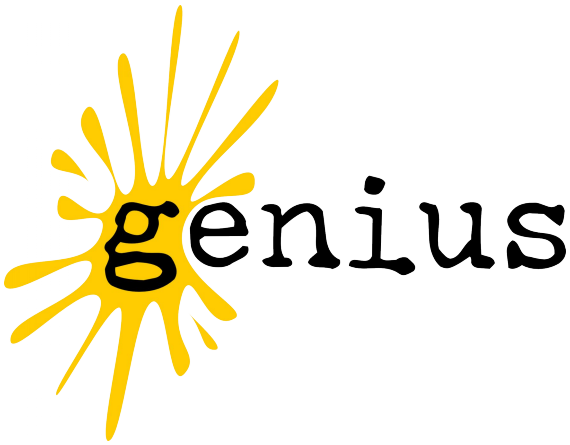

Sample Performance Modelling Report

Graduate Program - High Performance Benchmarking

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Introduction to this sample report

This study was undertaken for a major UK retailer as part of the development of their graduate program which prepared graduates for one of three roles in the business. We studied role models identified by HR and business managers and compared them against average performers in order to create the detailed report reproduced here.

The study investigated three roles; store manager, buyer and finance analyst. The complete report was over 50 pages in length, this sample contains only the generic information and the store manager's role.

Some of the results were counter-intuitive and seemed to contradict training previously delivered, such as coaching skills for store managers. In fact, when analysing the results more deeply, what seem like contradictions make complete sense and reveal gaps in the thinking behind other development programs. Feedback like this enabled them to refine other programs that were in place to ensure they were delivering the needs of the business.

The result of the client incorporating this work into their graduate program was that they were able to deliver fully prepared graduates into the business after 9 months instead of the previous 12. Overall, the benefits of this were:

- Saving 25% on the cost of recruiting graduates into the business.
- Protecting the unique culture of the businesses
- Ensuring more consistency in the retailer's approach to suppliers and customers
- Improving performance for other staff in the business
- Making future recruitment more precise, effective and economical

Project overview

Client organisation & business environment

[Client] is a UK based food retailer. The market environment ranges from large supermarkets to small privately owned grocery shops.

[Client]'s immediate competitors are national chains of small to medium food retailers and also the larger supermarkets in their small format stores.

Business drivers for replicating high performance

In order to establish itself as the leading small format and local convenience food retailer, [Client] needs to attract and retain high performing people into key roles within the business. As part of this long term plan, the new graduate programme is recruiting and developing graduates into three parts of the business; finance, buying and retail. The future of the business depends on having the most effective people in these key roles.

Results and behaviours being modelled

This project is primarily aimed at understanding the key behaviours of the three roles being modelled rather than modelling specific, identified skills. Therefore, the first step is to identify what the behaviours of high performers are so that these behaviours can be developed into graduates as part of the graduate programme.

Planned outcomes

A model of high performance which can be used in the attraction and development of graduates joining the graduate programme as well as other HR processes such as the performance management system and also rewards systems.

Modelling results

The following table captures key information about the client's cultural environment within which this modelling project has been conducted.

High performing organisations have a high degree of alignment between these levels.

Market/trading environment	Highly competitive, fast moving, often driven by price. Major supermarkets have traditionally driven lower prices from larger stores but are now moving into [Client]'s market segment with local convenience stores.
Brand identity	Evolving from a legacy image that was closer to the old [previous retailer] brand to being the leading convenience retailer.
Cultural rules & beliefs	Not as good as the leading supermarkets i.e. higher prices, smaller range, lower availability Less negotiating strength due to smaller presence and sales volumes The brand is getting better Head office environment but not the pressure of London – geography/lifestyle important Sense of 'lucky to be here' following the redundancies. Empty office space serves as a daily reminder of this Focus on serving the customer through attractive stores and good product availability.
Skills, ideas, capabilities	Open communication, ad hoc meetings rather than using email internally Feels like you're working towards something People mostly allowed to contribute ideas and be creative, people able and expected to stretch between roles and cover for each other
Behaviours & key activities	Highly team oriented, clear roles and hierarchy, junior roles analyse data, senior roles make decisions and communicate with the board, clear interdependency of roles, not only work related but also socially e.g. tea making rota. Stores seem to be driven by executing plans dictated by decision makers and then reporting on the effect of those plans. Again, team oriented but communication seems to be highly variable amongst stores. Some rely on the daily 'huddle', other Store Managers communicate more openly throughout the working day. Again, clear roles and responsibilities. The high performing managers delegate clearly and pass both activities and performance targets down to the people in the store. The high performing managers also create their own clearly defined rules which creates a unique culture in their store.

Working environment	Support Centre: Friendly It's OK to make mistakes It's OK to not know something Sense of 'lucky to be here' following the redundancies. Empty office space serves as a daily reminder of this Stores: Focused on availability, customer experience e.g. cleanliness & organisation of store, approachable staff. Corporate procedures are followed as a routine. Managers create their own rules around behaviour, standards, reward and recognition etc. which can make it difficult for one manager to step into another manager's store.

There seems to be a misalignment between the levels of cultural rules and brand identity. Whilst the new board is working hard to move away from the legacy brand image and market positioning in the same segment as [Competitor], [Competitor] etc., there are still many examples of this focus around the business.

Therefore, much of the business is still comparing itself to [Competitor] and this leads to a set of cultural beliefs that have a tangible influence in buying and retail, and a lesser influence in finance, possibly because of its less direct exposure to competition.

We don't know how [Client]'s customers view the brand, we can only speak as customers when we say that we view [Client] as the business it aspires to be, not the business it wants to move away from. The store renovation program certainly plays a vital role in that. Again, as customers, we can only comment that the store staff play a vital role in brand identity. In the stores run by high performing managers who we interviewed, there was a clear engagement of staff with the processes of running the store. We have visited other [Client] stores as a shopper and not seen this, and the brand that this conveyed was therefore quite different.

There also appears to be a misalignment between the image of the typical customer that drives decisions made in buying and finance and the actual customers in the stores. This is to be expected as a side effect of generalisation.

Role 3: Retail

Results & Behaviour

This section deals with the key behavioural strategies of the role – what the person does, both internally/mentally and externally/physically, to achieve certain results.

Role

The store manager's role seems to be changing as the business evolves. Most notably, the store manager has much less autonomy and less influence over stocking decisions. The high performing store managers use this as an opportunity to devote more of their time to building high performing teams which are not reliant on the store manager for day to day decision making.

Managing the team

The high performing store managers do not manage their stores. In fact, aside from looking for visible signs of the store running as it should do, the high performing manager does not get involved on a day to day basis in the detailed running of the store. Whilst the manager will take time to look around the store, talk to customers, operate the checkout if necessary and tidy up shelves, these activities seem to be based on observation rather than intervention.

The primary focus of the high performing store manager is the team. They manage the team to manage the store.

There are a number of specific ways in which they do this.

1. They use formally recorded data for feedback on store operation rather than looking at the activities directly, e.g. checking the log books for gap analysis rather than checking gaps personally.
2. They create routines for regular tasks which can be packaged and passed to a member of the team so that the task becomes part of that person's area of responsibility.
3. Interruptions which require their attention will be analysed to see if there is a way that they can be packaged as someone else's responsibility.
4. They delegate the task, the responsibility and the accountability for it, the result being that the person completely owns the task, there should be nothing that they need to go back to the manager for under normal circumstances.

5. When presented with a problem by a member of the team, they adopt a coaching style, pushing the problem back onto the person presenting it. If necessary they will offer guidance and help the person to work out a solution.

6. When giving feedback, they adopt a clear management style, not a coaching style. They give the person or team direct feedback about their behaviour and the consequences of their behaviour. They adopt this approach both for good news and for disciplinary feedback, so they don't ask "how do you think it went?", they tell the person how it went.

7. They spend time out of store, forcing their managers to become more autonomous.

8. They share data on store performance freely with the team and expect the team to understand how they influence that performance.

9. They use the line management structure in the store to manage performance. For example, if a checkout is untidy, they will ask the checkout operator's manager to give the feedback rather than intervene directly. This appears to preserve the integrity of line management relationships, increasing the staff's autonomy.

Conversely, the average managers were focused on managing the staff, "People in store have the expertise to do what needs doing, I just need to make sure they are doing it"

The high performers manage the staff through feedback data, not by 'making sure they are doing it'.

The two high performing store managers interviewed both had a background in retail and a desire for power and authority. At the start of their retail career, they identified the store manager as the most powerful person and aimed for that role. Now, as store managers, they are both looking for their next promotion.

Their high delegation management style is therefore driven by a need to free up their time to take on parts of their managers' job such as organising meetings, collating report data and managing more than one store. The way in which they free up their time is by packaging their responsibilities into smaller chunks that can be delegated and wholly owned by the person taking on that piece of work. Once they have done this, they mainly rely on performance data as their feedback mechanism rather than looking over the person's shoulder which obviously would negate the time saved by delegating.

This approach extends into day to day store management, where the manager will look at recorded data such as in log books rather than overseeing the activities directly. This is dependent on the manager setting clear expectations about the completion of paperwork and regular tasks, so his or her expectation is that the recorded data is always true and up to date. If this is not the case, the manager speaks directly to the person responsible to remind them of the need to record the information.

Upon taking over a store, there is a period of time within which the staff are getting used to the new manager, so at this stage the manager is very clear and explicit about his or her ground rules and expectations – defining the store's culture. Once this has been established, it is not affected by staff turnover since the existing staff will educate new staff.

In contrast, the average store managers keep management tasks to themselves and do not delegate as much. There is a much stronger sense of the average store being an island, separate to

the rest of the [Client] community, within which the staff have their tasks and the manager has his or her tasks, for example:

"There's an awful lot that they get protected from, a lot that I do that they don't have to see or experience because I don't think it's necessary for them"

It's interesting that the average manager thinks about protecting the staff from management tasks whereas the high performer thinks about challenging the staff by delegating management tasks. This results in a store that is less able to cope with the manager's absence.

It would be interesting to compare store performance to the manager's working patterns to see if there is a connection between the store's performance and the manager's presence. Partly this may be due to a low delegation style where staff may be more likely to do things properly only when they are being watched, and partly this may be due to a backlog of operational decisions that have to wait until the manager returns.

"The majority of my work's been done today because I was in yesterday" – the high performing manager wouldn't need to come in yesterday to finish his or her work because it would already have been delegated.

The 'island' is also reflected in the manager's awareness of what's happening outside of their store. The high performers knew exactly how their store compared to others, the average manages did not have as much awareness of this.

Feedback and discipline

The establishment of rules and expectations is an important activity for the high performing manager, and it's worth understanding this in a little more detail.

When a member of staff breaks a hard rule such as attendance, the manager tackles the issue as quickly as possible. The manager appears to delegate tasks but to handle discipline issues directly.

The high performing manager reiterates the rules and expectations, and details the consequences of the person's behaviour in terms of its impact on others. This appears to be a very effective way of dealing with the issue.

In one case where the person in question did not change their behaviour, the manager again tackled the issue quickly and gave the person a formal warning. The manager said that he wasn't proud of doing things like that, but the person has to be responsible for their own behaviour, and they have to be made aware of the impact of their behaviour on other people.

You'll notice that this is essentially the same strategy as for delegation – the manager is detailing the task and giving the person the responsibility and accountability for it. If the person fails to achieve the task, the consequences also fall to them.

In delegation, the person who owns the task is responsible for completing it. When they fail they are responsible for the consequences, when they succeed, they get the recognition and praise.

In disciplinary matters, the same is true. The manager makes the person aware of what is expected, why and how it impacts on other people. The person then accepts the responsibility and consequences of either following those rules or not.

If the person changes their behaviour, the change is owned and motivated by them and they get the recognition that they deserve.

If the person does not change their behaviour, they bring the consequences upon themselves and the high performing manager is not slow to act.

The high performing manager therefore creates a set of rules and expectations which are external to the manager. Both praise and discipline are therefore consistent and fair, judged only against these external criteria. This serves to depersonalise disciplinary situations, which we imagine greatly reduces conflict and stress for the manager.

In contrast, the average manager personalises disciplinary situations, leaning on the person's obligation to the manager. This creates dependency and conflict and means that the store team is more reliant on the manager's judgement about the rules. This extends from rules about behaviour and attendance to rules about store operation. This is tied to the average store manager's involvement in the running the store compared to the high performer's desire to enable the store to run itself.

If we also compare the use of management and coaching styles, the average manager coaches much more than the high performer. The high performer gives feedback as a manager – telling the person or team rather than asking them for their opinion – and only coaches when a person has a question about a delegated task. The average manager seems to coach more often, perhaps as a result of their desire to develop their staff.

In one case, an average manager talked about a trading manager who had been promoted to store manager.

"It wasn't me that gave her the chance, she did all the hard work"

This is something that we frequently hear from "life coaches" who attribute change or learning to the client's hard work and say that they only guided the process. In contrast, the store manager is able to take responsibility for their part of the process because they have clearly delegated. In this example, the store manager nurtured the trading manager, so in a way the promotion was the store manager's responsibility. A high performer is happy for their staff to be promoted but sees this as a clear separation of roles with each person doing what is required of them.

Strategy implementation

It was interesting to discover that the high performing store managers will question the timescales or resource implications for an ad hoc task, rather than directly criticising the rationale behind the task itself.

When presented with a task that the store manager doesn't understand or disagrees with the need for, he or she will question the rationale in order to understand it.

Here's what one high performing manager said:

"When you deliver something it's about owning it yourself so if I didn't agree with it initially I would have found out the reasons for it, looked at the benefit then go and deliver it and if I deliver it to my people then I own it"

We can extract a very useful and important process from this. Faced with an unpleasant or seemingly irrational task, the high performing manager will question it in order to form their own rationale, at which point it shifts from a 'head office' task to a task owned by the manager. This seems to fit with their approach to delegation where they want people to own tasks in their entirety.

For example, redundancy is not pleasant. One manager said, "If these people leave the company then it's safeguarding the company for a lot more people", thereby creating a self-owned rationalisation for the task.

We suspect that an average manager would regard an unpleasant task as being something that "they" want done and questions the task in order to delay or divert it, whereas the high performer questions the task in order to take ownership of it so that it becomes something that he or she believes in and, importantly, may be able to delegate.

Reporting

The high performing store managers appreciate the importance of reporting and they understand the meaning of the data itself. Since the manager is not looking over people's shoulders, he or she uses the formally reported data as the measure of store performance as much as people in the support centre do. In a way, this gives the store manager the same understanding of store behaviour as you might expect the people in the support centre to have.

Preparation and planning

The high performing store managers plan for everything, even for the unexpected. They do this by accepting that there will be interruptions and emergencies, and by analysing every unplanned to event to see if they can turn it into a process or task and give it to someone else.

This is a fundamentally different approach to someone who feels that, as store manager, they are too important to get involved in low level tasks.

The high performing store manager will, if necessary, tackle anything that needs doing in store whilst recognising that fire fighting is ultimately an inefficient use of their time. Therefore they are valuing their own time and seeking ways to achieve more in the time they have available.

In short, by turning reactive tasks into procedures which can be delegated, the high performing manager frees up time to be reactive.

Attention to detail

The high performing store manager has good attention to detail upon noticing an exception but does not get lost in the detail. Starting with a high level of detail, the high performer will notice exceptions such as gaps in availability and will then shift to a lower level of detail, asking questions to understand why something has happened and what is being done to resolve it.

For example, he or she will notice an untidy shelf and will ask the member of staff responsible (or their manager/supervisor) to take care of it. He or she will personally handle anything that is a quick task such as picking up some litter or discarded packaging, but for anything that takes longer than a few seconds he or she will delegate it, which also reinforces the manager's expectations about the task.

For example, if the manager tidies the shelves, how will the staff ever know that it needs doing, and that the manager expects them to do it? The high performing managers are therefore good at reinforcing desired behaviours and giving feedback on performance, which is dependent on their ability to notice what needs doing to a high enough level of detail.

Conversely, the average manager will tend to look more superficially at, for example, the condition of the store. The average manager will accept more inconsistency in store appearance.

Store image

All of the store managers interviewed saw the relationship between the store's image and their own image. The difference was that the high performing managers focused on improving the store and team which reflected on them, whist the average managers focused on improving their own image which reflected on the store.

The average manager wants to be seen to be doing a good job, the high performing manager had a much lower profile and wants his or her store to be seen to be performing well.

The fundamental difference here is that when someone is concerned with their image, they automatically imply an observer. An image is not useful in itself; someone must be looking at it.

Therefore, the average store manager will adopt the ideal behaviour of a store manager when they are being observed, whilst the high performing store manager will adopt that behaviour all of the time, partly because they are the observer of the store and partly because they feel the store is always being observed by the customers and staff.

Let us summarise this important point.

The average manager is concerned with his or her own image and therefore acts as an ideal manager when being observed by someone who they want to convey that image to.

The high performing manager is concerned with his or her store's image and therefore acts as an ideal manager when they are observing the store – which is all of the time.

We suspect that the difference is most apparent in store performance data rather than in direct observation of the managers.

For example, when interviewing one of the average managers, we walked around the store several times. We passed the bread aisle where a loaf of bread had fallen off the shelf and was wedged behind a cardboard promotional display where it was plainly visible. We walked past it three times in total, twice with the manager and once with the manager and trading manager to observe their daily tour of the store to check gaps and store appearance. We didn't mention it because we wanted to see if either of them would – they did not.

Another example: in one of the average stores, there had been some damage to the store's roof and during a period of heavy rain, water had leaked in extensively, damaging stock and leaving a pool of water on the floor. The store staff had piled paper towels around the base of the shelves to absorb the water. The manager said that neither the landlord of the building nor [Client]'s facilities department would take responsibility to fix it, therefore they had to manage as best they could.

We imagine that a high performing manager would not be so accepting of the situation. We can easily imagine either of the managers interviewed clearing their diaries, driving to Bristol, physically removing the estate manager, taking him or her to the store and doing the same thing with the landlord so that all three of them could meet in person, in the store to see the impact of the damage and negotiate a solution.

The difference? The high performing manager has achieved the position of authority that he or she has sought, therefore nothing that happens in their store is outside of their control.

Conversely, the average manager says, "If you can't influence it you can't change it so there's no point getting upset"

Staff development

It appears that the average store managers believe that staff are inherently limited and unaware of their own potential. Therefore they break down tasks and training opportunities into what they believe the staff can manage:

"It's about giving them chunks that they can digest rather than giving it all at once"

They certainly enjoy developing the staff, the difference being that they appear to single out staff who perceive have high potential and low self belief, and the enjoy nurturing those people. The high performing manager seems to not focus on developing the staff directly but on maximum delegation which challenges the staff and they either step up to that challenge or they don't.

The high performing manager therefore sets the bar high for his or her staff, giving them all a potential opportunity to grow and learn. The average manager singles out staff for development and sets the bar at a level just above the person's own self belief:

"I've got two people who I've earmarked to be trading managers and it's really secretly training them without them knowing it"

The manager in this case believes that if these staff find out they are being earmarked for promotion they will be afraid to take the opportunity.

The high performing manager doesn't single people out in this way, and therefore is not concerned about staff not taking opportunities. The high performer will, however, observe staff performance in respect of delegated challenges and will have a promotion and succession plan in mind. This is different to developing specific people against a predetermined plan.

The average manager tends to identify people who he or she thinks needs a chance to prove themselves or a chance to shine. Certainly with the managers interviewed, a mentor had done the same for them in a key stage of their careers and they now seek out that feeling of nurturing someone else.

In comparison, the high performer's approach would tend not to develop staff who had potential but lacked self belief, so in a high performer's store, some staff may be 'left behind' who would otherwise flourish if properly nurtured.

Beliefs, Rules and Perceptions

The operating principles and behavioural rules that form the foundation of high performing behaviour.

These are unconscious processes which shape the resulting behaviours and as such are not normally available at the level of conscious awareness.

Behavioural rules

Procedures	Creates procedures where non exist to increase the autonomy of store staff
Towards	Goal and result oriented
People	Achieves tasks through relationships
Team	Regards store management as a team effort, but does not lose self in the team, maintains individual responsibilities
External	Feedback and information driven, sees results in staff and store performance
Difference	Notices exceptions that may impact on the smooth running of the store
Active	Takes action early, especially to turn interruptions into tasks which can be delegated
General	Seeks out high level information then drops down to the details for exceptions such as gaps or missed KPIs

Beliefs

The store staff can step up to any challenge or task

Routines and processes are key to consistent performance

People don't need watching but they do need direct feedback

"Retail is about fighting for the customer"

"Some people have got the capability but not the confidence, some have the confidence but not the capability" (i.e. self confidence is the key to career progression)

"When you deliver something it's about owning it yourself"

The high performing store managers had followed a similar career path to that of the buyers; working in a supermarket whilst at school or university, and seeking greater power and authority. The difference was that this group identified the store manager as the most influential person in the business rather than the buyer.

It seems that many people, at the start of their careers, develop a great deal of respect for a particular person who you might regard as a mentor. The high performing store managers identified their first store manager as someone they could respect, and they identified that manager as having authority and control.

In contrast, the average store managers identified someone else as their early mentor, and I found an interesting correlation between that mentor and the manager's career aspirations and the way in which they manage their store.

The average managers did not have a background in retail but were identified by a store management development program as having the potential to be good managers. We think that they are good managers, but they are doing the job of managing, they did not spend their lives in pursuit of the position of store manager. Therefore they do what is required of them, not what they personally believe in.

At an early age, the high performing managers formed a future self image of themselves as store managers. As their careers have progressed, they have shaped themselves into that idealised image. Their drive for greater authority and responsibility has caused them to move that self image on so that it is now of themselves as regional managers.

Conversely, the average managers formed a future self image of themselves in a different role than retail store manager. They too shaped themselves towards that role but found themselves working in other roles. Whilst there was enough overlap between the two to ensure their performance in the role was good enough, it was rarely aligned with their personal identity. You can hear this in people's language in phrases such as, "It's not really how I see myself".

The average store managers can therefore perform well if there is sufficient overlap or if they can mould the store manager's role to the key aspects of the self image. For example, if their self image is of a trainer, educating and sharing knowledge, then they will focus on that aspect of the job. They will want to nurture and develop staff but the store's operational standards may slip.

Another way to look at this is that they are good managers, they are not necessarily retail managers. We believe they can learn to be, but they have framed the requirements of the job through the belief that they were hired for their good management skills and the non-retail experience that they can bring to the role. Combine this with their low exposure to other managers on a day to day basis and they have neither the incentive nor the information to make the shift from being good generic managers to being good retail managers.

"By coming across to retail I was keeping all of my management skills I was just using them with a different product"

"Retail is retail"

Does this mean you can only hire store managers who have worked in retail forever and who have always aspired to be store managers? No, it means that you have to get retail into the blood by creating the desired self image. Graduates need to be inspired by retail, not just programmed to serve. We believe that the high performing store managers would be ideal people to inspire the graduates.

Conversely, hiring only store managers who have a desire for promotion and authority then creates a future problem of too many store managers applying for too few regional manager jobs.

One store manager thought that not all store managers were interested in promotion and wanted to stay as store managers, I wonder if this is instead a lack of self belief on their part.

In any hierarchical organisation, a desire for greater responsibility will always drive the person 'up' the hierarchy in search of more of what they desire. This can create a number of effects, for example that you accept a natural turnover of store managers who become frustrated at the lack of promotion opportunities. At the other end of the scale, if you have only just enough high performing store managers for the available promotions then the result is a significant number of stores with average managers.

In the retail business, there is a budget for waste, as if it is accepted that in order to maintain availability there must be over supply. Perhaps the same approach works within the HR operation too.

Culture

The cultural rules that provide the foundation for the individual high performing behaviours.

These cultural elements describe the environment around the role being modelled and are in addition to the corporate cultural elements described elsewhere.

Each store appears to have its own unique flavour of the [Client] culture. If we regard culture as 'language plus rules' then we have a combination of the [Client] language with the unique behavioural rules of the store.

This seems to cause some problems when a store manager steps in to manager another store. The conflict of rules and expectations can cause store performance to fall, even though both the store and the temporary manager normally perform well.

Retail – the difference

The difference between high performing and average store managers which stands out most clearly is their desire to create a self sufficient store.

(Note to readers of this sample report: Don't assume that all retailers want self sufficient stores, this is a cultural quirk where a more 'hands off' head office approach creates a void that some store managers step into, creating an environment which just happens to deliver against key business metrics. This would not work in a more centralised culture, and is a good example of a complex set of behaviours arising from an attitude within an environment.)

For years, management development training has taught delegation skills, but that is not what is happening here. The high performing manager does not focus on delegation – he or she focuses on creating a self sufficient store and delegation is simply one means to achieving that.

The high performing manager is focused on results, leaving staff to make judgements on what activities best achieve those results.

The high performing manager delegates in order to free up time, whereas the average manager delegates for other reasons such as staff development. The average manager is selective about what he or she delegates, based on their perception of the staff member's ability. In order to delegate for the purpose of staff development, the manager has to monitor a person's performance and give feedback, which takes time and negates the benefits of delegation.

The high performing manager sets a challenge and expects everyone to rise to it. The average manager focused on developing individuals who they perceive will benefit from development.

It's almost as if the high performers believe that their staff are inherently capable, whereas the average manager believes their staff must be developed in order to become capable.

The average manager is concerned with their self image and since an image presupposes an observer, observation is the driver for their behaviour. At one end of the scale this means they only perform as a manager when being observed or measured. At the other end of the scale this means they perform as a manager all the time in case someone visits the store to observe them.

In order to create a self image you have to put yourself, mentally, in the position of an observer and look back at yourself. This means that the self image will always be an idealised past or future representation – a snapshot of yourself as you were, or as you imagine you will be.

Since the average managers interviewed did not always aspire to be retail managers, they have created a future self image of themselves as a competent manager which presupposes they do not see themselves in that role now.

The high performing managers created the future self image at the start of their retail careers. As they have become store managers, they have recreated the self image of themselves as regional managers, echoing their continuing desire for career progression and greater authority.

The high performing managers are also aware of the connection between the store's reputation and their own, and for them this works in reverse. They are concerned with the image of the store rather than their own image, so in this case they are themselves the observer. They see their performance reflected in the store's performance. As the observer, they are always watching and are therefore always looking for ways to systemise and delegate tasks so that the store can become ever more self sufficient.

This frees up the manager's time in two important ways; it allows them time for reactive tasks and emergencies, and it frees up time for them to seek delegation from their managers, preparing them for their next promotion.

Since the average managers do not focus on creating autonomy, they tend to hold on to decision making and only selectively and partly delegate tasks, creating greater dependency. This means that reactive tasks and emergencies are an interruption and create time conflict.

The focus on staff development meant that the average managers spent more time coaching staff whereas the high performers would manage when appropriate and coach when appropriate, and there were clear distinctions between the two.

One of the high performers said, "Some people have got the capability but not the confidence, some have the confidence but not the capability". So all of the managers understood that self confidence or self belief is important in career progression. The average managers saw this is a cue to intervene in someone's career development, the high performers saw it as a way of selecting out people who don't have the confidence to seek promotion.

In summary, the average manager's role is to manage the store. The high performing manager's role is to drive the store to manage itself.

Overall Observations

Culture

Focus around the business on comparing [Client] with the big supermarkets drives a set of associated beliefs, for example:

- We're not as big as [Competitor], and therefore our suppliers don't take us as seriously
- We're not as cheap as [Competitor], therefore we have to work harder to get customers to buy from us
- Our typical customer is a retired person doing a main shop locally and are therefore not as sensitive to price and quality

Most of the people interviewed said that what drew them to [Client] is the friendly, team oriented culture. Some of the subjects had left or turned down roles in other retailers because of this cultural environment.

Data

The [Client] business generates and consumes huge volumes of data. This appears to serve the aim of presenting every customer with exactly the products they want at the time the walk into the store, and also enticing them to buy more than they had come in for, or to try new products that complement what they came in for.

Of course, the stores cannot be rearranged and stocked to suit every individual customer, so the data is generalised to create a 'typical' customer. In store, the primary focus is availability, so the stores aim to have as much stock as possible, but not too much, of the products that they are instructed to sell.

New product decisions are made on the basis of data, some of which is historical and some of which is based on trials. Therefore since data is collected from sales, decisions are primarily driven by customer behaviour.

I imagine that a consequence of this is that the data you collect from sales always confirms that you sell what you have available, so it makes it harder to change the retail strategy based on gathering sales data. The new retail strategy around the availability of core products seems to be a focusing of strategy rather than a change.

In a positive sense, this means that you always respond to the needs of your customers. On the other hand, it means that you tend to reinforce the customer profile and behaviour that you have had in the past rather than identifying the types of customers you want in the future.

There seems to be a widely accepted belief that [Client]'s typical customer is an older or retired person who shops locally because they can't or don't want to travel to a [Competitor] or [Competitor] and are therefore less sensitive to price and brand. If this is indeed the typical customer, then this potentially creates the problem that [Competitor] suffered; that the target market is shrinking.

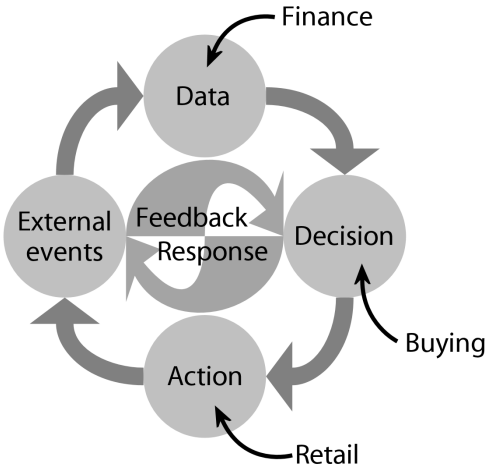
Conversely, some of the interview subjects told us that in City Centre stores, the typical customer is a professional commuter, stopping for a top up shop on the way home. Certainly on our visits to stores, both for interviewing and for shopping, We have observed that the older typical

customer makes up the minority of shoppers. Our point is that basing strategic decisions on historical data – even data from only a week ago – will tend to root the organisation in the past. This is neither good nor bad, you must simply ensure it is aligned with your strategy.

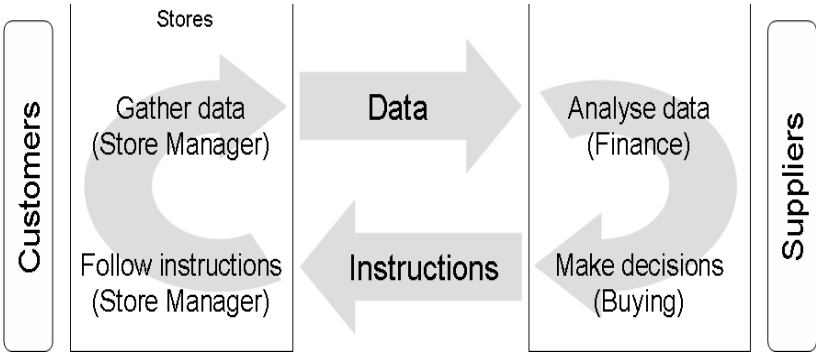
When the finance analysts provide a report on the viability of a new product range, the decision is based partly on historical data which shows that the product hasn't sold in the past. This leads to a decision based on the summary, "This won't work because…", which can lead to a risk aversion culture, which in an uncertain environment is not necessarily a bad thing. The alternative is to ask, "How do we make this work?" For example, how does [Client] attract the customers it wants in the future, rather than how does it serve the customers it has had in the past.

Overall, the culture of the business appears to be highly data driven. There is a reality of what is happening within stores which is turned into data which is sent to Bristol where it is analysed so that people can turn the data back into a mental representation of what is happening within store. Everyone interviewed in Bristol spoke about using the data from various systems to build up a mental picture of store activity; whether behind the scenes in the management of the store and the supply chain or in the behaviour of the shoppers in the store front.

In short, the decision makers in the Support Centre can't see and hear what is going on in every store, during every minute of every day. They collect data which represents what is happening and from that, attempt to recreate the reality of what is happening in a generalised way that they can apply to all stores. They then make decisions using that data and turn those decisions back into data that can be communicate to stores. The stores take action on that data and as a result, what is going on in the stores changes. And so on.



The diagrams below shows this communication cycle with the three roles that have been modelled mapped onto it.



Since every number in every system is gathered from an activity in the business, effective decision making means turning those numbers back into a representation of the original activities.

This is essentially the same process of deletion, distortion and generalisation that is present in human sensory perception where the stores are analogous to the body and sensory organs, and the Support Centre is analogous to the brain. Internal data capture and communication systems are analogous to the nervous system.

This metaphor is important for two reasons:

1. There is always a time delay between data, decision, action and feedback. Shortening this time enables higher quality feedback, more accurate behaviour and therefore better decisions that increase the organism's chances of survival.

2. The process of deletion, distortion and generalisation means that the organism responds, not to reality, but to an approximation of reality that is only as accurate as the organism's ability to handle the amount of data generated.

If we view the organisation as a large scale organism, we can see that the same two issues of information handling exist.

1. It's not the big that eat the small, it's the fast that eat the slow. Response time is critical to survival in a changing environment.

2. Simplifying data makes it less accurate, therefore you can either hire more people to process more data, or invest in more IT systems to process more data, or base decisions on the most useful generalisation, accepting its limitations. Believing the data to be 'true' is probably the greatest risk of all.

The most notable generalisation is of the typical [Client] customer which seems to drive buying decisions and retail strategy. The question is therefore not how to gather more data on more customers to create many typical customers, but what the ideal customer will be in the future in order to achieve the business strategy. Whilst this is still a generalisation, it is one which guides organisational responses towards the future rather than into the past.

When limited IT systems were available to analyse data in the past, the key problem seems to have been generalisation, for example what products were popular in a store in Eastbourne were not the same as those for London or a petrol forecourt. Greater granularity of data addresses the problem of generalisation, but it creates another – information overload.

This was particularly evident amongst the buyers who make decisions almost entirely on the data presented. There are too many factors to take into account, so they appear to make decisions based on immediately available data and then tweak their decisions based on subsequent findings. Clearly, the more experience a buyer has of his or her product area, the more informed these decisions are. They certainly seemed to base stocking decisions on a small number of criteria which in turn represented a broad base of product and retail knowledge.

For instance, to stock a new product means to take another product off the shelf. Apart from the sales data of the product that will go out of stock, it seems very difficult to analyse all of the consequences of the decision, so the approach taken appears to be to do it anyway and then wait for the data to show the effect of the decision when the decision may then be reversed.

Whilst this broad knowledge may seem difficult to replicate within the graduates in a short space of time, we should remember that there is sufficient data generated within the business to allow anyone to make these decisions because the cause of making, for example, a change to the ranging priority of a product is the sales data itself.

Deletion and distortion seem to be less evident in the communication chain. In particular, the honesty of the finance teams was interesting. They appeared to be happy to present good or bad news as long as the quality of the analysis was not in question. Therefore, they are not inclined to present the numbers that people want to see; they present the numbers as they are. The only issue with this is that the numbers as they are may not reflect the future direction of the business as I have mentioned previously.

The board's shift of focus from chasing [Competitor] to being the leading convenience retailer doesn't seem to have reached all parts of the organisation. Prices are compared to [Competitor]'s, mainly because it is easy to gather [Competitor]'s prices electronically. The stores compare their offers to [Competitor]'s and the buyers compare their buying power to [Competitor]'s. Clearly [Competitor] has dominated the retail landscape, both amongst its customers and with the general public through its huge media presence.

If we were advising on retail strategy, we would be suggesting that you need to focus more, right across the business, on the convenience market and leave [Competitor] to fight their own battles. You need to find your own niche and stick to it rather than confusing the issue with any mention of [Competitor]. For example, the buyers don't think they have the buying power of [Competitor], however it is not in the interests of manufacturers to increase [Competitor]'s market share. Instead of feeling second best to [Competitor], the buyers should be driving the point that, as the leading convenience retailer, [Client] is in a unique position that [Competitor] will never occupy. We still believe that the local presence and the personal relationships between staff and regular shoppers are key to [Client]'s success. As new entrants such as [Competitor] come into the market, we suggest that [Client] risks being caught in the middle market; not the cheapest, not the biggest, not the most expensive, not the smallest. Historically, companies that are caught in the middle of a market struggle to survive, unless they create a niche.

In talking to the store managers and asking them what they think a typical customer is, they echoed our own observations in store – there isn't one, at least not in social demographic terms. The typical [Client] customer appears to be 'someone who lives locally' and again we would suggest that this is your key strength which you can still do more to build upon.

But since we're not advising you on retail strategy, we won't mention it.

There is one more important point about basing decisions on current sales data – you only know what customers are buying, not what they are not buying.

One of the buyers mentioned a specific flavour of a product and said that it isn't stocked because the typical [Client] customer doesn't understand what it is. When we were in one of the stores talking to the manager, a woman of about 70 asked for that specific flavour and was told it wasn't stocked. She was exactly a typical customer, according to the generalised model, and she certainly understood the flavour. It's easy to say this is an isolated case and you can't stock every product that everyone wants. On the other hand, what are the chances of a buyer mentioning that flavour and on the day we were in store, a customer asking for it? There doesn't seem to be a system for recording this kind of data about what your customers are not buying because it isn't stocked. By basing decisions on what they are buying rather than on what they want to buy, you may be

missing important opportunities to develop the brand in line with your customers' changing needs.

Decision making

To an external observer, the organisation appears to be driven in a highly centralised way with the board driving strategic decision making and the buyers driving tactical product decision making. Particularly in the stores, the impact of these decisions was visible, along with the conflict that is sometimes created, for example around task deadlines and workload.

It appears that this highly centralised decision making function relies heavily on data, however the journey that the data takes to get to the board, as described above, may impact on the quality of that data and therefore the quality of the decision making process.

I would define the quality of a decision based only on its longevity. If you find that the decision does not meet your expectations in 'real life' and you have to change the course of action, this is often a sign that the data supporting the decision did not reflect 'real life' in the first place.

One example of this is the new store rota scheduling system. It seems that data has been collected from all store staff in order to categorise their level of flexibility around working patterns. The collection of the data itself caused some workload conflicts in larger stores. Our understanding is that the data will be used to build a software scheduling system which will deliver store rotas based on staff flexibility which takes into account seasonal retail trends.

The obvious downside to this is the time delay. By the time the data is collected, sorted and used to generate a rota, the level of flexibility of staff will have changed and store managers may have to make manual adjustments. We suspect that for a large number of staff, their flexibility is not static and changes around school terms, holidays, health etc. If staff are to be shared between stores then I can see the benefit of a centralised rota scheduling system. Otherwise, it adds delay into what I suspect is a very dynamic decision making process.

I trust that there are sound operational decisions for introducing the system, I'm just using it as an example to illustrate the point about delay in a decision making system.

I would also guess that high performing store managers experience fewer staffing problems and therefore benefit least from the new system. We would suggest that this is due to two key reasons; firstly, communication with staff and secondly an understanding of the retail business and its trends, gathered from their many years in the industry.

Communication

The aspect of culture that struck us most was communication. Many corporate cultures actively prevent communication, for example people who sit a few feet apart will email each other rather than have a direct conversation. In [Client], the opposite was true. Everyone's first thought on raising a question was to physically go and talk to the person with the answer. Of all of the businesses I have worked in and with, this is one of the most people driven.

A regulated business would typically be different to this, perhaps because of the need for audit trails on all communications and decisions. A blame culture tends to drive people and teams into silos, cutting off communication from the rest of the business.

Of course, other organisations don't actively block communication, but if you start a new job and receive emails from people who you can see sitting at their desks, you learn that this is the

accepted way to communicate, and this is the way that cultural rules are passed on to new generations.

The people driven nature of the business leads to the subjectivity of decisions that I have already mentioned. Once again, this is neither good nor bad and it has both advantages and disadvantages compared to automating decision processes.

Roles, hierarchy and knowledge

In modelling the three people from Finance, it occurred to us that what makes a high performer in a junior finance role may not be the same characteristics that make a high performer in a senior role. Certainly the people I interviewed seemed quite content for their managers to take the responsibility for decision making, and viewed job and industry experience as a valuable asset that they did not necessarily possess. For example, the ability to use their years of experience to make a complex financial calculation mentally and for the result to be very close to the result that came from data analysis.

The downside of this is that it potentially places the decision making responsibility with senior managers, taking [Client] back to the old culture where tacit knowledge was protected instead of being systemised and widely available. The creation of bespoke analysis systems for different teams is a part of this process of knowledge protection, for example Access, Excel, SQL and all of the mainframe systems such as those for gap analysis, product ranging etc. - "We keep all our information separate to the rest of the business because it's quite important"

I believe that from a corporate point of view, it is not a good idea to be reliant on people who can use their experience to make mental calculations, because that makes the organisation highly dependent on those individuals, a situation which appears to have been changed by the redundancies but which may be creeping back in. The issue is not the risk of mistakes but the risk of losing a person with irreplaceable knowledge.

The good news about this for the graduate programme is that the right people will acquire the right experience and will therefore, over time, develop similar abilities.

Recommendations

Self image and identity

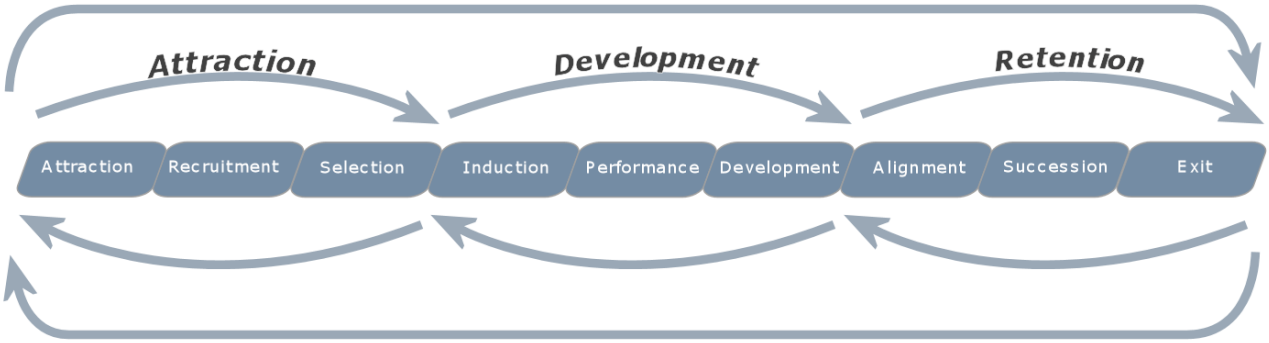
Spend some time during the training program getting the graduates to form a future self image which is closely aligned with the business strategy for that role and creates a compelling point of reference for them.

Use role models and mentors to help the graduates identify the qualities which they most admire and aspire to.

Getting the picture

Time in store is highly valuable, not just for giving graduates a sense of what happens within store but to submerse them in the [Client] culture. The more time they spend in a variety of roles in store, the more accurate their mental representations of store activity are likely to be, and spending time in store is something that I suggest the graduates do throughout the program, not just at the start of it.

Recommendations relating to the people cycle



Attraction	Many of the people in buying and retail roles had always worked in retail, starting off 'stacking shelves' and aspiring to a role with more authority, either in store as a manager or at 'head office' as a buyer. The choice seems to depend on where they perceived the power and control being. Therefore, the stores are probably a good place to look for future talent in store management and buying. In finance, it is important to attract people based on the [Client] culture as a friendly, supportive environment which enables a better quality of life than would perhaps be the case at [Competitor] or PWC.
Recruitment:	No data was gathered on the current recruitment process. This year, the graduate programme will recruit 29 graduates. The business as a whole will recruit around 20,000 people. It seems logical to apply the same care to the majority of people that [Client] recruits, especially since the majority of these will be customer facing staff and will therefore have a greater immediate impact on customer experience and brand perception.
Selection	Interview subjects who had previously joined as graduates regarded the assessment centres highly, commenting that they were tough, thorough and were good at selecting in the right candidates. In the past, the assessment centres for finance seemed to have recruited some people who were looking

	for short term, high impact development of the kind they might get at a 'big four' accountancy practice. We understand that this has now changed.
Induction	The rotation aspect of the graduate programme was again highly regarded. To enable even greater openness and communication between teams, and to protect against isolation of departments, you might consider giving graduates rotation assignments outside of the role that they are recruited into so that they can experience everything that happens in the business and clearly understand the impact of their role on it.
Performance	Other than financial reporting data and business KPIs, I did not see any personal performance data. As a general rule, individual performance goals should be closely aligned with business performance measures.
Development	Not enough data was gathered. The internal development programmes that were mentioned were the CIMA qualification and the store manager's programme which were both highly regarded.
Alignment	Teams seem to be closely aligned around roles and responsibilities. Communication within teams was generally good, awareness of other teams was generally limited to functional relationships. Some teams had regular social activities, some did not. To enable even greater openness and communication between teams, and to protect against isolation of departments, you might consider giving graduates rotation assignments outside of the role that they are recruited into so that they can experience everything that happens in the business and clearly understand the impact of their role on it. Once people are in full time positions, you might still consider even more regular exposure to other parts of the business, e.g. for a finance analyst to visit stores and see the activities that are represented in the data they analyse. In the stores, the successful managers created their own unique culture. We would recommend building on this, adding in a stronger local element with community involvement, giving managers even more tools to build local 'tribes'.
Succession	Senior roles seemed to depend on a great deal of experience or tacit knowledge as well as a willingness to make decisions. This would therefore suggest that the people who make an effort to broaden their experience and become involved in decisions would be the preferred candidates for promotion, although this may not be fully recognised in the current interviewing process which seems to favour interview/assessment centre performance.
Exit	Since [Client], like many retailers, employs many part time and seasonal staff, care should be taken to manage the exit process so that experienced staff are attracted back into the business as their circumstances change.

Methodology

Typically, any organisation or team has a number of high performers who consistently outperform the average. It is becoming increasingly common that organisations have two sets of measurement criteria; explicit, task focused criteria such as sales targets and customer service metrics, and implicit, cultural criteria such as attitude, working environment and customer experience.

It is not enough to simply benchmark performance, because that benchmark is a static measurement in a fast moving environment. Managers often say that they have to "run to stand still" in a fast changing business environment, and part of the problem is the use of static performance benchmarks which give the illusion that the environment is changing. In fact, it is easier to harness and direct this natural momentum for change than to create change based on an illusion of inertia.

By analysing a person's ability to get a certain result within a cultural system, we are able to discover not only the person's intuitive behaviour but also the cultural system within which that behaviour works best.

It is very common for companies to hire 'star players' such as high performing sales people and executives, only to find that they do not perform as expected. There was nothing wrong with the person, they were simply used to working within a different set of rules. Some people, over time, will learn the new rules and adapt to them, some will not.

Often, 'culture change' programmes are introduced at the development stage of the people cycle, by sending people on training courses to learn the new organisational values. The problem with this is that it is rarely tied into the other parts of the people cycle – attraction and retention – so over time, the 'new' culture works its way out of the system, and the incumbent culture is preserved.

Culture change can be viewed as a natural process of evolution which is itself a learned adaptation to a changing environment. If your business environment is evolving, you need to evolve with it, supporting people at all stages of the people cycle at the same time. By changing the way you attract new people, those people will evolve the culture iteratively and systemically. In the long term, this creates a stable organisation, but it does require commitment and consistency of business strategy, because it will take a year or two for the new cultural rules and beliefs to

become 'the way we do things around here'. Also, this is not a one off process. It is important to be constantly adapting and evolving as the market evolves. When companies only run change projects when the gap between their behaviour and the market environment is so big that profits start to fall, it is already too late.

So in modelling high performers and using that information to align the people cycle behind [Client]'s vision and business plan, the result is greater alignment of the culture and the people within it. The result of this is that more of each individual's time, energy and commitment is focused on realising that vision.

This diagram illustrates a poorly aligned organisation, where many people feel frustration as a result of being unable to contribute and make positive changes. Effort is wasted, re-organisations are common and, ultimately, people will disengage and do the minimum that they can.

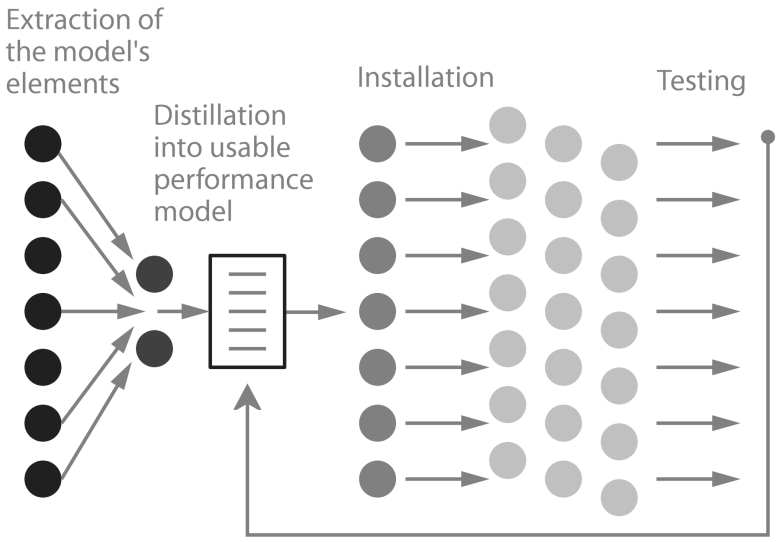
Frustration is the physical result of a person's desire to achieve something being blocked or hindered by a barrier which is not under their control.

This situation leads to small effects on a day to day basis, and those daily frustrations are compounded over time to lead to a real and measurable impact on business performance.

Aligning the skills of individuals with the rules and aspirations of the business as a whole encourages individuals to commit their time, energy and ideas. They feel recognised and rewarded because they feel they can make a positive impact on the business or their team.

In short, people feel that they are making a difference to their working environment and their colleagues and customers. As each person experiences the sense of achievement that comes from seeing their ideas and desire to achieve being put into action, they want to achieve more. This creates a strong sense that people have control over their personal effectiveness.

This situation also leads to small effects on a day to day basis, and those daily successes are compounded over time to lead to a real and measurable positive impact on business performance.



Modelling

Since we are looking for the difference between a high performer and an average performer, it is not enough simply to model the high performer, because they will share many traits and behaviours with the majority of staff. What we are seeking is the small number of differences that give rise to a measurable difference in performance.

We use a hybrid approach to modelling which generates a model of individual behaviours within a cultural, systemic context and this is the key to our unique approach which preserves the cultural context for high performers.

Installation

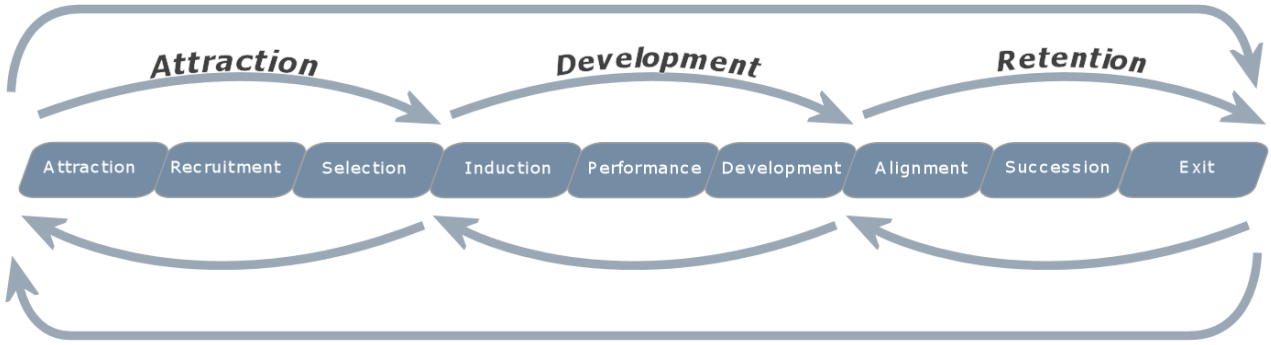
The next stage is to install the model into people who are looking for improved performance. Ideally, we need to have contact throughout the installation process to ensure the model is being correctly installed. It is not sufficient to tell people what the steps of the process are, the installation requires an element of experiential learning which must be carefully facilitated to ensure consistent results.

Testing

We need to ensure that the model is correctly integrated into the wider system by testing the model in the live environment. Possibly the most important reason for testing is to understand how the model evolves in the live environment so that we can build that evolution back into the model.

Service integration

A logical extension of this work is to build the high performance model into areas such as recruitment, induction training, performance management and succession planning. If these systems are not integrated with each other, you're left with a number of disjointed components.



We can apply the modelling data throughout the people cycle as follows:

Attraction	Ensure that marketing and branding are aligned with what the organisation is actually delivering.
Recruitment:	Ensure that the recruitment process attracts the right people and sets their expectations correctly for the working environment and desired behaviours.
Selection	Create profiling templates and assessment centres that select in people who are most likely to perform well within the cultural environment.
Induction	Further refine expectations and align them with the reality of the organisation.
Performance	Create performance review processes that focus on high performing behaviours.
Development	Create development programmes and coaching frameworks that further enhance performance within the cultural context.
Alignment	Align individuals into teams and lead those teams in a way that enhances performance and positively reinforces the culture and environment.
Succession	Plan for the progression of individuals through the business in a way which evolves the culture against market changes and preserves high performance over time.
Exit	Use exit data to adapt the performance model, and manage individuals out of the business in a way that is aligned with the culture.