



## POST OFFICE LIMITED BOARD REPORT

<b>Title:</b>	People Strategy   Culture, Talent and Capability	<b>Meeting Date:</b>	27 July 2021
<b>Author:</b>	Daisie Joje, Organisational Design Director	<b>Sponsor:</b>	Angela Williams, Interim Group Chief People Officer

### Input Sought: Discussion

You will be discussing our proposed 2025 vision during the 27/28 July Strategy Away Days, including detailed discussions focused on the four major activity areas that deliver it: Commercial (Mails and Banking Automation), Postmaster Engagement, Network Strategy and Technology (Digital Transformation / SPM).

A key enabler of all aspects of these activities, and the successful delivery of the overall strategy, is to ensure that we have the right people, with the right skills and capabilities in place, for the right period of time. This paper asks you to **review and discuss** the proposed approach to the People strategy and activities that will enable delivery of the overall business strategy and ensure we have the right culture, talent and capability in place at Post Office to meet out 2025 strategic objectives and vision.

7.1

### Previous Governance Oversight

#### **Organisational Effectiveness – People Change Projects**

- **Board level Approvals:**
  - POM / OD – Board Approval (June), PRB, IC (July) - returning for approval in December.
- **PRB/IC Approved**
  - Culture Transformation programme – returning for approval in September/October.
  - PSSC Success Factors – closing in December.
- **New projects – being scoped/defined:**
  - Talent + Capability Transformation
  - PSSC Service Now – OD Enablement
  - Other OD Enabling projects – to be defined through OD work.



## Executive Summary

The Strategy on a Page, which has been developed to provide a framework for engagement and focus across POL for the coming years is shown below, and has provided the backdrop for the development of a clear and focused People Strategy:



7.1

This paper positions the enabling activity required to deliver the 2025 Strategy and, specifically, the four programmes that will drive it:

- Commercial (Mails and Banking Automation)
- Postmaster Engagement
- Network Strategy
- Technology (Digital Transformation / SPM)

Currently, we do not have all the right capability in the business to deliver these priorities. We need to start laying the foundations now for these key people enablers, which we believe are:

- Culture
- Organisational Design
- Talent and Capability
- Reward and Recognition to ensure we are competitive in the marketplace

In this paper, we have outlined the People approach and subsequent initiatives that are required to meet our aspiration to ensure the organisation is ready, willing and able to **think and act like a retailer**. To deliver our strategic objectives, we need to fundamentally reset the business as a **commercial retail and financial services business with a social purpose**, with the right cost base, talent and culture, enabled by the right technology and systems.



We have also included a PowerPoint deck to be read alongside this paper, which provides an aesthetic version of this paper.

We will return to Board in September with the outputs of this Strategic Review and input from the thinking at the July Board Strategy sessions including detailed roadmaps, approach and measures for success for the core activities.

## Questions addressed

1. What is the context of the People Strategy and roadmap towards building culture, talent, capacity, skills and capability to meet our 2025 vision?
2. What critical skills gaps do we face across the four major activity areas?
3. What is the People Strategy to enable the delivery of our 2025 vision?
4. What does the Culture element of the People Strategy look like?
5. What does the Organisational Design element of the People Strategy look like?
6. What does the Talent element of the People Strategy look like?
7. What does the Reward and Recognition element of the People Strategy look like?
8. What other People activities are being planned to enable the People Strategy?

7.1

## Report

### **1) What's the context of the People Strategy and roadmap towards building culture, talent and capability to meet our 2025 vision?**

1. To meet our 2025 vision, we have identified several contextual issues that need to be resolved to address the past, deliver the present and put the foundations in place to deliver our future aspirations. These are:
  - Address the Past:
    - *Culture and Legacy Issues:* The words used in the Court of Appeal judgement about POL, published on 23 April 2021, were "Egregious, oppressive, obstinate, complacent and self-interested." The end state vision is to have a culture that is psychologically safe, engaging, humble, high performing, collaborative and focuses on delivering for our customers, through and with our Postmasters every day.
    - *Delivery Focus:* Today, the experience for customers is fragmented and inconsistent. We are focused on fixing the basics and integrating legacy systems. Things are not easy for our Customers, Postmasters or Employees. To enact this technological change, we need strong IT and digital capability where knowledge is maintained and embedded within the organisation. We need to ensure we have the right talent to deliver a major systems transformation, both culturally and technically, for our Customers, Postmasters and Employees, including supporting any new contract types that may be required.
  - Deliver the Present:
    - *Understanding our Postmaster and Customer:* To date, we have not built the story and narrative about what makes Post Office an attractive place to work and articulate our approach as a franchise operation for our people, our Postmasters and our customers. Ultimately we are building our Postmaster, Customer and





People promise to rebuild trust and grow engagement with our brand and the services we offer. The business is starting to think like a retailer and build the voice of the Postmaster into the plans. Our end state is a definite improvement in our [to be defined] trust index rating, ensuring our people are aligned with the strategy and are clear on their role in delivering for Postmasters and Customers and we can attract and retain high performing talent to fill the roles that we need now.

- Put the Foundations in Place to Deliver the Future Ambitions:
    - *Strategic Direction:* Prior to March 2021, we didn't have a clear strategic direction to meet long-term self-sustainability. The 2025 vision has now been defined, and we are reviewing how we can ensure we are set up to deliver the future. We will need to invest in attracting, retaining, developing and rewarding great people, with the right skills, capabilities and behaviours to ensure the organisation has the capability to be fit for the future.
2. We also came to you in March to set the scene on the internal leadership capability and talent in the organisation that underpins these contextual issues.
- 2) What critical skills gaps do we face across the four major buckets of activity?**
3. In order to deliver the Strategy on a Page, we need to ensure we have the right skills in the business to deliver the major activity areas:

Major Activity Area	Where we are now	Where we need to be
Commercial (Mails and Banking Automation)	Lacking in digital capability, particularly User Experience and digital journeys; Lacking in Mails capability depth, particularly around strategy, operations, customer pricing, carrier pricing and commercial management.	Fully transitioned from 'relationship management' product ownership to digital product ownership, with strong negotiating and influencing skills to manage partners. Fully realised value chain for each product and the core skills to manage this whether a platform or distribution product.
Postmaster Engagement	Partially consolidated field teams, but more work is required to understand what the role of the field team should be, and what skillsets they need. Lacking in talent development / succession plans in the field space. Contact centres across both Postmaster and Customer estate are fragmented and inconsistent – various KPIs and measures, which don't consistently identify areas to improve.	Clear service and support model with engaged field support with the right skills, in the right places at the right times. Cultural pivot for the organisation to understand these roles should be for our high potentials, bolstered by a talent strategy (graduate schemes / D&I initiatives) that ensure we have high potential talent in these key roles. Underpinned by a clear contact centre strategy where agents are helpful and motivated to add real value to the Postmaster.
Network Strategy	We are a franchise organisation but we only have a handful of franchise thought leaders in the business that can re-frame the business to "think like a retailer" - this puts a strain on their capacity. We have started the journey to turn data into postmaster	Led by thought leaders with strong backgrounds in franchise leadership. Postmaster insight is systematically used to inform strategic and operational decisions. Franchise leaders understand our Postmaster Promise and want to work for Post Office to

7.1





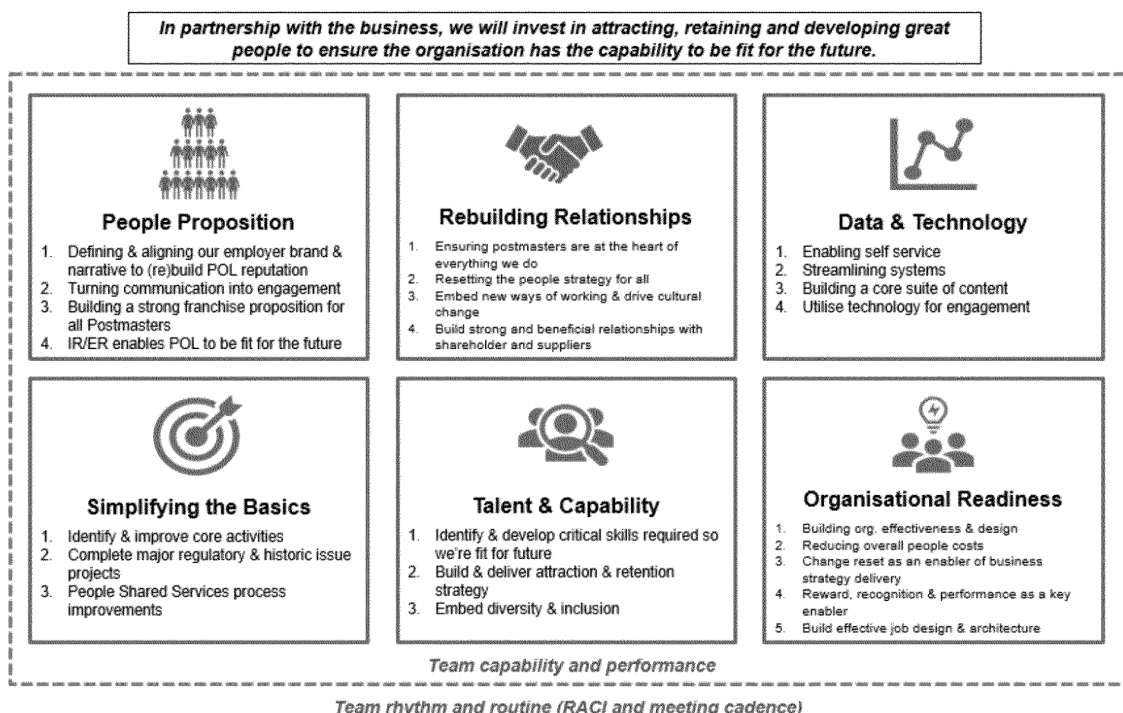
	<p>insight, but now need the business to understand it.</p> <p>We have identified in-branch automation as a major lever to improve postmaster profitability but experience from other franchise organisation like McDonalds shows that a diverse range of capabilities are required to make this a success which we currently lack, including customer-centric design thinking and UX expertise.</p> <p>While we have a long track record of managing network change, we don't currently have the capacity to manage wholesale reform of contracts and remuneration. Lastly, we need to continue to strengthen the Area Manager population to support postmasters with both the retail and PO side of their business.</p>	<p>continue to build the franchise. In short, we know how to create propositions which work for Postmasters and their customers. From a retailer perspective, managing business change and engagement is embedded as the norm. Beyond 2025, we plan to restructure contracts and remuneration but this will require significant investment in resource to deliver this business change / communications and engagement process.</p>
Technology (Digital Transformation / SPM)	<p>Core digital build skills are held by external parties (contractors, consultancies or suppliers) which means that deep technical knowledge on the IT build is not retained in house. Skilled IT workers are not attracted to Post Office because of our total reward package, and overall proposition hasn't been defined. Service / Run IT roles are difficult and clunky, because of legacy issues, so individuals unable to learn forward facing technology skills whilst still tethered to past processes.</p>	<p>Core IT operating model is defined so we are clear which skillsets are permanently needed, and which ones are more temporary and can be bought in. Core skillsets include development, testing, data, architecture, change engagement. The IT leadership team will have clear succession plans and we will grow our own digital / IT talent internally. Our approach to IT suppliers will be considered with a clear in-sourcing / out-sourcing strategy. Digital workers / IT builders will feel proud to work for Post Office and be remunerated according to their market value. Outside of the IT Team, the business will understand more about digital ways of working, and understand its usage and power.</p>

7.1



### 3) What is the People Strategy to enable the delivery of our 2025 vision?

4. In order to deliver the Strategy on a Page, we have built a People Strategy to enable the 2025 vision. The strategy is made up of 6 pillars of activity and aims to address our Past, Present and Future contextual issues.



7.1

5. To address our **PAST** – where the business retained much more siloed thinking, lacked a retailer/customer service approach and the historic issues that have arisen we have to:
- Embed new ways of working and drive **cultural change**, re-calibrating past behaviours
  - Complete historic issue projects, ensuring the **right organisational design for the Historical Matters and Inquiry Teams** – and building robustness into our operational structures
  - Complete major regulatory projects, **addressing historic pensions issues**
  - People Shared Services **process improvements**, improving our colleague promise and driving efficiency.
6. To deliver the **PRESENT** – we need to pivot the business to think more like a retailer – we need to:
- Evolve the **culture and leadership capability**
  - Ensure **organisational readiness** through reviewing our organisational design, capability and skills.
  - Launch the **POL ambassador programme**, so everyone is engaged, aligned and understands their role in delivering the strategic priorities



- Ensuring the right **reward and recognition** is in place through clear recognition, remuneration and incentive structures
  - Enabling **union relationships** so we are fit for the future
  - Building a **strong franchise proposition for all Postmasters** including addressing the Starling challenge.
7. To lay the foundations to meet the aspirations and deliverables of the **FUTURE** – in which the business will be delivering like a retailer – we have to:
- Build and **develop critical skills** to transform the organisation for Postmasters and customers
  - Embed **diversity and inclusion** into our Postmaster, Customer and Employee promise
  - Ensure **Reward, recognition and performance** is a key enabler of POL's success
  - Deliver and embed **IT and digital transformation and adoption**, enabled by effective resources and prioritisation of ensuring we have the correct knowledge, skills and experience within the organisation.
8. These activities make up a holistic People Strategy from which a clear roadmap can be developed and delivered against, enabling the business to have the right talent, culture and capability in place to meet the 2025 vision.

7.1

#### 4) What does the Culture element of the People Strategy look like?

9. To deliver the organisation Strategy and drive trust in the Post Office, we need to ensure we have the right culture and ways of working that will build trust for and with our Postmasters, our customers and our people. To support this, we aim to build our company promises and create tangible measures of success / trust index measures (shown in brackets) for each of promises that will enable us to track progress and ensure we continue to focus on what is important to deliver the overall Strategy. This will be delivered by the development of the following:
- Customer promise (Customer NPS [metrics to be defined])
  - Postmaster promise (Postmaster Satisfaction – as defined by the Quadrangle metrics)
  - Employee promise (Colleague NPS [metrics to be defined])
10. These promises will be supported by a consistent internal and external narrative that will drive and lead engagement for our customers, postmasters and people. Clear action plans are being developed to deliver each promise and define the correct measures to drive business output:

Promises	What difference does having the promise narrative make?	Key Deliverables
Customer Promise - People team as facilitators and enablers	<ul style="list-style-type: none"> <li>• Creates alignment and clarity for employees on what good looks like for customer service at Post Office</li> <li>• Gives direction on journey design, target measures and approach for tracking these</li> </ul>	<ul style="list-style-type: none"> <li>• Alignment on what good customer service will look like – input from key teams e.g. Commercial, Retail + Franchise Network etc.</li> <li>• Agreed ownership for pivoting towards the Promise, e.g.</li> </ul>

Strictly Confidential

7





	<ul style="list-style-type: none"> <li>Serves as anchor for aligned branding and messaging (internal and external)</li> <li>Enables a consistent, recognisable Post Office service</li> </ul>	<p>Business change considerations for implementing:</p> <ul style="list-style-type: none"> <li>Approaches, action plans, adjustments to supporting change projects.</li> <li>Key insights, journey design, end metrics and leading indicators for course correction.</li> </ul>
Postmaster Promise - People team as facilitators and enablers	<ul style="list-style-type: none"> <li>Clearly articulates our strategy to work collaboratively with Postmasters to improve our service, services and products. Leading to reduced waste/errors, improved retention, stronger partnerships and greater profitability</li> <li>Gives direction on journey design, target measures and approach for tracking these</li> <li>Serves as anchor for aligned branding and messaging (internal and external)</li> <li>Enables a consistent, recognisable Post Office service</li> </ul>	<ul style="list-style-type: none"> <li>Alignment behind what good Postmaster experience will look like and what we expect from Postmasters in return.</li> <li>Agreed ownership for pivoting towards the Promise E.g. Business change considerations for implementing: <ul style="list-style-type: none"> <li>Approaches, action plans, adjustments to supporting change projects.</li> <li>Key insights, journey design, end metrics and leading indicators for course correction.</li> </ul> </li> </ul>
People Promise - People team lead and managed via People Strategy and Projects	<ul style="list-style-type: none"> <li>Creates alignment and clarity for employees on what good looks like for them at Post Office</li> <li>Improves employee engagement and satisfaction. The 2020 Gallup data shows, companies with higher employee engagement see over 20% higher productivity than the competition</li> <li>People feel invested in, know what to expect from Post Office and enjoy their experience leading to a better service for customers and Postmasters</li> <li>Serves as anchor for aligned branding and messaging (internal and external)</li> <li>Enables a consistent, recognisable Post Office colleague experience</li> </ul>	<ul style="list-style-type: none"> <li>A clear definition of the new Employee experience at Post Office. Supported by clearly defined Employee Value Proposition and updated branding to attract and retain good talent.</li> <li>Talent attraction strategy, approaches and messaging updated.</li> <li>Internal communication and engagement approaches pivoted to support.</li> <li>Guidance and coaching for leaders in creating a positive colleague experience, engagement and high performing teams</li> <li>New tools and techniques to support engagement</li> <li>Colleagues as ambassadors for Post Office</li> </ul>

7.1

11. Based on Postmaster and Employee feedback, we know we must move the current Culture from what it is today, to an organisation that is fit, capable and agile for the future with the right talent, skills and behaviours. This cultural shift will enable us to meet our strategic vision. We will measure this by reassessing our OHI scores in 2022, compared to the late 2019 results.



12. Below we have included ways in which we want to show how our ways of working are transforming the business:

Now	Future
<b>Postmaster Focused (in pockets)</b>	<b>Postmaster Focused (as a way of life)</b>
<b>Lack of direction</b>	<b>Purpose, vision and plan</b>
<b>Managers</b>	<b>Leaders</b>
<b>Firefighting</b>	<b>Forward planning, outcome driven</b>
<b>Slow to act</b>	<b>Agile and responsive</b>
<b>Parent/Child</b>	<b>Adult/Adult</b>
<b>Hierarchical and bureaucratic</b>	<b>Trusted to do the right thing</b>
<b>Not heard or listened to</b>	<b>Everyone has a voice</b>
<b>Lack of accountability</b>	<b>Empowered and accountable</b>
<b>Siloed thinking</b>	<b>Cross functional working</b>
<b>Busy and unsure what to focus on</b>	<b>Highly Productive and Motivated</b>

7.1

In order to deliver these promises and embed our new ways of working, we have put in place a Culture Transformation programme with a three-year roadmap as shown in **Appendix 2**.

### 5) What does the Organisational Design element of the People Strategy look like?

13. The 2025 Strategy will be enabled by our change in approach to Organisational Design.
14. We recently came to the Board in June to provide an update on the next phase of Organisation Design, highlighting that structural “quick wins” are no longer an option to release FTE – we have already streamlined processes and activities, through finding clear efficiencies, and addressed the issue of the organisation being cost heavy and duplicative. Without significant investment in technology, systems and data in the future, we will struggle to reduce FTE further.
15. Whilst we have only tackled FTE reductions in the past, now we need to widen the cost optimisation scope to four strands:
- Continuing to reduce FTE staff cost
  - Contractor spend
  - Consultancy spend
  - Non-Staff Supplier spend, e.g., IT supplier spend
16. By rightsizing our reliance across these other strands of resource cost, we can achieve significant savings to the business and reduce our “cost to serve.” We will do this by identifying opportunities for entire workforce optimisation, which pivots our measures of success from FTE reduction to overall “cost to serve” - this will include FTE reduction, as well as the other strands outlined above.
17. By looking at cost holistically, we can build a better organisation, with the right resources and capabilities in the right places, so we are set up for a sustainable, successful future.

9

Strictly Confidential



18. Please see **Section Financial Implications** for the proposed forecast on overall “cost to serve” reduction.

**6) What does the Talent and Capability element of the People Strategy look like?**

19. To bridge the critical skills gaps identified in Question 2, we need to build a clear Talent and Capability strategy which aligns to the workforce needs to deliver the 2025 vision. This requires developing a clear Employer/Employee proposition that enables us to attract, retain and motivate employees throughout their time with Post Office. We need to be able to differentiate ourselves in the market and ensure we can attract the right skills, experience and behaviours to ensure we are fit for the future.
20. We will return in September with a roadmap which answers how:
- We will reposition our employer brand, refreshing our messaging in support of our new vision, strategy and narrative to attract the best talent
  - We will strengthen the talent and succession pipelines in the organisation to ensure a pipeline of skills and capabilities to deliver the strategy, underpinned by a clear Diversity and Inclusion strategy
  - We will build the Employee Promise to enable the organisation to attract and retain top talent and build short, medium and long term talent pools.

7.1

**7) What does the Reward and Recognition element of the People Strategy look like?**

21. It is becoming more challenging to attract key talent with the remuneration provision we currently have in place especially as we move into a more technologically/digitally driven world with a scarcity of talent and skills in this area. While we have implemented variable pay arrangements for the 2021/22 and LTIP for 2021-24 we do need to undertake a full reward and recognition review, by job family, and at all levels across the organisation, including the Group Executive, and Senior Leadership Population to ensure we can be competitive and attract the best talent to drive and deliver our strategic priorities.
22. In 20/21, we hired 87 roles with IT and Digital capabilities (primarily in the project space as we haven’t designed the IT Target Operating Model yet) with an average time to hire of 65 days and a cost of £202k on recruitment agency fees. This capability build is slowed by an annual turnover of ~6% employees. Today, we have 99 open IT and Digital vacancies to meet SPM / IT project demand. The information we are getting from candidates is that the reward and recognition package isn’t meeting market expectations. We need highly skilled IT workers that are more focused on being ‘portfolio workers’ than long-term employees and we need to update our Reward and Recognition strategy to meet this demand.
23. To note, this isn’t just in IT and Digital. There are also examples in senior, roles requiring specific skills and experience in other areas of the business that are difficult to recruit for. For example, in Commercial, the Head of Letters and Parcels (a direct report to Proposition Director – Mails) has been live since September 2020 and we are still struggling to find candidates with the right level of experience and innovation. In the Legal, Compliance and Governance function, we are encountering issues with the 2 x Director vacancies we’ve introduced to the structure to manage Historical Matters and Inquiry respectively. Candidates are telling us that the profile of the role, longevity of the role (fixed term





project) and the remuneration offered don't match the level of capabilities required. We need to address flexibility in our offer to be more agile as candidate markets change.

24. Once we have identified the capability build we need to deliver the 2025 strategy, our Reward and Recognition strategy will be reviewed and informed, in order to attract and retain the best possible talent, with the right job family, performance-driven reward.

## 8) What other People activities are being planned to enable the People Strategy?

25. As well as the Culture Transformation and Organisational Design review, there are suite of core activities that the People Team will need to enact to meet our 2025 vision. We have grouped these into the 6 buckets of deliverables that make up the People Strategy which are shown in the **Appendix 3**.

## Financial Impact

26. This is a Discussion paper which synthesises many People programmes, with their own business cases, into one clear Strategy paper. Therefore, if there are any questions on financial implications, we would recommend that relevant detailed business cases are reviewed.
27. However, given the importance of the OD programme in the Strategic Plan submission, we have pulled out the top line cost and benefit below.

## Organisational Design (a.k.a POM – "Post Office Operating Model")

28. By designing the organisation for the future now, we propose to return to the Board in September with a suite of levers that can be pulled (our OD Strategic Review) which identifies opportunities across the workforce and plans to reduce and avoid cost. The numbers below have been submitted into the Strategic Plan funding request, as we believe with the right investment into talent and capability now, we will be able to drive down costs across the four strands of workforce optimisation (FTE, contractors, consultancies and non-staff spend) over the coming years:

**IRRELEVANT**

7.1



# IRRELEVANT

29. POM benefits include **IRRELEVANT** per annum delivered in Tranches 1 and 2. Outer year benefits from FY23/24 activity will be delivered through both staff and non-staff cost reductions (overall workforce optimisation).
30. In addition to the main POM programme, there are several other smaller Organisational Design projects that are being delivered or planned concurrently. These are separated out in order to reflect required technology and/or process re-engineering investment and associated benefits in the same business case (e.g., FTE reduction):
- PSSC SuccessFactors Enablement
  - People OD Enablement – Service Now
31. To be validated through current design work:
- Data OD Enablement
  - Finance OD Enablement

**7.1**

## Alternative Options

### **1. Do Nothing**

32. We could relinquish funding and stop progressing the People initiatives. Risks are that the business will not address “the past”, deliver “present requirements” or meet its 2025 vision as it does not have the right talent, culture and capability to deliver the agenda.

### **2. Accelerate Faster**

33. We could go faster but we would need greater investment in culture and organisational design SMEs, or we would compromise quality of delivery.
34. There is also a point around capacity as you need business stakeholders on each workstream to ensure the changes land and are embedded in the business. A recent pulse survey of SLG colleagues indicated high workloads and serious fatigue, due to CV19 / Inquiry / various deadlines, and we would be reluctant to increase the pressure on top of this with a commitment to disrupt the business through major change in organisation or culture. That said, we have committed to implement design workstreams and realise benefit as soon as possible when they are designed and locked in, enabling benefit as soon as possible in the process.



## Risk Assessment, Mitigations & Legal Implications

35. Tier 1 Risks fall into 3 main categories covering the following:
  1. Talent and Capability - Tracking overall as RED
  2. Culture and Brand – Tracking overall as RED
  3. Organisational Readiness – Tracking overall as AMBER
36. As with the Strategy, all risks have designated direct risk owners within the People Team although accountability for the overall risk may sit elsewhere. Tier 2 Risks are also being tracked closely.
37. The People risk appetite for the Tier 1 risks is averse on the basis that if the risks are not mitigated, we will not be able to deliver our 2025 priorities. However, individual intermediate/Tier 2 risks may have a more flexible appetite.
38. Operational risk appetite examples have also been defined to ensure consistency across the organisation in dealing with People related risks and issues.
39. A paper detailing these risks will be presented to RCC on 13<sup>th</sup> July 2021 and subsequently to ARC on 26<sup>th</sup> July 2021.

**7.1**

## Next Steps & Timelines

40. We will return to Board in September to update you on our approach and plans aligned to the Strategic Plan and post the Board Strategy Day input:
  - How we plan to address the past, deliver for the present and prepare to meet the future
  - Update on Culture: How we move the organisation to “think like a retailer” in terms of our culture, behaviours and ways of working
  - Update on Organisational Design: What are the outputs of our organisational design review entail and what roadmap are we proposing
  - Update on Talent and Capability: What are the plans are to meet our 2025 deliverables, including embedding diversity and inclusion
  - Update on Reward and Recognition: What should the outline Reward and Recognition strategy and framework look like to ensure we can attract, retain and motivate all employees, which includes working with the Postmaster Team to ensure we have the correct options available for future postmaster contract models



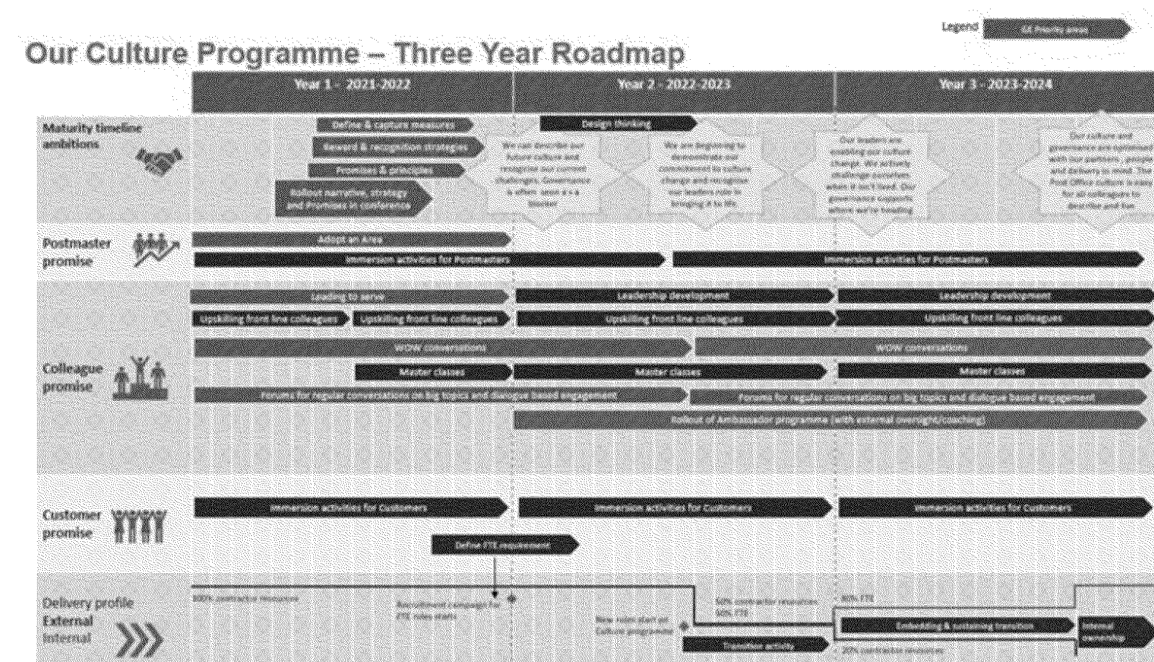


## Appendix 1

Please see supporting document – PowerPoint entitled “People Strategy Deck – July Board” for a more aesthetic version of this report.

## Appendix 2

Three-year roadmap for our Culture Programme:



7.1

## Appendix 3

Activity across the People Strategy 6 buckets of activities:

People Deliverable	Where we are / why it's important	What we are doing	Where will we be
People Proposition	<ul style="list-style-type: none"> <li>No Postmaster, Colleague or Employee brand or promise that supports our new vision, strategy and narrative.</li> <li>Don't attract the best entrepreneurs to the franchise or talent to the organisation</li> </ul>	<ul style="list-style-type: none"> <li>Define and deliver our Value Proposition through our Postmaster, Customer and Employee promises to enable the organisation to attract and retain. We are focusing on <ul style="list-style-type: none"> <li>Re-designing our promises</li> <li>Creating promise activation plans</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>We are experts at understanding our Postmasters, customers and colleagues</li> <li>We have a clear promise to each audience, that has been activated through a clear engagement plan</li> </ul>



		<ul style="list-style-type: none"> <li>Defining our trust index measures as measures of success</li> </ul>	
Simplifying the Basics	<ul style="list-style-type: none"> <li>Major issues with legacy technology, processes and data</li> <li>Current processes and systems don't make things easy for our colleagues</li> </ul>	<ul style="list-style-type: none"> <li>Pensions Assurance programme ongoing and seeking resolution with our pension's shareholder.</li> <li>Focusing on process improvement for our people promise, improving SuccessFactors, processes and data flows with the customer at the heart of everything we do.</li> <li>Building a People TOM that more closely aligns with requirements of our colleagues and Postmasters.</li> </ul>	<ul style="list-style-type: none"> <li>Changes we make to our process improvements and systems are informed by our strategy</li> <li>Movement to proactive, rather than reactive, in order to future proof</li> </ul>
Rebuilding Relationships	<ul style="list-style-type: none"> <li>Fundamental reset of our culture</li> <li>Need to embed the Ways of Working and put Postmasters at the heart of our decision making</li> <li>No approach for future of the workplace</li> <li>Greater alignment required with our stakeholders to partner on shared vision and suppliers on shared risks</li> </ul>	<ul style="list-style-type: none"> <li>Continue to embed our new culture as part of our Strategy, Narrative and Promises to ensure in area of our business our new culture is tangible</li> <li>Develop and share the strategy, narrative and promises</li> <li>Build trust measures so we know we're heading in the right direction</li> <li>Upskill our leaders and frontline colleagues</li> <li>Develop a Postmaster empathy programme</li> <li>Help our people to become ambassadors of the Post Office through embedding our Ways of Working and delivering the programme</li> </ul>	<ul style="list-style-type: none"> <li>Culture is embedded as a core part of our Postmaster-centric strategy. It is well communicated and improves business decisions and operations</li> </ul>
Talent and Capability	<ul style="list-style-type: none"> <li>Post Office must strengthen the talent and succession pipelines in the organisation to ensure a pipeline of skills and capabilities to deliver the strategy</li> </ul>	<ul style="list-style-type: none"> <li>Building a clear talent and capability strategy aligned to the workforce needs to deliver the 2025</li> <li>Re-define our Talent Management Process</li> <li>Increase Leadership capability through delivering upskilling on a Coaching Culture</li> <li>Diversity and Inclusion</li> <li>Reward and Recognition</li> </ul>	<ul style="list-style-type: none"> <li>We attract and retain top talent at Post Office, and people feel proud to work for Post Office.</li> <li>We have clear succession plans and talent pipelines, ensuring that legacy knowledge is retained, and we have the right talent in place to lead Post Office</li> </ul>

7.1

Tab 7.1 People Strategy Report



Data and Technology	<ul style="list-style-type: none"> <li>Focus on fixing the basics and resolving issues with legacy systems or policies</li> <li>Things aren't easy for our Postmasters or employees, and we haven't enabled technology</li> </ul>	<ul style="list-style-type: none"> <li>Good progress in designing systems and processes that improve interactions across the employee lifecycle</li> <li>Identified other areas of improvement and roadmap to delivery</li> <li>Investment is needed to continue this development</li> </ul>	<ul style="list-style-type: none"> <li>Postmasters and people are enabled, and all our systems and processes are optimised to deliver great interactions</li> <li>Self-service is embedded and we use technology for engagement</li> </ul>
Organisational Readiness	<ul style="list-style-type: none"> <li>Org model doesn't meet our 2025 vision</li> <li>Cost base is high across temporary resources (contractors, consultancies) so legacy knowledge isn't maintained</li> <li>Reward strategy doesn't align with 2025 vision, where there is an 'entitlement culture' at POL</li> </ul>	<ul style="list-style-type: none"> <li>Conducting a strategic review which widens the scope of the programme to review overall workforce optimisation / cost to serve – identifying opportunities across our: <ul style="list-style-type: none"> <li>Employee headcount</li> <li>Contractor costs</li> <li>Consultancy spend</li> <li>Non-staff supplier spend</li> </ul> </li> <li>We're building a clear OD strategy and plan which we will return to Board in September. The OD strategy will be underpinned by a Reward strategy</li> </ul>	<ul style="list-style-type: none"> <li>Lean organisational model with the right resources and capabilities in the right places, so we're able to meet our 2025 vision without reliance on external capabilities and set ourselves up for a sustainable, successful future</li> <li>We will have a performance driven reward philosophy that underpins this</li> </ul>

7.1





# **People Strategy: Ensuring we have the Culture, Organisation, Talent, Capacity and Capability to be fit for the future and deliver our 2025 ambition and beyond**

*July Board  
Angela Williams*

## Contents

You'll be discussing our proposed 2025 vision across 27/28 July at the Strategy Away Days, including a detailed breakdown of the 4 major buckets of activity that deliver it: Commercial (Mails and Banking Automation), Postmaster Engagement, Network Strategy and Technology (Digital Transformation / SPM).

This deck outlines the People enabling activity that needs to be done to ensure we are ready to deliver these 4 major activity areas. We have outlined the approach and initiatives that underpin our aspiration to ensure the organisation is ready, willing and able to **think and act like a retailer**. To deliver our strategic objectives, we need to fundamentally reset the business as a **commercial retail and financial services business with a social purpose**, with the right cost base, talent and culture, enabled by the right technology and systems.

In this deck, we will cover:

- People Strategy which enables the business to meet its 2025 vision
- Spotlight on Culture pillar
- Spotlight on Organisational Design pillar
- Spotlight on Talent pillar
- Spotlight on Reward and Recognition pillar
- Next Steps - we will provide the more detailed delivery plans in September Board.



## Context and Background

### Address the Past:



**Culture and Legacy Issues:** The words used in the Court of Appeal judgement about POL, published on 23 April this year, were; Egregious, oppressive, obstinate, complacent and self-interested. The end state vision is to have a culture that is psychologically safe, engaging, humble, high performing, collaborative and focuses on delivering for our customers, through and with our Postmasters every day.



**Delivery Focus:** Today, the experience for customers is fragmented and inconsistent. We are focused only on fixing the basics and integrating legacy systems. Things are not easy for our Customers, Postmasters or Employees. To enact this technological change, we need strong IT and digital capability where knowledge is maintained and embedded within the organisation. We need to ensure we have the talent to deliver a major systems transformation, both culturally and technically, for our Customers, Postmasters and Employees, including supporting any new contract types that may be required.

### Deliver the Present:



**Understanding our Postmaster and Customer:** To date, we haven't built the story and narrative about what makes Post Office an attractive franchise operation for our people, our postmasters and our customers. We are building our Postmaster, Customer and People promise ultimately to rebuild trust and grow engagement with our brand and the services we offer. The business is starting to think like a retailer and build the voice of the Postmaster into the plans. Our end state is a definitive improvement in our [to be defined] trust index rating, ensuring our people are aligned with the strategy and are clear on their role in delivering for Postmasters and Customers.



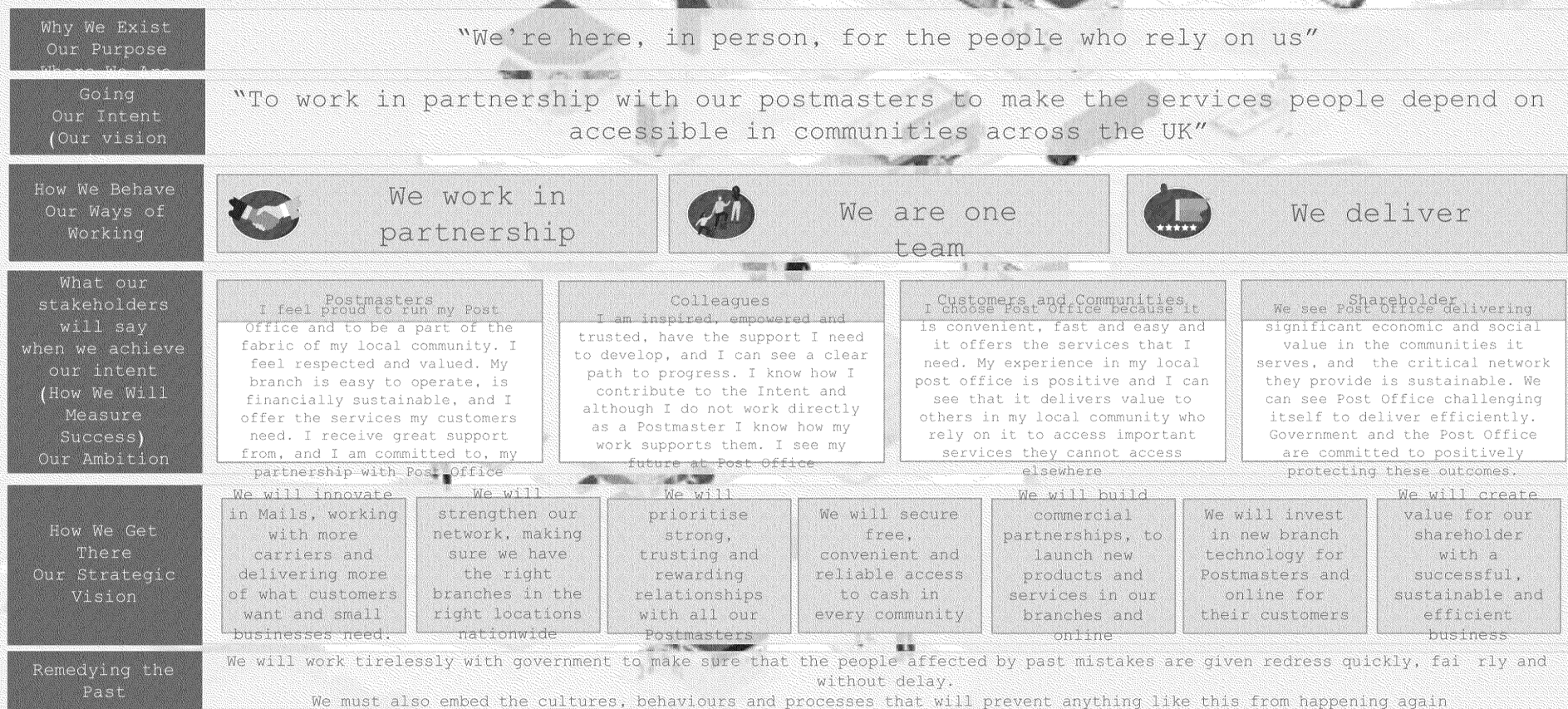
### Put the Foundations in Place to Deliver the Future Ambitions:

**Strategic Direction:** Prior to March 2021, we didn't have a clear strategic direction to meet long-term strategic plans. The 2025 vision has now been defined, and we are reviewing how we organise ourselves internally. We will invest in attracting, retaining and developing great people, with the right skills, capabilities and behaviours to ensure the organisation has the capability to be fit for the future.

**We also came to you in March to set the scene on the internal leadership capability and talent in the organisation that underpins these contextual issues**



# The Post Office – Our Strategic Roadmap



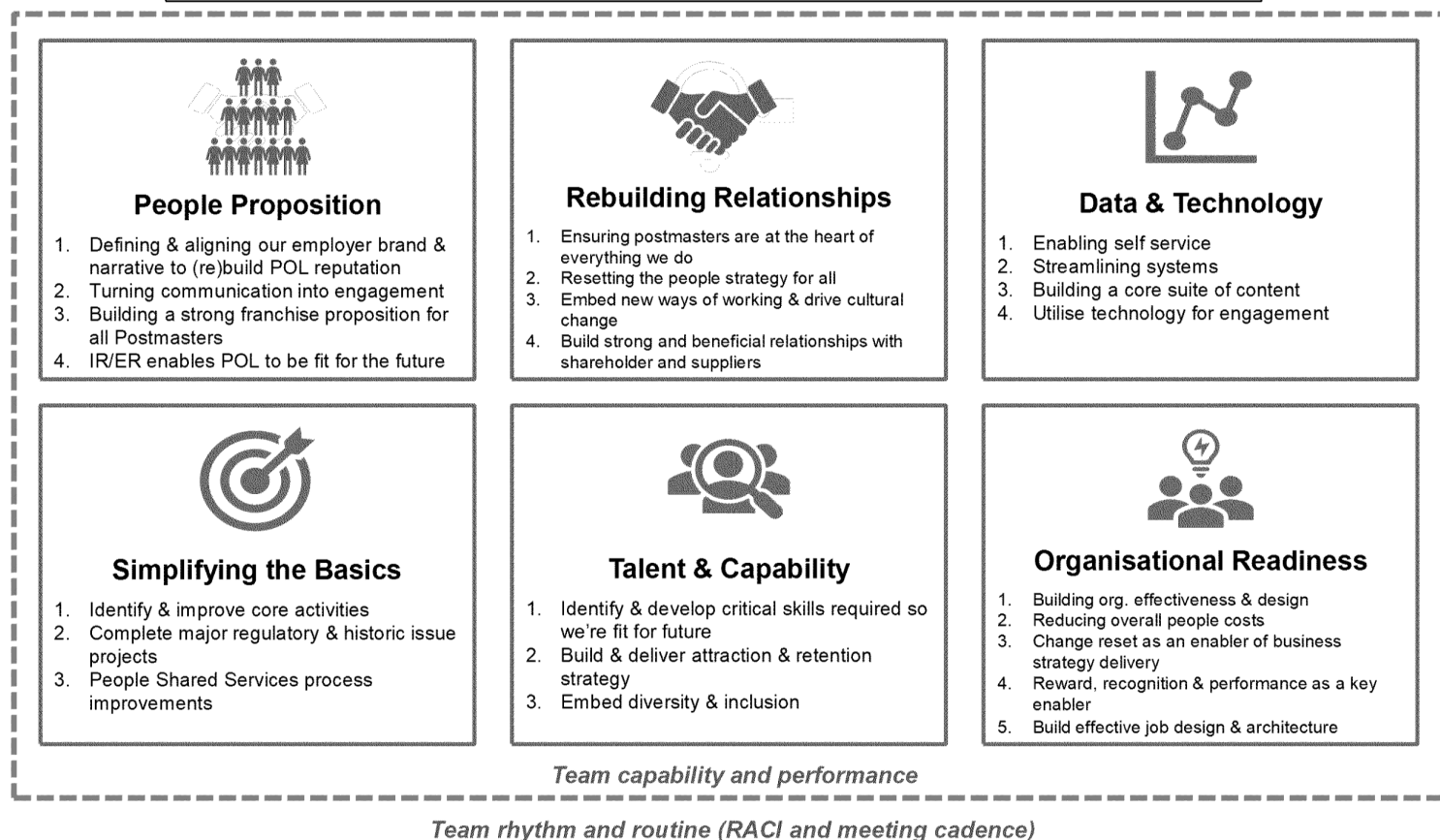


## Critical Skills Gaps – Current State Assessment

Major Activity Area	Where we are now	Where we need to be
Commercial (Mails and Banking Automation)	Lacking in digital capability, particularly User Experience and digital journeys; Lacking in Mails capability depth, particularly around strategy, operations, customer pricing, carrier pricing and commercial management.	Fully transitioned from 'relationship management' product ownership to digital product ownership, with strong negotiating and influencing skills to manage partners. Fully realised value chain for each product and the core skills to manage this whether it's a platform or distribution product.
Postmaster Engagement	Partially consolidated field teams, but more work is required to understand what the role of the field team should be, and what skillsets they need. Lacking in talent development / succession plans in the field space. Contact centres across both Postmaster and Customer estate are fragmented and inconsistent – various KPIs and measures, which don't consistently identify areas to improve.	Clear service and support model with engaged field support with the right skills, in the right places at the right times. Cultural pivot for the organisation to understand these roles should be for our high potentials, bolstered by a talent strategy (graduate schemes / D&I initiatives) that ensure we have high potential talent in these key roles. Underpinned by a clear contact centre strategy where agents are helpful and motivated to add real value to the Postmaster.
Network Strategy	We are a franchise organisation but we only have a handful of franchise thought leaders in the business that can re-frame the business to "think like a retailer" - this puts a strain on their capacity. We have started the journey to turn data into postmaster insight, but now need the business to understand it. We have identified in-branch automation as a major lever to improve postmaster profitability but experience from other franchise organisation like McDonalds shows that a diverse range of capabilities are required to make this a success which we currently lack, including customer-centric design thinking and UX expertise. While we have a long track record of managing network change, we don't currently have the capacity to manage wholesale reform of contracts and remuneration. Lastly, we need to continue to strengthen the Area Manager population to support postmasters with both the retail and PO side of their business.	Led by thought leaders with strong backgrounds in franchise leadership. Postmaster insight is systematically used to inform strategic and operational decisions. Franchise leaders understand our Postmaster Promise and want to work for Post Office to continue to build the franchise. In short, we know how to create propositions which work for Postmasters and their customers. From a retailer perspective, managing business change and engagement is embedded as the norm. Beyond 2025, we plan to restructure contracts and remuneration but this will require significant investment in resource to deliver this business change / communications and engagement process.
Technology (Digital Transformation / SPM)	Core digital build skills are held by external parties (contractors, consultancies or suppliers) which means that deep technical knowledge on the IT build is not retained in house. Skilled IT workers are not attracted to Post Office because of our total reward package, and overall proposition hasn't been defined. Service / Run IT roles are difficult and clunky, because of legacy issues, so individuals unable to learn forward facing technology skills whilst still tethered to past processes.	Core IT operating model is defined so we are clear which skillsets are permanently needed, and which ones are more temporary and can be bought in. Core skillsets include development, testing, data, architecture, change engagement. The IT leadership team will have clear succession plans and we will grow our own digital / IT talent internally. Our approach to IT suppliers will be considered with a clear in-sourcing / out-sourcing policy. Digital workers / IT builders will feel proud to work for Post Office and be remunerated according to their market value. Outside the IT Team, the business will understand more about digital ways of working, and understand it's usage and power.

## Strategic ambitions are supported by our People Strategy

*In partnership with the business, we will invest in attracting, retaining and developing great people to ensure the organisation has the capability to be fit for the future.*



## Our People Strategy builds a roadmap to 2025

<b>Past</b> <i>Lacking retailer mentality</i>	<b>Present</b> <i>Begin to pivot POL to think like a retailer</i>	<b>Future</b> <i>Delivering as a retailer</i>
<ul style="list-style-type: none"> <li>▪ Embed new ways of working and drive <b>cultural change</b>, re-calibrating past behaviours</li> <li>▪ Complete historic issue projects, ensuring the <b>right organisational design for the Historical Matters and Inquiry Teams</b> – and building robustness into our operational structures</li> <li>▪ Complete major regulatory projects, <b>addressing historic pensions issues</b></li> <li>▪ People Shared Services <b>process improvements</b>, improving our colleague promise and driving efficiency</li> </ul>	<ul style="list-style-type: none"> <li>▪ Evolve the <b>culture and leadership capability</b></li> <li>▪ Ensure <b>organisational readiness</b> through reviewing our organisational design, capability and skills.</li> <li>▪ Launch the <b>POL ambassador programme</b>, so everyone understands their role in delivering the strategic priorities</li> <li>▪ Ensuring the right <b>reward and recognition</b> is in place through clear recognition, remuneration and incentive structures</li> <li>▪ Enabling <b>union relationships</b> so we're fit for the future</li> <li>▪ Building a <b>strong franchise proposition for all Postmasters</b> including addressing the Starling challenge</li> </ul>	<ul style="list-style-type: none"> <li>▪ Build and <b>develop critical skills</b> to transform the organisation for Postmasters and customers</li> <li>▪ Embed <b>diversity and inclusion</b> into our Postmaster, Customer and Employee promise</li> <li>▪ Ensure <b>Reward, recognition and performance</b> is a key enabler of POL's success</li> <li>▪ Deliver and land <b>IT and digital transformation and adoption</b>, enabled by effective resources and prioritises maintaining knowledge within the organisation</li> </ul>

These are all key deliverables to build a sustainable operating model to ensure POL delivers its strategic intent

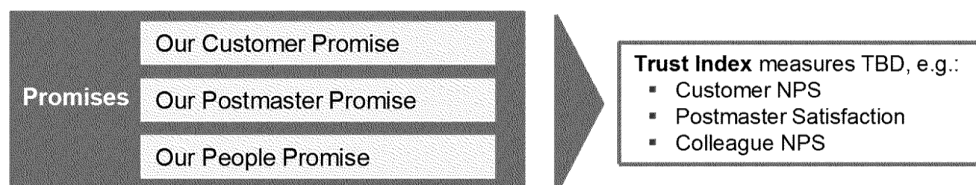




## What is the Culture element of the People Strategy?

To deliver the Strategy and drive trust in the Post Office we need to build the promises below. These promises set clear expectations of “what good will look like” , supported by a consistent internal and external narrative. Culture programme leads this as cross functional effort. Roadmaps are being developed to deliver each promise and measures, which includes technology enablement.

The promises drive the trust index metrics which in turn drive focus, engagement and performance:



Based on what our Postmasters and Employees are telling us, we know we have to move the current Culture from what it is today, to an organisation that is fit, capable and agile for the future with the right talent, skills and behaviours. This cultural shift will enable us to meet our strategic vision.

This will also build trust and move forward from the GLO, as well as provide evidence of progress to the GLO Inquiry.

This also supports and enables the link between happier employees – better postmaster and customer service – increase in profits (Service Value/Profit Chain)

Now	Future
Postmaster Focused (in pockets)	Postmaster Focused (as a way of life)
Lack of direction	Purpose, vision and plan
Managers	Leaders
Firefighting	Forward planning, outcome driven
Slow to act	Agile and responsive
Parent/Child	Adult/Adult
Hierarchical and bureaucratic	Trusted to do the right thing
Not heard or listened to	Everyone has a voice
Lack of accountability	Empowered and accountable
Siloed thinking	Cross functional working
Busy and unsure what to focus on	Highly Productive and Motivated

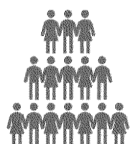


## Culture Deliverables: Target Business Outcomes

Promises	Key Deliverables	Example Outcomes (To be validated through Insights and planning work)
Customer Promise - People team as facilitators and enablers	<ul style="list-style-type: none"> <li>Creates alignment and clarity for employees on what good looks like for customer service at Post Office</li> <li>Gives direction on journey design, target measures and approach for tracking these</li> <li>Serves as anchor for aligned branding and messaging(internal and external)</li> <li>Enables a consistent, recognisable Post Office service</li> </ul>	<ul style="list-style-type: none"> <li>Alignment on what good customer service will look like – input from key teams e.g. Commercial, Retail + Franchise Network etc.</li> <li>Agreed ownership for pivoting towards the Promise, e.g. Business change considerations for implementing:</li> <li>Approaches, action plans, adjustments to supporting change projects.</li> <li>Key insights, journey design, end metrics and leading indicators for course correction.</li> </ul>
Postmaster Promise - People team as facilitators and enablers	<ul style="list-style-type: none"> <li>Clearly articulates our strategy to work collaboratively with Postmasters to improve our service, services and products. Leading to reduced waste/errors, improved retention, stronger partnerships and greater profitability</li> <li>Gives direction on journey design, target measures and approach for tracking these</li> <li>Serves as anchor for aligned branding and messaging (internal and external)</li> <li>Enables a consistent, recognisable Post Office service</li> </ul>	<ul style="list-style-type: none"> <li>Alignment behind what good Postmaster experience will look like and what we expect from Postmasters in return.</li> <li>Agreed ownership for pivoting towards the Promise E.g. Business change considerations for implementing:</li> <li>Approaches, action plans, adjustments to supporting change projects.</li> <li>Key insights, journey design, end metrics and leading indicators for course correction.</li> </ul>
People Promise - People team lead and managed via People Strategy and Projects	<ul style="list-style-type: none"> <li>Creates alignment and clarity for employees on what good looks like for them at Post Office</li> <li>Improves employee engagement and satisfaction. The 2020 Gallup data shows, companies with higher employee engagement see over 20% higher productivity than the competition</li> <li>People feel invested in, know what to expect from Post Office and enjoy their experience leading to a better service for customers and Postmasters</li> <li>Serves as anchor for aligned branding and messaging (internal and external)</li> <li>Enables a consistent, recognisable Post Office colleague experience</li> </ul>	<ul style="list-style-type: none"> <li>A clear definition of the new Employee experience at Post Office. Supported by clearly defined Employee Value Proposition and updated branding to attract and retain good talent.</li> <li>Talent attraction strategy, approaches and messaging updated.</li> <li>Internal communication and engagement approaches pivoted to support.</li> <li>Guidance and coaching for leaders in creating a positive colleague experience, engagement and high performing teams</li> <li>New tools and techniques to support engagement</li> <li>Colleagues as ambassadors for Post Office</li> </ul>



## What is the Organisational Design element of the People Strategy?



Structural “quick wins” are no longer an option to release FTE – we have already streamlined processes and activities, through finding clear efficiencies, and addressed the issue of the organisation being cost heavy and duplicative



Whilst we have only tackled **FTE reductions** in the past, there are three other ways we spend on resources, which are: **Contractors, Consultancies and Non-Staff Supplier Spend**. By rightsizing our reliance across these other areas of resource, we can achieve significant savings to the business and reduce our “cost to serve”



We now need to turn our attention to reviewing **overall cost reduction** and identifying opportunities for **entire workforce optimisation**, which pivots our measure of success from FTE reduction to overall “cost to serve” (“the costs required to deliver each £ of revenue”) - this will include FTE reduction, as well as other levers



Without **significant investment** in technology, systems and data in the future, we will struggle to reduce FTE further



By doing so, we can build a better organisation, with the right resources and capabilities in the right places, so we are **set up for a sustainable, successful future**

## OD Strategic Plan Submission

# IRRELEVANT

POM benefits include **IRRELEVANT** per annum delivered in Tranches 1 and 2. Outer year benefits from FY23/24 activity will be delivered through both staff and non-staff cost reductions (overall workforce optimisation).

In addition to the main POM programme, there are a number of other smaller Organisational Development projects that are being delivered or planned concurrently. These are separated out in order to reflect required technology and/or process re-engineering investment and associated benefits in the same business case (e.g. FTE reduction):

- PSSC SuccessFactors Enablement
- People OD Enablement – Service Now

To be validated through current design work:

- Data OD Enablement
- Finance OD Enablement

## OD Deliverables – example case studies

Overall approach shifts dial from FTE to total cost to serve to meet 2025

<b>Past</b> <i>Lacking retailer mentality</i> 19/20	<b>Present</b> <i>Begin to pivot POL to think like a retailer</i> 20/21	<b>Future</b> <i>Delivering as a retailer</i> 21/22-24/25
<p><b>Greater focus on FTE reduction</b></p> <ul style="list-style-type: none"> <li>Tranche 1 (Sep 20) and Tranche 2 (Mar 21) re-set GE accountabilities taking <b>IRRELEVANT</b></li> <li><b>IRRELEVANT</b></li> <li>E.g. in Commercial, all Products were consolidated into one function, with clear common capabilities, rather than individual empires for each product. This workstream removed <b>IRRELEVANT</b> out of the business with <b>IRRELEVANT</b> across POL and Payzone -&gt; <i>Starts to build our Customer Promise</i></li> <li>Design work on the Inquiry and Historical Matters teams led to the separation of accountabilities in July 21 to drive focus and improved outcomes--&gt; <i>Right structure, right capability and right level of experience to deliver</i></li> </ul>	<p><b>Greater focus on tech enablement &amp; contractor spend, and capability build to ensure fit for future</b></p> <ul style="list-style-type: none"> <li>Process improvement work enables us to release administrative FTE, e.g. PSSC process improvement work produces a net saving --&gt; <i>Continues to build our Employee Promise</i></li> <li>Review resource change spend. Current spend on contractors is <b>IRRELEVANT</b> with the majority of the key skills (60%) from this pool as basic change delivery. --&gt; <i>Right internal talent</i></li> <li>SLG employee staff cost is <b>IRRELEVANT</b> yet we do not have strengthened capability to lead us to 2025 or succession plans to GE. Risk - organisational instability, as well as tangible costs. By strengthening capability now, many non-key SLG roles will fall away in the outer years --&gt; <i>Starts to build our Employee Promise and build delivery for 2025 vision</i></li> </ul>	<p><b>Greater focus on non-staff supplier spend, and previous work on enablement / capability build allows further FTE reduction</b></p> <ul style="list-style-type: none"> <li>IT operating model needs clarity to meet 2025 deliverables – current IT TOM is <b>IRRELEVANT</b> in budgeted annual staff cost; SPM is requesting <b>IRRELEVANT</b> programme resource costs (majority contractors); IT supplier spend is <b>IRRELEVANT</b> All of this cost needs to be interrogated and a true IT TOM design needs to be put in place --&gt; <i>Building our digital and IT talent for the future; maintaining critical skills in-house</i></li> <li>Commercial Contact Centres – 14 managed services @ <b>IRRELEVANT</b> non-staff spend (no clear KPIs, consistency in customer service etc.) as well as 3 internal contact centres with <b>IRRELEVANT</b> --&gt; <i>Drives consistency for our Customer Promise and improves clarity on roles</i></li> </ul>

We are working across the business on each workstream to ensure a joined up approach

OFFICE

12



## What is the Talent element of the People Strategy?

To bridge the critical skills gaps identified on Slide 5, we need to build a clear Talent and Capability strategy which aligns to the workforce needs to deliver the 2025 vision.

This requires developing a clear Employer/Employee proposition that enables us to attract, retain and motivate employees throughout their time with Post Office. We need to be able to differentiate ourselves in the market and ensure we can attract the right skills, experience and behaviours to ensure we are fit for the future.

We will return in September with a roadmap which answers how:

- We will reposition our employer brand, refreshing our messaging in support of our new vision, strategy and narrative to attract the best talent
- We will strengthen the talent and succession pipelines in the organisation to ensure a pipeline of skills and capabilities to deliver the strategy, underpinned by a Diversity and Inclusion strategy
- We will build the Employee Promise to enable the organisation to attract and retain top talent and build talent pools.

## What are the other elements to the People Strategy?

There are other key People activities that enable the 2025 vision:

- Performance-driven Reward and Recognition Strategy
  - It is becoming more challenging to attract key talent with the remuneration provision we currently have in place especially as we move into a more technologically/digitally driven world with a scarcity of talent and skills in this area.
  - While we have implemented variable pay arrangements for the 2021/22 and LTIP for 2021-24 we do need to undertake a full reward and recognition review, by job family, to ensure we can be competitive and attract the best talent to drive and deliver our strategic priorities.
- Delivering Pensions Assurance
- Starling negotiations and outputs
- Succession plans, underpinned by Diversity and Inclusion strategy
- Fixing the basics – People Shared Services process improvements
- Enabling self-service and use technology for engagement

*More detail shown in Appendix*

## Risks

Tier 1 Risks fall into 3 main categories covering the following :

1. Talent and Capability - Tracking overall as RED
2. Culture and Brand – Tracking overall as RED
3. Organisational Readiness – Tracking overall as Amber

As with the Strategy, all risks have designated direct risk owners within the People Team although accountability for the overall risk may sit elsewhere. Tier 2 Risks are also being tracked closely.

The People risk appetite for the Tier 1 risks is averse on the basis that if the risks are not mitigated, we will not be able to deliver our 2025 priorities. However, individual intermediate/Tier 2 risks may have a more flexible appetite.

Operational risk appetite examples have also been defined to ensure consistency across the organisation in dealing with People related risks and issues.

A paper detailing these risks will be presented to RCC on 13<sup>th</sup> July 2021 and subsequently to ARC on 26<sup>th</sup> July 2021



## Next Steps

We will return to Board in September to update you on our approach and plans aligned to the Strategic Plan and post the Board Strategy Day input:

- How we plan to address the past, deliver for the present and prepare to meet the future
- Update on Culture: How we move the organisation to “think like a retailer” in terms of our culture, behaviours and ways of working
- Update on Organisational Design: What are the outputs of our organisational design review entail and what roadmap are we proposing
- Update on Talent and Capability: What are the plans are to meet our 2025 deliverables, including embedding diversity and inclusion
- Update on Reward and Recognition: What should the outline Reward and Recognition framework look like to ensure we can attract, retain and motivate all employees, which includes working with the Postmaster Team to ensure we have the correct options available for future postmaster contract models

Any questions?



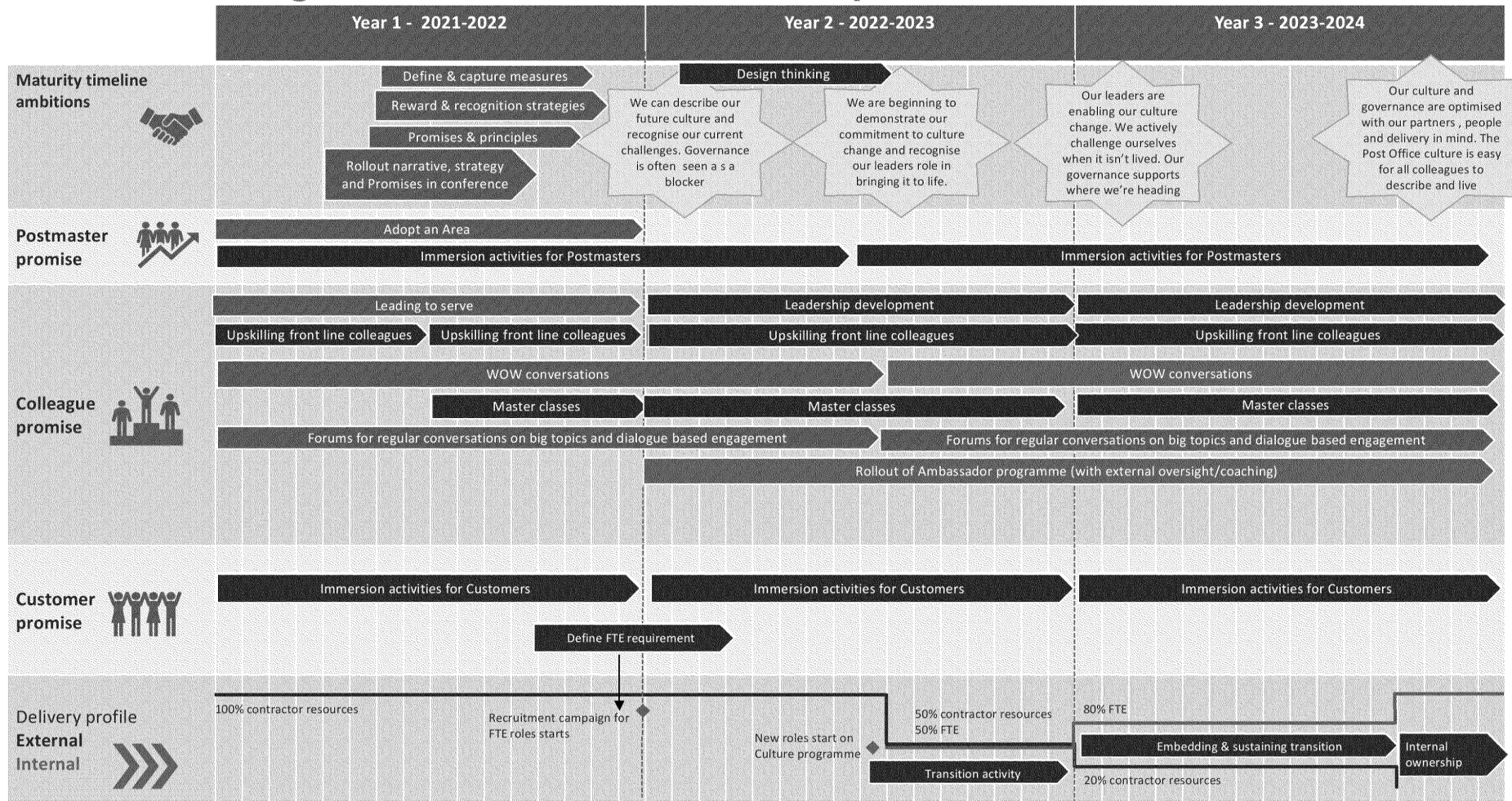


# Appendix



# Our Culture Programme – Three Year Roadmap

Legend 





## Key Culture Successes to date

### Purpose launch & Culture programme (Aug 2020):



- In direct support of the launch of the Post Office purpose - "We're here, in person, for the people who rely on us" the Culture programme was initiated to help enable this through the resetting of the Post Office Culture.
- Objectives of the programme are to transform our culture through a series of complementary initiatives, events and campaigns underwritten by the new ways of working which are at the heart of the programmes work that supports the Post Office purpose to become a successful retail franchise business that is fundamentally Postmaster centric

### Adopt an Area (since Jan 2021)



- Senior Leader pairing with Area Managers to adopt the branches in their areas, build empathy & partnership and log and resolve any issues raised via an online dashboard
- 62 leaders have been out on site visits with feedback from 174 unique branches captured with a total of 486 successes and challenges logged with 314 being addressed and closed to date.
- Approach currently being reviewed and refined to continuously improve awareness and outcomes.

### Our New Ways of Working (from Feb 2021) - replaced previous Values (Care / Challenge/Commit):



- Over 200 colleagues worked together to co-create and shape our new ways of working via listening groups
- Launched our new Ways of Working at the 'We are Post Office' colleague conference on 27 Apr
- Of those colleagues surveyed 97% rated the sessions as good or excellent.
- "A really good session and I genuinely left the session feeling positive that change was coming for the good". Knowledge increased 6.5/10 to 8.5/10 in first sessions.
- Functional areas are now embedding Ways of Working within their own context – with continued support from programme.

### Week in the life of Postmaster (from Apr 2021)



- Support function colleagues were put in the shoes of our Postmasters, learning about the challenges and rewards they face running a business and asked how they could improve their experience of working with Post Office
- 90.7% of colleagues rated their session as good or excellent and colleagues rated their Postmaster knowledge after their sessions with a 20% uplift based on previous knowledge
- Will continue to educate about Post Office formats, operations supported by good storytelling.

### Cultural hub launch (from May 2021)



- A central hub for toolkits, events, resources, sharing stories and giving feedback & ideas – continues to evolve based on feedback.





## Other Key People activities to support delivery of Strategic Plan (1/2)

People Deliverable	Where we are / why its important	What we are doing	Where will we be
People Proposition	<ul style="list-style-type: none"> <li>No Postmaster, Colleague or Employee brand or promise that supports our new vision, strategy and narrative.</li> <li>Don't attract the best entrepreneurs [non employees] to the franchises or talent to the organisation</li> </ul>	<p>Define and deliver our Value Proposition through our Postmaster, Customer and Employee promises to enable the organisation to attract and retain. We are focusing on</p> <ul style="list-style-type: none"> <li>Re-designing our promises</li> <li>Creating promise activation plans</li> <li>Defining our trust index measures as measures of success</li> <li>Ensuring remuneration is relevant and drives the right behaviours and attracts and retains the right talent</li> </ul>	<ul style="list-style-type: none"> <li>We are experts at understanding our Postmasters, customers and colleagues</li> <li>We have a clear promise to each audience, that has been activated through a clear engagement plan</li> <li>Remuneration, reward and recognition programmes that attract, retain and motivate great talent</li> </ul>
Simplifying the Basics	<ul style="list-style-type: none"> <li>Major issues with legacy technology, processes and data</li> <li>Current processes and systems don't make things easy for our colleagues</li> </ul>	<ul style="list-style-type: none"> <li>Pensions Assurance programme ongoing and seeking resolution with our pensions shareholder.</li> <li>Focusing on process improvement for our people promise, improving Success Factors, processes and data flows with the customer at the heart of everything we do.</li> <li>Building a People TOM that more closely aligns with requirements of our colleagues and Postmasters.</li> </ul>	<ul style="list-style-type: none"> <li>Changes we make to our process improvements and systems are informed by our strategy</li> <li>Movement to proactive, rather than reactive, in order to future proof</li> </ul>
Rebuilding Relationships	<ul style="list-style-type: none"> <li>Fundamental reset of our culture</li> <li>Need to embed the Ways of Working and put Postmasters at the heart of our decision making</li> <li>No approach for future of the workplace</li> <li>Greater alignment required with our stakeholders to partner on shared vision and suppliers on shared risks</li> </ul>	<p>Continue to embed our new culture as part of our Strategy, Narrative and Promises to ensure in area of our business our new culture is tangible</p> <ul style="list-style-type: none"> <li>Develop and share the strategy, narrative and promises</li> <li>Build trust measures so we know we're heading in the right direction</li> <li>Upskill our leaders and frontline colleagues</li> <li>Develop a Postmaster empathy programme</li> <li>Help our people to become ambassadors of the Post Office through embedding our Ways of Working and delivering the programme</li> </ul>	<ul style="list-style-type: none"> <li>Culture is embedded as a core part of our Postmaster-centric strategy. It is well communicated and improves business decisions and operations</li> </ul>



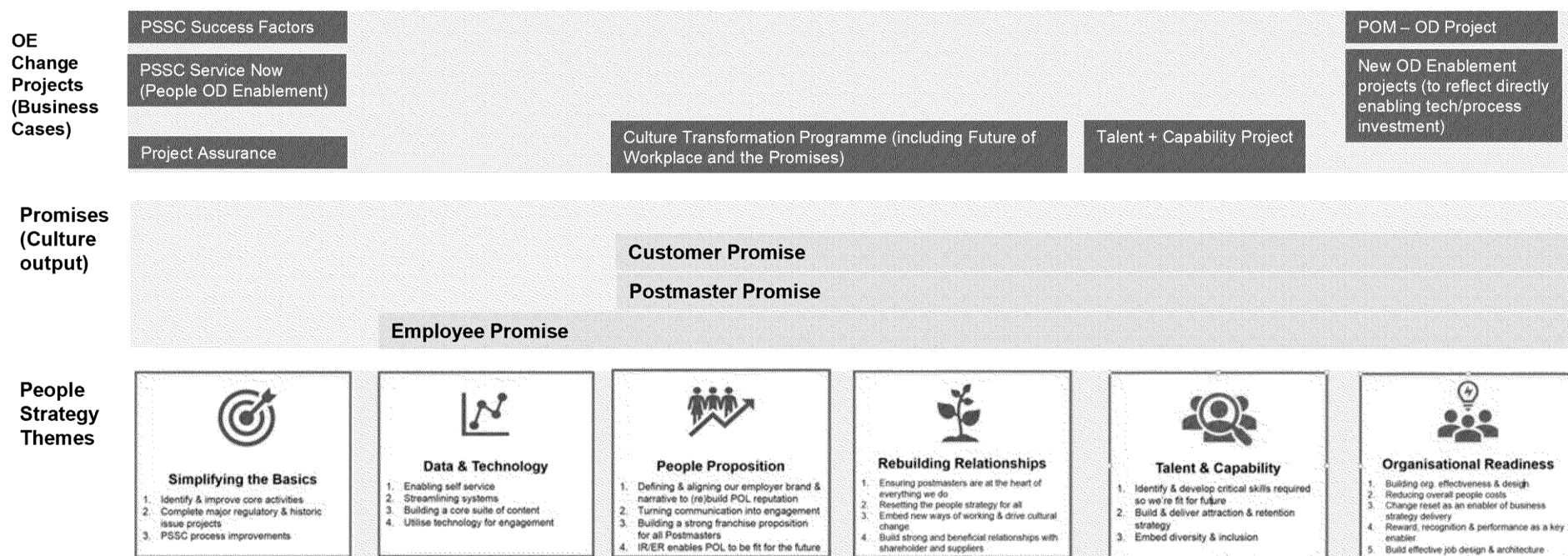
## Other Key People activities to support delivery of Strategic Plan (1/2)

People Deliverable	Where we are / why it's important	What we are doing	Where will we be
Talent and Capability	<ul style="list-style-type: none"> <li>Post Office must strengthen the talent and succession pipelines in the organisation to ensure a pipeline of skills and capabilities to deliver the strategy</li> </ul>	<p>Building a clear talent and capability strategy aligned to the workforce needs to deliver the 2025</p> <ul style="list-style-type: none"> <li>Re-define our Talent Management Process</li> <li>Increase Leadership capability through delivering upskilling on a Coaching Culture</li> <li>Diversity and Inclusion</li> <li>Reward and Recognition that attracts retains and motivates and is aligned with delivery of key business priorities</li> </ul>	<ul style="list-style-type: none"> <li>We attract, retain and reward top talent at Post Office, and people feel proud to work for Post Office.</li> <li>We have clear succession plans and talent pipelines, ensuring that legacy knowledge is retained, and we have the right talent in place to lead Post Office</li> <li>Reward and recognition programmes drive and motivate performance.</li> </ul>
Data and Technology	<ul style="list-style-type: none"> <li>Focus on fixing the basics and resolving issues with legacy systems or policies</li> <li>Things aren't easy for our Postmasters or employees, and we haven't enabled technology</li> </ul>	<ul style="list-style-type: none"> <li>Good progress in designing systems and processes that improve interactions across the employee lifecycle</li> <li>Identified other areas of improvement and roadmap to delivery</li> <li>Investment is needed to continue this development</li> <li>Our talent and capability has significant gaps in this area and we need to ensure we have the capacity and capability to deliver the changes to technology and adoption</li> </ul>	<ul style="list-style-type: none"> <li>Postmasters and people are enabled and all our systems and processes are optimised to deliver great interactions</li> <li>Self-service is embedded and we use technology for engagement</li> </ul>
Organisational Readiness	<ul style="list-style-type: none"> <li>Organisation model doesn't meet our 2025 vision</li> <li>Cost base is high across temporary resources (contractors, consultancies) so legacy knowledge isn't maintained</li> <li>Reward strategy doesn't align with 2025 vision, where there is an 'entitlement culture' at POL</li> </ul>	<p>Conducting a strategic review which widens the scope of the programme to review overall workforce optimisation / cost to serve – identifying opportunities across our:</p> <ul style="list-style-type: none"> <li>Employee headcount</li> <li>Contractor costs</li> <li>Consultancy spend</li> <li>Non-staff supplier spend</li> </ul> <p>We're building a clear OD strategy and plan which we will return to Board in September. The OD strategy will be underpinned by a Reward strategy</p>	<ul style="list-style-type: none"> <li>Lean organisational model with the right resources and capabilities in the right places, so we're able to meet our 2025 vision without reliance on external capabilities and set ourselves up for a sustainable, successful future</li> <li>We will have a performance driven reward philosophy that underpins this</li> </ul>





## Business Case Overlay – which projects make this plan up?



Obtaining funding for the above business cases is a key enabler and issue.  
Culture, OD in particular have been constrained by change budget  
reductions.

### ***Underpinned by 2025 Intent and priorities for 2021-22***

*In partnership with the business, we will invest in attracting, retaining and developing great people to  
ensure the organisation has the capability to be fit for the future.*