

Leading from the top

Train operators are under pressure to cut costs following the McNulty report. Productivity can be improved by improving employee engagement, says

Juliette Alban-Metcalf

The McNulty report requirements denote a seismic change in the industry, putting companies under unprecedented pressure to leverage more for less and work differently. That's the bad news. But there's plenty of good news – there are simple, proven ways that leaders in your company can rise to the challenge through their people in a sustainable way.

The report requires companies to develop and execute a new vision for how they work, with the full support of their workforce. Specific requirements are 'leadership and energy' and 'whole organisation effort' as key to a successful response. The industry is no stranger to this kind of pressure, and has, for many years, been aware

of the need to leverage performance under unrelenting pressure. However, we will soon see which companies succeed in the new world and which become casualties in the drive for greater efficiency and a cultural change in how they work internally and externally.

Success, in the form of leveraging whole-organisation effort, will be achieved where employees feel they have a part in developing the vision for where the company is going, and how it will get there. These employees will be enabled to harness their strengths at whatever level, and thus feel motivated and committed to achieving that vision. They will be encouraged to continually look for better, more efficient ways of working, and at how partnership can thrive.

Everyone can be a winner

The type of organisation described above will feel quite utopian for many. Indeed, such places are not that common, but they do exist. They're not characterised by high levels of pay, or huge investment in perks or formal development opportunities. The difference between the winners and the losers in this game is nothing to do with physical or fiscal factors, it is all about culture – how leaders behave – and it is within the reach of all companies.

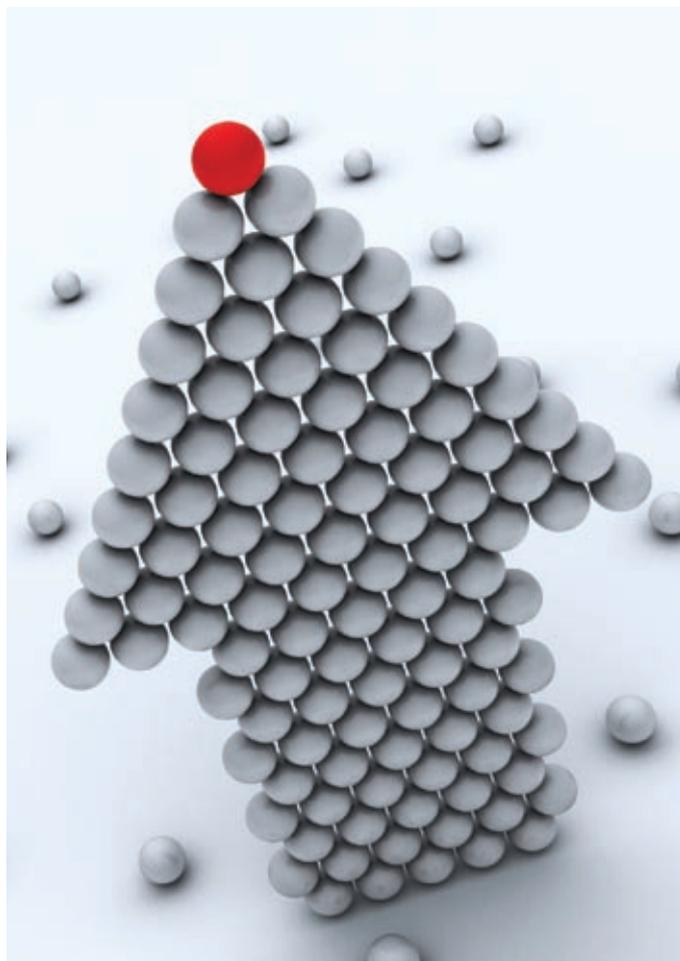
Organisational research has never before converged so strongly on one factor that differentiates the successful organisations from the unsuccessful: employee engagement. Engagement has been shown, through numerous studies, to have a strong link with innovation, productivity, profitability, safety, lower employee absenteeism and turnover. It is regarded as so critical to the success of this country that it has been the subject of the government's ongoing MacLeod Review of Employee Engagement for the past three years.

Engaged employees feel that they are getting as much from the company as the company is getting from them. Findings suggest that around 20 per cent of employees are naturally engaged at work – they want to give their best. Around 20 per cent are actively disengaged – they are uninterested in contributing to the success of the company, and may be actively sabotaging it. This leaves a massive 60 per cent who are neither. Those companies that can positively move this 60 per cent into engagement, and thus harness their discretionary effort, will lead in the industry.

A consistent finding is that the most stressful and disengaging aspect of anyone's job is their immediate boss. At the same time, the right kind of leadership behaviour can have the most powerful positive effect on an employees' engagement. Of course, there are other factors that can create a marked improvement, such as a new role, or enhanced facilities, but none of these has a sustained effect.

The Real World Group has been researching the behaviours that are proven to enhance engagement for 10 years. The leadership model

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that emerged is very distinct from most, having a fundamentally different basis. While the vast majority of leadership models are based on asking senior managers what they think makes them so effective, the Real World Group's research adopted the approach of asking employees at all levels what they most valued in leaders who were highly effective and enhanced their engagement. The research captured the views of over 4,500 people, proving a direct, causal link between leadership behaviours and performance.

In reality, as two rail companies that have worked with this model found, the leadership behaviours that create engagement are not complicated, or in any way unusual, except in terms of their commonality. Both London Overground and Northern Rail recognised that organisations have for far too long almost exclusively studied and measured managerial professional competence and skill. While these factors are important, they are not enough to harness the discretionary effort of employees.

In times of increased pressure, leaders who are unaware of how to effectively leverage performance tend to act in particularly negative ways and can do untold damage to morale and organisational performance. Pressure on them cascades down through the organisation, so that levels of stress and dysfunctional behaviours are magnified and multiplied. Knowing that there is a simple and much more effective approach to dealing with the future, your company has the opportunity to lay the tracks for success now. [RP](#)

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London Overground

Darren Hockaday, Lorol's director of human resources, has long understood the importance of engagement. 'Creating the right working environment is important, but the harder task is to create the right level of engagement between the employee and line manager, with the emphasis on leaders empowering employees on the front line and implementing good ideas.'

Hockaday and Lorol's managing director, Steve Murphy, are determined that Lorol will create the conditions for sustainable high performance through leadership at all levels. Knowing that most leaders lack the full understanding of how to optimise engagement, Lorol decided it was important to create a leadership framework to provide managers with clear guidance to ensure they get the best out of everyone.

Using Real World Group's model, Hockaday and his team took the behaviours and presented them to senior colleagues. They collectively agreed what would facilitate Lorol realising its potential.

He says: 'We are fortunate to have a truly engaging leader who has galvanised the top team to fully get behind what is required to deliver the business vision. The executive team experience Steve Murphy leading by example – focusing on our people, being visible and empowering the front line.'

'This was our reference point and one I wanted to replicate through the organisation.'

'We started by getting all our senior managers together who were encouraged to prioritise the Real World Group behavioural statements to those that are most critical to our success.'

Lorol now has a leadership framework based on proven leadership behaviours that the leaders have shaped. The leaders' profile forms part of the performance review for all managers. Plans are in place to roll out 360-degree feedback within the year.

Northern Rail

Understanding the crucial importance of leadership from the very top, Northern Rail commissioned Real World Group to run the Northern Leadership Development Programme.

The aim was to develop a consistent approach to leadership, working initially with senior managers, to be made available to all levels.

The main objectives were to:

- Provide an excellent standard of development;
- Encourage senior managers to be more confident to lead the business;
- Encourage cross-functional working; and
- Build on existing skills.

Programmes developed for participants across all functions of the business at the various levels, comprised the following main elements:

- 360-degree feedback using a bespoke model that combined engaging leadership with Northern Rail competencies;
- Coaching;
- Workshops on how to engage individuals and teams resulting in clear action plans; and
- Group projects that focused on aspects of the business plan.

This enabled participants to put their learning into practice at a strategic level.

The many positive outcomes of the programme are described in a Chartered Institute of Personnel and Development publication: www.cipd.co.uk/shapingthefuture/_leadershipreport.htm

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