

ALIGNMENT DRIVES TURNAROUND AT GUILD

CHALLENGE Several years ago Guild Insurance & Financial Services was experiencing declining net worth, falling profits, and low employee morale. The organisation needed to re-energise its employees around a new strategy to reverse its financial fortunes.

RESPONSE Guild adopted a three-pronged approach to its turnaround: (1) focus senior management around a new business strategy, (2) align and engage employees with the company's direction, (3) track performance – measure employee attitudes, company performance and customer satisfaction.

IMPACT Within two years Guild was showing both a striking reversal in its financial fortunes and a strong turnaround in employee' engagement with the company.

CONCLUSION Aligning employees at all levels of an organisation with the company's strategic direction is critical to the success of that strategy.

GUILD INSURANCE & FINANCIAL SERVICES

Founded in 1963, Guild Insurance & Financial Services Holdings Limited is the holding company for Guild Insurance Limited and Guild Financial Services. The insurance company provides general insurance products and services to niche markets in Australia, particularly in the health care industry. The financial services arm provides individual assistance with financial planning and investment strategy. You can learn more at Guild's Web site: www.guildifs.com.au.

In many years of working with global Fortune 500 companies, Towers Perrin has found that organisations that repeatedly achieve superior financial performance do so by aligning their organisational culture and people practices with their business strategy. Leaders play a critical role in this process. They not only set the strategic direction of the organisation, they also

engage employees in the business and define the culture that supports the successful execution of the strategy. This case study describes how Guild Insurance & Financial Services Group used this people-centered approach to bring about organisational and financial improvements.

CASE STUDY

Towers Perrin has found that key to employee engagement are perceptions of leadership's sense of direction, communication of that direction and how much it correlates with the organisation's values. Guild's change programme has shown strong results on all three counts.

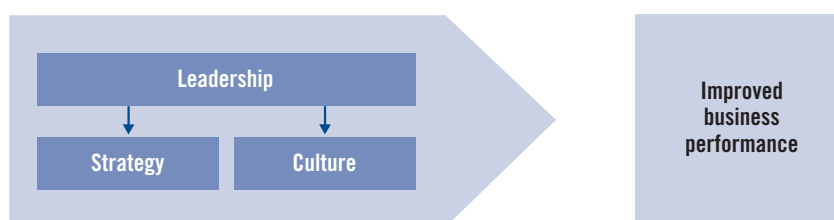
ALIGN THE LEADERSHIP

Guild approached its challenges by focusing on its leadership, its employees, and its culture. Its first focus was to align its leadership around a customer-centered business strategy. Towers Perrin's alignment framework shows that leaders, employees, and culture must all be aligned with the strategy, but leadership alignment is key (see figure 1).

Guild's managing director ensured senior management was aligned with the strategic direction by involving them in the strategy's formation. He solicited their ideas for improvement over three months, and then had the group carry out ideas within the next three months. By showing employees at all levels that the organisation was acting on its new direction quickly, the leadership established credibility and trust. And its actions were consistent with company core values, the No.1 of which is 'Customer Centricity'.

FIGURE 1: Towers Perrin's concept of alignment

For an organisation to most effectively execute its strategy, there must be:
1) Support among the leaders for that strategy, and 2) a culture that supports it.
When this is the case, the organisation is 'aligned'.



ENGAGE EMPLOYEES WITH THE STRATEGY

In order to engage employees with the business strategy, a communications approach was employed that models an open culture through frequent high-level messages. The leadership team communicated clearly the strategic direction as well as employees' role in achieving it. Each year the team created a 'Pictorial Business Plan' showing 'The Guild Way', which outlines key business results such as total revenue, gross profit, and service level performance, as well as the business plan objectives. The information is framed in the context of Guild's core values, providing additional reinforcement of those cultural norms.

The MD also spent a good deal of his time talking to employees face to face, and he encouraged his senior managers to do the same. This informal contact helped to model a supportive, hands-on management approach that strengthened employees' perceptions that senior managers cared about their day-to-day challenges.

MEASURE WHAT MATTERS MOST

The MD made sure that each division's financial results were tracked each month and the results disseminated to all employees. In addition to tracking standard financial indicators to measure performance, he also measured employee attitudes and customer feedback. Each of these mechanisms reinforced the core values of respect and trust, while monitoring key facets of the business strategy. Customer feedback was gathered through customer surveys, with the results grouped by region to pinpoint service-delivery issues and successes.

In order to determine how well he and his top team were functioning as leaders according to those they were leading, the MD used Towers Perrin to measure employee attitudes in an annual employee opinion survey. In keeping with the overall communication strategy, results were distributed companywide. The results of annual employee surveys documented the success of the improvement efforts of the leadership team.

ABOUT TOWERS PERRIN

Towers Perrin is a global professional services firm that helps organisations improve their performance through innovative human capital and risk and financial services solutions.

In the human capital area, Towers Perrin helps organisations develop and implement workforce strategies that align with business needs, address critical talent issues, drive higher performance and ensure the right return on their investment in people. Areas of focus include workforce effectiveness; rewards effectiveness; benefit programme effectiveness (including retirement and health and welfare programme strategy, design, implementation and management); assistance with mergers, acquisitions and restructurings; HR function design, service delivery and technology; change management; employee communication; human capital metrics; and employee and organisational surveys.

Towers Perrin has offices and alliance partners in the world's major markets. More information about Towers Perrin is available at www.towersperrin.com.

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