

# What's Next ?

CONSULTANCY

# Organisational Transformation

## Royal Mail the lessons learned

### Stratis “2020 vision”

Kevin Green Founder & CEO  
28<sup>th</sup> November 2019

What's Next ?  
CONSULTANCY

# Who is Kevin Green?

- CEO for REC for 10 years
- HRD for Royal Mail
- Tedx presenter
- Client portfolio of human capital businesses
- Author of Competitive people strategy

 Kevin Green

 @kevingreenwnc

[kevin@whatsnextconsultancy.uk.com](mailto:kevin@whatsnextconsultancy.uk.com)





## In the next 40mins...

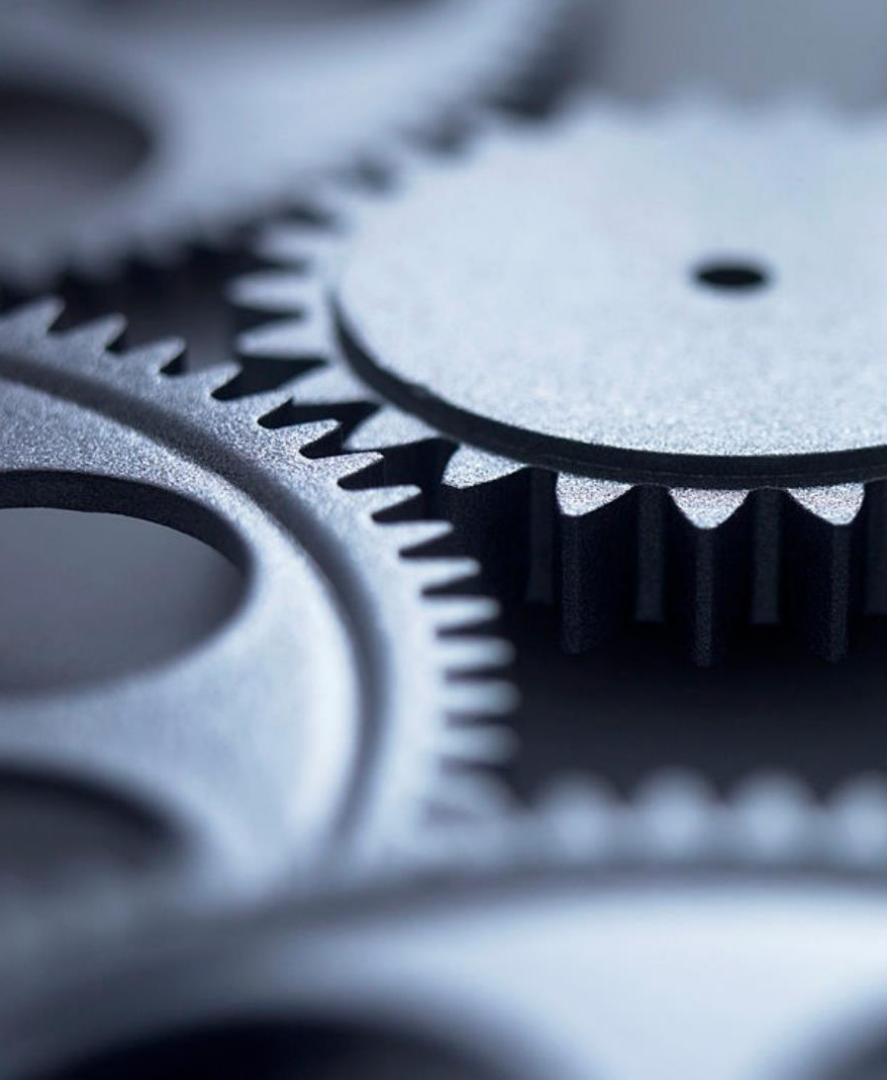
- Why is there so much change
- The difference between change and transformation
- Royal Mail perfect storm culture, structure, product & regulation
- Lessons learned
- Its always about leadership



There is an old Chinese curse that says...  
“May he live in interesting times”

Like it or not, we live in interesting times.  
They are times of danger and uncertainty;  
but they are also the most creative of any  
time in the history of mankind.

What's Next ?  
CONSULTANCY



Organisations are  
different

What's Next ?  
CONSULTANCY

85%

Of business' value is  
derived from  
intangibles = people

# Return on Human Capital



GM

Number of employees 118k

Market cap per employee \$298k



f

Number of employees 25k

Market cap per employee \$21m



What's the difference?

# Change V Transformation

75%

Of transformations  
don't deliver

# Three common reasons

- Pressure and lack of data – wrong target
- Efficiency v value creation
- Too much focus on structure

# Royal Mail Group

## Heritage

- Longest corporate history – over 500 years
- Well respected globally
- Traditionally highly profitable
- UK's most trusted brand

## Scale

- Largest single entity employer in UK (approx. 190,000)
- Every house, every street, every day (27 million)
- Processes 20 billion addressed items per year
- 115,000 collection points, 33,000 vehicles, 33 aircraft, 14,000 retail outlets

# Where we were – 2003

- £1.5 million a day losses
- Customer service failing – losing 28 million letters a year
- Inherited the worst wildcat strike record in Britain
- Threat of competition
- Regulator fines
- Auditors question “solvency”
- Pension black hole
- People:
  - “Royal Mail harassment and bullying rampant”
  - Pay levels too low
  - Our people demoralised
  - Schism between managers and non-managers

# Corporate Complacency in Royal Mail

## Reasons

- History of success
- Continued profitability
- Leadership not making tough calls
- Competitive drivers ignored
- Changing environment not acknowledged



## Outcome

- People not engaged
- Thinking rewarded, not execution
- Obsession with structures
- Unions seen as problem
- Leadership not leading
- Big inefficiencies
- International expansion
- Risk averse
- Overuse of consultants

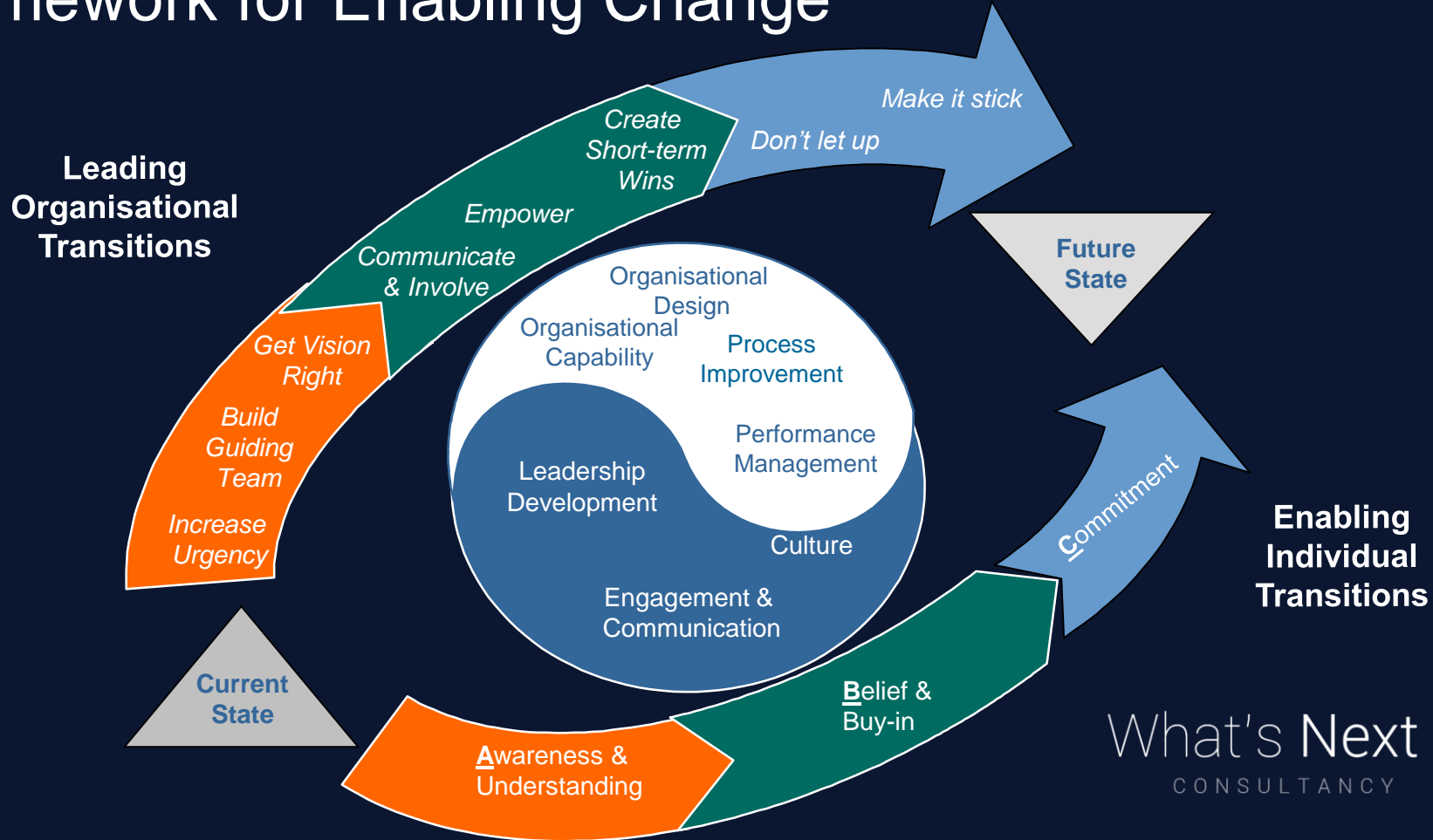
# Previous Approach to Change

Typically we have managed change through:

- Very large projects with substantial investment
- Extensive national level negotiation with the Trade Unions
- An acceptance of the need to share benefit
- Task focused
- Think-Plan-Do approach

Change seen as slow, painful and difficult

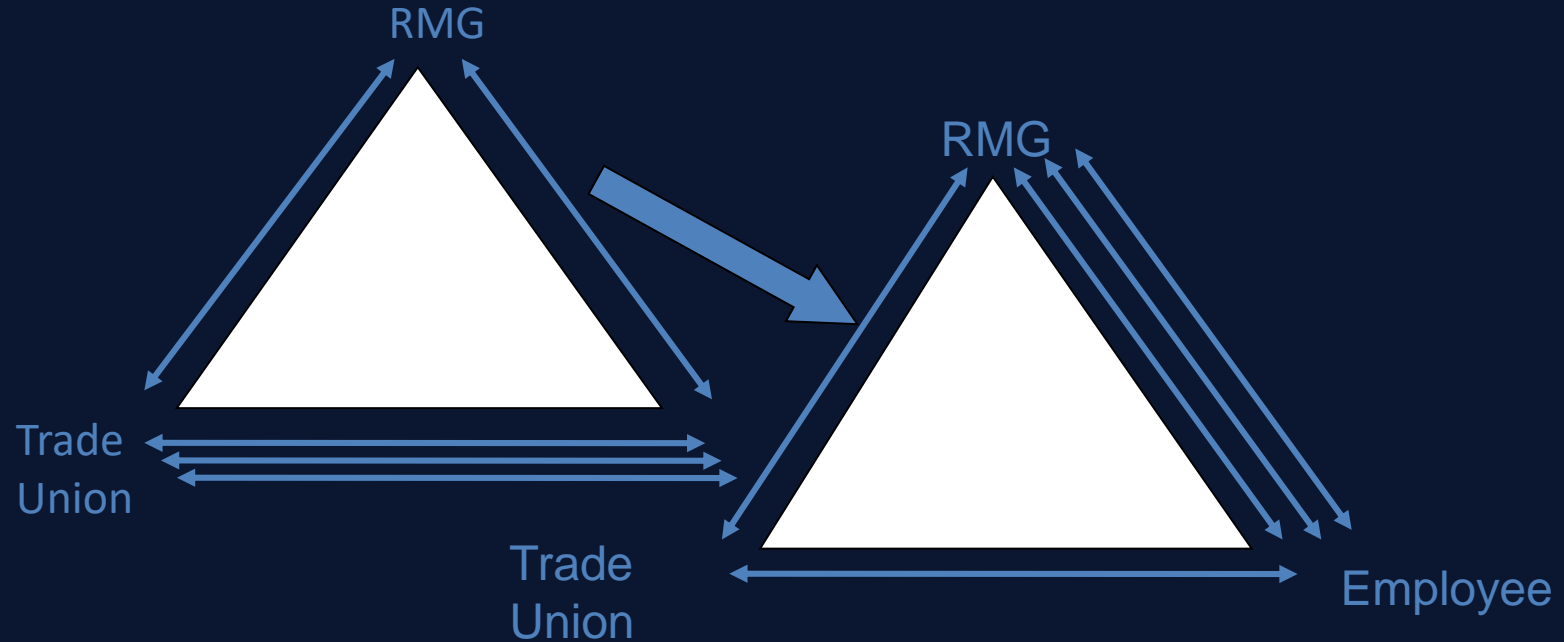
# Framework for Enabling Change





# How did we do it?

Involving and engaging our people



# How did we do it?

## Engaging and involving our people:

### Reward and recognition – simple and visible:

- Share in success
- Pay increase - £300 basic pay for all our people
- Benefits for all – cars, computers, bikes
- Absence car scheme

### Joined up, streamlined communications

- Work time listening & learning – from making sure it's done to making it work
- Exploiting channels – newspapers, emails, magazines
- Have your say – every month employee feedback
- Board visibility – ask Allan/Adams, first line manager events, direct letters to home addresses

# How did we do it?

## Improving relationship with Tus:

- New IR framework
- SDD in all offices
- Pay deal this year

## Improving the environment

- First line fix
- Bullying and harassment  
Helpline
- Diversity training; dignity  
and respect at work groups

## Improving management processes

- Royal Mail Way (comms  
cells/local problem solving)
- Lean Thinking/Six Sigma

# Learning – 3 Key Messages



Live with duality



Bring the market inside



Create meaning

# Where we are – 2008

- Loss to profit
- “Royal Mail Quality of Service now best ever”
- “Royal Mail has agreed to deliver mail for competitors” (UK Mail, Deutsche Post, TNT)
- Contributed £900 million into pension fund but £3.6 billion deficit
- 35,000 people left on voluntary redundancy
- Government funding agreed £1.2 billion and Colleague shares
- 2013 privatised for £3.3 bn – 10% of shares to staff

# Learning

## Complacency

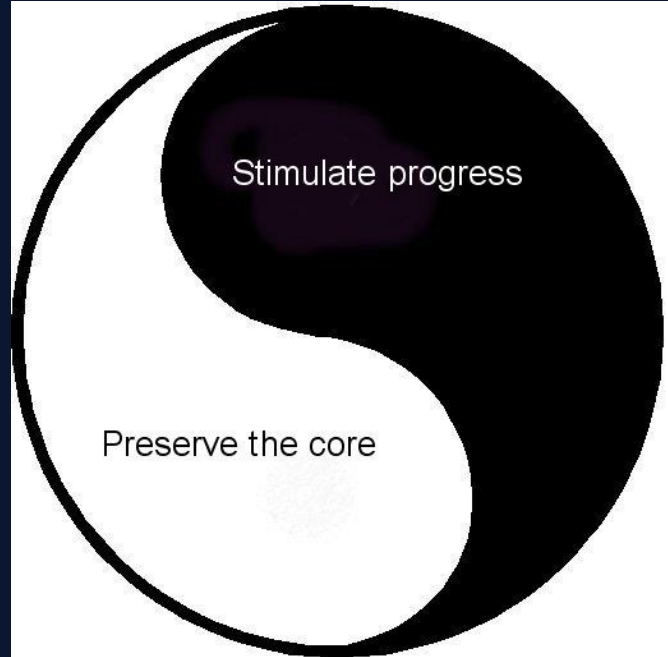
- Find leaders who will make the tough calls and challenge organisational assumptions
- Make performance transparent
- Bring the outside in
- Focus on customer value



## Change

- Integrate hard and soft change
- Ongoing alignment to customers and competitor
- Keep scanning environment
- Reinforce the line leads performance AND change
- Regular influx of talent from outside
- Reward risk & performance

# Duality



Conversations

Dialogue

Debate

Discussions

Chats

Engagement

What's Next ?

CONSULTANCY



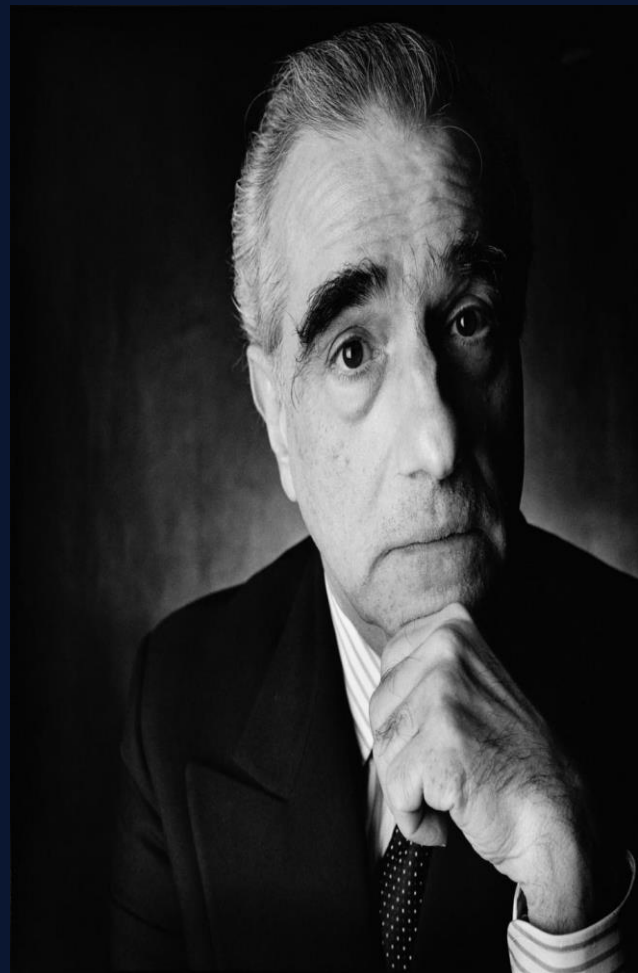
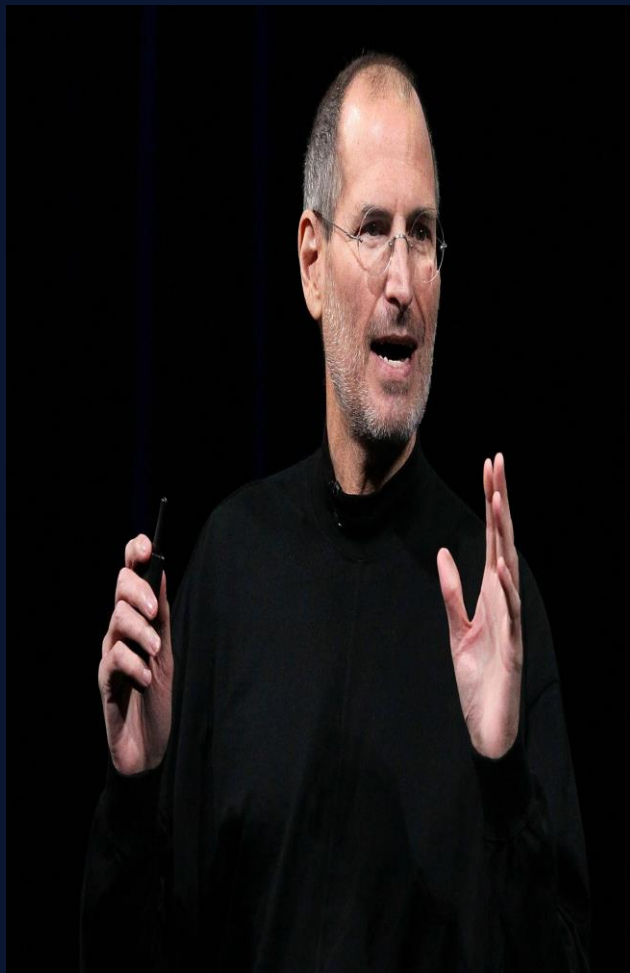
# Narrative & symbols



+



What's Next ?  
CONSULTANCY



# What's Next ?

CONSULTANCY

[kevin@whatsnextconsultancy.uk.com](mailto:kevin@whatsnextconsultancy.uk.com)



Kevin Green



@kevingreenwnc