GATEWAY

THE GATE ONE MAGAZINE | ISSUE 1

CHANGING COURSE *p14*

Talking transformations with high-flyer Chris Browne

WELCOME & CONTENTS

Welcome to the first issue of Gate One's new magazine *Gateway*. We aim to feature interesting and insightful articles that explore the key issues you need to consider when transforming your organisation.

In December, we announced that Gate One will join Havas Group, one of the largest global strategic marketing, creative and communications groups in the world, strengthening our ability to help clients with their most critical transformation challenges. On page 24, I discuss what digital convergence means for both management consultancies and marcomms agencies, and how marcomms agencies are well placed to challenge the position of traditional management consultancies in this arena.

On page 14, we speak to Chris Browne, former COO of easyJet, on the lessons she's learned from business transformations. She points to a few fundamental qualities that will see you through a transformation including connecting with your people, striving for a greater purpose and embracing a transformation mindset. People are also a key factor in our feature on page 04, which is about putting people at the heart of your data transformation and the pitfalls of focusing on data and technology options at their expense.

We also explore how local authorities can manage their wide set of responsibilities, rising demand for complex services and pressures on budgets, while changing effectively for the future. Council chief Josie Wragg gives a first-hand account of the transformation journey her team is embarking on at a leading UK council.

We hope you find this issue thought-provoking and welcome any feedback at marketing@gateone.co.uk.

Tim Phillips
Managing partner

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Cover story
CHANGING COURSE
Gate One speaks to airline veteran Chris Browne on the lessons she's learned from business transformations.

THE GREAT DATA DIFFERENTIATOR

DATA TRANSFORMATION ISN'T ALL ABOUT DATA OR NAVIGATING THE ENDLESS LANDSCAPE OF TECHNOLOGY OPTIONS... IT'S ABOUT PUTTING YOUR PEOPLE AT THE CENTRE OF IT

WORDS BY DAVID HOLLIDAY

A significant 85% of data-led transformation projects fail to deliver their promised benefits.[1] So, how do you ensure your projects end up in the other 15%? The key is to put your people at the heart of your data transformation.

Data transformation is the process of using your data to unlock actionable insights that can transform your business and deliver sustained competitive advantage. Applied correctly, data enables organisations to:

- sharpen customer insights and personalisation to boost relevance and loyalty
- develop more sophisticated pricing models and product ranges to grow revenue
- tackle fraud, risk and compliance issues
- drive sustainable efficiency improvements across business operations
- level up your talent lifecycle – from recruitment and development to engagement and retention.

It is also your pathway to adopting advanced technologies like artificial intelligence (AI) and machine learning, helping you drive new innovations and build a sustainable competitive edge. Success is not guaranteed, but your people can help you get there. Here are six ways how.

GET YOUR DATA AND BUSINESS STRATEGIES ON SPEAKING TERMS

Too often, an organisation's data strategy is disconnected from its business strategy. Businesses are unclear about the data they hold or the value they can get from it, while leaders are in the dark about how data can help deliver their strategic objectives. This puts people in the crosshairs. They are left to make sense of how the data can deliver the business priorities, while also being expected to drive the business forward – and often failing.

Valuable data lives in every aspect of a business, from finance and IT to marketing and HR, but only 23% of organisations report having an enterprise-wide data strategy.[2] Building a data strategy requires new levels of collaboration between every business team. Adopting it in silos is only likely to lead to failure.

Start by really understanding your company's strategy. What are the major objectives to grow revenue or market share? Or to innovate, better serve customers and drive efficiencies? Your data strategy needs to address how it will deliver on these wider objectives or it risks becoming irrelevant.

MAKE SURE YOUR DATA OWNERS GIVE A MONKEY'S ABOUT DATA

Over half of IT leaders admit they don't always know who owns data within their organisation.[3] Clarity over data leadership cannot be underestimated. Without it, even the brightest data teams will struggle to deliver meaningful innovation and effect change. But many executives are still finding their place in the process.

As the role of chief data officer continues to come into its own, data leadership should be a team game across the C-suite, where each person has a clearly defined set of responsibilities.

Map out your team structure and responsibilities, then run workshops to demonstrate how it should work end to end and in practice, with real-life data initiatives and examples.

Be clear on who the face of your transformation is, i.e. who ultimately owns your data at board level. This person should be visible, dynamic, data-savvy, and able to break through the inevitable barriers.

SUPPORT YOUR NEW DIRECTION WITH THE RIGHT TALENT AND STRUCTURE

It's easy to get excited about a grand vision for the future. But don't focus on the destination at the expense of the people who will get you there.

Your people can't be expected to deliver data transformation from a standing start, armed with only their current capabilities. They need the right blend of deep analytics and data science skills, as well as time to develop an understanding of the systems and tools needed to support the business. They also need a curious mindset and an appreciation for cross-business collaboration.

To find the right people, either hire effectively and teach data capabilities through training, on-the-job experience and sharing best practice, or outsource to experienced data analytics providers.

Take the time to consider data skills as a core part of the upfront planning, informing and shaping of the company's data operating model. There's no single blueprint, so your people should help shape the model that's right for you.

It's better to prove value and grow incrementally than flood your organisation with new faces, only to find you have a credibility problem if they fail to deliver.

DITCH THE DEAD-END DATA INITIATIVES AND PET PROJECTS

Without a pragmatic framework for prioritising and measuring data initiatives, innovation can quickly become rudderless and invisible. The key is to identify and prioritise projects that have the best chance of success and deliver value fastest.

Align your data projects to where they can make the biggest impact – but never run them in isolation. Offer a clear set of short and long-term key performance indicators (KPIs), tied to larger data and business strategies.

Beyond the micro, establish a lean portfolio-prioritisation mindset across your data initiatives, with objective criteria that can challenge results. Among the questions you should be asking are: what are the benefits of the opportunity? Is the data accessible – and what's the cost of acquisition? Is this a business priority? Will a cheap and cheerful pilot prove value? Can we scale if the results are positive?

Done well, this will focus innovation and eliminate pet projects, ensuring your expensive data teams pull in the right direction.

MAKE YOUR DATA INSIGHTS A MEANS TO AN END, NOT AN END IN ITSELF

Data teams unlock potentially impactful data insights on a regular basis. The challenge is turning these insights into actions that deliver meaningful change and results.

It's not uncommon for some organisations to be caught in the 'pilot trap', where they continue to experiment with data but fail to scale. Others may be struggling to measure the success of a data project or to understand what it means for their transformation.

Gaining a tangible business benefit is the only reason worth undertaking a data transformation project. Without a clear benefit, the whole exercise becomes pointless. Yet while 74% of organisations want to be data-driven, only 29% succeed in connecting action and analytics.[4]

Agree upfront which KPIs, benefits and outcomes you're seeking. Measure them all relentlessly before, during and after they've run their course. Then make these metrics a core part of your data team's objectives and incentives, tying their success and efforts directly to the bigger picture.

Your teams may initially be uncomfortable with this level of transparency and scrutiny. Hang in there during the early frustrations. Over time, you'll see greater accountability for outcomes (not just insights), and your teams will appreciate being able to see and measure the value they bring to the organisation.

BRING YOUR PEOPLE ALONG FOR THE RIDE

When business leaders talk about things like AI and machine learning, the future can seem limitless. But when leaders fail to align stakeholders or address legitimate staff concerns, data transformation jumps the tracks.

Data transformation is a truly human endeavour and rarely involves a fully automated solution. So, it's vital to create the culture, structure and governance your people need to feel bought-in and supported.

Behind every initiative is a set of hopes, aspirations and benefits, as well as a sense of fear, uncertainty and dread about what the new world might bring. Common concerns among employees include: where do I fit into our transformation? Is my job secure? Will I like what my job becomes?

Ignoring these concerns is not an option. It's crucial to help people see transformation for what it can and should always be – a mutually beneficial partnership with data.

To do that, put a human face on your data transformation. Build and communicate a compelling data story, openly addressing employee concerns, dispelling rumour and myths, and articulating why transformation is important, including what's in it for your people and how they'll be supported. Do this regularly and sincerely throughout your transformation and you'll stand a much greater chance of achieving your goals.

POWERING YOUR TRANSFORMATION ON PEOPLE POWER

To recap, take a holistic, people-first approach to data transformation. Identify and prioritise the projects that have the best chance of success and can deliver value the fastest. Most importantly, don't get lost in the data and technology. Stay focused on what you want your business to become – and never lose sight of how your people can help you get there.

Do all that and you can unlock a world of machine learning and AI-driven opportunity. At the very least, you won't be in the 85%.

1 https://www.techrepublic.com/article/85-of-big-data-projects-fail-but-your-developers-can-help-yours-succeed/
2 https://www.gkapprenticeships.com/employers/technology-provider-apprenticeships/ibm-apprenticeships
3 http://bigdata-madesimple.com/exciting-facts-and-findings-about-big-data/
4 http://blogs.forrester.com/brian_hopkins/16-03-09-think_you_want_to_be_data_driven_insight_is_the_new_data

To find out how we can help you make a success of your data transformation, contact Gate One partner David Holliday at david.holliday@gateone.co.uk.

THE BEAUTIFUL AND DAMNED

WHY BEAUTIFUL OPERATING MODELS FAIL

WORDS BY JAMES COOPER

An operating model describes how a business is organised in order to deliver services and value to its customers. It can address a broad range of business areas including business capabilities, governance, organisation design, people and culture, data, technology, physical estates and supplier partnerships. Operating model design work can focus enterprise-wide or across individual functions.

The consulting market is awash with suppliers offering the classic 'Assess-Design-Implement-Sustain' method to operating model development. This well-trodden approach will typically result in a beautiful design on paper within two to three months. If you're lucky, the design might be agreed with your stakeholders and backed up with some real data in that time. So far, so good, right?

Not really. A beautiful, extensively designed operating model does not necessarily guarantee success. On the contrary, one could go so far as to say that the more polished the design, the more likely it is to fail where it matters most – in its implementation. Instead, companies need to be more comfortable with less beautiful, more practical designs and get on with implementation sooner.

The product development and start-up worlds know the value of rapid iterative design – 'Build-Measure-Learn'. This approach is entirely relevant to operating model delivery yet seldom applied. As Reid Hoffman, the founder of LinkedIn, said: "If you are not embarrassed by the first version of your product, you've launched too late."

Our experience has repeatedly shown that a comprehensively designed operating model is rarely, if ever, successfully implemented. Often the energy and focus that leaders applied so diligently to the design atrophies as implementation gets underway or the design takes so long that by the time it's complete the organisational context has fundamentally shifted.

The truth about operating models is that no matter how considered the design, you only uncover its weaknesses when you start to implement. With the 'classic' design approach applied by many a management consultancy, too often the pitfalls are only discovered after implementation starts – at the point when it is expensive and/or disruptive to go back and change the design.

So we might reframe Hoffman's advice to the world of operating model design as: "If you've refined your operating model design to the point that all stakeholders are on board with it before you've executed anything, then it's guaranteed to fail."

KEY PRINCIPLES TO RELEVANT DESIGN

It's tricky to strike the right balance between robust design and iterative testing, ensuring that design is thorough but can be completed at pace. We believe that three overarching principles are key to balancing this appropriately.

Data-driven: While dreaming big and thinking creatively are encouraged, design must be underpinned by a robust dataset that gives confidence that the future operating model is sustainable and affordable. Develop hypotheses to test and validate organisational data against external benchmarks. This can be started before formally beginning the design phase.

Rapid experimentation: Adopting a product development mindset enables you to test ideas rapidly, expecting to fail quickly and learn from mistakes. Often, the uglier the design, the better the implementation. Be bold in testing the best elements of your future operating model in weeks, not months. By doing this, you can quickly learn what does and does not work in practice.

Context-sensitive: The design must be adaptable to match the nuances of the industry, timing, ambition and current capability of the organisation. This is exactly the reason why 'off-the-shelf' methodologies nearly always fail. Develop practical implementation plans in parallel with design, which are tailored to the change capability and maturity of the organisation.

IS UGLY THE NEW BEAUTIFUL?

Understanding your operating model and recognising the need for transformation is just the start of the journey. We believe that a beautiful operating model is destined to fail, by design. Instead, we quickly learn what needs to change – reaching early hypotheses and rapidly putting them into practice, even if the holistic design is still 'ugly' or formative. This non-traditional approach and way of thinking is the only way to deliver real change in complex, highly dynamic environments.

James Cooper is a client director at Gate One and operating model transformation lead. To find out how we have helped organisations on their transformation journeys, email him at james.cooper@gateone.co.uk.

OUT TO LAUNCH

HEAD OF THE GATE ONE INCUBATOR AND
PINGA FOUNDER, MICHAEL GOULDEN,
EXPLAINS THE INS AND OUTS OF GATE ONE'S
INCUBATOR PROGRAMME AND SHARES HIS OWN
EXPERIENCES OF LAUNCHING A START-UP

WORDS BY MICHAEL GOULDEN
IMAGE BY UK SPACE AGENCY

The concept of the Incubator has been at the heart of Gate One's business philosophy from the beginning. In our view, one of the best ways to attract and retain a diverse pool of problem-solvers is to give them a chance to explore their own business ideas and take a few risks in a supportive environment.

What better way is there to live our entrepreneurial values than being real-life entrepreneurs ourselves? There's nothing quite like building your own start-up, experiencing the learning curve and feeling the satisfaction of winning your first customers to inform what you do as a consultant.

To date, we've launched more than 60 ideas through the Incubator, three of which have already raised external funding: Pinga, an on-demand delivery service; Dribble, a review directory of child-friendly places to visit; and Oshun Cafe, a pop-up selling a unique selection of acai berry bowls and smoothies. We've recently turned up the volume on the Incubator and now have a healthy pipeline of very early stage businesses.

Of course, the Incubator also benefits our clients. Consultants who have gone through the programme are naturally empowered to talk credibly and confidently about business challenges and they can apply the lessons they've learned to help our clients accelerate towards their goals.

The collective learning from dozens of start-up ideas helps us solve business problems like no-one else.

HEADING TOWARDS THE GATES

So, how does it work?

There are two main phases to the Incubator: ideation and execution.

Most successful start-ups begin with someone turning an everyday problem or chafe into a business idea. And that's exactly what our ideation phase is about.

We encourage our staff to identify and share pain points that people encounter in their everyday lives – anything from a minor commuting irritation, to how to tackle an interior design challenge, to revolutionising the funeral business.

The execution phase, which consists of our four-gated approval process, kicks off with the Accelerator Day (Gate -2). Open to everyone in the business, it is where we whittle down a long list of these pain points and fast track a top 15 short list into viable business concepts using divergent-convergent thinking to evolve the ideas.

A big part of this is the 'Sunday morning test' – is someone passionate enough about this idea to jump out of bed on a Sunday morning to work on it?

We then assign teams and create a basic brand, including name, logo, website domain and a Facebook ad. By the end of the day, we've transformed 15 ideas into 'businesses' and started to test customer demand.

FROM GATE -1 TO LAUNCH

Next up, our teams enter the Build-Test-Learn-Iterate cycle, which is based on Lean Start-up principles.

The goal for Gate -1 is to build the first prototype, take it to market to gauge demand, get customer feedback and iterate – all in two-week sprints. The teams can pitch to Gate One for funding if they can demonstrate customer demand and progress in developing their product.

Gate 0 involves setting up a company and developing a viable commercial model. At this point, Gate One can approve further funding and may take equity in the newly formed company.

Within six months of the Accelerator Day, the teams reach Gate 1, when they're ready for a pilot launch. They'll pitch to the whole firm as a mini crowdfund for seed investment.

Having completed the Incubator programme, the businesses may go on to raise external funds to drive further growth.

Our budding consultant-entrepreneurs get significant support throughout the programme from the Incubator team and through our Incubator Academy, which covers the '101 of start-ups' from experts in product market fit, MVP design, digital marketing, growth hacking and fundraising.

IT'S WHO WE ARE AND WHAT WE DO

The Incubator has had a huge impact on attracting and retaining the talent we need because the sort of people we want to recruit are the sort of people who would love to start their own businesses. In fact, LinkedIn recently named us one of the UK's top 25 start-ups to work for, citing the Incubator as a key factor.

And the skills and experience we gain through the Incubator help us win and serve our clients in innovative ways – for example, we're currently helping Slough Borough Council build their own incubator – and we now also have a separate innovation consultancy offering.

Most of all, it's about taking risks, learning something new and enjoying the journey. And, of course, there's always the chance of being a founder-investor in a business that will change the world forever.

The Incubator is central to our purpose of delivering change that counts for our clients. Our vision is to create the most successful management consulting incubator in the UK – in fact, to create the best incubator full stop. It's an ongoing journey and just like the ideas that come into our Incubator funnel, there are no limits to the possibilities.

"The collective learning from dozens of start-up ideas helps us solve business problems like no-one else."
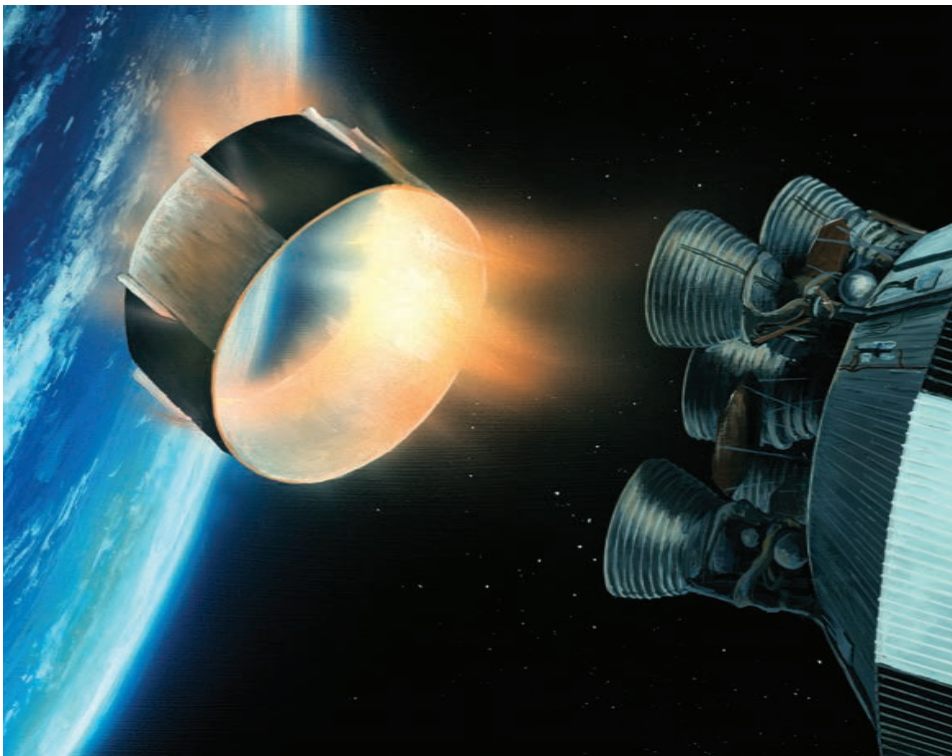
To find out how the Incubator helps make our consultants great or if you want to know how you can get involved, contact michael.goulden@gateone.co.uk.

60 SECONDS WITH...

PINGA
The UK's first crowd-sourced,
on-demand delivery service

Michael Goulden, co-founder

HOW DID YOUR IDEA COME ABOUT?
My wife and I were on a train from London to Cornwall. We wanted some wine for the journey, but the buffet was closed. So, we hatched a plan to persuade a 'regular' person at Reading station to buy us a bottle and pass it through the train window in exchange for cash.

Our plan failed but I realised that the quickest way to get something you need could be by enlisting the help of a local person in the same vicinity who enjoys helping other people out.

Pinga does just this – it connects someone who needs something with someone nearby who can help them get it.

KEY ACHIEVEMENTS TO DATE
Pinga is three years old, we've got 10,000 customers across Nottingham and East London and we've had 10,000 requests. We've raised £400,000 through the Incubator and externally and we're now in the middle of a £500,000 fundraise.

HOW HAS THE GATE ONE INCUBATOR HELPED YOU?
Taking my idea through the Incubator was enormously beneficial. I learned, and continue to learn, a lot from the team and others in the programme. A Gate One director sits on my board and I still use the Gate One team for input and focus groups. Building a start-up can be scary and lonely but the Incubator gave me the 'safety net' I initially needed to pursue my dream.

TOP TIPS
Have a very clear vision. Ours is to change society so that it becomes the norm for people to help each other get what they need, to digitise local economies... and to one day buy Amazon!

DRIBBLE
A 'how child-friendly is this business?' review directory

Gillian Mudie, founder

HOW DID YOUR IDEA COME ABOUT?
After years of living in London and consulting for Gate One, I moved home to Edinburgh as a pregnant mum. I quickly realised that I was a stranger in my hometown and had no idea where to go and what to do with a little one.

Dribble is the solution – it's an on-demand search tool that provides personalised recommendations and parent reviews of child-friendly places to visit, eat and socialise.

KEY ACHIEVEMENTS TO DATE
Dribble launched in November 2018 in Edinburgh and we expanded to Glasgow in June 2019. We've raised funds through the Incubator and externally, and we've received a Scottish Enterprise Grant. We're gearing up for our next fundraise in early 2020. We plan to eventually cover the whole of Scotland and then into England.

HOW HAS THE GATE ONE INCUBATOR HELPED YOU?
I've always wanted to start my own business but the Incubator gave me the confidence to go for it. I found the programme most beneficial for forming my business case initially and for the fundraising. It's immensely useful having two Gate One directors on my board.

TOP TIPS
Just do it! But be absolutely sure you're passionate about your business idea and be prepared for a complete lifestyle change. Know what your success will look like, what your challenges will be and how you'll overcome them.

CHANGI

R ecent world events have again shown how tumultuous the aviation industry can be. During her career, Chris Browne has faced her fair share of challenges. She was involved in the high-profile merger of Thomson and First Choice during the worst recession in living memory, and ran Spanish national carrier Iberia just after 9/11, one of the most difficult times in aviation history. She has been chief operating officer at both TUI Airlines and easyJet, and received an OBE for her contribution to the aviation industry. During her career, Browne has been involved in a number of complex transformation programmes, giving her substantial insight into what makes them successful – or not.

"What I've learned," she explains, "is that no matter who you are or where you work, a few fundamental qualities will always see you through – connecting with your people, striving for a greater purpose and embracing a transformation mindset. These are often talked about, but it's rare to see them all come together in practice."

BE AUTHENTIC AND CONNECT WITH YOUR PEOPLE
During the merger of Thomson and First Choice in 2007/2008, the stakes couldn't have been higher. Consolidation was taking place across the industry. Those companies that didn't consolidate risked going out of business. Merging the two airlines was all-consuming and involved tens of thousands of decisions, many on the financial or operational side.

"Really critical is not forgetting about the people on the frontline," reflects Browne. "I'll never forget having to stand up in front of the team and tell everyone that there would be redundancies. I showed a lot of emotion at the time. It took people (including myself) by surprise, but it was actually one of the best things I ever did because it showed people I cared."

In complex transformations, there are a lot of tough calls to make and not everyone will like all the decisions made. But authentic communication can make it easier for people to get behind a decision. "It's not a popularity contest – it's about respect and conviction. Authenticity shows that a leader is committed to lead the company in the right direction," Browne explains.

Browne says she judges the success of the Thomson and First Choice consolidation by the fact that the merged company (TUI Travel) is still standing, while many others fell by the wayside even before the current crisis.

WORDS BY CARO RUTTLEDGE

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GATE ONE CLIENT DIRECTOR CARO RUTTLEDGE SPEAKS TO AIRLINE VETERAN AND FORMER CHIEF OPERATING OFFICER OF EASYJET CHRIS BROWNE ON THE LESSONS SHE'S LEARNED FROM BUSINESS TRANSFORMATIONS

COURSE

PURPOSE AND CONVICTION

Another way that business is changing is in setting a compelling purpose, whether that's doing more for customers, the climate, diversity or social responsibility. "At TUI, our purpose was about more than flying millions of customers from A to B. It was about making sure that people were able to go on holiday – to connect. Sometimes we were flying families on holidays that they had spent all year saving for or dreaming about. So, for example, our team was not just checking baggage, they were helping customers get one step closer to realising a dream," Browne explains.

Key for anyone leading a transformation is to be very clear about why your organisation is doing what it's doing and building a sense of shared destiny. Browne always saw part of her job as making sure that everyone in the company felt the impact they were having on customers. "Beyond a certain point, money doesn't motivate. People have to have a purpose to feel great about going into work in the morning," she says.

Setting the right tone is also key. "When you have a service culture, you have to make sure your team is feeling positive. During times of transformation in particular, fun is a necessity, not a luxury!" Browne emphasises that if people enjoy working with you and towards a shared purpose, then when you need to transform the business and ask them to do something differently, half the battle is won because you're already aligned on the end goal.

Another critical element is getting the broader leadership team on board – specifically, ready to show up, be present and stand behind the transformation. A common mistake, says Browne, is to try and drive through change without sufficient buy-in and conviction from the leadership team.

"I recall one situation where the rationale for the transformation in terms of potential savings was crystal clear," she says, "but the conviction among the leadership team just wasn't strong enough. So, when leadership were challenged on it, they were knocked off balance. It may seem obvious but the lesson is clear: if you embark on a transformation, make sure you – and the whole leadership team – believe in it 100%."

Chris Browne was chief operating officer at both easyJet and TUI Airlines, managing director of Thomson Airways and First Choice Airways, and received an OBE for her contribution to the aviation industry.

"I always looked for leaders, not managers. If you are looking for someone to lead a transformation, you need individuals who can make tough decisions early on and quickly…"

EMBRACE (AND BUILD) LEADERS WITH TRANSFORMATION CAPABILITY

The mindset required to drive and accept complex transformation can be quite different from managing 'business as usual' and, as Browne adds, the skills required for transformation are often totally underestimated. "If you work for a successful business that has never undergone a significant degree of change, there's a risk that you will struggle to think differently because you don't fully appreciate the need to change. Companies don't know what they don't know."

If, on the other hand, a company has been through a considerable amount of change in the past, teams often know implicitly that new operating conditions might call for new skills – and sometimes different people. "Not every manager is a great leader," Browne cautions. "I always looked for leaders, not managers. If you are looking for someone to lead a transformation, you need individuals who can make tough decisions early on and quickly; people who roll up their sleeves and get the right things done for the greater good – while maintaining a focus on what's happening externally and what could happen in the future."

Browne emphasises the importance of being comfortable promoting and recruiting people who are better than you, and the energy she gets from working with high-performing teams. Within her own team, she typically looks for people who can pass what she calls 'the chief executive test'. "If I go on holiday and something needs to be done, the question I ask myself is: 'Can I leave this person in charge of reporting back to the chief executive without worrying about what they might say?'"

Confidence is an attribute she values. "I always sought people who were confident and comfortable in their own skin, without being cocky," she says. "That's helpful in normal times, but in a transformation it's essential."

Developing and recruiting the best people to lead change is not just about technical skills, but also cultural alignment.

Browne advises embracing those individuals who are prepared to build and role model the right culture from the top down – individuals who both understand the business' higher purpose and listen carefully to what people on the frontline are saying.

THE FUTURE

There is no shortage of transformations anticipated across the aviation industry, particularly in relation to technology and supply chain. Browne points to how airlines are embracing digital innovations, collaborating in new ways across the end-to-end supply chain ecosystem, and using data for greater real-time transparency and insight between frontline crew, back office and customers. To what extent these remain the key focus in our 'new normal' remains to be seen, but it's clear that change is inevitable.

"The companies which are able to set the right culture, communicate the change authentically, bring people along and keep everyone coming to work in the morning with a smile on their face will be the ones that implement transformational changes most effectively."

Authenticity, communication and setting the right culture are often thought of as 'nice-to-have' qualities, but Browne sees them as essential for businesses in normal times and doubly so during transformations. "I'm proud of having worked with great teams and of helping to transform every business I've served," she says, "and I believe that anyone who can master these key skills has a good shot at doing the same."

Caro Ruttledge is a client director at Gate One and people change lead. For more information on developing and driving complex change programmes, culture roadmaps and leadership development, contact her at caro.ruttledge@gateone.co.uk.

SPLITTING

SEPARATING COSTA COFFEE
FROM WHITBREAD TO CREATE
A STANDALONE BUSINESS FOR
COCA-COLA TO ACQUIRE IN A
MULTI-BILLION-POUND DEAL

PRETTY

WORDS BY ALEX MCEVOY

In August 2018, Coca-Cola announced its intention to purchase Costa Coffee in a landmark £3.9 billion deal. This required Costa to be separated out from its parent company Whitbread, the UK's largest hospitality company and owner of premium brands such as Premier Inn, Beefeater and Brewers Fayre, to create a fully standalone business in just four months.

Given the scale and pace of the separation, Whitbread engaged Gate One to help.

WHAT WAS REQUIRED

Achieving the separation required defining and implementing standalone Costa functions including people, process and technology changes across finance, HR, IT, procurement, supply chain and legal functions. It also meant separating a supplier base of hundreds of firms, separating estates, and agreeing commercial terms for ongoing transitional services to be provided by Whitbread to Costa.

Separating functional teams and major role changes across the business created an understandable degree of uncertainty among

"…it was important for Whitbread to own the change, but with the Whitbread and Gate One teams working together closely to deliver as one, seamless team."

Whitbread staff. To help manage this sensitive situation, it was important for Whitbread to own the change, but with the Whitbread and Gate One teams working together closely to deliver as one, seamless team.

HOW WE DID IT

Whitbread's deep functional and organisational skills and knowledge, including supply chain design and engagement and TUPE processes, were combined with Gate One's programme management, transformation design and business separation expertise. The joint team worked together to:

- establish a co-ordinating central Gate One Separation Office
- set up and run carefully designed governance forums to drive decision-making and communication at the required pace
- create a rapid planning framework, with a tailored programme management approach to track and drive the project
- draw up a set of contingency plans to identify action required for the various regulatory approval timelines.

They operated on an ethos of shared success, openness and candour, which meant issues could be raised and solved quickly. Whitbread resources were used wherever possible, with consulting support brought in as appropriate.

OVERCOMING CHALLENGES

To deliver this project successfully, Whitbread and Gate One had to overcome two key challenges.

1. **An aggressive timeframe**
   Regulatory clearance was originally expected at the beginning of February 2019, but when approval was received sooner than expected, it became necessary to accelerate the plan.

This meant activating a series of contingency plans, with the joint team working over the Christmas holidays to ensure the revised deadline could be met.

2. **Data protection in a post-GDPR world**
   The sale of Costa was the first major separation to take place following the introduction of GDPR, which meant the deal consequences for data needed to be worked out and implemented without any precedent to follow. The team coupled a strategic approach of how the process would work and potential issues to maintain compliance with an actionable plan, detailing the steps required to meet GDPR requirements.

THE RESULT

Whitbread successfully delivered the change programme in four months. On completion, Costa was a fully functioning standalone business, with Coca-Cola completing its acquisition of the coffee company in January 2019.

The separation was seen to have been delivered in a smooth and seamless fashion, with minimal stress placed on the business. This enabled Whitbread and Costa to move forward quickly with positive momentum.

For more information on Gate One's M&A integration and separation work, contact partner Alex McEvoy at alex.mcevoy@gateone.co.uk.

HOW LOCAL AUTHORITIES CAN
BALANCE COST REDUCTION
TODAY WITH TRANSFORMATION
FOR THE FUTURE

FOCUSED, FLEXIBLE AND FIT FOR THE FUTURE

WORDS BY NICK KENNELL

L ocal authorities are juggling a myriad of responsibilities, ranging from highly involved interventions for some of the most in-need groups, to housing, social care or benefits needs, and providing more transactional services for residents to pay their council tax or pay for parking, for example. Against the need to manage these wide portfolios are the significant cost pressures that local authorities continue to face. These are in part driven by growing demand for services in response to increasing homelessness, greater demand for social care among an ageing population and rising child poverty. Cost pressures are also being driven by real-terms funding reductions since the austerity measures of 2010.

So, how can local authorities manage their wide set of responsibilities, rising demand for complex services and pressures on budgets, while also changing effectively for the future?

THE RIGHT RELATIONSHIP WITH CITIZENS AND SERVICE USERS

In an environment of limited funds and with some very real and urgent pressures on those funds, even with the best will in the world, it is unrealistic to expect councils to deliver the highest possible standards of customer service across every single area they serve. This doesn't mean providing services to a lower set of standards. On the contrary, councils should take a more proactive role in communicating their priorities to citizens, while deprioritising other services and service standards accordingly. This may mean citizens receive diminished council services in some areas, with the onus on them to do more, but the trade-off is it enables the council to prioritise the things that matter most.

The Wigan Deal is a notable example of this in practice. Wigan Borough Council restated its relationship with citizens by placing clear obligations and expectations on them, promoting self-service, independence and community responsibility, and reducing the need for the council to step in and deliver. By reducing expectations on the council, Wigan has been able to prioritise the most critical and important services, while also delivering real-terms efficiency savings of 40%.

Equally in London, Wandsworth Borough Council has been able to maintain an attractive offer to residents of low council tax rates, achieved through a more commercially focused offer built on trading services to generate revenue.

In both cases, councils have chosen to prioritise what matters and built a model to support that.

FOCUSING ON THE CUSTOMER, NOT PROFESSIONAL SPECIALISM

Local authorities are a microcosm of the broader public sector, with a huge range of services, experiences and professions. As such, they are typically organised around those technical specialisms, whether that's planning, housing, social work, youth work, or revenues and benefits. However, this approach can result in highly siloed organisational models with multiple processes, competing systems and poor joining up of information. The result can be:

- an inefficient organisation that costs more than it needs to and faces significant duplication
- high-need individuals having to interact with the council in multiple ways and on multiple occasions if they require more than one specialist service.

By focusing on the specialism rather than the customer, employees are predisposed to look downwards and think about their own service and processes instead of the overall impact on the customer. For example, a social worker might encounter a resident who has been hoarding a lifetime's worth of objects in their flat, which is impeding how they function on a day-to-day basis. While the social worker may be tempted to deal with the problem themselves, the resident might be better served through

"Local authorities are a microcosm of the broader public sector, with a huge range of services, experiences and professions… this approach can result in highly siloed organisational models with multiple processes, competing systems and poor joining up of information."

access to clean-up services and counselling, which would then free up the social worker to focus on those individuals whose needs better fit their specialism.

Equally, a housing repairs manager may very effectively manage a repeat occurrence of a broken bedroom door in an authority-owned house. What the manager may be missing is that the door is being broken from its hinges due to ongoing domestic abuse and violence in the home. As a result, an opportunity to intervene earlier, before the abuse can escalate further, is missed. Focusing on just a narrow remit can come at the cost of better overall outcomes.

A MORE FLEXIBLE, TECHNOLOGY-ENABLED ORGANISATION, WORKING IN NEW WAYS

So, if the solution lies in simultaneously limiting the offer and levels of service, while delivering those services in a more joined-up way, what does that mean for the changes that local authorities need to make, practically speaking?

There are, ultimately, three key components here:
- workforce changes
- technology changes
- leadership and culture changes.

Workforce changes

Breaking the silos of specialism is key to creating a modern, citizen-centred workforce. This may involve structural changes, moving to a directorate model based less on areas of professional expertise (adult social care, children's services, etc) and more around the different types of customer or different geographies. More importantly, it is about having a workforce model that promotes flexibility and working in multi-disciplinary teams. This may involve changes to employee terms and conditions to ensure standardisation and to align job descriptions and salaries, to enable a more interchangeable workforce.

Technology changes

Among the key technology changes that councils need to consider is a more streamlined service offer that encourages residents to do more for themselves. Technology can be a critical enabler of self-service, reducing unnecessary contact that diverts resource away from higher priority cases.

Having commonly held datasets that are cleansed, structured, tagged and searchable is key to moving towards more co-ordinated services built around customer need. This may require significant investment in data architecture and appropriate data storage and data analytics capability.

Finally, employees need the tools to help them work flexibly. They should be able to work in a more mobile way across locations and, importantly, around the needs of their service users. The days of fixed desks, with a desktop computer and landline phone, should be gone for the majority of employees. Such a model is not only costly, but it also undermines flexibility and working across teams.

"The aim of a new structure and new digital capability is to drive flexibility to deliver better outcomes through better customer focus. But structures and technology are in themselves not enough. The culture has to enable it."

Leadership and culture changes

The aim of a new structure and new digital capability is to drive flexibility to deliver better outcomes through better customer focus. But structures and technology are in themselves not enough. The culture has to enable it.

Changing organisational culture is difficult and leaders cannot achieve this alone. But with an outward-facing, customer-focused model, there are some key questions leaders can ask themselves about their organisation to ensure they are heading in the right direction.

- Are individuals punished for failure? Fear of failure often results in risks and issues being under-reported, lessons being missed and, ultimately, a culture of blame. This is anathema to the collaborative culture required for success. A good leading indicator here is whether individuals feel comfortable reporting items as 'red', or avoid doing so.
- Is there an excess of 'process' and need for compliance? In statutory services there is an inevitable need for compliance checks and statutory reporting, but this should be kept to a minimum and focused on core minimum standards. Compliance cannot be used to drive excellent outcomes, only adequate service.
- Does success rely on personality and is there a cult of key personalities? High-performing organisations should not rely on inspiring leaders to be the 'hero' and save the day – rather, individuals should trust one another to deliver.

SMALL STEPS IN THE RIGHT DIRECTION

Successful transformations within councils are a lengthy process and councils are likely to face many more challenges in the years to come. But given what some have already achieved, it's clear that with the right focus, every council can successfully serve their residents' needs.

Nick Kennell is a partner at Gate One. For more information on how local authorities can better operate today while transforming for the future, contact him at nick.kennell@gateone.co.uk.

GOING THE EXTRA MILE

Josie Wragg, chief executive, Slough Borough Council

At Slough Borough Council, we have recently embarked on a transformation journey to change how we serve our citizens, operate as a council, and act and behave as a team.

The drivers for this change are common across many local authorities – rising demand pressures mean we need to better join up our services to deliver more holistic offers earlier; changing technology and the expectations of our residents and businesses mean we need to work in a more digital way; the historic weight of funding pressures means we now need to change to be more financially sustainable and secure; and, most importantly, our ambition means we collectively want to use this need for change as an opportunity to become a world-class organisation.

The Our Futures Programme is tackling this in three ways:

1. We are implementing the necessary operational changes through digital services, promoting self-service and easier management of transactional services, such as paying your council tax.
2. We are changing how we work to be more flexible, operating from a joined-up view of the world to deliver the right collective outcome for our service users.
3. We are transforming our culture through a brilliant basics campaign, which is setting standards of excellence in everything we do.

We are still early on the journey but are excited about the improvements we are already seeing.

A BREED APART?

TECH VISIONARIES HAVE BEEN TALKING ABOUT 'DIGITAL CONVERGENCE' FOR WELL OVER A DECADE, BUT WHAT DOES THIS ACTUALLY MEAN FOR ORGANISATIONS AND THOSE ACCOUNTABLE FOR THEIR CONTINUED SUCCESS?

WORDS BY TIM PHILLIPS

Digital convergence can mean many things to different people. One example is the seamless integration of the sales and marketing funnel and its relevance to organisations today. Ever since advertising agency executive Elias St. Elmo Lewis put the AIDA (awareness, interest, desire and action) concept to paper, sales and marketing have occupied different ends of the same funnel.

Technical and organisational constraints have prevented most businesses from seamlessly integrating the two – although greater customer expectations and advances in technology, particularly around analytics, have resulted in increased impetus. This example provides a valuable vehicle to consider the wider implications of convergence and is itself a significant waypoint on the convergence journey.

WHAT'S NEEDED?

If it's agreed that to remain competitive, organisations now need to create a seamless marketing and sales funnel, what does this mean for those accountable for leading the change? Clients are telling us that convergence, such as funnel integration, requires external professional support and a step change in approach and capability.

The key factors organisations need to consider include:

- an enterprise-wide perspective to ensure the sales and marketing funnel works from end to end
- innovative ideas to address the fundamental shift required in the way the organisation works

- a strong execution glue, which is also flexible and responsive to rapid changes of context, to bring everything together
- a broad range of expert capabilities to deal with the different stages of the funnel.

COMBINING CAPABILITIES

Business leaders have traditionally relied on management consultancies to help deliver their sales funnel challenges and marcomms agencies to address their marketing requirements. These two groups hail from different origins with different capabilities and models for providing services to clients. And, as Figure 1 shows, they tend to approach the funnel (and convergence) from different directions.

Neither group has traditionally had the full breadth of skills or perspective to deal with convergence challenges such as funnel integration, but management consultancies have been bolder in responding to the changing needs of clients by building on their marcomms capabilities. Among the most active has been Accenture, which set up Accenture Interactive in 2009 to exploit the rise of the CMO. To date, it has spent over £1 billion acquiring agencies such as Karmarama and Fjord.

INTEGRATION CHALLENGES

Yet while management consultancies are seen as the 'go-to' advisers for end-to-end business problems, with some having sufficiently broadened their capabilities to be credible in the marcomms space, successfully integrating these creative shops into their organisations has not been without its challenges.

As the CEO of a digital agency reportedly said: "Consulting firms lack the creative and entrepreneurial culture that attracts the best

design, digital and creative talent. Those that do join quickly find out they're not in an environment where they're able to do great work; they're not in a place where great work is even appreciated."

For the larger consultancies, this can compound the sometimes-held client perception that the drive to build account revenues is at conflict with the client's best interests.

Marcomms agencies have generally provided expertise through a single agency but are increasingly moving towards adopting a thin group layer, incorporating a best-of-breed agency solution. Co-ordination and end-to-end credibility are often the biggest hurdles here, but it's still an attractive model for clients.

Interestingly, marcomms agencies have shown less interest in acquiring management consultancies. The most notable was Publicis' acquisition of Sapient[1], although there were still integration issues this way round. Nonetheless, market demand from convergence opportunities means interest in building management consulting capability through acquisition is increasing among marcomms agencies.

A senior global consumer business marketing executive was recently reported as saying: "The big consultancies are underestimating the value of creativity [and] the agencies are under-exploiting the value of business analytics. Someone's going to crack that soon because data plus creativity is the future."

If marcomms agencies can master the capability challenge and successfully overcome the integration issues, they are well placed to challenge the position of traditional management consultancies in this arena.

1 Publicis acquired Sapient for $3.7bn in February 2015, although half of this was later written off due to integration challenges.
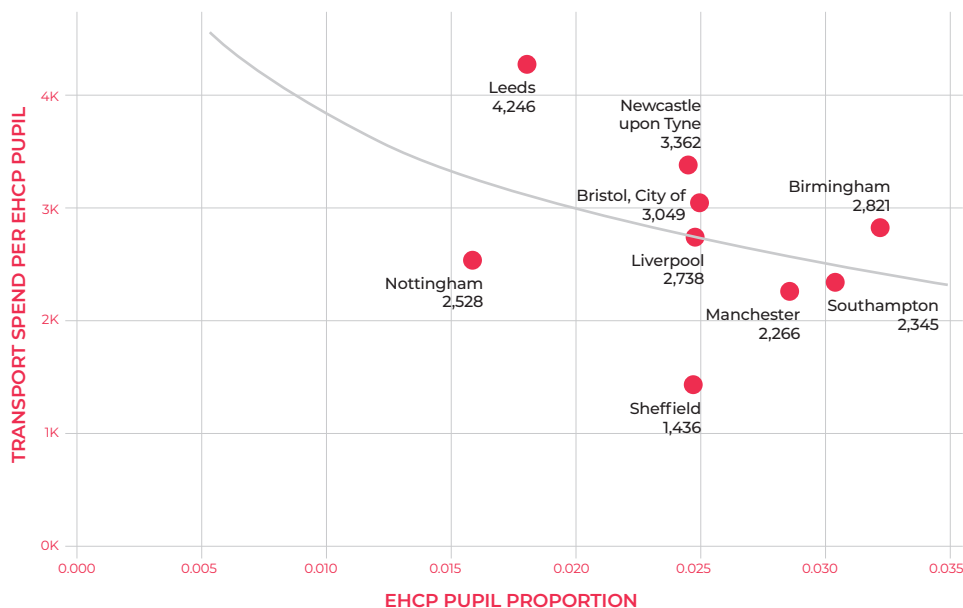
FIGURE 1

	TYPICAL CLIENT	TRADITIONAL STRENGTHS	TYPICAL PROBLEMS TACKLED	TRADITIONAL APPROACH
MANAGEMENT CONSULTANCY	CFO, CIO, CDO, supply chain director	Business strategy, business analysis, business advisory, operational improvement, HR transformation, technology, accountancy	M&A, regulatory, competition	Services provided through industry verticals, serviced by functional practices
MARCOMMS AGENCY	CMO	Marketing, communications, branding, advertising – strategy and execution	Customer	Services provided through discrete functional agencies (often with an industry specialism)

Tim Phillips is managing partner at Gate One. For more information on this topic, get in touch with him at tim.phillips@gateone.co.uk.

DATA DIGEST

LOCAL AUTHORITIES ARE MANAGING A PERFECT STORM WHEN IT COMES TO SPEND ON HOME-TO-SCHOOL TRANSPORT FOR CHILDREN WITH SPECIAL EDUCATIONAL NEEDS AND DISABILITIES (SEND). THEY ARE TRANSPORTING MORE PUPILS, WITH MORE COMPLEX NEEDS, FURTHER, FOR LONGER.

WORDS BY ROB BRADSHAW

Among the factors driving this significant increase in costs are underlying population needs and enabling pupils to attend the best schools and colleges to meet their needs, space permitting, where they can fully transition into adulthood (up to 25-years-old).

COST FACTORS

Home-to-school SEND travel and transport is a statutory service, so knowing what is driving cost is crucial to understanding how to change behaviour to better support this strategic issue.

The average spend on a home-to-school transport package for a child or young person in the Core Cities group[1] in England (pre- and post-16-years-old, averaged) is £2,800 annually.

As shown on the y-axis, there is significant variance in spend across the cities, ranging from £4,200 to £1,400. How important is pupil geography to the total cost, i.e. where a child or young person lives – the home part of the home-to-school equation.

The answer: it was a major contributor but not the key factor.

Our analysis shows several factors are driving costs including the proportion of pupils with an education, health and care plan (EHCP) (x-axis). It is no surprise that Southampton has lower costs per pupil (all else being constant) versus Leeds, as it has double the relative number of EHCP students, creating higher density and economies of scale. However, two cities of the same pupil density – Newcastle and Sheffield – show a significant £2,500 difference per pupil per year.

WHAT'S DIFFERENT?

So, what is the key factor explaining this difference? It would appear that it's not so much where you live, but where you go to school and how.

The major driver of cost is a combination of supply factors – the price that can be achieved in the transport market for a contract plus the supply and proximity of available school places that can meet education need. In benchmarking, local authorities need to make sure they are comparing like for like and, in considering their commissioning, understand the root cause drivers so as to promote the best outcomes for children and young people, encouraging the transition to adulthood and maximising independence.

1 The Core Cities group represents Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield.

Rob Bradshaw is a principal at Gate One. For more information, see our SEND dashboard at gateone.co.uk/send-dashboard or email rob.bradshaw@gateone.co.uk.

94%

of our clients rate us as exceeding or significantly exceeding expectations.

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