

Creating Enterprise Cultures – The Intrapreneurship Approach



Case studies for:

- Lloyds Bank Training Services
- Devon Property Practices
- The National Grid Company plc
- Thresher

The Changing World of Work

Introduction

Firstly, thanks to the four case study partners who have participated in the preparation of this, our second, partnership case study brochure.

The work has been, and continues to be, challenging and we have all learned much together about just what it takes to help teams adjust to working in more commercial ways.

We have called the approaches used, generically, "intrapreneuring" as the brief in all cases was to assist each client to find their own path in achieving "change through enterprise" within their organisation.

Intrapreneurship is about developing managers and their teams so that they can respond to the increasing need to be able to grow, develop and sustain strongly focused customer-responsive operations. Intrapreneurship is therefore equally applicable to the private and public sectors. Intrapreneuring is not about making everyone into entrepreneurs but it *is* about releasing entrepreneurial talent; shaping and sharing business choices, becoming more customer-responsive; managing resources within a clearly shared commercial framework; releasing personal flair so that decisions can be made as near as possible to the customer; learning about what it really takes to exceed customer expectations in a more competitive environment where customers have real choices about who they want to deal with and how they wish those relationships to evolve.

TDA Intrapreneur programmes or initiatives are not training events, although there are many skill events that can have relevance at different stages. The Intrapreneuring model at the end of this brochure highlights the approach we work to, as well as the overall process we follow. Although all assignments are unique, our programmes blend:

- First-hand practical business start-up experience and entrepreneurial flair. Apart from building our own operation since 1984 and implementing / refining the business techniques we now teach / facilitate, we have also helped more than 1,000 individuals to set up on their own. We know personally, therefore, what it feels like and what adjustments in thinking and culture are required. Our research, over a five year period, indicated a 7% failure rate against a 40% national average benchmark for the same period.
- Organisational and management development know-how.
- Change management experience and direction.
- Learning design expertise to remove blockages and to release potential.

Every programme is different but the results are similar:

- To provide know-how and to make the client commercially stronger as a result of our involvement.
- To empower managers and their teams so that business and service delivery choices can be made on how customers can be served best.
- To identify and develop the underpinning competencies required in managing and working within a more commercial / entrepreneurial environment.
- To design a set of feedback processes that enable the team to continually improve their personal and team performance.

This work is carried out under the banner of 'Enterprising Futures', a new company spun out recently from TDA. Enterprising Futures specialises in anything to do with releasing enterprise at local or central level.

For further details, or a confidential discussion on our creative services, please contact:
Chris Dunn – Chief Executive

Training for the Future

"Although it really exceeded its brief, TDA offered enlightening insights and we found this help and advice invaluable in putting the new structure together."

Murray Johnstone
Senior Manager, Client Relations - Lloyds Bank Training Services

In the early 1990s, Lloyds Bank took a critical look at its training provision within a broader review of personnel practices. This review pinpointed a number of problems, as Murray Johnstone, Senior Manager, Client Relations at Lloyds Bank Training Services, explained at the time:

"We estimated that about 40% of our training effort was being wasted. Very often, training was being given to individuals not because they needed it, but because it was thought to be their 'turn'. Also, when new systems or work practices were being introduced, training implications were considered very late in the day, if at all. The fundamental problem was that, despite a long tradition of delivering good quality training, our training function was not integrated with the rest of the business. To caricature, it was rather like two train lines running in parallel, but never meeting."

Lloyds Bank's review of its training function took account of how other large organisations such as retailers and financial institutions tackled the problem, as well as consulting widely with key players within the Lloyds Bank Group as to how they saw training developing in the future, and how they would like the training operation to run. The conclusion was clear: a more business-orientated approach was needed, both to drive a more commercial approach and also to discover what it was the customers - the 'client' departments of the bank - really wanted.

TDA Transitions was initially brought in to provide an entrepreneurial focus on the day-to-day management of the Training Services business; but it soon became clear to Lloyds Bank that TDA were also able to offer advice on the restructuring of the organisation to give it a commercial edge.

In line with its brief, and as a result of an in-depth consultative process, TDA identified the key tasks required to develop a more commercial approach. Previously, Training Services had had guaranteed work from its client departments, who had no option but to use it. Now it effectively had to bid for business, so precise costing of its products and services was essential. TDA also helped it to develop a series of 'Unique Selling Points' as part of its marketing strategy. From this, Training Services was able to put together a checklist of issues to be addressed and actions to be taken.

"Of course, the commercial focus was important", said Murray Johnstone, "but there were also a number of interrelated issues required to support it: one of these was structure. Although it really exceeded its brief, TDA offered enlightening insights and we found this help and advice invaluable in putting the new structure together."

The existing structure was primarily based around the services offered: each particular service - for example a suite of management development programmes - was supported by a small team. Discussions with TDA confirmed the need to build the new structure around the clients and their needs. Spearheading the new structure was a client relations team, whose job it was to assess the clients' requirements, to advise them on the services available, and to act as the contact point for them at all stages of the training process. The development of new products and services was looked after by a team of project managers who managed to clear time, cost and quality parameters drawing on internal and external training analysts and designers as appropriate. Completing the picture was a combined central delivery team focused on high leverage, high impact events.

TDA's view was that things could perhaps have moved a bit faster and a bit earlier; and that something would have been gained from introducing a very clear branded image for Lloyds Bank Training Services; but nevertheless, the client was pleased with the result.

"That's the art of the course", said TDA's Chief Executive, Chris Dunn. "We don't believe in forcing a client to move faster than he wants to. Our ultimate aim is to achieve a result that is practicable and appropriate to the particular client. That way we can guarantee a lasting success."

Consultancy à la Carte

"What made working with TDA so good for us was their ability to be flexible while having a clear idea of where they were going. TDA offers a suite of solutions, which are in themselves flexible, and they only use those which look and feel appropriate to a particular set of circumstances."

**Tony Gale,
Devon Property Practices**

Life changed profoundly for the managers and staff of Devon County Council's Property Department on 1st October 1992. The forthcoming introduction of Compulsory Competitive Tendering led Devon County Council to hive off the "provider side" of its Property Department as an autonomous quasi-business, which in future would have to compete on a commercial footing to provide services and operate independently within the council.

The new business - Devon Property Practices - was divided into three units: the Devon Design Practice; the Devon Surveyors Practice and the Devon Estates Practice. Each had its own manager and staff, but worked closely with the other units in the business. Administration, accounts, human resources, IT and other services were supplied by a support unit. The managers knew what they had to do: provide an efficient, cost-effective, market tested service, when, where and how the clients wanted. They had a staff of highly trained professional property experts; they were well equipped; they had years of experience working in the public sector property market. But the question was, how to go about running a business?

With the local authority threatening market testing of the Practices' services, there was a pressing need to reduce expenditure, to begin to target clients and assess what services the Practices ought to be providing. But to do that, business skills had to be learned. Devon Property Practices turned to TDA Transitions.

TDA already had a tried and tested programme for equipping individuals to run their own businesses - the Entrepreneur Development Programme (EDP). This encompassed the whole range of skills the novice small business entrepreneur needed to survive in the commercial world: developing business strategies, marketing plans, new business presentations, client relationships, budgeting and finance. It seemed a logical step to develop this programme, in conjunction with Devon Property Practices, into one specifically designed for the public sector.

The result of this collaboration was a new programme, Adjusting to a Commercial Environment (ACE). TDA used elements of the EDP programme, but took account of the fact that they had to be applied in a totally different environment.

"The EDP course was designed mainly for people who came from a commercial environment, and so had some conception of the way in which businesses worked", said Chris Dunn, Chief Executive of TDA. "With ACE, we had first to address some fundamental differences of approach between the private and public sectors: for example, the fact that where a public sector operation starts with expenditure, a commercial enterprise has to start with income."

Understanding the relationship between income, resources, business activities and the pricing of services was one of the first issues that the ACE programme sought to address. Following on from that was the need to develop a business strategy, marketing skills and client relationship skills, which involved a great deal of practical work. As part of the programme TDA used a number of specialist inputs to provide a tailored solution for Devon Property Practices:

- finance / accountancy
- information systems
- marketing and business strategy
- customer perception management
- organisational design
- training and development

This balancing of professional contributions, working with the teams in "hands-on" style, enabled the Practices to move forward practically, in their own style and at their own pace.

The next task was to get the message across to the other managers and staff in the Practices. For this, a one-day seminar was developed, which was run by TDA in conjunction with the Practices' own senior managers. In this way, TDA ensured that the Practices retained the training skills they needed in-house, and would be able to apply elements of the ACE programme when they needed it.

"What made working with TDA so good for us," said Tony Gale of the Council's Property Support Team, "was their ability to be flexible while having a clear idea where they were going. TDA offers a suite of solutions, which are in themselves flexible, and they only use those which look and feel appropriate to a particular set of circumstances."

For TDA too, the development of ACE was a learning process. "The real challenge for us all," said Chris Dunn, "was to find a way to balance effective and vital best practice, commercial and resource management techniques that any service operation needs - with the Practices' need to manage to achieve a set of social results. By working together as partners we have all learnt together and this can now be passed on to others grappling with similar change issues."

Culture Shock

"The idea of team building is now well-established in people's minds. What we are now encouraging is an ethic of working smarter rather than harder, and we believe that TDA's partnership approach will help us achieve that too."

**John Ong,
Group Development & Training Manager - The National Grid Co plc**

When the National Grid Company set up an internal market within its Head Office Human Resources department, TDA Transitions was called in to manage the transition from public sector ethos to the new commercial environment.

Nowhere has the need to change - and to adopt a more market driven approach to management - been more apparent than in the former State industries.

In 1993, the newly-privatised National Grid Company decided it needed to take a more commercial approach to the provision of services within its own Human Resources department.

The department's existing structure had been highly centralised: whilst much devolution of responsibilities to local sites had taken place, many personnel services were still provided to the company's regional operations by the Head Office. The problem with this system was that there were still some difficulties in telling whether services were actually needed; what their real cost was; and if they were being provided in the most cost-effective way possible. National Grid introduced a new structure designed to create an internal market and put both the services and the people who managed them to a 'commercial' test.

The Head Office function was divided into two – Policy Development and Strategy on the one hand, and Professional Services on the other. Professional Services consisted of six "mini-businesses" – Staff Relations; Skills Training; HR Management Support; HR Development; Health and Safety; and Procurement. For the newly-designated business managers of these businesses, this was a profound cultural change: not only had they to run their departments like businesses, they had also to ensure that they achieved the required return on their operations.

The role of TDA Transitions was to devise a programme to educate the new business managers in the techniques of operating in a commercial business environment. But, from the outset, TDA understood that it was not dealing with a simple transition from public to private sector philosophy.

"We knew full well that our task was not to take a lot of public servants and turn them overnight into entrepreneurs', says TDA's Chief Executive, Chris Dunn. "We had to assess what these people actually were, and what they needed to be, to make National Grid's new structure work; and that meant doing some analysis before we started".

The analysis was aimed first of all at the 'top team' - the six new managers who were going to run the business units. This took the form of individual interviews and two questionnaires. From this analysis, TDA identified the issues that needed to be addressed: inexperience in developing business plans or marketing strategies; ignorance of the market place, requirements and expectations of customers, and of how to project an image; lack of commercial negotiating and presentational skills.

"This process gave us a fix on the task" said Chris Dunn, "it also enabled us to see what we could realistically achieve by our programme, and what was actually needed and appropriate in this situation."

TDA used a flexible programme which they had formulated after many years of experience of working with the public sector - "Adjusting to a Commercial Environment" (ACE) - which they tailored to the needs of each of the businesses. This consisted of a series of three-day workshops, initially for the top managers and subsequently for their management teams. These simulated a commercial business environment and gave participants training in managing, directing and formatting a business. In practical terms, participants had to produce a strategy for their own business, develop marketing plans, identify target audiences and prepare budgets. The workshops also encompassed data collection, project management, and communications as well as detailed sessions on sales, cash flow analysis, profit and loss accounting and balance sheets.

National Grid felt that TDA's approach suited their needs well. "Given the diversity of the businesses we were establishing," said John Ong, National Grid's Group Development and Training Manager, "We had to be flexible. TDA avoided making the workshops into a kind of sheep-dip process. They have a repertoire of training tools, and know which ones are most suitable and effective in each particular situation. So much so, in fact, that they were quite able to change tack in mid-workshop to get the right result."

Change is a process that never ends. National Grid took the learning process forward through on-job development and a series of mini-refresher courses. "The idea of team building is now well-established in people's minds", said John Ong. "What we are now encouraging is an ethic of working smarter rather than harder, and we believe that TDA's partnership approach will help us achieve that too."

Franchising: How to Make the Break

"We found that TDA's Entrepreneur Development Programme provided the ideal way of making the transition. It gave our new franchise operators the opportunity to meet people who were themselves setting up or running their own business, as well as giving practical training and advice."

**Paul Tough,
Joint Venture Manager Thresher (1995 – 1998)**

Running a franchise can offer special opportunities, but making the break with the corporate environment is not always easy. When major drinks retailer Thresher launched their franchising scheme in 1995 they found the entrepreneurial experience of TDA played a vital part in helping their new franchise operators make the transition.

"There are a number of reasons why you go into franchising," said Thresher's Human Resources Director, David Waters. "It can release capital; it can give you the entrée to new areas of business; it can help share the risk of a new venture; it can give you access to third party expertise; and, of course, it can help to lock out competitors. The trick is to understand what you want to achieve by franchising, and in which areas of your business it is most appropriate."

But however appropriate franchising may seem in theory, in practice it is down to individuals - the people who will be offered and who will operate the franchises - to make it work. Closely managed corporate environments such as Thresher's do not readily produce self-motivated entrepreneurs, and the company was aware the concept would have to be sold to employees.

To achieve this, Thresher set up a 'franchise team' - bringing in experts from their own finance, marketing, personnel and estates department - so that they had a framework on which to build the franchising plan. Being part of the Whitbread group, Thresher of course could call on considerable expertise and resources - but it was clear that there were some areas where outside agencies would be better placed to help.

Thresher had to select, from amongst their employees, those who would make the most successful franchise operators. "We were clear that franchises should be offered only to those who we believed could - and wanted to - make a go of it," said Paul Tough, "so the scheme would be fairly limited to start with. But the first question was, what sort of person should we select to be a franchise operator?"

It was at this stage that TDA Transitions were brought into the frame. "TDA immediately understood what we were after," said David Waters. "We wanted to understand what the key personal attributes were of 'self-employed' people in order that we could then build up our own personality profiles. TDA were able to offer this advice based on their own experiences and a wealth of external examples."

From their discussions with TDA, Thresher were able to produce a series of key indicators to help identify potential franchise operators from the hundreds that applied. "We were looking for a different type of person - at least by Thresher standards," said Paul Tough, "the sort who tends to bypass normal procedures, who doesn't mind taking risks, and is prepared to kick a few doors down."

The change from being a salaried employee to becoming a franchise operator is as profound as becoming self-employed: the individual is putting his/her own money at risk; has to take his own decisions; and no longer has the infrastructure of a large company on which to rely. The umbilical cord is cut.

Paul Tough explained: "We found that TDA's Entrepreneur Development Programme provided the ideal way of making the transition. It gave our new franchise operators the opportunity to meet people who were themselves setting up or running their own business, as well as giving practical training and advice. And because the whole thing was run by TDA without any direct involvement from Thresher, a clear break was made with the old corporate environment".

Five Thresher employees were initially selected to run franchises, and all were put through TDA's Entrepreneur Development Programme - though at different stages of their transition to franchise operation. "Sometimes more was gained from the programme once an individual had already got some experience of operating the franchise," explained Paul Tough. "It didn't seem so unfamiliar, and TDA were able to offer key advice on business planning and financial analysis."

"The great thing about TDA was their flexibility," said David Waters. "They knew from the outset that we did not want them to do everything for us - but we wanted to have their expertise on tap as and when we needed it. Our relationship worked because it was based on that understanding."

Our Intrapreneuring Model



- *5. Taking the Team with you**
- Project management skills
 - Resourcing management skills
 - Time and priority management skills
 - Commercial and finance skills
 - Negotiating and broking skills
 - Customer service skills
 - Creative problem solving
 - Marketing and selling skills
 - Account management

- 1. Managing the Business Commercially / Financially**
- Brand statement
 - Service and core proposition
 - Mission / values
 - KPIs
 - Service / product mix and pricing
 - Competitive analysis
 - Marketing needs, perceptions and satisfaction

- 4. Maximising Operating Efficiency**
- Winning productivity targets**

- 4. Maximising Operating Efficiency**
- Project management
 - Activity planning / resource
 - Process efficiency

- *5. Taking the Team with you**
- Winning new skills**

- 2. Taking the Marketing / Sales Initiative**
- Winning profitable revenue and achieving competitive edge**

- 2. Taking the Marketing / Sales Initiative**
- Business planning and targeting
 - Sales forecasting and account management
 - Activity planning
 - Personnel costs analysis
 - Direct / Indirect cost analysis
 - Gross profit forecasting
 - Profit / loss account assessment

- 3. Exceeding Customer Expectations**
- Winning customer loyalty and respect**

- 3. Exceeding Customer Expectations**
- Identifying needs
 - Tracking relationships
 - Managing feedback
 - Developing client relationships
 - Improving response times
 - Measuring customer satisfaction
 - Continuous process improvement
 - Achieving delighted customers



© Enterprising Futures

