



Stratis
CONSULTING

Leading People Strategies

EMPLOYMENT RELATIONS SUMMIT '2020 VISION'

Leading Employment Relations in a full Employment Economy



#2020Vision @Stratisconsult

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What's Next ?

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Organisational Transformation

Royal Mail the lessons learned

Stratis “2020 vision”

Kevin Green Founder & CEO
28th November 2019

What's Next ?
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Who is Kevin Green?

- CEO for REC for 10 years
- HRD for Royal Mail
- Tedx presenter
- Client portfolio of human capital businesses
- Author of Competitive people strategy

 Kevin Green

 @kevingreenwnc

kevin@whatsnextconsultancy.uk.com





In the next 40mins...

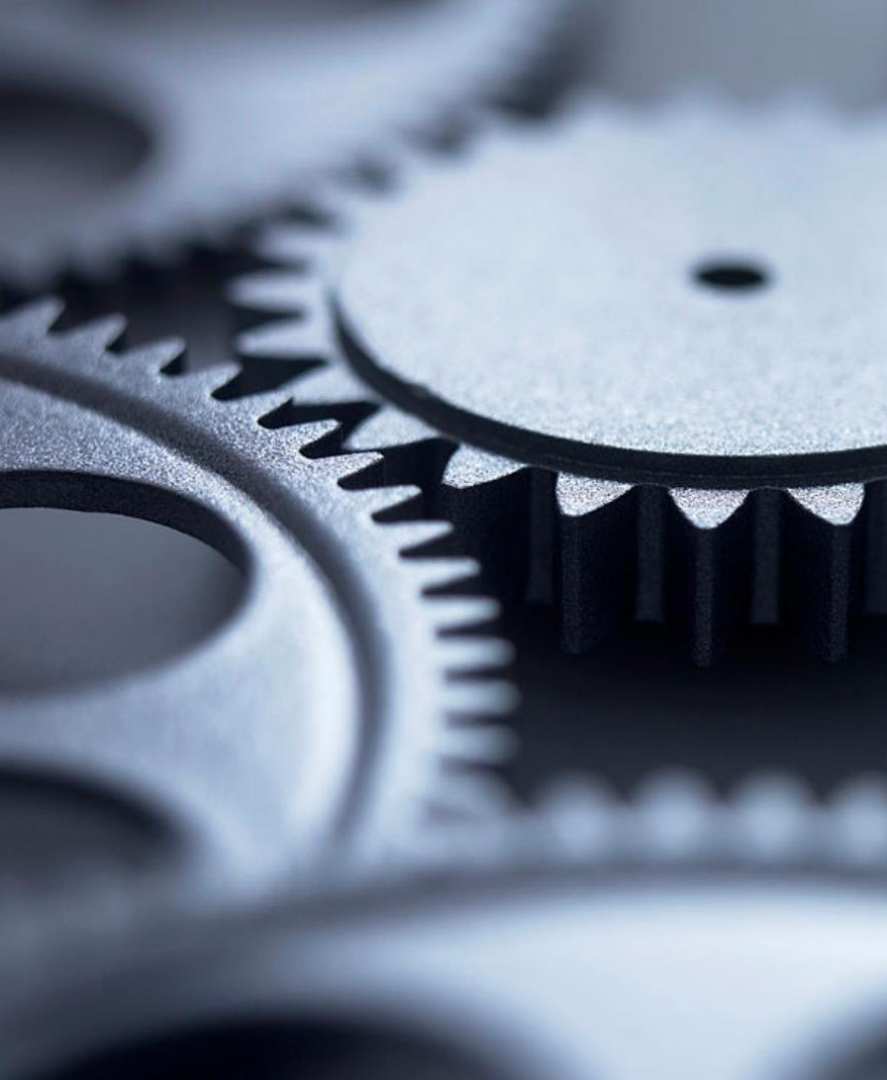
- Why is there so much change
- The difference between change and transformation
- Royal Mail perfect storm culture, structure, product & regulation
- Lessons learned
- Its always about leadership



There is an old Chinese curse that says...
“May he live in interesting times”

Like it or not, we live in interesting times.
They are times of danger and uncertainty;
but they are also the most creative of any
time in the history of mankind.

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Organisations are different

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85%

Of business' value is
derived from
intangibles = people

Return on Human Capital



GM

Number of employees 118k

Market cap per employee \$298k



f

Number of employees 25k

Market cap per employee \$21m

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What's the difference?

Change V Transformation

75%

Of transformations
don't deliver

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Three common reasons

- Pressure and lack of data – wrong target
- Efficiency v value creation
- Too much focus on structure

Royal Mail Group

Heritage

- Longest corporate history – over 500 years
- Well respected globally
- Traditionally highly profitable
- UK's most trusted brand

Scale

- Largest single entity employer in UK (approx. 190,000)
- Every house, every street, every day (27 million)
- Processes 20 billion addressed items per year
- 115,000 collection points, 33,000 vehicles, 33 aircraft, 14,000 retail outlets

Where we were – 2003

- £1.5 million a day losses
- Customer service failing – losing 28 million letters a year
- Inherited the worst wildcat strike record in Britain
- Threat of competition
- Regulator fines
- Auditors question “solvency”
- Pension black hole
- People:
 - “Royal Mail harassment and bullying rampant”
 - Pay levels too low
 - Our people demoralised
 - Schism between managers and non-managers

Corporate Complacency in Royal Mail

Reasons

- History of success
- Continued profitability
- Leadership not making tough calls
- Competitive drivers ignored
- Changing environment not acknowledged



Outcome

- People not engaged
- Thinking rewarded, not execution
- Obsession with structures
- Unions seen as problem
- Leadership not leading
- Big inefficiencies
- International expansion
- Risk averse
- Overuse of consultants

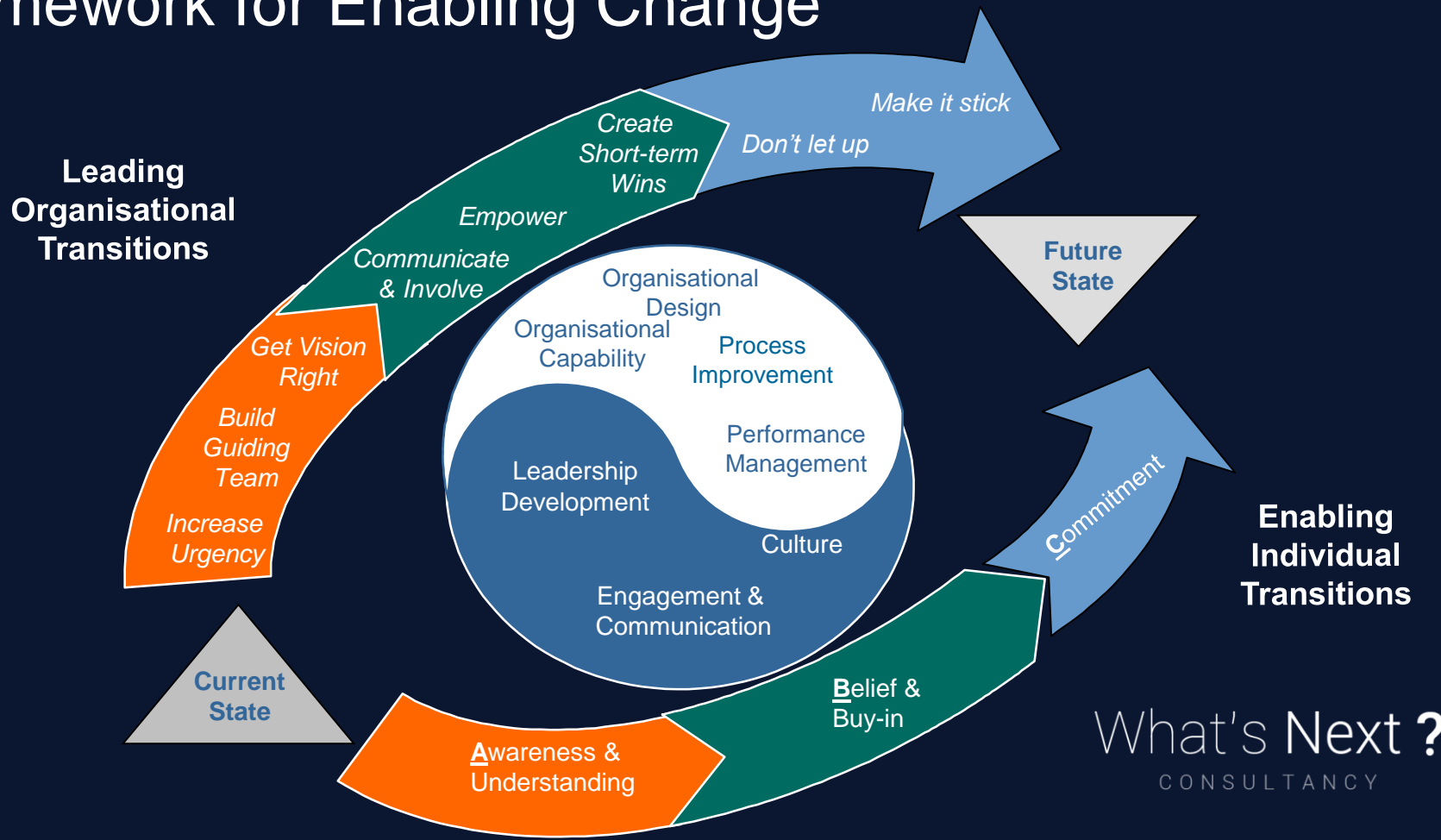
Previous Approach to Change

Typically we have managed change through:

- Very large projects with substantial investment
- Extensive national level negotiation with the Trade Unions
- An acceptance of the need to share benefit
- Task focused
- Think-Plan-Do approach

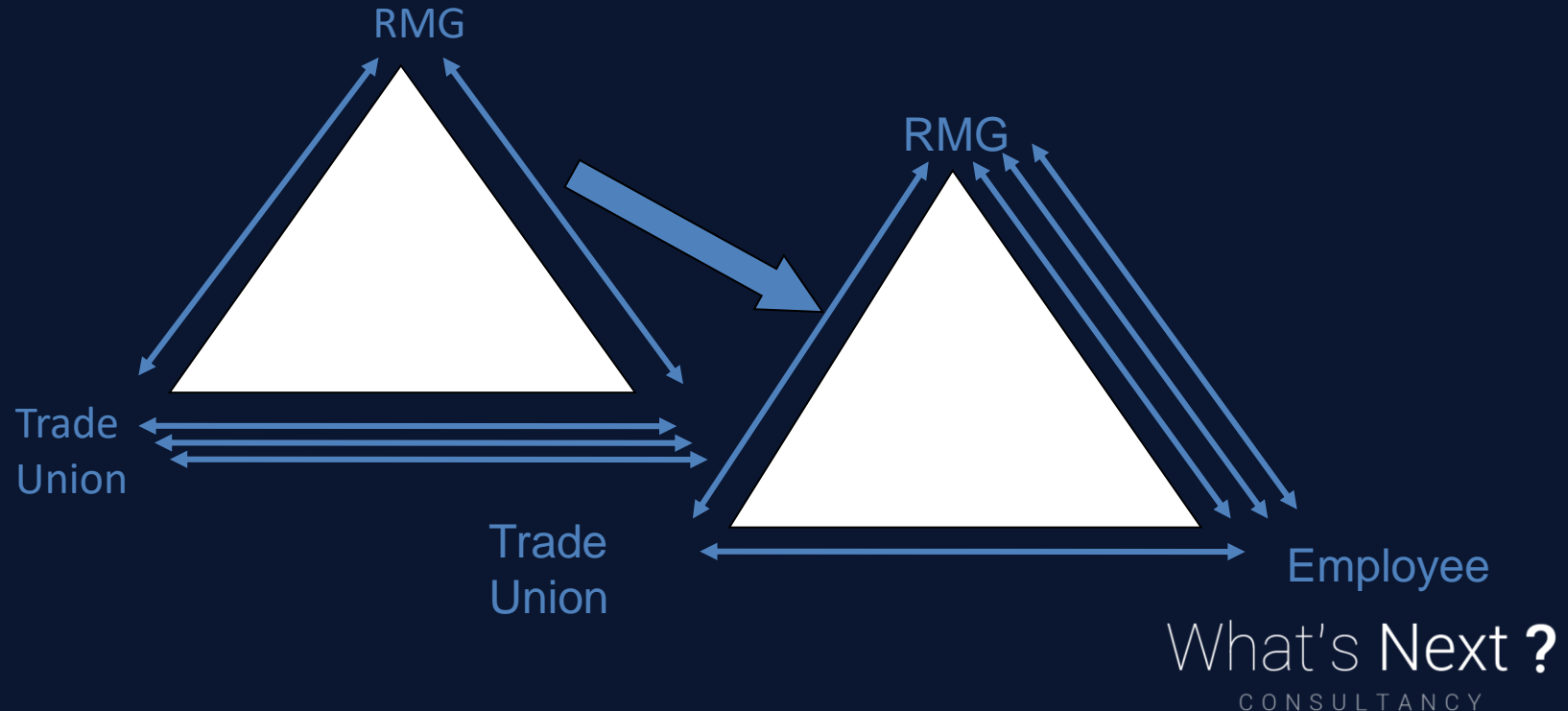
Change seen as slow, painful and difficult

Framework for Enabling Change



How did we do it?

Involving and engaging our people



How did we do it?

Engaging and involving our people:

Reward and recognition – simple and visible:

- Share in success
- Pay increase - £300 basic pay for all our people
- Benefits for all – cars, computers, bikes
- Absence car scheme

Joined up, streamlined communications

- Work time listening & learning – from making sure it's done to making it work
- Exploiting channels – newspapers, emails, magazines
- Have your say – every month employee feedback
- Board visibility – ask Allan/Adams, first line manager events, direct letters to home addresses

How did we do it?

Improving relationship with
Tus:

- New IR framework
- SDD in all offices
- Pay deal this year

Improving the environment

- First line fix
- Bullying and harassment
Helpline
- Diversity training; dignity
and respect at work groups

Improving management
processes

- Royal Mail Way (comms
cells/local problem solving)
- Lean Thinking/Six Sigma

Learning – 3 Key Messages



Live with duality



Bring the market inside



Create meaning

Where we are – 2008

- Loss to profit
- “Royal Mail Quality of Service now best ever”
- “Royal Mail has agreed to deliver mail for competitors” (UK Mail, Deutsche Post, TNT)
- Contributed £900 million into pension fund but £3.6 billion deficit
- 35,000 people left on voluntary redundancy
- Government funding agreed £1.2 billion and Colleague shares
- 2013 privatised for £3.3 bn – 10% of shares to staff

Learning

Complacency

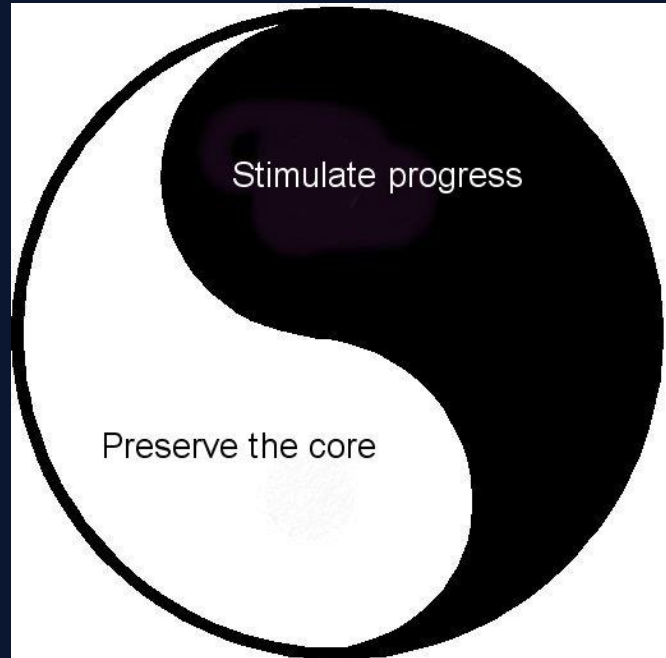
- Find leaders who will make the tough calls and challenge organisational assumptions
- Make performance transparent
- Bring the outside in
- Focus on customer value



Change

- Integrate hard and soft change
- Ongoing alignment to customers and competitor
- Keep scanning environment
- Reinforce the line leads performance AND change
- Regular influx of talent from outside
- Reward risk & performance

Duality



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Conversations

Dialogue

Debate

Discussions

Chats

Engagement

What's Next ?

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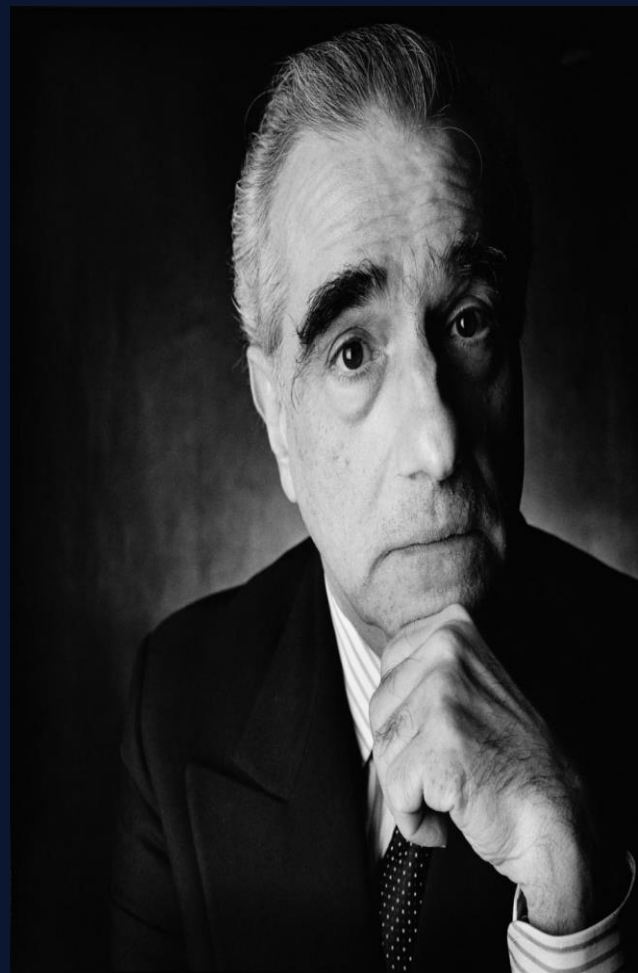
Narrative & symbols



+



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What's Next ?

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Kevin Green



@kevingreenwnc



Managing Transformational Change – a leadership and people perspective

28 November 2019

Ray Gammell

Stratis Consulting – Employment Relations Summit '2020 Vision'

Today's discussion...

1

INTRODUCTION

2

WHERE WE ARE
HEADING

3

GOVERNANCE &
APPROACH

4

PEOPLE &
CULTURE IN
CHANGE

5

CLOSING
COMMENTS

Video Clip

Etihad Aviation Group's: Our evolving journey...



2019-2023
Be regional shaper

- ❑ **5YP designed** & embedded into Transformation
- ❑ **Transformation 'machine'** delivering
- ❑ Clear Understanding Ownership & strategic projects

2017
Reinforce our foundations

- ❑ Long Term **Strategic Review**
- ❑ Comprehensive Transformation Program
- ❑ **Driven off global Benchmarks**
- ❑ Governance structure to monitor transformation

2018
Build Momentum

- ❑ **New leadership** and Organizational Structure
- ❑ **New Operating Model**
- ❑ Strong governance and a motivated executive management
- ❑ Accelerated Transformation Plan

Where are we heading on our Transformation...



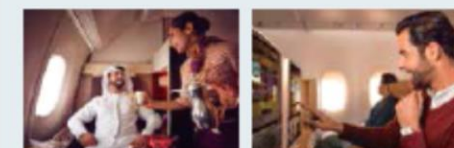
Our network



Our fleet



What is our customer offering?



An evolving choice model that complements a full-service offering



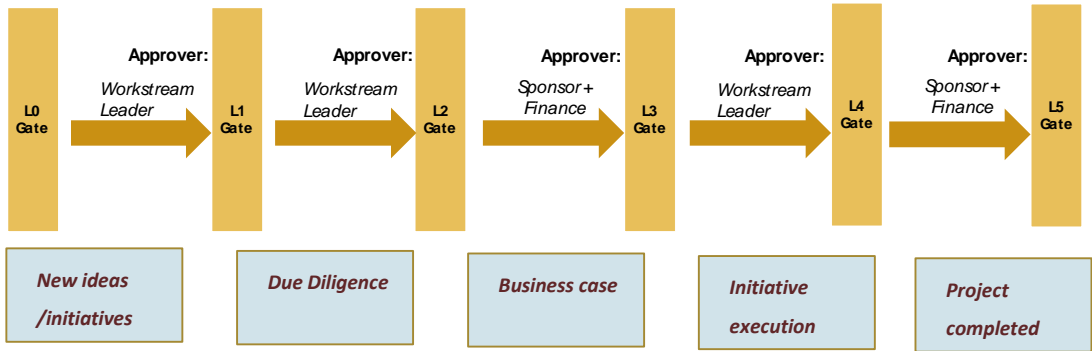
Complete customer flexibility within the travel experience, in any class

First BENCHMARK the ‘best’ and then.... the discipline of ‘DELIVERY’

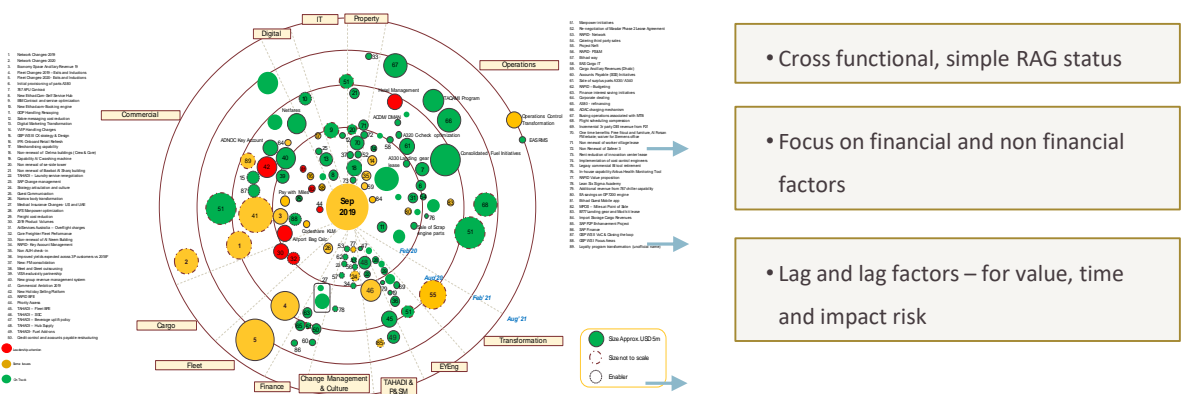
1. Accountability



2. Stage Gated methodology



3. Risk Management



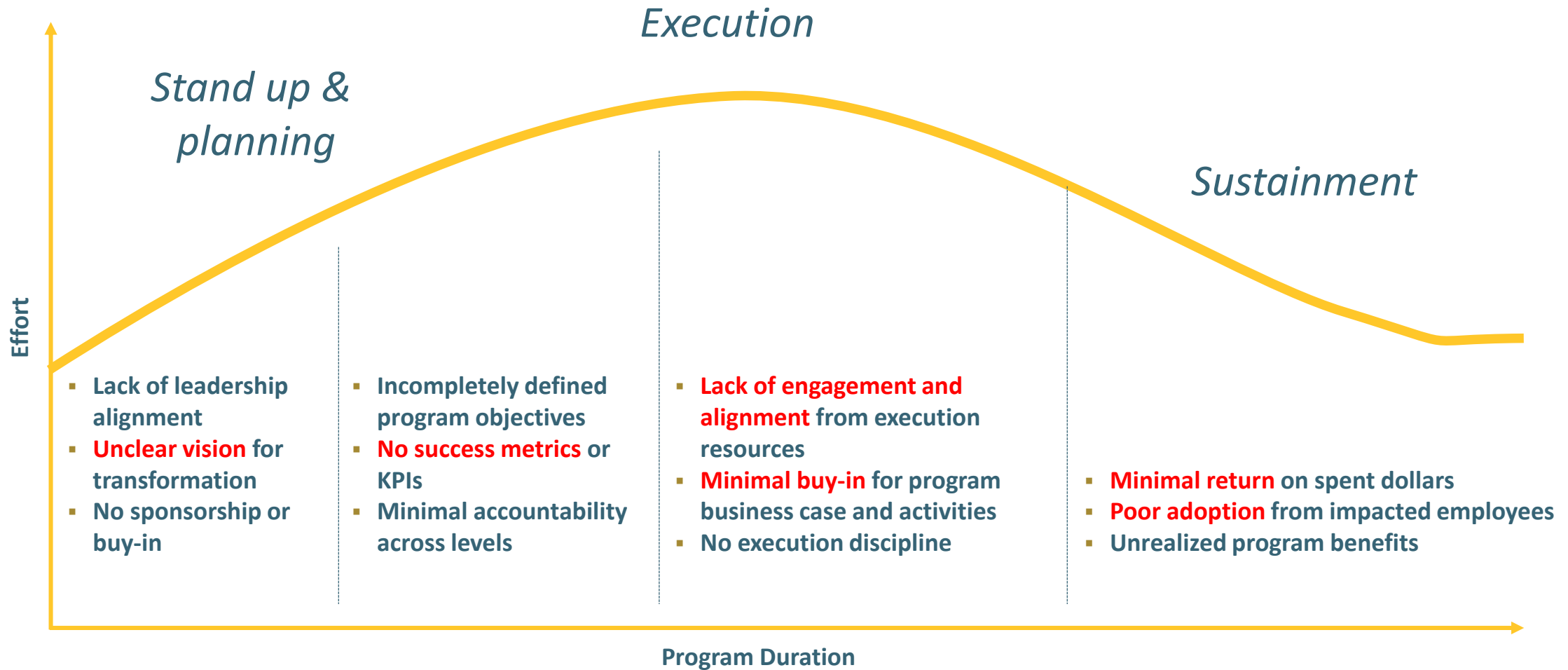
4. Reporting diligence

Committee: All Entity Executives

Board Level Update

- Monthly Program performance: People, Process, Tech
- KPI tracking
- Initiative pipeline
- Initiative performance: milestone delivery, risk status
- Focus areas defined on a month to month basis
- Monthly Action Points
- Quarterly update
- Program performance, pipeline and focus areas

The tendency is for Transformations to loose momentum ...



How can we be more successful at responding to external trends/forces and managing transformation?

Critical success factors in our transformation include...

Culture & Context



- **Realign the Culture** at all levels of the organisation
- Executives should **support and hold each other accountable** for delivery, this is a collective journey dynamic to change
- **Over-communicate** with clarity
- **Celebrate success** internally, with a focus on sustainability long term

Clarity & Scope

- Programs should be bound by **clear metric of success** set by the Senior Sponsors
- **Connecting the dots** across the entities/ functions/team and be comprehensive “leave no stone unturned” and maintain context to shifting agenda
- **Focus is on impact** (continuously reviewing case for change/ pivoting, etc.) and ensuring long term sustainability that drives success of the program/ initiative

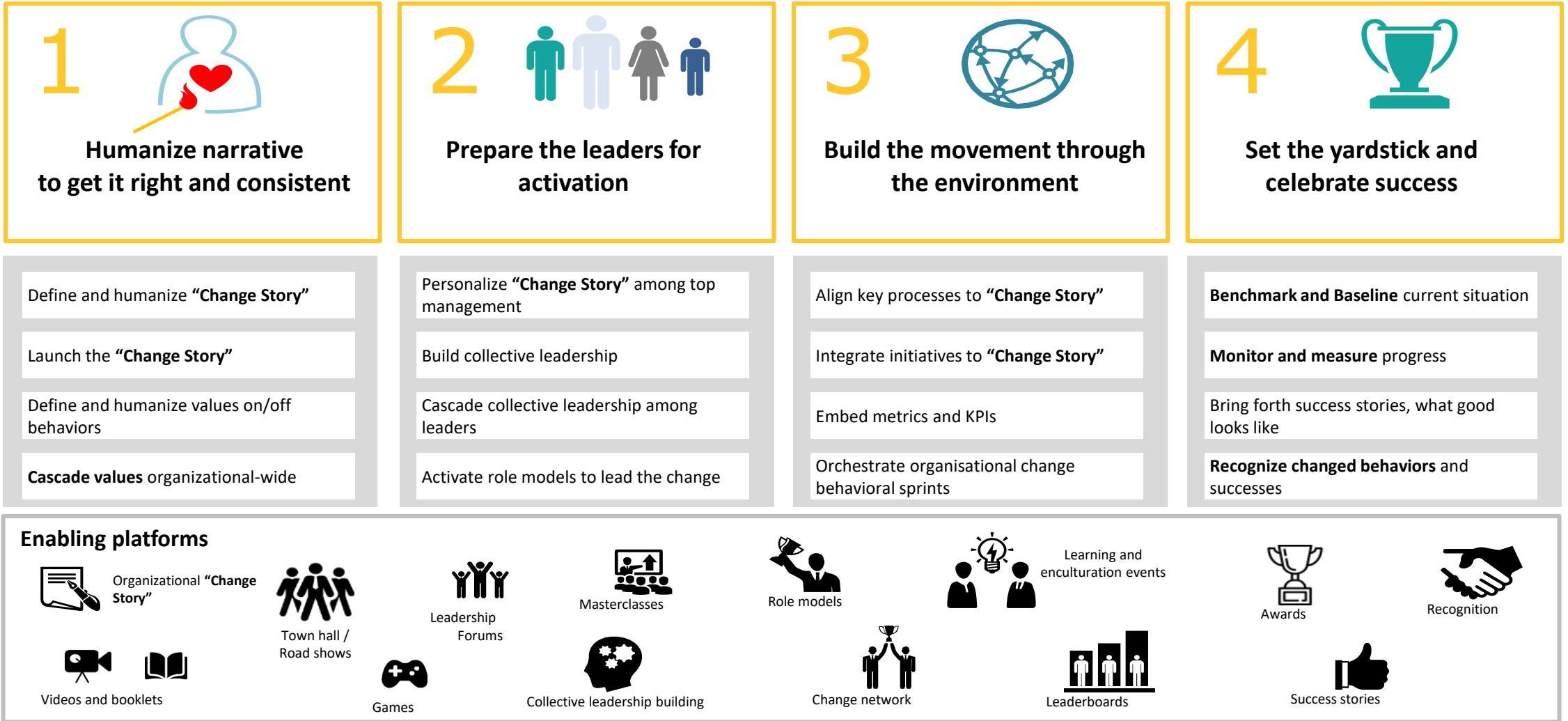


Governance & Stakeholders

- Programs/ Initiatives should will be **governed at the highest level** of the entity, sponsored by the Leadership
- **Accountability** to deliver sits with the owner of the initiatives
- **Setting momentum** on the ‘beat of change’ – i.e. Tracking and interventions will be conducted monthly



....people manage the change journey



So some lessons learned...

- ❖ 'Transformation' as a concept is the **case for change** and the vehicle by which we build the momentum...
- ❖ Transformation must be both '**Purpose led**' and '**People led**' ...
- ❖ '**Culture**' is the one aspect of the transformation that needs to be in step at each and every level of the organisation..
- ❖ Harness the ability to **pivot & respond**, to adjust the direction and strategy of your transformation...
- ❖ Ultimately **changing and adapting must be hard-wired** into your organization to avoid costly and disruptive 'big bang' transformation programmes..



A large Etihad Airways Airbus A380-800 is shown from a low angle, flying across a dramatic sky at sunset or sunrise. The sky is filled with vibrant orange and yellow clouds, with the sun's glow visible in the lower left. The aircraft's tail features a distinctive geometric pattern in shades of brown and gold. The word "ETIHAD" is clearly visible on the side of the fuselage.

THANK YOU



European Foundation
for the Improvement
of Living and Working
Conditions

The tripartite EU Agency providing
knowledge to assist in the development
of social and work-related policies

Employment relations in Europe: varieties and change

Christian Welz _ Eurofound

Stratis Employment Relations Summit - Dublin - 28.11.2019

Outline

A. employment in Europe

- in full recovery

B. employment relations in Europe

- varieties and change

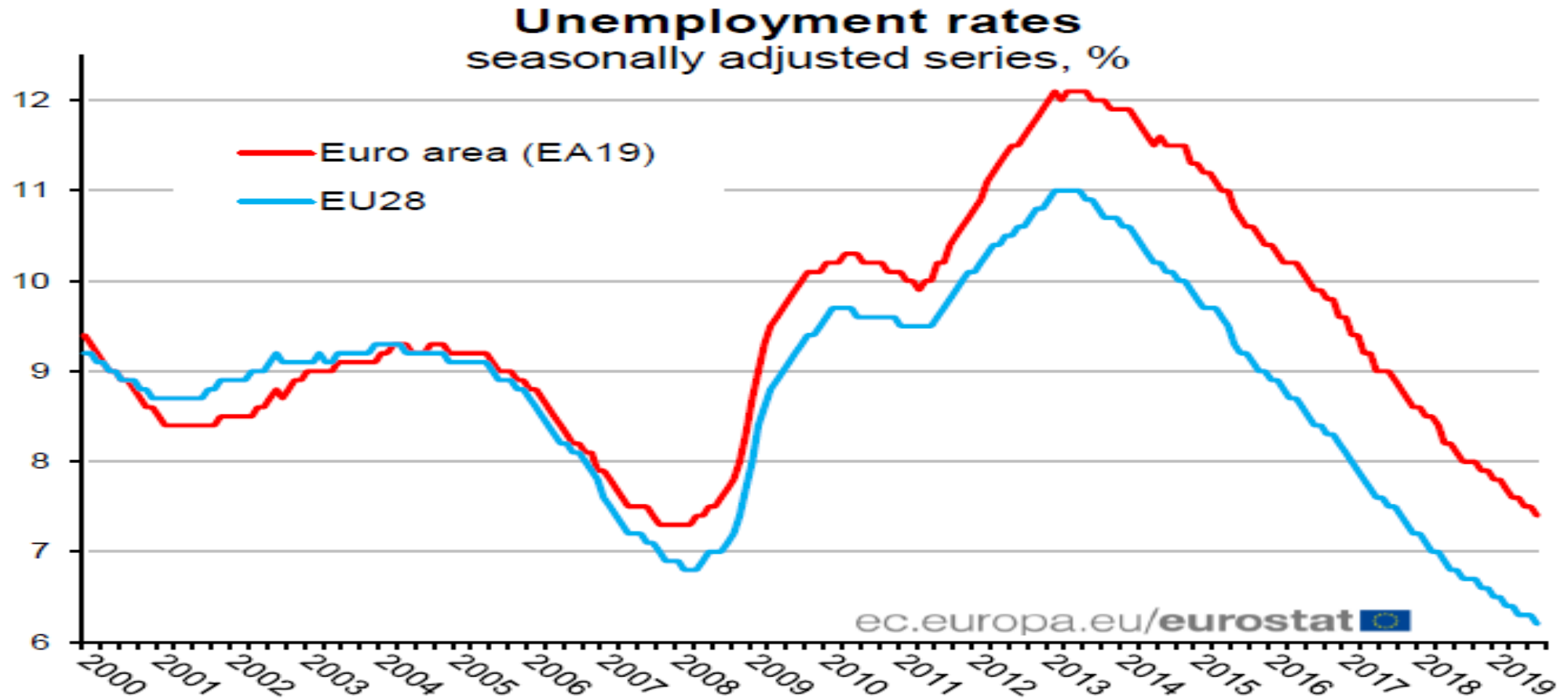
C. Q & A

sources: EC, Eurofound, Eurostat, ILO

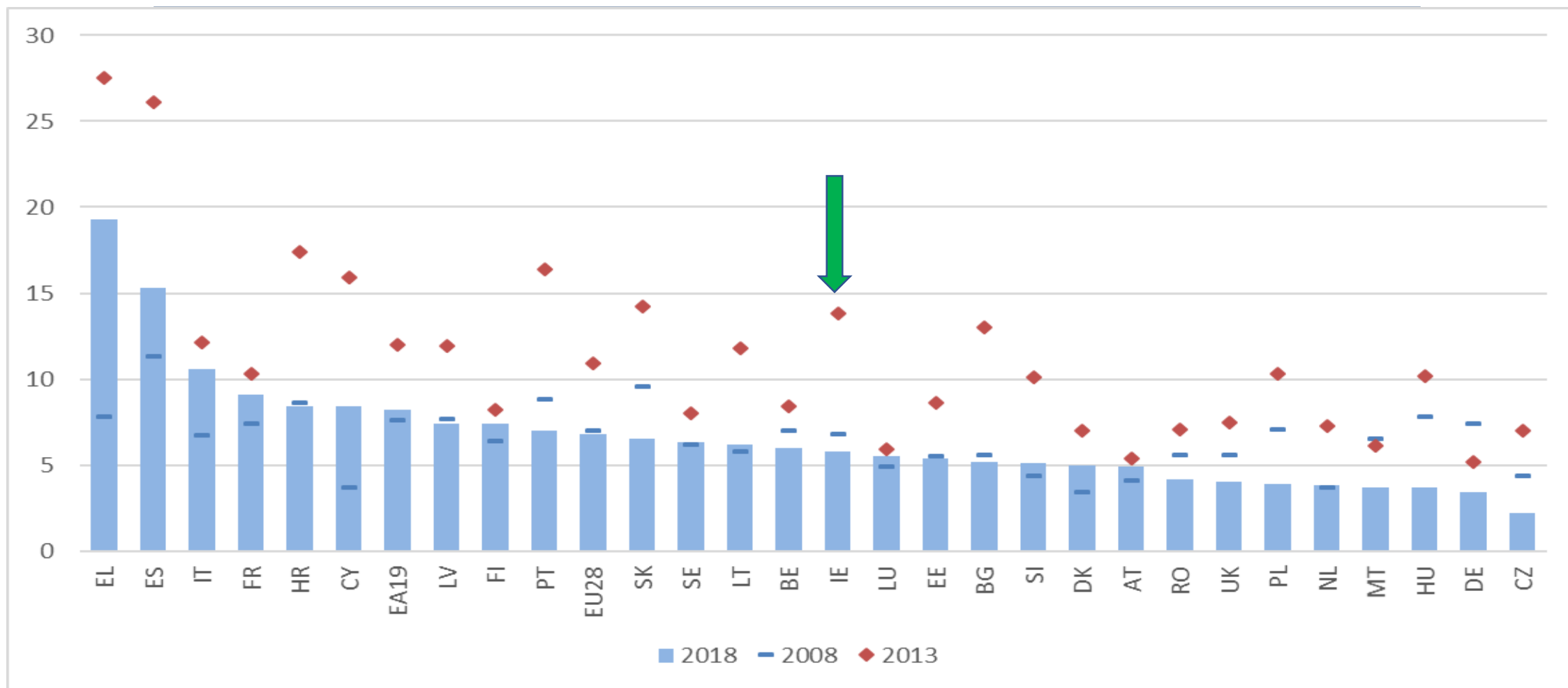
A. Employment - in full recovery



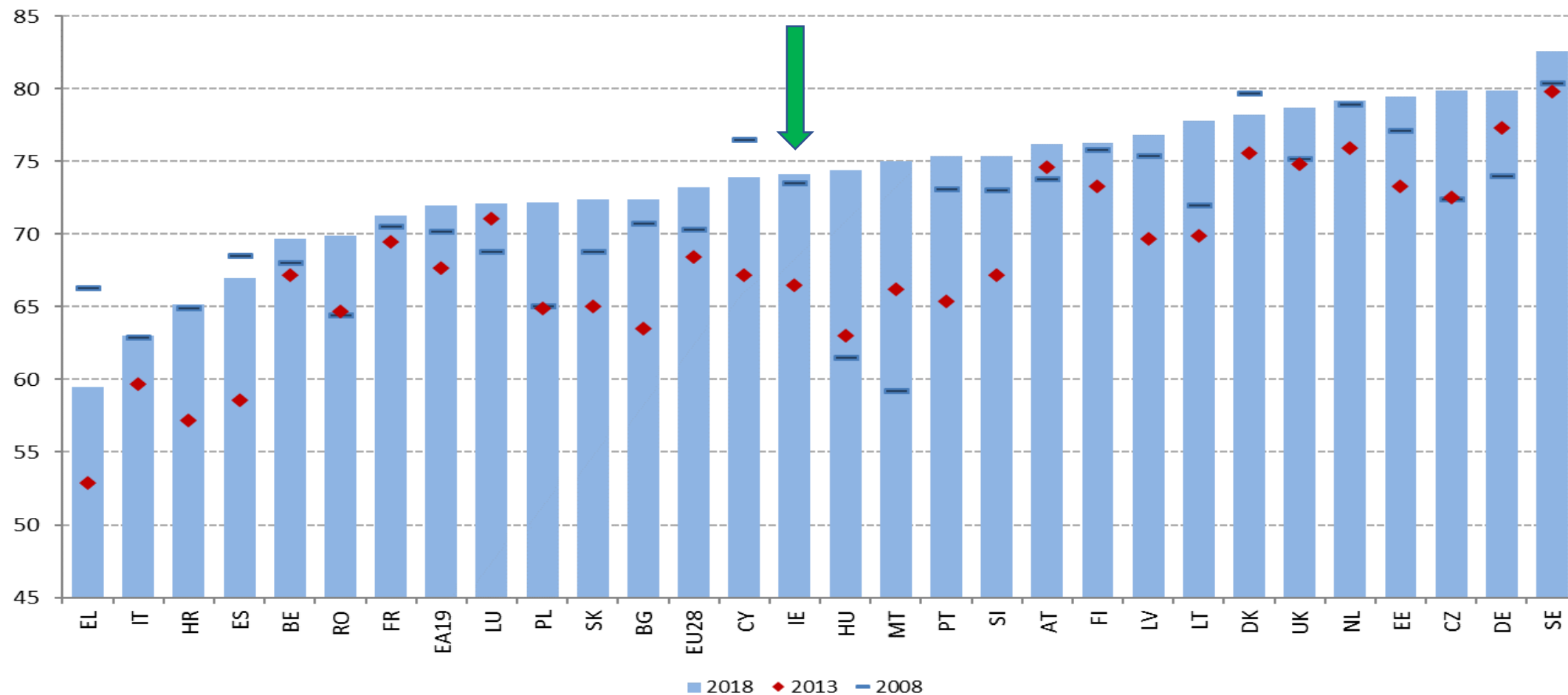
Unemployment rate in the EU 2000-2019



Unemployment rate (15-74)



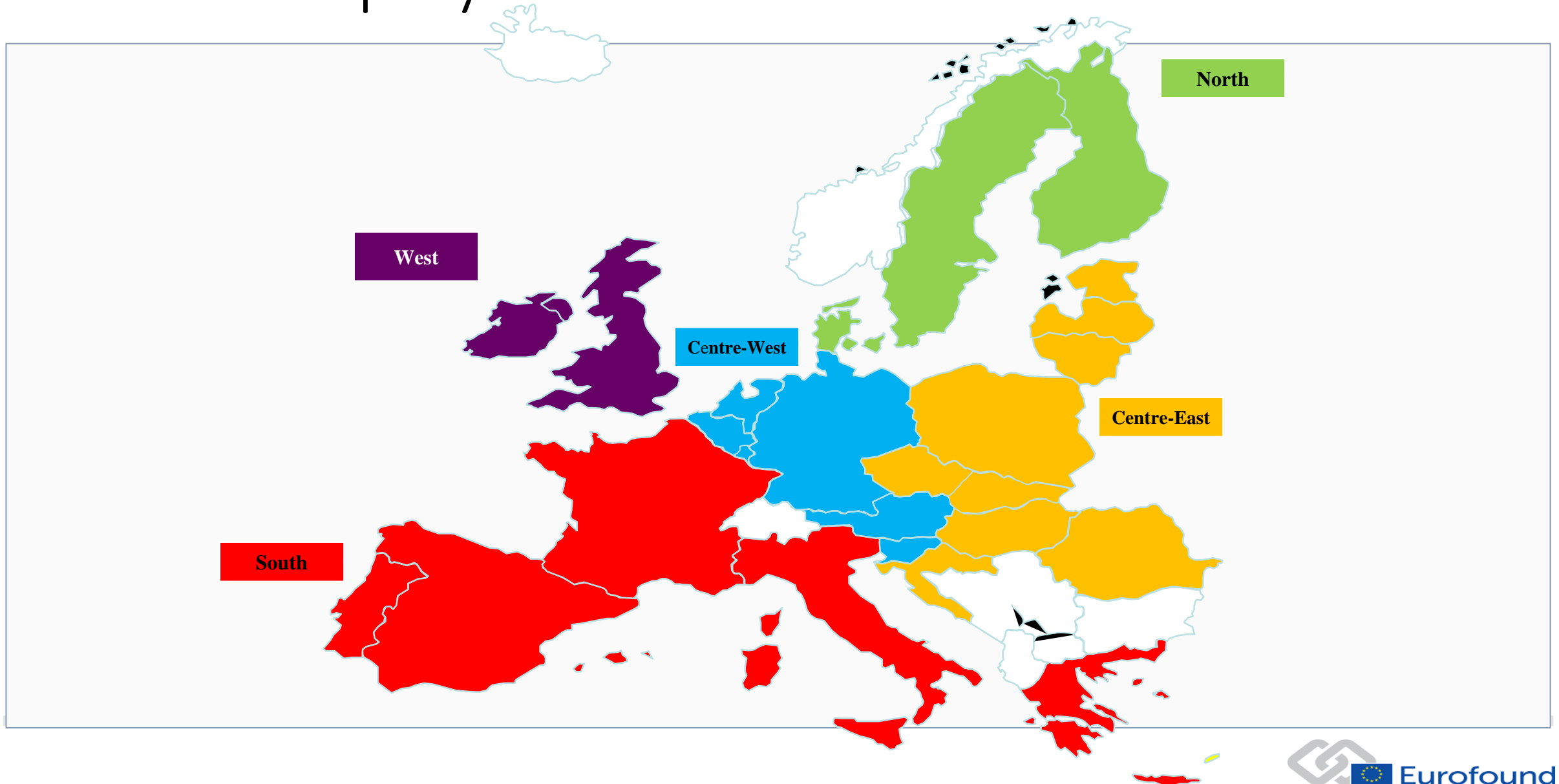
Employment rate (20-64 years)



B. Employment relations – varieties and change



5 Employment relations clusters



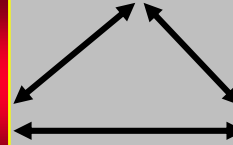
Levels of CB - wages

Government

Belgium

Trade Unions
Intersectoral
level

Employers
Intersectoral
level



Austria
Denmark 1
Finland
France 1
Germany
Greece
Ireland 1
Italy
Luxembourg 1
Netherlands
Portugal 1
Spain 1
Sweden1

Sectoral level

Sectoral level



Denmark 2
France 2
Ireland 2
Luxembourg 2
Portugal 2
Spain 2
Sweden 2
UK

Company level

Company level



Levels of CB - wages

Government

Trade Unions

Employers

Intersectoral
level

Intersectoral level

Slovenia 1

Bulgaria 1
Cyprus 1
Slovakia 1
Slovenia 2

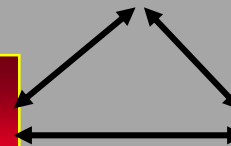
Sectoral level

Sectoral level

Bulgaria 2
Croatia
Cyprus 2
Czech Rep.
Estonia
Hungary
Latvia
Lithuania
Malta
Poland
Romania
Slovakia 2

Company level

Company level



Trade Union density rates in 2018 (%)

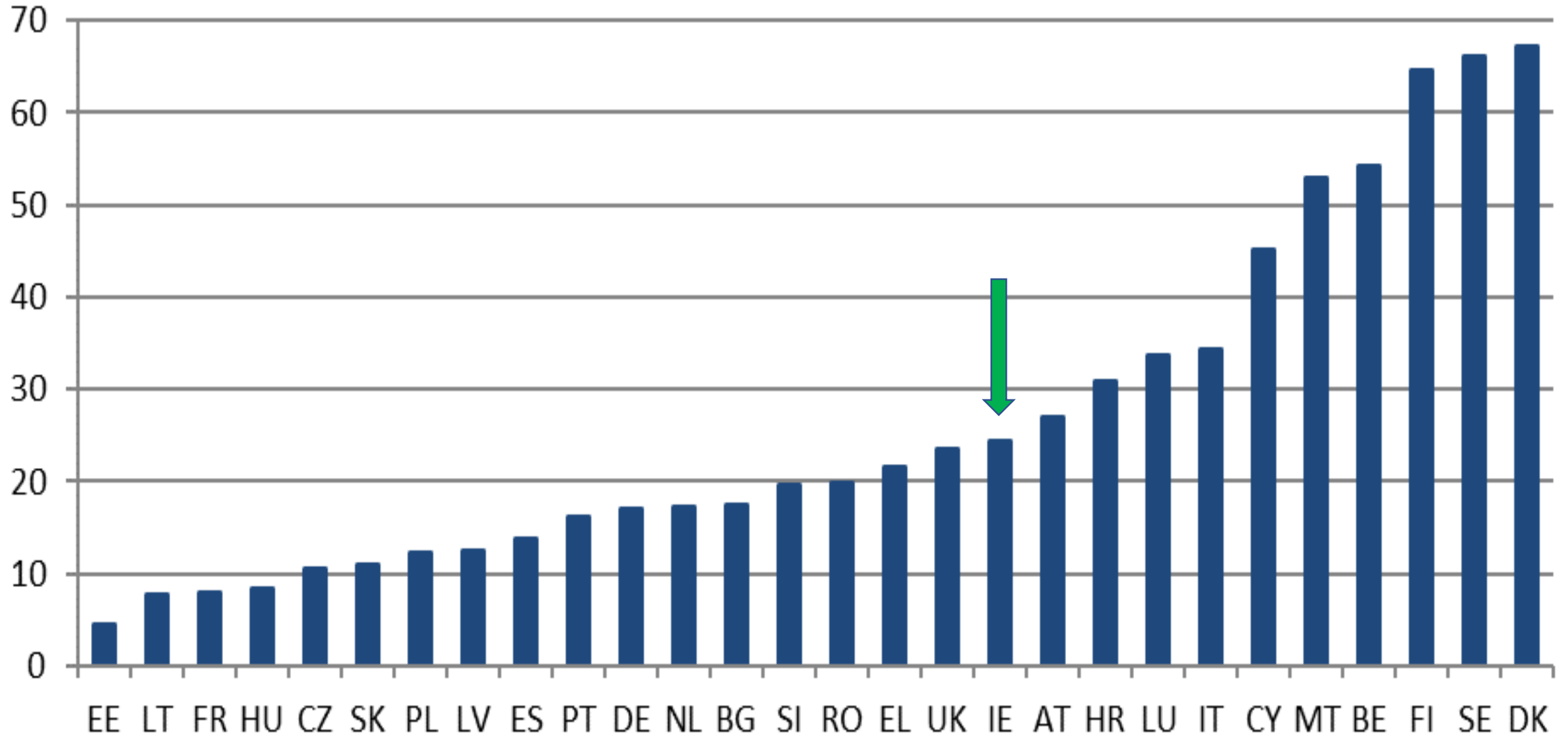
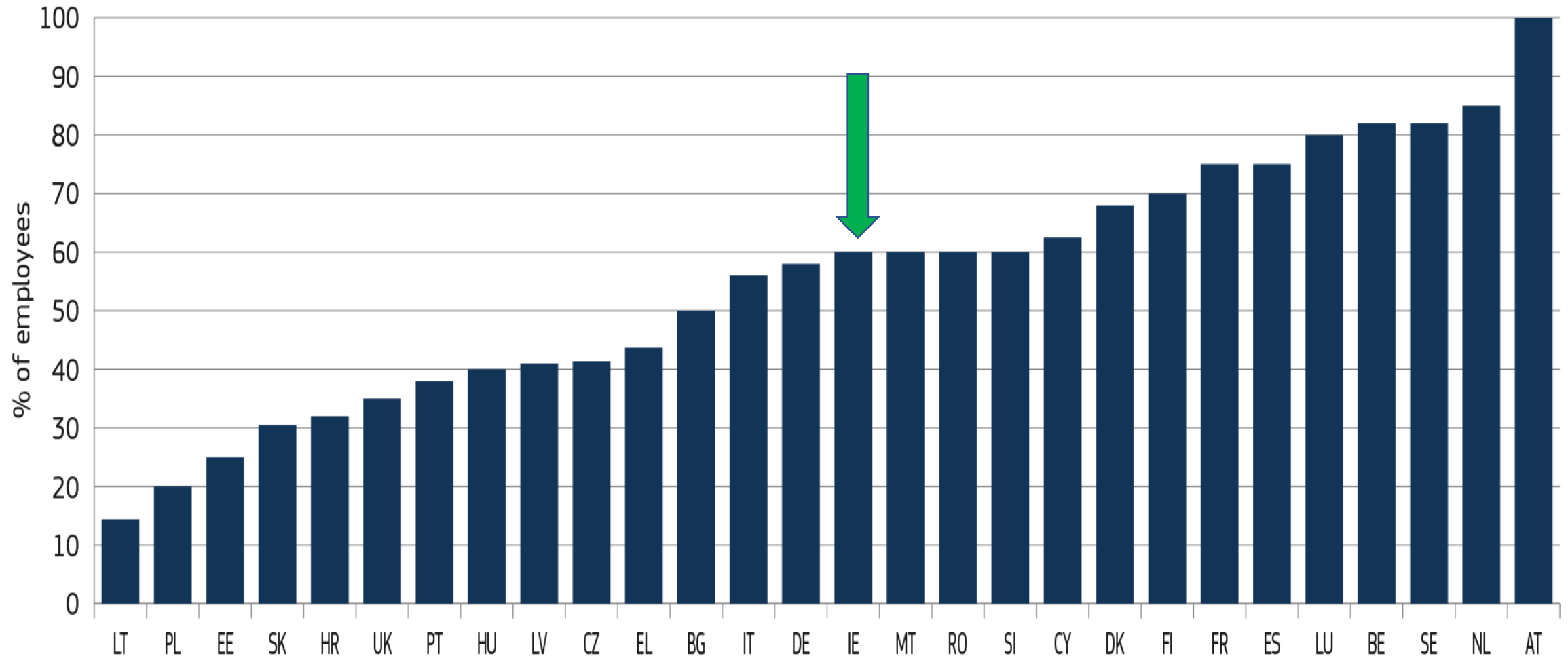


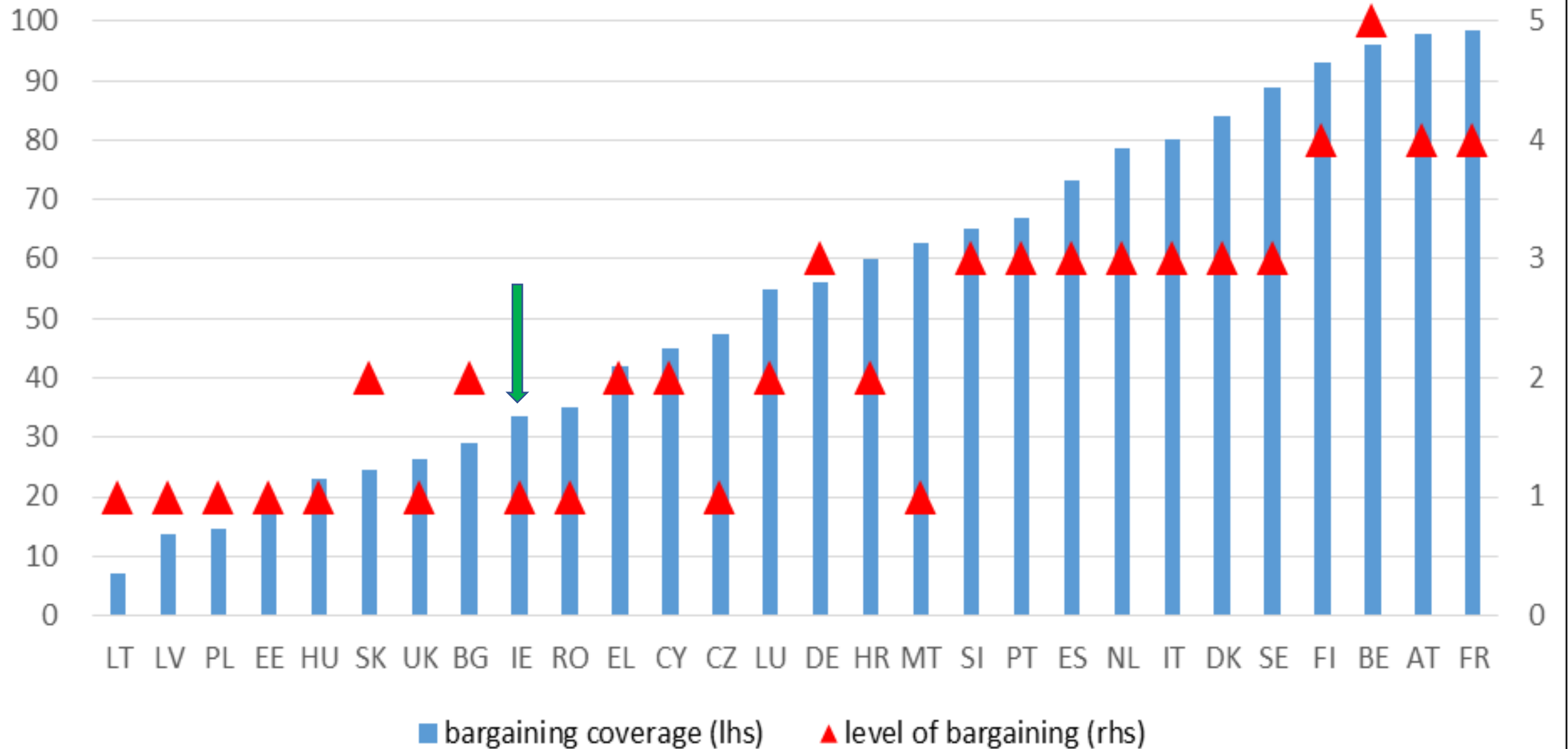
Chart 2: Employer density rate

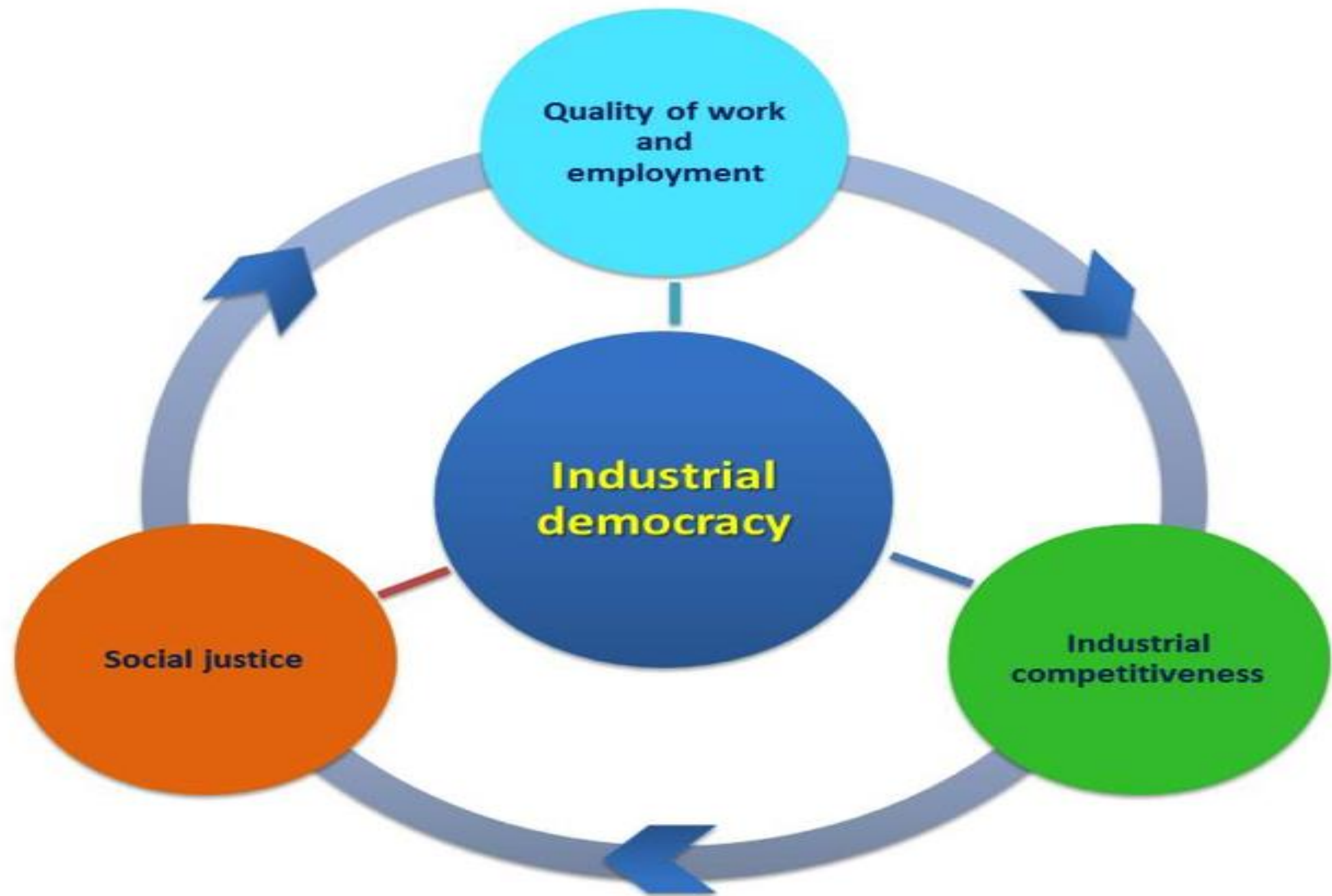


Source: ICTWSS database (Visser, 2015).

Notes: Share of employees working in establishments that are affiliated to an employers' organisation. Data years: 2014 for AT; 2013 for HR, LV, SI and SK; 2012 for BE, BG, FI, FR, IT, LT, LU and PL; 2011 for CZ, DE, EE, IE, NL, PT and SE; 2010 for DK; 2008 for CY, EL, ES, HU, MT and UK; 2007 for RO.

Collective bargaining coverage rate and dominant level of bargaining (EC /OECD/Visser)





DIMENSION	SUB-DIMENSION	INDICATOR	
1. Industrial democracy	S1.1 Associational governance	I1	Trade union density
		I2	Employers' organisation density
		I3	Existence of a standard (institutionalised) bipartite council of central or major union and employers' organizations for purposes of wage setting, economic forecasting and/or conflict settlement
		I4	Collective bargaining coverage
		I5	Routine involvement of unions and employers in government decisions on social and economic policy
	S1.2 Representation and participation rights	I6	Board-level employee representation rights
		I7	Rights of works councils
		I8	Status of works council
	S1.3 Social dialogue at company level	I9	Employee representation at the workplace (coverage)
		I10	Information provided to ER-body (incidence)
		I11	Degree of information provided to ER-body
		I12	Influence of the employee representation in decision-making at the workplace
		I13	Management holds regular meeting in which employees can express their views about the organisation
2. Industrial competitiveness	S2.1 Inclusive growth and innovation	I14	GDP per capita (PPS)
		I15	Real compensation of employees per hour worked
		I16	Infrastructure ranking
		I17	Percentage of R&D personnel
		I18	R&D expenditure as a percentage of GDP
		I19	Innovators index
	S2.2 Efficiency and sophistication of resources	I20	Incidence of corruption
		I21	Public Services Index
		I22	Percentage of individuals with high level education
		I23	Digital skills
3. Social justice	S3.1 Social cohesion and non-discrimination	I24	Connectivity dimension of the Digital Economy and Society Index (DESI)
		I25	Social Exclusion Index
		I26	Ratio of young to non-young people employment rate
		I27	Gender Equality Index
		I28	Long-term unemployment rate
		I29	Share of NEETs (young people neither in employment nor in educations and training)
	S3.2 Poverty and income inequality	I30	At risk of poverty or social exclusion rate
		I31	In-work poverty rate
		I32	Impact of social transfers (other than pensions) on poverty reduction
		I33	Income inequality (quintile share ratio S80/S20)
4. Quality of work and employment	S3.3 Equality of opportunities	I34	Early leavers from education and training
		I35	Percentage of individuals with less than Upper Secondary Attainment
	S4.1 Career prospects and well-being	I36	Income development
		I37	Career prospects
		I38	Subjective workplace well-being
		I39	Work affect negatively to health
	S4.2 Employment security and skills development	I40	Unemployment protection coverage
		I41	Involuntary temporary employment
		I42	Job security
		I43	Life-long learning
		I44	Use of skills
	S4.3 Reconciliation of working and non-working life	I45	Unsocial working time
		I46	Gender gap in inactive population due to family/care responsibilities
		I47	Work-life balance

Industrial democracy – indicators and sources

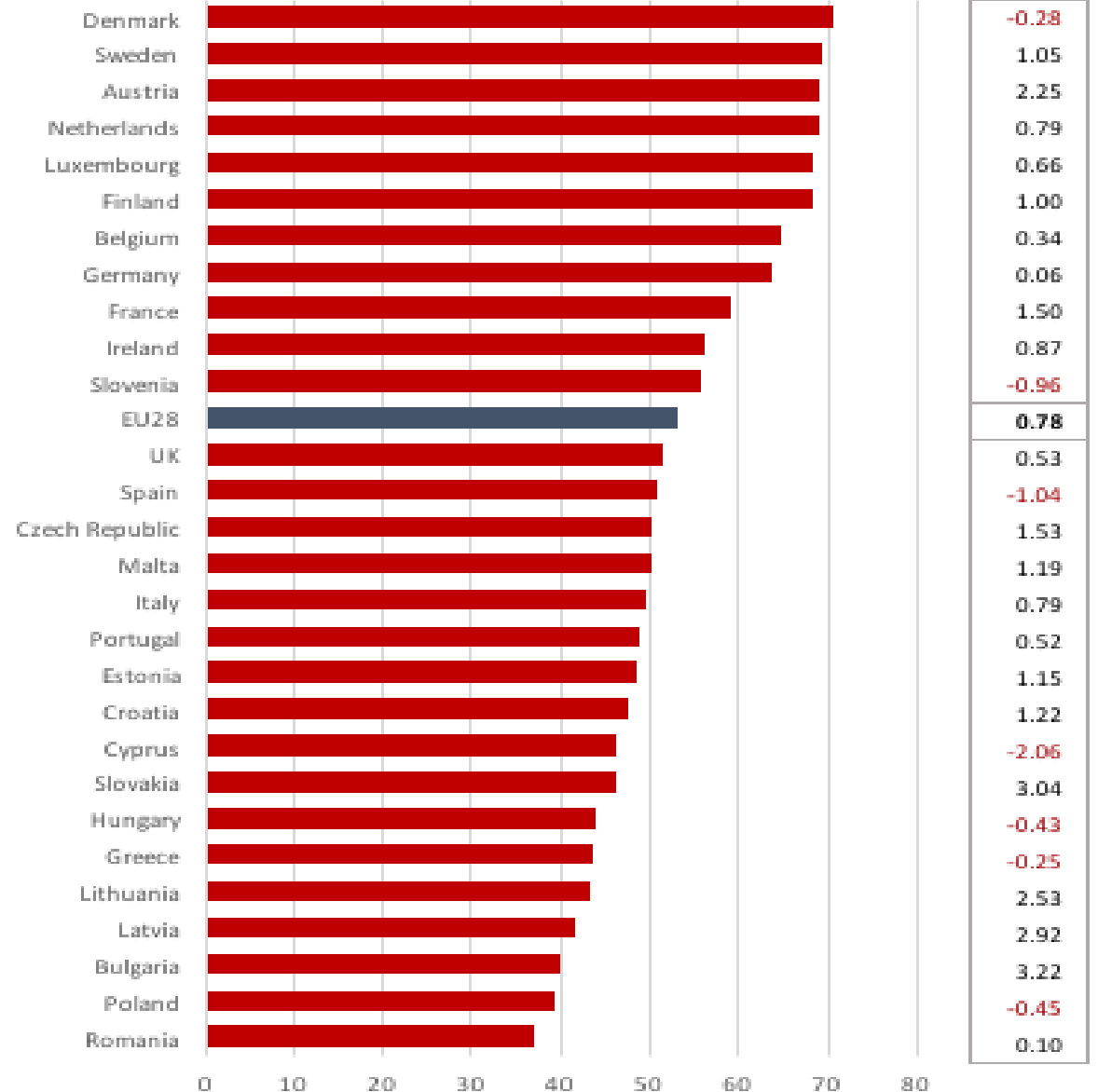
dimension	sub-dimension	indicator	source
Industrial democracy	Associational governance	Trade union density	ICTWSS, ILO
		Employer organisation density	ICTWSS
		Existence of a standard (institutionalised) bipartite council of central or major unions and employer organisations for the purposes of wage setting, economic forecasting and/or conflict settlement	ICTWSS
		Collective bargaining coverage	ICTWSS, ILO
		Routine involvement of unions and employers in government decisions on social and economic policy	ICTWSS
	Representation and participation rights at company level	Board-level employee representation rights	ETUC
		Rights of works councils	ICTWSS
		Status of works council	ICTWSS
	Social dialogue at company level	Employee representation in the workplace (coverage)	Eurofound, ECS
		Information provided to the employee representation body by management (incidence)	Eurofound, ECS
		Degree of information provided to the employee representation body (number of topics)	Eurofound, ECS
		Influence of the employee representation in decision-making in the workplace	Eurofound, ECS
		Share of companies holding regular consultations (either through collective or individual means) in which employees can express their views about the organisation	Eurofound, EWCS

Industrial relations index

2013-2017

		Industrial democracy	Industrial competitiveness	Social justice	Quality of work and employment	Industrial relations
1	Denmark	73.25	62.83	80.44	68.42	70.65
2	Sweden	80.95	60.29	79.03	62.35	69.41
3	Austria	79.21	57.02	78.13	66.88	69.07
4	Netherlands	80.27	58.95	80.16	62.37	69.05
5	Luxembourg	75.64	64.41	72.61	62.88	68.47
6	Finland	68.17	61.49	80.19	65.79	68.26
7	Belgium	71.53	57.12	72.86	60.63	64.82
8	Germany	58.49	58.37	74.16	65.77	63.57
9	France	55.54	52.86	73.11	59.00	59.22
10	Ireland	46.05	53.00	74.30	57.92	56.09
11	Slovenia	56.98	44.46	76.03	54.53	55.92
EU28		51.82	44.20	70.39	56.40	53.30
12	UK	35.98	51.96	73.42	59.48	51.63
13	Spain	53.37	42.11	62.30	50.16	50.97
14	Czech Republic	44.20	40.86	75.65	51.70	50.21
15	Malta	44.81	38.64	69.96	57.98	50.17
16	Italy	50.64	39.99	61.51	50.10	49.40
17	Portugal	44.00	40.75	62.13	54.77	49.01
18	Estonia	37.78	40.72	68.33	59.75	48.54
19	Croatia	53.84	31.72	66.71	52.15	47.47
20	Cyprus	45.22	35.71	67.25	46.40	46.22
21	Slovakia	46.11	32.16	72.77	49.53	46.13
22	Hungary	35.05	33.37	69.88	54.12	43.82
23	Greece	41.16	35.36	58.34	45.24	43.56
24	Lithuania	32.03	35.83	66.59	53.62	43.10
25	Latvia	34.27	30.47	66.91	52.38	41.65
26	Bulgaria	40.46	24.83	60.41	53.84	39.95
27	Poland	28.91	29.95	68.90	51.05	39.19
28	Romania	36.94	22.44	58.84	50.35	36.87

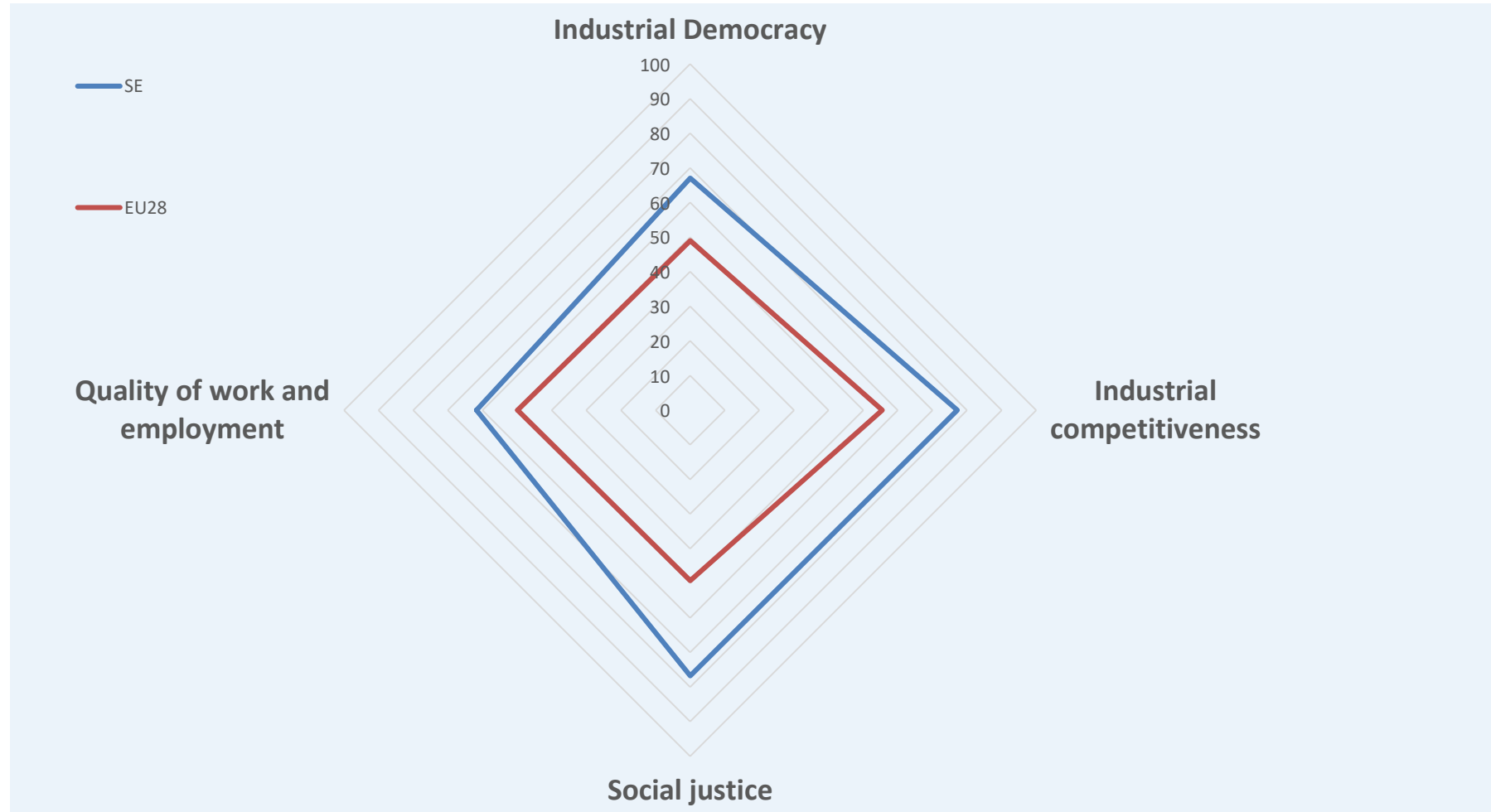
Industrial relations



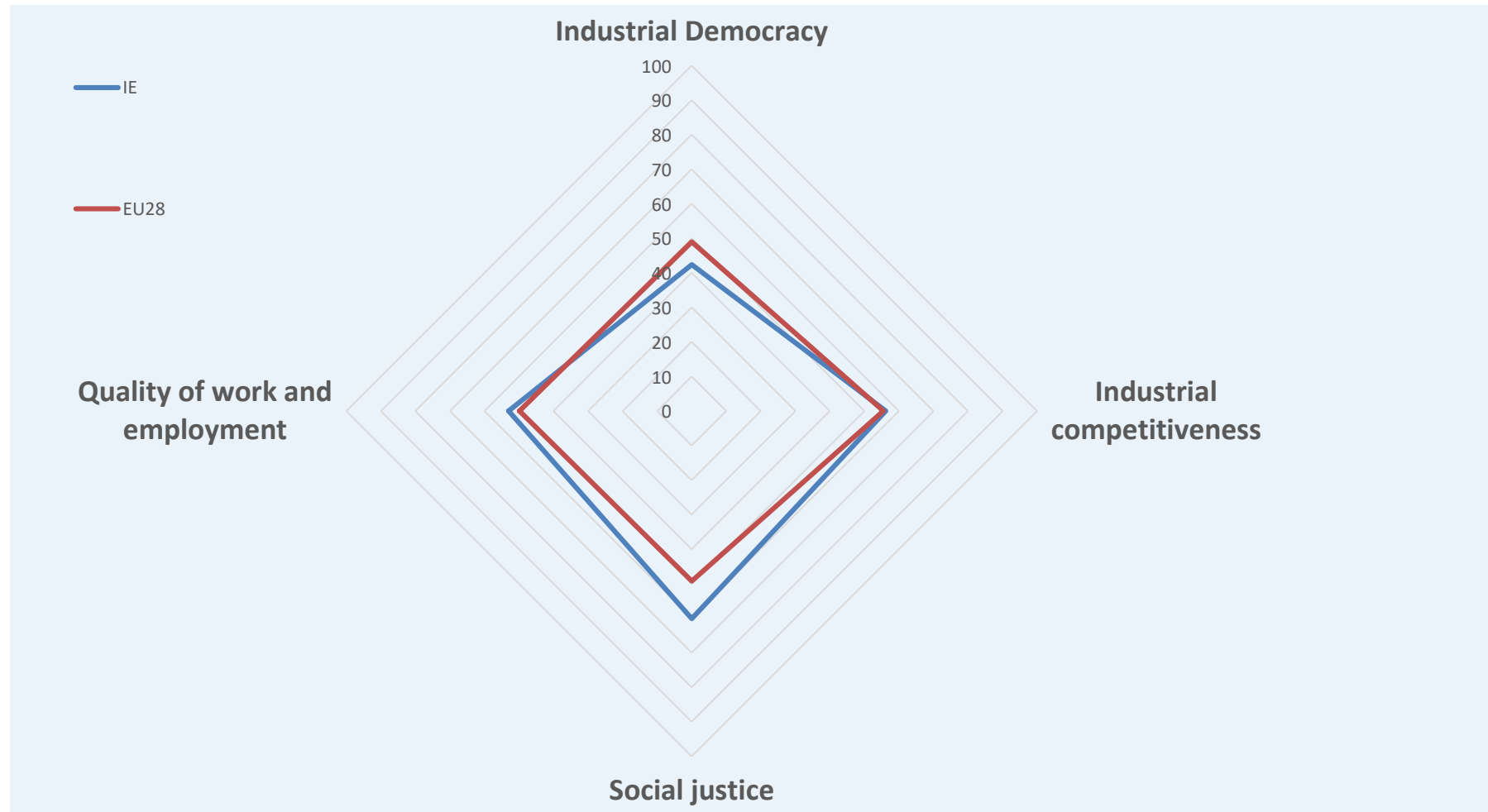
Six new clusters

no.	characteristic	countries
1	Social partnership	Austria, Belgium, Luxembourg and the Netherlands
2	Organised corporatism	Germany, Denmark, Finland and Sweden
3	State-framed governance	France, Italy, Portugal, Slovenia and Spain (and Greece for 2008–2012)
4	Statutory company-based governance	Croatia, Hungary and Slovakia
5	Voluntarist company-based governance	Bulgaria, Cyprus, the Czech Republic, Ireland, Latvia, Lithuania, Malta and Romania (and Greece for 2013–2017)
6	Market-oriented governance	Estonia, Poland and the UK

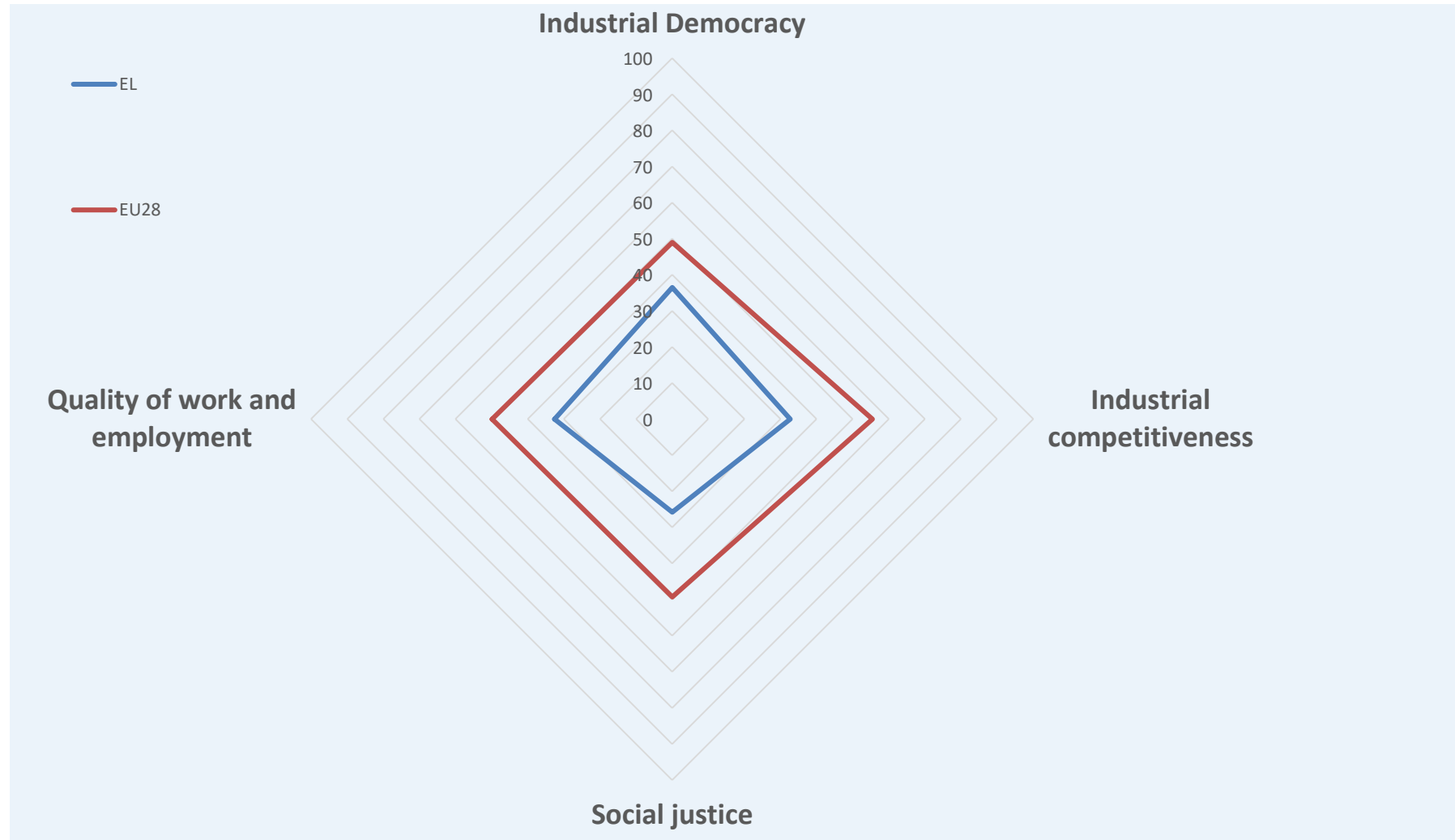
SE 2013 -17



IE 2013 - 17



EL 2013 - 17



Main trends in employment

- **recovery**
- **2.7 million additional employees (15-64) in 2018**
 - almost all were on permanent contracts
 - proportion of part-time workers: 19.2%
 - share of temporary employees: 14.2%
 - self-employment: 13.5%
- **employment continues to shift towards services**

Main trends in employment relations

- **de-centralisation via**
 - reversal of favourability principle
 - more opt-out / opening clauses
 - less extension mechanisms
 - less continuation upon expiry
- **weakening of trade unions (not employers)**
 - less members
 - new forms of work
- **governmental unilateralism**

Further information

- **christian.welz@eurofound.europa.eu**
- **European industrial relations dictionary**
- **European industrial relations index**
- **Measuring varieties of industrial relations**

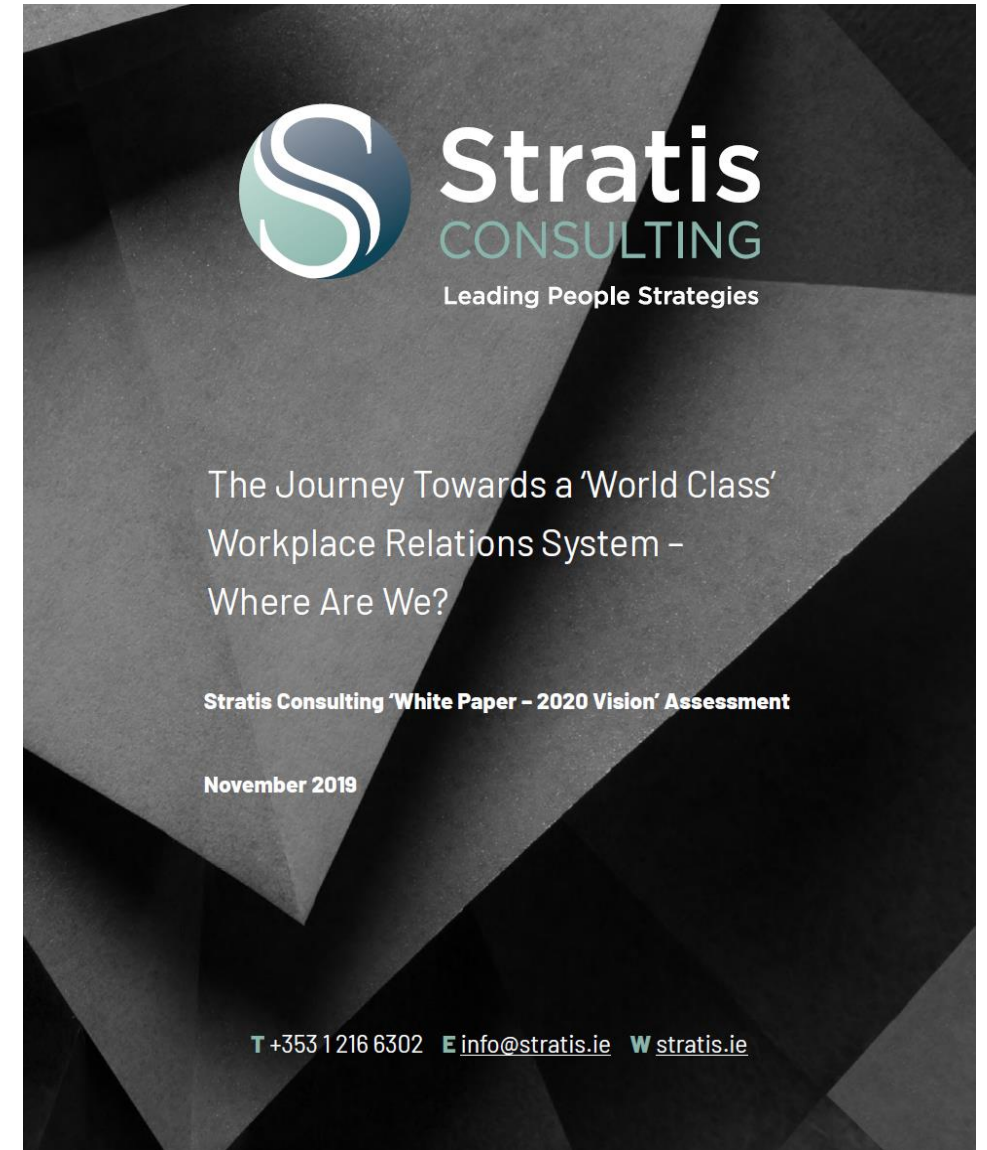
The Journey Towards a 'World Class' Workplace Relations System – Where are we now?

The Practitioner View & Scene Setting

Brendan McGinty - Managing Partner
Stratis Consulting.

E: brendan.mcginty@stratis.ie

 @Stratisconsult





*“If we are to deliver full employment in the coming years, we must have modern, flexible workplace relations institutions providing **world-class services** at low cost to employers and employees. The system that was in place....had grown up in a haphazard way over years, was far from that – characterised by forum-shopping, overlapping claims, delays, and a high degree of formality that often worked against early and easy resolution of claims.”*

The Minister for Jobs, Enterprise and Innovation, Richard Bruton T.D.
(1st October 2015)

Objective of Stratis *'White Paper'*



- Considers key issues of **practice** and the implementation of reforms.
- Sets issues in their **wider context** and objective to support high quality employment.
- Our workplace relations system must operate successfully for all & given more **diverse engagement models**.



Status Check – Where are We?



Overview

- **Great progress made.** The system is more user friendly with a simplified structure, shorter notification times and a single source of employment rights information.
- Yet, many employers fear the balance on employment law has begun to **tip in the wrong direction**. Need to retain labour market flexibility and support the retention / creation of employment.
- Frustration with the resolution of employment rights which has a preoccupation with procedural correctness over the application of the standard of what **“a reasonable employer”** would have done in the circumstances.
- There is a preoccupation in the Oireachtas by some who wish to criminalise employers for nonadherence.

Public Service Pressures are an Issue.

- These national disputes can place the WRC and the Labour Court in an invidious position. Parties often expect them to *‘magic up’* solutions, even where commitments under public service deals have been jettisoned. This devalues the agreements and poses risks to the credibility of the WRC and the Court.
- Ireland needs a new **Independent Body** to oversee public sector pay determination & verify the delivery of productivity improvements, change and transformation. Any PSSA successor should be preceded by an evidence-based assessment of the delivery of the terms of that agreement.

Public Service Stability Agreement
(PSSA) 2018 - 2020

**FOR CERTAINTY, FOR SECURITY,
FOR PROGRESS -**

VOTE YES





- Government seeks to make Ireland one of the best small countries in the world in which to do business. This is about being the preferred choice for employees to live & work and for employers to invest & to grow their businesses.
- The workplace relations framework should be focussed on making Ireland the preferred choice for talent and business. A '*sustainable employment test*' should be applied before regulatory changes are made.
- An *engaged workforce* is a competitive advantage often achieved through different models. The important role of trade unions is acknowledged but the system ignores the role of direct engagement used by most private sector firms.
- No one defends poor employment practices, but if firms are implementing progressive HR practices with competitive pay/T&C's, many do not understand why they could face IR outcomes favourable to collective representation?



Early Resolution, Mediation & Conciliation

- Complainants in work should be required to exhaust any in house procedures before lodging a claim.
- Mediation should be proposed with a responsibility on either party to justify any refusal.
- Conciliation Officers should be more assertive in identifying the ambit of agreement on issues.

Adjudication

- Appoint AO's on a F/T or exclusive basis and not be permitted to engage in work, in parallel, including as representatives. AO's should operate in a quasi Med-Arb role in IR cases.

Multiple Claims

- Respondent should be able to make application requiring a claimant to select one form of redress or to strike out claims.

Inspection & Enforcement

- Deal with matters on a case basis but ...sector issues should involve engagement with industry bodies with follow up at firm level.

Advisory Service

- Must keep pace with practice & linkages between innovation & engagement in delivering change. Encouragement needed for recourse to arbitrated outcomes from the impact of change.



The Labour Court

- The Labour Court can play a greater role in bringing finality to disputes (of interest) through **arbitration**.
- **S.20 of the Industrial Relations Act 1969** should be amended to allow for referrals by an **employer** - may be of value re the interpretation of an agreement or change implementation.
- Need a facility for **either** the employer or union, (in an established collective bargaining relationship), to request the Court to hear a dispute & issue a recommendation, where the other party has refused to participate in conciliation (WRC).
- Where employers are implementing progressive HR practices with competitive remuneration, cases under e.g. S.20, still tend to support a collective model of representation.



Essential Services

- Need to strengthen the statutory requirement to **exhaust IR procedures**, (including recourse to the WRC and Labour Court), prior to a ballot for action and before a dispute occurs.
- We need a clearer definition of what constitutes an ‘essential service’ and a requirement for a “**minimum service agreement**” setting out emergency cover in the event of industrial action.
- Legal requirement for notice of taking industrial action should be a **minimum of 14 days**.
- Industrial action taken prior to exhaustion of agreed dispute procedures, including recourse to the WRC and the Labour Court, should **not enjoy immunity** under the IR Act 1990.
- Where procedures are exhausted, there should be a minimum ‘**cooling off**’ period between receipt of a Labour Court recommendation (LCR) and a secret ballot on its acceptance or rejection. If a LCR is rejected there should be a separate ballot on question and form of action.
- A “**proportionality**” test is needed, to require that action taken (after procedures are exhausted) is in furtherance of a legitimate aim, is not excessive to achieve that aim, and is proportionate.



Regulation of Trade Disputes is key

- Industrial action is never harmless. Our regulation of industrial disputes cannot be considered to be best practice. The balanced regulation of trade disputes must be an enabler of a 'world class' workplace relations system.
- More transparency for the conduct of a secret ballot is needed with more basic information being available to all parties. This would help to ensure that industrial action only occurs in disputes over which workers have a genuine grievance and where the issue is clear.
- If there is an issue over the legitimacy of a secret ballot, a remedy should be available in the Labour Court, on application which could result in corrective action.
- It would also ensure that more union members must vote requiring both at least a 50% turnout of those eligible to vote and the ballot being supported by over 50% of the balloted workforce.
- These would be scrutinised ballots by e.g. a specialist Division of the Labour Court and therefore, if the vote is 'yes' for industrial action, a stronger mandate is given.
- This should only occur after procedures are exhausted & the dispute resolution bodies informed.
- The legal protection for industrial action should be contingent on a legal requirement to exhaust those IR procedures before a ballot for action is taken or action initiated.



And finally...

- In building on the successes of the Workplace Relations Commission and The Labour Court, we can enhance the workplace relations framework and to make the WR system more effective and robust.
- The availability of an oversight type body at national level to oversee industrial peace and good industrial relations, could make an important contribution to finding a pathway to resolving disputes but in a manner, which is supportive of the WRC and the Labour Court.
- Our suggestions are a contribution to debate and to ensuring that those most affected by our employment and trade dispute legislation are engaged and supportive of a framework that is more fit for purpose and meets our future requirements.

Thank you



Challenging Times for Private Sector Pay

The Next Phase of the
Journey for Total
Rewards, Market Based
Pay and the Employee
Experience



Jenny Smyth, Head of Talent & Reward Consulting Ireland
Ruchi Arora, Western Europe, Reward and Talent Management Practice Lead

Challenging times for private sector pay

Total Rewards
& the Talent
Experience



Managing
Base Pay



Increased
focus on
benefits



Getting ready for
Transparency



Challenges

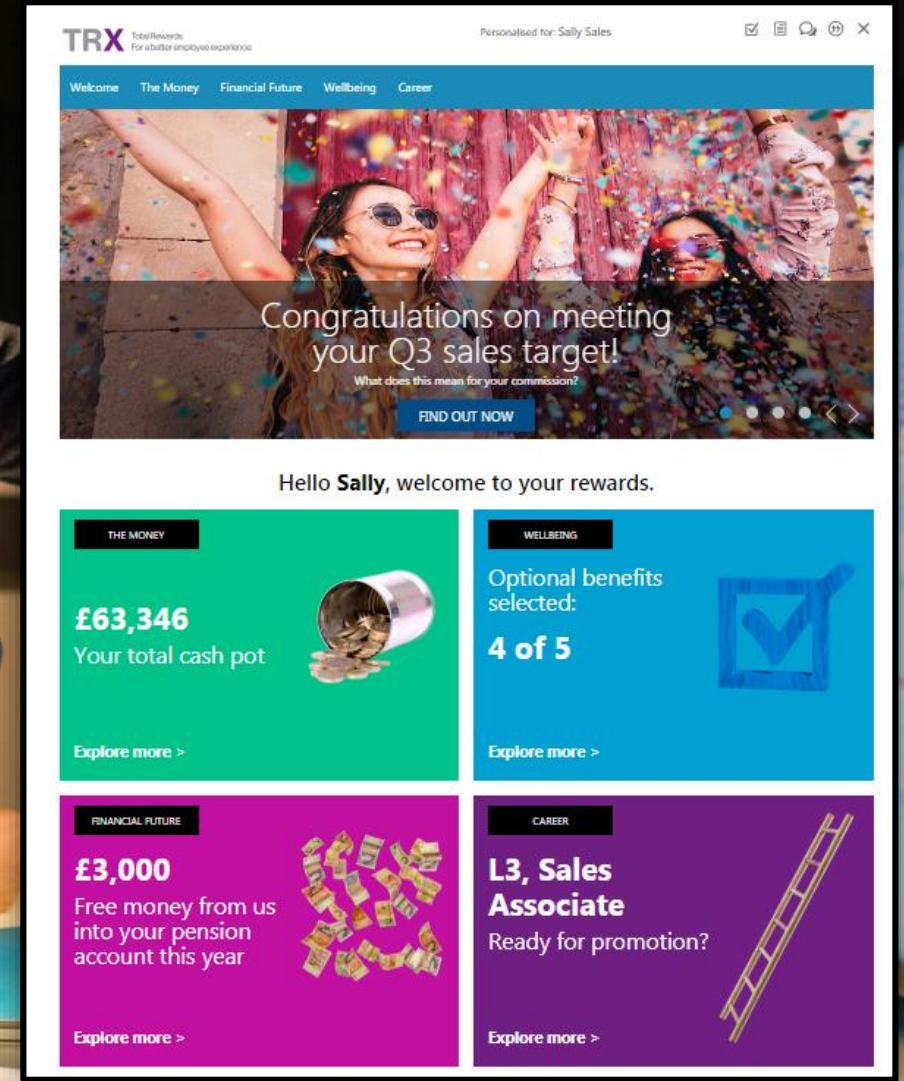
- Attraction and retention
- Cost and budget
- Employee expectations
- Data management and analytics
- Transparency
- Technology
- Data management and analytics
- Global/regional uncertainty
- Future of work



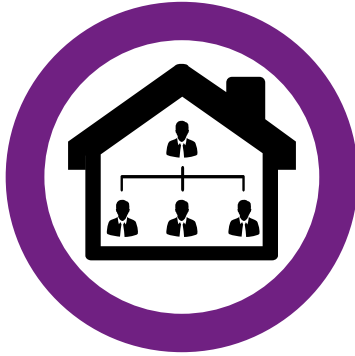
Organisations are moving to Total Rewards



Communicating Total Rewards



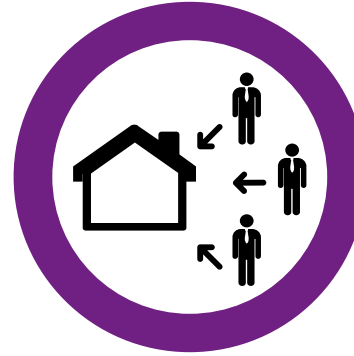
The new talent landscape



Traditional
employees



Outsourcing



Free agents



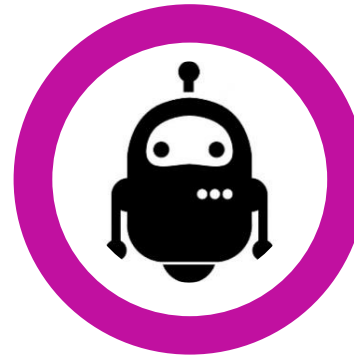
Alliances



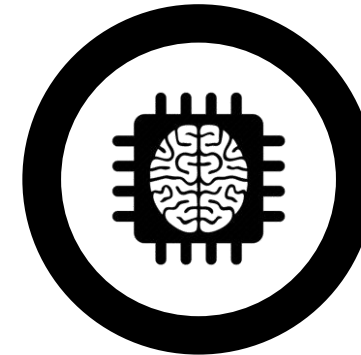
Talent platforms



Volunteers

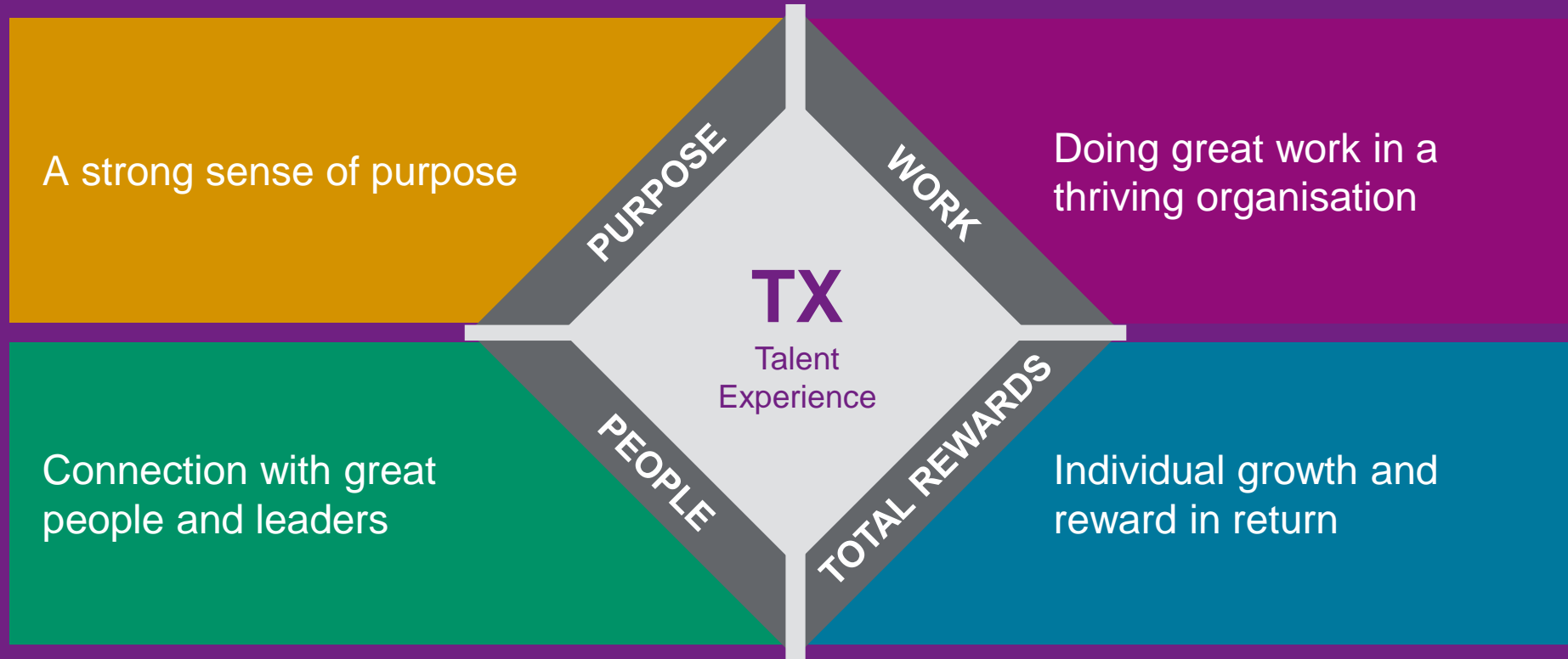


Robotics



Artificial
Intelligence

TX – The talent experience



TX – The talent experience



Culture & Values

The environment of your TX, your values and ways of working that define who you are

People Strategy

How you prioritise and deliver the TX for people

Employer Brand

How people see, hear and feel the work experiences you offer as an organisation

The Lifecycle

Where and when; the moments that matter and touchpoints where the TX lives

Managing base pay

Western Europe - Regional CPI and Salary Increase



2020
Forecast
2.6%

Source: 2019 Q3 Willis Towers Watson Global Salary Budget Planning Report

Re-thinking the benefits framework

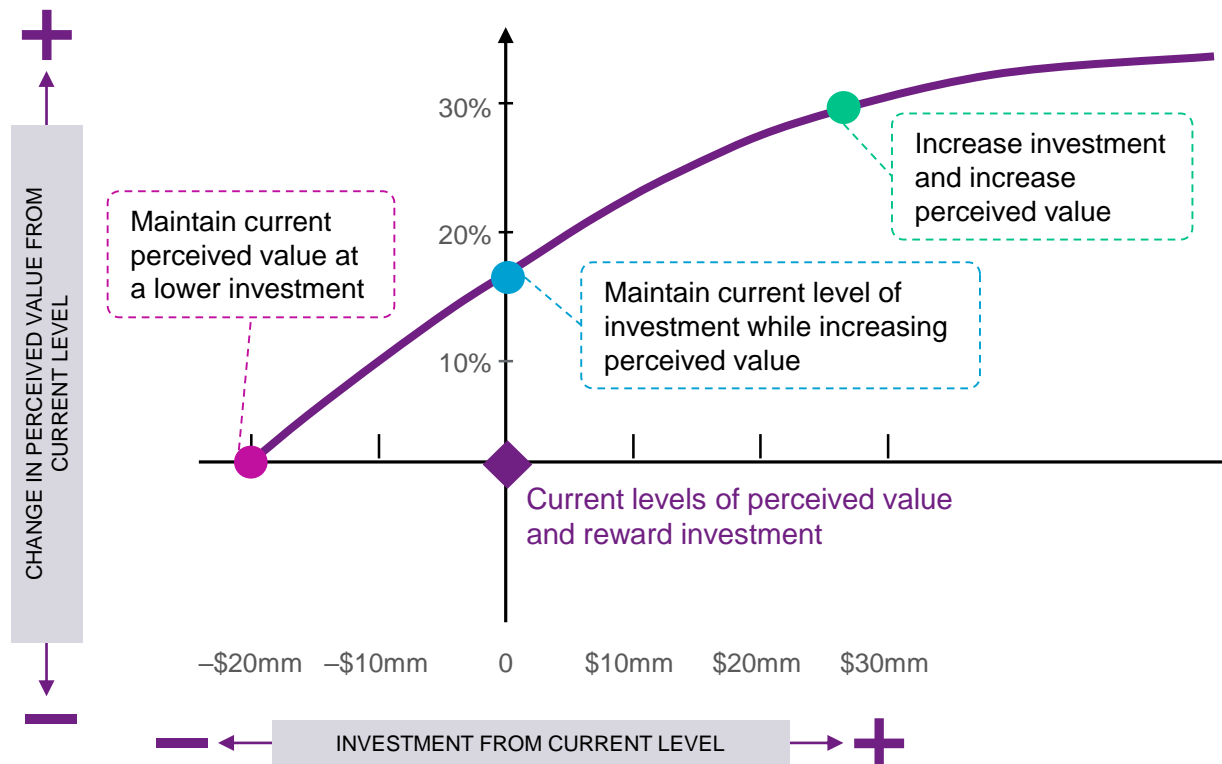


Personalise the portfolio
through choice and
flexibility while enhancing
engagement and security
through core

Total Rewards Optimization (TRO)

helps you choose how best to allocate reward investment

Increase in Indicated Perceived Value from Current Level



Three Points on the Curve

Each point along the curve represents the best allocation of the corresponding total investment:

1) To **reduce total cost**, the curve identifies which programs should be reduced to reallocate investments in other areas and maintain current levels of perceived value

2) To **maintain current investment levels**, the curve identifies how to reallocate investment across programs to increase perceived value without raising cost

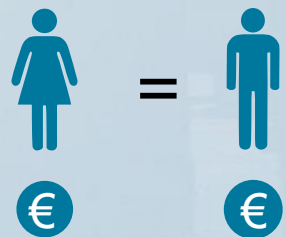
3) To **increase perceived value dramatically** and make the most of each reward dollar, the curve indicates the best ways to invest additional rewards funds

Around the world employees, boards, regulators and governments are asking employers to demonstrate they are delivering fair pay



Companies are building confidence in ...

EQUAL PAY



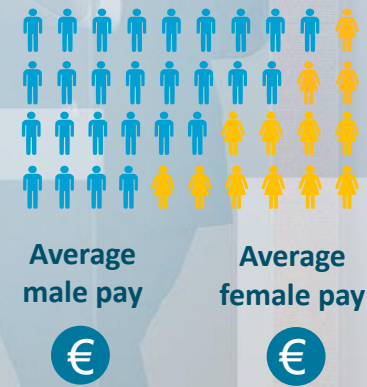
Removing € differences in the pay for men and women doing the same or similar work that are not for accepted reasons e.g. location, performance

FAIR PAY



Ensuring any employee's actual pay is within their own predicted range given their role, location, performance etc and the pay of peers

GENDER PAY GAP



Confirming any difference in average pay for men and women in the organisation reflects employee distribution **not** pay



Employers need to know where differences in pay can arise, why they are happening and how to avoid them



Thank You



BROWN THOMAS

ARNOTTS

Employee Experience



What is Employee Experience?

Happy and engaged employees **create better experiences**, which leads to more satisfied and **loyal customers** and, ultimately, **brand and company growth**.



Culture

I understand the **Vision** & what is expected of me

Technology

I have the **tools** to do my job & understand how to use them

Work Space

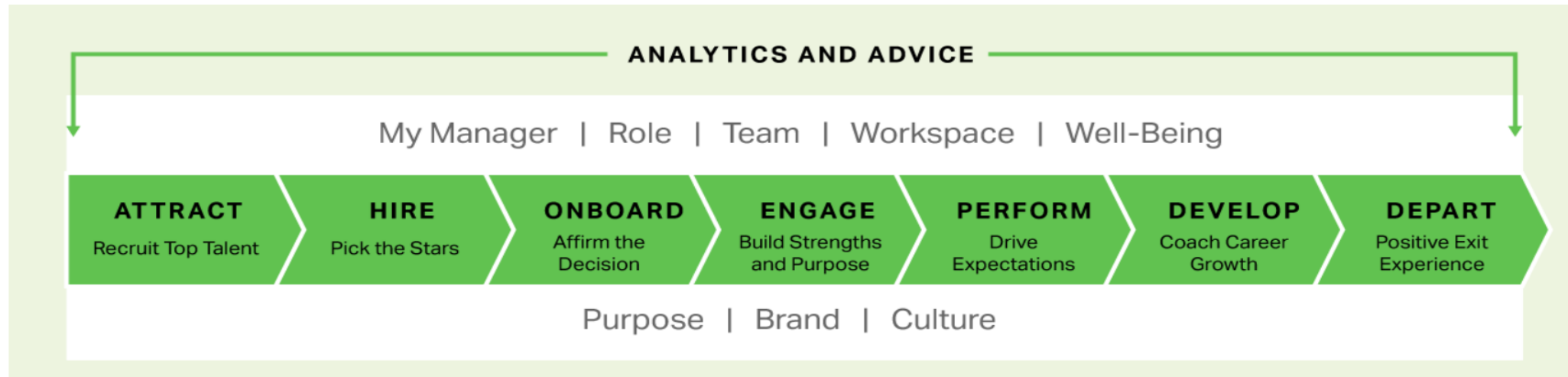
I work in an **environment** that inspires & supports me

Employee Experience

A good Employee Experience (EX) leaves people feeling **valued and ready to deliver their best**

The Importance of the Employee Experience Journey






Employee Experience focuses on tracing how **employees** think and feel during **every single touchpoint of their** journey through the company from recruitment to exit



The experiences within each life cycle stage should align with leadership's overall vision for your company's **purpose, brand and culture**.

Factors that contribute to a positive Employee Experience (Deloitte Report 2017)

“A productive, positive employee experience has emerged as the new **Contract** between employer and employee”

Simply Irresistible Organization™ model				
				
Meaningful work	Supportive management	Positive work environment	Growth opportunity	Trust in leadership
Autonomy	Clear and transparent goals	Flexible work environment	Training and support on the job	Mission and purpose
Select to fit	Coaching	Humanistic workplace	Facilitated talent mobility	Continuous investment in people
Small, empowered teams	Investment in development of managers	Culture of recognition	Self-directed, dynamic learning	Transparency and honesty
Time for slack	Agile performance management	Fair, inclusive, diverse work environment	High-impact learning culture	Inspiration
Cross-organization collaboration and communication				

The New Employee Experience – What has changed (Deloitte Report 2017)

	 Old rules of experience	 New rules of experience
 Measurement	Annual engagement survey	Continuous, more holistic and focused on driving business metrics
 Culture	A topic on the company website	Visible and defined Measured and improved through tools and behaviours
 Roles/skills	Managed with a focus on benchmarking	One person/team responsible for the complete employee experience
 Compensation	Based on benchmarking and fairness Designed to cover salary overtime, bonus, benefits and stock	Designed to make people's lives better Balance of financial and non-financial benefits
 Wellness support	Focused on safety and managing insurance costs	Integrated programme for employee wellbeing focused on the employee, family and entire experience in life and at work
 Technology	Employee HR self service viewed as a technology platform to facilitate HR transactions	Employee experience platform is intuitively designed, mobile, includes digital apps which support and inspire employees

2017 Deloitte Global Human Capital Trends Report

Brown Thomas Arnotts our Employee Experience Journey

Brown Thomas Arnotts People Vision

“ If you take care of
your employees,
they will take care of
the customer. ”

Richard Branson, Founder, Virgin Group



What have the People Team been working on to improve our Employee Experience?



The Simplest
Interactive Q&A Platform



You will also **JOIN US** for an in-store induction where you will find out even more about us and our **CUSTOMERS**



BROWN THOMAS
ARNOTTS **CAREERS**



- LEAD FROM THE HEAD
- LEAD FROM THE HEART
- TAKE ACTION



BROWN THOMAS

WINNING TOGETHER

ARNOTTS

Employee Experience - What have been our Key areas of Focus

POSITIVE WORK ENVIRONMENT



"We want to provide a holistic offering to our people"

- Sustainability
- Wellness Programme
- Engagement Portal
- Recognition Awards
- Flexible Working
- Charity Initiatives
- Facilities

TALENT & GROWTH



"We want to invest in our people"

- **Graduate Programme**
- Induction/ On boarding
- Online Learning APP
- L&D Programmes
- Coaching/ Mentoring
- LEAP Secondments
- Succession Planning

EMPLOYER BRAND



"We want to be recognised as employer of Choice"

- EVP
- External Awards
- LinkedIn
- PR Social Media
- Interns / Graduate Fairs
- New Career Site

LEADERSHIP



"We want to inspire our people"

- Vision and Values
- Group Leadership Behaviours
- Future Leaders Programme
- Executive Development Programme
- Ask Sessions

CULTURE



...underpinned by a **culture** that enables **agility**, **innovation** and employee **empowerment**.

Positive Work Environment

POSITIVE WORK ENVIRONMENT



“We want to provide a holistic offering to our people”

- Sustainability
- Wellness
- Engagement Portal
- Recognition Awards
- Charity Initiatives
- Flexible Working
- Facilities

SUSTAINABILITY

Our **Sustainability** vision is to achieve POSITIVE CHANGE. We see it as **Doing the Right Thing**, one of our core business values.

“We’re committed to placing sustainability at the heart of **how we work, what we buy and sell**”



WELLNESS

Brown Thomas Arnotts are the **First Retail Company** to Achieve IBEC'S **Keep Well Mark**

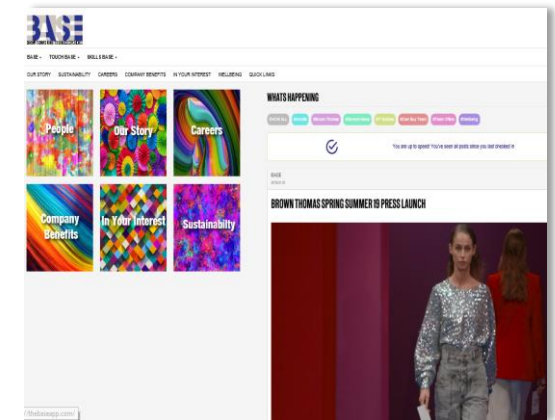
“We are focussed on providing welcoming, trusting and supportive environments for all our people by ensuring that their **physical, mental and overall health** is looked after”



COMMUNICATIONS

We launched a online **Engagement Portal** called **BASE**.

This has enabled team members to participate in two way communications **anytime, anywhere and on any device**”



Positive Work Environment

POSITIVE WORK ENVIRONMENT



“We want to provide a holistic offering to our people”

- Sustainability
- Wellness
- Engagement Portal
- **Recognition Awards**
- Charity Initiatives
- Flexible Working
- Facilities

RECOGNITION



Extraordinary People Awards Video

<https://youtu.be/KbzYDgJhiJA>

BROWN THOMAS

WINNING TOGETHER

ARNOTT'S

Talent & Growth

TALENT & GROWTH



“We want to invest in our people”

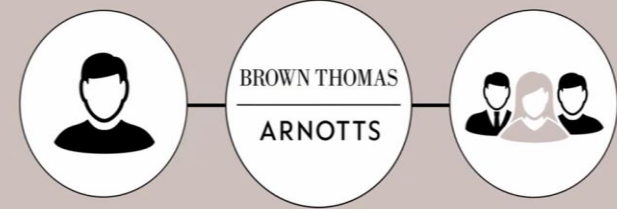
- Graduate Programme
- **Induction/ On boarding**
- Online Learning APP
- L&D Programmes
- Coaching/ Mentoring
- LEAP Secondments
- Succession Planning

INDUCTION

Recognising that employee experience starts day one of joining the business, we created an **inspiring and engaging Induction experience** which includes innovative online and face to face training.

It presents **our brand, vision, culture and ways of working**, showcasing Brown Thomas /Arnotts as a great place to work.

Online Induction



You will also **JOIN US** for an in-store induction where you will find out even more about us and our **CUSTOMERS**



BROWN THOMAS

WINNING TOGETHER

ARNOTTS

Talent & Growth

TALENT & GROWTH



“We want to invest in our people”

- Graduate Programme
- Induction/ On boarding
- Online Learning APP
- L&D Programmes
- Coaching/ Mentoring
- **LEAP Secondments**
- Succession Planning

MOBILITY

Leap is Selfridge **Group Mobility Programme** that allows team members to **relocate on secondment or permanently** transfer between our banner businesses.

Selfridge & Co in the UK, Holt Renfrew in Canada, Brown Thomas Arnotts in Ireland and de Bijenkorf in the Netherlands.



SELFRIDGES GROUP

BROWN THOMAS

WINNING TOGETHER

ARNOTTS

Employer Brand

EMPLOYER BRAND



“We want to be recognised as employer of Choice”

- EVP
- **External Awards**
- LinkedIn
- PR Social Media
- Interns / Graduate Fairs
- New Career Site

EXTERNAL AWARDS



RETAIL

Brown Thomas hails award wins

BROWN Thomas has taken home two top accolades at the annual Retail Excellence Awards in Killarney.

Brown Thomas Dublin was named National Store of the Year 2020 from among a field of 600 applicants.

The Grafton Street emporium was also named National Retailer of the Year at the event hosted by Retail Excellence Ireland.

Separately, Brown Thomas and its cross-town partner, Arnotts, have jointly become the first retailers to win the KeepWell Mark, Ibec's award for promoting happiness, health and safety in the workplace. Both BT and Arnotts are owned by the Selfridges Group.

Ibec credited their policies

on promoting mental well-being and physical activity.

These included holding mental health workshops for staff last month, providing a free external counselling service and get-fit classes, and forging partnerships with charities to support family relationships and suicide prevention.

“At Brown Thomas Arnotts, we are focused on providing a welcoming, trusting and supportive environment for all our people, by ensuring that their physical, mental and overall health is looked after,” said human resources director Nicola O’Driscoll.

“As Ireland’s first retailer to be awarded this mark, we are delighted to set the standard across the industry.”

We committed as part of our **2019 Strategy** that our business would compete and win awards.

We are proud to celebrate the recent win at the **Retail Excellence Awards** where Brown Thomas won **National Retailer of the Year** and **Store of the Year**.

BROWN THOMAS

WINNING TOGETHER

ARNOTTS

Employer Brand

EMPLOYER BRAND



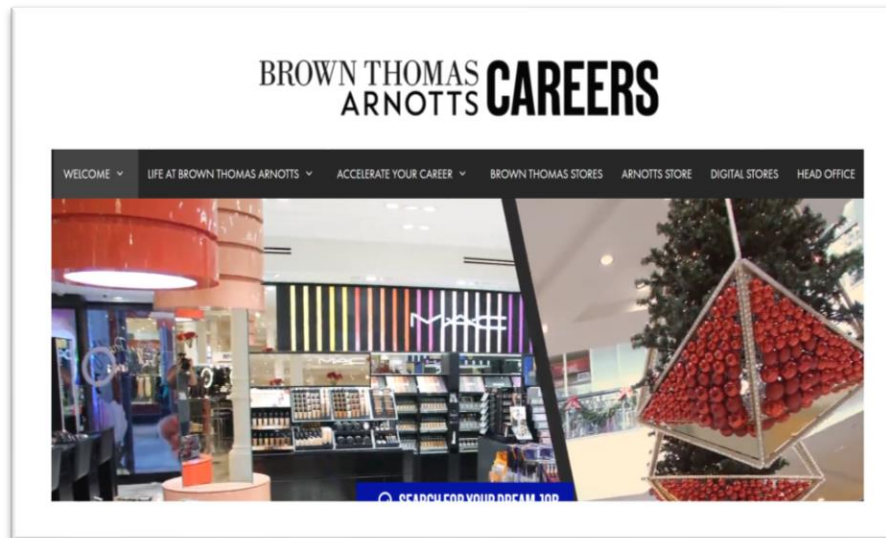
“We want to be recognised as employer of Choice”

- EVP
- External Awards
- LinkedIn
- **PR Social Media**
- Interns / Graduate Fairs
- **New Career Site**
- Graduate PR

CAREER SITE

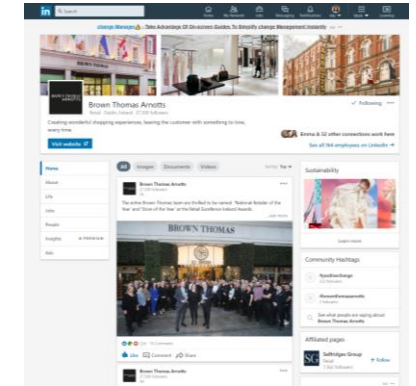
This year we launched the **joint Brown Thomas Arnotts Careers website**.

This platform allows us to speak about some of the key drivers and people motivators to join our business. (**Culture, Values, Learning and Development, Benefits and Wellbeing**)



SOCIAL MEDIA STRATEGY

We **unified our two brands** on LinkedIn so we now have one account for the Irish business.



We focused on our **social media strategy** to our elevate our brands so as to be recognised as a great place to work. We have successfully **increased our LinkedIn traffic** significantly on the pervious year.



Brown Thomas +23%
Arnotts +15%

Vision & Leadership

VISION & LEADERSHIP



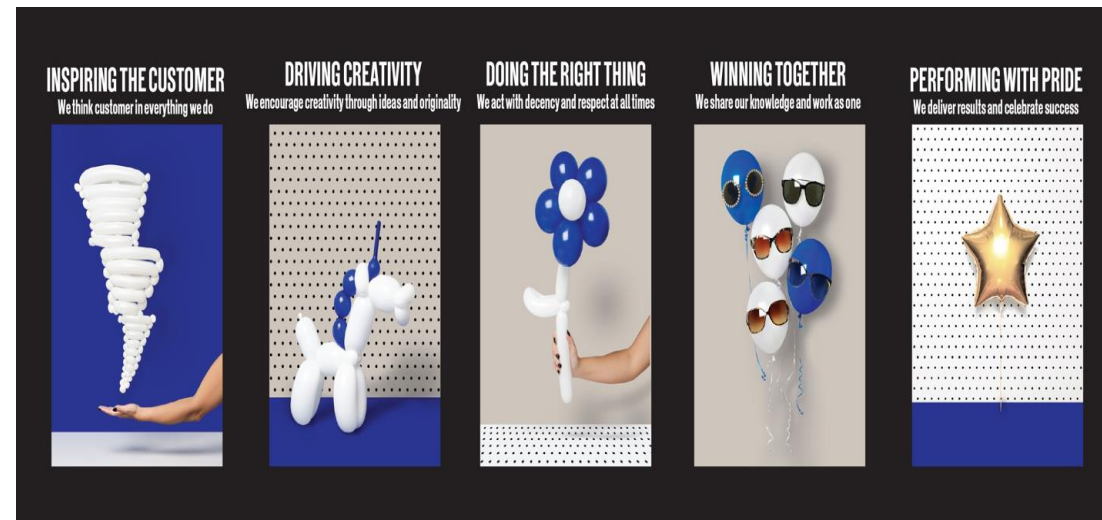
“We want to inspire our people”

- Vision and Values
- Group Leadership Behaviours
- Future Leaders Programme
- Executive Development Programme
- Ask Sessions

OUR VISION



OUR VALUES



BROWN THOMAS

WINNING TOGETHER

ARNOTTS

Vision & Leadership

VISION & LEADERSHIP



“We want to inspire our people”

- Vision and Values
- Group Leadership Behaviours
- **Future Leaders Programme**
- Executive Development Programme
- Ask Sessions

FUTURE LEADERS PROGRAMME

A key objective of the FLP was to facilitate **strong and collaborative relationships** across both brands, across departments and locations.

As well as developing **Leadership skills** and providing **Coaching; Team Building events, Social activities and group Strategic Projects** were also included to encourage the participants to have fun, build new skills, work together effectively and socialise.



BROWN THOMAS

WINNING TOGETHER

ARNOTT'S

Highlights from our 2020 People Agenda

Employee experience is still at the heart of our future People Agenda

- **Develop the organisational structure** to deliver on customer experience
- Develop and grow an **agile working culture**.
- Achieve “**Great place to work**” Award
- Elevate our **employer brand** externally and internally
- Create a environment that **recognises a sustainable & social mindset**.
- **Link purpose to culture**. Hold leadership accountable for the culture promise.
- Build out a **high impact learning & growth culture**.



What are our key Challenges for the Future?

Employee experience is still at the heart of our future People Agenda

- How will **AI** change the way we compete for talent and operate our teams?
- What effect will **Brexit have on our Market share** and on our interaction with the UK?
- What **Career Framework** is for the Future?
- What is the **right operating model** for the Business?
- How will **Big Data** provide us with deeper analytics that will change our ways of working?
- Do our **HR systems** meet employee expectations?



“

**Customers will
never love a
company until
the employees
love it first**

”

Simon Sinek

