Better Managers, Better Business

a thought-paper

by Pete Fullard

UpSkill people

Transforming the bottom line by going back to the future!

We're all in business and we're all constantly searching for the same thing. Something magical with the power to create profit without changing our products, services or customers.

The good news is that I've found it! And it may not be quite what you were expecting. It's been around longer than any technology. It requires no market intelligence. And there's not a hashtag or emoji in sight! Even better, is that there's a simple three-step plan to harness it. Or should I say 'them'.

The opportunity is to be found in our people. Particularly our managers who have the ability to take our culture, our people and our performance to new levels. Like all the greatest opportunities, it has been caused by change. People like us who are running big businesses are (on average) getting older. Yet, in Asia, seventy percent of employees are Millennials. Elsewhere in the world that number is over thirty percent. Between them and the directors who pay their wages lies a huge gulf in culture, expectations and values.

The 'C' suite within so many businesses remains linear and traditional. They have grown-up in a world where the numbers come first, and the culture comes a distant second at best. Employees, on the other hand, are more agile and value-led. They choose to work in ethical, progressive and consultative environments. Only 18% feel that their companies are good at developing leaders. They are uninspired by the 'same old' approach to HR, training and culture. They are desperate to find something newer, better and more empathetic and they are willing to move jobs to find it.

This presents an incredible opportunity. The vast majority of businesses are not bridging the culture gap. They have focused on what their customers want, without making a similar adjustment to the ever-changing needs of their employees. This is so easy to change. Many great businesses have already done it. The majority are run by Millennials. They recognise that, even in the age of technology, people remain our greatest asset, and can produce the greatest returns of all. Each has delivered on these three simple steps:

- They have a clear corporate vision embracing everything they do
- With an agility that allows their people to flourish
- And an empathy that allows them to embrace, not repel, their people

In that setting, managers can be empowered to motivate and engage. We can help those who are more experienced develop more current skills through coaching and mentoring rather than box-ticking and lecturing. They, in turn, can harness the talent within our Millennial and Generation Z workforce. Investing in a new app may be sexier, but developing our people will have a much deeper and more meaningful impact on the bottom line.

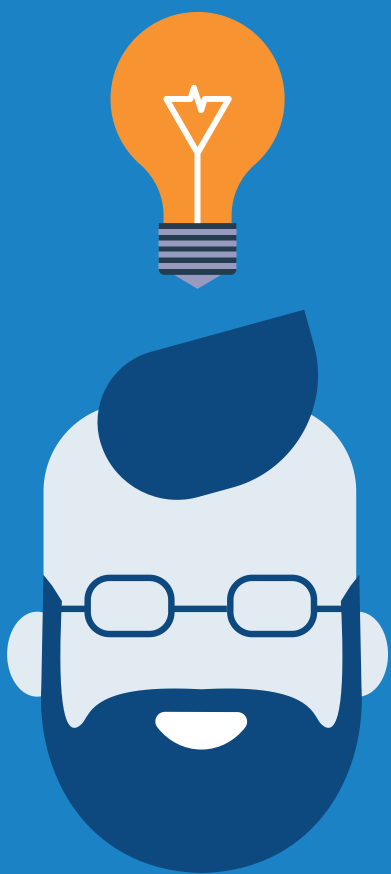
I know how busy you are, and how much information you are asked to absorb. It's so easy to push it to one side. But I really hope this thought piece is different. It addresses fundamental issues that are holding back so many businesses and presents a better way forward.

1 Executive summary

Greater global uncertainty is being caused because we can no longer keep up with the accelerating pace of change.

This is compounded by the fact that every change, no matter how small, can now be instantly communicated to everyone around the world. Consequently, many **businesses feel trapped, unable to forecast or plan ahead, leaving them paralysed, like rabbits caught in the headlights**. The traditional business growth drivers of Strategy, Infrastructure, Funding, Risk and Technology have themselves become obstacles to decision-making, creating a sense of flux. Even new technology has failed to generate the predicted productivity growth in many industries because the workforce is not sufficiently trained to capitalise on its full potential.

One vital growth driver remains – people.



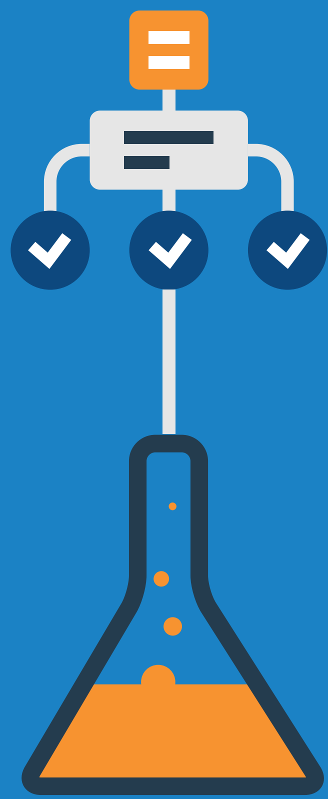
More than any other economic lever, people demand, drive and deliver change. However, record rates of low unemployment and wage rises have also produced a significant decline in productivity per head in many leading economies. This is because they have literally run out of suitably skilled workers. Therefore, if we want greater productivity and growth despite continued global uncertainty, we need to change the way we treat and develop our people. The new generation of Millennials is here with a completely different set of values and a burning desire for self-fulfilment through development rather than remuneration. This new mindset is infectious and is already spreading to other age groups. Consequently, we must abandon the failed organisational management and behavioural models so widely adopted in the last century. They have not worked because people are not machines. They are far more complex, and organisations must gain a better understanding of their people's real needs if they are to achieve their own corporate goals.

Businesses need to act now to create successful "Millennial Managers" by applying marginal gains theory to achieve significant cumulative incremental improvements in every aspect of their people's daily working lives.

Give them focus by becoming a clearer, more purpose-led organisation. Engage with them, let every voice be heard and act on what is said. Companies must become more flexible so that work integrates more naturally with people's lives. They need to focus on and accelerate the development of their workers' strengths rather than trying to solve their weaknesses. Organisations that create new, more equitable team structures to foster greater collaboration and initiative will be more successful. Leaders must also empower these teams by giving them the freedom to manage themselves. Recognition is invaluable too, as is delivering on the benefits promised.

Workplace wellbeing and a healthier work/life balance are both proven to yield substantial benefits for every type of organisation.

However, the most important motivator of all to securing employee engagement and therefore increased productivity is development. Business leaders must implement frequent learning interventions and blend these with other self-driven development opportunities so that new, deeper and broader skills can be gained, which are idea rich, practical and useful.



The increased emphasis on new team structures means that manager development has now become a vital catalyst.

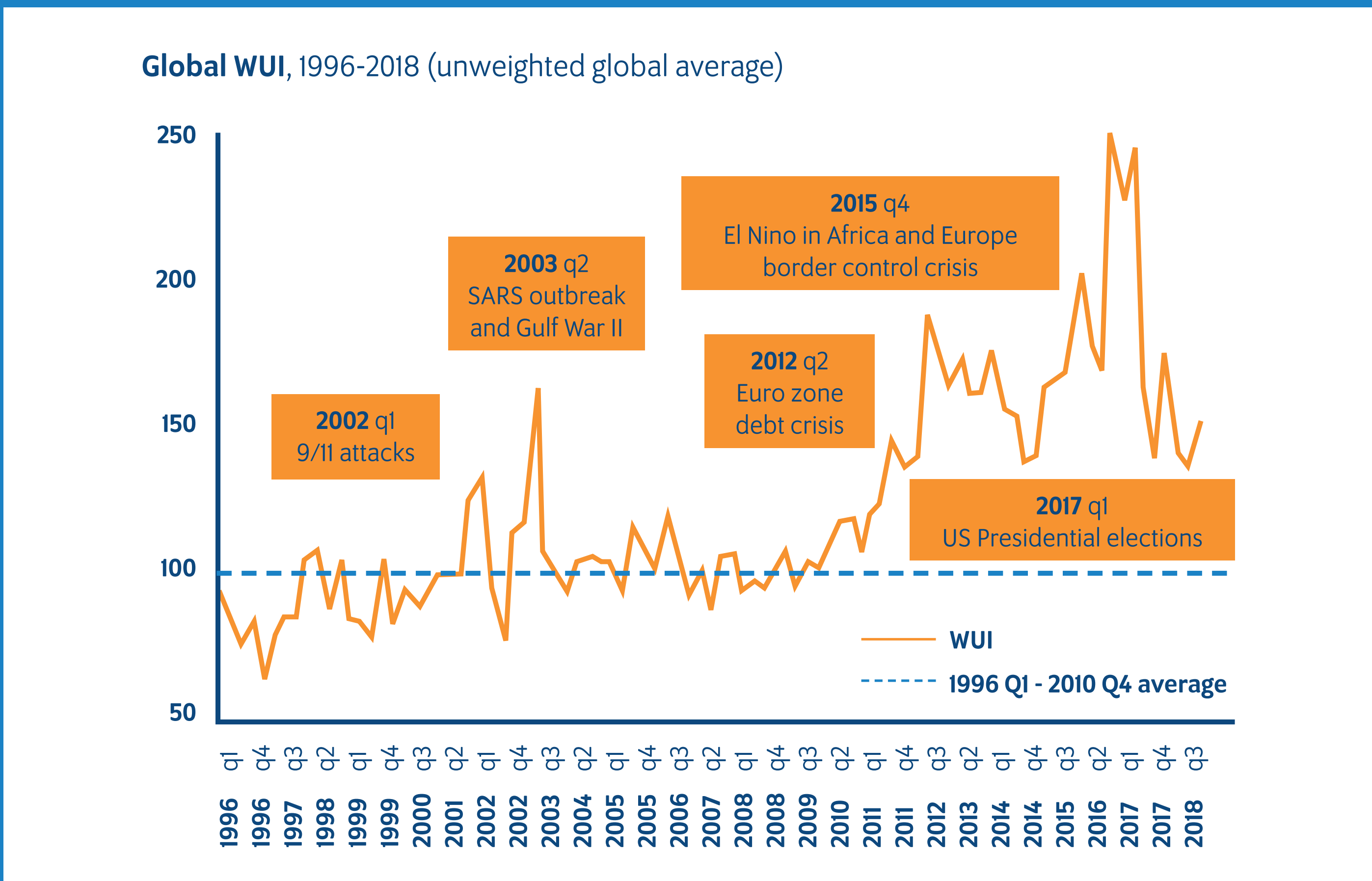
There is a greater need than ever before to upskill and develop effective managers who can maintain motivation and retention. They will lead, rather than drive these new style teams to achieve increased performance and productivity, by acting as coaches and mentors. Creating this new generation of **"Millennial Managers"** is the key to success but requires a fundamentally different approach to manager learning and development – **one that is more interactive and based on mutual respect for all.**

2 What on earth is going on?

Change simultaneously captures our imagination and unnerves us at the same time.

Why? Change itself is nothing new but what's different today compared to 100 or even 10 years ago is the accelerating pace of change. We worry and with good reason because we can't keep up, and this is fuelling an overwhelming sense of uncertainty among individuals and organisations alike.

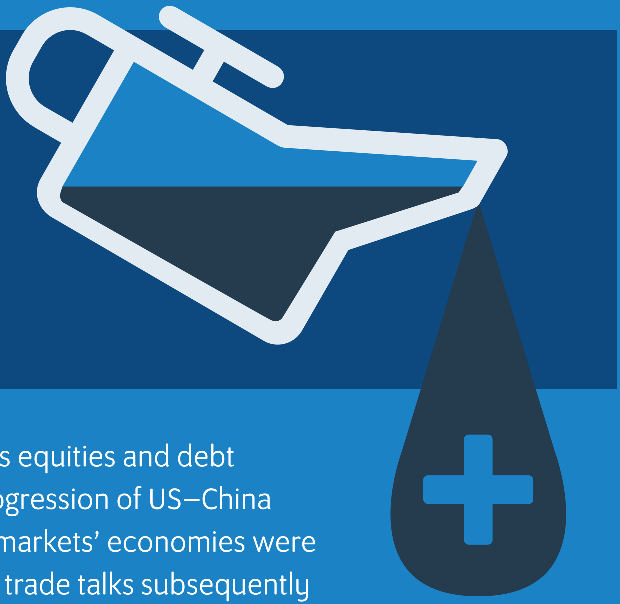
Established in 2007, CEPR (Centre for Economic Policy Research) (1) a network of over 1300 researchers based mainly in universities throughout Europe created the WUI – World Uncertainty Index and has concluded that global uncertainty is accelerating at a faster rate than ever before.



Source: CEPR

From a global economic perspective, growth is slowing at a faster pace than envisaged and the US Federal Reserve's dovish monetary policy confirms this (2). The markets are also showing signs of a more pronounced growth slowdown and new long-term trade disputes are not helping. In the Eurozone construction growth is slowing down too and the European Central Bank is reflecting its concerns by keeping interest rates low. In the UK, frustrations over Brexit, poor retail performance generally and continued job losses, particularly in large financial institutions are adding to the picture. The equities market is a great example of the scale and speed of change and the heightened uncertainty this is creating. In 2018, the outlook for Asian growth in the equities market deteriorated due to **four factors:**

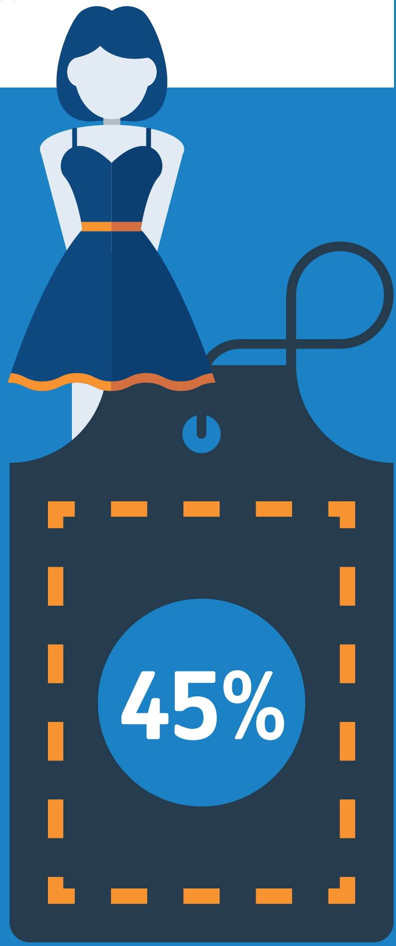
1. **The slowdown in China**
2. **The impact of higher oil prices**
3. **Rising interest rates in markets like India, Indonesia and the Philippines**
4. **The escalating trade war between the US and China** (3)



However, by the end of the first quarter 2019, emerging markets equities and debt rebounded, due mostly to a stabilising US dollar, perceived progression of US–China trade talks and recovering oil prices. (4) At the time, emerging markets' economies were expectedto grow faster than the US economy. However, those trade talks subsequently broke down again in the second quarter, returning unrest to the markets.

The explosion of the Gig Economy and the impact on employment-related uncertainty has seen resurgence in the strength of trade unions, notably in the UK, US and Europe, where workers rights are being reaffirmed. Consumers are more aware of their rights too, thanks to Facebook and GDPR, which has created a new age of privacy and personalisation. This has added to uncertainty as companies' previous data-driven marketing is much more restricted.

Many sources of uncertainty can actually offer opportunities if the causes are resolved favourably but where change is so rapid this compounds the perceptions of risk, doubt and uncertainty. Furthermore, these sources of uncertainty have now become so embedded in everyday business life that they represent a significant subconscious burden on effective decision-making. For example, in the global retail sector, Millennial purchasing power is growing and by 2025, Bain & Co. (5) forecasts that the Millennials and Generation Z will represent 45% of the global personal luxury goods market. This is a great opportunity for retailers but also a challenge, since younger consumers think and shop very differently than their parents.

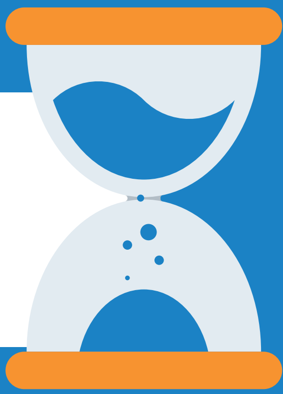


In the US, Millennials are expected to overtake Baby Boomers as a percentage of the total population in 2019, as their numbers swell to 73 million and Baby Boomers decline to 72 million. Many of the younger Baby Boomers will enter retirement, which all points to an accelerated decline in spending by them. Replacing this will be particularly challenging because Millennials are the least engaged of any consumer group, which is also a major cause of uncertainty in the global retail sector (6).

Millennials have the lowest level of customer engagement

Fully engaged

Millennials	Gen Xer's	Baby Boomers	Traditionalists
25%	28%	33%	38%



Source: Gallup report (6)

3 Why is nothing working?

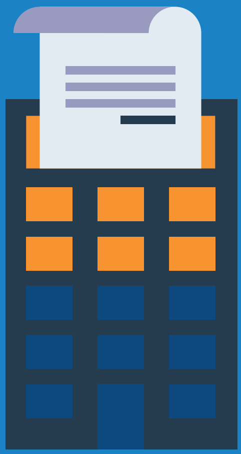
The short answer is the same - global uncertainty.

The biggest growth drivers in business are generally accepted as:
Strategy, **Infrastructure**, **Funding**, **Risk**, **Technology** and **People** (including **Operations**). The most popular focus for some time has of course been new technology, but with the increasing level of global market inter-dependency, economic and political uncertainty, many of these drivers have themselves become major obstacles to growth. **This is why…**

Strategy

Uncertainty in the markets – both financial and otherwise has made even short-term strategic planning very hard. Indeed, some CEOs argue that current economic conditions are fluctuating so much as to make it almost **impossible to write an effective and relevant business plan**, even for the next 12 months. Historically, accelerated growth has often been achieved by launching wave after wave of new and improved products (e.g. Apple). However, as even Apple have found, the rapidly changing global conditions mean that such a strategy is no longer guaranteeing success nor delivering return on the considerable investment. Equally, the other traditional proven route of entering new markets now looks very risky because of the uncertainty and lack of confidence in current trade agreements. Under such circumstances it is understandably very hard for businesses to clarify their vision and set credible, deliverable goals when the sand is constantly moving under their feet. Consequently, **strategies are becoming more tactical and short term** in nature – lurching from quarter to quarter. Fake news is exacerbating the problem.

Misinformation has always existed in uncertain times. In the last century it was called propaganda, but it served much the same purpose, namely, to confuse and manipulate, preventing effective decision-making. The same is happening again now, although the scale and impact is far greater because of the speed and ease of global communication. Therefore, the ability for companies to gather reliable, accurate and verifiable information they can act upon in confidence has become extremely hard, which again undermines confidence and increases perceived risk. **The net result is inertia** as companies, watch, wait and see what others in their industry are going to do first before they act themselves. No one wants to take the first step and make a mistake.



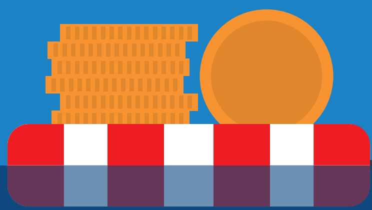
Infrastructure

While large scale economic infrastructure (e.g., transport, utilities and communication and renewable energy) and social infrastructure (e.g., schools, healthcare, prisons, and stadiums) projects appear to be continuing in many countries (China, US, Japan, UK, Germany, Korea, etc.), corporate infrastructure investment does not look so confident. Long term investment projects to improve corporate development and growth – be they complex hi tech change management investment or simply expansion to new larger premises – simply look too risky in the current climate.

Funding

Infrastructure growth and funding are intertwined. Funding is a vital lever to growth in so many ways, but it has to be the right kind of funding. Consequently capital, another key business driver, is important too because it goes to the heart of the risk assessment by whoever is backing the investment financially. Sustained global uncertainty is now making it harder for investors to find the right financial investment at the right time. Tariff wars and protectionist policies are also damaging previously strong supplier relationships, which contributes significantly to the level of funding a business may need just for day to day trading. It is also preventing new relationships being forged. These factors all have a potentially dangerous knock on effect, reducing substantially the number of mergers and acquisitions by companies. This is significant because these corporate changes are often the catalyst needed to achieve a step change in growth or facilitate entry into a new geographical market or complementary services.

Instead, we are seeing the funding driver stalling, which may simply result in larger companies swallowing up smaller, failing businesses with no global economic or market benefit.



Risk

As companies grow, they become more experienced and adept at establishing controls to manage the inevitable risks they face in their business. For SMEs this is often learnt through experience. Economic, trade and political pressures, mostly reported via the popular media rather than independent analytical reports, serve to fan the flames of their disquiet and risk adversity. Stakeholders in such firms compound this pressure and so reduce the appetite to seize new opportunities to grow their businesses (7).

Technology

New technology has failed to generate the predicted productivity growth in many industries because the workforce is not sufficiently trained to capitalise on its full potential.

This is casting doubt on the merits of future investment in this area, which in turn is unsettling the markets.

4 So, what's left?

If strategy, infrastructure, funding, risk and technology (all our main traditional business growth drivers) are locked in a sea of uncertainty, does this mean we are rudderless? No, because we've omitted one more driver - people. So important and yet so often overlooked in this world of AI and rapid global finance.

People power

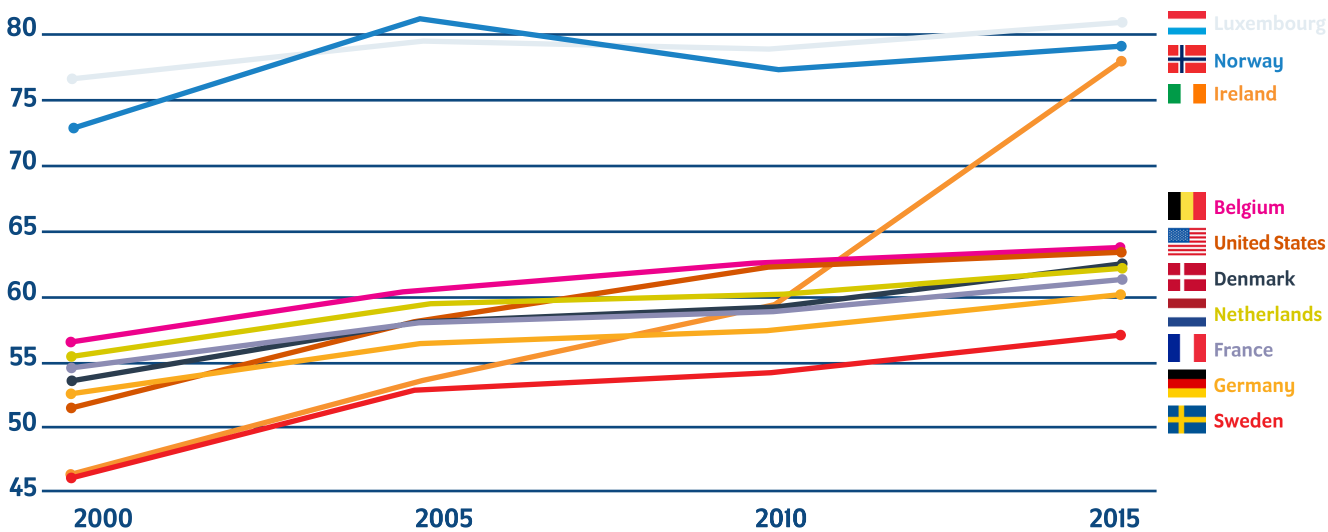
People are the definitive global catalyst. They change the way we think, be it in terms of economics, politics, technology, the environment – EVERYTHING!

They don't just demand and drive change – they are change. Companies that grow fast often have a key individual, an owner or founder driving the business forward – the person with the vision, energy and determination to implement change, taking the business in a new direction, investing in a new opportunity or gap in the market they have identified. But there's another source of "People Power" that's arguably more important because it can be harnessed, developed and scaled – namely the power of the team. Growing a business fast relies on teamwork. Entrepreneurial leaders need to be able to attract reliable, like-minded individuals who they can trust, share the same dreams with, apply the same values and collaborate to help the organisation achieve its goals.

Low employment's a good thing – right?

We need more people. In the US unemployment is currently 3.6% and has been falling for several years (8). In the UK unemployment has reached a record low of 3.8% (9) and the Euro Area seasonally adjusted unemployment rate fell to 7.6% in April 2019 – its lowest level for over 10 years! (10) There are a number of factors causing this, not least of which is the expansion of the Gig Economy. You could be forgiven for thinking this was all good news. Indeed, low unemployment is often regarded as good thing. However, too low a rate of unemployment can actually have negative consequences, such as inflation and reduced productivity. When unemployment gets too low it indicates a positive output gap – i.e. the market is overusing resources and the economy is becoming inefficient (11). This is exactly what is happening in several major economies in both the West and Asia notably, the US, UK, Japan and Germany. They are employing more people but their productivity per head is falling.

Top 10 most productive countries (productivity growth, 2000-2015, USD)



GDP per hour worked, USD, 2015

Luxembourg 81.7	Ireland 78.4	United States 62.9	Netherlands 61.8	Germany 59.5
Norway 79.8	Belgium 63.0	Denmark 61.9	France 60.6	Sweden 56.0

Source: OECD (2000-2015), Level of GDP per capita and productivity (Extracted 2-03-17) (12)

Hand in glove with all this is wage inflation, which is driven by the demand for labour as the unemployment rate falls. The fewer people available for work the higher the wages they can command. However, the implications for small firms can be severe because their margins cannot absorb such wage rises. Consequently, they must source workers from the less skilled work pools, and this reduces their productivity.

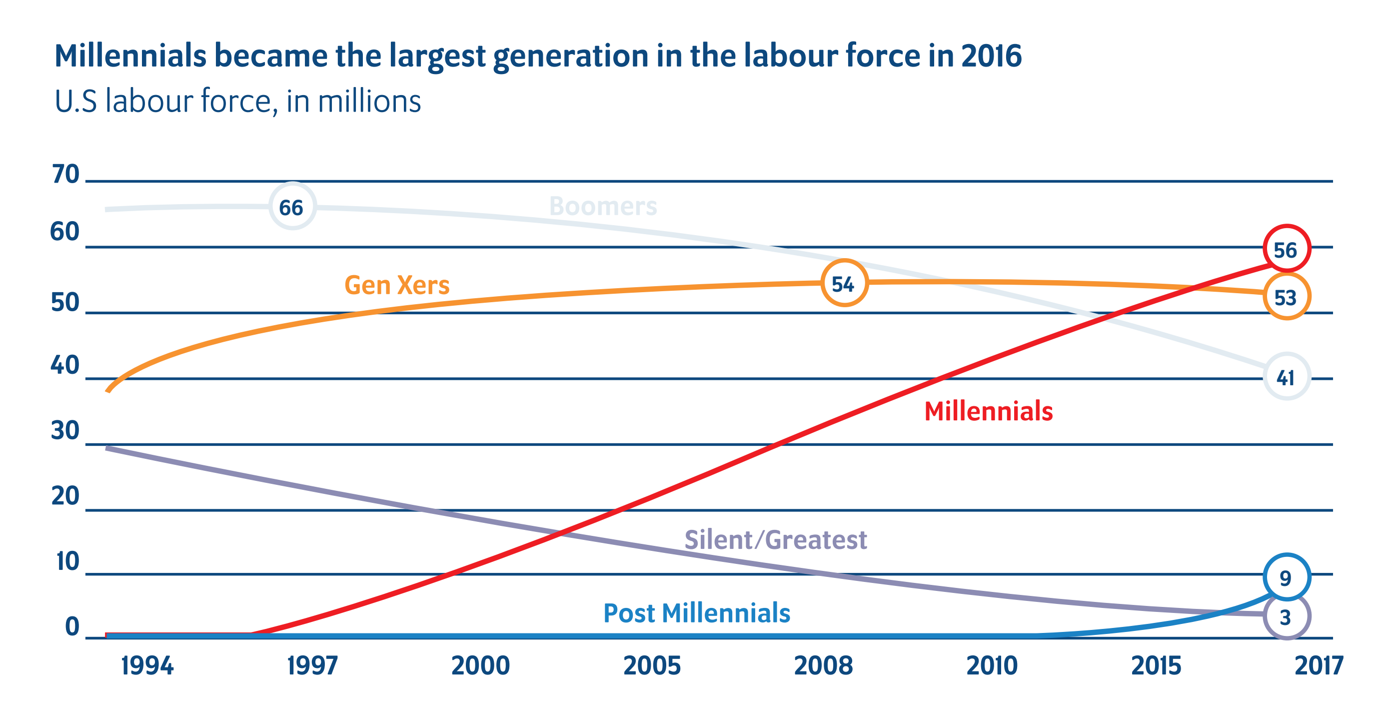
Productivity myopia

There is also something more sinister and concerning going on. Companies are taking on more people to deal with their immediate needs rather than committing to a substantial longer-term infrastructure or technology-led investment. This strategy is attractive to businesses because it allows them to take advantage of short term but possibly short-lived opportunities without taking on any large scale, protracted financial investment. Should the market decline suddenly, businesses can divest themselves of these surplus workers quickly. The whole foundation of their decision-making is therefore, built on the belief that uncertainty and therefore risk will dominate their markets for the foreseeable future, so they don't plan beyond the next quarter. The danger of this myopic approach lies in the knock-on effect. If companies see their current enlarged workforce as just a stopgap, then they will not invest in their development or management. They won't see them as an asset because they do not believe they will get a return on their investment. This broadcasts to workers that they are not really valued, are not worth investing in and most likely don't have a future with the organisation. As a result, motivation plummets and once again, productivity suffers.

What can be done to address this? In a recent study, Dr Margaret Heffernan (13) points to two huge flaws in modern organisational behaviour that has been so widely adopted since the last century. The first is 'Economic Man' - the view that all humans are motivated by financial reward alone. This hasn't worked because people want much more from work than money. They want and need the chance to learn, develop and grow. They want to make a difference, have an impact, be listened to and respected. All of these serve the ultimate need to feel they belong to their community. The second is 'Scientific Management' - the endless personal objectives, KPIs, job descriptions and deliverables are all geared to treating and managing people as if they were machines. They're not and therefore we should not be surprised when people respond badly when excessively pressured, and exhibit unhealthy levels of stress, anxiety and depression that impact upon their performance and productivity.

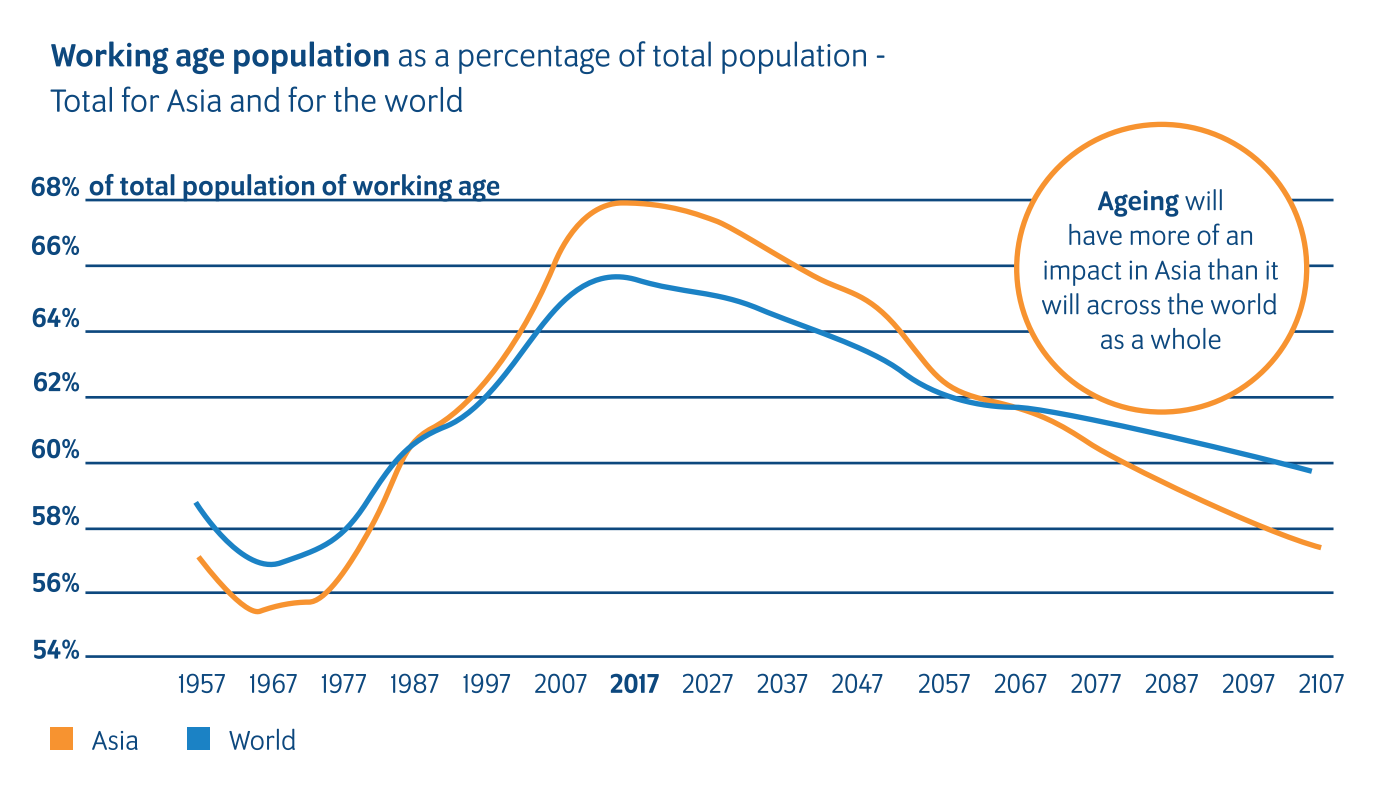
Understanding people

Millennials (those born between about 1980 and 2000) prove this point. Millennials became the largest generation in the US labour force in 2016 (14). By 2020 Millennials are forecast to comprise half of all American workers, and by 2025, 75% of the global workforce. According to Gallup, they will change the world more decisively than any previous generation (6). Companies including Ernst & Young and Accenture have already reported that Millennials make up over two thirds of their entire employee base (15)(16).



Source: PEW Research Centre 2016 (14)

For Asia, Millennials have an added significance as their aging population will have a greater impact on their workforce than the rest of the world.



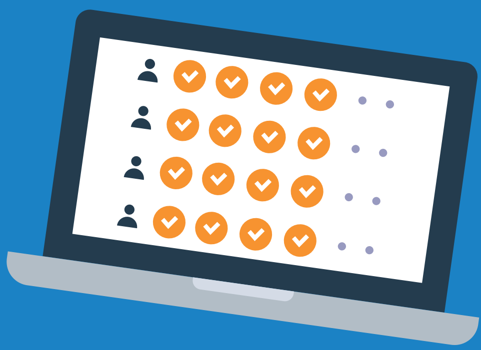
Source: United Nations 2017 (17)

Millennials' very different needs

Millennials are important because their new ideas and values are "infectious" and will spread to other generations. This new workforce is very different from its predecessors and with good reason. For a start they grew up during the worst recession in decades and found there were very few of the choice jobs available when they graduated. Millennials don't just want a paycheck. They want to work for organisations with a mission and purpose. This generation is not so much pursuing job satisfaction as craving development.

1. **Millennials don't want bosses - they want coaches,** who will value them, both as employees and people, and who will help them grow.
2. **Millennials don't want traditional annual company reviews - they want continuous ongoing dialogue and feedback** that reflects the real time social media world they live in.
3. **Millennials don't want to fix their weaknesses - they want to focus on and develop their strengths** because for them a job is no longer just a job, it is their life as well.
4. **Millennials don't believe "jobs for life" exist anymore -** they feel free to job hop and are less focused on a career.

Millennials want to **“Love what they do”** because for them the values of having more time, earning more money and greater security are far less important than for their parents’ generation. Millennials no longer believe in the traditional status symbols of profession, job title and where you work. Instead, they have a clear need for a greater sense of self-worth and see work as an opportunity to define themselves. This explains why so many Millennials choose to work for themselves because they cannot find purpose-led businesses they can relate to. The last 10 years has seen a 66% rise in the number of 26-29 years olds in the UK working as freelancers (18). Indeed, according to the Centre for Economics and Business Research, Millennial entrepreneurs have added an estimated £14.4bn to the UK economy in the past decade alone (19).



And very different problems

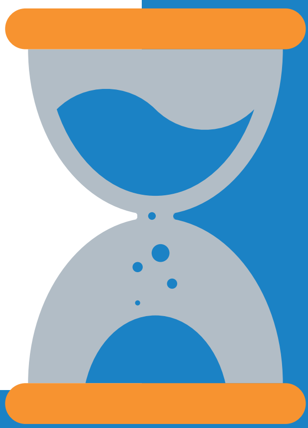
The increase in Millennial self-employment has gone hand in hand with a dramatic increase in stress related and mental health issues, driven in part by this generation’s dependency on laptops and smart phones. This, coupled with a lack of practical business experience, has left many self-employed Millennials considerably worse off than their parent’s generation. That said, they are more comfortable with technology, mobile apps and innovative platforms, and are quicker to learn. Social networks and collaborative tools like Wikipedia are second nature to them. Millennials are more natural collaborators and enjoy team working. A study by IdeaPaint (20) revealed that 74% of Millennials prefer to collaborate in small groups. This greater emphasis on teamwork and collaboration has been successfully adopted by many organisations with the creation of open office layouts to encourage co-workers to interact and share ideas effortlessly.

Millennials also want more flexibility, independence and greater employee/employer trust. Nearly 75% of Millennials believe that it is important that companies offer a “work from home” policy (21). However, remote working limits the opportunities for face to face mentoring and supervision, which some large companies believe explains why some Millennials lack attention to detail and the ability to perform as effectively as their older peers. This could be because more experienced staff no longer have the time to teach new recruits on the job the way they used to. Another factor in understanding this new generation of workers is that they have become far less mobile. This is certainly true in the UK where the number of young people in private rented accommodation who moved for a new job has almost halved in the last 20 years (22). More people now want to live in cities to reduce their commuting time – a complete reversal of aspirations of the 70s and 80s.

Engagement – productivity relationship

In the recent Deloitte Human Capital Trends 2019 Survey (23), 84% of UK workers stated that employee engagement and productivity are linked. Yet 68% said their organisations did not measure the correlation between employee engagement and productivity. Only half of UK employees considered their organisations to be effective at creating a positive work environment and only two-fifths considered their employer to be effective at creating meaningful work. The chart below from Gallup's own Millennials report (6) reinforces this point and highlights that among Millennials, engagement is lower still. And the UK is not alone in this.

	Millennials	Gen Xer's	Baby Boomers	Traditionalists
Engaged	29%	32%	33%	45%
Not engaged	55%	50%	48%	41%
Actively disengaged	16%	18%	19%	14%



Will Gosling, partner and human capital lead at Deloitte UK observed: "People, or human capital, is a business's biggest asset, and creating a positive work environment is fundamental to the success of any business."

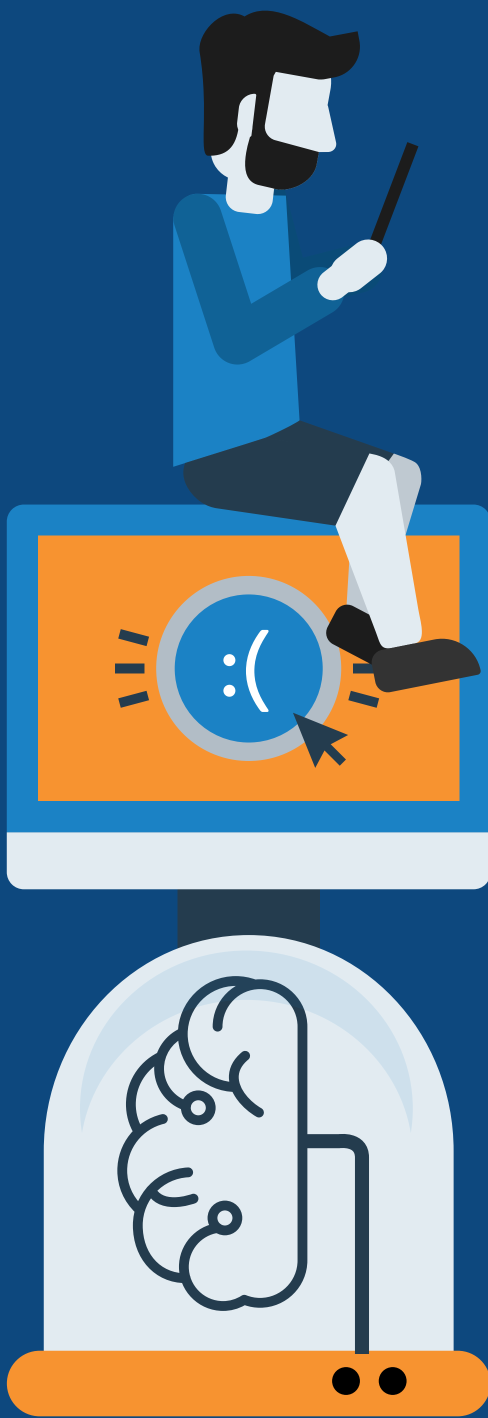
However globally, companies are demonstrating a huge lack of understanding and unwillingness to embrace employee engagement. He argues that employers are already facing significant disruption challenges from technology advances to demographic changes, and an unproductive and unengaged workforce simply should not be one of them (23).

Technology – productivity gap

The Deloitte survey also suggests that UK employers are struggling to keep up with the pace of technological change. Only 22% of UK employees are satisfied with their organisation's use of technology, compared with Germany where 51% of its workforce are satisfied, and the global average of 38% (23).

In her study Dr Margaret Heffernan (13) makes it clear that this is not a question of man versus machine. She argues that no matter how much technology improves things, we still need human creativity, collaboration and reflection. Dr Heffernan goes on to explain that our workplaces must be organised in such a way as to develop people's ability to work together, to grow and explore. She points out that technology does not do away with humans. It does the exact opposite. Technology makes the human part of work more important than ever and this is completely misunderstood, underdeveloped and underrated by most organisations. Dr Heffernan argues that the drive to digitise and automate everything we do ignores the fact that what really motivates people at work is each other, and their ability to work together and satisfy each other's needs. Gallup's report concurs (6).

Dr Heffernan believes that far from negating jobs, new technology will ensure that organisations will need to acquire more people with new skills, more often and at a faster rate than ever before. AI led systems will automate more processes, allowing for faster and better decision-making, e.g. forecasting future customer purchasing trends for retailers. Such automation will result in a greater focus on people and the need to upskill them to manage such technological advances. It will be also far more effective for businesses to develop these new skills with people from within their organisations. This will also build greater loyalty, commitment and collective wisdom but most important of all drive productivity per head upwards.



New path to productivity growth

Development of our people's skills needs to be deeper and broader than before. In Deloitte's Report (23), 70% of UK employees interviewed said their organisation promoted career growth opportunities, as part of its employee experience, but only 36% believed their organisation was effective or very effective at engaging employees in this area. Only 18% of UK respondents believed that their company's leadership programmes were effective at developing leaders to meet evolving business and economic challenges. 24% believed that how a business is run, and its organisational structures, get in the way of leaders effectively managing teams. The same survey also found 69% said they had no incentive to learn new skills.

Gallup's Report (6) discovered that weaknesses never develop into strengths, while strengths develop infinitely. Gallup believes this is arguably the biggest discovery they have ever made on the subject of human development in the workplace. However, many entrepreneurs would probably tell them that they've known this for years. Clearly organisations cannot ignore weaknesses, but they can take measures to minimise their impact. By becoming a strength-based culture, Gallup argues we can increase productivity at a far greater rate.

Unlocking people productivity

Gosling states that the Deloitte survey (23) confirms the importance of leadership and learning in the face of change, but it is the employee experience that will drive the success of a business's main asset - its people - and guarantee it is ready for the future of work...

...Not strategy, infrastructure, funding, risk or technology but our people.

In a recent project Dr Heffernan (13) interviewed companies that survived the last global financial crisis. **"I wasn't particularly looking for it but every single one of them said that what got them through the crisis was the loyalty of their people, the fact that they had worked together for so long and that they weren't prepared to give up. It's the exact opposite of the gig economy."**

Dr Heffernan clearly agrees with Gosling. She observed that those companies who give enormous employee freedom and measure them as little as possible actually achieve greater success by fostering a culture for creativity and innovation. They do this by opening up new opportunities for people to learn across their whole organisation and to keep acquiring new skills. Such companies recognise that people are more than the sum of their pay cheques. They understand that the better social relations are across their organisation, the more effectively information is shared and the more productive they become. This is why they not only survive but also continue to be successful.

5 Increasing productivity - where do we start?

People are unquestionably a business's most important asset in determining its future success. The potential for greater productivity per head is always there but how do we tap into it successfully without alienating, exploiting and losing our people? Our success depends entirely on how much effort we invest in understanding and responding to our people's real needs as much as our own. Here are recommendations to increase productivity:

1. Act in real time

If we want our people to be more productive, we must act now and decisively. Never mind about tomorrow's leaders and managers – what about today's? Strive to understand them better, engage with them as equals, inspire purpose, encourage development, provide motivation and practical coaching to help them achieve more than they ever thought possible.

2. Cumulative marginal gains

Instead of trying to make an instantaneous quantum leap in your people's productivity overnight, apply the principle of marginal gains theory. Plan and implement small but significant improvements in every aspect of your business that will have a positive impact upon your people's daily working lives. The cumulative effect of this investment will get noticed, be appreciated and rewarded in productivity benefits.

3. Become a purpose-driven organisation

Organisations must become purpose-led businesses so their employees can see they actually "walk the walk" not just "talk the talk". To convince and motivate them, companies must make sure their practices are fully aligned with their stated purpose. There are five steps to becoming a purpose-driven business. These are (25):

- Get the owners and directors on board. Change the articles of association to reflect that the business is now about benefiting all stakeholders with a clear stated purpose.
- Embed purpose at all levels of the company so it is communicated from the bottom up, not top down.
- Give employees permission to challenge their leaders if they feel that they have moved away from the purpose of the company.

- Base hiring and promoting on values so your employees can have confidence in your decisions.
- Be transparent in your annual reports and in relation to the measurement of your values.

Employees crave fulfilment by working for purpose-led organisations. Give them meaningful work with purpose and they will reward you with loyalty, motivation and enhanced productivity.

4. Engagement

Let every voice be heard in the company. Engagement means asking for input and opinions on key issues and listening to the replies. Employees must be encouraged and allowed to question and challenge their leaders more. Not just about the purpose and direction of the company but also more practical matters like workspace, working hours, holidays, etc. We need to involve our people and be involved with them and their lives.

5. Flexibility

Actively foster more flexible work arrangements, greater remote and home working. Be more flexible about working hours and holidays. Provide more digital communication to reduce meetings and implement more family-friendly policies. This makes organisations more attractive both in terms of recruitment and retention because this is what workers want. It also cuts the number of lost days due to stress related sickness and reduces tiredness from excessive commuting. It even alleviates traffic congestion and helps the environment through reduced pollution and carbon emissions. A win-win all round.

6. Strength-based culture

Develop a strength-based corporate culture that focuses on, builds and celebrates people's different strengths, while identifying and marginalising their weaknesses. Abandon the outdated annual review in favour of frequent, constructive interventions, regular appraisals and informal two-way feedback sessions. Demonstrate that the company has a policy that listens and acts on what it hears. Add to that a clear indicator that no judgment will be passed, and you have the foundation for a truly loyal and empowered workforce.

7. Welcome to the team

It is time to change the traditional workplace. Tear down the conventional corporate organisational structures and hierarchies and rebuild new, more equitable team structures. People are naturally creative problem solvers. People like people, and they need to be together. They want to work together and to spark off each other – it is the essence of collaboration. These new teams will thrive in the positive collaborative environment leaders create to improve their organisation's productivity.

8. Empowerment

Probably the single biggest demonstration of empowerment for companies is to give its employees the freedom to manage themselves. Self-management encourages teams to go beyond basic task and performance management metrics such as OKR (Objectives, Key Results) and exceed their organisation's expectations. Apart from the message of trust this sends out, it encourages workers to take ownership of their own work and its delivery. It has the added advantage of avoiding micromanagement.

Corporate cultural barriers are more important than technological ones and harder to overcome but through empowerment this need not be insurmountable. Workers will often identify their own skills gaps, such as digital communication or other technology skills. Given the freedom to address this, they will undertake such training willingly. Empowerment coupled with access to relevant learning and development programmes is therefore, both highly effective and productive. It is also more cost effective because it does not require constant supervision.

9. Recognition and benefits

Recognition is the simplest and yet often the most effective motivator across workforces of all ages. Sincere appreciation, be it public acknowledgement in front of their peers or just saying: "Thank you" can leave a lasting impression, not just upon the recipient but also all those around them. It is a big deal and makes a positive impact upon employees' attitude and therefore their performance at work. In addition to recognition, companies should run positive feedback and inclusive brainstorming sessions to demonstrate how much they value their employees' input. In this way they can encourage them to see, work towards and become part of their organisation's bigger vision, rather than just carrying out their day-to-day tasks.

Leaders must deliver on their corporate promises promptly and be seen to be doing so by all their employees. Benefits remain a tangible expression of appreciation towards employees for their hard work. It boosts morale and productivity. Whether it is a company car, income protection, health or life insurance, these benefits are highly valued and relatively cost efficient to provide. The secret is to get the balance right. These are rewards for great service and as such a privilege not an automatic employee entitlement.

10. Wellbeing

40% of long-term absence from work is due to mental health problems. Supporting employees with the right benefits can help reduce stress levels significantly. Dr Margaret Heffernan says treating people with human compassion, dignity and respect is the key to true workplace wellness (13) and with it, productivity. She says you can't manage people with engineering precision. Goals, targets and KPIs now systemic in business, education and the public sector just make everyone feel like an insignificant, unappreciated cog in the machine.

Vitality has been running Healthiest Workplace Awards for the past 6 years in the UK (26). 2018 winners, Nomura and Adidas state that by prioritising and elevating employee engagement, health and wellbeing within their organisational strategies, they can achieve better employee health outcomes as well as tangible business benefits. They clearly believe improved employee health drives enhanced productivity and performance. This in turn gives these companies a stronger competitive advantage and of course builds a healthier society for all.

11. Improved work/life balance

Recruitment interviews are now a two-way process because it is a seller's market. For this and other reasons, the employer brand is very important. Therefore, organisations need to clearly demonstrate that they really understand their employees and their needs. Supporting a healthy work/life balance with flexible hours, help with children, flexitime and support with general everyday life problems are highly attractive qualities new recruits and existing workers are both looking for. This not only reflects well on the company but also reduces external pressures on employees, which in turn ensures they remain more focused and productive when they are working.

But most important of all of these is...

12. Development

In the Deloitte Report (23) 87% respondents stated that learning was important, or very important in driving employee engagement but 15% described their company's learning culture as inadequate. Gosling states that leaders need to act now in order to re-skill their workforces to future-proof their businesses. Artificial intelligence is not new, but the pace of change is and organisations risk leaving swathes of society behind.

Faced with longer careers and a multi-generational workforce, employers need to invest more in their people's development and to do so more frequently. They must be more flexible in order to attract, develop and keep teams that can deliver. Organisations need to induct and develop new people more quickly in order to retain their interest, their motivation and their loyalty. Some will still leave, and organisations need to accept and even embrace this. Former employees can be excellent advocates for others to join a company and may even return themselves. Leaders must have the courage to implement frequent learning interventions and blend these with other self-driven development so that all new skills gained are idea rich, practical and useful. We also need to measure the softer skills employees learn too. Digital communication skills, awareness and the use of technology generally will undoubtedly play an important part, but they are not a solution in themselves or an easy option.

Given the emergence of new team structures, manager development has now become a vital catalyst for growth. There is a greater need than ever before to upskill and develop effective managers who can maintain motivation and retention. They will lead rather than drive their teams to achieve greater performance and productivity by acting as coaches and mentors. These new managers will also play an instrumental role recruiting new talent – identifying it early on, nurturing it and keeping it. They will also be responsible for their development - both in terms of depth and breadth of knowledge and experience, as well practical applications of their newfound skills. This is very important because if employees consider their existing skill set too niche and see no opportunity to address this where they are, they will leave. Creating this new generation of **"Millennial Managers"** requires a fundamentally different approach to manager learning and development – one that is more interactive and based on mutual respect for all.

It's true that **"A bad manager is expensive, a good manager is priceless"**.

6 Conclusion

People are a contradiction, offering simultaneously both incredible opportunities and the mother and father of all frustrations. Yet people are the one lever we can pull in times of uncertainty like these and effect phenomenal impact upon the performance of our businesses – providing we do our homework first. Get it right and we can achieve a positive, cumulative productivity effect, adding tangible value to the bottom line. Get it wrong and the negative spiral will drag fortunes down and reputations with it.

The link between development and productivity is clear. Therefore, if as organisations we demand growth, we must equally demand investment in our people. To succeed in the future, employers must actively support and encourage their staff to upskill. Most of us struggle to find the people we need for our businesses. If we can't find them, we need to create them, through proactive engagement and development. Businesses who continue to say that their staff should train themselves are at the mercy of the market and will not survive. If we don't change our thinking and our corporate behaviour, we will never succeed, no matter how clever our strategy is or how superior our products and services are - because without properly prepared people, we can never deliver.

So, to answer the question, how do we get a better business? Not just for 2020 but also beyond?

It's the managers in our businesses, because they lead teams and increase productivity!

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About the author

Pete Fullard,
CEO, Upskill People

Pete Fullard is the forward-thinking CEO of Upskill People, the online learning company that helps people shine. He is rightly proud of what the company has achieved since he founded it in 1995 to produce engaging courses that actually work. The learning and development sector has changed a great deal in that time, and Pete has always been at the forefront of that change. The enduring principle behind the company is that if businesses are going to pay good money to upskill their people, the outcomes should be measurable.

While Pete is very much an ideas man, he really gets business and people: what motivates him is working with ambitious people of all ages and backgrounds, helping them achieve their potential. More than a manager, he is a natural mentor, and his energy and enthusiasm are infectious, even after 25 years! He is driven to get things done quickly and determined to do them the right way, with an eye on not just profit, but also people and the planet.

Pete will work through lots of alternatives if that's what's needed to get things just right. He has a knack of focusing on the positive in any situation and identifying ways to tackle challenges as well as looking for opportunities. His key talent is understanding, innovating and delivering impactful ways of doing things. He also uses his experience to get creative as a non-executive director helping other organisations do things better. Invariably, that involves measuring outcomes!

linkedin.com/in/petefullard

Finally, a thank you to the excellent team who helped in putting this together.

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