible and appropriate, we interviewed the same individuals as we interviewed in phase 1.

Despite the main criticism of self-report data collection methods being that the information collected is difficult to verify, self-report is a key way of researching employee attitudes and perceptions (Yin 1990). Dibella (2007) recounts prior literature that states the importance of studying a change programme from the perspective of those involved with its implementation, in order to provide practical insights into the area of study.

We spent time within each case study organisation and kept a journal to note our thoughts and observations, especially during the action phase, to deepen our understanding of context and themes. Simultaneously collecting and analysing data enabled us to ‘take advantage of emergent themes and unique case features’ (Eisenhardt 1989) and allowed consideration of alternate explanations of our findings.

Having a team of four researchers, we took steps to maximise inter-interviewer reliability by ensuring a standard list of questions was used in the semi-structured interviews, ensuring that two researchers were present at interviews and that all interviews were recorded and transcribed.

**Data analysis**
Qualitative data were analysed using content analysis (Mayring 2000) to uncover the dominant themes associated with sustainable organisational performance. The data were examined in their entirety to uncover dominant trends and coded according to our six themes from phase 1 of the research. All data referring to a particular theme were coded according to whether they supported or contradicted its importance for sustainability. Further codes were developed for additional, emergent themes. Labels were then attached to the themes that emerged.

Multiple researchers were involved in both data collection and analysis, to bring different perspectives and therefore build confidence in the findings. In addition, researchers outside of the team acted as challenging ‘devil’s advocates’, probing key assumptions, insights and findings (Eisenhardt 1989).

The data were also analysed separately for each case study organisation, facilitating individual feedback into each organisation’s change process. We were able to draw learning from each individual organisation (Appendix 2).

**Grounding the research in practice**
Although much has been written about the importance of sustaining performance over time (for example Buytendijk 2006, Collins and Porras 2005, Funk 2003), the issue that remains is how this can be achieved. This is what Pfeffer and Sutton (2000) term a knowing–doing gap, which we aimed to address through Shaping the Future, driving practice through our research knowledge.

Shaping the Future has a strong engagement dimension. To date, nearly 11,000 practitioners have signed up to our dedicated network to take part and debate our findings through online polls, discussions and invitations to round-table events on specific themes from the project.

These events help to drive practice through sharing learning. We have also run two focus groups on organisational culture and shared purpose, and on sustainable leadership. Other events held to drive practice include a large number of presentations, inputs to conferences and dedicated workshops. The increasingly international dimension of the CIPD’s work means that we benefitted from interchange with practitioners in areas as diverse as Ireland, Romania, Turkey, Dubai and Hong Kong.
The Big Lottery's progress to intelligent funding

The context
The Big Lottery Fund (BIG) was established in 2004 following a merger of the New Opportunities Fund and the Communities Fund. BIG currently distributes around £600 million of lottery funds to projects connected to health, education, environment and charitable purposes.

The organisation’s vision is to channel funding into areas that will bring real improvements to communities and the lives of people most in need. It is an outcomes funder, which means that its main focus is on assessing the value that the funding brings to communities and people in need, as opposed to the organisations that receive the funding.

The organisation is adopting an intelligent funding (IF) approach, which the chief executive describes as being more of a guiding philosophy than a change programme. There is a need to simplify the way BIG does business and also ensure that the two distinct parts of the organisation, the teams involved in intelligence-gathering and outreach work and the grant allocation teams, work more collaboratively. An intelligent funding approach will bring about the leadership and cultural changes that have been identified as being key to sustained organisational success.

The intelligent funding philosophy was a key focus for the research. During phase 1 of our research BIG were rolling out the IF concept to their staff and communicating how this would impact on behaviour and roles. During phase 2 much of the communication and learning was in place, but they were continuing to embed the intelligent funding philosophy within an environment of tight cost control and rising demand for lottery funding.

Our research journey
The first phase of data collection was carried out with the Big Lottery Fund between February and September 2009 and the second during July 2010. A series of meetings were held with the key contact during the intervening action phase to review progress on actions we had recommended from the phase 1 findings. We also discussed the impact of developments in the wider environment, including the change of government in May 2010 and the subsequent public sector spending review.

As well as focusing on the intelligent funder approach, the research addresses the wider question of what enables and gets in the way of sustainable organisation performance.

Phase 1: In search of sustainability
Our phase 1 research identified a number of themes that appeared to have relevance to sustainable performance at BIG.

Organisational purpose
Most BIG employees empathised with BIG’s purpose to improve lives and tackle disadvantage, although there were a variety of views as to how this would be achieved.

Understanding of intelligent funder concept
Managers generally understood the concept more clearly than others but all agreed it would put more emphasis on the evaluation of outcomes and have implications for job roles.

People
The prevailing view was that BIG employs high-quality people who are passionate about their work and get a sense of personal satisfaction from achieving BIG’s aims.

Communication
Communication was viewed as very positive and enabled people to feed their views upwards.

Career progression and talent development
These were viewed as potential enablers of performance. However, employees felt the development processes were unclear and there needed to be more flexibility to enhance cross-functional working and understanding, and more sharing of workloads.

Appendix 2: Case study summaries

- BIG Lottery Fund
- Birmingham City Council
- NHS Dumfries and Galloway
- Pfizer (Grange Castle)
- Standard Chartered
- Xerox

Our research journey
The first phase of data collection was carried out with the Big Lottery Fund between February and September 2009 and the second during July 2010. A series of meetings were held with the key contact during the intervening action phase to review progress on actions we had recommended from the phase 1 findings. We also discussed the impact of developments in the wider environment, including the change of government in May 2010 and the subsequent public sector spending review.

As well as focusing on the intelligent funder approach, the research addresses the wider question of what enables and gets in the way of sustainable organisation performance.

Phase 1: In search of sustainability
Our phase 1 research identified a number of themes that appeared to have relevance to sustainable performance at BIG.

Organisational purpose
Most BIG employees empathised with BIG’s purpose to improve lives and tackle disadvantage, although there were a variety of views as to how this would be achieved.

Understanding of intelligent funder concept
Managers generally understood the concept more clearly than others but all agreed it would put more emphasis on the evaluation of outcomes and have implications for job roles.

People
The prevailing view was that BIG employs high-quality people who are passionate about their work and get a sense of personal satisfaction from achieving BIG’s aims.

Communication
Communication was viewed as very positive and enabled people to feed their views upwards.

Career progression and talent development
These were viewed as potential enablers of performance. However, employees felt the development processes were unclear and there needed to be more flexibility to enhance cross-functional working and understanding, and more sharing of workloads.
Cross-functional working
This was a key enabler that was being encouraged by a number of HR initiatives, including development programmes and talent management.

Research into action
Between phase 1 and phase 2 data collection we had regular meetings with our key contact. One of the main issues facing BIG was the impending change of government. In 2008 the Conservative manifesto raised the question of the abolition of the Big Lottery Fund should they form the next government. BIG’s corporate priorities and new values demonstrate how there is a focus on using its funding expertise, learning and knowledge – combined with efficient and effective mechanisms for use of lottery money and a supportive and helpful customer service approach. This involved engaging with a wide range of public opinion stakeholders and getting feedback from customers. The result is that BIG has emerged strongly from the review of quangos and NDPBs, although all lottery funders have come under increased pressure to reduce costs as a percentage of the funding they distribute.

BIG used some of our phase 1 findings and suggested actions to inform their people management work. In particular they enabled their funding programmes to be more agile and to capture the learning from previous programmes to feed into the planning process. They also identified intelligent funding ambassadors to run workshops across the business to embed the IF concept and bring it alive for all employees.

Finally, another area of action has been around management behaviour and skill – in particular, repurposing the management role to create clear career paths, develop consistency of management across the business and enable managers to fulfil their potential as drivers of performance and engagement. A particular issue identified by the research data was the need to develop managers to empower staff and enable them to act with a greater degree of freedom within their defined roles.

Phase 2: Our key findings
In phase 2 we collected data in three main areas. First, we looked at what had changed in the intervening 12 months in terms of strategic priorities and core purpose. Second, we reviewed the potential drivers of sustainable performance that had been identified in phase 1, both those specific to BIG and those identified across all six case study organisations. Finally, we looked once again at the performance indicators and asked about the barriers and enablers of both individual and organisational performance.

Strategic priorities and core purpose
BIG’s strategic priorities have remained reasonably stable over the 12 months since phase 1. However, the issue of cost control is now more important than before and is dominating the strategic agenda. Although most people still believe that the strategic priorities hinge around the three cornerstones of efficiency, effectiveness and the quality of the customer experience, they also feel that the current climate is shifting the organisation towards the efficiency priorities, potentially to the detriment of the other two.

The intelligent funder concept seems to have been well embedded across the organisation, with a wealth of evidence to suggest the majority of employees have internalised the concept and refocused their actions and job roles accordingly. However, some think that there is a trade-off between efficiency and cost control and intelligent funding, which needs to be carefully balanced.

Knowledge-sharing
In phase 2, it appears that knowledge-sharing has improved significantly with a number of initiatives in place, addressing some of the barriers to performance such as the sharing of workloads and expertise. However, although much more knowledge and learning is being captured, there is some cynicism around how effectively this is being fed into new programmes. This has, however, happened successfully in the Scottish region, where a ‘carnival of learning’ initiative was recently held, which enabled understanding of how the learning would be used.

Management development
The management development programme too has addressed some of the management issues found in phase 1 but has not resulted in a uniform approach. Employees also identified a difference between management and leadership, and while they are generally more positive than in phase 1 about line managers, they find the leadership overly bureaucratic and stifling initiative.
Engagement
Engagement is viewed as a positive driver of sustainable performance and interviewees feel that BIG makes a concerted effort to understand and improve it. But employees feel there are different levels of engagement in different areas of the business. They believe this is related to a lack of understanding by managers of the different roles in their areas of responsibility.

Leadership
Leadership is judged to be very important but few think they have successfully developed the best leadership model. Good management does not always translate into good leadership because they are related to managing process rather than managing people.

Organisation purpose
There is a strong sense of shared purpose at BIG with many unsolicited comments about how positive people feel to be working for an organisation that makes a difference to the lives of disadvantaged individuals and communities. It is clear that this feeds into a number of enablers of performance such as role clarity, communication, and respect and recognition for work carried out.

Enablers and threats to performance
The improvements in management information and communication are considered to be an enabler as people are able to understand how they are doing in relation to key performance indicators (KPIs). They also consider that greater flexibility and knowledge-sharing has significantly enabled performance.

Internally the biggest threats to performance are identified as an over-reliance on process, which tends to stifle innovation, the ability of managers to recognise performance effectively and the HR systems. Externally the biggest threats are posed by the economic and political environment.

What does the future look like?
BIG has made tangible efforts to address a number of issues identified in our phase 1 work, with significant improvements in many areas. The majority of the barriers to performance identified in phase 1 have been mitigated and phase 2 unearthed evidence that demonstrates that knowledge-sharing and cross-functional working in particular have positively impacted on performance. The threat posed by poor management has been recognised and is reported to be improving.

However, a number of other threats have increased in importance on BIG’s horizon, not least those related to the economic environment. At the time of data collection BIG were shedding staff, which inevitably has implications for engagement and perceptions of leadership.
Birmingham City Council is raising its game with workforce management

The context
Birmingham City Council is the largest council in Europe, employing 60,000 people. In April 2006, they embarked on the largest business transformation programme in UK local government – a programme that is set to revolutionise the way the council delivers services to people who live, learn, work in or visit Birmingham. This large-scale programme of work will enable the council to sustain its performance over the long term and the current external challenges make it even more important.

There are nine strands to the business transformation programme. The research focuses on one of these: excellence in people management. This strand of the programme aims to transform the council into an authority where people at all levels are free to use their talent, creativity, energy and commitment to serve the public and improve services. Being responsible for delivering public services, the council is its people. A new workforce scorecard and performance development review process is being implemented that will make it possible to compare people performance across the authority as well as predict future workforce trends.

Our research journey
The first phase of data collection was carried out with Birmingham City Council between May and August 2009 and the second during June and July 2010. In the intervening time period we met regularly with key contacts to discuss the actions being taken as a result of the phase 1 findings and the challenges faced by the council, in particular the economic pressures.

A key priority for the council is to raise its game in relation to workforce management and we follow BCC on its journey, exploring how this focus will drive sustainable performance. In addition to exploring the impact of this activity, the research addresses what enables and gets in the way of sustainable organisation performance.

Phase 1: In search of sustainability
Our phase 1 research identified a number of themes that appeared to have relevance to sustainable performance at Birmingham City Council.

Organisational purpose
At all levels of the council there was a good understanding of the organisational purpose and a desire to help the organisation realise this purpose. One interviewee proposed that, ‘when people can see how they fit into the whole picture…they are generally more motivated.’

Long-term vision
There was general agreement from managers at all levels about what the council will look like in a few years’ time as well as the factors that are prompting these changes. There was also an understanding that the nature of job roles, including those of managers, will change. Interviewees talked positively about the consultations that have been held and one manager said, ‘you can see lots of information around change and what will happen in the future.’ Broader communication with the whole workforce was a challenge being addressed in phase 1.

Managers supporting employees through change
Line managers play a key role in both communicating to employees about changes within the council and supporting them through those changes. One manager said, ‘it is about…getting them to understand that change does not always have to be scary.’ Managers see their role as motivating staff through the difficult periods to ensure a high standard of service continues to be delivered. However, they felt they would benefit from additional training about how to further support staff, especially those who have worked for BCC for their whole career.

Informal learning between managers
Managers reported the positive benefits of the informal networks they had established. One manager commented, ‘you initiate your own meetings with your own peers…sharing information and skills and learning from each other.’ It was felt that middle and line managers would benefit from having the kind of networks that senior managers have across directorates.
**Metrics**

Interviewees made it very clear that having the right metrics informs how work is done and enables future workforce planning. There is a hunger for an ‘outcome-focused, evidence-based approach to life’ and for line managers to have the capabilities required to make sense of the data, telling staff what they need to do to improve performance. The challenge is to ensure context is taken into account when analysing performance data, to enable the metrics to be interpreted intelligently.

**Leadership support for people management**

Leaders advocating the importance of the excellence in people management programme were seen as integral to its success. The support for HR in local government is seen as ‘a once in a lifetime opportunity’ to drive the people agenda forward. It is felt that there is a passion for change from the chief executive, but also a desire that this passion be quickly distilled throughout the organisation for change to be embraced by all.

**Sharing knowledge and learning**

It was felt that spending time evaluating projects and sharing learning would be a key enabler of long-term performance. Line managers stressed the importance of evaluating projects and sharing learning both within teams and across the organisation, with some teams reporting doing this within their regular meetings. Senior managers also share these sentiments, keen to promote cross-team and cross-functional learning.

**Technology**

A challenge for Birmingham City Council is developing skills and competence around technology use. More fundamentally, access to technology is a major challenge, with IT links not being as good as they could be and so can be frustrating for managers. However, the potential benefits of the new computer system are seen as positive.

**Research into action**

As mentioned, we had regular meetings with our key contacts in the intervening ten-month period between the two phases of data collection. One of the key issues facing Birmingham City Council at this time was the recession and the impending public spending cuts. The business transformation programme was given even greater priority within the council as a result of the economic challenges due to the potential benefits for sustainable performance.

Discussions with our key contacts during this period centred around how, with the decreased resources and the need to ensure the council is fit for the long term, significant changes will be made to the way it operates. The way services are provided by BCC will fundamentally change from a direct service delivery model to one of commissioning. In addition, the directorate of study are currently undergoing a restructure with significant job redesign.

Also during the action phase, through the excellence in people management programme activity, managers were given access to a significant amount of workforce information to inform their decision-making and drive workforce planning. As part of this, the performance development reviews were rolled out and managers had access to new online tools for HR services. In addition, communication continued about the large-scale changes in the council.

**Phase 2: Our key findings**

In phase 2 there were three main focuses of the research. First, we looked at what had changed in the intervening 12 months in terms of strategic priorities and core purpose. Second, we reviewed the potential drivers of sustainable performance that had been identified in phase 1, both those specific to the council and those identified across all six of our case study organisations. Third, we looked once again at the barriers and enablers of both individual and organisational performance and recommended further actions.

**Strategic priorities**

The council’s strategy has remained the same but interviewees feel that it is being delivered in a different way. The emphasis is still on effectively delivering services, but with a greater focus on efficiency in the context of resource constraints. Interviewees also made reference to the political context in which BCC operates and the need to stay abreast of political decisions that may affect how it operates.

**Core purpose**

At all levels people feel that the core purpose of Birmingham City Council has not changed over the last 12 months. Staff are passionate about being able to deliver a good-quality service and improve the lives of the people of Birmingham and keen that this core purpose should be at the heart of what the council does, despite the current context.
Provision of better workforce information

As mentioned, in phase 1 a priority for Birmingham City Council was to increase the workforce information made available to managers through the workforce scorecards, performance development reviews and tools from HR. They identified this focus as critical for sustainability.

When we examined these issues in phase 2, managers at all levels said that the PDRs are fundamental to the provision of better workforce information and equip them to see more readily where they are performing well and what issues are emerging that might cause performance to drop.

Senior managers talked of their value in aligning what people do in their job roles with the overall objectives of the council. Linked to this are the levels of performance and accompanying behaviours expected of people. The value of the PDRs at an organisational level is to have workforce data that can be fed back into the organisation and inform its future direction and broader talent management activities.

Line managers report that the clarity of objectives via the PDRs is an enabler of performance as it is clear to staff what they are supposed to do and what success looks like. The HR tools made available give managers the information they need to manage their team and make informed decisions. The council is ensuring that managers have the capability required to analyse and act on the information at their fingertips.

Overall, the improved workforce intelligence is driving the workforce strategy, informing decisions. The workforce information now available uses a strengths-based approach, which is being used to manage the restructuring in a fairer way, enabling BCC to identify and try to retain its key talent.

Enablers and threats to performance

Across the council, a strong enabler of performance is the engagement people have with the service users, the people of Birmingham. As well as being concerned about how the changes in BCC will affect their own roles, staff are also concerned about how they will affect the service user. They are keen to go the extra mile to ensure that a good-quality service is maintained, despite fewer resources being available.

The council is working to ensure communication is a performance enabler, with senior managers running road shows and drop-in sessions across the city. Interviewees feel the downward communication about the strategy and vision is generally good, and more attention is being given to upward communication. ‘Have your say’ sessions where employees can ask questions are reported positively and people would like more opportunities to be involved in decision-making by putting their views forward. There is also a challenge for line managers in translating the key messages for staff in terms of what it means for them.

A key enabler of performance is sharing knowledge and learning within the council. Middle and line managers talked about the value of sharing knowledge and learning with their peers, especially during periods of change and when new systems and processes are introduced. The majority of people we spoke to in the focus groups told us about formal networks and also informal ones they had established to do this. There are also opportunities to exchange ideas through the SAP system and BCC is further promoting internal knowledge-sharing, recognising more could be done to share learning between directorates.

What does the future look like?

Our final question to managers was to ask what changes they feel might be necessary in the future to ensure that Birmingham City Council is able to sustain its performance over the long term.

Although faced with tough economic challenges, senior managers feel that the large-scale business transformation programme they have undertaken, which includes the focus on effective workforce management, will put the council in a stronger position for the future.

Managers at all levels said it is of paramount importance to ensure that staff have the skills and capabilities needed by the council in the future. They also feel that both the focus on clear and consistent communications and the strong level of engagement of staff to provide a good-quality service must be maintained.
NHS Dumfries and Galloway: dynamic delivery in difficult times

The context
NHS Dumfries and Galloway serves 149,000 residents and employs 5,000 people across an area of 2,400 square miles. The board has embarked on an ambitious modernisation programme in line with the NHS Scotland’s health plan, Better Health, Better Care (2007), and has undertaken a number of major change initiatives including significant restructuring of job roles and responsibilities. A new hospital building project, which has evolved through cost pressures into developing a business case for the refurbishment of the existing site, is perhaps the biggest operational challenge. A day-to-day challenge is to meet the Scottish Government’s Health Efficiency Access and Treatment (HEAT) targets – nationwide targets for the NHS in Scotland. Other key focuses for the NHS board are to reduce the number of hospital-acquired infections (HAIs), and improve patient safety and quality of care.

The board has taken a lead role in innovation to address organisational issues. Its innovative Delivering Dynamic Improvement programme (DDI), which we investigated, is a case in point. This programme was designed to equip managers and clinical leaders with the knowledge and skills to build shared responsibilities for delivering dynamic continuous improvements in the services provided to patients. The board is also involved in various government pilots, including the mutual health service concept.

Our research journey
The first phase of data collection was carried out between August and September 2009 and the second during September and October 2010. In the intervening time period we met regularly with key contacts to discuss the actions being taken as a result of the phase 1 findings and the challenges faced by the health board, in particular the economic pressures.

A key priority for NHS Dumfries and Galloway is to continue to build management capability. Therefore the research focuses on the DDI programme and in particular post-DDI activity, as well as how the management restructure of April 2010 is contributing to building a culture of innovation and positive change needed for long-term sustainability. In addition, the research addresses what enables and gets in the way of sustainable organisation performance more generally.

Phase 1: In search of sustainability
Our phase 1 research identified a number of issues related to sustainable performance at NHS Dumfries and Galloway.

Organisational purpose
Most employees identified and engaged with Dumfries and Galloway’s core purpose of improving healthcare in the region and tackling health inequalities.

The Delivering Dynamic Improvement programme
DDI has been a major organisational change and transformation project and its legacy needs careful management. This change capability-building programme encourages cross-functional working, knowledge-sharing, ownership and innovation across teams and professional boundaries. The initiative has also increased engagement and alignment with the strategic priorities of the board and ultimately helped the organisation to manage the current challenges facing the public sector.

Such is its popularity some have seen it as a permanent change programme. The management restructure means that the key delivery managers are now much closer to the action and the reconfiguration of some functions has created greater alignment within the organisation.

People
The prevailing view from interviewees was that Dumfries and Galloway employs high-quality, committed people at all levels. Employees are passionate about patient care and get a sense of personal satisfaction from achieving the aims of the board, which will support the long-term performance of the organisation.

Communication
Communication was viewed as generally positive and employees were keen that the restructure enabled them to feed their views upwards effectively.

Career progression and talent development
These were viewed as potential enablers of performance. Employees in many areas felt that being involved in continuous improvement projects, such as DDI, would enable them to develop themselves and their career.

Cross-functional working
This was seen as a key enabler of sustainable performance, which was being encouraged by a number of HR and operational initiatives around patient care, efficiency and productivity.
Research into action
In the intervening period between phases 1 and 2 of data collection we had regular meetings with our key contacts in the organisation. NHS Dumfries and Galloway faced various challenges during this period, including the stringent financial settlement in the wider NHS, the new, reduced settlement for health care in the UK, the impact of the UK general election in May 2010 and the subsequent public sector spending review. In addition, Dumfries and Galloway has volunteered to be part of a pilot for testing the introduction of locally elected boards.

Through its continuous improvement programme, DDI, and its focused leadership, senior leaders at Dumfries and Galloway feel the workforce are well prepared for the lean times ahead in health care. As in all public sector organisations, the financial constraints have made it necessary to address the issue of productivity in the context of greater efficiency as the organisation seeks to drive value out of its existing resource. The configuration of the new general management and their teams, for example, has been focused on further driving efficiencies, while the other key drivers of patient safety, quality and people still remain centre of attention.

During this action phase Dumfries and Galloway implemented some of our recommendations from the phase 1 findings. In particular they put in place actions to move beyond the first year of the DDI programme that could focus the energy of DDI and build upon the knowledge-sharing and cross-functional working it promoted, which were critical outputs.

Phase 2: Our key findings
In phase 2 we collected data in three main areas. First, we looked at what had changed in the intervening 12 months in terms of strategic priorities and core purpose. Second, we reviewed the potential drivers of sustainable performance that had been identified in phase 1, both those specific to Dumfries and Galloway and those identified across all six case study organisations. Finally, we looked once again at the barriers and enablers of both individual and organisational performance.

Strategic priorities and core purpose
Strategic priorities have remained stable over the last 12 months. Although most people feel the strategic priorities still hinge around the four cornerstones of quality, finance, service and people, they believe that the current climate has increased the organisation’s focus on costs and efficiency. However, we saw a clear commitment from the leadership team to ensure the short-term financial pressures do not dominate the long-term vision, citing the ten-year clinical services strategy consultation process as an example of this.

Organisation purpose
There is a strong sense of shared purpose at all levels, with many unsolicited comments about how positive people feel to be working for an organisation that carries out a vital service in the community and that could have such a positive impact on the population. It is clear that this sense of shared purpose supports other enablers of performance such as role clarity, communication, and respect and recognition.

Employee engagement
At NHS Dumfries and Galloway there has been a huge amount of work into driving employee engagement as this is seen as critical for long-term performance. The organisation as a whole scored well in the last Scottish Government-initiated employee survey, which compares employee attitudes across health boards in Scotland. The results from this survey are actively fed back to staff through presentations and workshops. Issues are identified, tested with staff groups and acted upon.

Leadership
Dumfries and Galloway is cultivating a distributed leadership approach that draws on the technical and professional capability of leaders and managers in both clinical and non-clinical areas. The value of having engaged and transformational leaders is espoused by the Government as being vital to the sustainability of the NHS.

Continuous improvement
DDI works by sharing information and expertise across boundaries and by unlocking the problem-solving potential of highly engaged teams. As the first year of the DDI programme was focused on middle managers, the challenge now is to cascade and instil this continuous improvement philosophy throughout the rest of the organisation.
A challenge for NHS Dumfries and Galloway is to overcome the perception of “this is how we’ve always done things”, particularly in occupational groups that have strongly forged identities. The board wants to further develop and harness a culture focused on team success and positive change and opportunity.

**Enablers and threats to performance**

Perhaps the biggest enabler of sustainable performance is a clear sense of purpose that allows staff to engage with the community that they serve through a person-centred approach. The improvements in cross-functional working and communication are also considered to be enablers and help with the achievement of the organisation's purpose. Managers also highlighted that knowledge-sharing has significantly enabled performance.

Internally the biggest threat to performance was identified as a ‘disconnected’ middle management layer, which DDI sought to address with noticeably positive results. The current challenge is to maintain their engagement during the new programme of management change.

**What does the future look like?**

A number of external pressures related to the economic and political environment continue to pose a challenge for the health board. At the time of data collection D&G were attempting to reduce costs by 4%, leading to robust vacancy management, a review of fixed-term contracts and other measures. At the same time NHS staff face public sector pay and pension pressures, all of which can have an impact on engagement and motivation.

Dumfries and Galloway are continuing to focus on management development. In addition they are engaging in knowledge-sharing with other NHS boards and trusts to drive organisational learning and developing projects to promote engagement with the wider community, all of which will help them to sustain their performance over time.
Pfizer (Grange Castle)’s journey towards operational excellence

The context
Pfizer’s Grange Castle campus site represents a significant investment in biotechnology facilities. It is one of the largest integrated biotechcual camps in Europe.

Pfizer (Grange Castle), like many of our other case studies, has experienced an unparalleled amount of change over the period of our research. When we last visited in June 2009, the merger of Wyeth and Pfizer had been announced but had not begun. Visiting over a year later in September 2010, Wyeth Grange Castle had now become Pfizer (Grange Castle).

The focus of our research with Pfizer (Grange Castle) has been the impact of continuous operational improvements and lean transformation projects (based on lean Six Sigma techniques) as enablers of sustainable performance.

Our research journey
The first phase of Shaping the Future data collection was carried out in June 2009 and the second in September 2010. A series of meetings were held with the key contact in between phases, to stay close to the issues and challenges they were facing and to review suggested actions and developments in the wider environment.

In addition to exploring the impact of continuous operational improvements, the research addresses what enables and gets in the way of sustainable organisation performance more generally.

Phase 1: In search of sustainability
Our phase 1 research identified a number of aspects related to sustainable performance at Pfizer (Grange Castle).

Organisation purpose
Managers and employees felt that clarity about the organisation’s purpose and the ability to connect to that purpose enabled sustainable organisation performance.

Organisation culture
Respondents felt that a high-performance, high-trust culture is a true enabler of sustainable performance. This culture has been developed at Grange Castle from the start, led by senior managers who have a number of guiding principles: a desire to build a high-trust work environment based on good employee relations, high employee involvement and participation, as well as minimal rules and policies where feasible.

Leadership
Managers and employees emphasised the importance of strong and visible leaders with good interpersonal skills and solid decision-making. This was agreed as worthy of more focus around the areas of decision-making, vision-making and closing the feedback loop.

Organisation and role design
Effective, supportive and decisive teamwork is seen as an enabler of sustainable organisation performance. Respondents sought further opportunities to break down barriers between different functional areas to support performance.

Performance management
Employees felt that greater clarity on metrics, in particular those paid attention to by senior managers, was needed and assisted in managing performance. The work on lean projects has helped with this as well as making it clearer how these metrics relate to particular job roles.

Lean transformation projects
The mini transformation projects were perceived as very successful from a business perspective. They have helped to streamline production, removing inefficiencies in operational processes, as well as releasing employees to be transferred into other production areas. There was an ongoing challenge around identifying appropriate measures to assess the outcomes of planned continuous improvement changes.

Talent and development planning
The level of clarity around career paths and opportunities was also linked to sustainable organisation performance. An agreed action following the research was to broaden understanding of what constitutes development (such as flexibility and lateral movement) and to build that into the talent development systems.

Research into action
The 14 months in between the two fieldwork phases was spent on research into action. Pfizer (Grange Castle) reflected on the research feedback and sent the full report to associate directors to keep the issues on their radar. The findings were also discussed at the leadership team meeting in January.
HR alongside the business started work on the following Shaping the Future suggested development areas:

• providing clearer visibility to staff about different roles available across the business
• providing supervisor training to line managers
• breaking down the barriers between cross-functional silos
• closing the feedback loop from the ‘make sure we talk’ communication sessions.

The merger between Wyeth and Pfizer also took place in this period. Amongst other things this brought a keen focus on management engagement (with a new set of tools), the introduction of the Gallup engagement survey and a move to a more centralised approach to HR and IT.

Phase 2: Our key findings

In phase 2 we collected data in three main areas. First, we looked at what had changed in the intervening 12 months in terms of strategic priorities and core purpose. Second, we reviewed the potential drivers of sustainable performance that had been identified in phase 1, both those specific to Pfizer (Grange Castle) and those identified across all six case study organisations. Finally, we looked once again at the barriers and enablers to both individual and organisational performance.

Strategic priorities

The senior managers that we spoke with highlighted a number of synergies between legacy Wyeth and Pfizer. Two of the strongest synergies are around performance and operational excellence.

In recent months Grange Castle took part in a corporate study as part of an evaluation of the role of the site within Pfizer. The result confirmed the role of Grange Castle and will result in growth in business here. The senior managers highlighted the importance of the site therefore continuing to grow and change. Employees noted seeing an increase in the volume of product produced as well as expecting new products at Grange Castle. The increase in the volume of manufacturing makes the site’s focus on continuous improvement even more important.

The economic situation in the Republic of Ireland has significantly worsened over the last 12 months and although this hasn’t negatively impacted on Grange Castle, it serves to remind employees how fortunate they are to have job security.

There has been a focus on leadership and communication in the last 12 months to help employees through the many changes experienced, and maintain focus on the organisation’s goals. Communications have been continuous through a number of different channels including quarterly ‘All Hands’ updates, ‘Make Sure We Talk’ sessions, and a recent leadership conference.

Core purpose

Most interviewees feel that the core purpose of the organisation has not changed. Patient centrality is emphasised, with some believing this has become even more important working for Pfizer. Where change has been noticed reference was made to greater business and commercial orientation, with others feeling there to be an even greater focus on safety.

Continuous improvement

The overall consensus is that continuous improvement is now firmly embedded into everyday practices and is ‘business as usual’. Senior managers feel that employees are now taking more ownership of continuous improvement processes and believe that the Pfizer approach to training and consistency is helping to further drive this focus. Along with continuous improvement processes, there has been training in mindset and behaviours for all supervisors and managers.

Performance management

Continuous improvement systems and area targets linked to the bonus system mean that people know what their role is and how that contributes to their team and the site’s performance.

Employees seek senior manager recognition through performance management of the ‘routine work that is the organisation’s “bread and butter”’, rather than ‘glamourising project work and money saving’. With the organisation experiencing so much change, the regular review of own targets and that of the team needs continuous attention.

Cross-functional working

Employees who had trained in another area or had been on secondments to a different area of the business talk positively about their experiences. Employees feel cross-training will help with resourcing flexibility, and are keen to continue to have opportunities to work in the areas in which they are trained, to preserve the skills they have learned.
Enablers and threats to performance

Some feel that becoming part of a larger organisation provides an ongoing challenge to future performance where communication can be less personal and more top–down in approach. They confirmed the need to keep a sense of shared purpose and continue to engage and empower people with the business through organisational effectiveness initiatives.

Line managers/supervisors and employees suggest that a real enabler of performance is setting clear objectives and targets for individuals and teams. It is important to not only establish clear objectives but then regularly review those objectives: ‘don’t be afraid to reassess.’

A final enabler of individual performance and motivation is providing people with opportunities for development and different roles. A potential challenge currently being addressed is how to communicate opportunities when the organisation is going through constant change while ensuring organisational discipline to communicate helpful feedback to unsuccessful candidates.

What does the future look like?

Our final question to managers was to ask what changes they feel might be necessary in the future to ensure that Pfizer (Grange Castle) sustains its high levels of performance.

Senior managers talked about building a picture of the future – setting the big picture and context for all to engage with. Management style is seen to be really important in building this engagement, continuing to promote innovation and operational excellence, and giving people the tools and ability to perform well.
Standard Chartered – using engagement to drive business performance

The context
Standard Chartered has a history of more than 150 years in banking and is in many of the world’s fastest-growing markets. The bank employs more than 80,000 people, representing 115 nationalities worldwide. It is listed in the London, Hong Kong and India stock exchanges. The group derives more than 90% of its operating income and profits from Asia, Africa and the Middle East, generated from its wholesale and consumer banking businesses.

The research is focused on the bank’s Hong Kong business, which it has been operating in for more than 150 years and currently has more than 5,500 employees. In Hong Kong the external environment has significantly changed since phase 1 of the research, which was conducted just after the Lehmann collapse. Although there is a common feeling that the bank rode the financial tsunami well – it is now in its seventh year of substantial growth – its activities have been affected by the aftermath of the crisis. There is increased regulation and a particular need to keep growing consumer confidence in banking, which Standard Chartered is doing through concentrating on getting the basics of banking right.

The focus of our research with Standard Chartered is on engagement as a key driver of business performance and critical in achieving sustainable high performance. The Hong Kong operation was selected for study in recognition of the advances it has made in driving employee engagement, which has been shown to be a driver of business performance, even in challenging external circumstances.

Our research journey
The first phase of Shaping the Future data collection was carried out in February and March 2009 and the second in September 2010. A series of meetings were held with the key contacts in between phases, to stay close to the issues and challenges the bank was facing and to review suggested actions and developments the bank had put in place in response to the phase 1 findings.

In addition to exploring the impact of engagement activity, the research also addresses what enables and gets in the way of sustainable organisation performance more generally.

Phase 1: In search of sustainability
Our phase 1 research identified a number of issues related to sustainable performance in Standard Chartered, Hong Kong.

Long-term vision
Employees understand the bank’s vision and goals and they stressed the importance of doing what is right for the bank in the long term. In particular, it is seen as important for all staff to have an awareness of risk, speaking up when necessary.

Customer focus
Employees stress the importance of understanding customer needs and how these change over time. It is apparent that providing excellent customer service is a key priority for staff, particularly in phase 1 when consumer confidence in banking was low.

Culture
The bank has a high-performance culture but emphasises the need for high levels of performance to be achieved through demonstration of the bank’s values. These values are strongly embedded in the bank because of their clarity and consistency. Interviewees stressed the importance of being self-driven and motivated to ensure that an excellent job is done, but also the value of working as a team. Employees view their teams as families and they talked about the importance of learning from each other to share best practice. However, a high attrition rate poses a challenge for the bank in building this desired culture.

Top leadership
Employees report that the top team is very supportive of engagement, encouraging it in their behaviour as well as in their communications. Staff talked enthusiastically about both top leadership and middle managers being highly visible to them, walking the floor and visiting branches. The management style valued is one of a coach, not just pushing sales. Employees appreciate good people managers who have an understanding of the business.

Communication
Clear and consistent communication about the direction of the bank is cascaded to all levels and viewed as an enabler of sustainable performance. Employees also trust the communications they receive, with the personal style being easy to relate to. Employees talked about the positive benefits of establishing informal contacts within the bank, especially between functions. Having informal contacts...
enables them to share client information, hence provide excellent customer service.

**Performance management**

Employees have a clear understanding of how performance is measured and how personal objectives relate to the bank’s objectives. In the short term, financial reward is valued; in the long term, career progression is valued, whether that be vertical or horizontal.

**People**

Employees are proud to work for Standard Chartered and feel they are valued, having the freedom to make decisions within clear guidelines. To progress within the bank it is necessary to behave in a way consistent with the organisation’s values.

**Organisational design**

The size and complex matrix structure of the bank poses a challenge in terms of promoting cross-functional working and enhancing the speed by which information is transmitted across the organisation. The bank sees cross-functional working as an area for improvement.

**Employee engagement**

Employees appreciate the importance of being engaged, advocating its benefits for both short-term and long-term performance. They have interpreted its worth for themselves, internalising the value of engagement, which was demonstrated by the range of answers employees gave when asked why the bank endeavours to engage staff. The engagement process itself is purposefully loose and simple, which are its strengths. The engagement survey is short and easily understood, which contributes to its high response rate. The impact planning process that follows the survey results is owned by individual teams, who are able to tailor the process to their particular needs, which in turn feeds their enthusiastic adoption of engagement.

**Research into action**

The 18 months in between the two fieldwork phases was spent on research into action. Standard Chartered, Hong Kong, reflected on the research feedback and the HR team started work on the following Shaping the Future suggested development areas:

- Introduce workshops and a regular newsletter for managers to share engagement best practices and success stories across functions as well as to celebrate successes.
- Maintain the high visibility of senior leaders and extend to middle managers.

**Phase 2: Our key findings**

In phase 2 we collected data in three main areas. First, we looked at what had changed since phase 1 in terms of strategic priorities and core purpose. Second, we reviewed the potential drivers of sustainable performance that had been identified in phase 1, both those specific to Standard Chartered, Hong Kong, and those identified across all six case study organisations. Finally, we looked once again at the barriers and enablers to both individual and organisational performance.

**Strategic priorities and core purpose**

Across the business people feel Standard Chartered’s mission – to be ‘the world’s best international bank leading the way in Asia, Africa and the Middle East’ – and strategy is well communicated with five clear priorities acting as road signs. The consistency of the strategy, core purpose and organisational values are perceived as a strength as well as the top team reinforcing them through events such as town hall meetings.

Employees feel the bank was supportive during the difficult times and they are proud to say they work for what they perceive to be a stable bank with a good position in Hong Kong.

The bank faces a challenge from the external environment in terms of attrition. Since phase 1 of the research, the jobs market has picked up and more people are moving to different organisations, particularly in customer-facing roles. The bank directs specific attention to the new starters attracted to the organisation to ensure they feel engaged and part of SCB as quickly as possible.

**Cross-functional working**

Ensuring functions work together to provide a seamless service to the customer and operate as ‘one bank’ is a key priority. In certain areas of the bank cross-functional working has clearly improved.

As in phase 1, employees feel that informally establishing networks helps them in their job role and is part of the culture
of the bank and that individual teams need to ensure that knowledge-sharing is two-way. However, in this second phase of the research, employees and managers alike spoke more about the importance of establishing links, both with other countries in the region and globally to share knowledge, citing examples of secondments and opportunities for learning and knowledge-sharing in this area.

Engagement
Both employees and managers talked passionately about the bank’s engagement activity, particularly about volunteering, with many great stories of the opportunities they have to take part in projects that broaden their horizons and make a difference in the community.

Managers commented on the work of HR on driving engagement through the engagement newsletter and the best practice sharing sessions, which have been well received. These have helped managers to establish links across the bank and to understand other functions. They have also increased the visibility of middle managers. Teams talked about engagement activity being a regular item on the agenda of their meetings, and about the social activities they had arranged as a team to show that they care about each other.

Feedback from managers
Interviewees value managers and leaders who are consistent and up front with people, set clear expectations for performance and give feedback in a positive tone. Also, recognition for good performance is highly valued by all employees. Some employees suggested they would like to receive more feedback from managers on suggestions they have made, even if those suggestions are not adopted.

Shared purpose
There is a clear sense of purpose shared across all our interviewees. Many have developed an emotional connection to the bank and this seems to be heightened by the ‘Here for Good’ campaign. A shared motivation and engagement to go the extra mile is also demonstrated by many employees for the good of the company, the customer and the community.

Visibility of senior leaders
In phase 1 of the research we noted the high visibility of leaders, which was positively reported by staff and maintained through town halls, the senior team’s pledge and role-modelling from seniors. Over the past year employees say they have noticed a step-change in communications with the CEO and other senior leaders using a much more personal style, talking about their family and experiences outside of work as well as formal messages.

Enablers and threats to performance
The bank is committed to drive performance through engagement and Hong Kong strives to sustain the engagement momentum of the past ten years. The most important thing for interviewees is maintaining a strong focus on driving engagement because there is always room for improvement. In addition, some managers talked of the importance of ensuring the Q12 data is interpreted in the context of qualitative data, with the true value not being in the engagement score itself but in the regular, meaningful conversations, impact planning and activity around it.

A performance enabler for employees is around careers and the importance of managers having regular career and development conversations with employees to maintain their engagement and to retain talent through helping them see a long-term future with the bank.

Employees feel that the shared services centres in Chennai are being more included as one bank and that the relationship can be further strengthened to achieve seamless collaboration.

Interviewees feel that the activity the bank is undertaking to develop the product knowledge of customer-focused staff and vice versa is further increasing the customer-centricity of the organisation and will help to differentiate the bank from its competitors.

What does the future look like?
Our final question to managers was to ask what changes they feel might be necessary in the future to ensure that Standard Chartered, Hong Kong, sustains its high levels of performance.

Quite a few managers commented that given the ongoing changes in the macro environment, we have to provide continuous support and equip our people with the right skills and knowledge that the bank will need in the long term and that continuous development of people is essential for sustainability.

Continuing to focus on employee engagement will differentiate the bank from competitors; other things can
be imitated or developed quickly, but not engagement. Work–life balance is a concern for some employees and they hope managers can provide support to balance their needs in different stages throughout the life cycle.

The quality of leaders and line managers is reported as another key factor for long-term performance, giving the bank the power to excel in the good and the bad times. Managers should continue to encourage employees where possible to give their opinions and use their knowledge to generate solutions and problem-solve.

Finally, it is also important to keep an eye on the long-term horizon, looking at the market and balancing client needs with regulatory implications, all of which will affect how business is conducted.
Sharing the learning at Xerox

Xerox has three core business areas: Office Products, Production Solutions and Document Outsourcing. Global Document Outsourcing has been identified as a growth engine for the business and provides a document management and print management outsourcing service. Four years ago Xerox identified one of their core priorities as wanting to be the leader in this highly competitive field.

In 2007 Xerox set up a partnership service to provide document services to a central government department. This partnership service has a seven-year contract with the client and operates as a separate business unit within Xerox with its own IT, programme management and finance departments. Its remit is to provide a responsive service to the client throughout the course of the contract, identifying innovative and effective ways to deliver print services, while achieving both cost and efficiency savings. The GDO Service Delivery contract was seen as a model that could inform other business opportunities.

The GDO Service Delivery business unit provided the focus for the Shaping the Future research. The research explored not only the drivers of sustainable performance in the GDO Service Delivery team but how these compared with the wider Xerox business and what lessons might be captured to inform future contracts.

Halfway through our research, Xerox acquired the US business, Affiliated Computer Services (ACS), a large outsourcing company. This business has only a small presence in Europe but by using the existing Xerox infrastructure it has an opportunity to enhance its customer proposition and grow ACS outside of the US. It has also shifted the balance of Xerox from a business primarily selling and servicing hardware to a service-based business. This acquisition has a number of implications, which were explored in phase 2 of the research.

Our research journey

The first phase of data collection was carried out with Xerox between April and August 2009 and the second during September 2010. As well as focusing on the learning from the GDO Service Delivery business, we examined the wider question of what enables and gets in the way of sustainable organisation performance.

In the intervening time period we conducted a series of meetings with our key contacts to discuss any developments and actions that had been taken as a result of the issues identified in phase 1 of the research. We also conducted two focus groups with employees from the wider Xerox business to test out some of the findings from the GDO Service Delivery team and make comparisons between the business operations.

Phase 1: In search of sustainability

Our phase 1 research identified a number of issues related to sustainable performance at Xerox.

Organisational purpose

The GDO Service Delivery team were very clear on their purpose — to service their customer. They also felt proud to be part of the GDO Service Delivery team, with some describing themselves as trailblazers. This strong sense of purpose was only partly reflected in the wider business, with most people other than senior managers appearing to identify most strongly with the business unit they worked in.

Customer focus

The GDO Service Delivery employees believed they needed to develop their relationships with their customer to anticipate their needs and deliver the core elements of the contract. In Xerox there was also evidence that the majority of employees are customer-driven and this focus is enabling the development of the service side of the business.

Business process

Process was identified as a barrier to performance by GDO Service Delivery employees. Xerox employees felt less constrained by processes but commented negatively if processes were not sufficiently linked or contradicted each other. Xerox has a programme running called A2B (Average to Benchmark), which is examining the business processes and aiming for effective streamlining with the active involvement of a range of staff. Employees felt pleased to be involved in this improvement initiative and felt able to put forward the requirements of their business area.

Performance measures

In the GDO Service Delivery team performance measures were about having ambitions and positive objectives. Because GDO Service Delivery employees are close to the business, the direct impact of their actions on performance were very visible to them and helped to drive a sense of purpose. Within the wider Xerox business, interviewees felt that the emphasis was on tangible results to measure performance.
**Cross-functional working**
Employees identified cross-functional working, both internally among Xerox staff and externally with client and partner organisations, as essential to achieving their key priorities. This fits with the view of senior managers who see working across functional boundaries as an essential element of the customer-centric approach that Xerox is trying to build.

**Culture**
All employees believed that culture was an enabler of performance, with many referring to the Xerox culture as ‘can do’ or ‘no blame’.

**Communication**
Communication was, on the whole, viewed positively across Xerox. In the GDO Service Delivery team, employees felt the communication they received enabled them to understand the needs of their customer. In the wider business, breakdowns in communications were identified as a significant inhibitor of performance if it prevented people from inputting to the process in a timely fashion.

**Leadership**
Managers who recognise good performance were seen to energise and motivate people to perform. Across Xerox significant efforts were being devoted to management development to enhance the leadership skills of managers.

**People**
Social networking within the business was seen as a key driver of success. In the GDO Service Delivery team there was also a discernible sense of team pride.

**Action phase – keeping ahead of developments**
During the period between the phase 1 and phase 2 data collection we had regular meetings with our key contact in the organisation. One of the key issues facing Xerox was the recession. This had a particular impact on the GDO Service Delivery team: at the beginning of the downturn there was an increase in the demand for document services due to the nature of the client’s business. However, the spending review and consequent spending freeze imposed by the incoming government in May 2010 has resulted in a significant decrease in demand and decrease in revenue – hence the increased drive to deliver print services in innovative ways that focus on cost and efficiency.

The other big changes in the organisation were the acquisition of ACS, described above, and the arrival of a new CEO early in 2010.

Within the GDO Service Delivery team some of our phase 1 findings and suggested actions were implemented to inform their people management work. In particular they put in place actions to improve the quality of management information, enhance cross-functional working and improve knowledge-sharing.

**Phase 2: Our key findings**
In phase 2 we collected data in three main areas. First, we looked at what had changed in the intervening 12 months since phase 1 in terms of strategic priorities and core purpose. Second, we reviewed the potential drivers of sustainable performance that had been identified in phase 1, both those specific to Xerox and those identified across all six case study organisations. Finally, we looked once again at the barriers and enablers of both individual and organisational performance.

**Strategic priorities**
Within the GDO Service Delivery team there is agreement that the core priorities of the business are still focused on the need to retain the contract and return value to the customer: ‘Retain and Return’. There are indications that the current emphasis on cost has also promoted even greater emphasis on effectiveness and adding value – core elements of the contract. There are some frustrations that the tough economic challenges have resulted in less investment in staff, with pay freezes and little scope to reward performance. However, employees attach value to receiving recognition when reward is not possible.

Across Xerox, managers feel that there are two main changes in the business that affect how it operates. One is the acquisition of ACS and the associated implications for Xerox as a service business. The second is having a new CEO, whose stated aim is to make Xerox a more performance-driven company, pushing accountability down through the business to the front line.

**Cross-functional working**
This was identified as an area for improvement in phase 1 and actions were implemented. When we examined these issues in phase 2, it appears that cross-functional working has improved. This is most apparent in the GDO Service Delivery team, where there is a wealth of evidence that people have developed a better understanding of their own role and how it relates to others, therefore contributing to a wider process of performance improvement.
Business processes
A number of initiatives have helped to mitigate many of the negative comments around process from phase 1. In the GDO Service Delivery team, process improvement teams are looking at individual processes and redesigning them in line with the needs of the business. In the wider Xerox business, the A2B programme is seeking to cluster process at the European rather than the country level and transform and redesign processes to ensure accountability and a more streamlined service.

Significant efforts have been made to improve management information and both managers and employees say this has helped them inform the customer of benefits and improvements and deliver a better service.

Leadership
Leadership skill at all levels of the organisation was identified as another potential driver of long-term performance. In the GDO Service Delivery team generally people feel this has improved since phase 1. There is a positive consensus on the leadership capabilities of the general managers and people generally feel there have been efforts to push accountability further down the organisation to enable people to take more control over their work.

Capturing and analysing management information
The improvements made to the management information system have significantly enhanced the flow of information; however, there is still little evidence about how this information is used. Within the GDO Service Delivery team, managers feel that there is still a process of permission-seeking before people feel confident to act on the information they have. One vehicle that everyone agrees is having a positive impact is business improvement teams, made up of representatives from different departments with a remit to use their working knowledge of business processes to streamline the management information system.

Cross-functional working
Within the GDO Service Delivery team there have been significant improvements in this area, manifested in better understanding of the various functional roles and how they support each other, as well as a greater clarity around process. It is difficult to gauge the extent to which cross-functional working is happening at the wider level. The focus groups held during the action phase of the research confirmed this was an issue and a number of initiatives are in place to encourage better cross-functional working and knowledge-sharing across the business.

Shared purpose
As in phase 1, the sense of shared purpose is extremely strong in the GDO Service Delivery team, with a high degree of shared understanding about the challenges facing both the GDO Service Delivery team and its client. Employees have a strong desire to have the contract renewed. However, the extent of the shared purpose is less clear in the wider business, although the stated aims of managers are to improve in this area as they believe it will help drive performance.

Enablers and threats to performance
In the GDO Service Delivery team there is agreement from people at all levels that the overall performance indicators are around the issues of ‘Retain and Return’ as well as bottom-line numbers. However, currently there are some strong views that revenue and gross profit are the things that matter to Xerox.

The GDO Service Delivery employees feel that teamwork, clear objectives and realistic expectations enable performance. Managers are also important in setting a clear direction, empowering and recognising good performance. Another important enabler is effective communication as well as having the right tools for the job, including the right development and training. For managers in particular, the main enabler is being empowered to make business improvements.

At the wider Xerox level there is a prevailing view that cross-functional and particularly cross-country working is an important enabler of global performance. There is a degree of expectation from managers that this issue is particularly important to the integration of the ACS acquisition and the ability to leverage value from the synergies and added opportunities this will create for major customers.

Threats to performance identified by the GDO Service Delivery team employees include demotivated people, uncertainty caused by the current economic climate and government spending cuts as well as pay freezes and a lack of recognition for effort. Fear is another potential threat to performance – fear of failing, fear of trying new things, fear of getting it wrong, fear of challenging the status quo and fear of change.

For the managers there are also some issues around the role of management. At the wider level this is being taken on board in the management development initiatives and in identifying the appropriate behaviours and capabilities,
which are then being fed into the career development process for managers.

**What does the future look like?**

There have been a number of initiatives taken as a direct response to our phase 1 feedback. These are mostly in the GDO Service Delivery team and the major initiatives are around process re-engineering and the improvement of management information. However, action has been taken across the business to improve management capability and two major changes, the acquisition of ACS and a new CEO, are resulting both in a repositioning of the company and a redefinition of performance.

The future is likely to hold some key challenges both in terms of managing the economic situation and in getting both the organisational design and culture correctly positioned to manage the shift to a service-oriented company and to enable a performance-driven culture.
Appendix 3: Further sources of information

We have compiled a list of CIPD and other resources, under the eight themes from the research, that you might find particularly interesting.

**Alignment**

*Aligning Learning to the Needs of the Organisation*
Provides advice on aligning learning to organisational priorities. Factsheet published February 2009.
http://www.cipd.co.uk/subjects/lrnanddev/general/alignlearng.htm

*The Value of Learning*
Considers the effectiveness of learning activities and how to assess its value to the organisation. Podcast released August 2007. http://www.cipd.co.uk/podcasts/_articles/episode11.htm

*The Value of Learning: A new model of value and evaluation*
Reports on a study – carried out for the CIPD by the University of Portsmouth Business School – that looked at the role of learning and training in creating value in organisations and at how that role can be analysed, measured and evaluated. Change Agenda published April 2007. http://www.cipd.co.uk/subjects/lrnanddev/evaluation/_vlrngnwmdl.htm

*Aligning Learning to Strategic Priorities*
Helps learning and development professionals ensure that organisational learning is aligned with strategic priorities. Practical tool published November 2007.
http://www.cipd.co.uk/subjects/lrnanddev/general/_alignlrngtl.htm

*Performance Management: Podcast 25*
Philippa Lamb discusses performance management with Stephen Moir from Cambridgeshire County Council, Stephen Sidebottom from banking giant, Nomura, and Michael Spiers from Sainsbury's.
http://www.cipd.co.uk/podcasts/_articles/_performancemanagement.htm

**Shared purpose**

*Sustainable Organisation Performance: What really makes the difference?*
Interim report from the Shaping the Future project reporting on the first phase of the work and putting forward a number of propositions to be tested in the second phase of work. Published January 2010.
http://www.cipd.co.uk/subj...sustainable_organisation_performance_full_report.htm

*Shared Purpose: The golden thread?*
This research shows that having a strong sense of organisational purpose is linked with engagement, satisfaction and sustainable business performance, and that shared purpose is the ‘golden thread’ to which an organisation’s strategy should be aligned. Survey report published December 2010. http://www.cipd.co.uk/subj...shared-purpose-golden-thread

*Shared Purpose and Sustainable Organisation Performance*
Discusses issues to stimulate thinking about the benefits of creating a shared sense of purpose within organisations. It is based on a literature review, CIPD survey findings and includes a detailed illustrative case study of the RNLI. Research insight published September 2009.
http://www.cipd.co.uk/subj...shared_purpose_organisation_performance.htm

*Time for Change: Towards a next generation for HR*
Echoes of the importance of a shared sense of purpose are found in this report from the CIPD, emphasising the importance of organisation authenticity. This is about creating organisations that are the ‘same on the inside as the outside’ and where there’s consistency in the values that are espoused and the way people operate in the business. Research report published February 2010.
http://www.cipd.co.uk/research/_next-gen-hr/_time_change_next_generation.htm
Leadership

International Management Development: An overview
Gives introductory guidance on the factors that affect an organisation’s IMD strategy, the role of IMD in a talent management and succession planning context and reviews various types of developmental opportunities. Factsheet published May 2010.
http://www.cipd.co.uk/subjects/intlhr/general/intmandev.htm

International Management Development Guide
http://www.cipd.co.uk/subjects/intlhr/_intmngtdev.htm

Engaging Leadership: Creating organisations that maximise the potential of their people
The first contribution to our Shaping the Future research project explores the causal link between leadership and employee engagement. Report published September 2008.
http://www.cipd.co.uk/shapingthefuture/_leadershipreport.htm

Your first 100 days: A CIPD guide to management in the UK
The first 100 days as a new leader are crucial in determining success or failure – some pointers for new ministers and other leaders in the new Coalition Government. Report published June 2010.
http://www.cipd.co.uk/publicpolicy/_yourfirst100days0510.htm?IsSrchRes=1

Leadership and the Management of Conflict at Work
http://www.cipd.co.uk/subjects/empreltns/general/_ldrcnfItwk.htm

UK Highlights: Global leadership forecast 2008–2009: the typical, the elite and the forgotten
This survey report on the status of leadership and leadership development within the UK business community is produced jointly by the CIPD and Development Dimensions International (DDI).
http://www.cipd.co.uk/subjects/maneco/leadership/_glldrshp08.htm

Locus of engagement

Learning and the Line: The role of line managers in learning, training and development
Draws on the existing literature and on research undertaken in six organisations to examine:
• the practical meaning of training, learning and development
• the supportive conditions necessary for effective line management involvement
• the practical implications for managers.
http://www.cipd.co.uk/subjects/maneco/general/_lrngln.htm

Harnessing the Power of Employee Communication
Brings together CIPD research relating to employee communication, gathers new perspectives and draws out a number of themes for HR practitioners and leaders at all levels. Research insight published September 2010.
http://www.cipd.co.uk/subjects/empreltns/comconslt/_harnessing-power-employee-communication

HR: Taking employee communication seriously
Complements the above research and sets out the key steps for a strategic approach to communications. Contains frameworks, diagnostics and activities to help improve employee communication. Practical tool published September 2010.
http://www.cipd.co.uk/subjects/empreltns/comconslt/_hr-employee-communication-seriously

Developing Positive Employee Relations
Part 3 of the CIPD’s ‘Building Productive Public Sector Workplaces’ series, also highlights the higher-stakes policy options the Government should be considering to protect public services if there is an upsurge in industrial unrest. Report published August 2010.
http://www.cipd.co.uk/publicpolicy/_employeerelations.htm

Creating an Engaged Workforce
Reports on a two-year research project from the Kingston Employee Engagement Consortium Project, analysing levels of engagement across eight different organisations. It offers strategies for engagement and insights into the outcomes of engagement. Report published January 2010.
http://www.cipd.co.uk/subjects/empreltns/general/_creating_engaged_workforce.htm
An HR Director’s Guide to Employee Engagement
Aimed at senior HR professionals and others who are considering an employee engagement framework as part of their effective people management policies. Discussion paper published June 2009.
http://www.cipd.co.uk/subjects/empreltns/general/_HR_directors_guide_employee_engagement.htm

Assessment and evaluation

Human Capital Evaluation: Getting started
http://www.cipd.co.uk/subjects/corpstrtgy/hmncapital/_hmcpvegtst.htm?IsSrchRes=1

View from the City: How can human capital reporting inform investment decisions?
http://www.cipd.co.uk/subjects/corpstrtgy/hmncapital/_human-capital-management-view.htm

Human Capital Reporting: What information counts in the City?
The objectives of the project were to examine the appetite of the investment community for HCM reporting, to find out whether levels of interest have changed since previous work and to test the perceptions of investors and other external stakeholders on a number of potential drivers of sustainable performance identified by other CIPD research. Report published December 2010.
http://www.cipd.co.uk/subjects/corpstrtgy/hmncapital/_human-capital-stakeholders.htm

Human Capital Evaluation: Developing performance measures
http://www.cipd.co.uk/subjects/corpstrtgy/hmncapital/_hmncpdevpm.htm

Human Capital Evaluation: Evolving the data
http://www.cipd.co.uk/subjects/corpstrtgy/hmncapital/_hmncpevolv.htm?IsSrchRes=1

Promoting the Value of Learning in Adversity
http://www.cipd.co.uk/subjects/lrnanddev/general/_promoting_value_of_learning

Balancing the short- and long-term horizons

Organisational Responses to Economic Challenge
Draws on a range of CIPD sources and others, where appropriate, to map the economic climate and the organisational and employee responses to the challenges it presents. Research insight published September 2009.
http://www.cipd.co.uk/subjects/corpstrtgy/busiperfm/_organisational_response économique_challenge.htm

Reflections on Workforce Planning
A collection of essays looking at workforce planning from three different perspectives. Research insight published November 2010.
http://www.cipd.co.uk/subjects/corpstrtgy/general/_reflections-workforce-planning

Workforce Planning: Right people, right time, right skills
http://www.cipd.co.uk/subjects/corpstrtgy/general/_workforce_planning

Fighting Back through Talent Innovation: Talent management under threat in uncertain times
Highlights the responses of ten organisations to the challenges that the recession has brought to their talent strategies. These organisations have found creative and innovative ways of rising and focusing on positive measures to tackle talent issues. Report published July 2009.
http://www.cipd.co.uk/subjects/recruitmen/general/_fighting_back_through_talent_innovation.htm
Agility

Approaches to Change: Building capability and confidence
Provides an introduction to the concepts and applications of approaches to organisational change, drawing on previous CIPD research and current thinking and including examples of practice from a range of case study organisations. Practical tool published September 2010. http://www.cipd.co.uk/subjects/corpstrtgy/changemmt/_approaches-change-capability

Managing People across Networks
Explores HR issues in organisations that are collaborating with each other through outsourcing, contracting and working in partnership, when boundaries between employers can be blurred. Discussion paper published April 2009. http://www.cipd.co.uk/subjects/corpstrtgy/general/_mngpplntwk

Time for Change – Towards a Next Generation of HR
Echoes of the importance of a shared sense of purpose are found in this report from the CIPD, emphasising the importance of organisation authenticity. This is about creating organisations that are the ‘same on the inside as the outside’ and where there’s consistency in the values that are espoused and the way people operate in the business. Research report published February 2010. http://www.cipd.co.uk/research/_next-gen-hr/_time_change_next_generation.htm

Capability-building

Coaching at the Sharp End: Developing and supporting the line manager as coach
Designed for HR professionals and line managers to improve focus and co-ordinate actions in developing and sustaining a coaching culture. Practical tool published July 2009. http://www.cipd.co.uk/subjects/lrnanddev/coachmntor/_coaching_sharp_end.htm

Building Leadership Capability for Change
Interview with Gary Hamel on how to build leadership capability for change. Podcast released July 2009. http://www.cipd.co.uk/podcasts/_articles/garyhamel.htm

Bringing Policies to Life: The vital role of front-line managers in people management

Approaches to Change: Building capability and confidence
Provides an introduction to the concepts and applications of approaches to organisational change, drawing on previous CIPD research and current thinking and including examples of practice from a range of case study organisations. Practical tool published September 2010. http://www.cipd.co.uk/subjects/corpstrtgy/changemmt/_approaches-change-capability
Appendix 4: References


