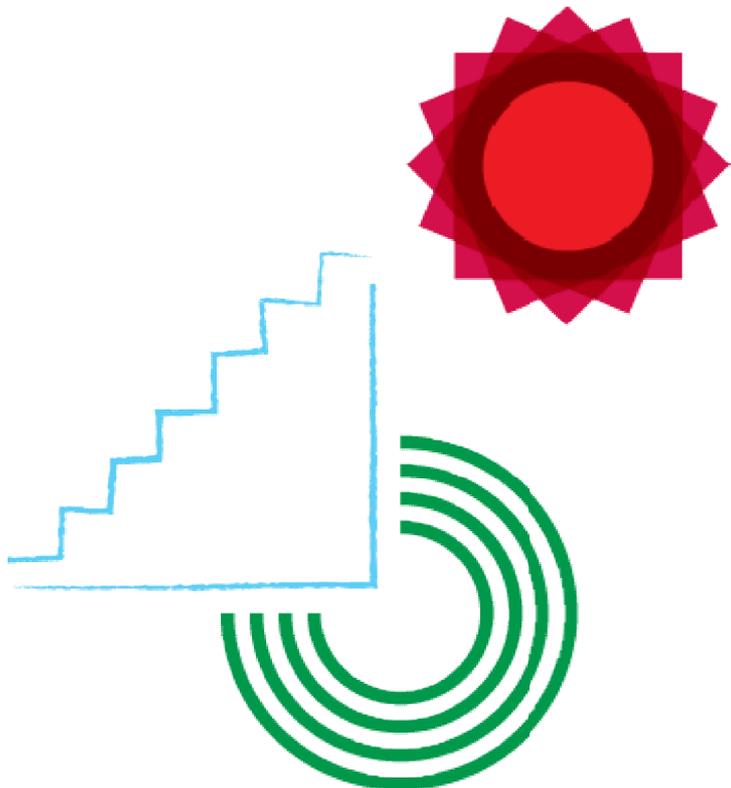




ENGAGE
FOR
SUCCESS

LANCASHIRE COUNTY COUNCIL

Case Study



LANCASHIRE COUNTY COUNCIL

Background

Like many public sector organisations in early 2010, Lancashire County Council (LCC) found itself at the mercy of the forthcoming Critical Spending Review (CSR). The financial crisis inevitably made this likely to be the most challenging budgetary reduction the public sector had ever faced. LCC knew it could be looking at cuts of up to 25% over a three year period.

Given the magnitude of these changes, the director of Resources at LCC, Phil Halsall, became acutely concerned at the impact they could have on morale and future effectiveness of the authority. He argued that the traditional approach of top down dictated actions (the so called *slash and burn* approach) on such a scale would alienate the workforce so acutely that the council would struggle way beyond the timetable of simply taking the necessary cost out of the business.

Accordingly a plan was drawn up to address the challenges of the CSR through a process of employee engagement which became known as The Lancashire Way. Here, instead of presenting the workforce with a detailed description of what was going to happen over the three year period, the council simply outlined the financial challenge and sought to involve each area in finding their own solutions. All employees were meant to contribute.

Designing a means to tackle these huge reductions was never going to be easy. The council, like most big organisations, already had a track record of continuous change programmes over many years and had not been too successful. Employees, and many in management alike, were acutely cynical of new initiatives and not likely to respond favourably to yet another one in such a difficult situation. Morale was already compromised by a massive equal pay review. Despite there being many more winners than losers, the reaction was generally negative as pay reviews are wont to be.

Two decisions were made which characterise Lancashire's approach to employee engagement:

-firstly it was recognised that the prime movers in any culture change programme had to be management themselves. In any organisation management, past and present, are the major contributors to the prevailing culture. In a large, public authority this was certainly likely to be true. There seemed therefore to be major dangers in going to the workforce and promising change without fully understanding how to get the full management team, from the CEO to the most junior supervisor, to deliver it.

The first decision was therefore to focus immediately on changing the general managerial paradigm in the authority to one which put people management at the heart of what they did, 24/7. The traditional technocratic approach had to migrate to one based on a chain of activities from simple motivational skills at one end to a suite of increasingly sophisticated continuous improvement techniques at the other. This sound simple but in practice this had to be done reasonably quickly across an organisation of some 20000 employees, excluding those employed in the delivery of education. The range and complexity of the services delivered by the council were also unhelpfully huge. The intention was, without formally announcing the change to the workforce at large, to progressively introduce a more people centric philosophy across all in management. Employees would hopefully gradually experience a more positive improvement in the working ambience around them. This would be far healthier and less risky than banging a big drum about the brave new world coming towards them, and then in all probability losing credibility as the change emerged too slowly to match expectations.



The second major decision was to consciously avoid presenting The Lancashire way to the management group as any form of structured initiative. It had to be seen as a basic shift in philosophy where the general mindset of management had to change. This was simply *“the way we do business around here now”*, placing employee motivation and personal accountability at the heart of the LCC manager, irrespective of seniority or status.

Whilst it was intended to provide an extensive support infrastructure to managers so that they understood the requirements of the new way, the principal driver of behavioural change was to be self- development through self-realisation.

Process

There have been six discrete elements to the Lancashire Way:

- educating and convincing management
- self- realisation through management style questionnaires and peer reviews
- simple values/behavioural sets
- extensive recognition processes
- improved communication channels
- continuous improvement

Educating and Convincing management

A comprehensive series of workshops was organised to introduce the top 500 managers to the concept of employee engagement and The Lancashire Way. Some 400 copies of *“Growing Your own Heroes”* (oak tree press) were issued to ensure a consistent understanding and implementation. Extensive use was made of the *“Macleod report”* with all

managers encouraged to access the report electronically. Summaries of the report were also widely circulated to ensure that the evidence to support employee engagement was fully appreciated. This was important as the risks of it being seen as another flavour of the month had to be minimised. Time here was really of the essence.

Initial training at senior level was conducted by Prof John Oliver who cross referenced the successful work undertaken nearby at Leyland Trucks, Runshaw College and Blackpool NHS Trust, all case studies in the Macleod report. Thereafter senior directors, including the new Chief Executive Phil Halsall and Environment Director Jo Turton, undertook keynote roles to reinforce commitment and ownership.

The task of educating all people managers in the authority is now underway, using a core package modified to suit the audience. Leadership programmes have been revised to major on the fundamentals of employee engagement. LCC already had an excellent provision in both programme content and in a supportive and professional HR and Training department. They were quickly able to adapt their offerings to suit the approach.

Management Self Awareness

As indicated earlier, the emphasis is placed very much on managers taking on the responsibility for self- development. In addition to the myriad of training opportunities noted above, subordinate and peer appraisal have been introduced through the simple management style questionnaire/ peer review processes used at Leyland and elsewhere. Managers are encouraged to seek to understand their “shadows”, the way they influence people around them through their conscious and unconscious behaviours. The processes have been successfully trialled with the top 500 and are now being rolled out to all people managers in the authority.

Behavioural sets

The successful approach to establishing an accessible and memorable value/behavioural set, pioneered by Runshaw and used successfully at Blackpool NHS trust, has been replicated at LCC. Using a limited number of one word values agreed by a facilitated focus group of junior staff, the behaviours of *The Lancashire person* and *The Lancashire manager* have been developed. By gently cascading the concepts into the organisation, it is hoped to generate a positive peer pressure to encourage employees to engage in new opportunities for continuous improvement.

Recognition

Repeated staff surveys at LCC exposed a real need for employees to feel more valued. Again using a facilitated staff focus group, procedures for individual and team recognition were developed. Each directorate has implemented this energetically resulting in real positive feedback.

This is now being actively linked into the CI process (see later). Recognition in its purest form (i.e. not confused with reward systems) is seen to be a powerful enabler of encouraging engagement.

Communication

LCC has always taken internal communication seriously and has had some impressive vehicles for keeping the workforce informed. Nevertheless the whole approach to communicating has been reassessed in line with the demands of the economic situation and those of The Lancashire Way. Alongside an extensive and highly impressive web based system geared to promoting communication in general and employee engagement in particular, a host of other initiatives have been introduced with no little success. Regular face to face sessions are always well attended. The Chief Executive's weekly email is well received for its simplicity and honesty.

Continuous Improvement

The concept of continuous improvement allied to employee engagement may be increasingly familiar to manufacturing operations in the UK but is rarely practised in public sector companies like LCC. Great care has been taken to develop practices which suit both the culture of the organisation and the relative newness of the philosophy. The emphasis has been placed on simplicity, avoiding at this stage broader techniques such as TQM or EFQM. Following training from Leyland Trucks, recent Shingo prize winners, in-house programmes have been delivered to good effect. Each directorate now has a range of CI activity going on throughout their activities. Big ticket CI projects are obviously essential given the challenges on the council. However getting employees involved in more modest, bite sized exercises is also a priority and lots of good practice has been reported.

Building up to an embedded CI culture, where it is seen as routine and integral to day to day working, is key to real employee engagement. It satisfies underlying desires for interest, intellectual satisfaction, self-esteem, ownership, personal accountability and a lot more beyond.

Measurement

There are two absolute measures of the success or otherwise of the Lancashire Way:

- staff morale as measured by routine staff surveys
- achievement of corporate goals, particularly those stemming from the CSR.

On both accounts LCC appears to be on course.

Despite the fragile climate within the public sector in the UK, the executive team decided to survey staff attitudes in June 2011. The technique they used was to take the previous survey and realign it to more a cultural audit looking at the key factors identified in the Macleod

report. Not satisfied with a simple statistical output, the council added directorate level focus groups to distinguish between symptoms and underlying causality. This process has been well received at all levels and has served to underline the executive team's determination to move to a more people centric organisation.

The outcome of the survey was perhaps, given the general unpleasantness in the public sector, on balance surprisingly positive. Employees generally expressed a great affiliation for the organisation and enjoy working there. The relationship between individuals and their immediate supervisors was remarkably good.

Progress here will be monitored by interim sample surveys. *Soft* measures, such as frequency of recognition, will be restricted in number but used vigorously to maintain progress.

Architecture

Implementing something as comprehensive as The Lancashire Way on to an organisation as large and complex as the county council was never going to happen by accident. Accordingly a strong architecture has been constructed to ensure it is applied with vigour, enthusiasm and consistency.

The project is managed by the council's equivalent of the Board, the most senior decision makers in the organisation. It does help that the Chief Executive is widely identified as being both the originator and driver of the philosophy.

Day to day management is provided by a project director drawn from the Board and a project team. The latter operate in very much a part time capacity as they all have their day jobs. The emphasis is very much placed on individual directorates to implement their own action plan within a limited set of guidelines. These directorates are huge concerns in the own right with massive complexities. There is no scope for a one size fits all solution here! All have their own Steering Groups.

Each directorate has a Lead who acts as their "Lancashire Way" conscience, ensuring that each element is introduced in the optimal manner for the area. These Leads have become very influential and meet as a group to debate and formulate strategy.

Status

Initial progress was unsurprisingly slow as managers grappled with the practical implications of employee engagement against a backcloth of unfamiliar and often unpleasant change. However the pace has accelerated since the turn of the year with all directorates showing progress and some generating their own momentum. The roll out to all in people management positions beyond the top 500 is underway and should be in place for the end of first quarter 2012.

The 2011 survey and focus group work will provide the opportunity to launch the philosophy to the workforce at large in the final quarter 2011 as the solution to many of the concerns raised by them. However the low key approach characteristic of the work so far will be maintained. The objective is to let employees experience the changes around them without any fanfare or grand pronouncements. The latter could be counterproductive.

There are many reasons to now be optimistic about the success of Employee Engagement at Lancashire County Council. Despite some initial scepticism, there are few concerns that this is the right way to go. The project management activity, from the Board through to the Leads, has been first class with little in the way of disagreement and a total absence of the politicking or inter-departmental rivalry which can be the norm in big companies .The basic elements for success are now all in place. LCC will be a place to visit this time next year.

Key Learning Points

- Employee engagement has to start at the top. Senior decision makers have to become exemplars.
- Continuous Improvement is the natural outlet for engagement. Done correctly, it fulfils the social requirements of the workplace for individuals as well as satisfying the corporate need for ongoing improvement.
- A formal architecture staffed by enthusiasts is essential.
- Having a HR /Training function 100% behind the concept helps enormously.
- The elements of the Lancashire Way have to be kept simple, especially in the early stages. Only complete transparency will overcome the natural suspicion and mistrust about such a fundamental change in the management paradigm. This particularly applies to CI. Start simply and add sophistication when the time is right.
- The concept is simple: it is the execution which is complicated. Constantly listen and review to ensure unforeseen obstacles are avoided.

