



People^{insight}

Leading Change In UK Financial Services

Industry leaders on how to bring
your people with you through
transformational change.

Contents

- 3** Introduction
- 4** **Sarah McPake**
Engagement, Senior Manager
TSB
- 5** **Cheryl Bosi**
HR Director -
Retail & Community Banking
Lloyds Banking Group
- 7** **Fiona Wallace**
Head of Organisational Effectiveness
Brewin Dolphin
- 9** **Freddy Barker**
Head of Change
Charles Stanley
- 10** **Nigel Girling**
Director
The National Centre for
Strategic Leadership at
the Babington Group
- 11** **Susanne Chishti**
CEO
FINTECH Circle
- 13** **Robert Jarvis**
Global Head of Human Resources
BFIN
- 15** **Mike Jeacock**
Chief Operating Officer
Jersey Financial Services
Commission
- 17** **Karen Corran**
Head of Human Resources
Hansard Global plc
- 19** **Hannah Grinsted**
Head of People
Bud
- 19** **Fiona Anderson**
Engage For Success Steering Group
Founder
valuingYOU and My Change Expert
- 23** **Jo Moffatt**
Engage For Success Strategy Director
Managing Director
Woodreed
- 24** **Peter Briffett**
CEO & Co-Founder
Wagestream
- 26** Conclusion

Introduction

Financial services couldn't be a better example of an industry where extreme change is the new constant. After the 2008 financial crisis, culture was cited as a root cause of the major conduct failings that occurred. Rebuilding trust, the FCA stated, would need a major rethink about the way things were done. A year ago, the FCA [launched their culture paper](#), designed to stimulate discussion of what good culture might look like, the role of regulation and how to change behaviour for the better.

But there are other drivers for change too: Fintech has exploded and Challenger banks are proliferating with agile business processes and new services that operate everywhere in real time 24/7.

Look at any news about HR trends right now and it's all about culture. Or explicitly, having a culture that supports people in organisations undergoing transformational change. Whether it's wholesale business processes, introducing technology or the SM&CR, firms are responding to intense competition, rising customer expectations, the need for new skills, and regulatory pressure to name but a few. Change requires people to flex, doing things in completely different ways, at different times and with different resources. Change can be tough – mentally and emotionally.

There is of course a high price to pay if you try to inflict change on your people rather than bring them along with you. Confusion and fear inhibit people from embracing new ideas and behaviours. Disengagement becomes a recipe for poor productivity, change resistance and talent drainage.

But the good news is, change can be managed, and culture can be developed. It is all about taking a strategic approach to culture, alongside a commitment to change that involves rigorous listening that brings your people with you.

We have brought together this report with financial services industry thought leaders discussing the change that has been happening since the FCA report. We look at how to bring about a culture where people can perform and thrive during change.

Read on to find out more about:

- How culture constantly evolves
- How culture provides real competitive advantage – not just a tick box for regulators
- How culture can't be copied from another organisation – and must be authentically yours
- How values succeed when leaders genuinely believe in and live them
- How people change when they have a good rationale
- How the explosion of tech is an enabler – allowing people to be more, not less human
- How culture is evidenced through the employee experience – and therefore can be assessed and measured
- "Volatility is only scary for the powerless" – how giving employees a voice through change enables them to thrive

Sarah McPake

Employee Engagement, Senior Manager



**Get into the habit of listening.
Giving people the opportunity to have
their say can make all the difference to
whether you make change with your people
or despite them.**

In your opinion, when all is changing, how do you bring your people along with you successfully?

When approaching change we quickly define where we are now and where we want to go, but sometimes forget what it might be like in between. So, listening to people throughout is critical to understand whether we're all still heading in the same direction.

I find developing a regular listening routine that helps employees feel involved and valued, whilst also allowing the organisation to demonstrate what's important and gather actionable insight, works best.

At TSB we have listening mechanisms built into our culture which means we always know what's important to our people, and what they think about our current priorities. These include the Link Group – a network of 125 employees who meet every quarter to discuss current business topics and provide their views, before reporting back to our Executive and the Board. And an annual survey and regular pulse checks to allow all Partners to have their say on the things that matter most both to the organisation and to them individually.

Then we have the option to add additional activity to ensure all employees feel listened to during critical moments.

For example we opened up face to face listening groups to around 500 employees during that 'in between' stage of a recent major change programme. They met with leaders to have open conversations about how they were experiencing the changes, allowing us to adapt the information and support we were providing. And we equipped all people leaders to run their own local activities to get people sharing and using their ideas to own and shape the changes at a local level.

By making listening a regular habit it's more likely people will feel listened to and valued, and part of the change. So as we navigate transformational cultural change across the industry, people who feel they have a voice are more likely to be ready to come with us than get left behind.

Cheryl Bosi

HR Director - Retail & Community Banking



The right leadership, role models, and clear expectations around beliefs and behaviours help create a far more positive culture where people feel confident enough to bring their whole selves to work and produce their very best work.

What has been happening in the last year to transform culture in financial services?

There has been rapid technological change which has directly impacted the financial services industry. Voice biometrics, artificial intelligence, and more have all entered the mainstream. Within Lloyds Banking Group, we have been working hard to harness technology to ensure we are consistently delivering desired outcomes for our customers and in particular, when supporting their more complex needs.

Harnessing technology allows machines and algorithms to do the ordinary and our people to do the extraordinary. This is extremely powerful from both a colleague and customer proposition perspective.

In the past, often organisations viewed technology as a way of reducing time, or cost, or both. Such an approach, in some cases, led to unintended consequences which diminished the customer experience. For example, dealing with a customer Service Representative whose performance was being measured by 'Length of Phone Call', can be frustrating for all involved. However, we see software and AI as an enabler to creating a more slick journey which is less error prone and, in turn, making things run more

Lloyds Banking Group are a financial services group with millions of UK customers with a presence in nearly every community; they are familiar on the high street and with over 1 million businesses through their portfolio of brands. Their business is focused on retail and commercial financial services.

smoothly while our colleagues step in to create a more human experience for our customers.

No machine will be able to make a cup of tea for a customer while they talk to one of our employees following a bereavement or divorce, and help them overcome their concerns. We are creating more opportunities for colleagues to help customers during these difficult times and in significant moments. We humanise these occasions as much as possible and aim to turn each experience into a 'Wow' moment.

Our customer-facing colleagues remain our real competitive advantage. This advantage has been strengthened by a major cultural transformation program that has been so extensive even the transformation team have invested in themselves and transformed how they work to break through old ways of doing things. The Group has adopted agile change methodologies and have worked tirelessly to reduce bureaucracy, running test and learn activities and reacting quicker if re-direction is required. It may seem counter-intuitive but this model has supported our commitment to risk management as innovation and change is co-created, allowing issues and defects to be uncovered together, quicker, and therefore resolved prior to implementation.

In your opinion, when all is changing, how do you bring your people along with you successfully?

All of our colleagues are hugely passionate about helping customers – it's quite phenomenal. As a result, whenever we make process or technology changes that facilitate customer success, our colleagues are naturally inclined to support the initiative. In the past, technology may sometimes have been perceived in society as a negative in that it can dehumanise the process of serving customers and eliminate the need for a human touch; reducing everything to time and cost-based metrics. However, as we reach the halfway point of the bank's three-year Group Strategy launched in 2018, we're seeing more evidence of technology being used to remove barriers and restrictions for colleagues and customers. It is freeing-up our people to play to their strengths and delight our customers through better listening, understanding, empathy, and support which, ultimately, leads to commercial success and job enrichment, engagement and fulfilment.

The change has been facilitated by a more agile way of working in which bureaucracy has been reduced, and a transformational approach to performance management adopted. There are now many small behavioural experiments and initiatives taking place across the Group. Some initiatives look at adjusting how we work, others look at how to handle customer processes while others deal with collaboration. None of the experiments were established via a lengthy committee-based process - they were formed quickly by colleagues themselves and they operate in an agile framework with the ultimate support of business leaders. One small example has been our 'Place To Be' campaign which helps remove small day-to-day annoyances in the workplace which might previously have required layers of bureaucracy just to access some petty cash. Now, colleagues can take immediate action to resolve problems and make the branch or office a better place, even if that involves spending money within pre-approved guidelines. Small supporting gains like these compound to help make our business a place where people want to be and give their all every day.

Having collaboration and full sponsorship amongst the Senior Leadership Team is key to the success of any transformation agenda. We have found it so important to have the right role models in place who invest in supporting and developing people across the business to be their best and create a human, more inclusive environment to work in - one that encourages support, listening, empathy, and positive reinforcement. The right leadership, role models, and clear expectations around beliefs and behaviours help create a far more positive culture where people feel confident enough to bring their whole selves to work and produce their very best work.

I am very proud of the work we are doing and feel very fortunate to have a role where I can influence culture, people and customers every single day.



Fiona Wallace

Head of Organisational Effectiveness

Brewin Dolphin

UK based wealth managers specialising in personalised financial planning and investment management advice.



Culture change is not achieved through a single action or project – it is the culmination of all the different actions you take in an organisation and in my experience, positive culture change is something which happens over time.

What has been happening in the last year to transform culture in financial services?

The amount of change in financial services has been one of the biggest drivers of culture change. External impacts such as regulatory pressures and political uncertainty are setting some of the change agenda in financial services, but for us at Brewin this is only part of the picture. Technology is one of our biggest areas of investment and whilst this is a big change in itself, we view technology as an enabler of further change. For example, over the past year our workplace technology has allowed our organisation to work more agilely and to increase collaborative working across different parts of the organisation. It has also allowed us to introduce new digital client services. As a result, working practices have changed and people have adapted to different ways of working and this represents a cultural shift with a far greater impact than simply learning how to use new technology.

These changes are closely connected to the wider societal shifts impacting all organisations. The digital world is leading to different client expectations and different employee expectations so we are constantly looking for ways to enhance our client services and our employee experience. For example, in the past where

a prescribed and fixed career path up the management chain was the norm, people are increasingly looking for more varied career development; ways to gain different skills and experience and future-proof their careers by being able to adapt to different opportunities which arise. This means having a culture where people look ahead, think about what the future of work might look like for them, what they need to develop and how they can prepare themselves to be ready for it.

Every change which impacts people impacts the culture whether you intend it to or not. Therefore given the climate of constant change, organisational culture is constantly in flux. Culture change is not achieved through a single action or project – it is the culmination of all the different actions you take in an organisation and in my experience, positive culture change is something which happens over time. So the way that people are recognised and rewarded, the way communications happen (or don't happen), whether or not you truly live your organisational values and how leaders are trained and developed are all things which will have an impact on culture. At Brewin, the launch of our internal Women@Brewin network was set up as a forum for positive exchange and networking, however we have seen a ripple effect with women's careers now being a regular and comfortable topic of conversation.

In your opinion, when all is changing, how do you bring your people along with you successfully?

Communication is always a key part of successful change in an organisation and I think we all take it for granted that there should be clear messaging from the top, that it should be regular and should happen at the right time. The piece which is often missed is allowing managers at all levels to play a part in the communications strategy. In my experience, investing time in coaching your managers so that they can reinforce key messages confidently has enormous value. It means that colleagues hear the message in way which they can connect with, helps them to visualise what the future might look like for them and importantly it allows immediate reactions and questions to be raised, which can be difficult to elicit when communications come only from senior levels.

Paying attention to the 'informal organisation' is key in any piece of change because it has the power to accelerate or derail a change programme. It is important to understand how things really work and what people really feel and think about a piece of change. If you can find ways to tap into the informal organisation it can provide powerful insights about whether people truly understand the change, how well it is likely to land and how receptive people are likely to be.

Whenever culture change is discussed, people often focus on the aspects of culture which need to be changed. I believe it is also important to consider those aspects of your culture which you want to preserve. For example, in our organisation work life balance is highly valued; it is an integral part of our culture and the absence of excessive pressure is one of the reasons that people are able to perform well in our business. Preserving this means striking a balance between building the organisation's resilience to cope with change and assessing the capacity for change so that the wellbeing of our employees doesn't suffer and our clients continue to receive a seamless service throughout the transition.



Freddy Barker

Head of Change



Charles Stanley

Charles Stanley is one of the UK's leading wealth management firms.

Our values matter because Charles Stanley's business is based on client trust. So we need to be upfront about the way in which we act and then accountable for delivering against our promises.

What has been happening in the last year to transform culture in financial services?

The most important change across the industry is the Senior Managers Regime. That is a fresh body of FCA regulation which aims to increase the accountability of those who run financial services firms. By mandating that firms articulate who is responsible for what, the FCA has a clear plan to improve corporate governance. At Charles Stanley, we are supportive of the reforms and have made strong progress towards implementing them in advance of the December 2019 deadline.

For Charles Stanley, one of the most important changes has been to embed our values of being caring, fair and progressive. That does not mean mounting a plaque on a wall. Instead, it means ensuring that we hold our values in our hearts and minds on a daily basis. That matters because Charles Stanley's business is based on client trust and putting client interests at the fore. So we need to be upfront about the way in which we act and then accountable for delivering against our promises.

In your opinion, when all is changing, how do you bring your people along with you successfully?

I'm doing an Executive MBA so I'm regularly drilled in change management models. The most popular are Kotter's eight-step strategic model, Jick's ten-step tactical model and General Electric's seven-step process model. Although they are broadly similar, I'd advocate Kotter as the most digestible. For those who aren't familiar, he's a Harvard academic who spent the early 1990s investigating why some firms land transformational change and others don't. His conclusion, most alarmingly, was that seven out of ten transformation programmes fail. And the best way to counter that is to follow a sequential process which boils down to de-freezing the existing culture, implementing your reforms and then re-freezing those reforms in the new culture.

For me, the most important and overlooked of Kotter's eight steps is number one: establishing a sense of urgency. Kotter argues that you have to convince 75% of the practice team to embrace your change before you do anything else. In a large firm, 75% of the practice team is a lot of people. Moreover, winning the engagement of the practice team is not a matter them saying, 'You're right,' but instead, 'That's right,' and then taking on your idea as if it were their own. That's a serious emotional and intellectual challenge and, when deadlines loom, it is all too easy to overlook this vital task.

Nigel Girling

Engage For Success Steering Group, Director

The National Centre for Strategic Leadership at
the Babington Group

Education provider, developing leaders and professionals



Volatile times are only scary for the powerless. If people feel they can influence their own future, they can move mountains. Like most things, it's a leadership issue.

What has been happening in the last year to transform culture in financial services?

Along with the majority of sectors, Financial Services has been influenced by so many factors: rapidly developing technology, changing buying habits of consumers and businesses, social shifts in expectation and buying power, political unrest and instability, increasing media scrutiny of every nuance and story. We're all living through a state of volatility and flux. The concept of VUCA (volatility, uncertainty, complexity and ambiguity) was once a military and geo-political idea, but is now very relevant to every leader in every sector. That brings new challenges and requires a shift in mindset.

Much of what leaders have been taught about managing 'change' since the 1980s is no longer helpful. It assumes that stability is the norm and that changes can be managed as projects before returning to a steady state. But what if we recognize that constant change is the new normal? I believe that many leaders are starting to realize that there is no such thing as 'business as usual' any more. Financial services relies on information, skills and relationships - and like most worlds, all that is in a state of flux. I don't see that mist clearing any time soon.

In your opinion, when all is changing, how do you bring your people along with you successfully?

The human being needs, however brave or dynamic they may appear, to feel safe. Maslow's hierarchy of needs taught us that a long time ago. While some personality types are comfortable with ambiguity and a situation where everything is 'up in the air', the majority of people feel insecure and unsettled. They look, more than ever, to their leaders to give them reassurance that all will be well.

Leaders can do so much to enthuse people and engage their passionate commitment by giving them a sense of the 'direction of travel'. None of us can be sure what will happen next month or maybe even next year, but we can lay out a longer-term vision of what we are trying to achieve and why it matters. More than that, leaders can empower people to take more charge of their own destiny. Volatility is only scary for the powerless. If people feel they can influence their own future, they can move mountains. Like most things, its a leadership issue.

Susanne Chishti

**CEO FINTECH Circle & the FINTECH Circle Institute,
Bestselling Editor of The FINTECH Book,
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FINTECH Circle

FINTECH Circle is a global platform of more than 120,000 fintech entrepreneurs, investors, finance professionals, academic and government representatives, and solution providers.



Banks and the other financial industry players have recognised the changing environment and are working hard to evolve. They are intent on becoming workplaces where talented people can bring their full creativity and utilise their full skill sets to accelerate the product development process.

What has been happening in the last year to transform culture in financial services?

Cultural transformation is probably the most difficult topic in financial services today. There are two key environmental factors that are forcing all major financial services companies to change their cultures: (1) The rise of tech startups; and (2) An evolving workforce.

Large, well-established financial companies such as banks and fund managers are struggling with the conflicting challenge of maintaining a profitable business within a highly regulated environment whilst facing off against the threat of the new tech firms. These highly ambitious Fintech companies are well-funded, extremely nimble, and are chipping away at market share. Well-established firms can no longer rely on old product lines for future performance so they must innovate quickly which is not part of their DNA.

Adding to this challenge is the fact that the workforce is evolving. Top university graduates used to aim for a

career in banking or consulting. The reputational damage suffered by these industries after the various financial crises has led to young talent turning away from established companies and, instead, moving towards the fast-moving world of tech and entrepreneurship.

To their credit, banks and the other financial industry players have recognised these developments and are working hard to evolve. They are intent on becoming workplaces where talented people can bring their full creativity and utilise their full skill sets to accelerate the product development process.

Banks, in particular, have been busy setting up internal innovation teams which work with outside groups such as Fintech startups, influencers, and accelerators - anyone who can provide a fresh perspective. These teams then bring their newfound knowledge and perspectives back into the banks to inspire faster change. The banks benefit but so do the smaller, faster Fintechs. The startups gain insights managing

compliance, regulation, as well as how to serve huge numbers of customers.

Increasing workplace diversity and inclusion is key to maintaining this culture of innovation. Financial products and services must match society if they are to be commercially successful. The financial services industry has always been very male-dominated, as is the tech sector. Companies that want to be a part of the future of finance will need to become far more inclusive. In terms of gender, more female developers will need to be included in the building of any AI solutions so as to avoid male-centric machine learning algorithms going off-track over time. This requires establishing a 50-50 gender balance at the graduate intake level, maintaining the balance from then on, as well as and getting better at welcoming women back to work after childbirth.

In your opinion, when all is changing, how do you bring your people along with you successfully?

There are three crucial steps to take in order to successfully lead change: Reduce bureaucracy, reduce long decision-making cycles, and celebrate success.

Banks and large financial services organisations have been very risk-averse due to their large customer bases. Smaller Fintech startups don't have this problem as they are not dealing with huge numbers of customers and do not have the same legacy systems and processes in place.

Now, with Open Banking (open APIs), the large, established companies have to think like startups and adjust their business models by establishing new Fintech ecosystems around their businesses. This requires leaders to create fit-for-purpose decision-making processes that operate at a much faster speed than before. Long, slow, bureaucratic decision-making cycles kill innovation. The product development meeting that is held once a month with decisions

being stretched over several months is no longer good enough. Time is money, so businesses need to make decisions faster. Leaders must allow their people to run experiments, to test things, to note the learnings, and to take action.

However, such an iterative or agile approach cannot survive if there is a 'blaming culture' in place. When pilot projects or experiments are not successful, that should not be the death knell for careers of the people involved. Leaders must communicate that the test was worth it, that the company learned from it, and will be better as a result. Otherwise, large companies with a blaming culture will suffer from brain drain as people leave to join the more open-minded Fintech firms. Successful companies keep their best people by letting them learn from their experiences. They follow the mantra that if every single experiment is successful, then you haven't been brave enough in what you've been testing. Fail fast.

Large, established companies can help embed change by establishing internal innovation teams and accelerators. This can be done by encouraging the most creative employees to enter internal competitions which are created to rapidly develop and test new products and ideas. People involved can be asked to sort through the best ideas and then take six months to develop and launch product with the help of internal and external experts. Again, these competitions and projects should be all about rapid idea generation, rapid development, and rapid learning. Continue to measure the results and the change in behaviour. How many employees apply for the innovation teams and competitions? How many get selected? How many new test products get launched?. Then, watch the viral effect: a few empowered people and teams start spreading the word about innovation happening within the company. As the word spreads and small wins are celebrated as much as the big wins, more people start to get involved, and the corporate culture evolves accordingly.

Robert Jarvis

Global Head of Human Resources

BFIN

BFIN is a leading global investment bank focused on real estate, infrastructure and renewable power.



The key to successful change within any organisation is to get high-level buy-in from the leaders right from the start. This is crucial so that any change initiative is not just seen by all as an idea from 'those HR people' but as something that has everyone on board.

What has been happening in the last year to transform culture in financial services?

Whilst many industries surge ahead in terms of workplace diversity & inclusion, flexibility, and agile work, the financial services industry continues to lag behind. Survey the industry and you are likely to find that it remains male-dominated with a culture that centres around hard work feeding into individual financial rewards. This culture has made the City and the UK a financial powerhouse over centuries but it does not necessarily produce a flexible, inclusive culture that encourages teamwork.

This is gradually becoming more of an issue as Fintech companies start to slowly but steadily to steal away market share from the large incumbents. These new players play by different rules whereby the length of service and hours spent at the desk are not the main determinants of whether an employee takes the next step up the corporate ladder. These agile new tech companies are all about rapid testing, flexible teamwork, and moving quickly.

Even outside of the sector, companies are starting to take note of the change required and are reacting. Known for their conservatism, some law firms are

actively embracing agile work with one even adopting a policy of only allocating one hot desk for every 2.3 employees on the grounds that remote and flexible work make extra desks surplus to requirements.

In our business, we are exploring ways of creating a more agile environment and a more gender-balanced workplace. A recent university jobs fair that we attended highlighted how much needs to be done. Of the entire audience of young job graduates, only a handful were women. The demographics of the graduate fair suggest that gender imbalance will continue unless proactive measures are taken. We see strategic partnerships with other organisations further up the talent pipeline as being key to our plans to bring more women into the business and into the industry as a whole. We are actively pursuing partnerships and maintaining this overall course of action to produce better outcomes in a changing business environment.

In your opinion, when all is changing, how do you bring your people along with you successfully?

The key to successful change within any organisation is to get high-level buy-in from the leaders right from the start. This is crucial so that any change initiative is not

just seen by all as an idea from 'those HR people' but as something that has everyone on board. The financial services industry is no different from any other in that it requires full commitment from leaders to help set the course for change and then to embed the required values, beliefs, and behaviours.

Once the course has been set and agreed upon, heavily communicate the direction in which you're heading. A powerful and effective way to do this is by

identifying champions of change within the business. You can't do it alone. Effective and lasting change requires highly motivated and influential change leaders at all levels and locations of the business. Global businesses cannot rely on a speech from the President and a few follow-up emails, particularly when there are multiple offices and multiple countries involved. Change champions need to be working with you and the leadership group constantly to guide and facilitate the desired values and behaviours.

Mike Jeacock

Chief Operating Officer



We now have core capabilities in our people and they are more effectively supported by technology.

What has been happening in the last year to transform culture in financial services?

Embarking on our change programme in 2015, our goal was to build on our existing reputation for efficient regulation and registration by becoming even more effective at what we do. Our vision was to create a culture of continuous improvement and drive better regulatory outcomes for years to come.

We had five key aims – to become more e-enabled, achieve enhanced information management, improve our risk awareness, develop our authorisation and supervision activities, and grow our people strategy. Updating our systems was the starting point - a priority programme of work after little to no investment for the previous six year period following the financial crisis. We upgraded or replaced our core back office IT technologies and more than 80 legacy systems; we developed an online portal for our stakeholders which now has more than 1300 users; we introduced a new Customer Relationship Management system; and we are currently finalising our new website. While we still have more to do, we have now deployed systems that are more flexible, extendable and more secure. After an extensive review of our people, procedures, processes and systems capabilities, we also restruc-

tured areas of the organisation.

None of this would have been possible without our people. We recognised that we had to get them on board and we did this by involving them at every step of the way and ensuring they had voice that was heard. Attracting and retaining quality and experienced people for Jersey's sole financial services regulator naturally poses some unique challenges, in what is already a challenging recruitment market. In order to compete, we recognised that we needed to make the JFSC an attractive place to work and position ourselves as an employer of choice. All part of our people strategy.

From the outset we asked staff to volunteer to be our Change Champions. Representing all areas of the organisation, this group of 15 to 20 strong employees helped us to identify the areas where we needed to improve and they acted as the conduit between the workforce and the Executive team. Equally, as part of the change programme, we put in place a Communications team which has helped to ensure we communicate more effectively with our employees as well as our external stakeholders. This small team keeps our people up-to-date about key matters affecting them and the organisation, and has been a vital mechanism for communicating change.

As part of the change programme, we have made

changes and significant investment in how we look after our people. We have created a more structured approach to learning and development and recruited a dedicated Learning and Development Manager who has devised an in-house training programme to "grow our own" talent and better equip staff to do their jobs effectively. We have also introduced bespoke leadership and coaching programmes.

We support our people to further their professional development through study and we have co-developed with ICSA a specific regulatory qualification - The International Certificate in Financial Services Regulation. We have rolled out a performance management framework, which assesses employees against a defined set of role specific competencies and recognises them for their contribution with our 'Pay for Performance' strategy. We have introduced a better benefits package, flexible working practices, health and wellbeing strategies, and forums for staff, environmental initiatives, and corporate social responsibility activities. Our efforts in the latter were recognised when we won the 2017 CIPD award for Best Corporate Social Responsibility Initiative for our work with Jersey Mencap, a local charity which supports children and adults with learning disabilities.

To make sure we are getting things right, we measure the effectiveness of our change programme and people strategy through annual staff surveys; the first undertaken in 2017 and the second in 2018. Using an external provider, the completely anonymous surveys provide us with honest staff feedback which helps us to track our performance and progress and identify any areas for future improvement.

A comparison of the results of both surveys shows we are achieving continual improvement, with overall staff engagement increasing from 85% in 2017 to 91% in 2018. All but one of the 27 areas we measured showed improvement or remained the same between surveys. 92% of our staff say they find their work both interesting and challenging, up 19% from 2017 and 88% say they now get the training and development they need to do their job, again up 19% on the previous year.

In just one year we have been able to make tangible and positive differences to life at the JFSC and we have done this by listening to our people and taking on board their feedback. After each survey we have

created working groups to empower employees to find solutions and drive forward changes to improve our culture and working environment. Our 2018 results show this approach is working.

In your opinion, when all is changing, how do you bring your people along with you successfully?

The main learning points are not unique to our organisation. No change programme of this size achieves everything everyone wants. Some things could not be done, others took longer than we hoped, some individual components ran over budget, while others were under budget.

Ownership and leadership of change needs to come from the very top - the Board and the Executive team. This was particularly evident in the early stages of rolling out the programme when there was some resistance to change and this required a consistent and united response. Collaborating with our stakeholders – both internal and external – is also the key to success with any changes we make.

There have been, and always will be, new and un-planned calls on our resources to deliver projects in addition to those we have planned. We will continue to evaluate every request to determine what must be done and what must be stopped or postponed. During the change programme, we managed to respond to and deliver several additional, significant pieces of work and, in doing so, demonstrated our much-improved level of agility and technological capability. We know that change is a continuous journey which is needed and beneficial. It is the new normal for us and, now we have laid the foundations, we can continue to deliver. As we move through 2019 we do so under the banner of continuous improvement, with the aim of becoming an agile organisation; a regulator with a smart approach. We will not get it right first time every time but we will strive to learn quickly and use the knowledge gained to improve what we do. We have a great team of skilled and engaged people working at the JFSC. They are the ones who can bring truly about positive change.

Karen Corran

Head of Human Resources

Hansard Global plc

Hansard Global Plc has been listed on the London Stock Exchange since 2006 and we have been providing innovative financial products and services for international clients since 1987.



If something isn't working, or someone isn't engaged with change, there is typically a reason worth talking about.....but only if you are prepared to listen (and maybe even learn).

What has been happening in the last year to transform culture in financial services?

Undoubtedly the regulators' continued focus on culture is pushing the topic to the top of the agenda of every Boardroom. For me I think one of the biggest drivers for cultural change typically comes from the people within it.

People at all levels across an organisation are now more aware of culture and the impact it can have, not only on the success of an organisation but also on their own wellbeing.

Whilst words such as wellbeing, behaviours and culture are still labelled as 'buzz words' by some, I believe that true leaders are reaping the benefits of aligning the value of "what" is achieved with "how" it's achieved. This approach can be fundamental in supporting the transformation of culture in organisations.

Wellbeing and the way people choose to spend their time is much more of a consideration and responsible employers are genuinely more conscious of the environment their people work in.

The world is changing and we continually need to

adapt to the changes around us, people's expectations of what they want from their employer are also changing. With a number of organisations within financial services reporting skills shortages, I believe it is now recognised (not just by the HR team) that the environment that people work in, doesn't just tick a box with the regulator but it can also be a key competitive advantage.....

In your opinion, when all is changing, how do you bring your people along with you successfully?

Change is a wholly emotive subject and the way people react to change can be entirely positive, entirely negative and everything in between.

In my experience, people need a clear reason for change. A reason which is well considered, well positioned and communicated in a way in which people understand (even if they don't agree). When change happens (which inevitably it does) people generally want to know (quickly) if it affects them and if so how.

Having clear roles and responsibilities, key milestones, measures for success, reward and recognition strategies will all help; a good communication strategy throughout is essential and often the most challenging.

Ideally, a number of people at different levels from different parts of the business should help design the communication strategy. This can help ensure that various needs around the business are captured and it is in a language which is meaningful.

What works for one person, won't necessarily work for someone else, it can also be difficult for Senior Leaders to remember what it's like not to know what they know.

Change can be incredibly exciting and in my experience people come to work wanting to do a good job and add value. If something isn't working, or someone isn't engaged with change, there is typically a reason worth talking about....but only if you are prepared to listen (and maybe even learn).



Hannah Grinsted

Head of People



Bud

Bud is simplifying a financial industry that has become increasingly complex. Bud's smart infrastructure gives businesses easy access to our world's key financial systems and the millions of customers who use them.

People join the team at Bud with the expectation of being actively involved in change. This makes our task of constant innovation significantly easier.

What has been happening in the last year to transform culture in financial services?

There is a large cultural shift occurring both without and within the financial services industry. Time-based connections such as long-service and brand loyalty are on the decline across most industries. Both customers and employees now have evolving expectations of their employers and brands.

For customers, core requirements such as trust and security will always remain but much of the conversation is now more about customer experience, values, and purpose. According to a research study that we conducted, 96% of young people worry about money but most would rather turn to their parents than their bank for advice. To me, that shows a worrying level of disconnect and it's something that the financial industry is working hard to address.

For employees, the conversation has also become less about long-term benefits such as jobs for life and their associated benefits. It has moved towards the overall experience and incorporates a greater need for involvement, flexibility, meaning, and purpose from work.

Within the financial services industry, companies are spending time thinking about what differentiates their culture. At Bud, we have been working hard to ensure that we have aligned our mission and values both internally and externally. These are living concepts and are presented slightly differently to employees and customers but the core values remain. For example, one of our core values, 'Bold', speaks to the desire to do things differently, to try new things, to open up to new experiences, and so on. Our 'Bold' value helps us remain focussed on the concept of 'making money simple' and helping our customers and end users to relate to money differently.

In your opinion, when all is changing, how do you bring your people along with you successfully?

Managing cultural change is typically a very difficult process as change almost always brings out different reactions from different people. That's not to say that people in organisations can't or won't change, just that it can take a lot of work to make it successful. More importantly, if your people are not bought into a change then its far less likely to be successful.

We're fortunate at Bud that things are a little different to the rest of the financial services industry. As a relative newcomer to the sector, we don't have the same unwritten codes and traditions that might be found elsewhere. In fact, people join the team at Bud with the expectation of being actively involved in change. This makes our task of constant innovation significantly easier. We are fortunate in that we started with a clean slate and have been able to hire the right people with the right values straight from the start. One of our core values is 'Grit' - an ability or desire to deal with ambiguity and ongoing change. Having great people on

board with natural grit makes it much easier to successfully implement change of any nature.

Of course, successful businesses never take their employees and customers for granted and so we make a conscious effort to involve all our people in the evolution of the business. This goes beyond simply 'getting buy-in'. Our product development is naturally driven forward by our people who are also potentially our customers. By engaging and communicating genuinely, our team remains excited to be part of the journey.



Fiona Anderson

Engage For Success Steering Group, Founder

valuingYOU and My Change Expert

The highly productive culture catalysts focussing on people and their behaviours by developing bespoke solutions for businesses.



Instead of “spitting out words” these are the leaders and managers who truly embrace employee engagement as the heart of peak performance and productivity. They create an environment that mirrors the company values, where people understand how they contribute to business success, are encouraged to speak out and are trusted to develop solutions.

What has been happening in the last year to transform culture in financial services?

Since the banking crisis in 2008, the big banks have made significant changes to mitigate their lending risk. From people charging large fees, focusing on margins and bonus payments, the focus is now on capital lending and return on equity. Banks are separating their relationship, customer focussed departments from those who manage the lending transactions. The introduction of more checks and procedures has created a more cautious, bureaucratic and sluggish response to lending. Customer centricity is core. New brand straplines have appeared: Barclays - “Creating opportunities to rise” HSBC - “Together we thrive.” Barclays is proud of its British heritage whilst HSBC embraces their global reach. Banks appear to be recognising the significance of connecting with people and what is important to them. The recent and smaller entrants into financial services are increasing their market share with greater flexibility and speed of response to the ever changing, immediacy of customer needs. The new banks are especially tapping in to the tech savvy and purpose driven generations who are progressing their career.

The 2019 Edelman Trust Barometer reports that trust in the UK Financial Services Sector is at a five year high, achieving the highest increase in trust of 15% over the last five years. With a score of 51%, it means that at best, our trust with the financial sector is neutral. If there is one thing that I would like to thank the banking crisis for, it is that Culture Change is now a topic on Board Room agendas. In our experience it takes at least two years to reap the full business benefits from culture change. It took the FCA 10 years to publish their discussion paper, [Transforming Culture in Financial Services \(March 2018\)](#).

In your opinion, when all is changing, how do you bring your people along with you successfully?

The challenge going forward will be to manage the day to day business whilst redesigning the continually evolving business model that is needed. As the talent pool shrinks and the need for emerging skills increase, as recruitment and retention costs rise and the demands for flexible working become deafening, it is the companies who connect with and grow the value of



their people, the human beings who work for them, that will survive and thrive.

My Change Expert defines a Highly Productive culture is where technology, processes and people merge to cultivate the values and behaviours needed so that leaders and managers create an environment where individuals, teams and the company thrive and grow. These are the nimble and agile companies who recognise that it is their employee experience that delivers their brand and customer experience. Instead of "spitting out words" these are the leaders and managers who truly embrace employee engagement as the heart of peak performance and productivity. They create an environment that mirrors the company values, where people understand how they contribute

to business success, are encouraged to speak out and trusted to develop solutions.

If every dis-engaged employee costs your business 1/3 of their salary, how much is that hurting your finances, your employee and customer experience, your agility to transform?

'Where people can be the best they can be at work' may be an overused phrase..... Think about those days when you are at your best at work,recognise how well you perform and how productive you can be. Now multiply this by all of those in your team, your department, your business.

To find out more, explore the Engage for Success.org. The events page will connect you with local networks and national activities.

Jo Moffatt

**Engage For Success Strategy Director,
Managing Director - Woodreed**

Engage for Success is the UK's leading not-for-profit focussing on employee engagement - providing evidence, research and case studies to help UK plc create a more engaged, productive and profitable workforce.

Woodreed is a specialist ad agency that applies the techniques, creativity and insight led approach of the advertising world to help businesses create high performing cultures inside their organisations.



Don't let anyone try and tell you culture can't be changed or effectively managed. It should be treated with the same care, attention and rigour as you apply to your brand management, otherwise you could end up with toxic silos and a LIBOR scandal on your hands.

What has been happening in the last year to transform culture in financial services?

I've seen great examples of FS organisations engaged in massive turnarounds, successfully achieve change. RBS and Charles Stanley just two examples – the former working extremely hard to create a culture of lived values at all levels, the latter leveraging employee voice to involve their people in the process. Don't let anyone try and tell you culture can't be changed or effectively managed. It should be treated with the same care, attention and rigour as you apply to your brand management, otherwise you could end up with toxic silos and a LIBOR scandal on your hands. Simply defining a culture in an ivory tower and plonking it onto your people will not work. Neither will borrowing culture from other companies and expecting it to thrive. Your culture has to be defined to be one that will support your own strategic objectives and business plan, and one that is aligned with your brand and your brand values.

In your opinion, when all is changing, how do you bring your people along with you successfully?

One of the key issues with change is that, with the exception of a few senior, or perhaps function, leaders,

most peoples' experience of change is that it is something which they have 'done' to them. They are powerless, disengaged from the process and unable to have much, if any, influence on the outcome.

The Four Enablers of Engagement, defined by Engage for Success, are an effective and powerful framework to use to approach culture change. Powered by a business' own brand values and personality this approach can really deliver sustainable change.

1. An organisation with visible, empowering leaders who can engage their people with the organisation's purpose, telling the story of where the business has come from and where it's going.
2. Recruiting, training and supporting engaging managers (team leaders) to better focus their teams, giving them scope, treating them as individuals, coaching and stretching.
3. An organisation that listens to its people. Acknowledging them as central to solving business challenges and driving innovation – far more than an annual or biannual survey.
4. Organisational integrity – where the values on the wall reflect the day to day behaviours of everyone in the business at all levels, from the newest recruit to the most senior leader.

Peter Briffett

CEO & Co-Founder



It is far easier for a business to succeed in its ongoing evolution when everyone on board has fully bought-in to the mission and that they have the positive approach necessary for embracing ongoing change.

What has been happening in the last year to transform culture in financial services?

The rise of Fintech has not only brought better technology and product to consumers, but it also brings inclusive cultures, high levels of visibility, and open and co-operative work environments. This is because Fintech companies must innovate, and where innovation is key, these things matter. When product development timelines are reduced, as is the case in Fintech businesses, there is a greater need for rapid decision-making processes.

In the tech world, there are various approaches to product development but the one that is steadily making its way into the more traditional financial services businesses is Agile. Rapid testing, short feedback loops, quick decisions, and early to market - these are hallmarks of the agile approach. It is this approach that is gradually being adopted across the wider financial services industry and it is a positive change. Indeed, several big banks have launched innovation hubs and agile product-development initiatives.

An agile process naturally lends itself to greater employee involvement, better teamwork, and better

Wagestream allows employees to access a percentage of their wages as they are earned, stream their salary directly into a savings account and get financial education in real-time - all without any changes to the employer's existing systems.

decisions. Of all these factors combine to produce better products and outcomes for customers and end users.

In our case, this agile approach enables Wagestream to have a positive impact on the world by helping to rid the UK of workplace debt.

In your opinion, when all is changing, how do you bring your people along with you successfully?

Successful change of any sort requires high levels of communication, both formal and informal. The days of a corporate edict handed down from on high are gone. Successful businesses take the time and effort to establish strong and highly-functioning two-way communication within an agile framework.

Still, change and communication are good but they must always be underpinned by the core value of the business to ensure lasting success. This requires ensuring that the core values are visible and are central to any key strategic decisions. If employees believe in the company and its values, and the values are consistent and protected in decision making, change is far more likely to be embraced.

Within our business, we are blessed with a team of people who have joined to fulfill a mission that will help thousands of people reduce their financial stress.

It is far easier for a business to succeed in its ongoing evolution when everyone on board has fully bought-in to the mission and that they have the positive approach necessary for embracing ongoing change.



Conclusion

How to design and develop a culture to support change

Having established that we need the right culture – the question naturally follows – how do we go about getting it? Some questions to begin with might include:

What is our actual culture compared to our 'desired' culture?

Your actual culture as experienced by employees may be quite different to what leaders have intended. To understand what the culture is really like, deploy a blend of techniques in a comprehensive listening strategy. Not only will you understand what's really going on, but by providing employees voice and input they'll start to feel ownership for the culture you are trying to create.

Examples may include:

- Continuous candidate, joiners and leavers surveys
- A regular census survey to establish deep and broad measures, with internal and external benchmarking
- Pulse survey/s to check in on key action areas
- 360 feedback aligned to values-based behaviours
- Listening posts – internal (face to face or virtual) focus groups to deep dive and crowdsource actions
- Social media scanning

How do we want our employees to experience our culture at each stage of the employee lifecycle?

You can help your employees to experience your desired culture by taking a design-led approach:

- Map each of the 5 employee lifecycle stages (*candidacy, onboarding, performing, growth, exit*)
- Identify the current state of the employee experience at each stage, via a persona-based 'walk through', assessing how well each stage reflects your desired culture and employer brand from various perspectives
- Agree where touch points, processes and moments of truth can be re-designed to better match your desired culture
- Identify future state employee experience metrics and tools to close any gaps

Is our organisation's desired culture described in measurable and behavioural terms?

For example, values must be defined, in place, understood and lived, for leaders, managers and employees. When developing your cultural frameworks, the language should be succinct, clear and relatable – so people can see easily how they can act out the behaviour in their roles and not open to wide interpretation.

Additionally, behaviours should be visible and measurable, so that you can give people meaningful opportunities to feed back on their own, peer, manager and leader behaviour. Measurement tools can then be put in place to consistently track your desired culture.



Is our desired culture the 'right' culture to help us achieve our strategic aims?

This is perhaps the million-dollar question. It requires clarity on your strategic business objectives, and designing a culture that will help deliver them.

Examples may include:

- If your mission is to disrupt a traditional industry, you need an agile culture that fosters experimentation, appropriate risk-taking, and permits (or even thrives on) mistakes.
- If success in a competitive marketplace requires outstanding customer service, you may require a culture that empowers front line employees to make service decisions that delight their customers in the moment.

Need help?

People Insight are trusted by many leading financial services firms to help them as they develop the cultures they need to effectively navigate change.



BREWIN
DOLPHIN



Janus Henderson
INVESTORS



New Day

Rathbones
Look forward



Our organisation scientists can help you:

1. Designing and implementing employee listening strategies, including:
 - o Candidate, joiners and leavers surveys
 - o Census and pulse surveys
 - o Design and facilitation of listening posts/focus groups
 - o 360 feedback design, implementation and coaching
2. Developing your desired culture, including creating values and behavioural frameworks
3. Employee experience lifecycle mapping workshops

To find out how we can help you develop and assess your culture and employee experience, contact us at:

W: peopleinsight.co.uk | T: 0203 142 6511 | E: enquiry@peopleinsight.co.uk

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The team at People Insight would like to sincerely thank all the contributors to this report for their insights. Together, we will all continue to strive for excellence in the financial services industry.