



A REPORT BY IPSOS MORI AND CIRRUS

LEADERSHIP CONNECTIONS 2017

HR driving business transformation

cirrus^o



Ipsos MORI

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Businesses now have to be nimble to keep relevant, to keep ahead of the crashing waves of disruption.

You're in the middle of the current supercycle while you're preparing for the next one. That's exhilarating or exhausting, depending on which way you look at it. And at the very heart of it is the ability to lead.

**MIKE BARRY, DIRECTOR OF SUSTAINABLE BUSINESS (PLAN A),
MARKS & SPENCER**



FOREWORD



All organisations are in transformation because the world is in transformation.

SEAN MILLER, HEAD OF TALENT MANAGEMENT, ADECCO GROUP



Is your organisation currently going through transformation? The answer from the clear majority of HR leaders we spoke to was an emphatic 'yes'. And the few who said they weren't currently in a period of actual transformation did feel they were evolving or changing in some way. The pace of that change is relentless. We all know why: political upheaval, economic uncertainty, globalisation, the digital explosion. All of these factors have led to changing marketplaces and customer demands, a desire for greater efficiency, and the need to cut through complexity to become more agile.

As the world of work changes, the role of the HR professional continues to evolve. In this report, we explore the part that HR plays in organisational

transformation, and offer some recommendations for putting people at the heart of it.

We would like to thank all of the HR leaders involved in our Leadership Connections research. They came from a wide range of industries including banking and finance, consumer goods, charities, government, hospitality, retail, and telecoms. Their contribution is invaluable in creating a rich understanding of the challenges of transformation, and identifying the critical elements that can ensure sustainable success.

When you've read the report, why not join the discussion on Twitter using the *#LeadershipConnections* hashtag? We'd love to hear your views.



HR can't be a quiet function. It has to win respect to succeed.

NIKKI SCARF, LEARNING DELIVERY MANAGER, THREE



Sean Mills, Executive Director,
Ipsos LEAD

[@_HRConsultant](#)



Dr Simon Hayward,
CEO, Cirrus

[@simonjhayward](#)

INTRODUCTION

In 2015, Ipsos MORI and Cirrus launched the first in what has become an annual research report exploring HR's role in helping C-suite leaders achieve a long-term, sustainable future for their businesses. The 2015 report *Leadership Connections: How HR deals with C-suite* found that leaders' greatest priorities were 'making sure their companies were agile' and 'having a shared sense of direction'. The research showed that many leaders felt HR could do more to support them in these aims.

The 2016 report *Leadership Connections: HR and the C-suite driving innovation* found that whilst C-suite leaders have high expectations of HR, HR professionals are yet to be recognised as transformation agents.

Whereas the previous years' reports focused on the C-suite and their view, this report builds on these by exploring what HR's role in transformation should be and where it should focus its efforts.

Following an initial roundtable discussion with a focus group of HR leaders, we interviewed more than 30 senior professionals over a one-month period to gather their views on some of the challenges facing the profession.

To balance the report, we also assessed the perception of some of the issues raised from the employees' point of view, using data from Ipsos MORI's Representative Employee Data (RED). This database contains statistically representative responses to over 200 questions on the employee experience, garnered from over 65,000 employees in 36 countries across the world, including the UK.

HR should be able to impact and influence decisions at the table and link them to business goals. That business goal alignment is the key thing that senior board leaders want from their HR counterparts.

NALEEN GURURANI, GLOBAL HR DIRECTOR, LEBARA

METHODOLOGY



Ipsos interviewed a representative quota sample of 4,995 employees across Great Britain aged 18 and over. Interviews were conducted online between 1st November and 30th November 2016. Survey data were weighted based on the latest Eurostat Labour force data.



“

Within HR we're actually on a transformation journey ourselves. We're changing the HR business partner role to make it much more strategic, more influential, and to really demonstrate the value we deliver. Business leaders are starting to understand the impact that we can have.

JAMIE DAVIES, HR BUSINESS PARTNER,
THOMSON REUTERS

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“

We need a transformational mindset in HR. Nothing is going to stand still anymore and change is constant. HR needs to be proactive with the C-suite and say, 'Here's what we could do better, faster, more efficiently, more cost effectively', rather than waiting for the business to come to us.

KATHRYN ROUSIN, GLOBAL HEAD OF LEARNING AND
DEVELOPMENT, FRESHFIELDS

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FINDING #1

'TRANSFORMATION' IS OFTEN MORE LIKE EVOLUTION

"However we define 'transformation', every organisation we spoke to is dealing with continuous change."

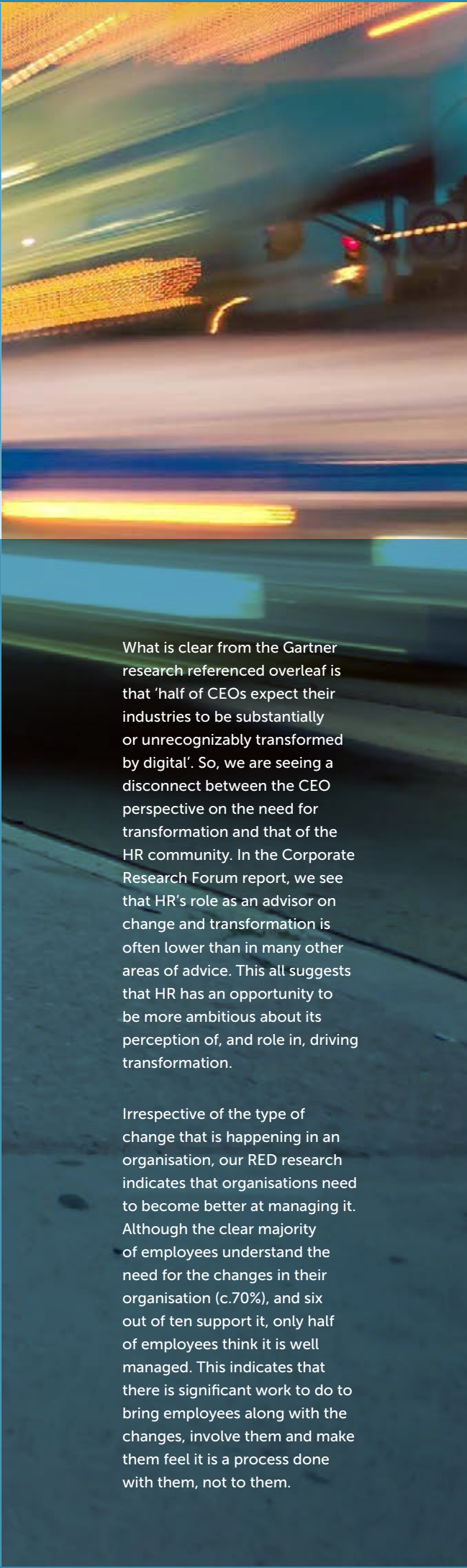
The vast majority of the HR leaders we interviewed said that their organisations are going through a transformation. Not all employees agree, however — in fact, 10% of UK employees claim to have seen no significant change in their organisations at all.

The definition of 'transformation' is a radical change in shape or appearance, moving from one state to another; the best known example in nature being the metamorphosis a caterpillar undergoes to become a butterfly. This process often means breaking down existing structures and creating new ones, and the very term conjures images of massive upheaval, especially in the eyes of employees.

Whilst there were undoubtedly examples of 'game-changing' initiatives among respondents, many were more nuanced in describing the changes they are undergoing as 'a constant evolution' or changing over time, which more aptly describes the changes in structure/CEO/ customer demands/values that respondents talked about.

What was clear is that every organisation we spoke to is undergoing significant change related to one of the following areas:





What is clear from the Gartner research referenced overleaf is that 'half of CEOs expect their industries to be substantially or unrecognizably transformed by digital'. So, we are seeing a disconnect between the CEO perspective on the need for transformation and that of the HR community. In the Corporate Research Forum report, we see that HR's role as an advisor on change and transformation is often lower than in many other areas of advice. This all suggests that HR has an opportunity to be more ambitious about its perception of, and role in, driving transformation.

Irrespective of the type of change that is happening in an organisation, our RED research indicates that organisations need to become better at managing it. Although the clear majority of employees understand the need for the changes in their organisation (c.70%), and six out of ten support it, only half of employees think it is well managed. This indicates that there is significant work to do to bring employees along with the changes, involve them and make them feel it is a process done with them, not to them.



Businesses are also ready to adapt in order to survive, and thrive, with 96% of business leaders feeling confident that their company can adapt to the consequences of the Brexit outcome.

BEN PAGE, CEO, IPSOS MORI



The Ipsos MORI Captains of Industry 2016/17 research indicates that political upheaval, particularly the Brexit decision, is one of the biggest issues perceived by CEOs, and this was true for many of our respondents.

"Our annual survey of FTSE 500 business leaders provides a unique insight into what the business world is thinking ahead of Brexit. Unfortunately, it looks like business in this country is already feeling the pain of the economic upheaval of leaving the EU, with 58% of Captains of Industry stating that their business has suffered negatively since the referendum. According to respondents, there is no sign that this is likely to ease this year, with two thirds saying they thought their business situation would get worse in the next 12 months.

However, it is not all doom and gloom. 32% of respondents said they think their business will start to feel the positive effects of leaving the EU in five years' time and the number of Captains that think it will remain a negative impact reduces to 45% when looking at a long range forecast. Businesses are also ready to adapt in order to survive, and thrive, with 96% of business leaders feeling confident that their company can adapt to the consequences of the Brexit outcome."

Ben Page, CEO, Ipsos MORI

Digital and other transformation drivers

The strength of digital technologies — social, mobile, analytics and cloud — doesn't lie in the technologies individually. Instead, it stems from how companies integrate them to transform their businesses and how they work.

What separates digital leaders from the rest is a clear digital strategy combined with a culture and leadership poised to drive the transformation (Digital Business Global Executive Study, MIT Sloan Management Review and Deloitte 2015).



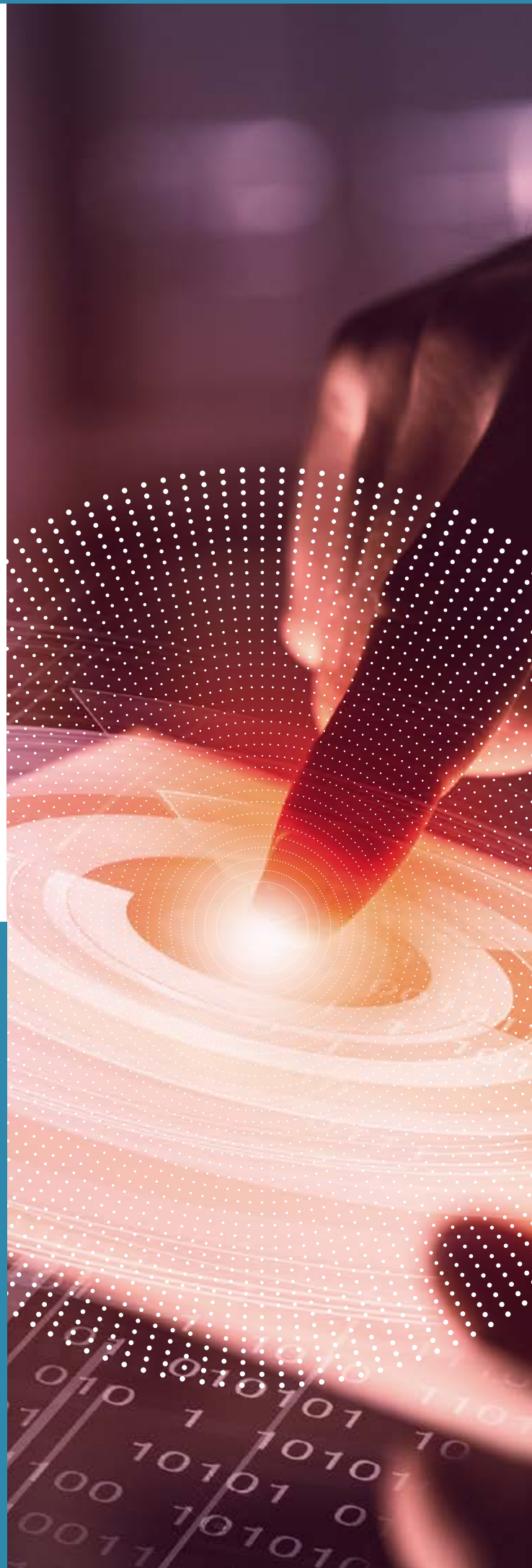
Half of CEOs expect their industries to be substantially or unrecognizably transformed by digital.

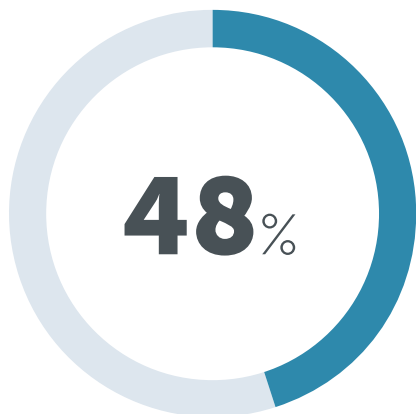
GARTNER 2016 CEO AND SENIOR BUSINESS EXECUTIVE SURVEY



What separates digital leaders from the rest is a clear digital strategy combined with a culture and leadership poised to drive the transformation.

DIGITAL BUSINESS GLOBAL EXECUTIVE STUDY, MIT SLOAN MANAGEMENT REVIEW AND DELOITTE 2015





48% of business leaders don't know what their industry will look like in three years' time.

DIGITAL TRANSFORMATION INDEX, DELL 2016



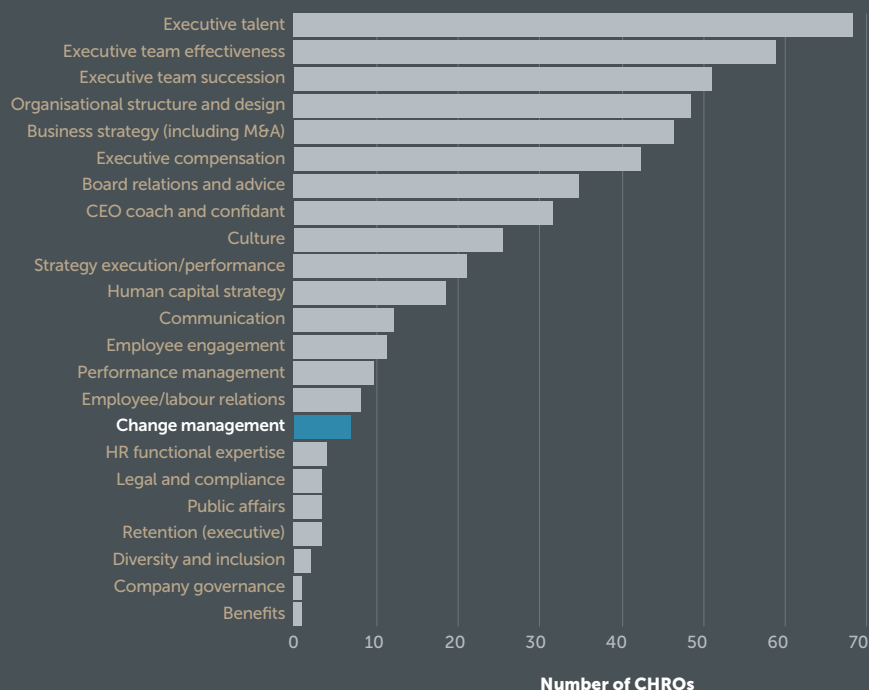
Top business leaders have a very high level of confidence about outperforming competitors. However, some doubts are emerging as executives—particularly those just outside the C-suite—struggle with how to transform their businesses and disrupt their industries in an unstable and increasingly competitive marketplace.

DELOITTE BUSINESS CONFIDENCE REPORT 2016



In our 2016 report, we highlighted that research cited by the Corporate Research Forum in their publication *High Impact HR – How do we create a more business-relevant function?* indicates that issues around managing change still fall a long way down the CEO's agenda when talking to the CHRO.

Figure 1: Areas the CHRO gives the CEO advice



Source: Center for Executive Succession, 2016.



When it comes to genuine transformation, you've got to go back to the drawing board and the essence of what you stand for. You need to revisit what's at the core of the organisation – reviewing, and where necessary, rewriting your mission, your vision, your guiding principles. That gives you a strong basis to start the communication process and engage the colleagues with your future direction and priorities – ensuring that, as a company, you remain up to date and relevant – both internally and externally.

JACQUELINE MOYSE, HEAD OF ORGANISATIONAL DEVELOPMENT, MANDARIN ORIENTAL HOTEL GROUP



FINDING #2

PEOPLE WOULD RATHER WORK FOR A CAUSE THAN A COMPANY

“Constantly communicate your raison d'être.”

Getting people on board with the proposed changes has been a key tenet of change management, even before John Kotter published his eight-step model. This was something we highlighted in our 2015 report, and it remains the case with the majority of interviewees citing the importance of ensuring a shared sense of direction, shared values and collaboration across the organisation.

Whilst having a clear mission or vision may be assumed, the benefit of constantly restating it cannot be underestimated. It comes back to having one clear purpose that employees can then choose to invest in, or not. This was described by one interviewee as “the DNA, the beating heart of your business”. They advocated communicating it regularly: “this is our purpose, this is how we seek to satisfy customers. This is what we do. This is what we don't do”. Identifying and articulating your purpose remains essential in getting employees coalesced behind it to see the change through.

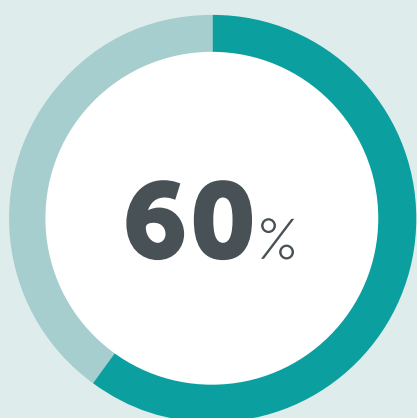
Our research shows that, statistically, having a believable and compelling vision is a vital component (sometimes called a meta-driver) of an employee's engagement with an organisation, even more so than having a great line manager. Data from RED shows that in the UK, 60% of employees believe that they receive a clear vision from their leaders about the future direction of the organisation, with roughly the same amount stating that they endorse that vision.

The challenge, however, is in making that purpose more than a business statement and more of a cause, a purpose with higher meaning, a sense of making a real difference in the lives of customers and colleagues. This is a cause people can believe in, commit to, and derive a powerful sense of belonging from. It engages them emotionally as well as rationally.



Everybody, regardless of where you sit in the organisation, has visibility of what's important to the business. That creates a sense of purpose and real alignment with what we're trying to achieve.

**DAN GODFREY, DIRECTOR OF METRO BANK UNIVERSITY,
METRO BANK**



60% of employees believe that they receive a clear vision from their leaders about the future direction of the organisation.

Source: Ipsos MORI's Representative Employee Data (RED).



We've defined new leadership behaviours in line with our transformation goals. From newly-appointed directors to those who have been with us for a number of years, we're identifying and developing leadership skills in line with our shared purpose.

DAWN WILDE, HR DIRECTOR, MACMILLAN





Our biggest ambition is around really engaging with our people and taking them with us on our change journey, ensuring that they are invested in our joint future. You can tell people what you want to do, but unless they're on board and a part of it, then you'll never be quite as successful as you could be.

RACHEL BLACKETT, HEAD OF CULTURE CHANGE
AND ENGAGEMENT, ROYAL MAIL



FINDING #3

IN A MORE COMPLEX BUSINESS ENVIRONMENT, EMPOWERMENT IS KEY

“Creating a permissive culture will be increasingly important.”

Change has never happened this fast before, and it will never be this slow again. One thing all of our contributors agreed was that the world was becoming both quicker and more complex. Hyperactivity and frantic acceleration are the norm. This increased speed may in part explain an increase in customers' expectations, but equally the increase in customer expectations may in part explain the need for increased speed.

These things combined means that it is more important than ever that employees feel empowered to act. As one interviewee put it, “We no longer have time for a request to make its way up the organisation and then a decision to make its way down again.”



At Metro Bank, empowerment means being able to do the right thing for the customer. We say to our colleagues that there should be no stupid rules that get in the way of focusing on the right outcome.

DANIELLE HARMER, CHIEF PEOPLE OFFICER, METRO BANK





We engage people across the business with transformation by involving them in decision making. We run workshops on specific topics as part of the journey that we're on, and also encourage people to run their own workshops and share their output.

So it's very much about leaders setting the direction and the vision, and then handing the ownership to others so that they feel empowered and involved.

CALUM WALKER, R&D DIRECTOR SCIENCE
& TECHNOLOGY PARTNERS GROUP, RB





During periods of transformation, senior leaders need to devolve decision-making, to let go, and have confidence and trust in others to deliver.

ERIN MARTINDALE, INTERIM HEAD OF ORGANISATIONAL DEVELOPMENT, ANTHONY NOLAN



Empowerment is fundamental to Mitie. We always look for innovation, fresh new ideas and different ways of doing things. Our values are to excel, challenge and inspire, and these things are possible at every level of the business. It's part of normal working life to think of new and better ways of serving clients, working better as a team, and being profitable.

ROBYN FISHER,
HR & REWARD BUSINESS PARTNER, MITIE



The traditional command-and-control structure simply no longer works. When we looked at this issue in more depth, it became apparent that what we are actually looking at is devolved decision-making in an organisation (also cited in our 2015 report). There are several components to making this work:



ENSURE THAT EMPLOYEES ARE INVESTED IN THE ORGANISATION

This comes back to Finding #2, without a shared sense of destiny, individuals will never accept empowerment.



BE CLEAR ABOUT THE DECISION PARAMETERS

Employees need to know what they can do and what they can't (labelled "controlled empowerment" and "accountability" by two of our interviewees), these can be increased over time.



IDENTIFY WHAT SUPPORT EMPLOYEES REQUIRE

This could be skills, coaching, technology or knowledge.



ACCEPT MISTAKES AS PART OF THE PROCESS

Employees will learn by failing as much as succeeding, so ensure this does not dissuade employees from taking up the decision-making challenge.



REINFORCE THE RIGHT BEHAVIOUR

Recognise those who have grabbed their empowerment, even, (especially) if there have been mistakes along the way.

From an employee's perspective, the picture on empowerment appears mixed, with just over three-quarters claiming to be actively encouraged to use their own initiative at work, but only 53% saying they felt that they can make mistakes. This seems to highlight the gap between leaders' words and actions: "I empower you, but only if you do what I think is the 'right' thing". The drive towards more devolved decision-making is a key factor in Connected Leadership, and in our research and experience, must start with leaders taking the initiative.



FINDING #4

COLLABORATION AND AGILITY ARE CRUCIAL

“Cross-boundary working and the ability to swiftly change as the situation arises are vital leadership skills.”

Perhaps unsurprisingly, the focus on the leadership skills during times of great change appear to have shifted from more traditional behaviours of decisiveness and persistence, to those requiring collaboration and agility. There is nothing particularly new here per se, indeed this is very much in line with previous research (please see Cirrus’ Connected Leadership model which is included in the ‘Recommendations’ section at the end of this report).

What is perhaps new here is that the focus on collaboration now incorporates two concepts:

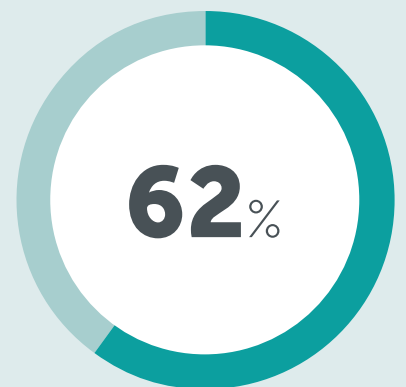
1. The need for technology to support this behaviour: many of the respondents referenced the role that digitalisation has played in making collaboration easier, and the effect that not having the basics in place (wifi!) has on stopping this behaviour

2. The definition of collaboration: is having an enterprise view of the organisation, ensuring that people are doing things that are good for the whole organisation, even at the short-term expense of their own area. This requires having a broad view and understanding of all functions and operations of the organisation and how broader social, economic, technological, and political trends impact that (or as one interviewee put it, “a magpie-like interest in all issues”).



We are highly collaborative and have a democratic structure. It's part of our DNA, and that's reinforced by our co-ownership model. We emphasise that difference to our leaders.

MAGGIE DAVIES, PERSONNEL BUSINESS PARTNER, WAITROSE



62% of employees report that their manager is open to change in their organisation.



When you put cross-functional teams together with a very defined purpose and goal, they can work really effectively together.

CATRIONA HUGHES, PEOPLE BUSINESS PARTNER, THREE

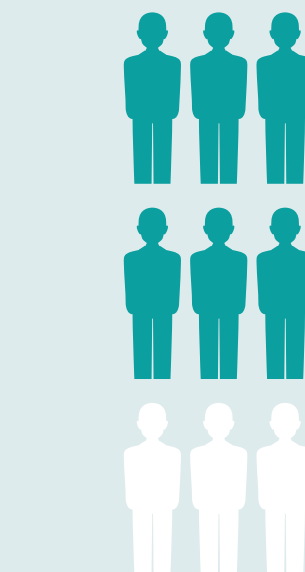


In the UK, it appears leaders are doing a reasonable job of collaboration, with just over two-thirds of employees saying their leader encourages collaboration. This is a helpful factor in improving the rate of transformation.

When it comes to the need for agility, caused by the ever more complex landscape that organisations are operating in, respondents stated that leaders are almost overwhelmed with information and that situations change very quickly. In this context, agility means the ability to absorb a lot of information (sometimes contradictory), identify the implications and take the necessary action. On the one hand, it does mean gathering enough quality information to make evidence-based decisions, but on the other hand, recognising that one will rarely have all the information desired to decide.

To perform with agility, leaders need to have excellent information gathering systems both formally, often through technology, and informally, through their personal relationships and networks.

There is a difference between agility at the local and organisational levels. 62% of employees reported that their manager was open to change in their organisation, but this was not their experience with the wider organisation where less than a third believed it is relatively or very agile. This is an area where senior HR people can collaborate with other senior colleagues to create a deeper ability to change at the enterprise level.



Two-thirds of employees say their leader encourages collaboration.

RECOMMENDATIONS

When addressing many of the issues highlighted in this report, such as developing a clear sense of purpose, increasing agility, collaboration and empowerment, organisations benefit from adopting a more 'connected' approach to leadership.

Connected Leadership is a model of leadership developed by Cirrus. Based on extensive research, it marks a pronounced shift from the old style of hierarchical command-and-control to a new way of leading through influence. It encourages collaboration, based on a shared sense of purpose and direction. This helps to build more agile and adaptable organisations, capable of successful transformation.

To create successful and sustainable transformation, HR professionals can partner with the C-suite on the following key areas:

Build organisational agility and create a culture of speed and simplicity to cut through increasing levels of complexity.

Organisations with a culture of always learning, innovating and adapting to changing circumstances, are more likely to succeed as they can move quickly and easily. Developing agility remains a key goal for many C-suite leaders. HR can help by ensuring the organisation's purpose is clear, resonant, and widely understood. It is also helpful to prioritise ruthlessly and focus on one or two key goals, rather than trying to juggle multiple initiatives at once.

"We ran a programme where we pulled leaders from all different parts of the organisation together to work on business issues, to encourage a more agile way of working. We definitely saw success in terms of increased collaboration, cross-functional working and networking around key stakeholders as a result. The programme changed mindsets and built people's commercial understanding."

Siân Evans, Head of Talent, Resourcing and Development, Sainsbury's Argos

"Throughout the transformation process, it's important that your ambition remains the same. We articulate our vision and repeat and reinforce it. Our leaders appreciate that. It also enables us to show where we have progressed."

Julie Langford, Leadership Engagement Manager, RBS

THE FIVE FACTORS OF CONNECTED LEADERSHIP





Focus on middle managers to develop their confidence, capability, resilience and optimism to thrive through transformation and take others with them.

Most transformation initiatives fail. However, there is a body of evidence to suggest that middle managers remain critical to success. Offer easy access, high impact blended learning programmes that build capability in a sustainable way, and avoid what can be a layer of permafrost that inhibits change. Often senior leaders blame this level for transformation failure, even when they haven't been equipped to deal with it. Aim to create a positive and optimistic culture to support this.

"Often, senior leaders are good communicators, but your first line middle management team may not have that expertise. You need to develop communication skills so they can engage their teams with transformation."

Sheena Webster, HR Director,
The Car Finance Company

And finally, put people at the heart of transformation, ahead of process and systems.

It is still the case that many transformation initiatives are more focused on process and systems than on actually engaging employees with change. It's important to place your customer at the heart of your organisation, and to empower the people closest to your customers to meet their needs. By devolving decision-making to this level of the business, you can increase your customer centricity, competitiveness and drive performance.

Today's demanding customers are not prepared to wait for decisions to trickle down through a hierarchy, and today's demanding employees want work to have meaning.



There's a HR aspect to transformation, which is usually about people and the development of people. HR works with the C-suite and has a place at strategy meetings, and that's their opportunity to challenge us, and for us to be clear about what we're delivering and how it's working.

ROBERT GRANT, STRATEGIC HR,
THE CROWN ESTATE



HOW IPSOS LEAD AND CIRRUS CAN HELP

Cirrus and Ipsos LEAD work in partnership with major organisations to help achieve ambitious transformation goals. Ipsos LEAD provides leadership research and insight to help you understand the priorities for development and action. Cirrus provides leadership assessment and development to help you deliver those priorities effectively. Here is a summary of our complimentary services.

Ipsos Lead
engaging talent in digital times

- Research, benchmarking and advisory support
- Evaluation and tracking of organisational change

cirrus

- Leader and talent assessment
- Leadership development and engagement programmes

Together we have global reach to meet your organisation's needs.

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