



Episode one with Phil Smith

Speaker Key:

FC Fiona Cannon
PS Phil Smith
MP Maggie Pagano

FC Hello and welcome to the first episode of the *Agility Mindset Podcast*. I'm Fiona Cannon, Director of the Agile Future Forum and Group Director of Responsible Business, Sustainability and Inclusion at Lloyds Banking Group. In each episode of the podcast we'll be exploring a different issue relating to agile working and the potential impact to business, society and the economy.

So I'm joined here this morning by Phil Smith. Phil is the chair-elect of IQE PLC and the chair of Innovate UK and was the former CEO of Cisco UK so welcome, Phil, to this agility podcast.

PS Thank you Fiona.

FC So, Phil, you've been a real supporter of agile working and the whole idea about agile organisations for a very long time now. Given how busy CEOs are and the kind of long list of challenges that face them why is it that you think that CEOs really ought to be thinking about agile working now?

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PS Well, I think the truth is that they probably should always have been thinking of it. I mean, whether people were or even expressed it in those terms, I guess, was questionable and maybe you could argue that some of the more foresighted ones have done this, maybe under some guise of just the way they ran their business.

But I think the term 'agility' was something we obviously came across in the process of us thinking about this thing heavily and working on it, and I think it's an incredibly apt phrase or word because in today's world can you think of anything more important than being agile? I mean, we see so much happening from the high street to the boardrooms, which really say that unless you're agile in what you do, you're going to struggle.

And, you know, that agility right through the workforce is important because I think the other big characteristic of businesses of the 21st century is that they're



not, you know, a hierarchy of people who sit in the boardroom and a bunch of people who do the work. You know, that model has broadly disappeared and I think both the leaders and the organisations of the 21st century are organisations which are much more connected, much more agile, much more transparent in what they do and I think the whole agile working movement is really saying, how do we help people to get to that position where they can create an organisation that has those characteristics?

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Demographics is clearly going to be a key issue because, you know, the workforce that we draw from is the workforce. You know what I mean. And so it may have been that in the past, you know, your natural tendency was for people to join companies and stay with those companies their whole life. I mean, you know, often when one joined a company the sense was, this was my career I'm joining, it's not just a company I'm joining.

But, you know, for lots of reasons - the ageing or, you know, the increasingly... age that we all live to so the ageing demographic is important because it potentially provides people at different phases of their life different capabilities. If people are going to work until, you know, 50 or 60 or 70 or 80 then different characteristics apply. And of course the well-known phrase in the technology industry now; the child has been born who will live to 200.

So, you know, you wonder and, you know, that's not going to happen today so I'm not going to have a 170-year-old working for me in my company but you could easily see that as being the case in, you know, in 10, 20 years' time, that we'll be starting to plan for those kind of things.

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So, you know, that kind of idea of looking at the demographic, which is, they're bringing, increasingly bringing talent into the organisation, potentially working different times, working shorter weeks, working more flexibly within weeks, working for multiple companies is an important demographic that I think we do need to think about and again people leaving a career or leaving a company, coming back to a company, bringing different skills with them, working on an irregular basis for a company.

Those are all very different than the way we designed companies 50 years ago and sadly a lot of what we did is still built with that old-fashioned design and I think a lot of what we've been thinking about in the agility and the agile work is to say, we need to sort of rethink some of that, we need to reinvent some of that in the current world with the current technology, the current demographics and the current, you know, environment that we live in of transparency and openness.



FC Yes, I mean, you're right of course; I mean, most large organisations are like factories, aren't they?

PS Yes.

FC I mean, that's all we've done, is we've kind of moved from a factory into an office, often in the centre of town; those whole kind of linear careers; start work at 16, retire at 60. A, it's not fit for the future in terms of the issues that you've been describing around the change of business environment but just the way we live our lives.

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I mean, you know, and you just kind of have to ask the question, even if you're just looking at it from a gender perspective, why is it that you can't take, if we're all living much longer, you couldn't take, say, five or ten years out of, you know, lifetime in terms of your career and come back and still be CEO but slightly later?

PS No, there is no reason why that shouldn't happen and I think that change of expectations and not doing the same linear work is something we're definitely have to [sic] get used to because if you think of the skills for the future, I mean, one of the stats that slightly scares me at the moment and I'm very engaged with in lots of things is that the workforce of 2030 - so, you know, we think, 2030, that sounds quite a long way away, it's like 13 years away or 12 years away. That workforce, two-thirds of that workforce have left the education system, they're in the workforce.

So that workforce that's out there today is a workforce that's going to have to adapt to whatever the world looks like in 2030. If you think about that and you think about the sorts of characteristics of that, that's clearly going to be highly digitally oriented, it's going to be highly - a much greater level of expectation and capability.

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And if you then think about that in the context of, as you described before, you know, the - we've essentially reinfected - reinvented the factory, well, of course, the reality was that back in the day when farm workers became factory workers, you know, it was probably the local farms went into the local factories and then when the factory workers, you know, started to become office workers it was probably the local factory had the local office.

The challenge in the digital world is that isn't the case. If you displace a job in, you know, Sunderland that becomes a digital job, what we would love to make sure is that we had the skills in Sunderland or the north-east to fulfil that but actually that job could just as easily go to Bangkok, Beijing, Bangalore, you know, and the reality is that digital jobs are much more portable.



And so I think as we think about the skills and the capability for the future we need to genuinely be thinking about how we skill up the workforce for the next generation. That's going to require a much more agile way of thinking about how I skill my people, how I take them, how I get them to go and do skills, how I can get them to continuously refresh their skills on an ongoing basis.

And that isn't the world that we've been used to in the past so this rethink of the workforce is incredibly important and it requires transparency, dynamism and certainly agility.

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FC Yes, no, and it's interesting because I was struck in particular by - in the Lloyds Bank's consumer digital index, there was a stat that was, 16% of the workforce couldn't fill in an online application form and you just... That's actually quite... you know, you think, gosh, there are still... We are kind of moving ahead in this way of digital but actually how much, how ready is the workforce in terms of basic digital skills and, as you say, what do we need to be doing to do that?

And the same for small businesses as well. I think the stat was, you know, almost two million small businesses don't have basic digital skills and so I guess from your perspective you would see that that would impact on their ability to be competitive in this global marketplace.

PS Exactly. I mean, you know, there's a lot of work going on in this area. I chair the Digital Skills Partnership, the government's work, you know. In Cisco over the years we've done lots to try and digitally enable people but the truth is there's a real danger we create a further divide and what you don't want to do in a workforce of the next generation is not have access to a load of the people.

I mean, you and I have talked before, Fiona, about things like gender balance within workforces. You know, I have a very simple perspective on that which is, if 50% of the population are women and I've not got 50% of the population in my workforce I'm missing - somebody else is getting that talent. And so therefore if you don't create an environment where women want to, can and are able to work on an ongoing basis you haven't created the right environment in a business.

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And so therefore if - and the same is true of digital enablement; if 16% of people can't fill in an online form suddenly their ability to book a cheap holiday, to get the best deals for something they want sent to their house, to get their kids into, you know, a particular type... That's a problem and the same is true for businesses; if you've got several million small businesses who really can't engage in what's a dynamic economy you're creating a multi-speed, let alone a two-tier economy and I don't think that's the right thing to do.



I think we need to be creating an economy where we can get the best out of people, the best out of companies, the best out of resources in an equitable and open way and I'm not saying there's a single magic bullet that does all this. There's a lot of work needs to be done but I think the thoughtful approach that we take to these things, which is, you know, companies and government and charities and others working together to try and be clear about this, is important because there is no... It's not government that are going to fix this, it's not charities that're going to fix this, it's not business that's going to fix it; it's all of us working together. I think that's what's really important going forward, you know.

And I was on a panel in Glasgow at one of the TED conferences and those are always really good because they're very funky and interesting and stuff and we were talking in there about, you know, four-day week; should there be a four-day week?

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And in that environment we had a business in there who had gone to four-day week. They'd said, we'll pay the people the same and go onto a four-day week. Now, they did that not because they didn't want people to work as hard; they did it because they were having to attract talent, they wanted to make sure that people looked at their lives in a different way on that fifth day and were able to do other things and as a result their productivity's gone up by 30% and their, you know, retention and so on of individuals is much greater.

Now, that's quite radical for some companies but it's really interesting, thinking about how you build this relationship with your employees to be something different than it is today and for them to be bought into not only the company but the whole kind of lifestyle of what they're doing so, you know, there definitely are radical approaches can be taken but I do think it is about this, as you say, this kind of open dialogue and connection between people and companies.

FC Yes, and I think one of the... The sense that I get from some companies as you talk to them about agile working... that there is a worry about trust so, you know, how do you trust someone who's working in a different way? What's your, how did you kind of deal with that when you were at Cisco?

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PS Yes, it's an interesting question and it's come up in lots of forms over the years so, you know, the most notable one in recent times is like people banning Facebook and things like that at work. I've always had a bit of a - I've always found that slightly strange because what it is is a big hammer to solve what clearly is a problem of management.

If you manage your employees - like take that example about company who's given their company a four-day week. You could argue they would do exactly the



same, do the four days, shut up on the thing and disappear off on the Friday. But what actually happened is people had jobs to do and so they managed their time effectively and did actually more in the four days than they did in the five days because they felt there was a sort of trust, an empowerment and so on.

And in Cisco, you know, I always had this perspective that if I went down and said, you can't do this or you can't do that, people then start to sort of box themselves and say, well, okay, the company doesn't want me to do that but I'm not going to go that extra mile to do that.

Whereas if you say to people, this is a management issue - so if a manager doesn't tell his or her employees what to do, well, guess what, you know, human nature is they'll toddle around and do a bit of Facebook and do whatever but it's a bit like saying, let's stop people going outside during the day or making phone calls or going to the toilet because actually that'll waste time and they might do it too much.

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Well, you know, that's true but if you manage people to the degree that, ie, you give them expectations, they feel bought into what you're doing and you give them tasks that they have to achieve within certain realistic time frames then people will do them and then often you'll find people will do more than that, you know; they'll go further, they'll want to do things as opposed to feeling that they have to do things.

And I know that's not dead simple and I'm not saying it's an easy thing to do inside companies but I do think a lot of it's to do with the culture you set up inside organisations, the way that people feel empowered and, you know, when I ran Cisco, you know, in just the year or so before I left we did the last of our employee surveys and I think, you know, out of all the things I did at Cisco over the 24 years I was there the proudest thing I had was at that time we had a 97.5% employee engagement index and we had 100% proud or very proud to work for Cisco.

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Now, when you're in that environment, in my eyes, you've got a workforce that wants to work for you and do what they need to do. You're not beating them up to do everything every minute and so that sort of people deal or deal between you and the employees is, you know, we'll try to do what we can to make this world a good world that you want to be part of but, you know, as a result you're going to do stuff.

And of course people go the extra mile, do the extra things, step up, do multiple things and again, not simple but it is important, I think, when you're setting organisation.



FC And, yes, it feels like there is a real sweet spot, isn't there, in this agile working piece so, you know, employers need agility, as you've been describing, employees want it, as we know, because - to be able to live their lives the way that they want to be able to live them and the sweet spot is to kind of find that place where you both, they both overlap, don't they?

And it always struck me, you know, that your focus on outputs rather than inputs is the key thing, isn't it, so it doesn't matter if someone has a - looks at Facebook for example as long as they're achieving what you've asked them to do and it's that clarity about objectives, isn't it, that's really important.

But one...

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PS Actually just on that, and also you may find that a young person coming into the company can communicate a lot better on Facebook than they can communicate with all the tools that you give them inside the company and so you're kind of weird that you as, you know, as someone senior up in the organisation says, oh, well, I don't use Facebook to do that. Well, actually they can do better than you, they can create little groups really quickly, get themselves all communicating and you think, oh, my God, we couldn't have done that, you know, in our organisation because it's much too hard.

So it's kind of strange when you impose, you know, different perspectives on people and not let them work in the way that they think they can really work effectively.

FC Well, and I've seen that with my kids, you know, they've got headphones on, they're watching something, they're doing their work and me in my kind of old-fashioned way go, how can you possibly focus if you've got all this stuff going on? But actually that's the way they operate and so we've had that little bit at work sometimes where people go, you know, with some young people, you can't sit with your headphones in. And as long as they're not having to answer the phone or they can put it down you have to kind of go, well, why can't you? And I guess that's the question we have to keep asking ourselves, isn't it, is why can't we do that, rather than you have to do it this way.

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PS Oh, the classic of that in the homework thing is the kid's doing all that sort of stuff and they're doing their homework and they've got their headphones in and they've got a video screen in and whatnot and the parent going up to them and saying, what are you doing, you're supposed to be doing your homework. They say, I am doing my homework, I'm collaborating with somebody else here, I'm listening to... so I'm doing it in the way that actually is incredibly powerful for me.



And, you know, gosh, if we could think that when people were working on a task that they were always collaborating with people, that they were getting the best input and the best knowledge wouldn't that be a good way to work as opposed to maybe the way that we were brought up in school that was fairly singular, you know, synchronised at one level? And it's kind of interesting.

FC Yes, no, absolutely. I'm interested, Phil, in your view then on things like performance management so, you know, we all - especially in large corporates we have kind of systems, don't we, that go to the way that we've always been set up in this fairly kind of boxed-off way. How have you dealt with the issue about how do you perform, manage, do performance management for someone who's working in a different way?

PS Yes, it's difficult and again, you know, you have to evolve this thing and certainly at Cisco we had done a lot of work on, you know, taking away some of the pure mechanics of...

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You know, I mean, in lots of companies they have things like bell curves where they want, you know, a certain percentage of employees in the middle of the bell curve and some at the lower end and some at the higher end and that all comes from, you know, good management theory about, you know, making sure that you're looking at underperformers and making sure you're rewarding over-performers and so on.

But the truth is there's a real danger in those environments that you get stuck into trying to manage to the bell curve and not trying to manage the people, and certainly we've done a lot of work over the last few years at Cisco and saying, well, actually that isn't the model we want to be part of, it should be much more about a continuous dialogue between, you know, employees and leaders and so on within that.

And so Cisco have got a thing they call team space, which is basically a kind of tool and process where people check in regularly, their manager can see, you know, what's your issues this week, what are the thing... and the manager or leader has got access to all of that, can see that information come back; very light-touch, very capable of giving people a sense but also helping them, you know, manage their diary and say, you need to have this chat to this person, and so on.

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So it's difficult and particularly, as you say, in those sorts of environments where people are doing very, very different jobs. It might have been in the past saying, oh, I want you to make x number of phone calls or create a certain amount of output. And I think you still have to do that; I think you still have to say, you know,



the reason you're in a particular job is because I want you to do this particular set of things, I want this kind of output from it.

But the question is whether you micro-manage the way they do that or whether you do it, you know, by talking about outputs all the time and I think in general we try and focus on the outputs; this is what we need. There are some jobs obviously where it maybe does need a certain level of rigour, you know, whether those be jobs in sales environments or in telephone environments and so on, where maybe you do need certain metrics and so on to control.

But I think the watchword from my perspective is always not to get tied up in managing just the metrics and forgetting about the fact that you're either trying to create output or you've got real people doing it. And I think, to the discussion we were having earlier about the changing demographic, you know, what you want and expect from a set of, you know, 22-year-olds who are really keen to do work in a particular way, to bringing in a few skilled people in their 60s, 70s, maybe 80s in the future; you may want to do very different things and I think if you put a one-size-fits all on it you're really going to struggle in today's world because I really don't think we have that kind of workforce any more.

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FC No, I agree. So one of the other things we've talked about in the past, Phil, as well is the idea that, you know, this whole idea about offices being factories and often organisations, you know, having offices in the centre of town where people commute into the centre of town with, you know, overloaded transport for a 9:00 start, which again all feels kind of old-fashioned and not fit for purpose any more.

And I've always been struck by the example that you used to talk about at Cisco in Amsterdam where people worked in a different kind of way, both in terms... with other organisations and I wonder if you could just tell me a little bit about that.

PS Yes, that was - I mean, it was done some time ago now and it was the idea of having work centres. I think it was in Almaden, which is like a suburb of Amsterdam and the idea was that, you know, well, Amsterdam, like all big cities, has a massive crunch at a certain time in the morning when they all, everybody travels in and frankly you're just wasting a lot of time.

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Now, I mean, I know people can be on the phone and maybe chatting to people and so on but I guess in general people were just frustrated, annoyed, not comfortable, etc, etc. So the principle was, you know, could you create a set of work centres round the kind of periphery of the city where people could come into, could log in?



And, you know, when we did that that was probably quite a big thing to say, oh, you know, how do I log in and get access to my stuff and maybe have a printer or other things that I needed at the time? Multiple companies could be working in these work centres and then at whatever time was appropriate to them they could go into the city if they wanted later but it might be at 11:00 rather than at 8:30 or, you know, 8:00 or something.

So you were able to do productive work in an environment that was a shared environment of some sort. Now, we know that the world has moved on a little bit in there and actually we can, many of us can work in that way now, you can have a work centre so you wouldn't have to put a lot of facilities; you might have to put WiFi in nowadays, maybe a bit of video if people wanted to do video but basically, you know, you could make a much more flexible environment.

And I think that's a great opportunity and if you look at hotels and things now, lobbies of hotels, there's loads of people in having meetings and things in them and some of them are on the periphery of the city.

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But I think that kind of thinking about, oh, let's not just - either not have offices in the centre or have everything out of the centre or, you know, or some combination of that; I think the beauty of it is that we're saying, actually let's really think about solving whatever the problem is and if the problem's traffic congestion, which of course is not only bad for individuals but bad for the environment and so on, could you alleviate that by being smarter about the way you work?

And I think that whole kind of flexible workspace, as we started to call it, rather than workplace, really of course has come to fruition in a much greater way now as people work much more flexibly. But you do need to think about it because it's not a straightforward, you know, all right, everybody can work wherever they are, and we hear occasionally people talking about, oh, everybody has to come into work now.

And that's a sort of knee-jerk management response, I think, of people losing control and they think, oh, my God, you know, what are people really doing, are they actually working or are they all sitting out in the garden, you know, doing whatever they do?

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And I think again some of that comes back to, have you set your people the right expectations and outputs, or alternatively have you thought about how we actually work in teams. And one of the things that was, I guess, lucky with being in Cisco for as long as I was, was that we thought about a lot of this thing quite early, you know, and we were in environments where teams just didn't come into



the office because actually if you came into the office there was nobody there anyway so what was the point of coming into the office sort of thing; you know, it was one of those sort of chicken-and-egg things.

And in the early days, you know, people wanted printing and printing off slides and all that but, you know, again that's broadly gone. So you had to really think about, you know, why you were bringing people in so for example we would have things like Friday learning sessions where you gave people free breakfast but then you had a session in the afternoon or the late morning and afternoon where people got learning time, you know, so people came in and talked to them about AI or robotics or anything, you know, just to kind of get them up to speed so you created - and then there was a bit of social interaction you had in there.

Or alternatively when you start to use video a lot, you know, we would look at ways of saying, well, actually if you just have a couple of people sitting up in Darlington and Birmingham and then everybody else is in a big office in London because they happen to be in, that's not very acceptable because, you know, there's a load of noise from this centre and everybody's chatting to each other and banging their cups around and so on.

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And so we used to say in those big meetings, not so much nationally but certainly internationally, that when you had a big meeting like that where you had a huge density of people in the centre and one or two on the periphery that actually the people in the centre should all be in separate rooms on video as well to give them the same kind of experience.

So you have to be thoughtful about these things and think about how you actually get the best from people to make sure you get the output so that you're not just sort of recreating the factory world that we talked about in the digital world and, you know, you need to think about how this new world works and how people communicate and work altogether.

FC

Yes, I mean, it's interesting, isn't it? I mean, that whole home working thing is one of the big things that people talk about a lot and in a sense that was an old-fashioned response to an issue that people felt they needed to deal with, be it, you know, creating better work/life balance or whatever it - or saving cost. But actually there is no one-size-fits-all and you don't want to just replace, as you say, one thing with another; it is...

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And of course people work because they want to interact with people don't they, that's part of the reason people come to work.

PS

Yes, exactly.



FC So you just need to think in a different way to do that and I guess there is also something about saving cost presumably; I mean, if you're not having to rent a big office space in the centre of any city in the UK that's going to save you more money as well as... I mean, the thing that I've always been struck by is this idea that, you know, we need to create more hubs around the country so you create better local communities for support...

PS Yes, use the local shops.

FC Use the local shops, get the high streets back working again and people are in their local area and able to do the things that they need to do. If you could, if we could find a way to reduce that, you know, way that we've always commuted in two hours here, two hours there, we'd be very sensible.

And you mentioned earlier on the whole product - an example of productivity and I know you're very heavily involved in the whole productivity space with the CBI as well and that feels like such a waste of time, doesn't it, those two-hour commutes or whatever. Is it your view that, you know, agile working can support, you know, help us with this issue that we have in the UK about the productivity gap that we've got at the moment?

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PS Yes, I think - so definitely. When you look at productivity there's lots of reasons that productivity - I mean, UK has a shocking productivity record, comparison to others, you know; it's less productive than the G7 by 16, 17%, you know, which is a lot and, you know, massively less productive than Germany but less productive than Italy and France and yet one would associate Italy as a, you know, open, brilliant lifestyle, etc, etc, and you think, how can the UK be less productive than that?

And of course the reality is that there's a lot of complex factors including leadership and management but, you know, digital and the use of technology is definitely part of it. So if you look at the stats, what it essentially says is that the UK's really good at front-end digital; you know, good at buying stuff online, good at, you know, interacting on e-commerce and predominantly that's probably because of the banks and the financial system; we've got a great financial system that allows people to transact in a very flexible, dynamic way.

When it comes to kind of back-end technology the curve drops way off very quickly and actually most countries do better than us on the back-end stuff and the example I had of that recently is my son or one of my sons lives in Vienna; he married in Austrian girl and they now live in Vienna and my wife and I went over to see them a while ago.

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And, you know, again, Germany, Vienna and the kind of Germanic countries always had a sense that they were very good at this back-end for lots of reasons; it's complex reasons; you know, they have a regulated working week and therefore they have to automate more whereas we potentially can use lower-cost workers, you know, so it's a lot of dynamics but nonetheless they have automated a lot more at the back end.

And so the two examples I saw is that if you go into any restaurant in Austria they always take your order on an iPhone.

FC Is that right?

PS Now, you see that occasionally here - on an iPad or something - but they take it on an iPhone so clearly there's a straight-through system to the back where it's, the chef's doing whatever they're doing. So that's one thing and that was kind of, okay, that was an...

The other one was a shoe shop, which I'm not an expert on but, you know, when I was there my son wanted a new pair of shoes and my wife and I took him in and we sort of said, okay, we'll treat you to these, you know, whatever it was you needed.

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So we went into the shoe shop and each one we went into; what they did was... You know in shoe shops where you order a pair of shoes and they say, okay, have you got this in a size nine or whatever, and they disappear downstairs and they come back with this giant big pile of shoes and sort of dump them in front of you and then you kind of look at them all and you think, okay, that's not terribly efficient.

In Austria what they did was they - you said, oh, I like this shoe here, and they took it and they took their iPhone and they scanned the barcode and two minutes later a little conveyor belt appeared and your shoes appeared on this conveyor belt.

FC Wow.

PS You think, that's interesting thinking. Now, in Austria they're not as good at e-commerce as us, their business regulations are quite hard for small businesses and so on. However these businesses have taken the time to automate their back-end of what they've done because they know that they've got to do that with a regulated working environment and a, you know, not access to the labour that maybe we've got and so on.

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So actually they automate and so it's really interesting when you see companies like that doing that. So back to the original question: would this improve our



productivity? Absolutely; if many small businesses felt that they could automate, digitise, do things differently with the way that they manage their business, it would undoubtedly have an effect on productivity.

In fact the really interesting statistic in the productivity world is that 70% of the people who work in the UK work for companies who are below the average productivity and if you could nudge those people up by ten percentage points - so not make everybody the best but the people who are at the 20th percentile move to the 30th, the ones at the 30th to the... etc - it would create £160 billion a year of additional value-add to the UK.

So in other words, if we could get everybody up the slope a little bit further it would be very powerful and a lot of that is about pretty basic stuff in some cases; some of it's management, but some of it's about basic things that would allow them to run the business more efficiently.

But it's not easy; you know, it's not. You can't persuade every business to do that but it is something, I think, we need to do.

FC And it is that mindset shift, isn't it, it is just thinking... When we've been looking at some of the agile working practices we've got at Lloyds and you introduce something new and you think, well, why did we not do that before, it's so obvious.

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But actually you don't have the time - especially for small businesses, they're so busy just kind of running the business...

PS Keeping the lights on.

FC And keeping the lights on, absolutely, that just having that space to think differently is the thing so...

PS It is powerful; you know, the work that you've done - you mentioned the Lloyds index; you know, that index you've done shows, you know, in real data - because you're their bank and you know how their bank account flows and all that - you can actually see the businesses who have invested in this kind of area are more productive, are - have better cashflows, etc.

So it's somehow that we've got to get between the, 'isn't this a good idea', to making it real for your average guy or girl who works in a business in the middle of the country selling farm goods or something, you know, it's like...

FC Yes, and I think that's right, I mean, because the data shows that, you know, companies that are - small businesses that are more digital are 11 times more likely to export overseas for example; they save 20% in terms of efficiency so a whole working day is saved by being more efficient and, you know, and so I think - and they're kind of 4.5 times more likely to have an increase in turnover.



So those kinds of stats; you're kind of like, well, why would you not do it?

PS Why wouldn't you? Exactly.

FC But I think it's because people don't necessarily have the time, first of all, don't know what to do and so you kind of - we're all on our kind of wheel, aren't we, our little hamster wheel.

PS And they're a bit scared of it as well. I mean, when we did the work on the productivity group of looking at small businesses essentially they came up with three things. One was in digital they didn't really know what it was, they didn't - what does digital really do, I don't get it, you know, I'm a, somebody selling, as I said before, you know, selling farm goods, I mean, what does digital do for me?

The second thing was they said they were a bit scared of it, you know, because they hear about, you know, big companies getting hacked and cyber attacks and so do I really want to do that?

But the third one and the underpinning one was they said, and I don't have the skills to do it anyway. So that may be, you know, the real reason for it all, that if they had the skills and if they started to look at how the workforce could be skilled in an effective way maybe you could do that and that, you know, that's a big task but, you know, it could be about bringing young people in, about apprentices, about working differently and so on.

00:32:04

FC I think that's the thing, isn't it, working together with all those interdependencies because we at business have got a role to play, quite clearly, and I think the strength of businesses talking to businesses is very, very powerful but there'll be some things that we can't fix; you know, transport or whatever. And it is that, for everybody to be successful, to increase our productivity we really all kind of need to work together, don't we, to create the UK of the future and the workforce of the future.

Phil Smith, thank you very much for your time. It's been really interesting talking to you. Thank you for coming in to see us.

PS Thank you, Fiona.

FC So I found that discussion really fascinating and joined now by Maggie Pagano again and Maggie, I think one of the things for me - there were a couple of things that really struck me in the course of that conversation. One was, Phil raised again the issue about the sweet spot, you know, between - because employers want agility, need agility, I should say, and employees want agility and so getting it right is a real win-win and I think that's something that we all, you know, could always gain by.

00:33:09



But I think one of the other interesting things that he talked about was that this requires us all to work together, government...

MP Yes, collaboration, isn't it?

FC Yes, exactly.

MP The sharing society.

FC Well, that's right, because I think the thing for me was that it raised some really quite big issues and big questions about how we live, work and educate ourselves actually going forward.

MP I mean, really we're sort of challenging, overturning over 100 years of quite traditional thinking which goes back to the factory floor; you know, 6:00 until 5:00 or 8:00 until 5:00 and we're now, with technology and disruptive technology we can actually, you know, sort of start again, can't we, we can create anew, which is actually very exciting.

And youngsters clearly are very ready, the millennials and the new generation and they understand this but the idea of... I mean, we look at it later on with Professor Scott but the hundred-year life means that it won't just be the three periods - education, work, retirement - why can't we spread that over the period so we have education, we go to work, then we educate, go and have dance lessons or, you know, retrain in whatever we want, back to work?

00:34:19

FC Yes, exactly. Do you think?

MP And companies have got to think like that.

FC Exactly. Well, I completely agree. I think, you know, that doing all of this work has just raised so many questions for me so, you know, we keep coming back to this issue about, you know, balancing home and work and children in particular often. You know, if we're all living until we're 100 or whatever we think it is going to be why can't you just take chunks of time out, as you say, either to go, do dancing or to have your children and that actually just be the way we do things, rather than trying to fit things round a system that, you know, at the moment currently, in all honesty, has been set up to work on the basis that someone's out working, someone's at home - and typically that's, you know, the man at work and the woman at the home?

And actually we really need to kind of turn that on its head and, you know, things like, you know - we hear it all the time; you know, if you haven't got to a certain point in your career by a certain age...

MP That it's all sort of over, yes.



00:35:17

FC That it's all over.

MP That's a nonsense, isn't it?

FC Well, how can that be right actually when you've got this longer time frame? So I think - and it comes back to this idea about the mindset shift; we've all got - all of us, haven't we, not just employers; individuals, I think, too, have to think differently about how we're going to live and so Phil's point about us all working together is a really important one, I think.

MP No, it is and I think people have got to stretch themselves. I heard a really good example recently about how GSK, which obviously has some very highly-qualified scientists and legal experts, regulatory experts working and they noticed that they, in their early 30s that they lost all their really highly-qualified women because they went off to have children and wanted to take a gap and they weren't, they didn't have the set-up to provide for that.

So they've now actually asked all these women to come back and be in contact and to talk about what they might do. Now, it just seems so obvious, doesn't it, that other companies need to - and it doesn't just have to be for women with children either; it could be men who, as we said, want to go off and retrain. We have got to be very flexible but it must be very difficult too. You work in a big organisation. You know, how does human resources deal with that sort of challenge?

00:36:33

FC Yes, well, I mean, and that's the reason why you have to change the system, don't you, because at the moment it is challenging within a system that's basically just, you've just literally transposed the factory into an office environment, is what we've all done.

MP Yes, no, it is what we've done.

FC So you have to think differently and I think what's been interesting is lots of the organisations in the Agile Future Forum have got returner programmes and I think what we're all finding - in fact we're talking to one of our returners from Lloyds Banking Group in a future episode, Rob Carmichael - I think what we're all finding is the people that we're getting back are phenomenal, you know, they've got such skills and because they may have taken two, three, four years out of work doesn't mean that they're kind of on the scrap-heap; far from it.

MP No.

FC And so I think these things are all starting to change the way people think about how we operate and what's acceptable and what's not and Rob is a real



demonstration of how you come back at a very senior level and be very successful.

00:37:34

MP I do think it's - don't you? And I'm sure you find this, Lloyds Bank again - that it is a generational attitude; you know, people are not just thinking, well, I'm going to work until I'm 60 and then retire; they are looking to a much more - healthier balance. Men seem to want to spend far more time at home or with their families; there's quite a different approach to certainly...

FC Yes, I think that's right and Phil talks about it in this episode; I mean, the changing demographics, you know, mean that we're going to - again we'll be pushed to think about this differently from all sorts of ends; a, as you say, from millennials who, when you talk to them, the biggest issue that they're interested in is agile working, more than pay actually, because they want to be able to do things in a different way and why can't they sit on a beach in Bali and work on their laptop? Than sit in an office in wherever.

So I think they're pushing the boundaries of what they want to do and how they want to live and of course at the other end you have the people who want to maybe not retire but don't want to work full-time because they've worked for 30 years, you know, often in high, pressurised jobs and therefore want to do something differently but they want something that's more flexible and agile than they currently have.

00:38:50

So again I think all of these things are starting to shift and we look at some of these issues. We don't have the answers but we're starting to look at some of the questions in future episodes around transport, education, lifelong education and the changing needs within the workforce.

MP It's really a very exciting time but also governments actually will have to also be very aware - I'm sure is aware - of a lot of these issues because you will change the nature of probably the NHS, welfare benefits, pensions, the whole structure that we've had over the last 50 years is going to have to adapt.

FC Agreed, absolutely.

MP So there's going to be some very revolutionary changes.

FC I think there's going to need to be, isn't there, for us all to be able to kind of live the lives that we want.

MP Absolutely.

FC So join us next time when Maggie will be talking with Dame Vivian Hunt, managing partner for McKinsey and Company, to discuss how an agile



workforce could help close the UK productivity cap [sic] and also to discuss some of the tools that the Agile Future Forum has developed to support organisations looking to implement agile working.

You can learn more about agile working on the Agile Future Forum website or follow us on LinkedIn, Facebook and Twitter.

00:40:08