

Developing a Performance Culture

Morgan Law lunch,
October 2009

Anthony Stanton Ltd
Successful organisations, flourishing staff

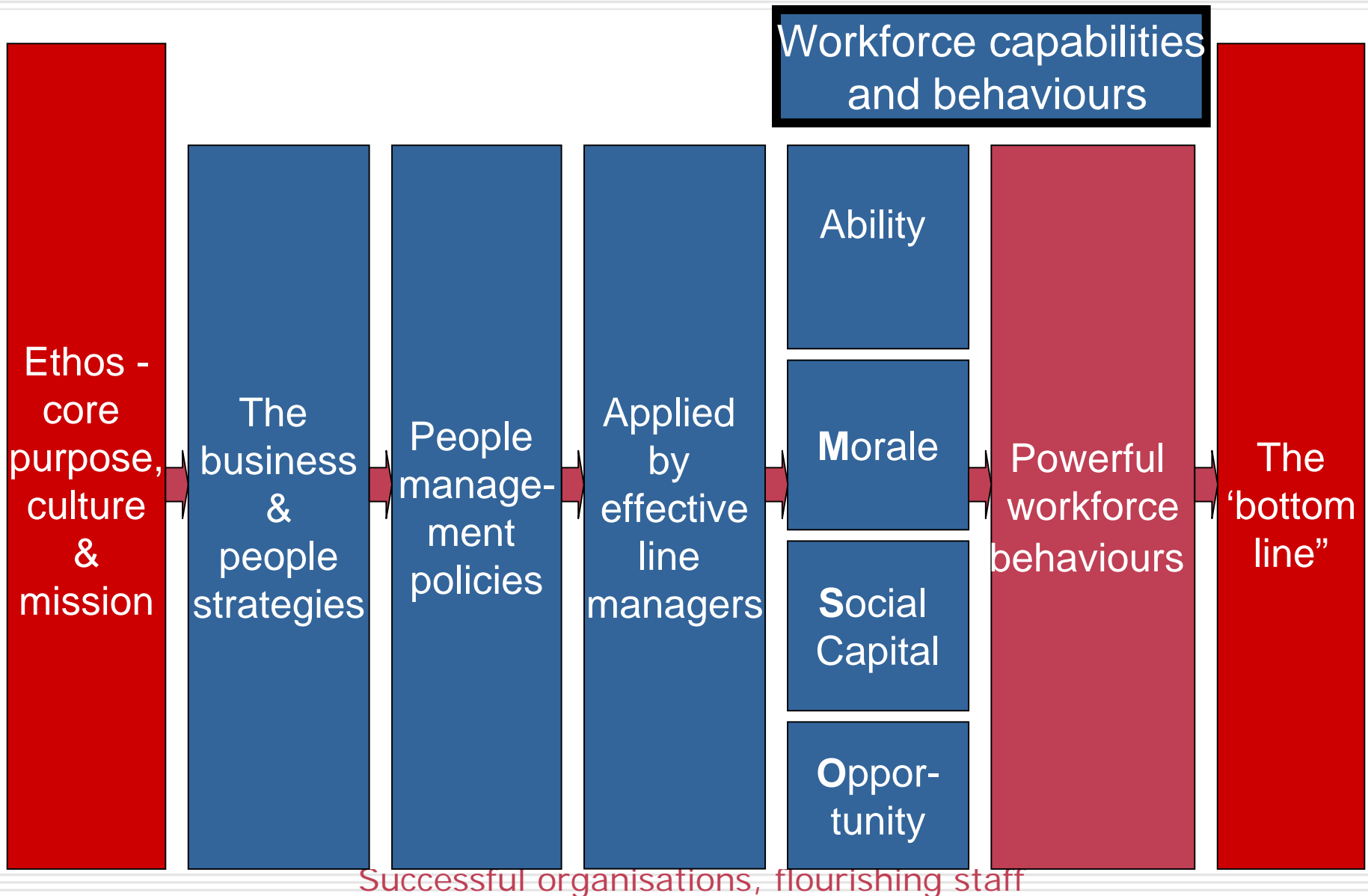
Anthony Stanton: speaker profile

- A background in HR and general management.
- Led HR in organisations employing from 600 to 11,000 staff.
- An HR strategist and coach, change agent, speaker and facilitator.

The impact of people management on organisational success

- UK manufacturing companies. Well managed workforces were 29% more productive, with 17% better profitability. (Patterson et al 1997)
- U.S companies. Good people management generates a 24% increase in market value. (Becker and Huselid 2006)
- UK hospitals. Good people management correlated with 7.6% reduction in in-patient mortality. (West et al 2006)

The people management value chain



The Policy Arrow

Core purpose and values, culture and strategy.

Leadership style.

Design of work and jobs.

Recruitment, selection, induction and probation.

Performance management.

Learning and development.

Recognition and reward.

Career and succession planning.

Employee communication.

Employee involvement in decision making.

Employee well being.

The vital role of line managers

- o *“90% of people management is delivered by line managers.”* Greg Aitken, Royal Bank of Scotland.
- o *“80% of staff turnover can be traced to unsatisfactory relationships with the boss.”* Gallup.
- o *“My line manager is the prism through which I see my organisation”* Vicky Wright, immediate past CIPD President.

Powerful Workforce Behaviours

- Low absence
- Low unwanted turnover
- High effort and enthusiasm
- Good quality work
- An appropriate level of innovation

= Good Labour Productivity.



The private sector: the 'for profit' bottom line

The right products or services



Satisfied and loyal consumers.



Strong consumer demand.

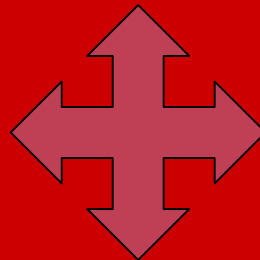


Profit target met.

'Not for Profit' Bottom Line

The right products or services
(in terms of innovation, quality, cost.)

**Satisfied and loyal
clients.**

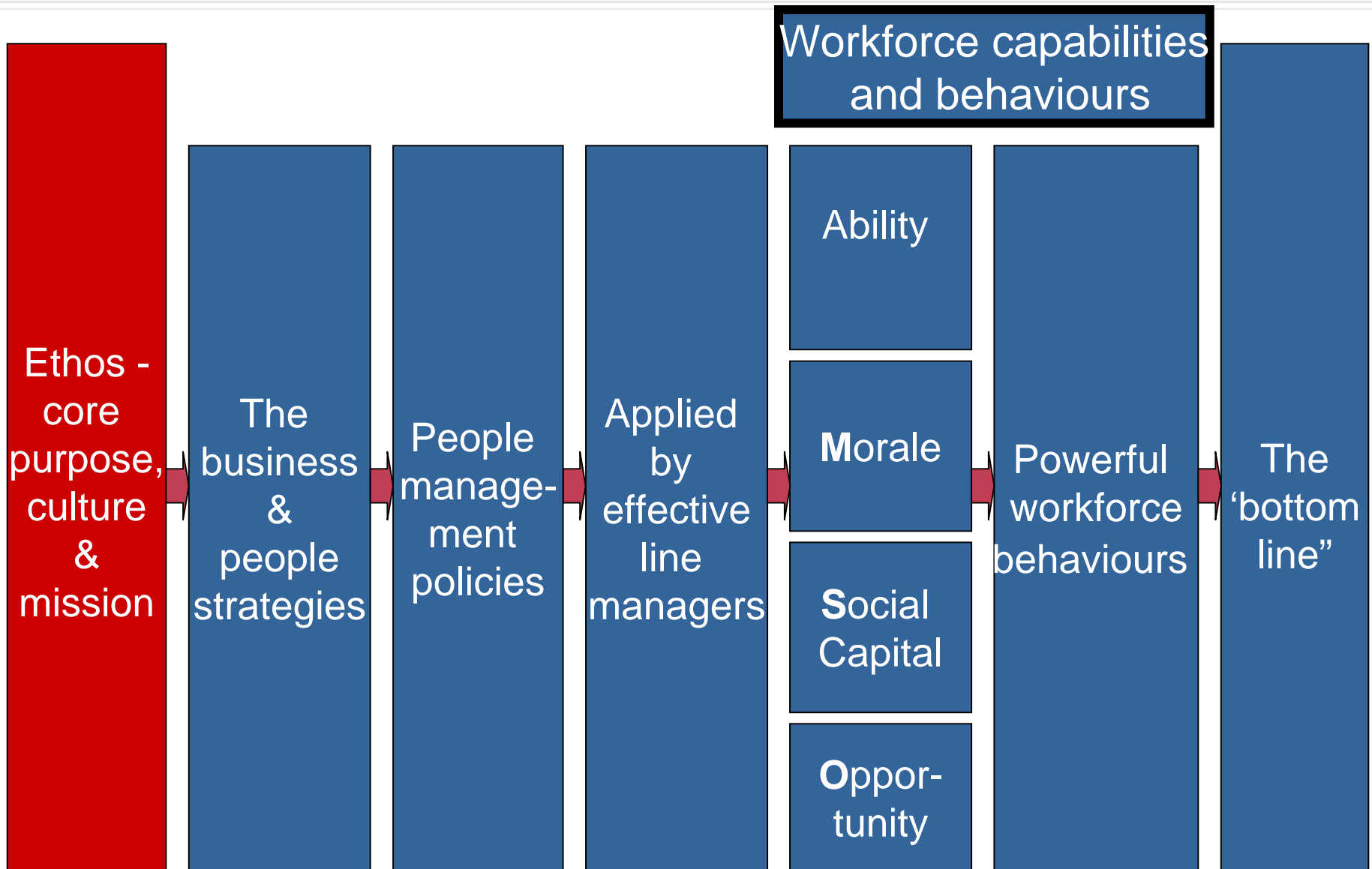


**Strong public
reputation.**

Financial targets met

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The people management value chain



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A definition of culture

Culture is an organisation's 'collective identity' – a belief system of assumptions, values and norms about what is important and how to behave.

Levels of organisational culture

Employee
behaviour

Artefacts: symbols, heroes, rituals.

Norms: shared standards for
ways of working

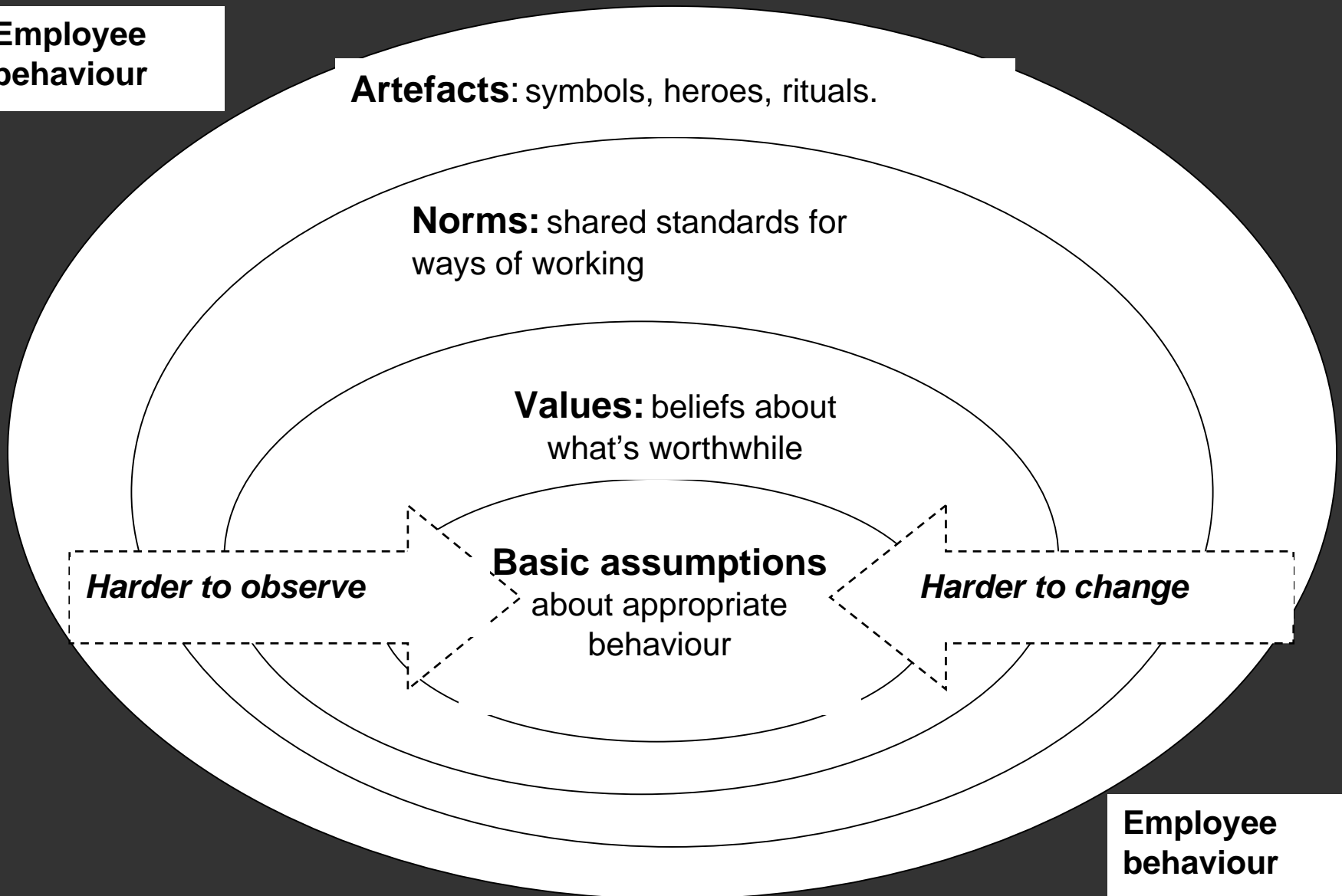
Values: beliefs about
what's worthwhile

Basic assumptions
about appropriate
behaviour

Harder to observe

Harder to change

Employee
behaviour



Example of Core Purpose and Values – Merck

(www.businessplans.org)

| Core purpose | Core values |
|---|--|
| <p>To preserve and improve human life</p> | <ul style="list-style-type: none">o Corporate social responsibility.o Unequivocal excellence in all aspects of the company.o Science based innovation.o Honesty and integrity.o Profit, but profit from work that benefits humanity. |

Cameron and Quinn's 1999 typology of organisational cultures

Values flexibility and change.



Flexibility versus stability



Values stability and control (keeping things the same).

Clan culture. People orientated organisations which feel like an extended family. High levels of trust, commitment to employees, teamwork, staff involvement in decision making, empowerment and partnership. The organisational 'glue' is shared values and beliefs. Example: Disney, Savoy luxury hotel.

Adhocracy culture. Innovative, creative, risk taking, dynamic and entrepreneurial, seeking to have the most unique or the latest products. Organisation charts are temporary or non-existent; roles change frequently. Examples: software development; film making; think tank consulting.

Hierarchy culture. A 'command and control' bureaucracy valuing tradition, consistency, co-operation and conformity. Designed for efficiency and cost containment, with few changes in customer preferences, competition & technology. Examples: McDonalds; the US Inland Revenue Service; HM Revenue and Customs in the UK.

Market culture. An aggressive emphasis on out-performing the competition in the market, and achieving demanding targets. This culture works well if the external environment is threatening, and the focus is on competitive advantage and profit. Example: General Electric under Jack Welch.

Attending primarily to what is going on inside the organisation.

Internal versus external focus

Attending primarily to what is going on outside the organisation.

Successful organisations are both internally and externally focused.

Sub cultures, using Savoy Hotel as an example

The base
culture: Clan

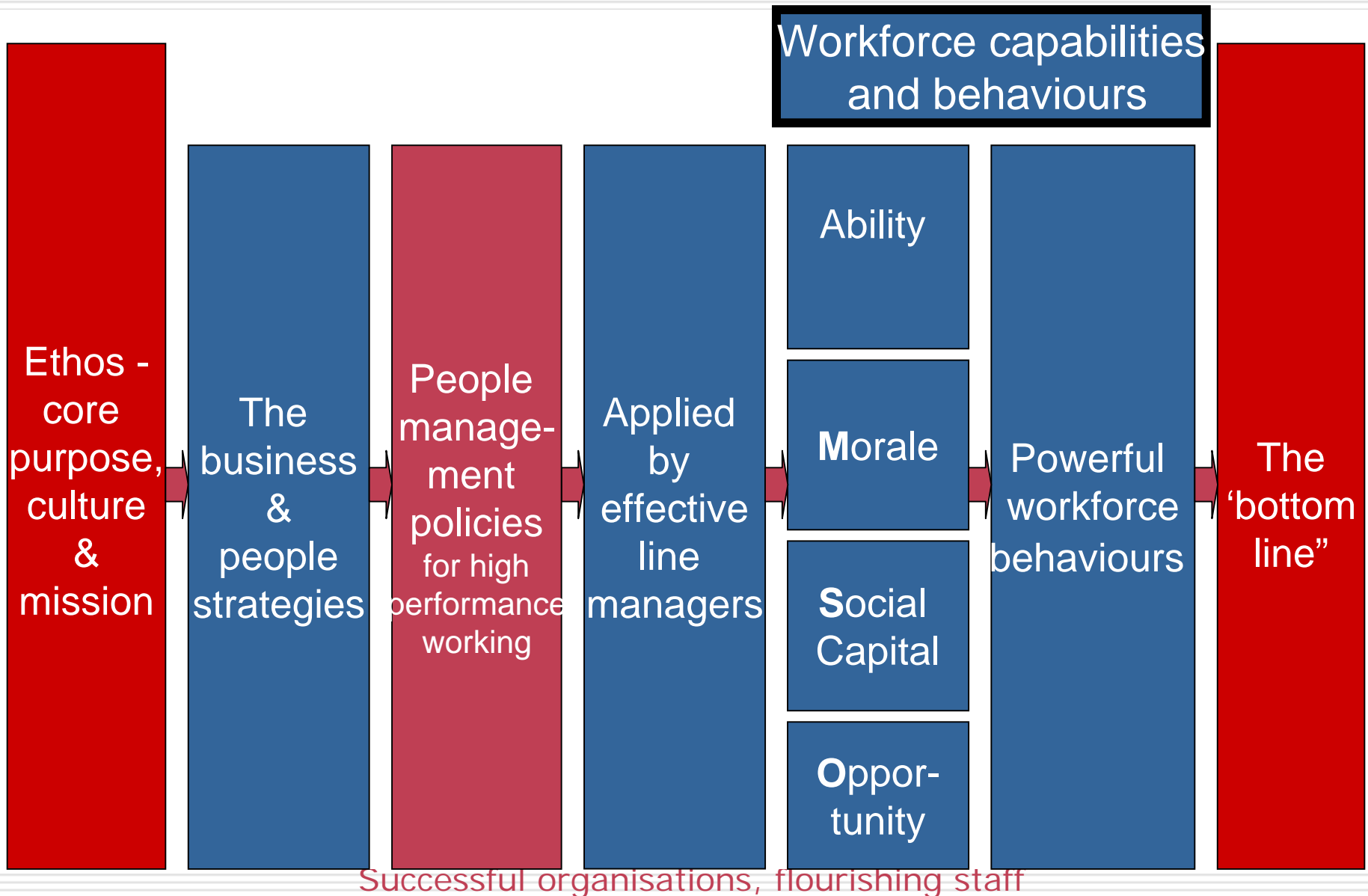
Front of house: Clan

Accounts: Hierarchy

Sales: Market

Laundry: Hierarchy

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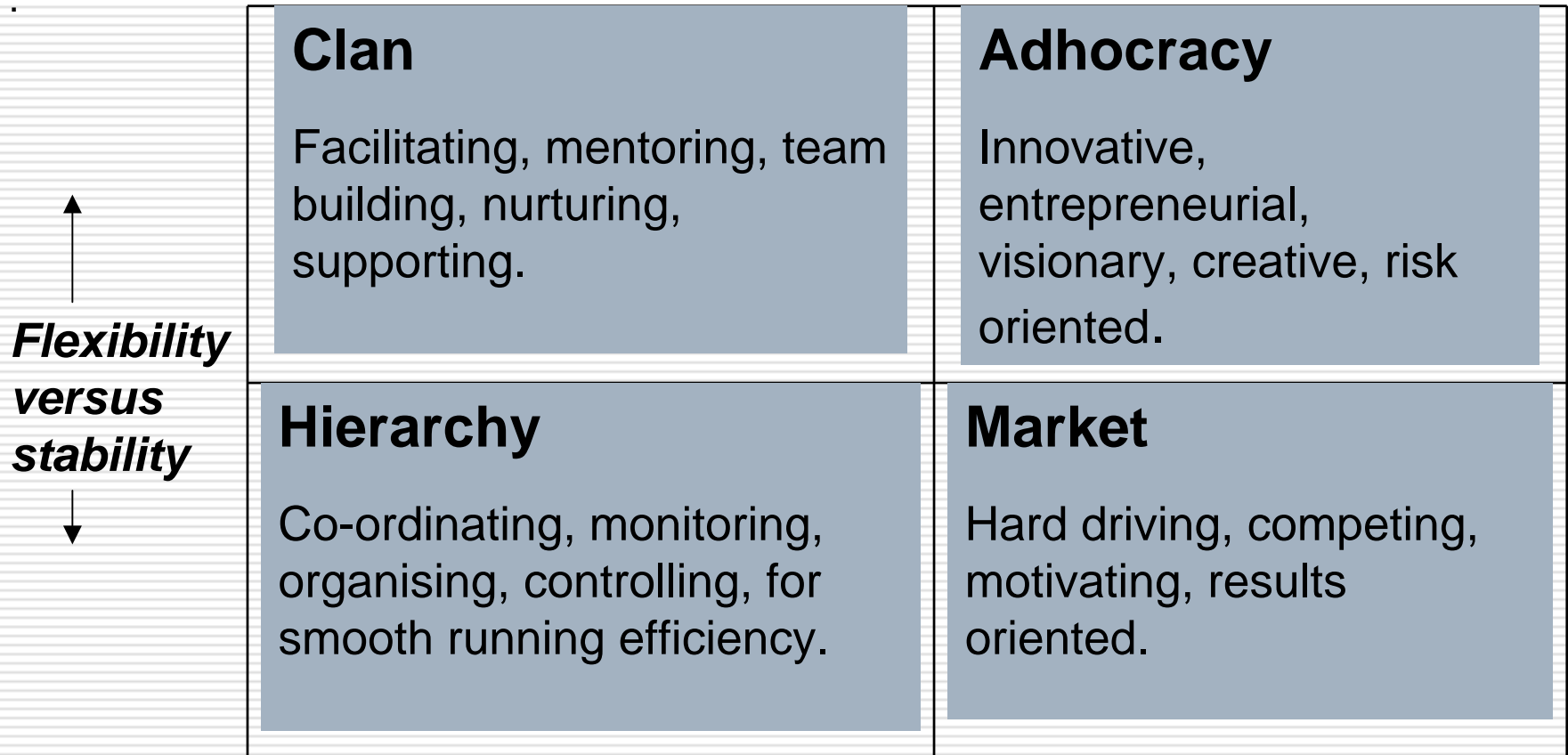
Career and succession planning.

Employee communication.

Employee involvement in decision
making.

Employee well being.

Leadership style to fit different organisational cultures (Cameron and Quinn 1999)



**Internal versus
external focus**
← →

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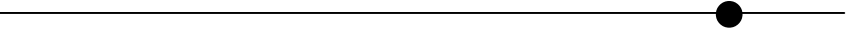
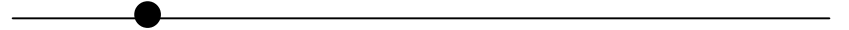
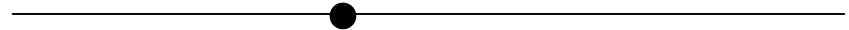
Performance management style to fit different organisational cultures

Emphasis on

Low

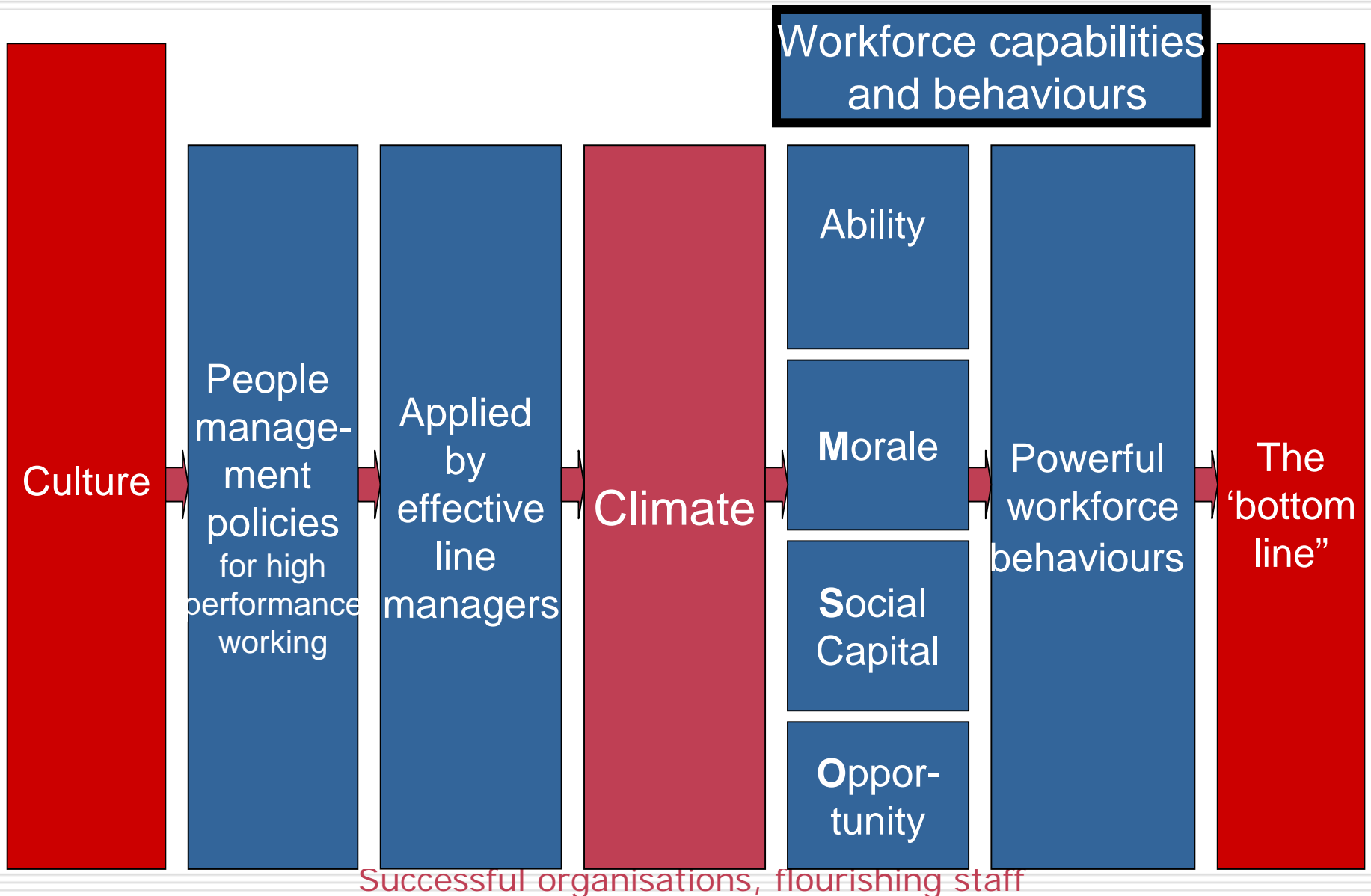
High

- Nurture** and grow employee's skills
- The way staff do things** – living the values
- Achievement of **results**



(Market – Merchant banking?)

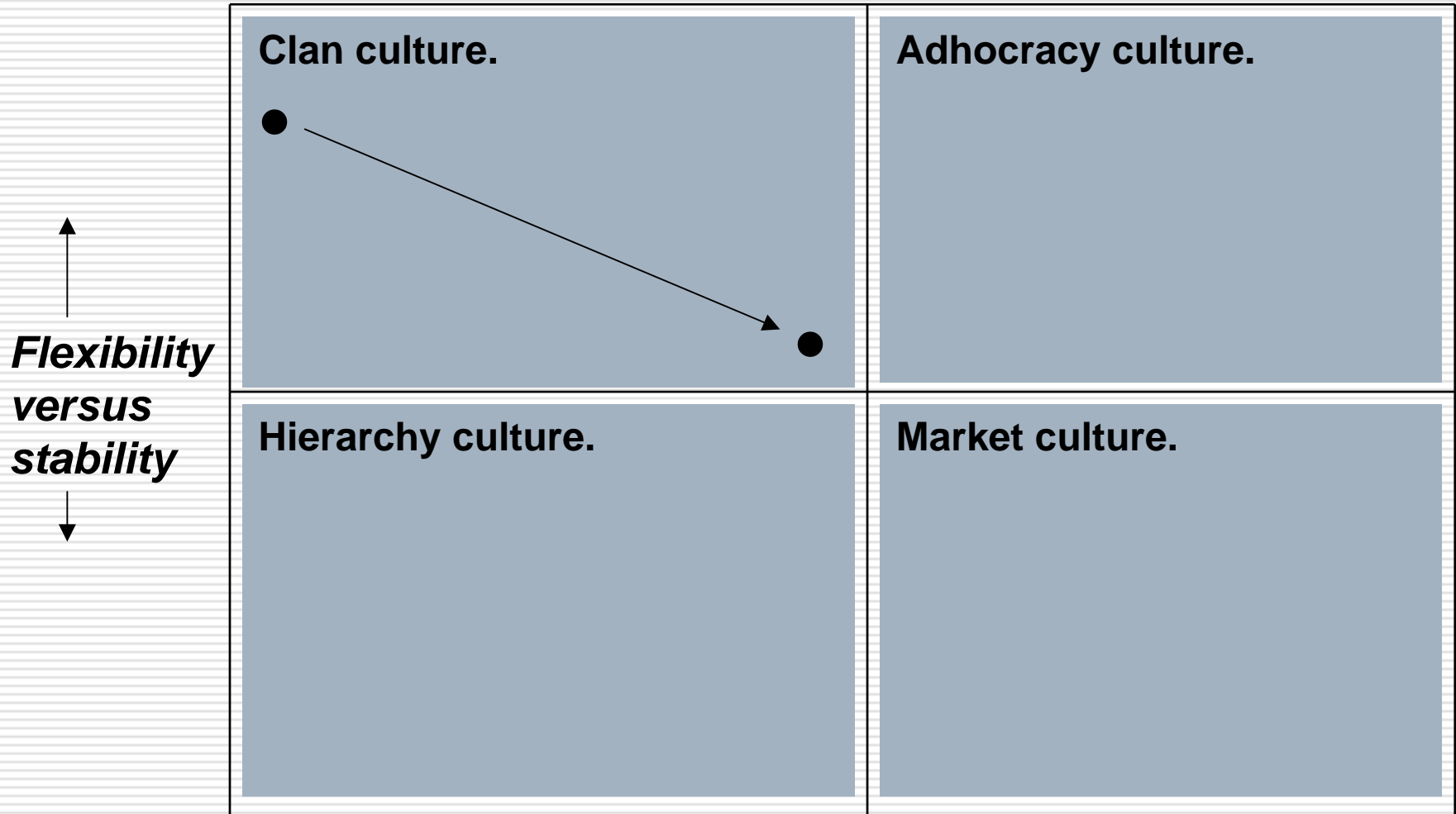
Climate



Drivers of change

- ❑ Tighter funding – recession.
- ❑ Changing nature of demand – refugees, drought, rising levels of mental illness ...
- ❑ Greater competition e.g. high street charity shops, pound shops.
- ❑ New technology.
- ❑ New strategy.

Transformational change – nudge the culture



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Successful organisations are hiring staff

Internal versus external focus

Levels of organisational culture – ease of change

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behaviour

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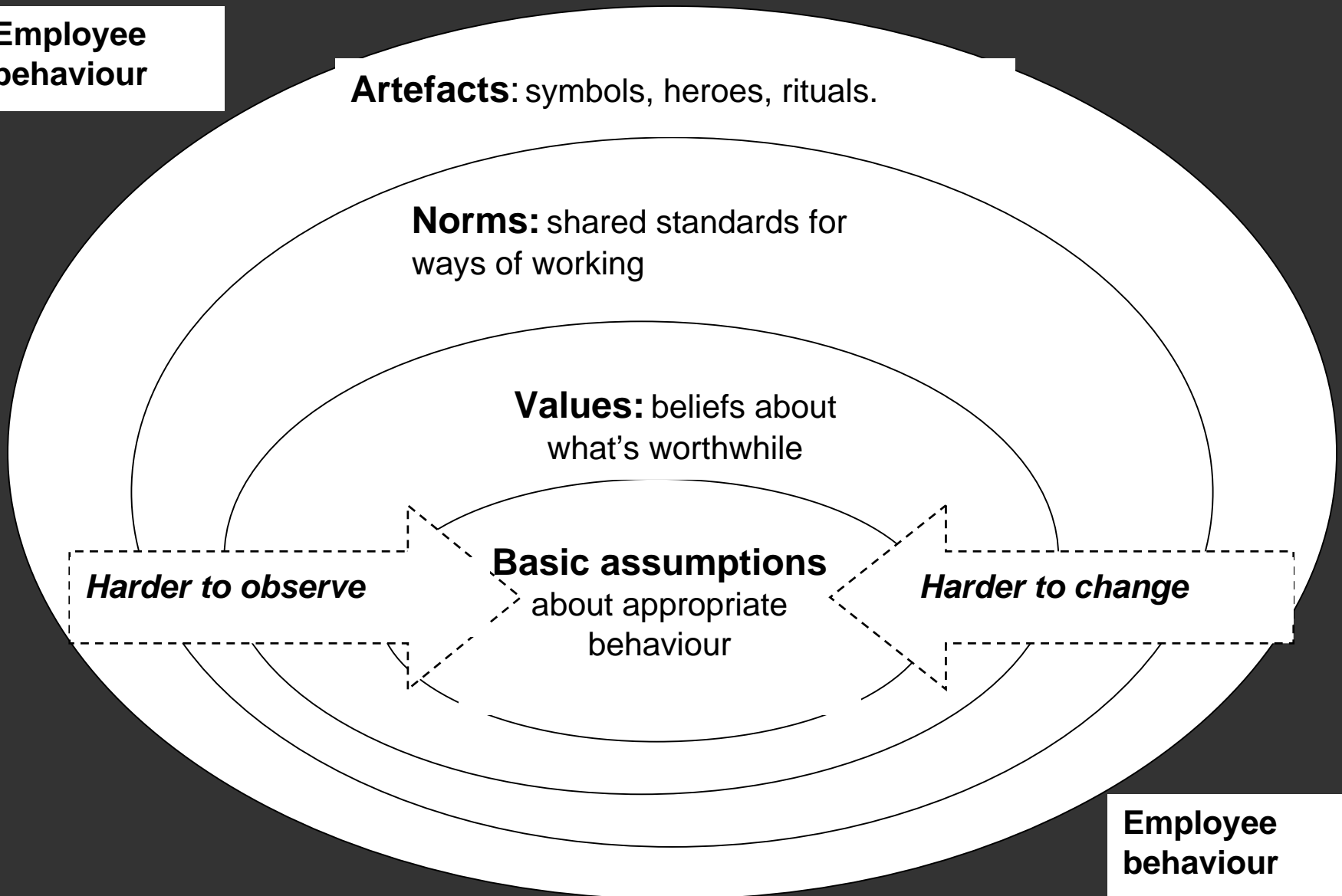
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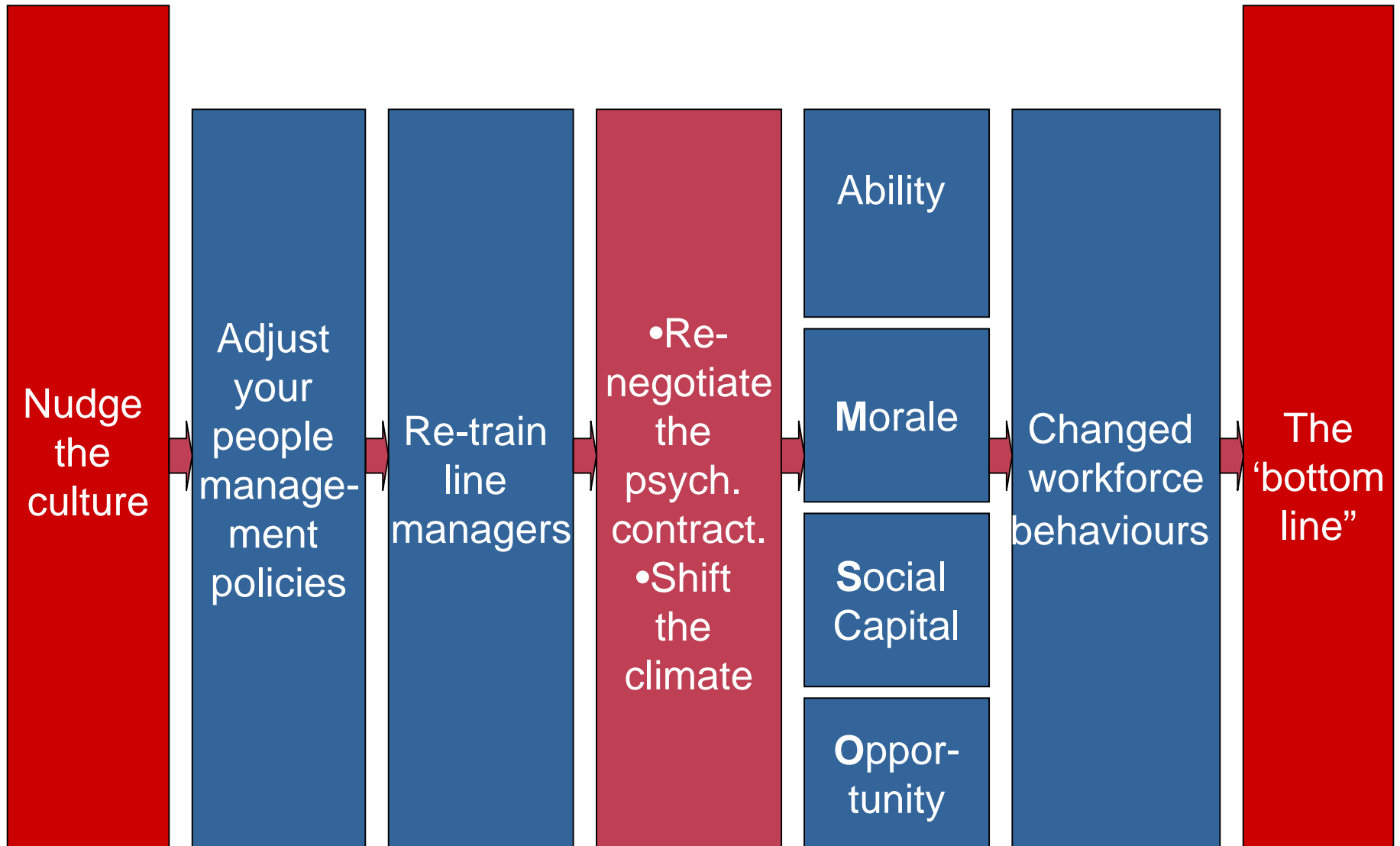
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Changing culture and climate



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Conditions for Success (Russell-Jones 1995)

- Shared vision – clear understanding of where the change is taking the organisation. (O.S.)
- Understand the organisation's culture.
- Cultural alignment – design the change process to fit the organisation's culture.
- Communicate intensively.
- Experienced help from change specialists.
- Strong project leadership, from the top.
- Stakeholder buy in e.g. managers, staff.

Conclusions

- ❑ There is no one 'right' culture for high performance – 'horses for courses'.
- ❑ Culture must be embodied in the organisation's people management policies, and enacted by line managers, to achieve a matching climate.
- ❑ You can 'nudge' culture.

Contact Sheet

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