



Introduction Episode with Sir Win Bischoff

Speaker Key:

FC	Fiona Cannon
WB	Sir Win Bischoff
MP	Maggie Pagano

[Music]

FC Hello, and welcome to the new agility mindset podcast. I'm Fiona Cannon, the Director of the Agile Future Forum and Director, Responsible Business, Sustainability and Inclusion at Lloyds Banking Group, and I'm joined by business journalist, Maggie Pagano.

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And over the course of this podcast we've met a range of experts, all in one way or another shaping or responding to a working world that's never been changing quicker. We'll be covering everything from the economy to artificial intelligence, to transport, all the while seeking to make the case and widen the understanding of agile working and its role in UK business for the benefit of UK economy.

In this special introductory episode, I'll be speaking with Sir Win Bischoff, former chairman of Lloyds Banking Group and chairman of the Agile Future Forum, the organisation we set up together. So I'm sitting today with Sir Win Bischoff. When Sir Win was chair of the Lloyds Banking Group, also established and chaired the Agile Future Forum, so welcome, Sir Win.

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WB Thank you very much, Fiona.

FC How did the idea of the Agile Future Forum come about?

WB Quite interesting. I was approached by Nick Clegg, who at that time was Deputy Prime Minister, and Vince Cable to look at flexibility in work. And I think they probably had in the back of their mind productivity, flexibility, all this kind of thing, and could I put together a group of CEOs, chairmen or CEOs to have a look at that small group, and we did just that, about 20 or so, and I think that was in, well, it was in 2011.



FC Yes, that's right. And how did you go about selecting the companies, because that's quite a tricky thing, isn't it, to select companies? How did you go about doing that?

WB I felt we ought to have a mixture. Obviously some, we wanted to have some very large companies, representatives of very large companies.

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We wanted to have some smaller companies, and I wanted to have different types of companies, retail, industrial, etc. But I also wanted to have some professional services because professional services in this country is just such an important part and that's where flexibility, as it was then called, was likely to be more used than perhaps in some other areas.

FC Yes, I mean, and it was interesting, wasn't it? There's a real mix, as you say. Big companies like BT and Tesco and John Lewis, and then some small companies like manufacturing companies, so a real kind of microcosm of the UK economy.

WB And then I think we had KPMG, we had a law firm and so, yes, it was a mixture.

FC And so when you first sat down and started looking at this, what was the thing that struck you and the other business leaders about this issue?

WB Quite a number of them had already, in fact, done some work in flexibility and had introduced it in parts to their companies. But, interestingly enough, at the very first meeting in talking about flexibility, we came to the view that this was actually a misnomer, that what we were looking at was much more agility than flexibility.

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And flexibility in that sense was a slightly outdated word because it had a connotation that it was a benefit to the employee and, you know, that the employer provided rather than that it was something which was balanced between the employee and the employer, and so we called it agility and that's where Agility Forum came from.

FC Yes, absolutely. I mean, it was one of those very first early decisions, wasn't it, to use the word agility rather than flexibility?

WB Yes.

FC And, as you say, I mean, I think that was important, wasn't it, that the employers themselves had all done flexible working so they knew what they were talking about, and that given the kind of external environment that we're all operating in that we felt that it wasn't... we weren't using it as well as we could do more broadly almost other employers. I think that was one of the big things, wasn't it?



So, you know, one of the things I think that we came across was, although we had all as individual companies felt that agility was really helpful to us, there were others that didn't seem to share that view. Why do you think that was? Do you think it was because flexibility was associated with the employee rather than the employer?

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WB Probably flexibility was something which was centred on HR and the personnel function, and that's wholly appropriate in some ways, whereas agility is something which the CEO takes seriously. And I think by getting CEOs and chairmen involved and putting it to them that this was something which in a wider sense would not have the legs that it should have unless they bought into it, I think that basically provided that a much more holistic way of looking at it, and that of course also really concentrated then on the employer.

The CEO actually looks at things; yes, it may be a benefit that I provide for my people, for the staff, what do I get out of it? And there's this duality of it which was quite important.

FC I think that's right, isn't it? I think one of the things that we found when we looked at it was that a lot of the research was in the, on the employee benefit side. There really wasn't anything at that point on the real business benefit, so that was kind of one of the first things that you set off, wasn't it, with McKinsey?

WB Yes, well, when you say I set off, I mean, you of course, Fiona, led this, what I would call the very important working group that on a day-to-day basis looked at these things. And we can't, one can't underestimate obviously the value that was provided by a whole lot of people, but including McKinsey, yes.

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FC Yes, absolutely. And what kind of change do you think is necessary, then? We've said that... I think one of the things that we've been clear about as we've gone through this piece of work is that there needs to be a different approach to be able to, for companies to be competitive, organisations, you know, to... we need a different approach to the way we look at this, so what kind of change do you think is necessary to make this work?

WB With technology, with younger people, digitalisation, the way that people actually feel they ought to be working, the hours that they ought to be working, the life, work life balance, I think the workplace is just very different now to what it might've been in the 1970s or even 1980s. And the millennials actually do look at



things differently and agility to them is, actually comes very naturally in their working, the way they work.

You know, the idea that you should actually have in your workplace pizzas provided or table tennis or whatever it is, you know, it's just different. So I think this generation, and that actually includes probably this generation of senior managers, is much more attuned to looking at this in a way which benefits the employee as well as the employer.

And the employee is willing actually to see that the employer gets something out of it, too. They get something out of it. But so there's a different attitude and I think that attitude has to be more widely spread. It isn't yet necessarily all that much felt. It's felt lower down by the employees, but I think there are still obviously CEOs who have to embrace that concept.

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FC Yes, and I guess that requires a bit of a mindset shift, doesn't it?

WB Yes.

FC That we've called this the agility mindset, haven't we, because it's a different way of thinking to the traditional way that certainly many senior managers might be thinking about because they've grown up in a different...

WB And there was a, I think there was an article in the Financial Times the other day that it isn't yet as widespread as it might be, and of course that was an article around flexibility and I think we have to get across the agility concept, the duality of employee employer benefit.

FC Yes, and of course I think one of the interesting things that we did with the Agile Future Forum was where we talked to the business schools, didn't we, so that young business leaders would bring this kind of mindset into the workplace as they go through. Did you think that was an important thing that we were doing there?

WB I think it was and I question to you, is it working with the business school?

FC It is.

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WB I think the business schools, of course this is where the young people, many of the young managers of the future of course learn about these kind of things. And so it is working, I'm delighted. Well done, you, yes.

FC Well, thank you very much, Sir Win, for coming in to talk to us today. It's been a real pleasure talking to you. Thank you.



WB Well, thank you, Fiona, very much for all the work you did in establishing the Agile Future Forum. Thank you. [Music].

MP Fiona, that was absolutely fascinating hearing you talk to Win there and setting out how you came to set up the forum. I think what I'd like to do is just step back a tiny bit and let's try and explain to people what you mean by agile and why that's different to flexible, because most of us have grown up with flexible working and we mainly think about it in terms of part-time women, children and so forth, but this actually is a huge leap forward. Can you explain that for me?

FC Yes, I mean, and it's kind of core to what we've been trying to do with the Agile Future Forum. So I think if we take a step back in terms of... I mean, we all as companies involved in the Agile Future Forum had talked about flexible working ourself when we first started.

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In fact, as Win said, that was one of the kind of criteria for choosing companies to be involved in the Agile Future Forum, as well as having a range of sectors and sizes so that the companies there were the kind of microcosm of the UK economy.

But I think one of the things that we had found was that, you know, it's become a bit of a cliché now, isn't it, to say that the world is changing but, you know, globalisation, the digital revolution, changing demographics all meant that the business environment that we're operating in is changing rapidly.

And we had found what was traditionally called flexible working arrangements to be really helpful to us as we try to remain competitive in the global marketplace, but when we looked at some of the figures around the take-up of flexible working, the take-up seemed to be quite low in other organisations and we were kind of surprised by that and wanted to understand what was going on.

And it seemed to us that there were a few things that were getting in the way of that. One is that for most organisations were set up on what you might call a 19th century model of work, so nine to five, five days a week, start work at 16, retire at 60 – we wish.

MP If only.

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FC Yes, exactly, but that's what the model that everybody works to and actually that model just doesn't work now in this new changing environment. I think the second issue that we were struck by was that if you look at how flexible working has been positioned today, it's largely been seen as an employee benefit and, as you say, largely about women with children and it's about the individual and it...



So therefore, you know, an individual wants to change the way they work and so the organisation is trying to, you know, manipulate a system to make an individual change, and our sense was that was really kind of getting in the way. Because what meant, that meant was that a lot of line managers didn't, felt that there was a cost and because it was about the individual, not the organisation, that it was going to be a hassle.

And so that was one of the other things that was kind of getting in the way of what we needed to do there and so I think that's when we were thinking about, that's the reason why we've changed the name. First of all because to denote this change from it not being about women and children and the individual to be about how you remain competitive in the global marketplace and taking an organisational view. So that's the first thing, but also because it's much broader.

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So we've now defined agility as when people are working, where they're working, how they're working and what they're doing. And typically in the past I think most of us would've focused more on the when they're working, which is the hours piece, so part-time working, but actually our view is that agility is broader than that. Now, of course an agile organisation requires you to be agile across a whole range of things, so agile processes, agile technology, but our focus for this work was on the agile working practices.

MP Fascinating. Can you give us an example of how you have adapted that, this process, if you like, or this mindset to Lloyds Bank? Can you give us actually concrete examples of how as an organisation you've been agile and how the worker has become more agile?

FC So I think from a Lloyds Banking Group perspective, we've taken... one of the beauties of this piece of work that we did with the Agile Future Forum was focusing on... you know, most of the research that we had done in the past or had been done in the past was around the employee benefit, and so we for the first time did a piece of research which was really about the business benefits.

You know, none of us had ever kind of quantified the cost and the benefit of agile working practices before, and from the work that we did we know that we... you know, we found that there was a workforce benefit between three and 13% of workforce cost which is, at a time of, you know, increased impact on the bottom line, that felt really important to us.

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MP So are you saying productivity gains from... is that what you're...?

FC Yes, absolutely. So we articulate it as workforce cost because there are different drivers of value. One of them is around the ability to align your workforce more closely to your customer need. That was actually the biggest driver of value, and that was interesting to us because normally what's been positioned as the biggest driver of value in the past has been the ability to recruit and retain quality staff. That's still important, but it's not the biggest driver of value.

So the biggest driver is this ability to align. The second biggest driver is about productivity, and so we saw lots of examples and we'll see it in further, later on in the podcast when we talk to, when you talk to KPMG about the productivity increases that they saw.

That was something that we saw across all the businesses and we saw that at Lloyds as well, increases in productivity, particularly in one of our parts of the business, which is the black horse part of our business, which is the car leasing part of our business where people started to work at home a couple of days a week and there was an increase of productivity by 10%.

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So one of the beauties of doing the research was that we found this way of developing some tools to help companies to implement agile working, because I think that's one of the problems, is how do you do it? So we didn't just want to develop a piece of research and then go, here's another piece of research. We actually developed some tools that worked for all of us.

It works across all sectors, all sizes. It doesn't matter what company you're in. And so we've taken that kind of toolkit and used it in Lloyds because it provides an objective way of looking at something, and I think one of the things that was surprising to me was some of the examples that you come up with are actually quite obvious.

MP Yes, quite basic.

FC Basic things.

MP Give us an example.

FC Well, even the KPMG thing on one level which is, because we all do this, we employ people across the year, you know, and on a salary and they all work, you know, five days a week. Actually, the KPMG example is one where actually they're really busy a certain time of the year, not so busy the rest of the year, so actually why don't they change the way that they're...

MP Yes. No, it's an absolute no-brainer, isn't it, and then they glide the salary. It's as you say, it's the elephant in the room.



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FC Well, exactly. Well, that's it. But unless you sit down and have a process that takes you through that, we're all so busy, aren't we, kind of doing things and, you know, that's... and this is the way we've done things, which is why we talk about a shift in mindset because we operate in a, we've done this for years, this is the way we do it, and actually you just need to try and sit down for a moment and take a minute to look at it.

MP So if I was the CEO of a small SME, let's say a small manufacturing company and I think, actually, I need to really rethink everything, I could go to your website and I could see your toolkit? Talk because you've come up with some golden rules, obviously.

FC That's right, exactly.

MP Talk me through what I as a CEO would do.

FC So, absolutely, the tools are available on our website, www.agilefutureforum.co.uk. They're all free and that's the other thing that we...

MP That's an advantage.

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FC Exactly. We developed this across the companies, the 22 companies involved in the Agile Future Forum, including small businesses and, as I said, they work no matter... we've tested them, they work. But there are five golden rules; these are the things that everybody could look at.

I mean, the first thing really that I think we found was that if you're looking at changing agile working practices, they need to be led by the business. Again, often in the past HR has developed a flexible working policy, it's kind of thrown it over the wall to the business to implement. There is no one size fits all, but this is a business issue. This is about how you remain competitive in the global marketplace, and therefore it needs to be led by the business.

The second thing that we found was that you really do need to understand your business and your employees in a much deeper way than we currently do. I mean, we've just talked about KPMG and all of us who operate in this, this is the way we've always done it. So when you sit down and look at your business, I think you need to really be able to sit down and really understand what you're there to do and what your business objectives are, but also understand the needs of your employees.

This seems to me to be a complete win-win for both employees and for employers. You know, businesses need to be agile, employees want agility to be



able to live the lives that they want to be able to lead, and therefore there is a real sweet spot. But you do need to understand what your employees want.

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And one of the examples that we came across was just around, not within our, not within the Agile Future Forum but elsewhere, was a company that was looking to fit a shift up, to get some people in to do a shift on a Friday night. And so typically what they would do is pay extra money as an incentive, but actually their demographic was really young and it didn't matter how much you were going to pay them on a Friday night, they didn't want to do it.

MP No.

FC And so you had to find a different way in. Now, again, it sounds obvious but it's that ability just to really understand what your employees want, so that's the kind of second thing. I think the third thing is you need to take a bottom up approach. So, again, as I said at the beginning, you know, often what happens is you develop a flexible working policy, you give it out, and it's... and everybody has to abide by it, but actually there is no one size fits all.

And even in a business like Lloyds, we've got so many different businesses. We've got retail, we've got commercial, you know, they're all operating in a different environment and so it's important that you look at each business unit and even within teams, but it... so the important thing is to have a process and an objective way to kind of do that, a framework that people can work through, but don't start and throw it over the wall to people. You've got to kind of get down into the... get a bottom up approach.

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The fourth one really is a really important one, I guess, which is really around preparing your leaders and this is, you know, really the whole piece around the mindset shift, if you like. So most of us as leaders will have been used to operating in a certain way, very hierarchical, I'm in charge, you know, I want all my people sitting outside the office so I can see them, kind of thing.

You really do need to spend some time with your leaders and your management making sure that they understand what you're trying to do. The biggest thing is just get them to open their minds, and that's what the toolkits that we developed allow you to do.

And the last point I think really is around be prepared to make some big strategic changes because these things are all interlinked. So, for example, now that we're all going to live to, well, 450, you know, people who traditionally would've retired might not want to retire, but they might not want to work full-time anymore.



But if you've got a pension scheme, for example, that means that people have to retire at 60 for whatever reason, then those are the kinds of things that you're going to need to look at to be able to make sure that you really are able to kind of take advantage of what's going on.

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MP No, and you've got to be very bold, haven't you? And I think you say, you said in one of the interviews, actually most of the barriers to these changes are internal, it's the internal thinking, not, you know, it's not government stopping you, it's not external forces. And the other thing that really struck me throughout all the interviews, Fiona, and I'm wondering how you found that within Lloyds and the other groups you've worked with, and that is that this requires huge trust.

FC Yes.

MP Trust on the part of the boss and the employee because you are saying to the employee, I trust you to work differently, and they're trusting you also to keep paying them, you know, over that year like KPMG. And how is that... do you think that trust is there and it just needs to be strengthened, or do you think it exists anyway?

FC So I think it goes to this piece around the mindset shift, you know. So, you're right, one of the big worries for a line manager is, how do I know they're doing what they're doing if they're not sitting in front of me? And so I think our sense is that if you look at the future of work, I mean, things are going to have to be different. And we'll hear about it later on in the series when we talk to professor, and you spoke to Professor Scott who wrote *The Hundred Year Life* book.

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MP Yes, absolutely.

FC And so I think we're all going to have to change the way that we manage and that means not necessarily doing this hierarchical thing anymore, more around networking. You know, the line manager isn't necessarily the boss or the expert in the way they used to be, and so part of that is really making sure that people focus on outputs, not inputs. So what's the result?

So if everybody gets... if you get your job done, what does it matter if you're not, if you're sitting in a café or whatever, wherever you want to work. And I think that shift to making sure that that presenteeism, you know, we get rid of that as an idea so that if you're in the office, you must be doing a job, and actually we know that that's not necessarily always the case. So focusing on outputs.

But, I think you're right, one of the interesting things that I found as we did this work, which was just the most fascinating piece of work, is that I think when we



all came together, I think we thought we'd probably be together for about six months. I think we probably thought we'd pull together a few case studies, put them on the website, and then we'd all go home.

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And actually what we found was something that was really transformative and really interesting and exciting. And you mentioned the kind of, the challenges being internally and, yes, that was one of the things that we really wanted to explore. Was there something that was getting in the way of companies doing things?

So we worked with the Economist intelligence unit and they developed this agility index for us, which was they looked at 15 OECD countries, including the UK, to see if there were any barriers, for example, in terms of legislation or technology or anything along those lines that would stop companies really taking advantage of this. And actually what they found was, well, two things.

First of all, there was very little difference in the... so the top companies [sic] were kind of Switzerland, Australia and Canada. The UK was fourth, but there was very little difference between them.

MP That's interesting.

FC So I think what that showed to us was that actually the UK as a country was well-positioned to be able to be agile and that leads to more kind of inward investment and all of those kinds of things, so there was a prize, it felt to us, from that perspective.

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But I think the second thing was, what was very clear from a UK perspective is there were no external barriers really that were getting in the way. There was a little thing in the UK, it's not a little thing actually if you're trying to deal with it, but there was something more could be done on childcare and that remains an issue I think that if we could sort, that would really unlock a lot of this.

But actually most of the barriers were completely, were at company level, not country level and therefore that said to us that actually employers could make the most of this and it felt to us like, you know, agility, if you like, is the new kid on the block of global competitiveness.

There is a real advantage, but it won't last long because everybody eventually will start, be starting to do agility, so those companies that can take advantage of it now are going to be in the vanguard of organisations. The thing that we took the most from this was, you know, the more organisations that could get involved



in this, the better. And, you know, when you spoke to Vivian, she will have spoken, she spoke about productivity.

MP And the new productivity report that they did.

FC Exactly, and that is the big thing, isn't it, for the UK, how do we close our productivity gap?

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MP I mean, one of the interesting things about our productivity figures is that although it's, we're one of the lowest in the world, which is just shocking, what it also shows is that part of our economy, particularly the hi-tech sort of Cambridge golden triangle biotech companies are hugely productive. They're like 30, 40%. This was research that the Bank of England did, but what...

Apparently it's our smaller companies who, the description of one Bank of England director is they're stuck in the 19th century, not even 20th century, and don't have that... you know, just about got to the fax machine, so... and particularly with Brexit coming up, whether it's a deal or no deal, however it turns out, we are going to have to get that productivity up.

So how can we get this message out? Particularly, I mean, the SME sector employs over 50% of our working population. They're the ones that actually that have got to transform and it will be more difficult for them in a way to pick up on this theme because they will perceive it as a cost.

FC Well, exactly and that... and you're absolutely right, and that's the whole thing that we've... the reason for doing the research was that there isn't a cost to this. This is all benefit, and any organisation that is interested in increasing their productivity, their bottom line...

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You know, the instant thing for me about the McKinsey piece was that if every company just introduced a little bit of extra agility, actually that would really shift things. And the beauty of the work that we did was we've tested it on small businesses. There is a process. The tools are there that can take any company through this, and actually small businesses are really often much more agile and can be more agile than large corporates.

And of course large corporates have got, you know, all the systems and processes behind them, but actually small businesses can move much more quickly. They, you know, they're able to adapt more quickly and actually they just need a bit of help, and the help is here through the tools that we've developed.



MP Absolutely perfect. Just one quick word on childcare because I do think it is one of the UK's biggest problems, and what would be interesting to hear from you, Fiona, is do you think it is something government can help with?

I've always thought tax relief on childcare actually would probably wipe the problem out in a minute, but is it the private sector that's got you... should it... should the onus be on companies to be building their own childcare and nursery centres, because nobody else is investing in it?

FC So this is a personal view, my own view. I mean, I've been involved in this space for quite a long time and when I worked for TSB, we did have our own nursery.

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MP A nursery, did you?

FC At our head office site. My own view is that companies should not be building nurseries and there are lots of reasons for that. People make their own choices, but the problem is that often if you're an employer, you're in the centre of town, so that means you've got to bring your children into the centre of town for a start, which is kind of problematic.

Secondly, if anything happens to that company, if they move, your childcare is, you know, kind of dependent on that company and that's always something to consider.

Thirdly, you want your children to be making friends in their local area, do you know what I mean? That's because that's where they'll go to school. So actually, you know, going back to this point that you typically bring people into the, kids into the centre of town because that's where most employers are, that can be problematic.

Where it works I think is where you've got big kind of greenfield sites. So if you've got a big site somewhere, you know, like Ford have got a big site, for example, a manufacturing site and lots of things on-site, then I can see that it can potentially work there.

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But so I was involved in something. I set up something called The Employers for Childcare back in the early 2000s and that was lobbying the government to develop a national childcare strategy, working with a whole range of organisations, and I think our view from that was that where employers can make the best input is the things that they can control, and that's really around agile working. So that's what most people want, is the ability to be able to look after their kids, do some work, and that's why this is such an important piece.



Now, so if you've got a really comprehensive set of agile working practices that allow people to manage both home and work, that's probably the contribution that employers can make best, working with the government on the infrastructure around childcare elsewhere. So I think things like tax relief, all of those kinds of things I think are the way to go, but my own personal view is that employers are probably best not building their own nurseries.

MP Yes. No, I get that. Yes.

FC I think honestly, I think the biggest surprise, Maggie, as we've talked about, is just how obvious some of these things are.

MP Yes.

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FC That's the thing that struck me over and over again, was if you sit down for ten minutes, practically, and think about, okay, does this really work? But the... and I think the big difference here is really focusing on the business to start with. So you need to focus on what your business is, what your objectives are and then, you know, then you bring in the employee piece.

What's very clear from all the research is the sweet spot, as we've just, as I was talking about earlier. That done well and done right, this absolutely is a win-win for both employers and employees.

MP Wonderful. Thank you so much, Fiona.

FC Thank you, Maggie. We're back with our first full series launch in the New Year when I'll be speaking to Phil Smith who's the former CEO and Chairman of Cisco UK and Ireland. Amongst other things, we'll learn about how companies are responding to a changing market, how the line between work and life has never been finer, and how traditional companies are dealing with the challenges posed by major disruptors like Apple and WhatsApp.

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

[Music]

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