

tomorrow's  
company



# PEOPLE, TRUST AND AUTHENTICITY – THE QUALITIES OF A GOOD LEADER

with IAN POWELL

24 NOVEMBER 2011

**PART 2 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 second report from our series of roundtable dialogues that the CIPD and Tomorrow's Company are hosting to explore issues around how HR leaders 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. And organisations are increasingly recognising that behaviours such as integrity and authenticity along with 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.

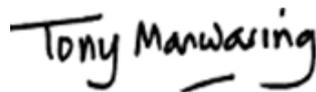
We are delighted that Ian Powell, chairman and senior partner of PwC UK, agreed to share with us his story. A summary of his speech is included in this report, along with the main themes that were subsequently discussed by the attendees.

Look out for further reports in this series over the coming months. We'd also be pleased to hear your thoughts on these issues, so please get in contact 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 IAN POWELL

Ian is chairman and senior partner of PwC UK and a member of the five-person network leadership team which leads the international network of PwC firms. He also leads the 'central cluster' of the PwC network, which spans 97 countries across Europe, the Middle East, Africa and India.

A graduate in economics, Ian joined PwC as a trainee in 1977. He is a qualified Chartered Accountant (ICAEW) and was awarded an honorary doctorate from Wolverhampton University. He has extensive experience in leading strategic independent business reviews and in advising stakeholders on significant restructurings of public companies.

## NOTABLE QUOTES

**'Living the values of the organisation starts at the top. Employees need something to aspire to.'**

'You've got to be prepared to challenge yourself. I try to go back to the manifesto I created every now and then and say "have you actually done what you said you would do?"'

**'Don't underestimate the power of the people working for you – trust them.'**

'Treat people with respect even in tough times.'

**'In an organisation of 16,500 people like PwC, how do we make sure that there are no "social loafers"?''**

'People accept personal responsibility. One of the challenges they set themselves in one of their management programmes is at the end of every week to "look in the mirror" and ask themselves "how well have I done this week?" This is a moment for honesty with nowhere to hide. If they feel that the week had not gone well then they ask themselves "what will I do next week to make it right?"'

# Views from Ian Powell

Ian Powell told his story of being a leader in a professional services firm – how he is a ‘lifer’ at PwC, and gradually moved up through the organisation until he became chairman of the UK firm in 2008. Through his different experiences in varying roles, he developed his leadership approach based on authenticity and integrity. He explained how he constantly ‘holds the mirror up’, for example, by regularly going back to the original

manifesto he created for his election, which outlined his leadership perspective and the suggested values and identity of PwC. In the first part of his story Ian explained how he built the vision and culture of PwC, aiming to be iconic – ‘the number one in professional services, always front of mind’. The second part of his speech focused on the alignment between behaviours and values.

## THE LEADER’S MANIFESTO

As a candidate for the chairmanship of the UK firm, Ian wrote an aspirational manifesto setting out his vision for the firm. Instead of focusing on ideas about developing the business and structures, Ian chose to concentrate on culture, vision and values.

Ian was concerned that although PwC was the number one professional services firm, there was a danger of this becoming a stagnant ambition. The firm needed to be agile to retain its leadership position in the market. Ian was convinced that there was an energy inside the firm that could be released by setting out a clear purpose – one that would make people really want to work for PwC and strive to be something more than just number one. He set out what he thought an ‘agile number one’ should aspire to be: *‘One firm – a powerhouse of a commercial enterprise that does the right thing for our clients, our people and our communities.’* This vision is now used by the organisation worldwide.

### ‘One firm’

Ian explained how, at the time he became chairman, he didn’t feel that the organisation was ‘one firm’. Performance metrics and reward systems can create silo behaviour within the business, which impacts the success of the firm as a whole. The real benefit of a firm such as PwC is that clients, as well as its people, can access all the knowledge and talent across the firm. Ian believes that the organisation that does this really well will

be completely unassailable. ‘One firm’ behaviour is fundamental to delivering PwC’s strategy.

### ‘A commercial powerhouse’

Being a highly profitable organisation is vital but Ian felt that there was something special in the DNA of PwC people – including the 873 UK partners – a desire to reinvest back into the business to make the business better and better.

The partnership has existed for 160 years. Its success comes from the strong feeling, amongst the partners, that *‘their job is to be custodians and leave the business in a better shape for future generations than when they inherited it’*.

During the recession PwC used the phrase ‘holding our nerve’ and set the objective of being stronger coming out of the recession than going into it, continuing to invest both in people and infrastructure. They believe they have been successful in achieving this.

### ‘Doing the right thing’

Doing the right thing for its clients, people and communities is not just lip service – it reflects the values of PwC’s people. Applying the highest business standards and ethics are a given. On top of this, a third of their 16,500 people actively volunteer during work time. Ian believes that as a consequence PwC has more engaged and satisfied people who feel they are putting something back into society.

### **‘Being an iconic firm as the overall aspiration’**

During the election process Ian’s use of the word ‘iconic’ sparked a really lively debate. Iconic means different things to different people. Ian wanted to set out a vision for PwC people to aspire to. The ambition is for PwC to represent something truly

special, where the calibre of the people, the values they embody and the difference they make to their clients and their communities becomes a watchword for excellence. He said at the outset that whether PwC achieves this goal or not would be for others to judge.

## **MAKING IT HAPPEN – ALIGNING VALUES AND BEHAVIOURS**

### **The importance of ‘who we are’**

Ian took a decision very early on to be open with his people about the goals that PwC was setting, and how they performed against them. That inevitably involves being honest about the areas where people fall short as well as celebrating the successes. The response has been incredible – PwC people understand the firm’s vision and values and feel engaged and motivated to deliver the strategy. As a bonus Ian has tapped into a rich source of creativity and valuable ideas at every level within the business, which has helped PwC sustain momentum and deliver performance improvements. All of this requires communication that is timely, credible, widely read and which stimulates a dialogue. The firm took a very practical step to make this happen and articulated on a single piece of paper what it means to be part of PwC – they call this ‘Who We Are’ ([www.pwc.co.uk/eng/aboutus/index.html](http://www.pwc.co.uk/eng/aboutus/index.html)).

It defines the DNA of the organisation so that if an alumnus returned to PwC in 25 years’ time and there wasn’t a single person they knew there, they would still feel it was their firm, with the same values and principles. Newly recruited graduates are given a copy of this document on the day they join to help them understand what it takes to be successful in PwC.

### **You’ve got to be prepared to ‘call’ it**

The benefit of having the values written down is that the organisation can hold people accountable.

It clearly communicates the behaviours that PwC people expect of each other. Letting people get away with behaviours that are counter-cultural is incredibly corrosive. Ian calls out bad behaviour and encourages others to do so.

### **‘Tone at the top’**

For Ian, the tone from the top is fundamental. Ensuring that the board does everything they can to live by this set of values is key because they are visible and always under the spotlight.

Leaders need to set the standard in everything they do. For example, Ian ensures that every email, letter and message he receives is replied to on a timely basis and encourages others to follow this practice.

Ian admitted that it takes a long time to embed values, but it does mean that the firm respects and rewards the right behaviours.

### **‘Personal responsibility’**

Supporting PwC’s broad ambition are relevant, specific performance goals: leading firm, revenue, profit, quality and the PwC experience. Their people’s objectives are aligned to the firm’s strategy and everyone is encouraged to take personal responsibility for contributing towards these goals. Everyone in the firm accepts responsibility for communicating effectively the value of the firm, their contribution to clients, the economy and wider society.

## ROUNDTABLE DISCUSSION

The roundtable discussion 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.

### **Integrity**

*'You need to "call" things, you need to be prepared to stand for what you believe in. You need to narrow the aspiration gap and realise that you are on a journey.'*

*'Even in an organisation with a board supporting a values-driven culture, the important thing is to feel the pulse and make sure that the values you passionately believe in are cascaded down.'*

*'Culture and behaviours matter even in listed companies or in any company that has to report quarterly. The environment might be different but we should expect the same principles and values implemented and respected the same way as in an unlisted company.'*

### **Leading in tough times**

*'In times of crises, principles become very critical. People would stick to principles more strongly than in normal times.'*

*'The lack of public trust in some sectors has damaged employees' motivation and their confidence in the organisation. To change public perception, these organisations need to set out their vision and values. Values and the visibility of the leadership team are very important during times of recession. Articulate your message very clearly. Leaders need to behave with integrity so that people believe in the organisation.'*

*'A lot of organisations undervalue how important values are. When our organisation struggled publicly with one of its activities, the top leaders felt somehow betrayed by their employees and wondered, why didn't they tell us anything before? The reason was that they were not rewarded, encouraged to do so.'*

### **People and culture**

*'Social architecture, culture and people are a company's competitive advantage. This idea needs to be developed and reflected in the company's values and vision.'*

*'The more people you want to influence, the simpler your message has got to be and the stronger your principles should be.'*

*'All the employees of the organisation receive the business plan. You get a connectivity and coherence when you share the same information with everybody in your organisation.'*

*'Culture and values are board matters. HR doesn't have a particular role in shaping or even delivering the culture. It is good to have an HR world-class team to support what the board says, but it is everyone's job to work on the culture.'*

## ATTENDEES

**Omar Akram**

Group HR Director, Ambition

**Jonathan Chamberlain**

Partner, Wragge & Co

**Mike Falvey**

Chief People Officer, HMRC

**John Greatrex**

Group HR Director, Unipart Group

**Martin Healiss**

Group HR Director, 2E2 Investments

**John Knights**

Chairman, LeaderShape

**Elaine MacLean**

Group HR Director, Legal and General Group plc

**Ian Muir**

Global HR Director, ESAB Holdings Ltd

**Judith Moeckell**

Global Head of Talent, OD and Leadership Development, National Grid

**Alan O'Halloran**

Director of Finance, LRN

**Amanda Phillips**

Consultant, AP Consulting

**David Phillips**

Senior Corporate Reporting Partner, PwC

**Keith Read,**

LRN

**Nick Worrall**

Director of HR, Brighthouse

**From the CIPD**

**Stephanie Bird**

Director of HR Capability

**Vanessa Robinson**

Head of HR Practice Development

**From Tomorrow's Company**

**Stuart Duncan**

Membership Volunteer

**Tony Manwaring**

Chief Executive Officer

**Anahide Pilibossian**

Researcher

**Philip Sadler**

Senior Fellow

## JOIN THE DEBATE AT:

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[www.cipd.co.uk/research/\\_tomorrows-adaptive-organisation](http://www.cipd.co.uk/research/_tomorrows-adaptive-organisation)

## DATES FOR YOUR DIARY

**The next roundtables in the series are:**

**24 January 2012** with Paul Drechsler, CEO of Wates Group (a summary of the discussion coming soon)

**29 March 2012** with Andy Wood, CEO of Adnams

**24 May 2012** with Richard Emerton and Anna Penfold of Korn/Ferry

**29 May 2012** with Lady Susan Rice, MD of Lloyds Banking Group Scotland.

## 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 more than 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](http://cipd.co.uk)**

Follow the CIPD on Twitter at: **[twitter.com/cipd](https://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.tomorrowcompany.com](http://www.tomorrowcompany.com)** and **[www.forceforgood.com](http://www.forceforgood.com)**

Follow Tony Manwaring on Twitter at: **[www.twitter.com/tonymanwaring](https://www.twitter.com/tonymanwaring)**



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