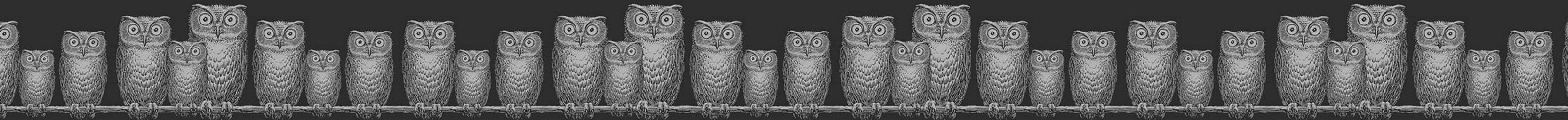




CHARLOTTE STREET  
PARTNERS

# REFORM WITHOUT MONEY



FROM A DIFFERENT PLACE

# INTRODUCTION



ANDREW WILSON

Founding partner

I often feel that the most important strategic driver for companies, government and charities is yesterday. What we did yesterday tends to be what we do today and therefore tomorrow. Changing that is difficult because it involves taking a risk. The future cannot vote, pay a dividend or shout loudly. The present can. As a result, we are shackled by short-termism.

And yet, as we face the future, we must think and act for the long term, or our way of life will founder. Because it is unsustainable. So we must choose to change. As Sartre put it “we are our choices”.

But for too many organisations and people, imagining the future plays second fiddle to the most fatal thought of all: “I wouldn’t start from here”.

We know how hard change is. It is always easier to imagine that it is all about resource and money in particular. “If only I had the money.”

In truth, of course, money is like air; you sure notice if you don’t have any. But as parents we know that simply giving cash to our kids won’t really help them when we no longer can. So our job is to help them grow into resilient, responsible, engaged and caring adults. This is so they can adapt and survive and hopefully thrive no matter what the world throws at them. And yet how many of us exhaust ourselves on the daily grind to make the money needed to keep our children secure when what we would all benefit from is more loving time together?

Lockdown has reminded me of that, I suppose. I have also gutted my house of clutter that has gathered over the years. Letting go of some of it is difficult but we do benefit when we can. The same has to be true of company strategies, government policies and charity programmes.

# INTRODUCTION

Much of what we do is inherited by the power of yesterday. True transformation comes when we are able to build our organisations' resilience, dexterity and the values that underpin their conduct. Naturally, this is much, much harder to define than a lean transformation process or a 20% cost reduction programme, which can be measured, tracked and delivered.

The truly transformative work is much more organic and difficult to touch. In their book *The Nordic Secret*, Lene Rachel Andersen and Tomas Björkman explore the peaceful and remarkably successful transformation of Nordic societies and economies. Denmark, Norway and Sweden transformed in a relatively short period of time from feudal agrarian economies to progressive and prosperous powerhouses. Finland has gone through similar transformations more than once. At the core was the education and development of their own people – creating resilient, healthy, capable citizens engaged in their own self-improvement and collectively of their countries. It is a remarkable story.

In some respects though it was easier because they started from the bottom of the table. The only way was up. Transforming from mediocrity is harder because, well, middling has vested interests already.



So, in this briefing we consider change that is neither about spending new resource nor cutting cost, but rather focussing on becoming better, both as people and as organisations. That is more difficult, often significantly so.

It can also mean spending now to ultimately save into the future.

I hope you find this note useful.

# CONTEXT FOR REFORM: IT'S NOT ABOUT THE MONEY

Why do we need to change? Can't we just go back to the way we were?  
 What are our individual reasons for change and are they understood?

Change in response to a crisis is inevitable but perhaps harder to accept and put our energy behind than reform we had embarked upon of our own free will. It's probably fair to say that most of us would be alarmed and confused if authorities and workplaces went back to how things were before lockdown – the pandemic has most definitely changed us.

How then do we take the steps needed to make the changes that will not only steer us through a crisis, but ultimately steer us towards a sustainable shore where growth is still possible?

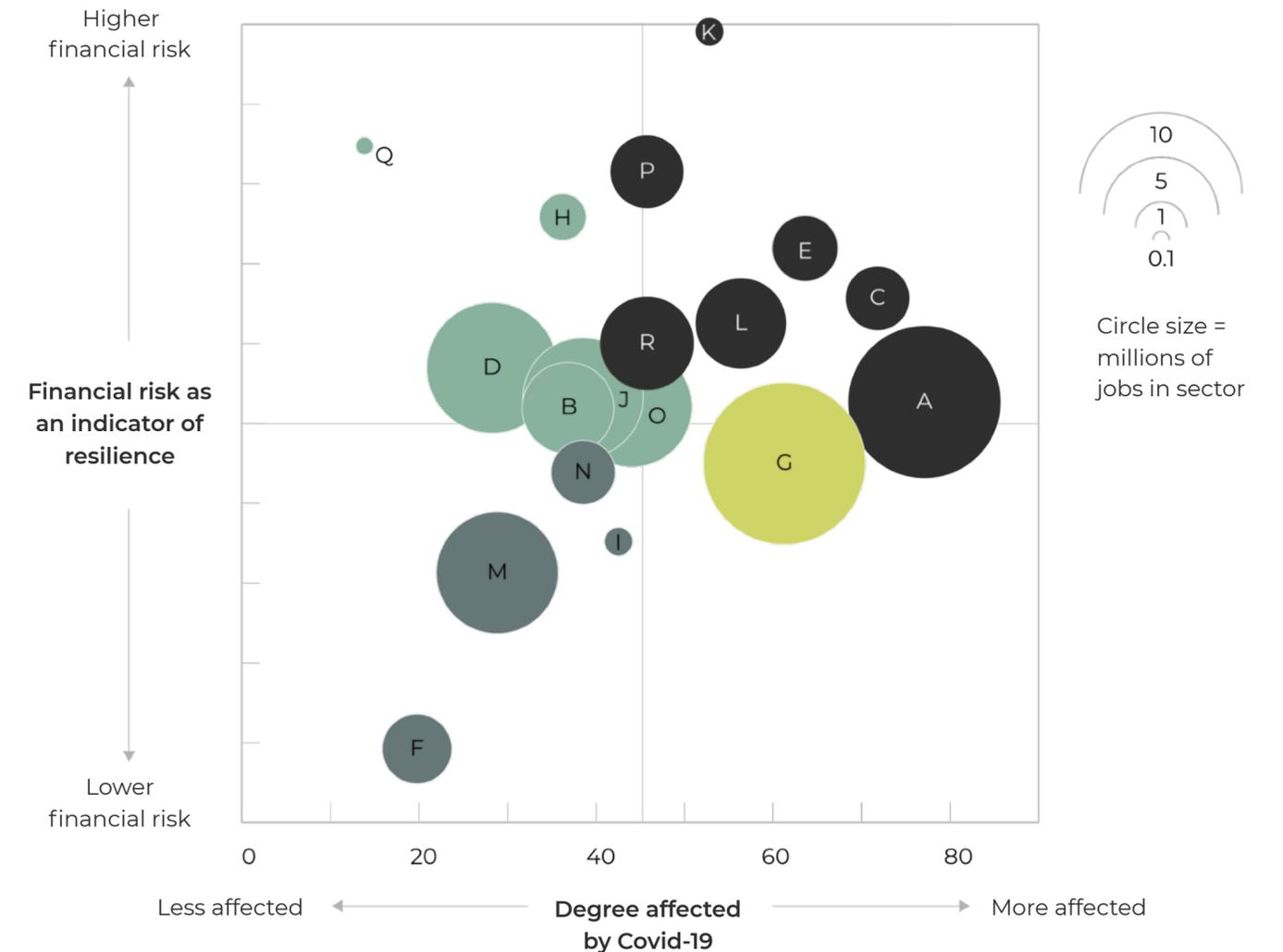
The reform that we are referring to in this paper could and should ultimately lead to bold, long-term and sustainable organisations and nations.

For many businesses, charities, families and communities, there is no choice as to whether change is coming. Change is happening now, or has already happened.

Priorities for many of us have shifted overnight and office projects that seemed inessential, such as **the digitalisation of some operations**, have been rushed across the line in record time. We could do it all along!

Where small businesses are vulnerable (Germany)

Less affected, higher financial risk (light green circle)  
 More affected, higher financial risk (black circle)  
 Less affected, lower financial risk (dark grey circle)  
 More affected, lower financial risk (yellow-green circle)



- |                                       |  |                                      |
|---------------------------------------|--|--------------------------------------|
| A Accommodations and food services    | G Healthcare and social assistance     | M Professional services              |
| B Administrative and support          | H Information services                 | N Real estate and rental and leasing |
| C Arts, entertainment, and recreation | I Management of companies              | O Retail trade                       |
| D Construction                        | J Manufacturing                        | P Transportation and warehousing     |
| E Educational services                | K Mining, oil and gas                  | Q Utilities                          |
| F Finance and insurance               | L Other services (except public admin) | R Wholesale trade                    |

Source: McKinsey & Company (2020a), German sectors

# CONTEXT FOR REFORM: IT'S NOT ABOUT THE MONEY

If we have learnt anything from this crisis so far, it is that delaying decisions and action on change that we knew to be inevitable, was a mistake.

So, beyond the move to online and remote working, where can we find value through change that will impact our bottom lines and support our future stability without needing huge amounts of money to do it?

For example:

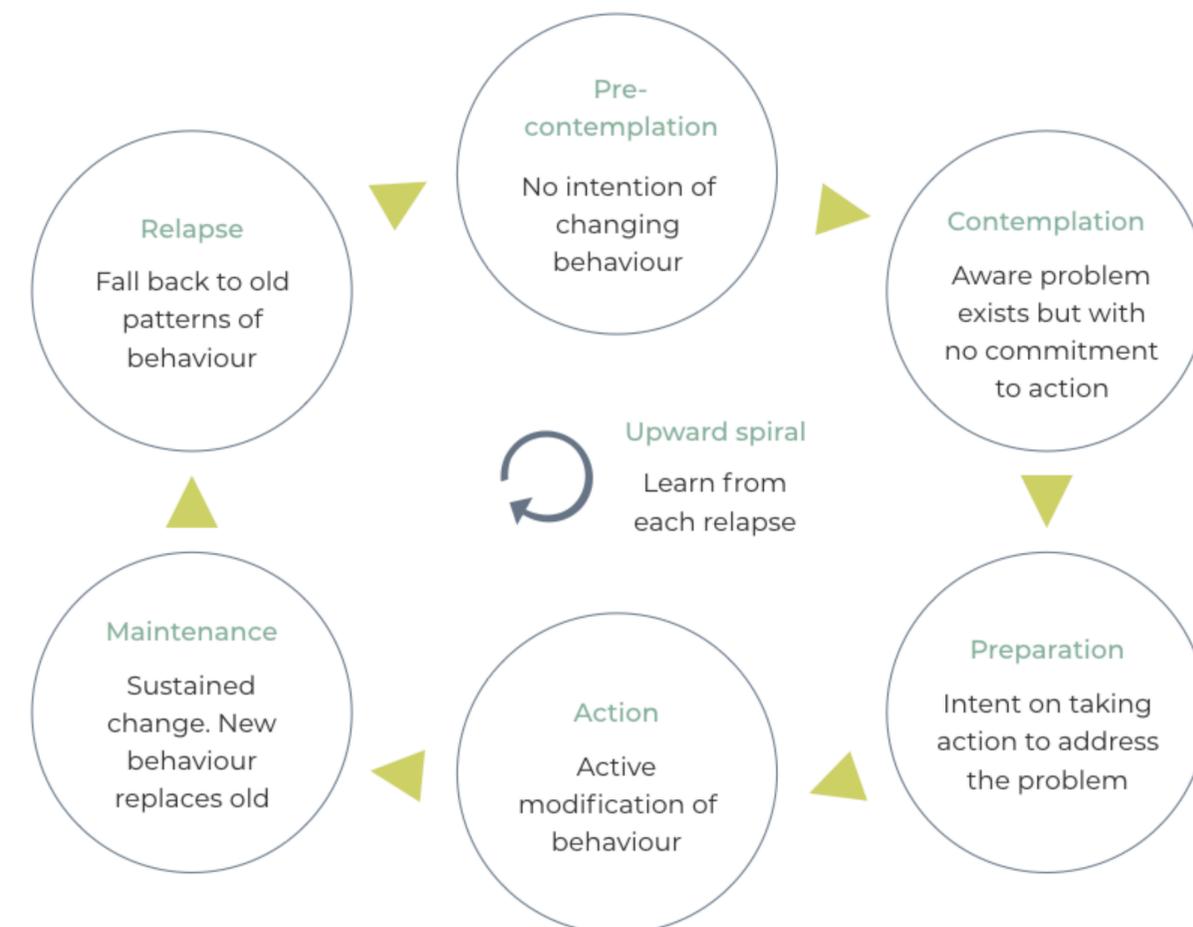
- reforming and refining your corporate strategy and positioning
- reforming and refining your vision and values
- reforming your leadership style
- reforming your relationships, partnerships, collaboration with the public or private sector
- reforming your physical space
- reforming your behaviours and brand

We write this paper with what we see as the most important thing to keep in mind when approaching reform: **prioritising people over process.**

As humans, we are pre-programmed to look for certainty and be scared of change, even when there is nothing to fear.

We can approach change more efficiently if we plan for multiple human outcomes, start from a shared understanding that perfection isn't attainable, and know our limits.

To this end, it can be very helpful to become familiar with the cycles of behaviour change to help us support corporate change.



Source: Royal College of Nursing (2019)

# INSIGHT: SOMETHING FOR NOTHING



PAUL GRAY  
Consulting partner

You rarely get something of value for nothing – except perhaps a gift, or a legacy, or love. But what if you already had something of real value, hidden and unrecognised, and it would cost you very little to realise the benefit?

The past few months have been marked by sudden change, and unexpected pressure, and for some considerable loss. Most agree that reform is essential – not just for business, but for the way we educate, the way we include people and communities who have hitherto been forgotten or lost, the way we value people who care for our most vulnerable.

People and businesses have adapted – willingly or otherwise – and significant changes to the way we interact have made it possible, for some at least, to carry on. Some businesses are restarting, some have yet to do so, and some never will.

A transformation has already taken place, and there is more to come. It is better to regard it as imperative than inevitable. And what will such a transformation cost? How will it be resourced?

If Janet Jackson and Luther Vandross are to be believed, some of the best things in life are free. And moreover, you already have them. These things are already within your people; your workforce, your staff, your team.

Have you really listened to your workforce, and to your customers? Not just about pay and conditions, or the goods and services you provide (important though these things are), but about their perspectives and experiences. This matters now more than ever.



# INSIGHT: SOMETHING FOR NOTHING

Although there has been progress on diversity and inclusion, the past few months have provided some pretty dramatic examples of just how far there is still to go, particularly (but by no means exclusively) on race and gender.

I know that I write from a position of privilege – whether of race, or gender, or circumstance. I know that my attempts so far on equality and diversity have fallen far short. This is not some sort of humble confessional; it's a sober assessment of what exists, and what remains to be done.

The resources to tackle this lie within our reach, and they are not asking for money. They are our colleagues, our friends, our customers. There are answers hidden in those around us, those we see from day-to-day. This is not about more training, more consultation, more analysis, more forms.

Now is not the time for leaders to provide a space so that truth may speak to power. It is time instead to give power to those who speak truth. That will unleash such a wealth of experience, insight and knowledge that we will all wonder why it took us so long to do it. They will tell us what we need to know, and how to make the changes we need to make, and they should be given the space, the time and the authority to lead the changes.

## SO WHAT?

- Many businesses are considering or have implemented a **strategic** reset in light of changing consumer behaviour.
- **Management** is for many businesses the costliest expense. Is it functioning efficiently? Is it representative of your future strategic priorities? Is it red tape or is it enabling? Does it bring forward to you the best, most exciting, innovative voices in the business? Does it support you across all three areas: people, planet, profit?
- **Physical space** is at a premium. Roughly half of the UK's employers are planning to reduce office space and stagger return to work as Britain eases restrictions following a three-month Covid-19 lockdown ([Reuters](#)). How can businesses make space work for them from a people, planet, profit perspective?
- **Engagement.** We are living through a time of incredible tumult: from health crisis to international civil unrest; heightened awareness of systemic racism to climate emergency; discomfort with populist policy to reform of how we think about gender. How do businesses navigate this tightrope? How should they – if at all – interact with social justice?

# LOUAI AL ROUMANI: LESSONS IN FLEXIBLE LEADERSHIP



Louai was head of strategy at the fastest growing bank in Syria when the war broke out in 2011. How he and his team responded to the challenges of war and the lessons he learnt from it are brought together in an essential read published this year: *Lessons from a Warzone*.

As part of our regular events, we spoke earlier this month with Louai and his insights challenged our instinct to protect our businesses through endless rounds of cost cutting and risk reduction. Instead he encourages us to consistently do what is right for the people we are serving, our customers, our employees, our communities.

## FOCUS ON WHAT MATTERS

The formulation of a corporate strategy is vital, even more so in a crisis. In unsettled times the room for misunderstanding, miscommunication and disorientation grows. I have found that in adverse times the need to establish clarity and purpose over all areas gains greater importance.

## CRITICAL SUCCESS FACTORS

How are the CSFs of your industry being redefined by the crisis? Which of these factors is becoming more critical? If you had to come up with a one-page strategy map, how would you highlight your brief vision, a few strategic objectives, tactics and values?

## LEAD WITH VALUES

Setting the ethical compass is important so that your people become aware of the overall values of the company. If these have already been set then a possible overhaul or revision can be considered to see what values are more important or relevant now.

For further information on how to go about a reset of values, contact us at [harriet.moll@charlottestpartners.co.uk](mailto:harriet.moll@charlottestpartners.co.uk)

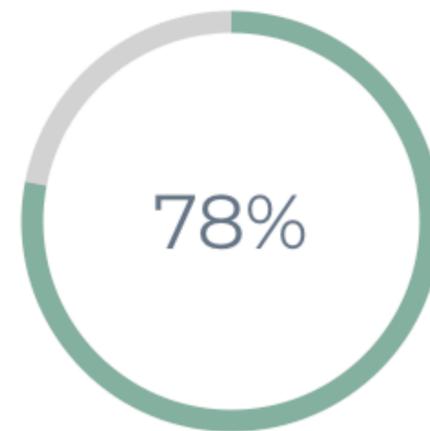


# PRACTICAL TOOLKIT FOR CHANGE

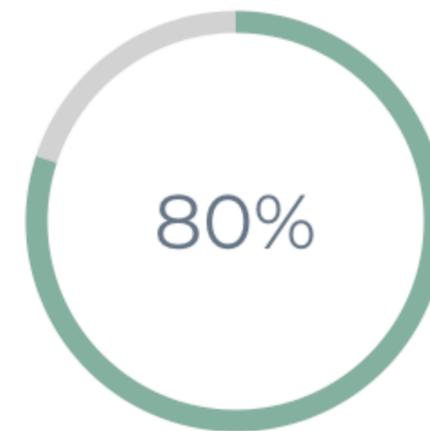
As we said in our paper [Working Well](#), investment in people is the only investment that is guaranteed to really impact your long-term reputation. Brands that have seen their reputations grow through this crisis are those that have helped the NHS, helped their communities and, crucially, helped their employees.

A recent survey shows that the vast majority of employees feel their leaders have done a great job in stepping up to meet the challenge for their employees.

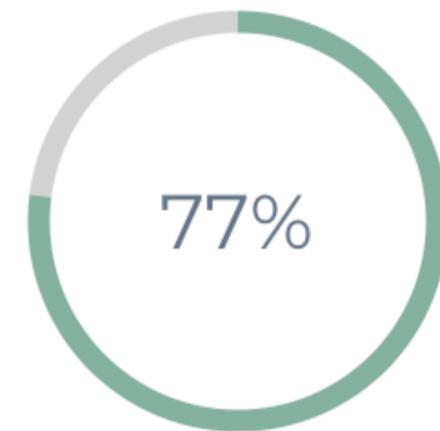
Employer response effectiveness, % of respondents (n=887)



Employees indicating their organisation has responded to the crisis appropriately



Employees indicating the leadership has acted proactively to protect their health and safety



Employees indicating they have the necessary information to plan and adjust

Source: McKinsey & Company (2020b)

# PRACTICAL TOOLKIT FOR CHANGE

So, how to establish and maintain this good feeling as the pace of reform and change continues? Start with building on trust:

## Four key actions for organisations to build on the trust earned during the Covid-19 crisis



### 1. Make it credible

Give employees air time through town halls, pulse surveys, listening tours, and story sharing; have trusted leaders speak transparently and empathetically about what employees are going through; use data to analyse related information and communicate findings to employees regularly



### 2. Make it feasible

Prioritise timely action instead of waiting for transformative solutions; push responsibility to edges to accelerate change (eg create digital channels for people to engage with each other directly rather than running everything through a central hub)



### 3. Make it sustainable

Develop a plan to embed changes beyond the crisis; communicate to employees specifics about open-ended changes being made; ensure that employees know that, as the crisis is not time bound, support from leaders has no end point



### 4. Make it personal

Find creative ways to use advanced analytics, behavioural science, and digital technology to put employees in charge of their own journeys; tailor interventions to individual contexts and evolving needs

Source: McKinsey & Company (2020b)

# PRACTICAL TOOLKIT FOR CHANGE

With a strong base of trust we can then employ a range of tools and methodologies to generate real longstanding change in organisations and businesses.

## REVERSE MENTORING

Using the skills and experience within your organisation's junior cohort to educate and enlighten the whole team including senior management is one of the most effective tools to begin an authentic journey towards **diversity and inclusion**.



## FLEXIBLE LEADERSHIP STYLES

The Situational Leadership model introduces us to four types of leadership style: directing, coaching, supporting and delegating. When change is afoot, the temptation is for leaders to dig into the style that feels most familiar when in fact during times of change, we need our leaders to have the enthusiasm and confidence to flex their style to suit the challenges ahead. There is no such thing as a single best fixed type of leadership and the best leaders will always be those who are the most flexible and able to make timely adjustments to a course of action and a way of communicating in the face of new information.

## DEEP LISTENING

Deep listening is a process of listening to learn as opposed to *active listening* which uses attitude, attention and adjustment in the listener to demonstrate our ability to hear. Engaging in deep listening exercises (for example, using present moment awareness meditation techniques) allows the listener to note their own responses to what is being said without reacting to it and therefore to become more adept at accepting differences, resolving conflict, enabling change and seeing the teacher in every person and situation.

## CONTINUAL TWO-WAY DIALOGUE

Allowing sufficient time for a back and forth discussion is essential even during times of high-speed change when we are introducing new communications, concepts and ways of working. We need to listen to what is being said and as importantly, what is not being said, and respond to it. That means we need to plan our internal communications and focus them on our audience and where they are coming from, not on what we think and want to get across. We then need to regularly check, by being open to feedback and facilitating opportunities for it, that there is a confirmed shared meaning with our audience.

# CASE STUDY IN DEEP LISTENING: THE CARE REVIEW



*When I was asked to chair the Care Review, I paused. In the seven preceding years, there had been six reviews into how Scotland cares for its children. So, the Care Review had to be different, starting with an unwavering commitment to make sure the care experienced community would be at its very heart.*

*The unprecedented listening that has formed the basis of the Care Review led to questioning about how the entire system works. Listening must start with the expectation that it will lead to change.”*



FIONA DUNCAN

Chair of The Promise oversight board



The Care Review has now become The Promise. It seeks to tell Scotland what it must do to make sure its most vulnerable children feel loved and have the childhood they deserve after listening to more than 5,500 care experienced children and adults, families and the paid and unpaid workforce.

## FOUNDATIONS FOR CHANGE

### Acceptance that change is needed

- this is often triggered via system measures – not meeting targets, insufficient skill / resources, high profile ‘failure’, etc

### (Ideally) a shared vision and mission

- with a positive focus: a solution or set of solutions as opposed to admiring a problem
- for the Care Review this is a different way of devising and delivering support that focuses on meeting the needs of the ‘end user’ as opposed to the system

### A route map that covers all aspects: legislation, policy, practice and culture

- for the Care Review these include system change and service redesign as well as data
- it is clear about *who* has to change and *when* (eg dependencies and scheduling: if the Care Inspectorate is an early adopter so changes what it inspects, providers will change what they priorities and ‘deliver’)
- the *how* is less necessary than the will at this time

**An understanding of the bridges to change** (commitment, energy, champions, outliers, examples of success, early adopters) **and the barriers** (old ways and their grip, money, risk, roles)

# CASE STUDY IN PANDEMIC REFORM: LOST STOCK



Cally Russell founded fashion app Mallzee as the “Tinder for fashion”. Designed to make shopping fun, easy and fast, the Edinburgh-based company was growing fast before the pandemic hit but, when it did, leading brands cancelled over \$2bn worth of orders of clothes from Bangladesh. Cally and the team saw an opportunity to fulfil their customers’ desire to help during the pandemic and support Bangladeshi factory workers. Lost Stock was born.



*“If coronavirus doesn’t kill my workers then starvation will.”*

A BANGLADESHI FACTORY OWNER

This was the headline that spurred us to set up Lost Stock. As a team, we had a number of discussions around what we could do to help and came up with Lost Stock as a way to connect cancelled clothing stock and consumers whilst at the same time delivering much needed support to Bangladeshi garment workers and their families, paying factories for already manufactured stock and preventing these goods ending up in landfill.

Utilising our experience in building Mallzee and our industry contacts we built the Lost Stock initiative within a month – launching on 18 May.



MELANIE GRAY

Head of communications at Mallzee and Lost Stock

As an entirely new concept we hoped to sell 50,000 boxes by the end of 2020 to help 50,000 Bangladeshi families. We’ve been blown away by the support and actually sold almost double this number in the first month.

Lost Stock has really caught the public imagination and has benefited from extensive press coverage including *The Guardian*, BBC, and *The Times* – we have already sold enough boxes to provide food and hygiene aid for over 100,000 families and prevented almost 500,000 new clothes going to landfill. This is just the start of the Lost Stock journey and we are now looking at building a sustainable direct-to-consumer retail business.

# CIRCUMSTANCES AS A CATALYST TO REFORM

Judging political leaders by their first 100 days has become commonplace, but the measure – which underlines the importance of momentum – first started after Franklin Delano Roosevelt became US president in the exceptional times of the great depression in 1933.

Successive leaders have used unprecedented circumstances and short timescales to drive otherwise impossible reform.

The Covid-19 pandemic undeniably falls into this category. Threats that were previously on the horizon, or at the outer edges of an annually reviewed risk register suddenly require the types of immediate and decisive action that might otherwise be dismissed by cautious investors, shareholders or more conservative board members.

Take the oil giant, BP. The company says this new Covid-induced oil price reality could actually accelerate its plans to move to a net-zero carbon footprint by 2050, going beyond the supposedly radical ambitions it spelled out in February this year.





## CIRCUMSTANCES AS A CATALYST TO REFORM

Meanwhile, companies that previously relied on face-to-face interaction to spark creativity are shedding the office space that allows teams to come together. Twitter has told its employees they can work from home indefinitely, and Martin Sorrell recently said his growing S4 Capital media holding company has “dropped a lot of our offices’ leases... We’ve saved a lot of time and energy with less travel and commuting.”

Beyond the private sector, the pandemic has jolted governments into trying things that would have previously been dismissed out of hand.

Imagine if a £14bn per month support scheme for private sector workers facing redundancy had been proposed by a Conservative government at any other time? Or the reaction if someone had told you a new 500-bed hospital would be built in central London in just nine days?

Previous ‘certainties’ have been swept away, and a fundamental shift in tone and ideological outlook is apparent as businesses look to prepare for an unknown future.

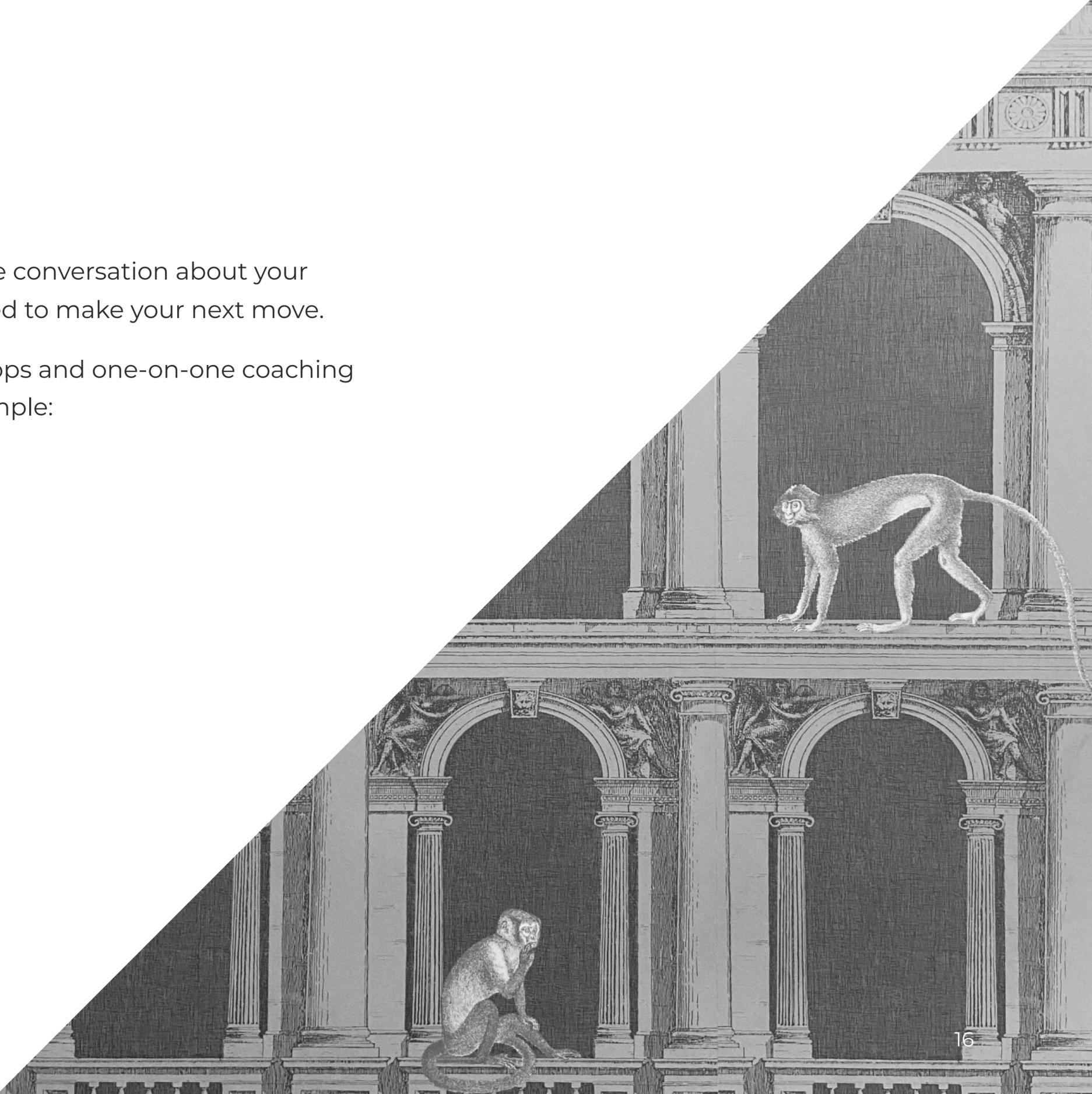
## NEXT STEPS

Get in touch with us for a confidential and commitment free conversation about your specific needs. That initial conversation might be all you need to make your next move.

As well as retained services, we provide short group workshops and one-on-one coaching sessions on all of the content included in this paper, for example:

- Bringing your values to life to support your team and your business through change
- Employee engagement through change: specific tools and structured guidance
- Senior counsel during change: breakthrough session for leadership teams and individuals

Contact Harriet Moll on 07717 501 626 or [harriet.moll@charlottestpartners.co.uk](mailto:harriet.moll@charlottestpartners.co.uk)



## FURTHER READING

Al Roumani, L. (2020) *Lessons from a Warzone: How to be a Resilient Leader in Times of Crisis*. London: Portfolio Penguin.

*Financial Times* (2020) 'Middle classes: mushrooming no longer', <https://on.ft.com/2AHqZga>.

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## OUR SPECIAL BRIEFINGS

Contingency Planning and Resilience

Working Well

A Sustainable Roadmap for the UK

Covid-19 and the Economy

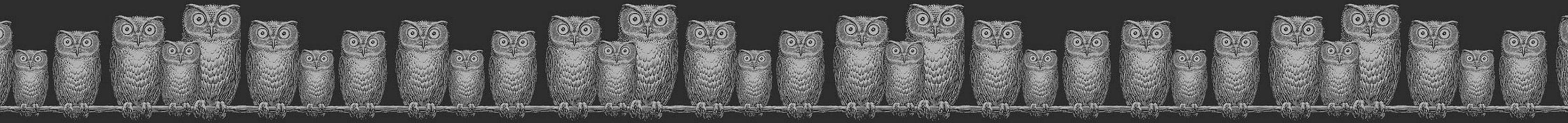
Communicating the Coronavirus Job Retention Scheme

Remote Working Guide

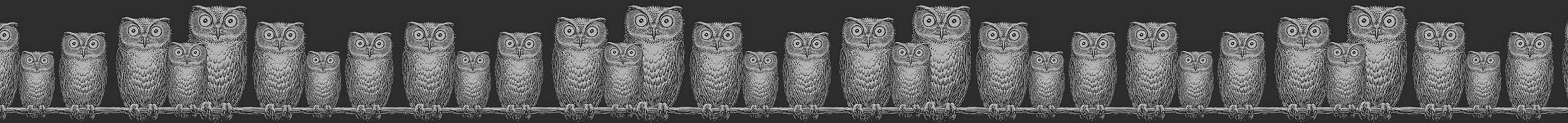
Accessing Government Support

Understanding Motivational Theory During a Crisis

Kübler-Ross Model Applied to COVID-19



*Thank you*





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FROM A DIFFERENT PLACE