

## eyond Lip-Service

Success relies on people. Human capital issues are higher on the corporate agenda today than at any time in living memory. Yet recent findings suggest many organisations are still unclear about just what drives their performance and are failing to manage accordingly.



Square Peg International



# Our Survey

In working with a number of organisations world-wide the consulting firm of Square Peg International has identified some emerging trends in the challenges facing businesses today. To look into these issues more closely we took soundings on perceptions of organisational fitness and have started by conducting a survey of UK professionals.

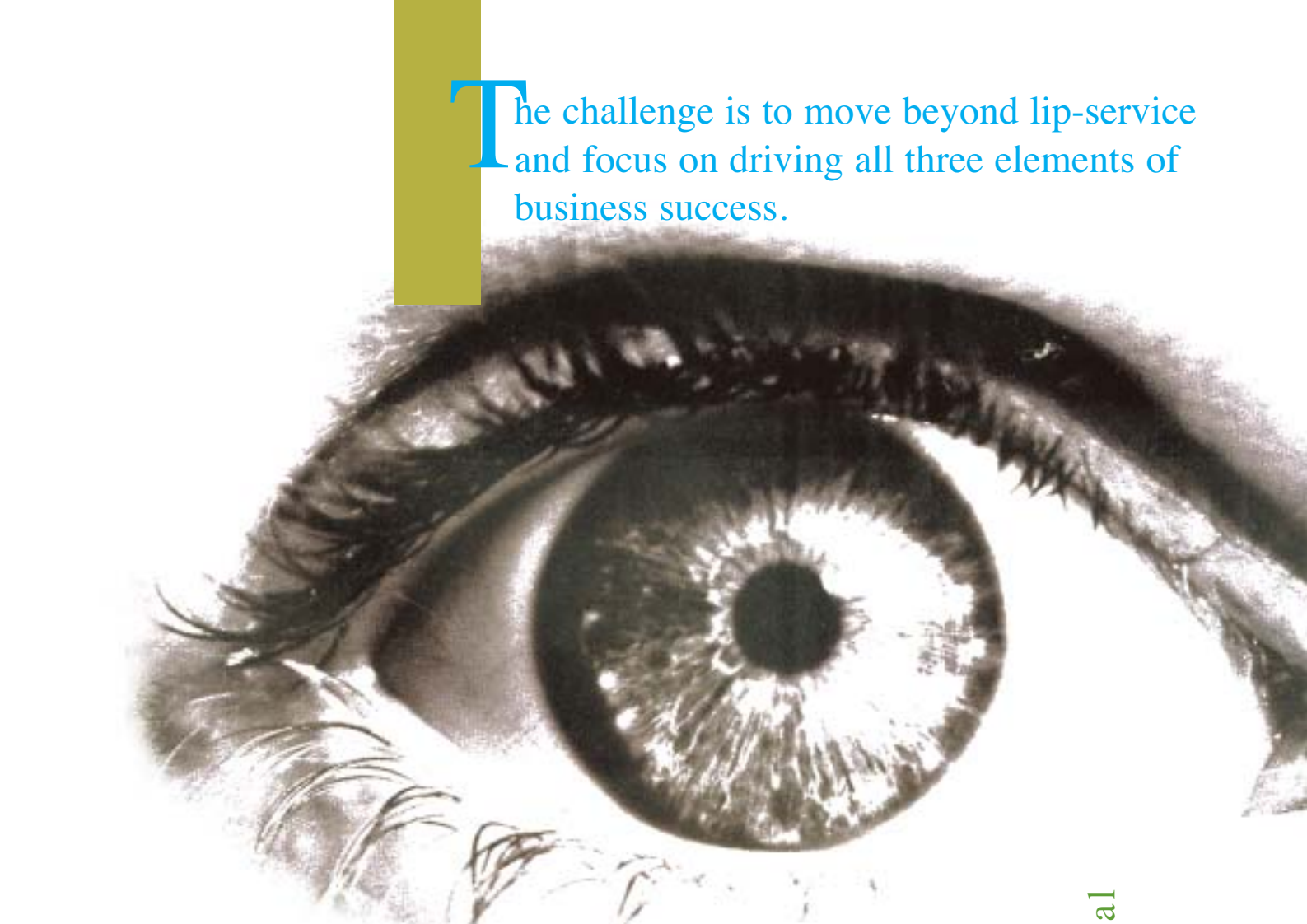
“The most striking thing about the findings from this research is not so much the themes it reveals but the extent of the problems it uncovers,” said Doug Ross, Square Peg’s Managing Director. “Many of the issues it highlights have been on CEO radars for some years now. But, it seems, they are not going away.”

Our research confirms that now more than ever organisations need help to:

**Define the success formula and make strategy everybody’s business.** Plenty of resources and consultant hours have been spent defining visions, missions, and strategies but many organisations still fail to communicate internally and make strategy explicit –meaningful for people at every level in the organisation!

**Strengthen and support senior managers to be effective business leaders.** Get both the dynamics and mechanics of leadership right. Employees look to leaders for passion, energy and organisation. Sound strategy without quality leadership is dead in the water. Our research shows that today’s leaders do not display the qualities needed to make strategy a reality.

**Manage HR like a business and invest in people practices to drive value.** Align the culture, workforce, and people practices with corporate objectives. Close the commitment and motivation gap by focussing on employee relationships.



The challenge is to move beyond lip-service and focus on driving all three elements of business success.

## Business Success

Business research has demonstrated that success is not simply achieved by developing great strategies, nor is it achieved by great leadership alone. Without a clear direction even the best leadership is ineffective and excellent strategy with poor leadership is pointless.

What is more, without an aligned and competent workforce nothing concrete is achievable. We believe therefore that three elements are required to drive value; strategy, leadership and people practices.

Our research sheds light on significant gaps in all three areas.

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# strategy



Despite decades of strategy workshops and a blizzard of buzzwords it seems that many organisations are still struggling with this fundamental element of business success.

Of course clear and appropriate missions and visions, translated into a coherent set of operational strategies are a prerequisite of performance.

But these in turn must be understood and bought-into by the organisation. And that is precisely where our research found the first gap.

Strategy – where it exists at all – is just not making it out of the boardroom and minds of leaders.

53% of our respondents reported that no clear strategy was being communicated and 75% of respondents believe a majority of employees could not accurately summarise their strategy. Two-way communication is the key here, as elsewhere.

A clearly articulated strategy is not just about giving out information and PowerPoint slides. Indeed it is about making individuals at all levels understand, reflect and comment on, and see what it means for what they do!

That is what creates a sense of shared purpose and engagement around corporate objectives.

These findings underline our experience of well-meaning management teams investing time and energy to develop elaborate strategies only to have their workforces continue with business as usual in blissful ignorance. In reality strategy implementation should be everyone's job but communication break-downs mean this frequently isn't the case.



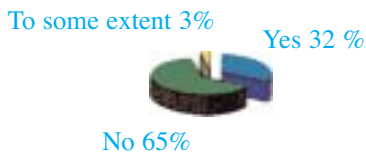
# Leadership

What is more, our research suggests a significant lack of confidence in leaders' ability to implement strategic plans. We expected a certain degree of scepticism about this but were surprised by the extent of poor leadership perceptions. Sixty five percent of respondents believe their organisation's leaders lack the qualities necessary to make strategy a reality.

We do not believe that these leaders as individuals are that poorly prepared. Nonetheless sadly in this respect perceptions are reality for a lack of trust and confidence in leadership ability will self-perpetuate through unmotivated, unfocused, cynical and even disruptive employee behaviour.

*There appear to be two main factors behind the lack of confidence in leaders.*

*Do you believe your organisation's leaders have the qualities needed to make strategy a reality?*



Firstly, our respondents highlighted leader's inability to influence and energise.

The dynamic factors of leadership include the single most important leadership quality Communication (mentioned by 28% of respondents in unprompted questioning), followed closely by Energy & Passion (20%). Employees look to their leaders for information and inspiration and our survey suggests many are being disappointed.

Secondly our respondents highlighted a lack of technical leadership skills. The mechanical functions of leadership include having relevant knowledge and experience and above all simply being able to organise (mentioned by 12% of respondents). Staff expect their leaders to be able to manage themselves and others efficiently.

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*In many cases the failure to inform and inspire coupled with a perceived inability to organise results in leadership talent being rated as distinctly underwhelming. It doesn't take a rocket scientist to envisage the impact on corporate performance and business success.*

# People Practices



**T**he third business success area where our research uncovered significant gaps is in the alignment of the culture, workforce, and people practices with corporate objectives.

One of the critical people practices that relates to value creation is talent attraction and retention.

It is a telling story then that 38% of our respondents estimate their organisations attract and retain “Not at all” or “Not very well” with a further 18% stating that their organisations did well at attracting high performers but subsequently failed to retain them. So the next question we probed was of those employees who stayed – to what degree did individuals have the will and the skills to contribute to driving value for their organisation?

Individuals who believe they are high performers generally believe that they have the skills needed to be successful (76%) yet, less than 50% of these same people believe that they are as motivated as their organisations would like. Obviously these responses are predicated on employee perceptions of corporate expectations.

Nevertheless, it seems that plenty of organisations are still staffed by talented individuals who, by their own admission, are very far from committed or motivated. We believe that individual motivation is driven by a combination of a strategy that allows for meaningful work, leadership that inspires and challenges, and culture and people practices that encourage employees to maximise their potential.

**A**gain we were surprised at the extent to which organisations still seem to have difficulty tackling their people issues. An alienated workforce poses a risk to any business so we asked our high performers just what motivates them.

The answers seem to lie in the nature of the employee - organisation relationship and fall into two main categories:

## The individual relationship

Put simply, employees want to feel their organisations value them as individuals. When asked “What does your organisation need to do to get the best possible performance from you as an individual?” by far the most popular response was “Praise and recognise my achievements”, (33%) with several respondents explicitly stating that recognition need not be financial. This was followed closely by “Train and develop me” (29%). Other major factors mentioned include, “Listen to me”, “Treat me as an individual” and “Communicate with me”. The good news, then, is that relatively simple factors seem to have a disproportionate effect on employee motivation. A few well-timed and public words of praise for great performance can go a long way.

## The holistic relationship

Underlying the need to be treated as an individual lies an apparent need for employees to be true to themselves at work. Our research suggests 90% of employees believe it is either important or very important for their personal values to be in tune with those of their organisations. And this is not just a nice-to-have.

In a post-Enron world several of our respondents cited instances where they had resigned over this matter of principle.

Furthermore three quarters of our respondents felt they had to hide their true selves at work at least some of the time.

On a large scale these relationship factors set the foundations of an organisation’s culture. If the individual relationships are dysfunctional it’s not surprising that overall culture will hamper rather than help business success. Our findings confirm the link, with 60% unable to state that their organisations had the right culture to achieve their goals. The same can be said of organisational design. Our sample was not optimistic about businesses’ ability to place the right people in the right positions in the right teams. One respondent summed up the pessimism with “I think it only happens in dreamland”.



# To Conclude

We don't believe that organisational alignment only happens in dreamland. For each of the opportunity areas our research identified we can suggest proven tools, interventions, processes, methodologies and approaches to better align an organisation to its strategic intent. Some examples include:

**Define your success formula** and make strategy everybody's business. To make strategy everyone's business leaders can clarify their formula for success and link it to all organisational initiatives.

By setting organisational direction, priorities and milestones and making the strategy explicit leaders can facilitate group discussion and ensure team and individual buy-in

**Strengthen and support senior managers** to be effective business leaders by energising and focusing your talent. To ensure that managers and leaders are both committed and applying their skills to your business it is critical to make individual and team metrics explicit so that they can be held accountable for both business results and developing the desired culture.

Team alignment, individual coaching, leadership development, and organisational design initiatives are but a few ways organisations are building and supporting the effectiveness of their leaders.

**Manage HR like a business** and ensure that investment in people practices drive value by delivering on organisational and employee expectations.

In maximising your investment in Human Capital it is critical to make the organisation's expectations clear. Clarifying and making explicit your employee-employer promise and linking this promise (that includes culture, workforce environment, reward, performance management, etc) to your people practices will allow you to deliver on the organisational promise and allow you to clearly monitor employee's delivery against your expectations.

**Business success is not achieved by developing great strategies**, nor is it achieved by great leadership for it is all just lip-service without effective implementation. Without a good plan even the best leadership is ineffective and great leadership with a poor strategy is directionless. And neither will be successful unless employees are committed to both the work being undertaken and the quality of its implementation. Thus, all elements are needed to drive value and ensure that in this competitive environment your organisation does not become toast.



# Why Square Peg

## Organisational effectiveness is our business

**S**quare Peg, is an international boutique consulting practice that provides an integrating force in the alignment and effectiveness of organisations.

Our services are based on the interrelationship between business strategy, leadership and HR - our focus is to help clients improve performance and drive value.

As business consultants focused on the people side of change we support clients managing a variety of enterprise-wide changes such as M&A's, establishing new mandates, and meeting new expectations.

We maximise productivity, performance and morale and drive value by accelerating results, ensuring their quality, and measuring their impact. From our offices in the UK and North America we assist companies to capture the full value of their investment in people.

At Square Peg, organisational effectiveness is our business-performance is our goal.

Our consultants are seasoned experts who understand, from first-hand experience, the challenges of running and growing an organisation.

Our research and constant search for global best practices ensures that we deliver innovative workable solutions to help meet those challenges head on.

## Clients are why we exist

Our success formula of growing one client at a time works and we now provide support to clients all over the world.

As a small focused firm we can dedicate the attention and time required to develop long standing, valued, relationships with many of our clients- more than 20 years in some cases.

This approach allows us to have a complete understanding of their needs and means that we can move quickly to focus our efforts on activities that add value.

Our creative solutions are inspired by our overriding commitment to total client satisfaction. We strive for a special synergy in our client relationships. We challenge each other. Brainstorm. Test ideas. Lock in solutions.





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## We have a “no bull” attitude

Like all highly successful market focused businesses, Square Peg International’s future isn’t just about money. What we really believe sets us apart is the integrity we bring to our work; it is about leadership, making things happen, and a “no-bull” attitude. We believe that business success is not achieved through brilliant strategy. It is achieved through the brilliant execution of strategy – solutions need to pass the common sense test—always!

## We take a complete approach

Unlike other firms that bring only functional or technical expertise, we take a holistic approach to our engagements, focusing on the strategy, leadership and people practices that contribute to organisational effectiveness. This approach, combined with our strong commercial acumen, results in recommendations that are fact-based, results-oriented and actionable.

At Square Peg, we use a flexible, bespoke approach to consulting. We don’t use off-the shelf solutions, we don’t have to. We are innovators – thought leaders with global breadth and depth of services. Our network of consultants and independent associates can provide whatever level of service our clients need, from over-the-shoulder advice to hands –on involvement.

We know that the best consulting services are an investment – not a cost. Square Peg strives to deliver the best return on your investment. We can help your organisation achieve organisational excellence.



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