



“WHY ROBBIE BURNS WAS RIGHT TO ASK: CULTURE AND COMPETENCE IN THE PUBLIC SQUARE”

Lecture by

LORD BLAIR OF BOUGHTON

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Chaired by: LORD SHARKEY

LORD BLAIR OF BOUGHTON:

I would like to say first of all thank you very much for inviting me. I think I should start by explaining what the title is about.

Slides shown

I think you will be reasonably aware of the famous poem in which Robbie Burns asks for the gift of being able to see ourselves as other see us. I am going to explain that in a bit more detail as I go through, but you will remember that what he does suggest is that “it wad frae mony a blunder free us, An’ foolish notion”.

I am going to start with an example of how others see some of the denizens of this building. I do not know whether you saw the *Times Diary* in April this year:

“A longboat full of Vikings promoting the new British Museum exhibition was seen sailing past the Palace of Westminster yesterday. Famously uncivilised, destructive and rapacious with an almost insatiable appetite for rough sex and heavy drinking ...” and then it goes on “... the MPs nonetheless looked up for a bit to admire the vessel”!

I will leave that up for a moment or two.

During the autumn of 2004, I was interviewed for the position, as it is officially titled, of the Commissioner of Police of the Metropolis. In the course of a rather labyrinthine process the principal but by no means the only interview was with the then Metropolitan Police Authority. I had been the Deputy Commissioner for the previous five years, as John has just said. I knew the people interviewing me; they knew me. I made clear that if I was to be appointed I saw that the principal long-term task of my Commissionership would be to drive significant cultural change through the Met in order to improve both the Metropolitan’s performance and its relationship with the citizens of London. I told them that if they did not want that then they should not appoint me. They recommended my appointment to the then Home Secretary. In fact, they did so by putting only my name forward from the list of candidates that they had interviewed.

I rather assumed they had listened to what I had said! I think those present heard, but I was probably over-optimistic as to whether they all agreed or if they would seek to persuade other members to come on board.

I invested a huge amount of effort and personal capital into that cultural change programme which was called 'Together'. I told the Police Authority, in terms similar to those used by Greg Dyke about the BBC, that the Met was too hierarchical, too male, too white and dangerously culturally subdivided between the CID, the uniformed and the non-police officers in its ranks. I told them that the Met was too inward-looking. Above all, I told them it was operationally imperative, paraphrasing Bill Clinton's phrase about his Government, for the Met to look like London. Together essentially was aimed at allowing every member of staff to feel able to work to the maximum of their potential without the barriers of gender, ethnicity and rank getting in the way and to see themselves as servants of the public and not necessarily only of the organisation.

'Together' succeeded in part, for instance by significantly increasing minority recruitment, but as the years afterwards have shown, whatever seeds of change I sowed, they have not yet flourished in the climate of conflict and austerity which followed my time in office. They may yet bloom but as a result of this experience I have spent a lot of time since thinking about and examining cultural reform in different organisations. So I was very pleased to be asked to make this contribution to the New City Agenda as it seeks, as I understand it, to provide space for a conversation about the alteration of some cultural norms in the City in the aftermath of the crash of 2008. To do that what I am going to do is to examine some attempts at changing police culture but only in the hope that by discussing what I know best, as the Chairman has just said, I might be able to shed some light on other organisational and professional cultures, including that of the City. I am not going to attempt to delve into the forests of academe around a definition of organisational culture, but to rely on the idea that such a thing is the overall answer to the simple questions: "How do things really work round here?" and "What must I do to succeed?"

What is obvious about culture is that unless a conscious effort is made by the top of the office first to understand it and then, as necessary, to bend it to the corporate will, culture can place a stranglehold around even the largest of organisations and subvert their very purpose.

Here is one recent description of a culture gone wrong, "a culture ... characterised by introspection, lack of insight or sufficient self-criticism, rejection of external criticism, reliance on external praise and, above all, fear ..."

That was the finding of last year's report by Robert Francis QC entitled "Inquiry into Mid Staffordshire Hospital Trust 2013"

For them to be at all effective almost all public services rely on the legitimacy of their offerings being accepted. In police terms the foremost academic study on the subject of police legitimacy is Dr Justice Tankebe of the University of Cambridge and he defines police legitimacy as "the recognition by citizens of the moral rightness of the police's claim to authority".

When a police officer stops a member of the public, he or she relies on the agreement of that person to be stopped, that that person and most others have entered into a voluntary agreement that the police officer has a moral authority to take certain decisions, but such legitimacy has constantly got to be renewed and it can be squandered. I do not need to remind any of this audience just how frail police legitimacy is as on this definition at the present time.

However, it is also obvious that those in charge of the Mid Staffordshire Hospital Trust had allowed

the sense of medical legitimacy which takes people voluntarily into hospital to be eroded.

What is increasingly obvious however, is that the “public square” in my title is now populated by other people other than those we would always recognise as members of public sector organisations. It now includes public figures who are not public servants in a strict sense like politicians but also private sector employees such as journalists and specifically bankers, as the Governor of the Bank of England has recently argued. All of these need legitimacy to be effective and all have shown a tendency to squander it. As Mark Carney said last month:

“Just as any revolution eats its children, unchecked market fundamentalism can devour the social capital essential for the long-term dynamism of capitalism itself. To counteract this tendency, individuals and their firms must have a sense of their responsibilities for the broader system.”

Perhaps: but first playmakers have to understand what they are facing. I am going to make two propositions. The first is this: that the presiding unofficial culture of an organisation is not difficult to detect. It is shown precisely when things go wrong; not just a random event, but in that way that prompts a growing sense in the public mind that this event, this particular scandal does not ultimately feel surprising. And moreover, its revelation bolsters an existing unease about the healthiness, as it were, of the whole organisation.

My second proposition is that changing a culture requires five pre-conditions, all of which have to be invoked simultaneously.

However let's start with things going wrong. It is interesting to note how widely different sectors go wrong in the same ways. Mid Staffordshire is a classic example of a target culture going maverick, inside but studiously ignoring an environment which is full of the ambiguities of human behaviour in the face of severe illness: the target becomes more important than the patients.

This is very similar to the police, and I must say politicians fiddling with the crime figures until no-one really believes them any more and the public gains no comfort from being told that crime is falling - even though people like me are convinced that it is and has been for ages.

A second almost universal characteristic is the suspension of disbelief by managers in the face of simply unbelievable performance. The collapse of Barings Bank in 1995 occurred despite the fact that a short period of reflection by senior managers would have resulted in the recognition of the simple fact that no single trader was likely ever to be this good and that if he was not then his holdings represented exposure of the bank beyond its capital worth.

Similarly, the world-beating achievements of the Bristol heart surgeons were allowed to mask the death toll of children resulting in a scandal which transformed major paediatric surgery in the late 1990s.

This bit has got lots of notices across it about a jury, but I can now say since the jury has now been discharged this morning. Similarly, the allegations in the phone-hacking trial, if true, point to managers either not asking how all these extraordinary newspaper scoops kept happening in the same paper, or colluding in illegality to do so. I think we have just seen those verdicts.

A police example is the Rampart Division of the Los Angeles Police Department whose astonishingly successful anti-gang unit was eventually found in 1995 to be so successful simply because it itself had turned into the most deadly criminal gang in the neighbourhood.

Some of this is now made worse by a deep suspicion that the managers in charge of these events simply do not understand and dare not lose face by enquiring into the intricacies of the way their employees are supposed to work, whether they are traders, reporters, detectives or surgeons. The Libor scandal comes to mind.

The third and most difficult characteristic is the refusal of leaders to confront the most egregious of the public-facing habits of their organisations. I am afraid the latest horrors unfolding in Ireland over the disposal of dead children by the Church authorities ring true, coming as they do on top of decades of denial about paedophile priests. In the face of public outrage, the continuation of ludicrously high pay and bonuses by the financial industry is another, matched only in its amazed incomprehension at such outrage by that of Members of both Houses of Parliament in the face of the expenses scandal. Who will ever forget the moat clearance and the duck house, the continuing payments of millions to financiers who crashed the world's financial system, the impact of the film *Philomena*, the agonised faces of Milly Dowler's parents. These issues are imprinted on the public mind and in my opinion represent such a challenge to the legitimacy of many public institutions as to threaten their perceived competence, as I have it in my title, in the public square. Robbie Burns was right.

I will now show you a small experiment on the screen. Earlier this year I was asked to lecture to the brightest young people I have ever met, who have been selected to be members of the Global Leaders Fellow Programme of the World Economic Forum (aka Davos). These people were pretty smart. They were from all around the world. I was talking to them about organisational culture and in order to show them the importance of organisational culture I split them up into three groups and I asked each of the groups that they should imagine themselves to be members of a particular kind of organisation which they were not allowed to reveal to the other groups. Each group was asked to consider what three behaviours would make one successful in that profession and what one behaviour would get them sacked as per my simple defence of organisational culture and then the other two groups were asked to identify it.

So the first one looks like this. How do I get on in this organisation? What must I not do? The three good behaviours are: be innovative; try for the spectacular; value team work. The thing that gets you sacked is being boring. That one they found quite difficult. They did not get where I wanted them to but they ended up very close. They thought it was a film production company which is not bad; it was actually a dance troupe.

The next one was: be courageous; be obedient; value team work. The thing that gets you sacked is being insubordinate. They got that almost immediately which was of course the Army.

The third one was: be clever; be ruthless; be innovative. The thing that gets you sacked is being a team player. They got that instantly: an investment banker.

If there is anyone from the City in here, some of you ought to think about what kind of image that is. It is a good validation of Mark Carney's observations that big banks had operated in a "heads I win; tails you lose" culture, characterised by bankers in hot pursuit of personal gain".

I do this in real life teaching too and I asked the same questions to one particular organisation and got the following answers: uphold the honour and public reputation of the organisation; maintain the traditions of the service, and the thing that would get you sacked is never disagree with a senior colleague in public or in front of junior staff. That is an organisation in deep, deep doo-doo. I will not reveal it. It is not in this country.

While that small experiment is telling - and it is quite fun - there is surely enough accumulated anger apparent in real life too for the financial community to take note of their recognisability over rapaciousness and mis-selling. They need to take note of Mark Carney's observations and to tackle head on the kind of organisational culture that produced the Libor scandal and ended Bob Diamond's career at Barclays. They may not have too much time. Last year the Financial Conduct Authority took £472.2 million in fines from major fraudsters but sent just five people to prison. In contrast, 284 people were imprisoned immediately for benefit fraud and 1,267 were given suspended sentences of imprisonment. People notice that the mantra of "We are all in this together" is rather strained, which means that so is the City's legitimacy.

Turning to my second point I suggest the five preconditions that need to be in place to undertake proper cultural change are as follows. The first is obvious; it is clarity about the nature of the problem. The second is the timing of the launch of the programme. The third is the support of the governance structures. The fourth is holding on to the space to make change. The fifth is arrangements to secure buy-in of staff. So clarity about the nature of the problem; the timing, the support of governance; holding on, holding your nerve to make the changes, and arrangements to secure the buy-in of staff.

Before I consider whether anyone in the City has those in sight, I will go back to the police. When I left office Martin Kettle wrote about me in the *Guardian* (not entirely to my displeasure I must admit) that I had been one of the three 'revolutionary leaders' in the modern history of Scotland Yard, the others being Sir Robert Mark and Peter (now Lord) Imbert. I do not think Mr Kettle was being disparaging about other Commissioners as I think his argument is that large organisations need a mixture of archetypes, of which consolidator is often as necessary as revolutionary.

However, the case of Sir Robert Mark shows how fundamental the effort is which is needed to change cultures. It also shows how much more difficult cultural change is now than it was then.

Mark and there is a picture of him - became Commissioner of the Metropolitan Police in 1972. A few weeks after his appointment, he was appointed by the Home Secretary and he was sent in to clean up the Yard, and he had complete political cover to do it. In the weeks immediately following, in fact the week of his appointment he said to his senior officers this: "The basic test of a decent police force is that it catches more criminals than it employs - and the Met is failing the test."

In my opinion he is the greatest and the bravest of all modern Commissioners. What he did was he forced out the head of the then unified CID command where most of the corruption lay, to which all the CID wherever they had worked reported and had done for a century. He was replaced by an officer who had no CID experience who took charge of the Scotland Yard detective squads. When challenged that this was "like putting a Chinese chef in charge of an Italian kitchen", Mark replied that at least he would now know the kitchen was clean. Outside Scotland Yard the CID were placed under the control of their uniformed Borough Commanders.

You may be familiar with the phrase "calling in the Yard". Lots of plays used to have that in. That is what Scotland Yard did; they worked to clear up other forces' difficulties. Not this time. Mark called in for the first time in its history an outside force to investigate malpractice in the Yard: the Lancashire Constabulary.

He then set up the first ever anti-corruption unit and above all he invented Confidential Memorandum 4. I have never found out what the other three were or what Number 5 was but I do know what Number 4 was. Officers suspected of corruption were called into a room, informed by

this memorandum being pushed across the table that they had lost the Commissioner's confidence, that they could not leave the room, that they could not make a telephone call and that they had one hour to resign or they would be arrested. Hundreds left and dozens were jailed. What Mark did was to cleanse the Met, to make sure it did not tip into the horrors that would soon envelope New York - you remember *Serpico* - or Sydney in Australia. He did it by methods that were undoable today, in a properly more litigious age; he did it out of sight behind the proscenium curtain, but the curtain is now wide open and the audience, who include both the staff and the public together with the media, demand to know what is going on behind the stage.

The reason why Mark's story seems to me so important is the sheer determination he showed to create sweeping change. In later times we have to do the same, without a veil of confidentiality.

Three Commissioners later and enter Peter Imbert in 1987. He believed the Met to be too distant from its public, too introspective and launched what he called the Plus Programme of cultural change. Peter's was a very brave attempt in an era very different from Robert Mark's. Peter Imbert, whom many of us will know, is a man for whom I have the greatest of both admiration and fondness. It was on his Plus Programme that I modelled my Together programme, when I entered, again three Commissioners later.

Plus was a ground-breaking initiative but was probably introduced too late because it only got underway in year five of Peter's seven-year tenure. Timing again. The programme, which involved mixed rank, facilitated seminar groups, of a type familiar today, did not really have a chance to develop the kind of traction it needed to overcome the widespread resistance 30 years ago to that kind of technique.

I will give you an example which I remember extremely well. Like now, people get into a group and they are asked to put a badge on to say what they want to be called - Fred or whatever. The facilitator told me that he knew it was not going well when one of them put "Sir" on it!

Then, if you look at this, when Peter was taken ill, an entirely spoof memorandum was pinned to every notice board in the Yard. It read simply: "1. The Commissioner is gravely ill; 2. I am the acting Commissioner; 3. The Plus Programme is hereby cancelled", signed by the Deputy Commissioner. It was entirely false but exactly captured the zeitgeist.

As his heir, I was determined not to run out of time so Together started on day one. I was also clear about what was wrong, which I had explained to the Police Authority. I was also determined to involve a goodly proportion of staff in what was going on, so I launched a consultation which would essentially involve 5,000 (or 10%) of the organisation in developing and promulgating a new set of organisational values. Again, the consultation asked simple questions about what sort of organisation the staff wanted to belong to and what sort of organisation they wanted to talk proudly about to their friends and families. It always seemed to me that standards which have to be enforced do not work half as well as standards that are embraced. I saw the values as the driving key to change. So three ticks out of my five.

I failed partially on two. Firstly, I had misread the Police Authority. While some were very much for this sort of programme, other members were indifferent and some were actively hostile under the vexed banner of political correctness. Secondly, in hindsight, I had not taken into calculation the mantra of "Events, dear boy, events". The bombs of 07/07 exploded just four months after my appointment and the Met went into a period of operational overstretch unparalleled since World War II. There is a second meaning to timing. All of us - senior officers, Police Authority members, Home Secretaries and even me - found it difficult to give enough continuing momentum to

Together. You do need to give that momentum. As the crude but impactful phrase has it: “When you are up to your backside in alligators, it is difficult to remember that the original objective was to drain the swamp.”

Together was still around with lots of achievements to its credit when I left office but its logo and the accompanying values were simply not as important to a new Conservative mayor appointing a new Commissioner.

I tell this tale as merely a reflection on the difficulty of driving cultural change. That difficulty is widely seen. Consider the many culture wars which have broken out at different times at BBC as different Governors and Directors-General try to impose their vision of modernity on a venerable institution often to the fury of Auntie’s most illustrious commentators.

I turn lastly to the New City Agenda. Recently I had the privilege of listening to a presentation by Antony Jenkins, Bob Diamond’s successor as Barclays’ worldwide CEO. He described his determination to change the organisational culture to be far more customer-focused. I wish him well with it. However, I believe there is a real challenge ahead because he may need to give more attention to one or two of my five requirements. He has certainly started early. He seems to have the Chairman and the Board behind him, but I worried when I listened that I was not as clear as I would have wished at the level of staff involvement in the creation of the change programme as there appeared to be more than a whiff of top-down direction in the plan. It was not clear to me who had invented the values that were being promulgated. Above all - and I think this is the most important point - I wanted to hear more about the reason for such an enormous plan of work. I wanted to hear a bit more contrition about what had gone on, much more on the role of banks as guardians of public security and I wanted to see some braver and bolder decisions on bankers’ pay and bonuses, particularly from a man rumored to have a very large pay packet himself. Again, I wish him well in what he is attempting, but I wanted to use my not necessarily fully informed impression to lay before you the difficulty of what Barclays is trying to do.

I am going to leave you with one last figure from a completely different sector to consider. I know almost nothing, and certainly nothing enjoyable, about American Football. However, undoubtedly the greatest book I have read on leadership is by Bill Wilson, the legendary San Francisco 49ers manager who took them from the bottom of the league to SuperBowl triumph in two seasons.

The title of his book is *The score takes care of itself*. It is a study on the importance of values in the performance of a team. These are a couple of quotations from it. This is a football manager talking about “a new and productive self image of the organisation - a leadership philosophy as concerned with core values as football skills”. One of the matches early on the team is losing 7-35 and the only thing he said to the team is: “Frankly, I care a lot more about how we lose than if we lose”. In the event they won 38-35. That must have been some team talk. He wrote: “That result told me that the values, rules and ideals we had been inculcating for the last 18 months were beginning to sink into the consciousness of the team, defining us to the core”.

What are the core values of the organisation? I can tell you that his book *The score takes care of itself* is virtually worshipped by Stuart Lancaster, the Manager of the current English Rugby Team and they nearly - very nearly - won this month against the All Blacks in New Zealand, and that kind of feat is one that the City and its institutions will do well to emulate.

Thank you, Chairman. (Applause)