

EMPLOYEE ENGAGEMENT & BENEFITS

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His style wins respect and loyalty

There's no doubting the personal engagement of ad and marketing agency boss Sir Martin Sorrell



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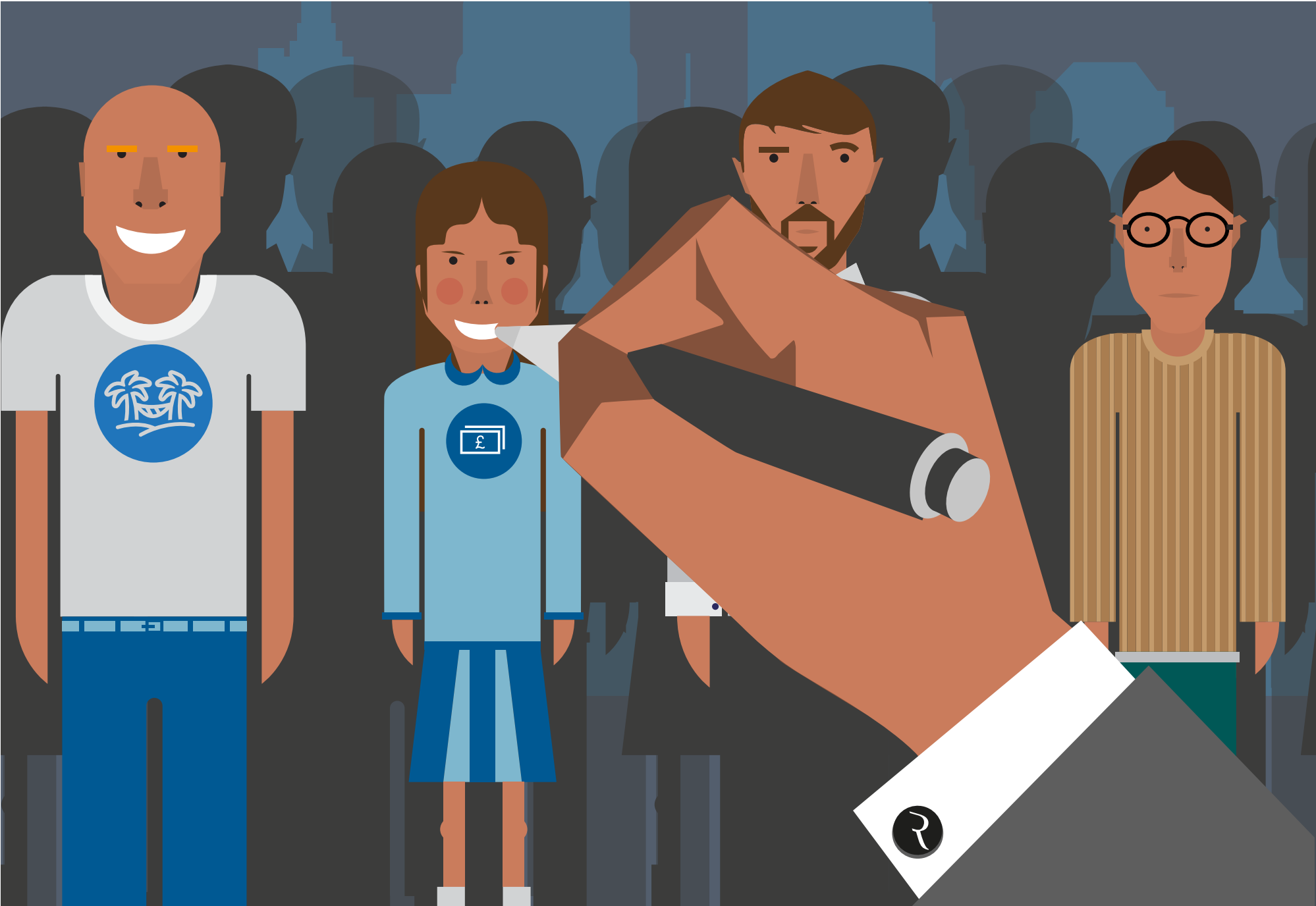
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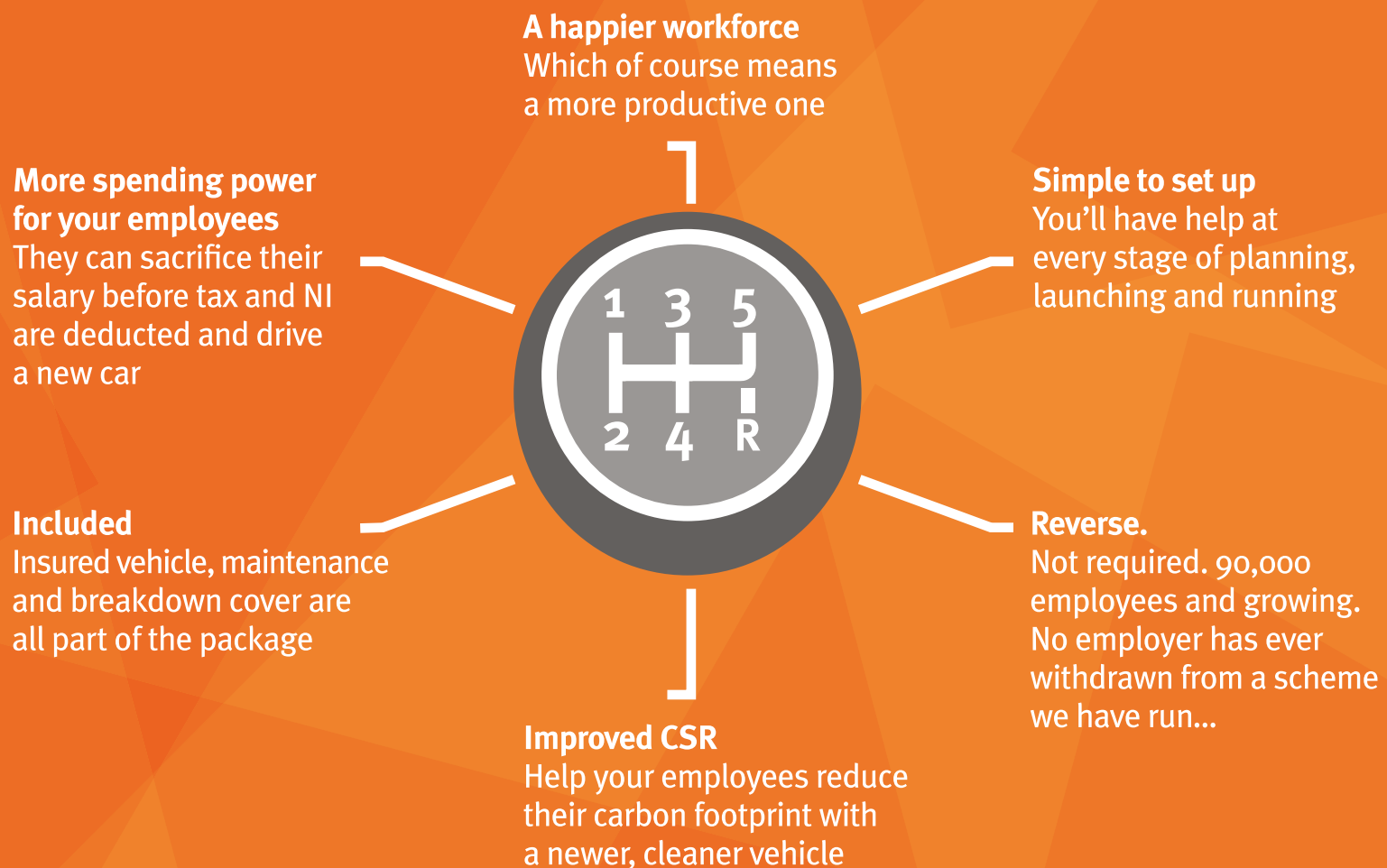
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‘Listening boss’ can motivate and win loyalty

Energising and engaging key staff is more important than ever as incomes begin to rise, and employers need to give something extra to retain high-flyers



◆ OVERVIEW

● CLARE BETTELLEY

Average incomes may have returned to pre-recessionary levels, but it's going to take more than pay rises to help employers win the ongoing war for talent and grow their business.

Pay rises, while welcome, are one-off events incapable of sustaining the initial engagement they generate from staff, particularly their willingness to give that added effort, which is the essence of employee engagement.

"Employee engagement is the energised state in which staff are willing and able to go the extra mile and give it their best," says Dr Linda Holbeche, co-director of research-based development consultancy The Holbeche Partnership, and visiting professor at Cass, Bedfordshire, Imperial College and London Metropolitan business schools.

Stephen Taylor, senior lecturer in human resource management at the University of Exeter, agrees. "It's best thought of as a blend of employee motivation and employee satisfaction combined with energy, so employees are energised in their work; it's not a passive state," he says.

Employers need to act now to support employees to go that extra mile to enable their business to remain agile enough to gain competitive advantage and enjoy long-term success.

"The business environment is becoming increasingly competitive and it's also becoming less predictable, therefore organisations are having to become more opportunistic and more agile so they can seize opportunities as they arise," says Mr Taylor.

Instead of pay, employers need to focus on creating a corporate culture that recognises employees as individuals with individual needs, which is key to energising staff.

"There's a famous golden rule in business, which is 'do unto others as you would want done to you'. What our research actually shows is a platinum rule, which is 'do unto others as they would want done unto them'," says Nick Holley, co-director of the Centre for HR Excellence at Henley Business School.

"Employee engagement is about listening to people and understanding what is appropriate to engage them."

But listening needs to be done in an authentic manner, which means business leaders need to do

more than simply issue an annual staff survey that quizzes the workforce about their levels of engagement and satisfaction with their role and organisation. Staff need their voice to be heard and their views to be responded to, which is

Employee engagement is about listening to people and understanding what is appropriate to engage them

where social media can play a part, particularly enterprise social networks such as Yammer.

Millennials or generation Y – people born between the early-1980s and early-2000s – generally expect more of a two-way relationship with their employer. They require a psychological contract

– the mutual expectations staff and employers hold about an employee's role in the business – that provides a clear career-progression path, which helps them understand how their output is aligned to their organisation's corporate objectives and how they are helping to grow the business.

"It's about demonstrating a line of sight from what employees are doing in their role to the purpose and strategy of the organisation, [which requires] a clear strategic narrative from their leaders about the direction of the organisation and how the work they're doing feeds into that," says Jonny Gifford, research adviser at the Chartered Institute of Personnel and Development, the professional body for HR and people development.

Older workers also need careful consideration, given that more than 50 per cent of staff aged over 55 plan to work beyond the state retirement age.

Competent management is key to recognising employees' respective needs, whatever their age, and a new approach will be defined by listening.

"Strong leadership is the wrong term because it implies that a manager is going to tell employees what to do," says Professor

Holley. "I think it's more about 'listening leadership', and about managers who understand that each of their team is different and requires different ways of doing things."

These listening managers can become agents of employee engagement, so long as they are allowed to craft their own approach to developing and engaging staff.

"Too often HR focuses on managers who don't do it well and introduces a process everyone has to go through without realising it's the outcome that actually matters," says Professor Holley.

Of course, managers need to make time to effectively manage or 'empower' their staff to go the extra mile for their organisation, but their efforts will be worth their weight in gold, as well as cost far less than a company-wide pay rise.

"Baby boomers are retiring and the next generation is smaller, so there's less talent about, and we see that with virtually every one of the organisations we work with," says Professor Holley.

"So for employers who want to keep their employees and who rely upon incentive schemes, it's a zero-sum game because they will have to pay more and more until eventually it becomes unsustainable."

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Do staff call the shots in a changing world?

Power is changing in the workplace as staff become more demanding and may have fewer reasons to stay loyal

◆ THE DEMANDING EMPLOYEE

● GIDEON SPANIER

It's not just that employees can see companies now offer less job security and may have cut other benefits from traineeships to pensions. Workers, particularly millennials – those born between the early-1980s and early-2000s – expect a more flexible workplace to suit today's fast-changing, connected world.

What's more, the rise of social media and the mobile internet means employees are calling the shots. They are better informed and more likely to trust their peer group rather than corporations, at a time when the reputation of business has suffered in the wake of the global financial crisis.

According to the *Deloitte Millennial Survey*, carried out in 29 countries, 70 per cent of tomorrow's leaders might reject what traditionally organised businesses have to offer, preferring to work independently by digital means in the long term. Welcome to the age of the demanding employee.

Technology has been the biggest driver of change. Younger workers want a more open, collaborative and flexible workplace, where staff can choose to work remotely and ideas are more likely to be shared on public social media platforms than on the company intranet.

These millennials are also more tech-savvy than their managers and older employees. They are early adopters who expect to use the latest devices and apps they already use outside the office, regardless of whether an employer's own IT department is using this technology. Only 28 per cent of millennials feel that their current organisation is making full use of their skills, according to the Deloitte survey.

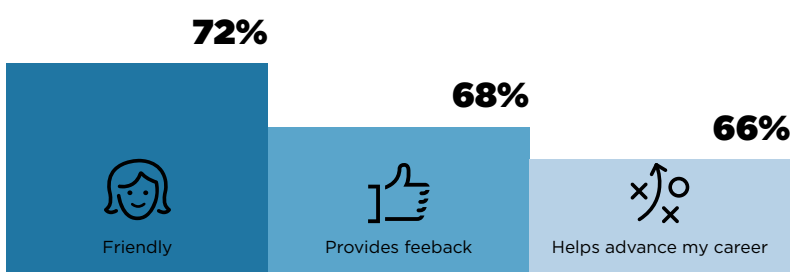
The technology revolution has wider implications because the smartphone generation can see how fast the world is changing as new, agile, entrepreneurial companies from Google and Facebook to BuzzFeed and Uber disrupt the business landscape.

"The brilliance of the millennial generation is that they are imaginative, think laterally and believe they can do anything in the world," says Amelia Torode, chief strategy officer at the UK arm of TBWA, the advertising agency which has Apple and Airbnb among its clients. "The down-side of millennials is their magpie nature. They are always keeping an eye out for the next shiny thing and – dare I say this? – they get bored when it comes to the details."

Employees' expectations are different from the baby-boomer generation because the goals and aspirations of those entering the workplace are much further away and less attainable, according to



WHAT DO MILLENNIALS VALUE MOST IN THEIR MANAGER?



Source: PayScale

Meriel Schindler, head of employment in London for the law firm Withers.

A generation ago, a young lawyer or accountant, for example, could expect to become a partner within five or six years. Now it is more likely to take a decade or more. Similarly, buying a home is less affordable for a debt-laden graduate. "Some of those goals have slipped beyond this generation's immediate grasp," says Ms Schindler.

Millennials also have less loyalty because they see how employers have cut permanent jobs in favour of short-term and contract roles.

Andrew Linger, director of executive search at the recruitment firm Robert Walters, says: "Even before the 2008 fi-

nancial crisis, the average length of service for a permanent employee had been falling, with some evidence suggesting it had dropped to under two years. That has almost certainly reduced further if you take into account the large-scale redundancies brought about by the recession. Loyalty has certainly been affected."

Workers' trust in business may have been further eroded by the behaviour of big corporations, ranging from banks to energy companies, which have been seen to act unethically. This has coincided with an explosion of social media and shared platforms, from Twitter and LinkedIn to Wikipedia and Glassdoor, which allow staff and customers to discover and share information easily. The

Deloitte survey shows 75 per cent of millennials believe businesses are focused on their own agendas rather than helping to improve society.

While many workers may have had to endure a fall in real-term wages since 2008, they have gained other rights, particularly around flexible working, maternity and paternity leave, and diversity, and are willing to make demands on their employers.

Ms Schindler says allowing staff such as young mothers to work part-time or remotely has challenges. "It requires a higher degree of mental agility, remembering which people are available on which day. That's the trickiness of it, smoothing the way with clients," she says. "As a manager, if someone works flexibly, it's a two-way street. I expect them to be available and to pick up e-mail."

However, she adds there are "enormous benefits for everyone to flexible working", citing the example of some Withers' staff who have left London and moved to regional offices, where they are now able to work for clients at a cheaper hourly

rate because they have lower overheads.

Ultimately, employees are more demanding because they are more aware of the work-life balance in an always-on era when it feels their jobs can intrude on their lives 24 hours a day.

In the battle for talent, tech giants such as Google have become well known for perks, including free meals and "20 per cent time" when staff are free to develop their own ideas.

Other employers recognise they must become more flexible or risk problems with staff recruitment and retention. "Attracting and retaining talent

has always been the lifeblood of any creative business. We are nothing without our people," says Annette King, chief executive of Ogilvy Group UK, the advertising group, who explains how the company's new office on London's South Bank has more informal, collaborative workspaces, fewer fixed desks and wi-fi on its roof terrace.

"I'm glad millennials have forced us to rethink the way we work as the changes we've made to address their needs have benefitted all of us and made us stronger," she concludes.

Workers' trust in business may have been further eroded by the behaviour of big corporations, which have been seen to act unethically

MILLENNIALS
FACTFILE



75%

of millennials are focused on their own agendas rather than helping to improve society



28%

feel their current organisation is making full use of their skills



53%

aspire to become chief executive

Source: Deloitte Millennial Survey

STAYING FIT FOR BUSINESS

Future success depends on a healthy, motivated workforce, says Patrick Watt, corporate director, Bupa UK



Patrick Watt
Corporate director



With more than 31 million people working in the UK, workplaces provide a great opportunity to reach millions of people and support them to improve their health and wellbeing.

In fact, 85 per cent of UK workers say their employer has a responsibility to look after their health and wellbeing. This is not a surprise when almost two thirds (63 per cent) of employees say their work life has a negative impact on their health and wellbeing.

Despite this, many employers aren't engaging their employees in their health and wellbeing, and are missing out on the benefits this can bring. In fact, two in five UK companies (40 per cent) offer no health or wellbeing benefits and three in 10 (28 per cent) employees said that, when it comes to wellbeing, their company is all talk but no action.

Yet, Bupa's latest research shows that almost two thirds (60 per cent) of UK workers admit, if they felt happy at work, they would be more productive and over half (55 per cent) would feel more focused. Employees

who are engaged in their health are more likely to perform well, have lower healthcare costs and take fewer sick days.

What should employers be doing?

While some UK employers realise that future success depends on a healthy, motivated workforce, far more need to take action and lead the way in supporting every employee to take the right steps to keep healthy and well, and reduce future health risks.

Businesses need to take action and think beyond health insurance and traditional health benefits. Greater focus must be placed on creating an environment where employees are engaged and supported to lead healthier life styles and keep well, both physically and mentally. Not only will this benefit the individual, but smart employers know that healthy employees come to work, perform at their peak and go the extra mile.

How can employers engage an entire workforce?

We understand that helping to improve the health and wellbeing of an entire work-

“**Smart employers know that healthy employees come to work, perform at their peak and go the extra mile**

force can present a huge challenge – this could mean engaging with employees who are on the road every day or travelling the world and rarely in the office – but it's a challenge that must be overcome.

Engaging employees in a way that is familiar and accessible is the answer. Our research shows that three in five (58 per cent) workers would be encouraged to think more about their health and wellbeing if their employer provided them with digital technology to help them do this.

Gamification can help drive long-term behaviour change and collaborating or competing with friends and colleagues can be an effective way to help achieve results. In fact, more than half (57 per cent) of workers admit they would feel more motivated to achieve their health and wellness goals if they could team up with colleagues.

This is why we have developed Bupa Boost, a new digital innovation designed to support employers to improve the health and wellbeing of their entire workforce, from the chief executive to front-line staff. Designed as a mobile platform, employees are encouraged to set personal goals, monitor their activities and progress against colleagues and friends, and motivate and inspire them, as well as integrating data from other apps and wearables.

Employers themselves benefit from receiving anonymised data, helping them to better understand the health and wellbeing priorities of their workforce. Organisations can then set challenges that address employee needs and create workplace initiatives on the health issues which matter most to their people.

Bupa Boost was designed to enable employers to create a more positive and pro-

active health culture across their organisation, improving employee engagement and motivating entire workforces behind health and wellbeing initiatives in a fun, engaging and accessible way. Not only does improving the health and wellbeing of employees drive productivity, but it also enables companies to position themselves as an employer of choice, attracting and retaining talent.

What about dealing with illness when it occurs?

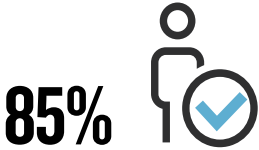
According to the Office for National Statistics, musculoskeletal (MSK) conditions, such as back and neck pain, were the leading cause of lost working days in 2013. This was closely followed by stress, anxiety and depression, with 15 million working days lost. With more than 131 million working days lost in total, it's clear why employers need to take action.

Absence should not be the trigger for an employee to seek help. Employers need to create an environment where staff are supported to adopt healthier lifestyles, keep well and reduce the chances of them becoming ill in the first place.

However, if an employee does become unwell, early intervention is key. It's critical that employees are supported to receive fast and effective treatment at an early stage. This is why we enable our insurance customers and those with Business Fit to self-refer – gaining access to mental health and MSK support for back, neck and joint pain, without the need to see a GP for a referral – ensuring employees are helped to recover more quickly.

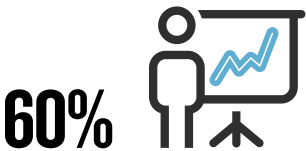
Do employees really want this level of service from their employer? The facts say they do. Health insurance was rated the top health and wellbeing benefit by UK employees, and more than three quarters (78 per cent) of employees say they would welcome support from their employer to think about their health and wellbeing.

Acting now has never been so important. We know that by taking workplace health and wellbeing seriously, and creating a



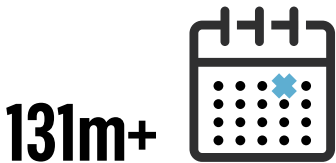
85% of UK workers say their employer has a responsibility to look after their health and wellbeing

Source: Bupa 2015



60% admit if they felt happy at work, they would be more productive and over half would feel more focused

Source: Bupa 2015



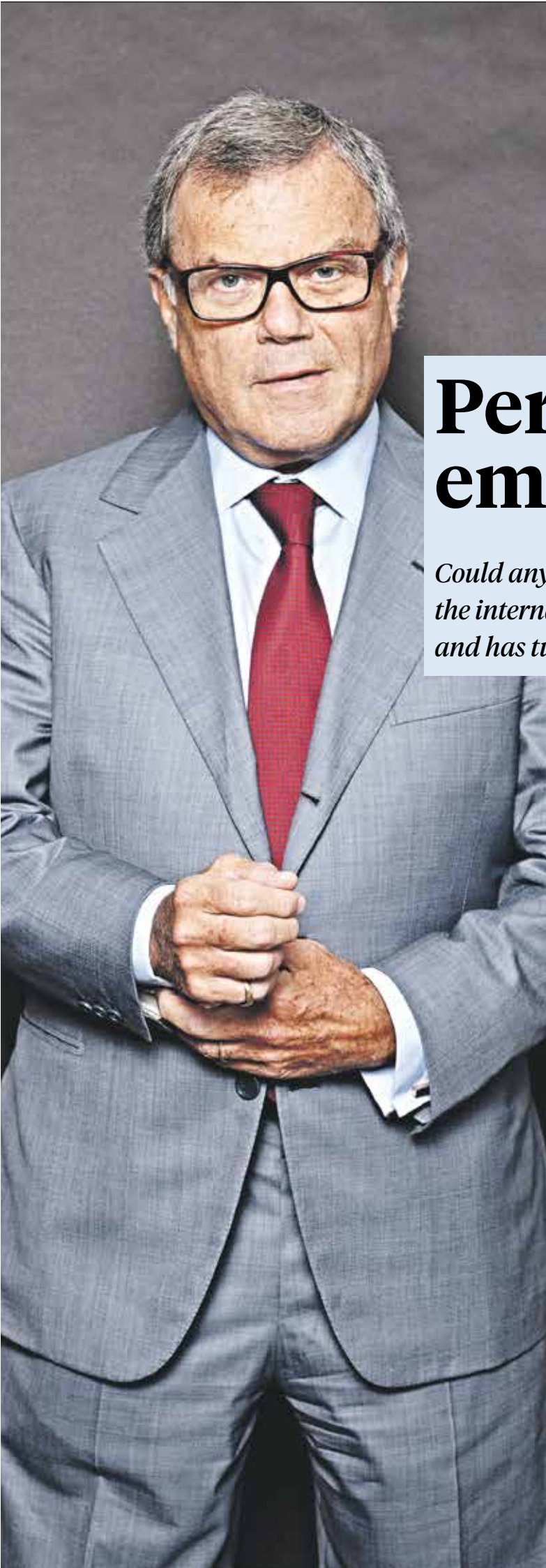
131m+ working days were lost in the UK in 2013: the leading cause was MSK conditions, such as back and neck pain with 31m days lost; stress, anxiety and depression accounted for 15m days lost

Source: Office for National Statistics 2014

preventative culture, employers can reap the long-term benefits of having a strong, motivated workforce who perform at their peak and help drive business results. It's a win-win for everyone.

For more information visit:
www.bupa.co.uk/bupa-boost





Personal style controls empire and gets respect

Could anybody doubt the personal engagement of Sir Martin Sorrell with WPP, the international advertising and marketing services group he helped to found and has turned into the largest in the world?

◆ INTERVIEW
● RAYMOND SNODDY

As he restlessly travels to the United States and on to Asia, and sometimes Africa, keeping in touch with his £20-billion revenue empire with two BlackBerry's and an iPhone 6, the stream of messages is so constant that staff wonder when Sir Martin Sorrell sleeps.

"I have always wanted to do things on scale, and also I wanted to start something and run it. Some people are good at starting and not running. And others at running not starting," he says without the need for further explanation.

If there is a strong culture at the company, which 30 years ago was a small manufacturer of wire supermarket baskets, then it flows directly from the person of the company's tireless chief executive.

As he passes his 70th birthday, there is no sense of slowing down, or of a less focused or less personal engagement. In fact, those who know him best, including his second wife Cristiana Falcone, insist that, if anything, he is speeding up – doing more not less.

BUSINESS EMPIRE

During a five-year period when FTSE 100 companies rose by 21.3 per cent, WPP shares were up by 120.7 per cent. The business now employs 180,000 people, including associated companies, in around 3,000 offices in 111 countries.

"When you start a business from scratch, it's very personal. It's like giving birth in a way. The Bill Shankly quote, that football is not a matter of life and death it's more important than that, applies to WPP and me," he says.

Equally noticeable, the WPP chief executive has a keen sense of his own worth and achievements, which is reflected, controversially, in his own incentive packages.

Sir Martin bristles at the recent headlines that this year's £36-million "bonus" will take his pay above £40 million, though regardless of definition, he is almost certainly the highest rewarded chief executive in the FTSE 100 at the moment.

"It's not even pay. It's not even remuneration. If you look at this latest award, under the company's executive incentive scheme, half of it goes in tax and the other half I don't 'pocket' as the newspapers describe it. It stays in the company," the WPP boss insists.

"Apart from the sad divorce I went through, when I had to sell some shares to settle, I have only sold shares when I have had to for that reason or to pay the tax," says Sir Martin who emphasises that he has always taken the risk of investing his own money in WPP.

A total of 17 executives, including Sir Martin, have received stock currently worth a total of £70 million under the incentive scheme, the equivalent of 0.78 per cent of the rise in market capitalisation during the qualifying period.

Over the five years of the scheme, the FTSE 100 companies rose by 21.3 per cent while WPP shares were up by 120.7 per cent.

Although Sir Martin's personal attachment to WPP and the wealth that comes his way as a result can scarcely be in doubt, he can't be everywhere at once. How does he create a sense of involvement, a culture, in an industry where creativity is vital, across a business that employs 180,000 people, including associated companies in around 3,000 offices in 111 countries?

The answer, of course, is – with difficulty. All such matters are much easier, Sir Martin believes, in "unibrand" companies, such as bankers

Goldman Sachs or consultants McKinsey.

"Because we started with nothing, we acquired great brands, having paid significant amounts for them. We do not want to destroy them and we got them by acquisition which is far more difficult," he concedes.

Life would have been far too short to build such a company by organic growth.

"We have retained our brands and the primary glue; the primary affiliations are about 16 verticals in the group. The reason why people get up in the morning is primarily because they work at 'vertical', such as J. Walter Thompson, or Ogilvy or Grey, Young & Rubicam, Mindshare or Mediacom," Sir Martin explains.

Does that mean either a weak WPP culture or more probably a supervisory culture? After all Sir Martin is notorious

What we are trying to do is nurture and develop, and we pick out areas of human resources – finding, incentivising and keeping the best people

Career timeline



1970-74
Worked for Mark McCormack, founder of talent agency IMG

1975-77
Personal financial adviser to food entrepreneur James Gulliver

1977-85
Finance director at Saatchi & Saatchi advertising and communications group

1985
Takes stake in Wire and Plastic Products, wire basket maker, to build a marketing services company

1986-present
Chief executive of WPP, British multinational advertising and public relations company

COMMERCIAL FEATURE



1. JWT Bogotá headquarters interior design
2. Ogilvy & Mather Paris office



for requiring not just quarterly, monthly or even weekly returns, but daily returns from around the world from his subsidiaries.

“I’d hate it [WPP] to be seen as big brother. What we are trying to do is nurture and develop, and we pick out areas of human resources – finding, incentivising and keeping the best people,” he says.

City analyst Lorna Tilbian has put it slightly differently and described the WPP chief executive as “the ringmaster, standing in the middle, getting them to jump through hoops of fire”.

After a pause, Sir Martin notes: “Ringmasters crack whips I think.” The sort of ringmaster he has in mind is the recent putting together, with the help of his Middle East director Roy Haddad, of “a pitch” at a large conference in Egypt. It involved the JWT ad agency and Hill+Knowlton Strategies, the WPP public relations and public policy consultancy.

Sir Martin had noticed that, despite political difficulties, Egypt’s 90-million strong population could propel economic growth.

Clearly part of the attraction of working for WPP is being part of the world’s largest advertising and marketing services company, and being given interesting things to do.

In addition to autonomous life in “the verticals” – the large WPP companies – there is an increasing emphasis on what Sir Martin calls, less than elegantly, “the horizontalities”.

Clients want to have access to the best people wherever they work. There are

now 46 client leaders putting together cross-group teams to serve the top third of clients. They account for £7 billion to £8 billion of the group’s total revenue and 35,000 to 40,000 people work on those accounts. In fact, Sir Martin says 60 per cent of the £20-billion annual WPP revenue goes on people.

“We are a professional services business, and talent and human resources are critical, and we try and incentivise people inside the business in the most competitive and best way possible,” he explains.

In 2013, the last year when figures are available, more than 50,000 employees received share awards and the company invested £64.4 million in training and welfare.

For the last 20 years, there has been an annual WPP fellowship programme for graduates and MBAs which provides three one-year rotations throughout the WPP group.

There is also a so-called X Factor programme to mentor and encourage the development of women, who make up 47 per cent of senior managers.

Naturally Sir Martin has firm opinions on the issues of the day. The world economy is “sluggish with too much focus on cost – but manageable”. He doesn’t much like Labour’s “bashing of business”, but is equally concerned about the Conservatives’ commitment to an EU referendum. “It creates uncertainty and that is not good,” he says.

For WPP and the City, the big question is what happens after Sir Martin – how will the very personal and high-octane culture survive?

“A business that’s founded from scratch – whoever takes over here at whatever time, is probably going to run it differently and probably much better. But they will run it differently, there is no getting away from that,” concludes Sir Martin who, of course, has absolutely no plans to retire anytime soon.

There is a so-called X Factor programme to mentor and encourage the development of women, who make up 47 per cent of senior managers

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STRONG EMPLOYEE ENGAGEMENT IS FIRST LINE OF DATA DEFENCE AGAINST CYBER CRIME

One in four employees believe data theft is a victimless crime. Companies that don’t turn around this mindset could see their own reputations at risk, says Lucy L.M. Phillips, managing director and employee engagement and change communications practice lead, at FTI Consulting, London



Companies are engaged in an ongoing battle to control information. Some data breaches are contained internally, while others grab global headlines. The strength of your internal controls plays a large part in your ability to prevent data theft. The behaviour and attitudes of your employees matter too.







While we are accustomed to the physical security measures in our offices, digital protections are evolving. According to the Online Trust Alliance, nearly a third of all data breaches in the first half of 2014 came from an internal actor and 90 per cent were preventable, whether caused by accident or malice. To apply an old adage to a new problem, computers don’t steal information, people do. At FTI Consulting, we recently surveyed more than a thousand office workers in the UK to gain insights into employee attitudes about cyber-security and data theft.*

Many see data theft as a victimless crime, especially millennial employees.

While most organisations have training programmes about data risk, our research found 65 per cent of employees believe these programmes are not adequate and 69 per cent believe the greatest threat to data security is still posed by their colleagues. Notably, 34 per cent of millennials (aged 18 to 29) view data theft as a victimless crime compared with only 11 per cent of baby boomers (aged 55-plus). Our survey also found that more than 72 per cent of millennials believe they are entitled to take data they have worked on compared with 41 per cent of baby boomers. An organisation’s approach to correcting such misperceptions internally should consider these generational differences.

Cyber theft is not about the money.

According to FTI Consulting’s survey, the main motive for data theft isn’t greed:

MYTH	REALITY
 <p>Data theft is a victimless crime</p>	<p>38% of managers say their organisation has suffered legal, regulatory, financial and reputational consequences as a result of data theft</p>
 <p>Policy and procedures prevent data theft</p>	<p>42% say policy is not enough to prevent data theft</p>
 <p>A fear of prosecution will prevent theft</p>	<p>25% believe prison would stop employees taking organisation-owned data</p>
 <p>Employees understand that it is illegal to take company-owned data</p>	<p>72% of millennials feel entitled to take data they have worked on if they leave their employer, including bank account details, passwords, personal details, patents, supplier details and business plans</p>
 <p>Only a small group of employees would ever think of stealing data</p>	<p>46% of respondents believe colleagues would consider taking organisation owned data if it was undetectable</p>
 <p>Data theft is driven by financial benefit</p>	<p>22% of millennials would consider stealing data if they were being treated badly by their employer compared with only 7% who would do it for money</p>

* FTI Consulting Inc. is a global business advisory company that helps firms overcome complex business challenges. Research was conducted by its strategy consulting and research team in London, October 21-23, 2014, involving 1,116 UK white-collar office workers.

employees are five times more likely to take data when disengaged, or during a major company transition, than for direct financial gain. Considering another finding for millennials, 51 per cent said they don’t expect to be with their employer for more than five years.

All these factors point to a potential perfect storm: millennials are more likely to view cyber theft as a victimless crime; they are entering the workforce during a time of economic uncertainty; and they are more likely to view their tenure as short term. So how can companies engage with all their employees to mitigate these risks?

Make protecting data part of the culture.

Employee engagement must be viewed as a key pillar of cyber security. Key tactics include:

- **Clarify the business risk.** Leadership must detail the consequences of a data breach to the company’s financial results, relationships with customers, and reputation.

- **Align with values and culture.** Data protection isn’t just the responsibility of IT, it’s the responsibility of everyone in an organisation. Ensure you have processes in place for employees to voice concerns, particularly during times of company transition.

- **Involve employees directly in solutions.** Our data showed millennials in particular are motivated by direct engagement in problem-solving, so enlist them to help develop outreach that will resonate with their peers.

- **Partner with the compliance and IT teams.** Technology or compliance training around cyber security should be preceded by awareness campaigns that reinforce the business urgency.

Quite simply, creating a culture where employees respect data and are motivated to protect the business is critical to cyber security.

In summary, it’s easy to build a safe, but with data, someone, somewhere will always have a key. Your approach to engaging employees should be well adapted to this fact.

<http://www.fticonsulting.co.uk/>

How to avoid workplace stress to stay focused

Smart bosses, who take the health and wellbeing of their staff seriously, see the results in the business's bottom line

◆ CORPORATE WELLNESS
● NICK MARTINDALE

Most business owners or company directors would instinctively agree that having healthy staff is likely to lead to greater productivity and engagement as well as reduced absence. The problem, though, has traditionally been that not enough think sufficiently about it to undertake genuine attempts to improve the wellbeing of their employees.

Nor do enough bosses even accept this is something an employer should do, despite evidence that in many cases the job itself can be a contributing factor to ill health. In the past it has been all too easy to implement token gestures, such as free fruit in the office or a subsidised gym membership, without truly addressing the issue of why staff become ill.

For many employees, it is mental and emotional health that is the biggest issue. A YouGov survey commissioned by Mind in 2014 found over half (56 per cent) of people say they find work very or fairly stressful, but don't feel able to tell their employers; evidence perhaps that there is still much room for improvement around how well organisations approach this topic.

This is now starting to get more attention, however. Annie Broadbent, a counsellor at health and wellbeing workshop provider RESET, says she is seeing

greater interest in mental health from employers, on the back of a number of high-profile campaigns. "The Time To Change initiative is one example of the changing culture and perhaps even more encouraging is the City Mental Health Alliance," she says. "These are important examples of the first important step to addressing the stigma around mental health, which is opening up the space to talk about it."

Ironically, one reason why the issue of stress and mental health is now getting more prominence could be because this was an area employers neglected during the worst of the downturn. "The biggest change to corporate wellbeing happened after the credit crunch in 2007-8, when people started to question its value and the return on investment," says Dr Chris Tomkins, head of proactive health for AXA PPP healthcare. "However, the age of austerity created its own wellbeing issues as businesses tried to maintain

or grow service levels with fewer staff, leading to stressed employees who were also suffering from external factors such as personal finance worries." AXA's own figures suggest around one in four (24 per cent) people working in organisations with more than 250 staff have been diagnosed with a mental health issue, he adds, compared to one in five (20 per cent) for smaller firms.

There are a number of steps organisations can take to help improve the



85%

of UK workers say their employer has a responsibility to look after their health and wellbeing



78%

of employees would welcome support from their employer to think about their health and wellbeing



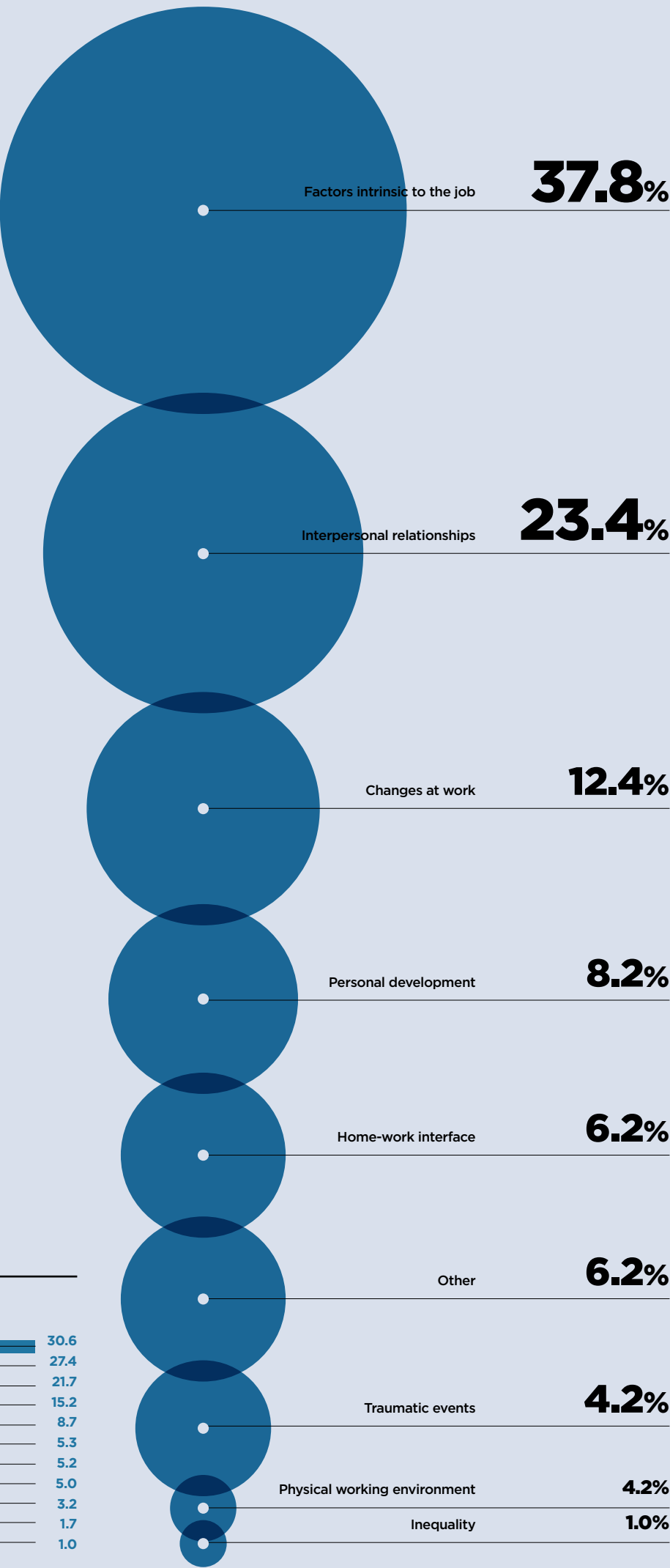
60%

of workers admit, if they felt happy and well at work, they would be more productive

Source: BUPA/OnePoll

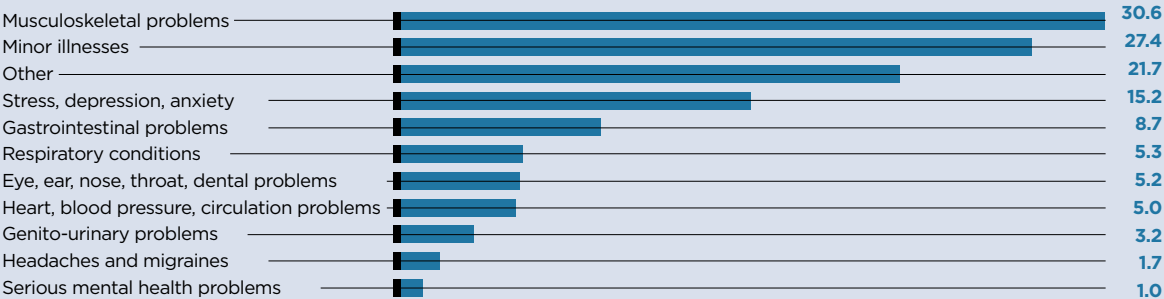
STRESS OF POOR MENTAL I

BREAKDOWN OF MENTAL ILLNESS 2011-13



Source: Health and Safety Executive

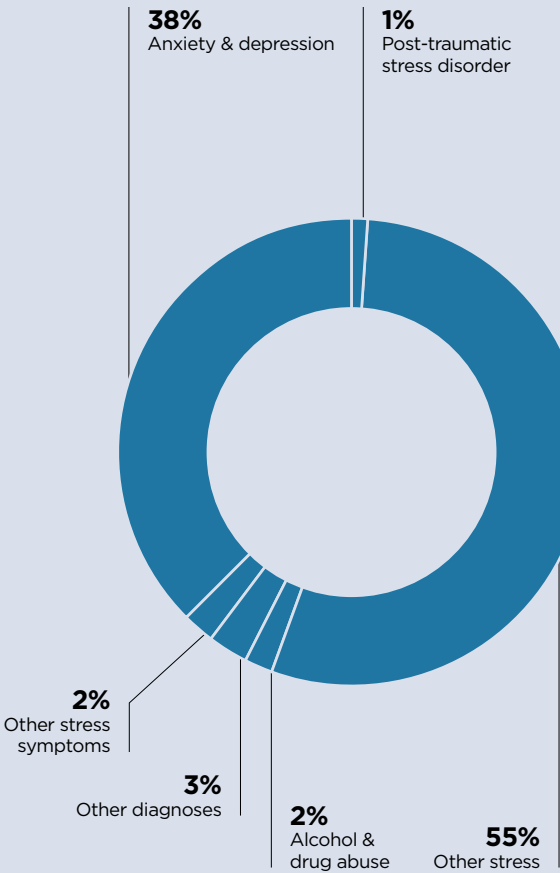
NUMBER OF WORKING DAYS LOST THROUGH SICKNESS ABSENCE



Source: Labour Force Survey

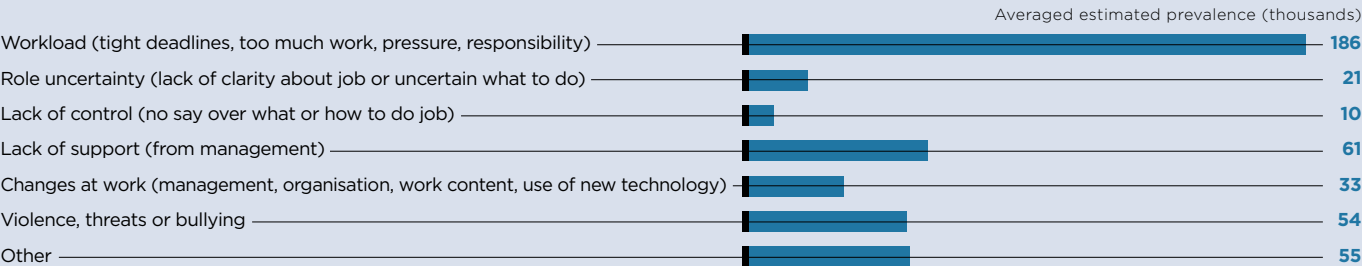
HEALTH IN THE UK

CASES OF MENTAL ILLNESS BY DIAGNOSIS 2011-13



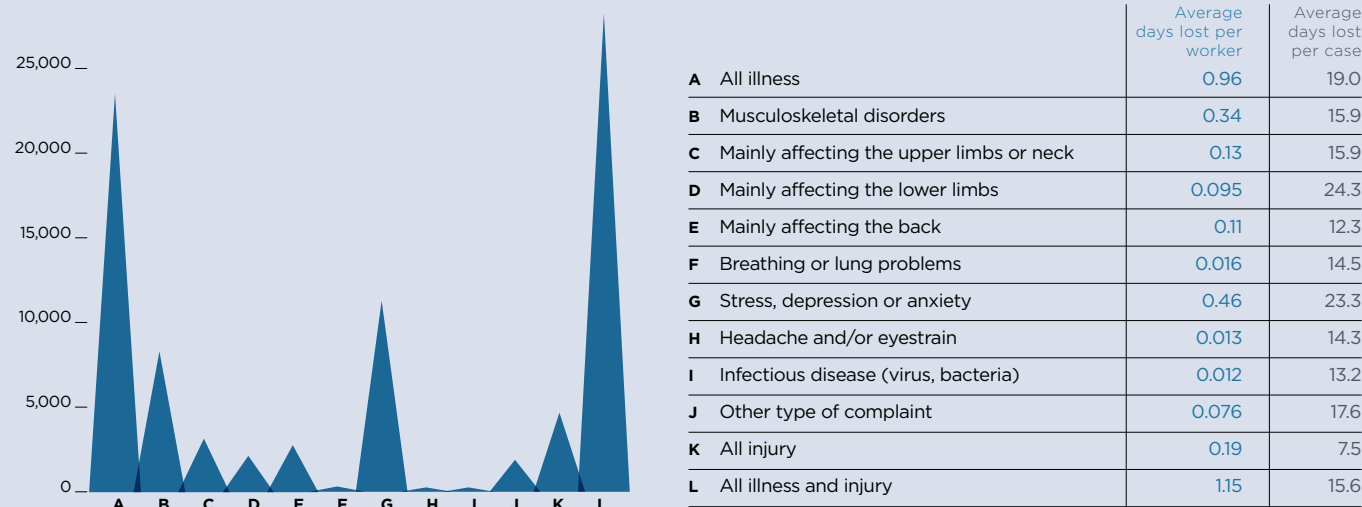
Source: Health and Safety Executive

ESTIMATED PREVALENCE AND RATES OF SELF-REPORTED STRESS, DEPRESSION OR ANXIETY AVERAGED 2009-10/2011-12



Source: Labour Force Survey

AVERAGE DAYS LOST PER FULL-TIME EQUIVALENT WORKER DUE TO SELF-REPORTED WORK-RELATED ILLNESS OR WORKPLACE INJURY, 2013-14



Source: Labour Force Survey

£70bn

annual cost of mental health to the UK economy, equal to 4.5% of GDP

£26bn

annual estimated cost of mental illness at work to UK employers, averaging £1,035 per employee

11.3m

working days lost due to stress, depression or anxiety in 2013-14, an average of 23 days per case

Source: OECD 2014

1 in 5

of the working population, from the newest recruit in the post room to the board of directors, is affected by stress

Source: Stress Management Society

mental wellbeing of employees. Matthew Gregson, consulting director at Thomsons Online Benefits, suggests stress management classes, massages and healthy eating programmes can help to lower stress among employees who may be feeling overworked or under pressure. “Of course, an even better solution is to prevent stress becoming an issue in the first place,” he says. “This might mean leaders need to evaluate business practices, look at how these are increasing stress levels and take steps to rectify the problem.” Offering flexible working can help, he adds, as this can help create a better work-life balance.

Employee assistance programmes (EAPs), meanwhile, can provide a confidential source of support for those feeling under pressure, whether work or home-related. “In recent years, employers have made significant investment in support to address and

manage mental health and stress in the workplace, and EAPs have become an integral part of this,” says Andrew Kinder, chairman of the UK Employee Assistance Professionals Association.

“Offering confidential help this way is cost effective for employers and provides a high standard of professional advice that can be accessed, in most cases, faster through EAPs than through NHS primary care services.”

Meditation can also help counter excessive stress, although this has yet to be adopted by employers in the UK in the same ways as it is in the United States, says Graham Doke, meditation expert and founder of the Anamaya app, which is designed for employees to use in a lunch hour to unwind. “Meditation is singularly the most powerful tool we have to assist us with our emotions and consequently our behaviour,” he says. “Rather than being shunned, it should be actively promoted in the workplace.”

Many employers are already moving to help improve the wellbeing of staff. In 2014, building society Nationwide developed a “mental health resilience strategy”, which revolved around educating managers in how to build resilience in themselves and their teams through monthly workshops. The business has since saved around 5,500 working days through employees getting support to help with issues, says Human Resources director Ann Brown, and the average number of days lost to mental health issues has fallen to 28.5 compared with a national average of 45.

Employers have made significant investment in support to address and manage mental health and stress in the workplace

“Alongside this, we offer benefits for individual employees, including access to up to £10,000-worth of mental health medical cover, career breaks, the option to buy extra holiday, an EAP and occupational health service,” says Ms Brown. “Overall, we want to reduce the risk of mental-health issues causing employees to become ill and quickly rehabilitate those who are.”

Breakdown protection insurer Domestic & General has also put an emphasis on improving the mental health of its employees, working with the charity Mind to train its HR team in how to spot the signs of stress. “Rather than attempting to counsel employees ourselves, the training provided us with a practical toolkit, helping us to understand what mental health organisations do, how they can help and how to refer our employees accordingly,” says Nicki Perry, Domestic & General’s HR manager.

“Employers should always remember that, while they need to be aware and sensitive to the issues, managers are not trained counsellors and shouldn’t

try to deal with issues of their team members themselves. Instead they should be equipped with enough knowledge to signpost people to the right help and support.”

Increasingly, employers also need to make sure employees are not constantly thinking about work, particularly if they are looking to engage younger workers, says Steve Hewitt, HR director at software firm Lumesse. “One of the key ways in which organisations can engage with employees is, ironically, to not always engage with them,” he says. “Many younger employees do not wish to emulate the 24/7 mindset adopted by generation X [people born between the early-1960s and early-1980s]. They are more protective of their downtime.”

This could include putting in place measures to help them relax while at work, which could be as simple as creating a dedicated area for non-work activities. Darren Fell, managing director of Crunch Accounting, realised the need to prevent staff from burning out after almost doing the same himself while building up two businesses.

“We realised our team were mostly taking their lunches sat at their desk simply because they didn’t have anywhere else to go, so we put in lots of quiet breakout areas and comfy sofas for people to relax,” he says. “It’s great for people to be able to get away from their computer and read a book for a while. You really have to look at the whole picture when it comes to employee wellbeing.”

HEALTH AND SAFETY

Work-related stress can hit anyone at any level in business, and is widespread and not confined to particular sectors, jobs or industries. That is why the Health and Safety Executive says a population-wide approach is necessary to tackle it.

COMMERCIAL FEATURE

LOOKING AFTER STAFF TAKES CARE OF BUSINESS

With the battle for talent once again heating up, holding on to staff should be top of the agenda for businesses in 2015, says Unum



Tim Jackson
Head of marketing strategy

unum
Because everyone
needs a back-up plan



The economic case for retaining key staff is simple. Research by financial protection specialist Unum and Oxford Economics indicates that businesses which lose key employees face a bill of more than £5,000 to bring in a new person. In addition, they miss out on a further £25,000 as a result of lower productivity, both in the time it takes to bring that person up to speed and the loss of key relationships which disappear with the ex-employee.

Organisations therefore need to do all they can to attract and retain talent. Salary is clearly important; some 40 per cent of employees plan to leave their job this year if they do not receive a pay rise, according to a survey by Glassdoor.

But other things are almost as important. For example, wellbeing – being able to maintain a balance between work and other commitments, and feeling that the employer values their physical and mental health – is also a significant factor in determining whether people stay with their current job or look for something else.

Indeed, research by Unum found 30 per cent of the working population would be willing to leave their employer if they felt the wellbeing support on offer wasn't good enough.

"We all know salary is really important and that's not going to surprise anybody, but there are another 30 per cent of employees who are at risk because of wellbeing," says Tim Jackson, head of marketing strategy at Unum. "Wellbeing plays a role in building a great place to work and there is a good chunk of people for whom that is important enough to make them think about leaving."

Further research conducted by The Future Laboratory, on behalf of Unum, highlighted a number of trends around how the workforce will develop in future. Two important elements are the emergence of an "ageless workforce" – where individuals expect to work much later in life – and the need for "mindfulness", where people start to push back against the "always-on" culture, and place an increasing emphasis on personal fulfilment and wellbeing.

The ageless workforce is particularly significant, says Mr Jackson, as inevitably having older employees means they are more likely to suffer a serious illness, and both need and value more wellness-related benefits. "A programme of wellbeing benefits is a very practical way of supporting that talent pool and also demonstrating very clearly that you're a workplace that values older workers," he says.

There are a number of benefits employers could introduce here. These range from medical screening programmes and fitness assessments to identify any potential health risks, through to occupational health schemes, and both medical and

Wellbeing is a significant factor in determining whether people stay with their current job or look for something else

income protection insurance, to help individuals financially should they become ill.

"We know from our work with the cancer charity, Maggie's, that cases of cancer increase over the age of 50 or 55," says Mr Jackson. "Providing emotional support for someone while they're going through such a traumatic time can help make sure that doesn't result in secondary issues, such as fatigue and exhaustion, which can feed through into mental health problems. Those kinds of interventions can have a huge impact, not just on the person going through them, but on all the people that person works with too."

An effective wellbeing strategy should be based around the three key pillars of prevention, early intervention and protection. Different employee benefits can dovetail together to provide this cover. For example, an employee assistance programme can support employees before they become ill, providing advice on lifestyle issues, such as diet and fitness. Medical insurance can help with early intervention for non-critical conditions.

"The NHS is brilliant at emergency care," says Mr Jackson. "What is a bit more challenging is when you have non-essential treatments. If an employee could get a bad knee fixed, for example, it would make it a lot easier for them to return to work. But they might have to wait for six months with the NHS. Medical insurance can accelerate that and ease people back into the workplace."

Income protection is there for those more serious cases, which can't be prevented. It protects an employee's income, alleviating any financial concerns, until that employee is well enough to return to work or retire, whichever happens soonest.

Businesses need to start planning for these challenges if they are to both attract and retain key talent, and develop a workforce fit for the future. The starting point, says Mr Jackson, is to assess where they are today and understand the needs of their specific workforce. "If you have a young workforce in a high-pressure environment, such as the legal profession or businesses that are very highly connected on an ongoing basis, then the big issue might be how you manage workplace stress, and the impact of constant connectivity on mental health and wellbeing," he says.

"If you have an older workforce, you might want to look at more of the physical ailments. Employers need to understand

the make-up of their business, and then look at what they have in place and where the gaps are." Unum is currently working with the Chartered Institute of Personnel and Development to devise a diagnostic test to help employers find out just what their issues are and how they can most effectively target their wellbeing activities, he adds.

The issue of wellness is now so significant that it is even starting to get the attention of finance directors. A survey Unum conducted with readers of *Financial Director* magazine, for instance, found 86 per cent now consider the management of wellbeing to be part of their role, suggesting there is a growing recognition of the importance of this issue at board level.

"The prize financially is having a productive workforce that sticks with you, but also an environment that has lower stress and is generally healthier," says Mr Jackson. "If you're a business leader and you want your company to be a great place to work, investing in wellbeing is a fantastic way of supporting your employer brand."

To find out more about how Unum could help your business, visit unum.co.uk or connect with us on Twitter @AskUnum

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The economic case for retaining key staff



£5,433

business cost of bringing in a new person after losing key employees

Source: Oxford Economics report, commissioned by Unum 2014



£25,182

missed out as a result of lower productivity

Source: Oxford Economics report, commissioned by Unum 2014

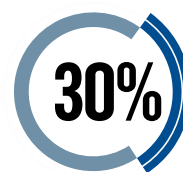


TOTAL COST ON AVERAGE



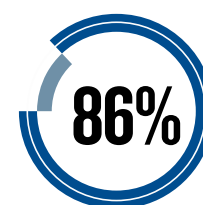
£30,614

Source: Oxford Economics report, commissioned by Unum 2014



of employees would be willing to leave their employer if they felt their wellbeing support wasn't good enough

Source: ICM Research, survey April 2014



of finance directors consider management of wellbeing part of their role, suggesting there is growing recognition of this issue at board level

Source: *Financial Director* magazine survey, commissioned by Unum, November 2014



Tech to tell you if staff are happy

Clever use of technology can monitor staff morale and improve their performance

◆ TECHNOLOGY
● CHARLES ORTON-JONES

Are your employees happy? Most firms would respond with a shrug. Unless there is a blazing row in the company kitchen ending with Marie from accounts pinning Keith from sales in a headlock, it won't be clear there is a problem.

You can find out. There is a growing list of wonderful applications which can measure employee satisfaction and engagement. Even better, technology can take the lead in improving staff morale and performance.

Auto Trader is one of the pioneers. With 600 staff in Manchester and 130 in London, it relies on technology to monitor staff. Russell Warman, Auto Trader's head of infrastructure, offers a back-stage view on how it works.

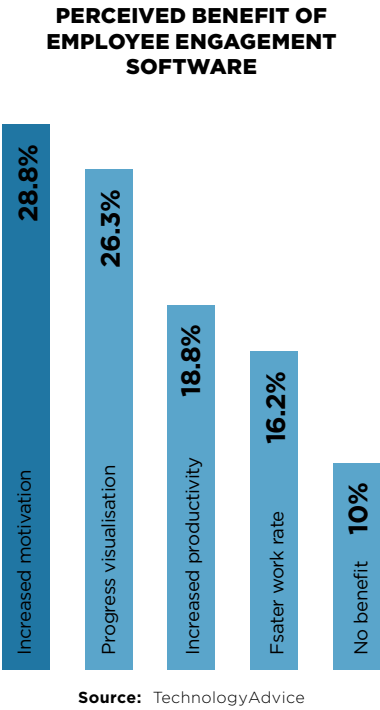
"We measure employee satisfaction using a third party tool from Tiny Pulse. They send an e-mail every fortnight to our product and technology, and custom-

er operations teams. They ask specific questions. These can be tailored for particular issues or you can use the generic ones to benchmark against other corporations," he says.

Mr Warman explains that a question, such as "How do you rate your work environment from one to ten", provides a snapshot of morale. "Staff can add comments. Our operational leadership take these very seriously. They reply to each and every one," he says, stressing that respondents are anonymised, though the senior staff who reply are not.

The firm has worked hard to improve productivity through technology. Badly timed internal phone calls are minimised by Microsoft Lync. "We use Lync for instant messaging, for audio conversations and for group conversations," says Mr Warman. "It shows if people are free. You can say 'Do not disturb', so others know you are not available."

Meeting rooms are booked using Condeco software. An Outlook plug-in lets staff book rooms, manage attendance, see whether rooms have the right vid-



eo-conferencing kit, and even order food and drink from the caterer with a click. "It cuts costs and time," says Mr Warman. With so many staff booking rooms an improvised method would break down.

There are quite a few creativity packages for firms to experiment with. Huddle is used by more than 100,000 companies, including Kia Motors and the National Grid. Files can be worked on by teams or individuals in multiple locations.

Last year, Anglian Water launched a social media service to generate ideas from its 4,000 employees. Called Think Space, based on Wazoku's Idea Spotlight cloud platform, it can be used to solicit contributions on challenges. For example, staff were asked to come up with policies for Anglian Water's Zero Waste goal. Steve Kaye, head of innovation, says: "We believe our staff to be a great, untapped source of innovation."

"Think Space provides a platform to post challenges and ideas, post feedback and create communities across the company. It will help make Anglian Water not only a workplace where people are engaged and want to stay, but also one that will attract the best talent from across the globe."

The United Nations Commission on Human Rights (UNCHR) is also using software to harness the talents of all its staff. In 2014, it used the online platform SpigitEngage to ask staff: "How can better opportunities be provided for refugees to learn and use a new language, both in school and their daily lives?"

The challenge lasted seven weeks and involved more than 850 UNCHR staff and partner organisations. SpigitEngage allows contributors to share ideas,

comment on submissions and to vote for proposals. A question on refugees in urban areas generated 114 ideas, 430 votes and 1,200 comments in a six-week period. The winning idea saw the creation of an online database of information for urban refugees.

Some of the employee engagement technologies on the market are simple to implement and use.

Media agency Carat uses a "thumbometer", in which staff say at the end of the week if they had a good (thumbs up) or bad (thumbs down) week. The average score is 74 per cent thumbs up, with a peak of 88 per cent.

Managing maternity and paternity leave can be made easier by services such as My Family Care. Architects Rogers Stirk Harbour + Partners offer access to the service for its 200 staff, which offers a database of childcare providers, a zone for helping dads in the workplace, and webinars on balancing work and family care.

Efficiency improvement can come from something as basic as roster management. Heating firm Vaillant Group uses Kronos' Workforce Attendance software to manage staff time. It records and manages shifts, productivity and training, and handles messages to staff when changes are made. It can provide analytics for the impact of events, such as absentee spikes during a World Cup. Across 13,000 workers, the Vaillant Group reports absence levels down 4.1 per cent to 2.8 per cent.

Technology can improve engagement on every level. Relying on informal processes or worse, nothing, seems positively perverse.

THUMBS UP

A "thumbometer" enables staff to say at the end of the week if they had a good (thumbs up) or bad (thumbs down) week. The average score at media agency Carat is 74 per cent thumbs up, with a peak of 88 per cent.

Some of the employee engagement technologies on the market are simple to implement and use

Insight out.

Combining creative and strategic thinking to engage employees

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Stories can make change happen

Leaders who can tell the story of an enterprise and communicate how employees working together make a difference will succeed in engaging their staff

Steve Jobs was the inspirational boss of Apple

◆ STRATEGIC NARRATIVE

● EDWIN SMITH

The 1995 Rugby World Cup was a crucial moment in South Africa's history. Just a year after the country's first general election at which people of all races were permitted to vote, the nation was playing host to one of the largest international sporting events in the world. What's more, the home team had made it all the way to the final.

However, a fairy-tale ending was anything but assured. Rugby in South Africa was still very much a white sport and the springbok emblem, as well as the green and gold colours worn by the team, were considered by many to be symbols of the country's apartheid past. The team that would eventually go on to beat New Zealand in extra-time in the Johannesburg final had only one black player, winger Chester Williams.

But on the evening of that final, the country's new president – its first black premier – took to the field before and after the game wearing the famous green and gold jersey. In one simple act, Nelson Mandela had told a story and shown his country that in the new South Africa victory for the rugby team was something to be celebrated by everyone.

It was an effective narrative at the time and one that still resonates today. But according to Alison Esse, joint managing director of change management consultancy The Storytellers, it has implications for leadership and identity in a business context too, showing

not only what a well-judged story can achieve, but also that such narratives can be communicated in a host of different ways.

Ms Esse's company uses storytelling to drive change in business environments and promote engagement among employees, and while she is clear that different types of organisations and even different teams and people within those organisations may respond to different types of story and different types of storytelling, she says the basic principle remains the same.

"Our approach is about setting change into context," she explains. "We ask, 'Why do we need to go through this journey

People want to work for a higher purpose, not just come in and get paid for a job

and what part can each person play?' The central focus of our programmes is to help every individual in the business to understand the personal contribution they can make to that change so, even if they consider themselves to be very junior or a small cog in a big wheel, they still realise that everybody has a part to play. Collectively, it makes a real step change."

Ms Esse adds that presenting a "dis-jointed raft of messages" about values and strategy is far less effective than linking things together with a narrative that makes sense. "People want to work for a higher purpose, not just come in and get paid for a job. If you can really put the spotlight on the end-user and show how the company is making a difference to their lives and their business, that is immensely engaging."

She names Eric Schmidt of Google, Virgin boss Sir Richard Branson, former RBS chief executive Stephen Hester and ex-Marks & Spencer chief Stuart Rose as exemplary business storytellers, but she's keen to stress that the approach

she champions can only work if it is practised by leaders throughout an organisation, not just at the very top.

Andrew Powell was human resources director at Colt Technology Services in 2009, when it was undergoing a transformation that would see it change from a telecoms company into a technology business. The process, he explains, came with structural reorganisation, as well as changes to the company's brand and culture. "The telecoms industry thinks in days and weeks," he says. "But in the IT industry, it's a matter of seconds and minutes."

However, rather than issue a top-down decree about what employees

CASE STUDY: WSP GROUP



After providing structural design services for the Shard, the tallest tower in Europe, it would have been understandable for engineering consultancy WSP to set its sights a little lower. But, says chief operating officer Mark Naysmith, it did the opposite. "The strategic objective was to expand further globally," he says. This was achieved thanks to a £278-million deal with Canadian counterpart Genivar, which had a similar goal. Despite being the smaller of the two businesses, it was Genivar that acquired WSP, creating a company that would be known as WSP Group. Of course, it's not unusual for merger and acquisition activity to create

unrest within a business. According to an Aon Hewitt study, when a company is acquired, its number of actively disengaged employees tends to increase from an average of 13 per cent to 16 per cent, even if the acquisition has no significant impact on the jobs of the employees. That figure rises to 18 per cent in instances when employees' jobs are affected. Despite this, Mr Naysmith says he was relatively unconcerned at the time of the deal in 2012, since it was possible to present staff with "a narrative based on two key points: a complementary meeting of minds and a lack of geographical overlap". The latter was particularly important, he says,

because it allowed the companies to benefit mutually from spreading their bets across different markets and regions, without infringing on existing relationships. And it had the added bonus of keeping UK talent happy. "It was encouraging to have so many people interested to hear about secondments to Canada," he says. Mr Naysmith also reports the newly-formed company's headcount increased by around 20 per cent in the UK following the deal and that retention levels went up. Another crucial detail was the operating model remained largely untouched, with divisions of the company in individual countries being allowed to maintain

MECHANISMS FOR GETTING THE MOST FROM YOUR COMPANY CULTURE

FORMAL

- Reporting structures
- Decision rules and rights
- Business processes and policies
- Performance management
- Compensation and rewards
- Internal communications
- Councils and committees
- Company events
- Training, leadership and organisational development programmes

INFORMAL

- Behaviour modelling by senior leaders
- Meaningful manager-employee connections
- Internal, cross-organisational networks
- Ad hoc gatherings
- Peer-to-peer interactions and storytelling
- Communities of interest
- Engagement of exemplars and motivational leaders
- Changes to physical plant, resources and aesthetics

Source: *Harvard Business Review OnPoint*

would have to do as the company transformed, Mr Powell and his team worked with The Storytellers to develop a cohesive narrative about the change, the vision that had inspired it, the motivation for achieving it and the end result that was being targeted.

This narrative was then relayed to specially chosen “ambassadors” throughout the business who were selected for their communication skills, rather than their seniority. “And it wasn’t a cult, where everyone was forced to buy into it all,” says Mr Powell. “The local champions were free to challenge management behaviours.”

The strategy meant that each of the local ambassadors or champions could put the story into context for their team and their geographical region, making it relevant and reducing the potential for miscommunication.

Mr Powell, who has now moved on from Colt to become chief executive

of The Training Room, says the before-and-after “temperature check” carried out by Colt to measure employee engagement revealed an increase in scores in the wake of the reorganisation. And, according to Ms Esse, The Storytellers regularly see a spike in measures of engagement after they have worked with a company, sometimes by as much as 20 per cent.

However, storytelling in a business context is not without its risks. So says Steve Denning, author of *The Leader's Guide to Storytelling* and consultant for clients such as GE, IBM and Netflix. "Stories are powerful tools," he says. "And like all

powerful tools, they are quite dangerous. A story will reveal much more clearly what is going on. So, if a firm has a bad goal – perhaps to make money for the boss and enable him to make his bonus for the year – then the story will unfailingly reveal this and have the opposite effect from what the executive might have hoped.

“You need to educate yourself. Most stories don’t inspire you, and get you to rush out and get into action. There’s a very narrow group of stories that does this, so the first step is to understand what it is about these particular [engagement-boosting] stories that have this capacity – and then go out and master them.”

Mr Denning describes a “springboard story” as one that encourages people to embrace a new idea and become its champion. He adds that it is the most popular type of story he teaches and goes on to lay out his own paradigmatic example.

It comes from his time at the World Bank during the 1990s, while the organisation was trying to improve the way it went about its basic goal of reducing poverty around the world. Mr Denning's idea was to encourage the bank to become a source of information about issues that affected health and living standards.

He made his case by telling the story of a health worker in a little village in Zambia, who logged on to the website of the Center for Disease Control in Atlanta, Georgia. The important thing, says Mr Denning, is that the World Bank's wealth of information was not the go-to resource for people who made decisions about poverty; the people who could use it to its greatest effect. "But just imagine if it were," he said at the time. "Think what an organisation it could become."

Sure enough, Mr Denning's original 29-word story sparked a major transformation in what he describes as "one of most change-resistant organisations in the world".

"When a story is effective you don't have to do anything more," he says. "That's the beauty of it – you just have to sit back and watch waves of implementation happen."

their autonomy.

The narrative around the acquisition was strengthened by being communicated early – “the longer you leave decisions, the easier it is for speculation to start” – and updates were given regularly and through a number of channels. However, he adds: “You still can’t beat face-to-face interaction.” The new chief executive’s visits from Canada to the UK and other global offices were important. While Mr Naysmith notes that early, frequent and planned communication about the acquisition was key – and necessary for an effective narrative – he admits it’s impossible to plan every detail. As a result, WSP Group took

an “80:20” approach, whereby it was understood that approximately 20 per cent of what happened when the two businesses integrated would have to be a response to events as they unfolded.

Three years on and after full integration, Mr Naysmith says internal surveys have seen employee engagement rise from “good” to “strong” and then “very strong”. The move has been greeted as a success, so much so that the plan of attack has been broadly similar so far for the group’s most recent move – the \$1.3-billion acquisition of infrastructure-focused professional services firm Parsons Brinckerhoff.



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◆ BENEFITS MIX

● PETER CRUSH

With workplaces now home to up to four generations, a spread of perks gives firms scope to react to changing needs. In 2012, for example, at the peak of austerity, it was cheaper to provide training and career development that topped a Benefex/CIPD poll of perks most firms (62.5 per cent) offered.

Now family-friendly perks matter more. PMI Health Group's *Employee Benefits Index 2015* finds childcare vouchers registered the biggest rise in popularity, with 11 per cent of staff ranking them their most valued benefit, up from 8 per cent in 2014 and 6 per cent in 2013. Emergency elder-care grew by 142 per cent in the last year, according to *Employee Benefits* magazine.

The range of benefits is vast, everything from sabbaticals to discounted gym-membership, health and wellbeing perks such as at-desk massages, group risk life insurance or income protection, cash plans with reimbursements for dental and eyecare costs up to specific annual limits, employee assistance programmes offering things such as rehab and counseling services, through to travel loans and lifestyle perks, home or flexible-working such as nine-day weeks.

The mix of benefits chosen can be for strategic reasons. Wellbeing and health perks can specifically tackle absenteeism costs. Meanwhile, benefits provider Edenred reports that 51 per cent of organisations say they plan to alter their benefits mix in 2015 specifically for staff attraction and retention.

"Although the mix is important, it's how they are offered that also matters," says Alistair Denton Edenred's managing director. "Benefits typically come as flexible benefits, where staff choose from a list the things they pick; voluntary benefits, those bought or part-bought by staff at a discount, or simply as a take-it-or-leave-it list of fixed perks.

"The strength of flexibility and voluntary perks is the element of choice they



Valuable perks can boost morale and keep staff committed

While pensions, holiday and bonuses are the basics, providing a good mix of additional benefits is essential

offer. One of the biggest problems in benefits is that staff don't value them. When staff pick their own, this changes."

Although voluntary benefits involve employees spending their own wages, they have grown massively since the

recession, because staff are able to buy what they might not otherwise have been able to afford on the open market, such as health insurance, as well as things they would have bought anyway, typically saving £1,000 a year without changing their shopping habits, according to P&MM Employee Benefits.

Offered through providers or retailers, they are low-cost to employers, but have high staff impact. "Many use vouchers or discounts for their weekly food shop," says James Malia, managing director of P&MM Employee Benefits. "But they can also be used for white goods and by helping staff handle unexpected costs, such as a broken fridge, the benefit is much more meaningful than a blanket pay rise."

Salary sacrifice, where staff reduce their official salary by the cost of the benefit, has seen particular growth, because when used to buy iPads, smartphones,

bicycles (through Cycle2Work schemes) and even company cars, staff can save huge amounts – up to 42 per cent off the price of a new bike. In 2013, 164,000 employees bought a Cycle2Work bike this way, up 16.4 per cent on 2012.

Thanks to a new car only being subject to benefit-in-kind tax, which is just 5 per cent for vehicles emitting 50g/km or less of CO₂, salary sacrifice for cars has seen

particular growth. In 2013, 150,000 cars – 11.5 per cent of all company cars – were bought via salary sacrifice. According to fleet provider Fleet Evolution, salary sacrifice is now the key tool enabling staff to afford to a brand new car. It found 80 per cent of the salary sacrifice cars it sells are to workers who have never had a new car before. Not surprisingly, more firms want to offer this ability. OC&C Strategy Consultants predict salary sacrifice could account for up to 10 per cent of all new UK car sales by 2025.

Such is the growth of salary sacrifice for all perks, Towers Watson's *Flexible Benefits Research 2014* report finds 37 per cent of employers now structure flexible benefits around salary sacrifice, up from 30 per cent in 2011, not least because employers also save through also paying lower National Insurance contributions.

At the other end of the scale though, a benefits mix overly focused on bonus income can also create undesirable behaviour, such as aggressive selling to consumers. That's why firms such as address management software company Postcode Anywhere offer more than just performance rewards. "We're based on the River Severn, so decided to offer kayaks and even a company barge that staff can use to relax for a weekend in, regardless of their targets," says Alison Garvey, its HR business partner. "We tailor our benefits, which also include a free breakfast, so people are aligned to the sort of pleasant culture we want to create."

At children's cancer charity, CLIC Sargent, head of reward Louise Smethurst says one of its most popular benefits is offering holiday buying and selling. Staff can buy up to five days and sell up to two every year. "Flexibility is what staff really want," she says. "Although managers need to make sure there's enough people in to do what we need to do, it really supports our flexible approach."

Flexibility is relatively cheap and supports just-published research from recruitment company Hays that the top benefit priority, favoured by 36 per cent of respondents in a survey of 10,000 UK employers, is more than 25 days' holiday a year. It found the second-most important benefit, valued by 23 per cent, is an above-statutory pension.

For those who really want to boost engagement, a government favourite is employee share ownership, where staff buy equity in their company; so hard work and reward are much clearly linked.

HOW HAPPY ARE EMPLOYEES WITH THEIR BENEFITS?



25%

of below-average salary employees are fairly or very satisfied



50%

of above-average salary employees are fairly or very satisfied



13%

of all employees are very dissatisfied

Source: PMI Health Group Employee Benefits Index 2014

Some 51 per cent of organisations say they plan to alter their benefits mix in 2015 specifically for staff attraction and retention



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10 top creative ways to build a successful team

Bespoke benefits can bring loyalty and build teamwork more effectively than cash bonuses – so here are ten schemes making a difference in successful businesses

◆ CREATIVE BENEFITS
● CHARLES ORTON-JONES

1 MAKE THEIR DREAMS COME TRUE

We all have once-in-a-lifetime ambitions. Brand agency Coley Porter Bell runs an annual contest called Blue Skies. People submit their personal creative dreams. The winner gets £2,500 and two weeks' extra holiday to make it happen. Last year's winner travelled to Mexico's Day of the Dead festival.

2 LET THEM EAT CAKE

Events discovery app Line-Up holds Beer and Cake Friday. It's not frivolous. Co-founder Chris Crossley explains: "Without fail, we have beer and cake on a Friday afternoon. We provide the beer, but staff take it in turns to provide the cake. From the intern to the CEO, everyone has a turn and is scored on the quality and creativity of the offering."

3 PAY MOANERS TO QUIT

A bad egg can spoil the vibe for the whole team. So why not devote financial resources to weeding out the saboteurs? Amazon now offers \$5,000 to get staff to quit. The offer, called Pay to Quit, is made to workers at its fulfilment centres. Jeff Bezos, Amazon founder and chief executive, says the pay-out improves morale.

4 BOOST PATERNITY PAY

Legal obligations for maternity and paternity pay are pretty paltry. At construction company Mace, employees with two years' service get 20 weeks' maternity leave at full pay and paternity leave is at also at full salary, not the lower statutory level. There's also full private medical insurance, income protection and life insurance.

5 OFFER MENTORING

Ambitious staff may look outside their company for mentors. But at events management firm Zibrant, the whole roster of 200 staff is offered mentoring within by seniors. The firm reports the scheme has improved promotion prospects of female staff, who had been less vocal about expressing their desired career paths.



6 EMBRACE MOTHER NATURE

Software developer HeadForwards is fortunate to be based in Cornwall near the beach. Toby Parkins explains his firm's ethos: "We aim to have at least one social, outside-work activity per month. During the summer, we frequently have beach BBQs after work. Bowling, laser tag games, go-karting, kayaking, sailing, fishing, surfing all feature."

7 INVEST IN THEIR SKILLS

BT takes employee education so seriously it has a chief learning officer (CLO), working independently of human resources. CLO Deborah Lee says the idea would work well in smaller firms too: "The role can be similar in smaller organisations and would cover succession management, skills strategy, training, recruitment, recognition, performance and retention."

8 CHEER THEM UP

Direct marketing agency Lida employs Happy Makers. Chief executive Victoria Fox says: "In the agency world, people have to work very hard. There are peaks and peaks with the very occasional troughs. To help these periods along, we have a support team, The Happy Makers, who leave little messages of encouragement and low-cost edible treats when people need that lift."

9 MORE TIME OFF

Accountancy giant Deloitte works hard to retain top talent. Last year it introduced TimeOut, the right to request a block of four weeks' unsalaried leave each year without justification. The firm also measures employee output, not time spent on tasks, to cut back on presenteeism.

10 STAY CREATIVE

At executive search firm Stott and May, staff enjoy *Alice in Wonderland* themed offices, staff and family trips to New York and Las Vegas, Rolex watches for top two billers every month and a monthly lunch club. There's a "30-minute dash" in which founder Stephen Stott gives an employee random currency and, if they manage to exchange the money and buy something, they can keep the cash in sterling.



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Source: Airports Commission, "Heathrow Airport North West Runway: Business Case and Sustainability Assessment", November 2014.