

A **Gower** Book

The Velvet Revolution at Work

The Rise of Employee Engagement,
the Fall of Command and Control



JOHN SMYTHE

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*The Rise of Employee Engagement,
the Fall of Command and Control*

JOHN SMYTHE



Routledge

Taylor & Francis Group

LONDON AND NEW YORK

First published 2013 by Gower Publishing

Published 2016 by Routledge

2 Park Square, Milton Park, Abingdon, Oxon OX14 4RN

711 Third Avenue, New York, NY 10017, USA

Routledge is an imprint of the Taylor & Francis Group, an informa business

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British Library Cataloguing in Publication Data

A catalogue record for this book is available from the British Library.

Library of Congress Cataloging-in-Publication Data

Smythe, John.

The velvet revolution at work : the rise of employee engagement, the fall of command and control / by John Smythe.

pages cm

Includes bibliographical references and index.

ISBN 978-1-4094-4324-7 (hardback) -- ISBN 978-1-4094-4325-4 (ebook) -- ISBN 978-1-4724-0057-4 1. Management--Employee participation. 2. Organizational change. 3. Employee motivation. 4. Corporate culture. 5. Industrial relations. I. Title.

HD5650.S57 2013

658.3'152--dc23

2013006117

ISBN 13: 978-1-4094-4324-7 (pbk)

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About the Author

John is one of the founding voices of the leader and employee engagement movement and is a partner of Engage for Change (www.engageforchange.com), a consultancy dedicated to advising on engaging leaders and everyone at work to drive change, transform organizations and raise day-to-day business performance.

Before establishing Engage for Change, John had a fixed term as a visiting fellow with McKinsey and Company. In 1989 he co-founded SmytheDorwardLambert, a consultancy which was acknowledged to be the thought leader in organizational communication, change communication/leadership and change management, and in addition has been an advisor to Neil Kinnock during the latter's reform of the European Commission. He has also held senior corporate communication roles in the oil and energy sectors with the American companies Occidental Petroleum, Bechtel and Marathon.

His last book – *CEO, Chief Engagement Officer: Turning Hierarchy Upside Down to Drive Performance* – was published by Gower in 2007.

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Foreword

There are only three fundamental ways to create sustainably successful businesses: to give outstanding customer service, to innovate with new products and services, or to find new ways of doing what we do more efficiently. People are at the heart of all three. Engaged people do these things well and disengaged people walk past the opportunities that occur every day to delight customers, to innovate or to improve productivity. While this is obvious to some, it is paid lip service to by many others. The ones who take it seriously tend to harness much more of the capability and potential of their people than do the others. In so doing, they improve the performance of their organisations and contribute to the growth of our economy. As a nation we simply cannot afford to have so much of our people's capability and potential left unused. We will not grow and we will not successfully compete unless our people care, unless they are engaged, and we cannot sustainably engage people unless we attend to their well-being. If we want our people to offer better customer service, to innovate and to improve productivity, we must attend to their well-being.

As Nita Clarke and I said in our Report to Government, *Engaging for Success*, 'if employee engagement and the principles that lie behind it were more widely understood, if the potential that resides in the country's workforce was more fully unleashed, we could see a step change in workplace performance and employee well-being for the considerable benefit of UK PLC'.

We are pleased that the Prime Minister and Ed Davey launched a task force which seeks to create a movement which will enhance the importance of this topic and offer some insights and best practise to help organizations enhance their own levels of employee engagement. This book offers important and revealing insights, case studies and the evidence to ensure that you are

harnessing more of the capability and potential of your people for the benefit of your organization, the country and, indeed, the employees themselves.

David MacLeod
Chairman Employee Engagement Task Force

Acknowledgements

John Smythe would like to acknowledge the contributions of the following:

Mervyn Walker, Group Head of Human Resources, Anglo American

Jim McAuslan, General Secretary, BALPA

Peter Jones, former Communications Director, BUPA and Non-Executive Director of CTN Communications, BUPA

Emma Bryant, Communications Consultant.

Former Head of Executive & Employee Communication at Dresdner Kleinwort, now Commerzbank Corporates & Markets

Andy Harrison, Chief Executive, Whitbread plc. formerly CEO easyJet

Ted Burke, Global Managing Partner, Freshfields Bruckhaus Deringer

General Sir Mike Jackson, former Chief of the General Staff and Head of the British Army

Rob Withecombe, whilst Partner, Head of Tax at Grant Thornton. Currently at Barclays Wealth, Head of Wealth Advisory

Tony Voller, SVP Talent, InterContinental Hotels Group PLC

Caron Jones, Talent Resourcing Director, EMEA, InterContinental Hotel Group

Geoff Muirhead CBE, CEO, Mark Johnson, Group Business Services Director, Manchester Airport

Julie Armstrong, Customer Services Director, Manchester Airport

Dominic Fry, Director of Communications, Marks & Spencer

Sir John Parker, Chairman, National Grid plc and Anglo American plc

Paul Barron, whilst CEO, NATS

Rachel Reid, Director Corporate, Customer & Environmental Affairs, NATS

Simon Lewis, whilst Director of Communications and the Prime Minister's
Official Spokesman at 10 Downing Street.

Currently Association for Financial Markets in Europe (AFME), Chief Executive

Richard Everitt, Chief Executive, POLA

Clive Schlee, CEO, Pret A Manger

Paul Noon, General Secretary, via Jim McAuslan, BALPA, Prospect

Graham Love, ex-CEO of QinetiQ.

Now chairs a number of private equity backed businesses.

Elisabeth Hunka, Director of Personnel, Royal Household

Peter Thomas, formerly Director of Corporate Communications and Public
Affairs, RFU

Ronan Dunne, Chief Executive Officer, Telefónica UK Limited

Carol Kavanagh, Group HR Director, Travis Perkins

Steve Bareham, Regional Director, Travis Perkins

Chris Browne, MD, Thomson Airways (TUI)

John Murphy, Director of Flight Operations, Thomson Airways

Also thanks to Lynette Proctor for all her help.

Introduction

This book is for leaders at any level who are curious about the growing employee engagement movement and those who are interested in devising and delivering strategy through people, rather than cascading decisions at people conceived by elites.

The core idea lies in challenging the orthodoxy that command and control, top-down, hierarchical leadership produces the best results for organizations and their workforces. It argues that soon a tipping point will be reached where there will be a sufficient critical mass of employers who have adopted a more inclusive approach to leadership, providing a viable choice for employees between these new model cultures and post-Second World War command and control cultures.

I and others have previously made the business case for employee engagement. In this book I provide more evidence to support the business case and one of the first attempts to make the social case. I also contend that the social case will be a decisive influence in helping to put employee engagement on the leadership agenda.

The theme of *The Velvet Revolution at Work* stems from the democracy-seeking social upheavals of the velvet revolutions of the former Eastern European states and the continuing Arab Spring. I ask if there is a connection between these wider national movements and the desire for workers and employees to have more say at work. I provide practical approaches at the level of the organization to facilitate the engagement of people in the development and execution of organizational renewal initiatives such as strategy and change, emphasizing that effective engagement can only take place within the context of strong leadership. Employee engagement is not a laissez-faire philosophy. Governing it to produce commercial and cultural results requires belief and, above all, discipline.

At the level of the individual, I also provide insight into the capabilities necessary to equip leaders and managers to engage people effectively. These have been validated across UK plc via independent research.

Further Aims

I also aim to build on my previous book, *CEO, Chief Engagement Officer: Turning Hierarchy Upside Down to Drive Performance*, published by Gower in 2007. In this new work, there is much new material derived from more than 45 interviews and pan-UK research conducted independently by UK poll firm YouGov and the consulting work of Engage for Change.

The concept of leader and employee engagement remains ill defined. Most definitions are statements about desirable outcomes rather than ‘drivers’ or causes. In *The Velvet Revolution at Work*, I will appeal to those who sense that there must be a better way of leadership than the post-Second World War top-down, command and control hierarchical model; I explore emerging myths about employee engagement including:

- that it is no more than incremental top-end or turbo-charged communication,
- that there is not time to engage people as the elite already know what to do,
- and that management are paid to come up with all the answers anyway.

I question the social utility of coercive top-down internal communication designed to align and mobilize people once decisions have been made by an elite, debate whether employee engagement is a valuable concept which will make the workplace better and more productive, or a cynical re-packaging of existing exploitative management models and, finally, explore why engagement is now on the corporate agenda given that the concept has been around for as long as mankind.

Drucker was writing about it in the 1950s and others even earlier like the Victorian-era philanthropists in the UK and the USA. But it was only when the post-Second World War deal of the ‘loyalty for security deal’ broke down

in the 1990s that it began to be an acceptable topic in the boardroom. Ricardo Semmler pioneered it in his engineering firm decades ago in Brazil, a country that was at the time hardly a symbol of new workplace thinking

The Three Parts of the Book

PART I: WHAT IS THE VELVET REVOLUTION AT WORK?

Part I proposes that employee engagement is here to stay, explores what engages people at work and reviews the primary levers and supporting enablers that organizations have at their disposal.

PART II: STRATEGY THROUGH PEOPLE: DELIVERING STRATEGY AND CHANGE THROUGH PARTICIPATIVE INTERVENTIONS THAT ENGAGE THE RIGHT PEOPLE

Part II focuses on interventions that give an organization's people a well-organized role in devising and executing big-ticket business imperatives like purpose, strategy, change and operational renewal.

PART III: BEYOND THE INTERVENTION: THE ENGAGED ORGANIZATION

Part III is about the role of leaders at every level in creating an environment which encourages and invites employees to engage themselves for their own benefit and for that of their organization. It also covers the three supporting enablers; brand, internal communication and digital technology.

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PART I

What is the Velvet Revolution at Work?

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The Velvet Revolution at Work – Why Now?

In the Introduction, I suggested that in addition to a sound business case, social forces would stimulate the emergence of the employee engagement movement.

Looking back at the history of work in the UK since the Industrial Revolution of the eighteenth and nineteenth centuries, it is punctuated by major events such as the migration from the land to the city, the rise of union power to counteract the power of capital, the decline of union power, nationalizations and privatizations, the influence of various management theories and the rise of entrepreneurship.

The leader and employee engagement movement – E theory – may be a defining shift in the way we work, but it is not new.

Employee Engagement is as Old as the Hills

Employee engagement is as old as the hills in the sense that leaders have been practising it ever since mankind emerged as a collaborative social group. Leaders have been making informed judgments about what they alone will decide versus which individuals or groups will add value to decisions on the basis of the specialist knowledge and experience those groups have or because of the power that they hold. The key phrase is ‘making informed judgments’.

When I worked on a study with McKinsey & Company in 2004 called ‘Boot Camp or Commune’ (one of the first studies to look at this topic), we found that nearly every CEO we interviewed made instinctive, automatic

and thus irrational judgments about engaging people in decision making. Questions about their thought process about approaches to employee engagement were met with naivet  and the disclosure that consideration of it was typically not part of their decision-making process. This was in contrast to their approach to strategy (or content) formulation, which they reported as being thought through in a more considered way either alone or with a range of people enfranchised for political and quality purposes. In other words, their approach to engaging their people usually attracted little or no thought at all, with the result that ‘decide and tell or decide and sell’ approaches to strategy origination and execution were the dominant method of decision making.

Figure 1.1 below represents four approaches to decision making and engagement.

The conclusion from that 2004 study was that leaders should make conscious and visible decisions about which approach, in terms of engaging their populations, will add value. By value I mean the quality of decisions and the broad ownership of them by those who must deliver.

What engages people at work?– power sharing

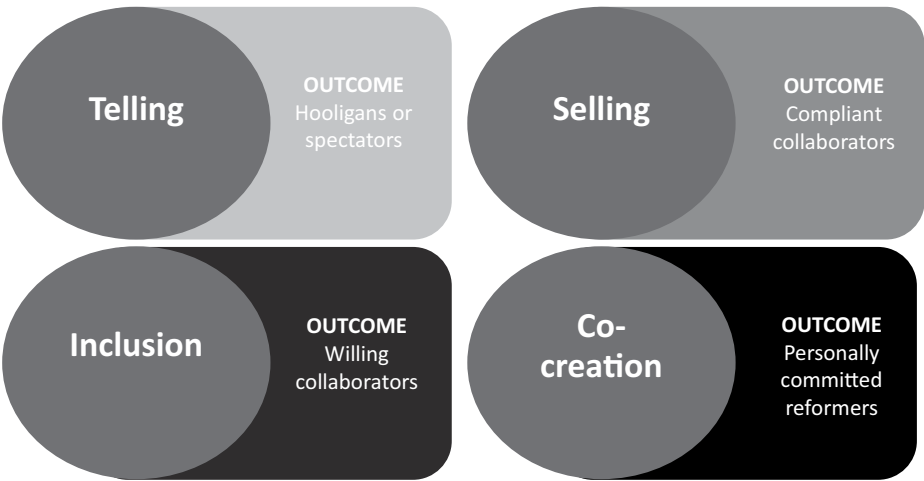


Figure 1.1 The four approaches to decision making and engagement

In a traditional command and control environment, an elite concludes the thinking about the content (the what) and the execution (the how), and then casts about for ways to tell its people what has been decided. This linear approach to decision making inevitably results in a 'tell or sell' mode of engagement which casts recipients as spectators of the process, however apparently engaging or entertaining the communication is. This is a value-destroying approach to decision making, as most of the population have not been invited to challenge and contribute, and thus the outcome is representative of a tiny minority of the collective memory and expertise of the enterprise, added to which those who are relied on to execute a top-down decision feel little ownership of it and are not readily motivated to help.

Under command and control, 'decide and tell and decide and sell' are the default engagement approaches. When people are precluded from challenging and contributing, often through ignorance by leaders of the choices available to them to engage people, it is little wonder that so many organizational initiatives come and go with little impact.

A command and control culture is exposed by its language. Metaphors of the military and religious abound – briefing, front line, vision, mission, mobilize, align, morning prayers and so on. Command and control served well as the postmodern foundation for large, multi-location organizations where it was thought that tight control was the best and only way of standardizing production methods and customer experience.

Whilst there are now many instances and examples of more inclusive and 'engaging' styles of leadership, command and control, in one guise or another, is still the dominant experience for many people at work. Of course, there are many highly successful organizations which seem to thrive on command and control and there may be so for a long time to come.

The Birth of an Alternative to Command and Control

However, we may be at the birth of what is an evolution to the next style of leadership at every level in organizations. This is a protracted birth which will be characterized by as many ups and downs as the Velvet Revolutions that took place across Eastern Europe and now in the Arab world. Peter Drucker's early calls for more inclusive leadership may at last have found their time. What follows is my view of what UK social history has to tell us

about the deal between employers and employees. Your country's history and culture will also have a significant bearing on the deal between employees and employers.

I am no historian, but drawing on the accounts of others, it is worth remembering that the history of organized industrial work with massed workforces is barely 250 years old, dating back to the late 1700s. The UK as the cradle of the first Industrial Revolution was the first mover in learning to manage and organize large numbers of workers. If we take a walk back in time in the UK, what do we find?

Among the first vivid images of people at work are the sweat shops of Victorian England brought to us by the paintings of L.S. Lowry or the writing of Charles Dickens and Elizabeth Gaskell. Fast forward to today and these working conditions can still be found in many parts of the world. In the UK people had migrated from the privations of the land to squalor in crowded slums where they found themselves to be the human cogs in the industrial machine. The first capitalist robber barons in the UK and the USA experienced little pressure in the early days of industrialization from the disenfranchised and unrepresented masses for better conditions.

However, amid the gloom emerged social thinkers like Robert Owen writing in the early nineteenth century (*Selected Works of Robert Owen*, William Pickering 1930) and industrialists that brought us Port Sunlight and Bourneville as examples of model industrial towns where workers received a better deal. These individuals were among the first advocates of worker mutuality and engagement.

In the USA, Andrew Carnegie epitomized the idea of social responsibility articulated in his Gospel of Wealth (*North American Review*, June 1889). He said that 'Happier, warmer and healthier' workers produced better results. It was self-interested care, but it was a deal that he claimed was more sustainable than one-sided capitalism. These 'social industrialists' were rewarded with better outcomes and recognition for the way they balanced the needs of workers and capital more equitably.

Soon enough, the benefits of mass output started to benefit the workers and the early seeds of the consumer were planted – after all, without consumption, there is a limit on returns. Consumerism was ultimately to become a brake on capital in the sense that, without consumer support and demand, profit is limited.

Today this extends to consumers switching away from brands they consider to be misaligned with their own values. Thus, exploiters of child labour have been forced to manufacture with the supply community in mind as well as the consumer. And in the UK in late 2012 the reported underpayment of tax by global businesses resulted in some consumers shunning these companies.

The Engineering Strike in Yarrow Shipyard, Southampton (1897)

In the late nineteenth and early twentieth centuries the struggle between capital and labour spawned the emergence of the union movement which, in its first guise, can take credit for attempting to balance the books in favour of the worker.

The tussle between profit and people included violence. In the USA workers routinely found themselves being policed and killed by fellow workers wearing, among others, the uniform of Pinkerton's private security guards. In the 1877 strike against the Baltimore and Ohio (rail) company, President Rutherford Hayes sent federal troops to quell rioters, who themselves were armed to the teeth under the US Constitution's right to bear arms (see Richard Donkin, *The History of Work* (2010)).

In academia, early theories framed work as a rational machine (*Taylorism, Principles of Scientific Management* (1911)) with workers taking their place as a coerced cog. Taylorism had admirers like Henry Ford and other early proponents of rigidly enforced standardization in which initiative was expressly forbidden.

Taylorism was later characterized as X theory by Douglas McGregor, who countered it with Y (*The Human Side of Enterprise* (1960)) theory that posited that high performance was an outcome of trust and the granting of initiative to workers which drew from Japanese success in driving up quality through collaborative teamwork as demonstrated by Volvo's early successful application to its team-based approach to manufacturing.

The Rise of the State

The periods following the Second World War in the UK witnessed the rise of the state and a rise in the number of state workers. At that time, to be a high-flying civil servant was a glittering career path and many employees in the private and public sectors enjoyed a cradle-to-grave employment promise.

To this day, in the UK the state sector is a well-preserved example of the command and control work place culture. Whilst the rhetoric in the UK state sector may be 'the new model workplace', the reality is a persistent devotion to hierarchy, bureaucracy, protocol, deference and risk aversion.

The rise of the state matters because when it becomes the main employer, as the DNA of work becomes overshadowed by the values and mores of the state institution. In Scotland today the percentage of GDP generated and consumed by the state is around 73%. In Wales and Northern Ireland it is above 60% and is rising. In the south-east of the UK the percentage of GDP deriving from the state sector is 25% and less in Greater London, the engine of Britain (BBC). Following the Second World War, the private sector mirrored the state sector in adopting the leadership model of command and control. People would aim to join and stay with a company or public sector institution for their working life and, by offering their loyalty, would be rewarded with certainty, perks and development.

The deal started to break down as the last millennia came to an end and companies and institutions started to scale back their side of the bargain. The decline of final pension schemes and their generous index linked payouts for life was a major cause of this breakdown. Meanwhile, internal communication in its first guise was a tool of the corporation designed to align its people with its messages and mobilize them into concerted action. It was an adjunct of the top-down leadership style and was the equivalent of a dictator's radio station. Whilst the underlying psychological contract of 'my loyalty for my security' was in force, this was fine. But as that contract fractured, so too would the top-down mode of communication.

Whatever Happened to the 1990s Concept of Employee Empowerment?

In the 1980s and 1990s people became much more mobile and started to demand greater involvement in decisions affecting them at work. The loyalty for security contract was bust. The velvet revolution at work was gaining momentum. It may turn out to be of no surprise that this was occurring at the same time as the spread of democracy across the former Eastern Europe and now in different theatres – social historians will debate whether this is congruence or coincidence.

Figure 1.2 charts the shift from command and control to a more mutual relationship between employer and employee.