



CLIENT SUCCESSES

PERFORMANCE MANAGEMENT

CREATING A DEVELOPMENT CULTURE

INDUSTRY: UTILITIES

ABOUT CENTRICA

Centrica Energy, part of Centrica plc, sources gas and electricity to supply residential and industrial customers in the UK and Europe. Centrica Energy consists of upstream gas production, electricity generation, renewable asset operations, and energy trading and procurement. It employs around 1,000 people and made profits of approximately £1 billion out of an overall group operating profit of £1.5 billion in 2005.

In a utilities company, employees with specialist knowledge are essential to the daily functioning of the company, so it is imperative the company retains its people. Roles are technical, combining financial, analytical, and engineering skills. It is difficult to buy in these skills, particularly as universities now produce fewer engineering graduates.

In 2005, a number of 'high potential' employees left the company and its annual employee survey suggested part of the reason was that employees felt they were not being developed. Specifically, employees said they did not have access to development opportunities and were not having the right conversations with line managers to make development happen. It was evident that employees did not know how to help themselves and line managers were not confident or skilled in having development discussions with their teams.

Tessa McLoughlin, HR Business Partner at Centrica Energy, recognised the need for action: "No business can afford to lose good employees. We needed to change the culture of the company. On the one hand we had to increase the capability of line man-

agers to support development and show employees that development is available to all, but on the other, they have to own and drive it themselves. We needed to change the perception of our managers about the importance of leadership as a discrete skill set and improve their softer skills to match their technical capabilities. Traditionally, our technically-minded line managers have been quite introverted, so we needed to bring out more personable qualities so they could achieve their potential as great future leaders."

Centrica enlisted the help of DDI, a global HR consultancy, to help employees take charge of their own development. McLoughlin says: "It was important to us not to offer development for development's sake. DDI's approach put it into the context of our business needs and made it relevant for our people."

In summer 2005, DDI started to conduct a series of separate workshops for 150 of Centrica's line managers and 200-300 employees to empower them and give them the tools to guide their own development and that of others. The process included giving managers the tips, tools and techniques to create development plans, while teaching employees about different development methods that could stand alongside traditional courses.

Centrica's performance management process encourages employees to develop technical and 'soft' skills hand in hand. Its roles have behavioural and sometimes tech-

nical competencies that helped provide clarity for each employee around what skills they needed, enabled them to measure themselves and/or their staff against the profile using assessment data, and create development plans to plug any gaps. Any potential barriers to success were identified ahead of time, such as differing learning styles, so implementation could successfully take place.

Each employee's development needs were diagnosed, some using Centrica's 360° feedback or performance reviews, or in some cases, assessment centre data in relation to job competencies. This also served to gain their buy-in to the process and help them see how they were performing against their individual objectives. Paul McCann, HR director at Centrica Energy, says: "It is important that our employees can see how their performance affects us as a business. DDI's workshops, alongside our own initiatives, give our employees a 'line of sight' from the bottom to the top of our organisation to understand how we work as a team to achieve our core business objectives."

DDI facilitated one-day workshops for line managers and half-day workshops for employees. The workshop helped managers to perform a number of critical steps in the development process more effectively. First, they needed to better understand and prioritise their employees' development needs identified by Centrica's diagnostic process. Then, it gave them the skills to create innovative development plans to explain how development will be enacted. At the same time, they learned to appreciate how development can help employees achieve individual objectives—leading to the fulfilment of the core business objectives—and they became more confident in conducting development conversations.

As for employees, the value of the workshop was that it helped them understand their own development needs and be more aware of the different methods available to them. It gave them the practical skills to have better discussions about their development with their managers. It also clarified for them that while development is available to all employees, individuals are accountable for driving it themselves. More than this, it sent a clear message that Centrica is committed to developing individuals based on their different needs and strengths.

Structured discussion during the training helped participants identify where there were gaps between how they actually performed, against how they should perform, and the impact of this on their effectiveness in the job. "This made the process relevant and motivating for everyone that took part", McLoughlin observed. "The training was very well received. It aligned the behaviours and language of the employees with those of the line managers and we have noticed a definite step-change in the way our employees operate. Before the training I could count the number of conversations they had about development on one hand; now we're inundated with requests for information about the options available. We're often asked to facilitate sessions for teams around development."

Another objective and outcome of the sessions was to show employees the range of development opportunities available, from coaching to moving departments within the organisation. McLoughlin says: "More people are requesting secondments and we are seeing different types of development requests. Now they are regularly asking for our help to write their CVs and to prepare for interviews for internal roles. We are now in a position where aspirations are being fulfilled and morale is increasing."

McLoughlin adds: “We wanted employees to feel empowered. When you are waiting for change to ‘happen’ to you, you’re powerless, but we’ve given the control to them. Now they feel they can set the pace and we have seen a real change in their attitudes as they become more proactive in seeking career opportunities.”

Centrica Energy, with DDI’s help, has kick-started a learning culture that will be reinforced through the behaviour and new-found confidence of line managers. Alongside Centrica Energy’s performance management initiatives, this will help keep up momentum and embed this learning culture deep into the organisation. McLoughlin adds: “One year on, employee engagement has risen and people are taking accountability for their own development.”

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