

# Culture – the true story

## Why this, why now?

Culture has become one of this decade's buzzwords, with the media delighting in naming and shaming what it sees as 'toxic' and 'unhealthy' cultures from some of our biggest institutions, from the banks to the Beeb, from the NHS to its own News International.

A report into Barclays bank post Libor-rigging scandal firmly blamed 'cultural shortcomings' as the root of its problems. Its rapid growth, so it said, had made Barclays complex to manage, allowing silos to develop with different values and cultures, a lack of common purpose cited as central to the cultural failure.

**We believe that the business practices for which Barclays has rightly been criticised were shaped predominantly by its cultures, which rested on uncertain foundations. There was no sense of common purpose in a group that had grown and diversified significantly in less than two decades.**

Saltz Report, April 2013

Woodreed's own culture survey of UK businesses<sup>1</sup> revealed that just 29% felt they had the right sort of values-based culture.

A positive culture isn't just a nice to have. It's a competitive advantage. It's people that give you the edge. You can copy technology, you can copy process, you can copy the product. You can't copy the culture. It's an organisation's very own DNA. It's as intrinsic a part of the brand as the logo.

How many UK organisations are still simply paying lip service to their brand values? Who are using them as tools to create powerful cultures to give them that common purpose and the competitive edge? What can we learn from them and what needs to happen to maintain and sustain the right sort of culture?

# How do you define culture?

When we talk about positive or healthy cultures, we mean cultures of engaged employees aligned with an organisation's values – the organisational watchwords for what drives, unites, motivates and differentiates one business from another. Engage for Success defines engagement similarly:

**A workplace where employees are committed to their organisation's goals and values, motivated to contribute to organisational success<sup>2</sup>**

Values and culture are inextricably linked. It was Barclays' apparent deviation from its values that led to its toxic culture. Culture is the way things are done 'round here', what it's like at our place. Culture impacts on everything the organisation does.

But very often these values and beliefs are not clear, not embedded, not lived from the top, and so people take them for granted or create silo cultures. This 'taken-for-grantedness' is what frequently makes culture problematic in organisations. People assume that everyone views things in the same way.

Culture must be managed from within, as important a part of your brand strategy as your customer communications. This can be done with what we at Woodreed call, Cultural Frameworks; sets of behavioural guidelines stemming from the values setting out how people in an organisation should interact with each other and with customers. These frameworks are about empowering employees to do what feels right individually within the framework rather than shackles to stifle. Without behaviours to drive them, values are of course, simply meaningless words on a poster.



Pret A Manger is a great example. Pret talks about the 'Pret Buzz', which every customer should feel within seconds of entering, and which is really to do with the people who work there.

Take a look at their in-house literature and it's clear what the criteria for recruitment are: 'We only employ people who are friendly and lively... people who are good-humoured by nature.' To support this philosophy, everyone is issued with a little book of 'Pret Behaviours', applicable to any job in the company. It's about seeking out people with the right cultural fit from the very start.

Pret asks staff to 'use personal phrases that you are comfortable with and treat customers as if they are guests in your own home'. It doesn't demand of its employees the impersonal repetition of awkward upselling statements, or encourage them to parrot 'Have a nice day'. It's a cultural philosophy that runs much deeper, empowering staff to treat customers like individuals, and it works. The retention rate is good for the industry: average turnover is 60 per cent in 12 months – that means people stay an average of 20 months. There's a sense of family that Pret gives its people along with an unspoken contract – Pret does more than it should, and employees work harder than they need to.

The proof is in the pudding, or rather the Pret chocolate mousse. Evidence of the service profit chain (where happy staff = happy bottom line) is clear. Profits were up some 17% in 2012 and 500 new UK jobs were created in 2013.

<sup>2</sup> [www.engageforsuccess.org](http://www.engageforsuccess.org)



Similarly Nationwide Building Society has just posted results showing an incredible 113% increase in pre-tax profits for the year to 31 March 2014 – a leap it has directly attributed to employees. It took to the national press to publicly celebrate its employees, calling them its “most valuable assets”. It cites GFK research for the year to May based on interviews with 60,000 customers of the main high street banks who were asked to rank satisfaction levels<sup>3</sup>.

## What are the barriers to building positive cultures?

Creating a culture of engagement can feel nebulous and unwieldy. Its apparent intangibility all too often leaves it off the CEO’s agenda. It’s not just fear of the unknown, though many senior executives simply aren’t skilled or trained to deal with it. Stephen Dando, (Chair of the Barriers to Engagement Sub Group at Engage for Success and Operating Partner at Bain Capital) agrees:

**Being an engaging leader is hard and requires special skills and attributes<sup>4</sup>**

Then there’s the bigger issue of a UK-wide business culture of short termism and focus on results. Building cultures of engagement can take time, patience and persistence. Amy Armstrong, in her Ashridge paper “Engagement through CEO eyes” says how “this focus on results renders invisible the process of engagement”<sup>5</sup>.

Executives who have grown up in one organisation can become blind to its culture. Like anything, it’s hard to get the critical distance and objectivity needed to gain insight when you’re immersed in something day after day, year after year.

One bank whose senior execs have gained that insight is HSBC-owned First Direct. With the lowest staff turnover of all UK call centres the bank bucks the industry trend time and time again. “We’re not a typical bank” says former CEO Matt Colebrook. For them, culture is key. The atmosphere he describes feels very much like the antithesis of a traditional call centre. “We have a blast,” he says. “We’re a bit quirky”<sup>6</sup>.

The culture is one of openness, with teams working alongside each other and senior management. People are encouraged to get involved and contribute ideas via a number of channels including a user friendly, visually appealing and community building intranet. As for rewards, at the most basic level people benefit from free drinks and free car parking (fairness reigns with no reserved directors’ spaces). On site there is a concierge service, aromatherapy sessions, crèche facilities, chill-out zones, cash machines and showers. People are encouraged to have fun through events across the year. More importantly, though, the values are manifested in practice.

<sup>3</sup> Marketing Week 28 May 2014

<sup>4 & 5</sup> Amy Armstrong, Engagement Through CEO Eyes, Ashridge Business School February 2013

<sup>6</sup> The Director Magazine

# How can culture be shaped?

You can shape, influence and indeed change culture. But it takes time, persistence and the brand. Engage for Success, the UK-wide movement to raise awareness of, and improve levels of employee engagement in the UK argues that strong cultures of engagement are driven by what it calls 'The 4 Enablers'. Big or small, size really doesn't matter in this case, the principles still apply.

They are as follows:

# 1

**Visible, empowering leadership providing a strong narrative about the organisation, where it's come from and where it's going**

Storytelling and symbols are central to creating a sense of culture.

Many leaders are turning to storytelling, the development of a narrative to provide powerful new ways of communicating. A strong narrative provides a context for change and decision making, inspiring and informing in equal measure. It can be flexible so that it can be retold in a variety of different ways to different audiences – it is a story that people will be able to relate to on a personal level and want to be a part of. It can provide a compelling picture of where you're going as well as where you've come from. It pulls together all the activity and change that people are seeing and experiencing and makes it coherent, emphasising key themes along the way.

As Simon Jacobs, Employee Engagement consultant, says:

**The true value comes from the leader becoming the storyteller, demonstrating their own belief and conviction and using the story to bring about change.**

In our role in the 'Guru' group for Engage for Success, Woodreed's MD Jo Moffatt hosts a regular blogtalk radio show where she gets to interview some of the people leading the way in employee engagement. When interviewing Bec Richmond, COO and board member at Melcrum, Bec talked about how Volvo creates 'tool-kits' to train managers in the art of storytelling, moving away from classroom training and out into the field, pulling together cross functional teams, encouraging them to talk a common language across the business and think about the bigger picture.<sup>7</sup>

Storytelling is particularly valuable at times of change, helping to engage employees with the critical why, what and how of change. For example, Woodreed developed the narrative for an NHS trust to help guide its employees through a period of great change.

<sup>7</sup> <http://www.blogtalkradio.com/engage-for-success/2013/12/02/show-46-innovation-and-intervention-in-manager-communication-1>



*“Everybody’s talking about health these days. For better or for worse, it’s big news. Whether the subject is how to fund the NHS in difficult economic times, or how to ensure that scandals like Mid-Staffs never happen again; whether it’s people voicing their concerns about overstretched A&E departments or bemoaning the culture of the organisation as a whole – everybody has something to say. Health, and the way it’s managed and delivered in this country, is constantly in the headlines. And if there’s one consistent theme that runs throughout these debates, it is that everything’s changing.”*

North Essex Partnership University NHS Foundation Trust

A story should provide context and a little history too



*“It all started in the upper reaches of Glenlivet. Its remoteness allowed smugglers to run their stills slowly to produce a legendary smooth whisky. It was demanded by King George IV, who had heard of an illicit dram so smooth he had to taste it himself. It took a gritty, single-minded Speyside farmer called George Smith to have the courage to set up a distillery to capture its character. It was defended on more than one occasion...”*

The Glenlivet

Finally, a good story will make employees feel proud, it touches on emotions, it draws them in and makes them want to contribute and commit. And, like all the best stories, your people will remember it and be able to re-tell it over and over again.



*“We started Innocent in 1999 after selling our smoothies at a music festival. We put up a big sign asking people if they thought we should give up our jobs to make smoothies, and put a bin saying ‘Yes’ and a bin saying ‘No’ in front of the stall. Then we got people to vote with their empties. At the end of the weekend, the ‘Yes’ bin was full, so we resigned from our jobs the next day and got cracking.”*

Innocent

Culture change should always come from the top. The behaviour of the senior team is mirrored down the organisation. It's in our DNA to follow a leader, so the behaviour of the senior leaders is essential to drive the right sort of culture. Martin Nurser, EMEA vice president at Qumu (a provider of video platforms for organisations around the world) talks of client CEOs recording weekly films, pushed out to all employees who have the chance to film a response using their smartphones.<sup>8</sup>

Critical to the sustainability of a good culture is what's called the "shadow of the leader", a phenomenon where the culture is a reflection of the senior team. If there's no trust at the top or a lack of direction or infighting, all those behaviours cascade down the organisation adversely impacting performance and productivity. Amber Kelly, Employee Engagement Director at global service company, SERCO has seen clearly the difference between a good leader and a great leader. In a study of the organisation's most successful contracts and those with the highest levels of employee engagement she notes that "Great leaders did something extra – they gave their people meaning and purpose in the context of their job".<sup>9</sup>

## 2

### **Engaging managers who focus their people and give them scope, treat their people as individuals and coach and stretch their people**

It's not just senior management, line managers matter too. Employees quit their bosses, not their company. dunnhumby, the global customer science company and architects of the Tesco Clubcard, recognised this and asked Woodreed to create a programme designed to ensure managers were bringing out the best in their teams by being inspirational managers. The programme resulted in a 50% reduction in employee turnover.

Sameena Bashey HR Director at GE Capital - talks about GE's value 'Inclusiveness' and how their leadership programme set out to train their managers to be more inclusive and so drive engagement. "The more inclusive you are as a leader, the more engaged your people will be" says Sameena who notes that being an inclusive leader is not innate, it needs actively training and especially so for managers with scattered and remote teams.<sup>10</sup>

## 3

### **There is employee voice throughout the organisations, for reinforcing and challenging views, between functions and externally, employees are seen as central to the solution**

Strong cultures are where employees are listened to, their ideas taken on board, and they are encouraged to do a certain amount of autonomous working. US business academic and author Dan Pink has long recognised the importance of Autonomy as a key driver of positive performance in the workplace. We talk in more detail about this in our thought piece 'Ding dong the stick is dead'. You can read it here [www.woodreed.com/wp-content/uploads/2011/pdfs/Ding-dong.pdf](http://www.woodreed.com/wp-content/uploads/2011/pdfs/Ding-dong.pdf)

<sup>8</sup> <http://www.blogtalkradio.com/engage-for-success/2014/02/03/show-53-using-video-as-a-communication-tool-to-increase-employee-engagement>

<sup>9</sup> <http://www.blogtalkradio.com/engage-for-success/2013/07/01/show-25-interview-with-geoff-lloyd-group-hrd-at-serco>

<sup>10</sup> <http://www.blogtalkradio.com/engage-for-success/2013/04/29/show-18-interview-with-sameena-bashey-of-ge-healthcare>

Moat Housing, one of the UK's leading housing associations, has taken employee voice to its fullest potential as it enabled every one of its 350 employees to share in the creation of its 2014 strategic plan. Carli Harper-Penman, Director of Communications and Public Affairs tells the story:

**“We had a new CEO arrive in 2013 and with her a new strategy for the organisation. The new strategy needed to fully align with our values and it was important that everyone understood how this process fitted with the values and not see it as a disconnected initiative. We wanted to involve every single employee in the ideas generation for the 2014 strategic plan.**

**We ran fast paced, high energy sessions where all employees were idea generating and collaborating to great effect. The results were better than we could ever have expected with 95% positive feedback, 500 ideas generated, masses of anecdotal feedback and stories. There was a sense of excitement amongst employees with people looking forward to their ‘turn’. Every single employee took part and took it seriously.**

**Now all our employees feel a sense of ownership of and engagement with the strategy. It’s all of ours to deliver against.”<sup>11</sup>**

**4**

**There is organisational integrity – the values on the wall are reflected in day to day behaviours. There is no ‘say – do’ gap**

According to Eric Collins, MD at Nampak Plastics Europe, lack of organisational integrity is one of the biggest barriers to creating a culture of engagement and it's often the problem of leadership. Consistent behaviours led from the top of the organisation are everything Eric argues, “The values on the wall not matching their actions when they're out is a big problem. Authentic leadership working in a collaborative, engaging way is a must.”<sup>12</sup>

Woodreed's 'The Brand Inside' Survey again found that 33% of executive teams were felt to 'pick and choose' the values they liked rather than live them, with an alarming 14% dismissing the values altogether.

## **Brand – hero of the culture story**

At Woodreed we believe that the power of the brand is the catalyst which, when applied to the 4 enablers can ignite employee engagement and transform organisational performance, creating the strong adaptive healthy culture so critical to business success. It's the brand that provides the rallying cry to rouse the troops, brand that gives life to an organisation's story. It's brand that elevates communication inside from the informative and rational to the emotional and engaging.

Let your brand shape your culture inside your organisation, be one brand inside and out.

Then healthy cultures of engaged employees will prosper.

<sup>11</sup> <http://www.blogtalkradio.com/engage-for-success/2014/04/28/show-64-giving-employees-a-genuine-voice>

<sup>12</sup> <http://www.blogtalkradio.com/engage-for-success/2013/07/08/show-26-employee-engagement-in-smes>

## About Woodreed

Woodreed, founded in 1991 is a creative communications consultancy that puts brand at the heart of internal and external communications to engage employees and customers alike.

We help clients create cultures within their organisations that work to achieve their corporate and strategic objectives.

We believe that you should be one brand to customers and employees, inside and out. As such we use the strategies, creativity and media used by consumer marketers along with our proprietary model STRIPES to bring brands to life inside organisations.

Woodreed plans brands and helps shape company cultures using various research tools and methodologies and creates and runs employee and customer workshops and focus groups. Its in-house creative teams devise multi-channel employee engagement campaigns

If you'd like to find out more about Woodreed's proprietary approach to building brand-hearted internal cultures, please call Jo or Charlotte at Woodreed on 01732 424340, or email [jo@woodreed.com](mailto:jo@woodreed.com)



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