

The Path to Better Organisational Culture



A summary of our recent Gallagher Better Works Breakfast Seminar.

Those businesses able to face their future with confidence are the ones focused on achieving better organisational culture. In our breakfast seminar, on 11th June 2019, we heard from Gallagher's experts in Reward, HR and Internal Communications on how to get there.

We take a look at everything from creating a culture that optimises organisational wellbeing and ensures alignment between cultural and employee benefits strategy, to the benefits of bringing together technology, content and line manager communications to facilitate high performing organisations.

We're totally independent - that's why we chose to sponsor the rugby premiership instead of a specific team - and it's this independence that ensures the best for your company and your people, in terms of support with analysis/diagnostics, benefit audits and communications. Let us help bring out your better.

The building blocks for a better-performing organisation

Mark Childs, Managing Director, Total Reward Group, a Gallagher company

Better results flow from better organisational culture. That's a given. Understanding what enables or erodes a healthy culture – and whether you can influence those factors or not – should therefore appear at the top of the 'to do' list for all employers.

As with many areas of life, there are things we can do to effect change, things that subtract from positive change – generally through neglect – and things that we have no hope of changing: the cards we're dealt with.

Take personal wellbeing, for example. Most of us are capable of taking positive steps to eat a healthy diet and take regular exercise. But, through neglect, fatty food indulgences and sedentary lifestyles are commonplace. At the same time, there are certain health-based 'situational' factors over which we have no control: the cards we're dealt with. These include country of upbringing, inherited genetics and socio-political setting.



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The same goes for organisational wellbeing. Most businesses are capable of putting in place a clear strategy, having a positive leadership culture and high levels of employee engagement. But, through neglect, unfair reward practices, inappropriate leadership behaviours and fractured employee relations can and do occur. The factors over which you have no control – the cards you are dealt with – include business sector, economic cycle, growth opportunities and profit margin.

To put it another way, in certain business contexts, you're going to be constrained or enabled. In successful organisations, for example, there are numerous enablers, not least of which are engaged employees and lots of

money! In the Retail sector, in contrast, no matter how many things you can positively influence, you won't enjoy a handful of aces right now thanks to the current state of the high street.

“If I had a pound for every time a client asked us to sort out their pay problem, I'd be a rich man!”

Mark Childs, Total Reward Group, a Gallagher company

Case study

- An independent specialist retailer
- Over 800 UK stores
- 63% labour turnover at store level and 73% among Store Associates (those working on the tills)
- The HR team perceived the problem to be about pay, so appointed Total Reward Group, a Gallagher company

Where to start?

To come at complex problems with simple solutions rarely works. While research reveals that pay is a significant factor in attraction, it is an indirect factor when it comes to early leaving. Indirect examples include:

- Mismatched expectations – i.e. “you expect me to do this for that much money?”
- Pay practices perceived as unfair – i.e. “I'm a key-holder but I don't get paid any more for the extra responsibility”
- Cultural and working patterns surprise, post induction – i.e. “you didn't tell me that at interview!”

What we did

To come up with the right solution, you need to identify the root cause issues. We explored a number of possible factors, including:

- Learning and development requirements. Store Assistants required to do a course equivalent to A-Level in their own time, unpaid.
- Labour market conditions. Many of the stores are located in areas associated with a high rate of labour turnover.
- Capability and effectiveness of first line managers.
- Contractual hours and actual working hours. Here, as indicated above, there seemed to be a mismatch.
- Employee demographics. Analysis of length of service against age and gender showed that female employees aged under 25 were more likely to leave.

Why do all of this?

After categorising all these learnings – and more – into those that enable positive organisational culture, those that erode it and those ‘situational’ things over which we have no control, we were able to advise the client accordingly.

It may not have met their initial request for a sole focus on pay, but it did provide them with the building blocks for a better future.

How to craft a more effective 2020 employee benefits vision

Cynthia Oddman-Howe, HR Director, Gallagher

“Culture is about actions and outcomes. It’s developed by both your business and your people. You can’t buy it, force it or dictate it”

Cynthia Oddman-Howe, Gallagher

Unemployment in the UK current stands at 3.8%¹, its lowest level since the end of 1974. The upshot? Now a well-worn tale in HR circles: a veritable war for talent. Against this backdrop, better businesses have lean and effective teams, different ways of speaking and engaging with the workforce, and a talent pool whose needs are met. They’ve learnt how to do more with less.

On top of the recruitment and retention issue, organisations face economic pressure and uncertainty at global level as well as budgetary challenges, plus multi-generational workforces who expect more than ever before.

It’s a whole new world...or is it?

Ultimately, it’s the age-old challenge. We have to do more with less and do it better than before. This is borne out by Gallagher’s 2018 Benefits Strategy and Benchmarking survey results, revealing that 48% of respondents plan to change benefits this year. Why? Because benefits represent one of the tools to drive recruitment and retention.

Don’t forget culture!

In fact, they’re one of a number of tools. Employees also want fair compensation, work life balance, career progression, to name but a few. Put all these tools together and what do you have? Organisational culture. Your business’ culture is essentially a demonstration of its identity: “what does it feel like to be here?”.

A positive and well communicated culture can get the best from your people. It lets them know what is expected, helps them sense check how they’re doing and can ultimately provide a sense of purpose.

A straightforward example of cultural identity is: “we want this to be a great place to work”. This is about having an engaged workforce, one that is more productive, more collaborative and will go the extra mile.

All too often though, other organisational challenges take priority, leaving this crucial piece of the jigsaw playing second fiddle.

What is culture?

Let’s start by explaining what it isn’t. It’s not a collection of words in an employee handbook or on a company intranet.

Culture is about actions and outcomes. It’s developed by both your business and your people. You can’t buy it, force it or dictate it.

It’s a feeling or ethos which must be at the heart of the business and at the route of all decisions. If it’s not authentic, your people will see right through it.

Where do you start?

In a word, research! Understand the workforce you have now, not the one you had last time you checked. Learn what’s important to them: what are their challenges in and out of work and what does ‘good’ look like.

An employee engagement survey represents a good starting point. But supplement that with other research media, such as focus groups, drop-in sessions and employee champions.

At the same time, get to grips with your business’ identity and its objectives and goals. Sense check what the competition looks like too.

Case study

Following divestment from a much larger organisation, the client had to create its own business identity and culture. They were now on a new journey, with a diverse workforce: all with vastly different needs and responsibilities. The business was also of course faced with the challenge of continuing with its core business objectives and building its client base.

Where to start?

- **Engaged independent storytellers.** A compelling journey requires an understanding of where you've come from; where you are now and where you are going
- **Asked the employees.** They gained valuable insights by going straight to the source, using anonymous questionnaires and collection boxes.
- **Feedback to the employees.** Communicating to the employees what they wanted from the company and how these aligned with the business goals.

What we did

- Align benefits with the market, to help ensure competitiveness
- Wide range of benefits to encourage retention, recognising differing needs. We advised that employees should be given a percentage of salary to purchase benefits. This would give ownership to individuals and ensure benefits are tailored to need.
- Full communication strategy review, to provide for the kind of ongoing employee insights required to help shape and drive business strategy.

Why do all of this?

Organisations need to be prepared to change, based on what is needed in the future. Your people will evolve, and you must too. By taking the time to understand your workforce, your peers and your organisational culture, you can create a benefits and compensation structure that is sustainable and speaks to your people.

Creating effective communications to facilitate high-performing organisations

Ben Reynolds, Managing Director, Gallagher Communication

Communicators have the ability to help integrate siloed operational teams and share insight and stories that unite all stakeholders in an organisation: management; employees; customers; and shareholders. This, in turn, helps shape and drive business strategy, improve recruitment and retention, deliver cost efficiencies and improve engagement and productivity.

That's communication adding real power and value: helping organisations 'bring out their better' – equipping them to face their future with confidence.

The harsh reality though is that many internal communicators don't get the chance to demonstrate their value. As our latest annual State of the Sector report¹ reveals, internal communication professionals are generally far too reactive and focused on the here and now. Many don't align what they do with the organisation's strategy. Additionally, insight, measurement and evaluation are often rudimentary.

“We all remember good stories and the emotional connection we feel”

Ben Reynolds, Gallagher Communication

The Hallmarks of Great Communication

To turn this situation around, we've identified nine key hallmarks of great communication. For reasons of brevity (and a little suspense...!) I'll focus on five of these here:

1. Defined purpose, value proposition and strategy

Think Apple. Perhaps not a brand with which many companies can associate but bear with me. It's a brand that helps me to succinctly illustrate a point. In Apple's case, its 'inside' is very clearly 'outside'. In other words, it has a clearly defined purpose, value proposition and strategy. Every touchpoint is seamless.

What can we take from this? When you think about communications, always think strategy and business plan first, not tactics.

When you're putting in place any organisational initiative, just remember that your employees weren't in any of the board meetings and sign-off process. So, ask yourself: why are you doing it? how does it achieve business objectives? what are you trying to achieve?

Map everything back to goals and objectives. Then consider why your employees should care – what will it mean to them?

2. Clear narrative, messaging and content

We all remember good stories and the emotional connection we feel. If something goes wrong, we'll remember that through an emotional connection too.

So, how do we ensure a good story. First, never forget your strategy. Secondly, remember the end user – what is it we need them to know, feel, do?

Take pension contribution rates, for example. We might want employees to:

Know – The level of employer and employee contribution rates

Feel – That sleepwalking into retirement is a recipe for disaster

Do – Change their contribution rates

And finally, define your brand and execute with creativity. Speak to your marketing colleagues – apply the same external brand identity to the internal: your employees.

It's important to consider all of these elements in order to sharpen your narrative.

Communications can help with all of the key issues currently facing HR, namely:

Attracting and retaining talent

Controlling benefit costs

Increasing employee engagement and productivity

Supporting Change

Creating a strong culture

3. Effective channel management and innovation

We all consume information at different rates and via different channels. This is a real challenge for communicators. But bear in mind that you don't have to do things that are big, shiny and expensive. All organisations have the capacity to email and do a Town Hall meeting. Maximise what you have available and always think multi-channel.

The most important aspect is to understand the end user. What has worked well in the past? And how can you link that to 'know, feel, do'?

Also, get to know your IT department. They're brilliant enablers. They can help you bring different channels to life and - as the go to people for any minor techie problem - they tend to know everyone in the business!

4. Insight, measurement and evaluation

You can't possibly know whether your communications are effective if you're not measuring them. And, the great thing is, data is everywhere... you just need to ask. With digital, for example, there's always email success rates and viewing figures that you can tap in to. Again, go and see your new best mates in IT.

Also, don't be afraid to measure. If the outcomes aren't good, consider the external factors - i.e. the World Cup Final! - as well as the content and channel.

Measuring and evaluating your communication initiatives sheds a light into what success looks like. What's more, it helps you build stronger business cases. On that note - and making no apologies for repeating myself - always track back to organisational strategy.

5. Championing culture and employee experience

In the last decade, this aspect has become really important. It's not about copying others. It's about knowing who you are and bringing that alive in your organisation's culture.

Understand what your Employer Value Proposition (EVP) is - conduct research to really get to grips with it. And know how every project contributes to your value proposition.

Also, look at how you can use employee advocates. They can be used as the vehicle for a message and peer to peer represents one of the strongest tools in your communication armoury.

¹ Unemployment, Office for National Statistics, June 2019
<https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/unemployment>

² State of the Sector 2019, Gatehouse, a Gallagher company,
<https://www.gatehouse.co.uk/stateofthesector/>

If you'd like to find out more, or learn how we can help your business bring out its better, please schedule a meeting with your Gallagher consultant or email sayhello@ajg.com.

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