tomorrow's
company

cipd

GETTING ORDINARY PEOPLE TO DO EXTRAORDINARY THINGS

with ANDY WOOD

29 MARCH 2012
**PART 4 OF A SERIES OF
ROUNDTABLE REPORTS**

Tomorrow's adaptive organisation
A series of roundtables about boardroom challenges and the shaping role HR can play

WELCOME

Welcome to the fourth report from our series of roundtable dialogues that the CIPD and Tomorrow's Company are hosting to discuss how HR professionals can work with leaders and boardrooms to help shape tomorrow's sustainable and adaptable organisations.

The roundtables will examine these issues through a number of different lenses. The dialogues include a variety of senior leaders as well as HR professionals, to bring a variety of expertise and opinions to the debate.

Through these roundtables and related provocations we want to build on the insights into achieving long-term organisational success that the CIPD and Tomorrow's Company have already developed from the CIPD's flagship research programmes, **Shaping the Future** and **Next Generation HR**, and from Tomorrow's Company's *Tomorrow's Global Talent.*

We are heading towards a whole series of new challenges for the corporate world. The economic situation remains uncertain: business models and measures of performance are changing; sustainability issues move to the top of the agenda; new social media are changing relationships with customers; the centre of gravity in the global economy is shifting to the East.

At the same time, there is a crisis of trust in leaders that extends beyond bankers and politicians to all leaders. Organisations are increasingly recognising that acting with integrity and authenticity and building an enabling culture are key drivers of business success in the boardroom and beyond. We believe that HR professionals are in a unique position to work with leaders to help shape the desired culture and behaviours to achieve sustainable and adaptable organisations.

We are delighted that Andy Wood, Chief Executive of Adnams, agreed to share his views on leadership, cultural change and social media. A summary of his speech is included in this report, along with the main themes that were discussed afterwards.

Look out for further reports in this series over the coming months. We would be pleased to hear your thoughts on these issues, so please get in touch if you would like to contribute to the debate.

With best wishes,

Stephanie Bird
Director of HR Capability, CIPD

Tony Manwaring
Chief Executive, Tomorrow's Company

ABOUT ANDY WOOD

Dr Andy Wood joined Adnams in 1994 with responsibility for developing its customer service and supply chain operations. He joined the board in 2000 with the additional responsibility of sales, marketing and the wine business. He became managing director in 2006 and chief executive in 2010. Andy has an MBA, a doctorate from Cranfield University and in 2010 he was awarded an honorary doctorate from Anglia Ruskin University.

Andy is also chairman of the Local Enterprise Partnership for Norfolk and Suffolk, chairman of Business in the Community in the East of England and a director of Adnams Bio Energy, an innovative joint venture between Adnams plc and the Bio Group, where food waste is turned into renewable energy.

Prior to joining Adnams, Andy worked for Norwich Union, now Aviva, in a number of roles encompassing customer service, purchasing and change management.

NOTABLE QUOTES

'The role of the leader is to get ordinary people to do extraordinary things.'

'We want to bring our values to life in real and tangible ways. The shorthand we use is that our leaders lead from their values and their beliefs.'

'Business success is when we have happy customers and happy staff and we are making enough money to invest in our business to renew the infrastructure and keep our shareholders satisfied. If we can sustain our business results in what are the toughest economic conditions that I have ever experienced, I think that is success.'

'I fundamentally believe in the concept of lifelong learning. Today is an opportunity for me to learn. The leader that says he has reached the pinnacle and stops learning won't be in a leadership position very long.'

'Values-based leadership is about catching the staff doing things right rather than catching them doing things wrong.'

Views from Andy Wood

Adnams is constantly facing the challenge of modernising itself in a very traditional industry. Throughout the generations of this family business, Adnams has been resilient in adapting to the constantly shifting legal and commercial environment. The organisation has been through tough times and overcome challenges by renewing itself. Adnams underwent a major cultural change over recent decades and this renewed culture is something they continue to sustain and reap the benefits of today. Environmental and business sustainability, authenticity and transparency form the basis of their culture. Like their organisation, the leaders at Adnams also had to go along a journey of self-discovery and change.

Andy Wood told us the story of this journey, including how allowing authentic conversations on online platforms has been a further embodiment of their culture.

MOVING THE BUSINESS FORWARD

Adnams is a brewery which started with two brothers, George and Ernest Adnams, in 1872. They could now be described as a post-family business with around 450 employees, where only the chairman is from the founders' family. They do, however, retain a family feel allied to a professionally run business. They have also expanded to operate businesses in wine, pubs and hotels. The Beer Orders enacted in the late 1980s impacted on beer producers greatly and Adnams had to reinvent itself in order to ensure it survived.

During this difficult period the board thought it was enormously important to determine a behavioural code for the organisation – the ways in which they were going to go to market, renew their assets, engage with communities and care for their customers. This focus on values has profoundly affected the way the business is run today.

They began a process of cultural change by collecting feedback, doing 360-degree appraisals and running development centres, especially for their management team. One of the ways by which they implemented behavioural change – and still live their values through – was by catching people doing things right and verbally acknowledging it, instead of catching them doing things wrong, telling them off and thereby crushing their self-esteem.

For Andy this style of leadership is an intrinsic motivator for people. When done authentically it goes further than monetary reward and brings pride to the employees and a prosperous environment for people to flourish. Authenticity and transparency are seen as hugely important.

This insistence on values-driven management does not stop at saying nice things; it can also require a very tough way of managing. This can be demonstrated through the way the organisation treats 'contra' behaviours. For instance, an organisation could have a sales director who is making profit for the organisation, but when they come back into the organisation they leave 'body bags' everywhere in the way that they treat other staff. Sweeping that behaviour under the carpet because the person is a profit centre for the organisation is not acceptable at Adnams because it undermines the whole edifice of values, integrity and authenticity.

'Karen joined Adnams in 1989 as an office cleaner; she came in directly from the Army, where she had been fired because she had got pregnant and found herself a single mum. We spotted that she had some talent and Karen progressed through the organisation. She is currently our operations director and in 2009 she was the East of England Business Woman of the Year. It does not matter where you start; it is where you finish and how the organisation nurtures you on that journey.

'Karen is now heading our hotel business; she has no hotels background, but she is a great businesswoman, understands people and instils trust. If she stands in front of them and tells them "something will change", they believe it. Because they believe it, therefore it will.'

Overall, this values set has been created to enable ordinary people to do extraordinary things.

With regards to transparency, Adnams' senior team takes part in a staff opinion survey every two years. That survey names Andy, as the chief executive, and his colleagues from the leadership team and ranks them based on their adherence to the values, their encouragement of new ideas, their approachability and their listening skills. This year's response rate was 88%. Of those that responded, 83% felt they are treated with respect on a daily basis, and 87% felt that as an organisation Adnams are very committed to developing new ways of working and new ideas.

Another channel for employee voice at Adnams has been social media.

RELEASING THE POWER OF CONVERSATIONS

The move into social media has been critically important for Adnams. After Generations X and Y, organisations have now got 'Generation C' – the connected generation – coming into the workplace (the 18–24-year-olds), who do everything online. Understanding the potential of this, Adnams has decided to let and even encourage their staff to use Twitter as a communications tool to talk about the business with customers, with each other, and other businesses without any approval by the organisation before the tweet goes out.

The use of Twitter at Adnams has grown organically. Some people in the business use it professionally and privately, and they are given the freedom to do that. The reasons employees use Twitter for professional purposes are that they like to know what is happening inside and outside the business, it has a value and they appreciate the way they can communicate with guests in their hotels or customers in their shops.

Andy considers that Adnams does not need to set out social media guidelines to ensure that its values are respected. Adnams trusts its people to tweet freely. For the organisation, social media is about encouraging people to have conversations with each other, customers and other businesses. Andy nonetheless recognises that 'moments of truth' can occur and things can go wrong, but the leadership team is confident that they will deal with these in a way that is consistent with the company's behavioural code and values.

Social media is one of many tools Adnams uses to achieve transparency and dialogue. Another illustration of how they achieve this is the approachability of the leadership team. Adnams has a very open and visible leadership team that people communicate with face to face and by email (as well as via social media). Those types of communications are treated with respect and acknowledged very quickly, and so it grows and becomes self-fulfilling.

Their overall ethos is around enabling conversations. They know that through conversations one captures ideas – the better the quality of those conversations, the more often ideas happen.

'For one of our products the staff had mixed views on price point and quality and whether it was something that was on brand, and there was some discussion around that. It was some very beautifully wrapped chocolate with a very quirky name, locally sourced. Way down in the bottom corner it said, "contains chemicals that can disrupt behaviour in children". It did not even get discussed. This was because from an ethical point of view it doesn't matter what the price was and how beautiful it was; nobody wanted to taste it.'

Andy is convinced that if one can make an organisation a fantastic place to work, it becomes a fantastic place for their customers and, therefore, becomes a fantastic place for their investors because it delivers more sustainable returns on the investment. That is why Adnams' set of values and its enablement of 'authentic conversations' are anchored in the business to achieve sustainable commercial success.

ROUNDTABLE DISCUSSION

The roundtable discussion following Andy's speech was held under the 'Chatham House Rule' so it is not possible to ascribe comments to individuals. However, below we reflect on responses to a number of questions that were raised, and which we have grouped under themes.

Social media

'The challenge with social media is to engage in useful conversations and capture innovative ideas. The role of line managers in enabling these conversations is pivotal and yet sometimes they might not be convinced by its potential.'

'We found that innovation, created through social media, is right at the grassroots level of the organisation, where we put no restrictions on social media and just allowed it to go viral.'

'Ian Shepherd, chief executive of GAME, the company that went into administration, used social media powerfully. He has been brilliant at communicating to staff during the tough period they went through. On the day when shops closed down, many of the staff were tweeting to Ian to ask, "Is there anything we can do to keep the businesses going?" He was responding personally to all of them. It is very easy to say when things are going well, then your financials are up and everything is going well, but on tough days like that he stood up and was incredibly engaged with the staff.'

'To keep pace of how quickly information flows informally across an organisation, you need a fundamental rethink. You need to think of organisations as ecosystems rather than hierarchies. Hierarchies have been a prevailing paradigm for many years. The whole explosion we have seen in social media is this idea of ecosystems.'

'Generation C'

'In today's UK plc we have the ageing population at the top and the millennial population coming in at the bottom, in fact four generations in the workplace at any one time. We know that those four generations do not value and work in the same way. The challenge is how to cope with these differences. Following the organisation's values might be the right way to deal with these changes. People will adapt their behaviours and values will hold firm around them.'

'There is a real disconnect with "Generation C" and organisations. When we explored their views about the organisations they work in, the majority felt that the technology provided acted as a straitjacket compared with how they actually were in their personal lives. The other disconnect is at the personal level; they say, "Why should I work for a senior person who can't even understand how I work through multi-channel communication and multi-channel use of doing work?"'

'Data suggests that this generation ("Generation C") will have had eight jobs by the age of 32. The reason for that is not necessarily because they want to; it is because they don't have a choice. Organisations are not providing the environment for people to stay and progress in the right way, and if you can provide that environment, then maybe they would stay.'

'I think the millennial challenge is authenticity. Our younger people can sense falsehood miles away and are much quicker to sense it and to challenge.'

Overcoming conservative behaviours

'You need to build individual resilience to build corporate resilience. One of the ways of doing that is removing fear from people to have the idea in the first place, removing fear from a line manager that if he/she passes it on as your idea, not his/hers, it does not jeopardise his/her position in some way.'

'We all constantly learn; even these high-performers who behave badly go on a personal journey of discovery and understand that things can be different. We all need to rely upon other people around us to help us achieve things. I believe it is possible to change bad behaviour.'

'Many organisations talk about wanting to change but they feel paralysed in creating a different culture. Culture can change when people in that business want it to be different, for example, if they can see things happening in other parts of the business they want to replicate within their part of the business.'

'Often the problem is that the leaders themselves won't change their own behaviour, and until they start to change their own behaviours, nothing else is going to happen.'

'It is about asking "why not?" rather than "why?"– the positive rather than the negative.'

'The old adage "knowledge is power" is not true anymore. The difference between our brain staying static and society moving ever exponentially faster is growing. The only way we can change this is by changing the wiring of our brains. Our basic default is "know everything and tell people what to do". But people don't like being told what to do. Social media and society does free people from having to put up with it. The main thing a leader can do is provide the right environment for people to perform.'

Trust

'The foundation of trust is people having the ability not just to speak, but to be encouraged to speak, so they won't feel threatened. Getting that is very tough in some organisations because there might not be a tradition of founding relationships and management based on trust, but based on command and control.'

'Give people trust and assume that they will use it well rather than badly.'

'In order for the company to be successful and in order for people to have got its values, it has to run right through the products of the business. Fundamentally if we do not believe in the product that we are sending out and we are being dishonest with our customers, then it will never work. We will never instil values in employees and get that buy-in because actually they don't really believe in the product because neither do we.'

'Perhaps the role of HR in tomorrow's organisations is to make a discussion happen which says, "Before we introduce this new product can we talk it through with the people on the front line to identify whether they believe this is a product that they can authentically sell?"'

'You have got to re-install the trust within your organisation through changes in management, and then instil a culture that will allow ideas to bubble up from the bottom, rather than from the top.'

ATTENDEES

Gerald Acher CBE LVO,
Deputy Chairman, Camelot Group

Simon Barrow,
Chairman, People in Business

Patrick Brodie,
Partner, RPC

Jonathan Chamberlain,
Partner, Wragge& Co.

Nita Clarke,
Director, IPA

Brendan Collins,
HR Director, Mazars UK

Thomas Coppin,
Assistant Research Analyst, Brunswick Group

Jenny Davenport,
Managing Director, People in Business

Rebeca Flores,
Account Director, Brunswick Group

Charles Gray,
Group Sales Director, Unipart

John Knights,
Chairman, LeaderShape

Sadie Lofthouse,
Head of Human Resources, Adnams

Elisa Nardi,
Chief People and Services Officer, Virgin Media

Amanda Phillips,
Partner, AP Consulting

Andy Rivett-Carnac,
Digital Strategist, Brunswick Group

Malcolm Sclanders,
Director, PwC

Toby Shilito,
Enlistment Executive, LRN

Elizabeth Sideris,
Executive Director, Human Resources, Cancer Research

Jacky Taylor,
Director of Corporate Services, Outlook Care

From the CIPD
Stephanie Bird,
Director of HR Capability and Public Policy'

Vanessa Robinson,
Head of HR Practice Development

From Tomorrow's Company
Grahame Broadbelt,
Director of Development

Pat Cleverly,
Director of Research, Strategy and Policy

Giles Elliott,
Consultant

Mark Goyder,
Founder Director

Tony Manwaring,
Chief Executive Officer

Jamie Palmer,
Membership Volunteer

Anahide Pilibossian,
Research and Policy Officer

ABOUT THE CIPD

The Chartered Institute of Personnel and Development (CIPD) is Europe's largest HR and development professional body. As an internationally recognised brand with over 135,000 members across 120 countries, we pride ourselves on supporting and developing those responsible for the management and development of people within organisations.

cipd.co.uk

Follow the CIPD on Twitter at: **twitter.com/cipd**

ABOUT TOMORROW'S COMPANY

Tomorrow's Company is the agenda-setting 'think and do' tank which looks at the role of business and how to achieve enduring business success. We focus on strong relationships, clear purpose and values as the foundation of effective leadership and governance.

In our programmes we challenge business leaders around the world to work in dialogue with others to tackle the toughest issues. We promote systemic solutions, working across boundaries between business, investors, government and society.

We believe that business can and must be a 'force for good'. This in turn requires a strengthening of stewardship by shareholders in partnership with boards of companies.

We argue that the age of sustainability has begun and that in the future success and value-creation will come from recognising the 'triple context' – the links between the economic, social and environmental sub-systems on which we all depend, and the opportunities this brings.

www.tomorrowscompany.com and **www.forceforgood.com**

Follow Tony Manwaring on Twitter at: **www.twitter.com/tonymanwaring**