



Brexit - Are You Prepared?

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People Development

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Introduction

Since the EU referendum there has been considerable uncertainty about the impact of leaving the EU on organisations and their ability to operate effectively in the post-Brexit environment. This has become a regular theme in conversation across our own networks, and with many of our connections working in the HR and OD specialisms these conversations have, unsurprisingly, focused on organisational capability and resilience. Leading in tough or uncertain times is a theme with which we have become all too familiar in recent years. However, Brexit adds a new dimension to the size, scale and complexities of the challenges this presents.

Given our unique set of connections we wanted to help share ideas, current practice and responses to these challenges and to offer an opportunity for our clients from different sectors to learn from each other. We therefore spent the early part of 2017 speaking to a cross-section of leaders from 21 organisations in the public, private and

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third/not for profit sectors about their current experience and perspectives. Our aim was to understand the opportunities, challenges and threats that the UK's departure from the EU presents for organisational capability, resilience and delivery and to explore how their organisations are preparing for Brexit.

This paper summarises what we discovered. It is based on a collection of perceptions and reflections – some of which are anecdotal and personal rather than corporate. It therefore represents a snapshot of real-world experience rather than an attempt at a scientifically rigorous review. We also offer some learning from our own reading and experience and our take on where organisations could usefully focus at this early stage in the Brexit process. We hope that this will help inform further thinking and conversations internally.

We hope you find it useful

Michèle Dennison
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What You Told Us

“Attraction, recruitment & retention are losing us the most sleep - and not just among international and multinational organisations”

All contributors currently employ EU nationals as part of their workforce and all but two actively seek to attract and recruit talent from the EU. These are primarily skilled workers such as engineers, medical staff (nurses in particular) academics and research scientists in a range of disciplines, technical support staff such as lab technicians and multi-lingual call centre staff.

Perhaps unsurprisingly, the principal concern is continued attraction and recruitment of qualified staff with 85.7% citing this as their biggest Brexit fear. 76% mentioned retention of existing staff as their second. This includes concerns around international mobility within the company or group.

However, while roles that were already difficult to recruit to remain so, such as in nursing, there is little direct evidence that Brexit is having a real-world impact so far for contributors. Only one participant reported an anecdotal drop in applications from EU nationals, for example. None believe that qualified staff who are settled in the UK will actually be asked to leave and there

has not been a noticeable exodus of staff from the UK. However, participants would like certainty in this area as soon as possible and over a third indicated they had EU staff who have reported feeling, nervous, anxious or unwanted in the UK since last June. There is concern that, if this perception persists, it could impact current engagement levels and the attractiveness of the UK as a place to come and work in the future with obvious consequences for service delivery and the bottom line.

There is a common perception that individuals who have been settled in the UK for a number of years and have families and commitments in the UK will be more likely to choose to stay than talented young workers who can more easily relocate back to Europe, or anywhere else where there is interesting and rewarding work and they feel valued. This may be an unfounded fear in the long term but is something to watch, and several contributors spoke of the need for a renewed focus on talent development and growing our skills base in the UK to mitigate against this possibility.

Other recurring concerns include:

Reduced project funding and/or ability to participate in EU or pan EU projects (19%) having an impact on the attractiveness of their company or organisation.

Potential changes to employment law and uncertainty about the implications – working time in particular.

Ability to travel and move freely to conduct business and staff development activities such as meetings, conferences, training and secondments.

Increased costs and bureaucracy associated with more visa applications, movement of people and right to work.

“Steps are being taken to combat concerns but this is patchy.”

The early response of our 21 participating organisations has varied but falls broadly within three areas:

Assessment of risk

38% are actively reviewing all or part of their people strategy including ‘current state assessments’ to ascertain how many EU staff they have in the UK, identifying and reporting on major capability risk areas, scenario planning, lobbying government as part of their sector/industry specific bodies and considering implications for long term talent and development strategies of potential reduction in labour from the EU.

Only one indicated they may consider moving some staff or types of work outside the UK if they felt the situation became detrimental to operational requirements. However, it is already the practice in some companies for some staff to be based outside of the UK as part of dispersed virtual teams where the nature of their role allows it. We may see more of this in the future raising a range of interesting and challenging issues for distance management and engagement.

Planning

Five organisations specifically mentioned they were seeking external support and advice from legal firms or other providers to help inform their planning around workforce requirements and resourcing; in particular visas and work permits, residency requirements and potential employment law changes.

The majority (over 80%) are making plans to engage actively with whatever visa or work permit regime is introduced. Those who are already licensed to authorise their own movement of people are working to maintain this if possible.

Staff support and communication

Six contributors are actively pursuing a staff communications strategy to source and provide whatever information and support is available to alleviate staff fears. This includes HR roadshows, CEO presentations, intranet or social media help pages and paid-for access to individual legal advice. Feedback has been good with staff saying they feel supported and valued even if the future is unclear. Non-EU staff are also feeling reassured that their employer is “standing by” and supporting their EU colleagues.

Others said they plan to put support arrangements in place but only when more is known about the implications of Brexit for EU nationals.

At least half are continuing actively to message and reinforce how much they value all their staff but this may not always be overtly linked to Brexit.

Sector Focus - Health

NHS priorities for Brexit negotiations are funding, workforce, competition and research and development. The Government and Department of Health are firmly focused on assessment and resource planning this year. They aim to establish the workforce needs for the NHS and social care sector and to develop plans to meet these. They have indicated that these plans will continue to involve recruitment from the EU alongside training additional UK-based nurses and doctors by the middle of the next parliament.

5-6% of NHS employees are EU nationals (Employers Association), however an article in the Observer on 18th March suggested that the number of EU nationals registering as nurses in England has dropped by 92% since the Brexit referendum. Clarity on the status of EU nationals living in the UK and on a new system for controlling migration that can accommodate NHS and Social Care resourcing needs are therefore critical issues for the sector. The cancellation of nurse training bursaries is causing concern and has resulted in a reduction in applications this year. The long-term effect remains to be seen.

Planning also focuses on ensuring that a register of risks and associated contingency plans are in place to guarantee patient safety should the UK not strike a trade deal with the EU by April 2019 that includes workforce implications.

“Applications from EU nurses down 92% since referendum.”

Observer - March 2017

What Others Are Saying

We have scanned the external environment and compiled a top five list of issues that commentators are recommending HR and Senior leadership should be focusing on to help bolster organisational capability and resilience through the Brexit process and beyond.

Understanding your risks

According to a recent CIPD study over 27% of EU nationals are considering leaving their organisations or the UK in 2017. Low skills sectors such as hospitality, agriculture, retail, health and social care, construction and manufacturing which employ over 50% of non-UK EU nationals will likely be the worst hit. However, we should be wary of taking our skilled workers for granted as they may have even more choices available to them. An analysis of your potential flight risks alongside consideration of your labour supply data and an assessment of your workplace demographic (including potential retirees, attrition rates and reasons) will prove invaluable to inform your planning.

Workforce Planning

The consensus appears to be that an inexact science has been made all the more difficult when we still don't know what the resourcing landscape will look like and will vary by sector and even by organisation. However, never has workforce planning been a more crucial activity. As uncertainty becomes the new normal it may become even less precise and scenario planning which models a number of potential variables an increasingly useful tool. This may also involve building a deeper understanding of local and UK national labour markets and exploring creative ways to connect with, recruit, build and deploy skills. We have included a link to a CIPD workforce planning guide in the reading list at the end of this paper for information.

Plugging the skills gap

According to the CIPD there has been an overall decline in training investment in the UK over the last decade and organisations are being advised to get a handle on their current and medium term skills requirements and gaps, to think creatively, and begin to invest for their future skills needs. While the actual impact of Brexit on immigration is still unclear, what we do know is that ultimately the flexible labour market that we now enjoy and future skills pipeline is likely to reduce - more so for some sectors than others, but movement of labour is likely to become more challenging across the piece. It will therefore be vital to develop pipelines of young talent whether through apprenticeships, graduate programmes or both and to use L&D strategically to re-skill and redeploy existing employees more creatively at every stage of their career including older workers. Examples of this are already taking place including bespoke partnerships between business and education providers such as technical staff lecturing at local colleges.

Leadership and Management

We all know that organisations are only as effective as the people who are leading them and continuing to invest in and support leadership and line manager capability will be critical during Brexit. Vital to organisational health will be the capability to have constructive and honest conversations about all facets of work and contribution.

Authentic leaders who inspire and engage others most effectively build their self-awareness by gathering feedback on their leadership style(s) regularly. They also focus on their own needs and professional development as well as those of their staff to ensure their own health and well-being as they support others.

Models of leadership types abound and which you decide to focus on is very much a matter of personal choice. The important thing is to take time consciously to understand and reflect on your preferred or default style(s) and ask yourself what you do that is more or less helpful and why, how easily do you flex your style to meet the changing needs of the situation and individual and what could you be doing to be even more effective? We include one such model that we found useful from Sharon Lebovitz Richmond below.

Leadership Model	Mindset
Directive Leader	<p>The leader relies on hierarchy and directs employees' work relatively overtly.</p> <p>Decision making is top down.</p>
Charismatic or Heroic Leader	<p>The leader has the answers, feels responsible and accountable for all output and is charismatic and often visionary.</p> <p>Decisions are typically made in consultation with others, though the leader normally has the final say.</p>
Servant Leader	<p>The leaders primary role is to create conditions for others' success - by serving followers, the leader releases excellent performance.</p> <p>The leader focuses on development and often on coaching.</p> <p>Decisions are made by consensus or through consultation, but are rarely directive.</p>
Participative Leader	<p>The leader believes the best results come from engagement of all team members.</p> <p>Decisions may be made jointly, or by vote, or collaboratively; infrequently, the leader alone decides.</p>
Contingent or Situational Leader	<p>The leader believes best results come from engagement of all team members, focusing on the skills of each follower.</p> <p>Decisions are made autonomously at first but become more shared over time, as direct reports become more capable and committed.</p>

Fig.1 Models of Leadership - Sharon Lebovitz Richmond

Maintaining Trust

Trust is a big and many layered concept and a cornerstone of effective engagement. It is perhaps stating the obvious to say that leaders and organisations who can maintain trust while making difficult decisions are far better placed with their workforce and more likely to weather the storm of turbulence and uncertainty. Achieving it, however, is far less easy.

High levels of trust are apparent where there is meaningful workforce consultation and voice based on a principled approach to managing and supporting staff. Ultimately people need to feel safe, secure and valued.

In the current context of Brexit this means that leaders should have a clear consistent and meaningful communication plan and set of messages. They must also be prepared to listen to and truly hear their workers' concerns and, where practicable, act on them so that people feel their employer is on their side.

In a world where levels of trust in all areas are at an all time low, organisations that dedicate time, resource and genuine commitment to this area will steal a march on those who take their workforce for granted or go through the motions only.

Research by Professor Veronica Hope-Hailey in collaboration with the CIPD titled *"Where has all the trust gone?"* identifies different types and levels of trust in the work place and four characteristics of leaders who achieve high levels of trust.

Ability - demonstrable competence at doing their job.

Benevolence - a concern for others beyond their own needs and having benign motives.

Integrity - adherence to a set of principles acceptable to others encompassing fairness and honesty.

Predictability - a regularity of behaviour over time.

Our Take

The issues raised by our contributors chime resoundingly with those raised by the expert commentators and it is hard to single out one theme on which to focus. However, while organisational competence in risk analysis and workforce and talent planning are critical at this juncture, our experience as consultants and senior leaders has taught us that there is one area that organisations all too often neglect or misjudge during times of uncertainty – and to their great cost: communications.

It can be easy to imagine that because the future is unclear then there is nothing concrete we can say about it. If we just wait another week, month, two months maybe, then things will have crystallised enough for us to have a definite plan to communicate. However, Brexit is going to be emergent and drawn out and leaders will need to be able to embrace this and communicate during this period with all its unsatisfactory “what ifs” and “maybes” with regular, honest and consistent messages that seek to

reassure and reinforce with their workforce that they are on their side. This does not mean saying that everything will be ok if it blatantly will not be. Rather doing the workforce the courtesy of treating them like adults and maintaining a grown-up conversation through whatever the next two years brings and beyond, will pay dividends in terms of retention and quite possibly productivity.

A clear communication plan that utilises a range of delivery media and voices tailored to the different internal and external audiences is therefore of critical importance. Bolster this with a senior team who are absolutely on message 24/7 and a well briefed and supported line that can cascade and reinforce the messages in their day to day interactions. Not only will staff feel reassured that nothing is being withheld, but trust will also continue to develop and deepen, putting the organisation and its leaders in a strong position from which to move forward when all does become clear.

This may not sound like rocket science, but it is not straightforward either. It will involve continuing to develop and hone core skills in managing change including supporting people through uncertainty both personally and professionally, building personal resilience and the ability to look after oneself as well as having honest conversations that say it as it is. All this in addition to effective workforce planning, resourcing, learning and development and fair and transparent decision making about how the future may affect individuals. It is going to be a busy time.

The better we become at really knowing and understanding what our

people are thinking and feeling the more effectively we can address those concerns and put in place support that will really make a difference. This is more than simply running an annual engagement survey and renewing the EAP, valuable as these activities are. It will involve time, focus and the ability to deal with some tricky reactions and unique situations as they arise.

Targeting appropriate help and support at the individual, team and organisation requires the ability to identify and understand where people are at, where you need them to be and having the leadership and management skills to be able to help get them there.

“Keeping people engaged and motivated through Brexit will be vital.”

The Change House

Developed by the Swedish psychologist Clause Janssen, The Change House offers a visual framework for discussion with individuals and teams to help raise self-awareness of how we are feeling and responding to change and the potential impact this may be having on ourselves and those around us.

It is based on a series of connected rooms representing different emotional reactions to change.

'Rules' of the house

People will spend different times in each room.

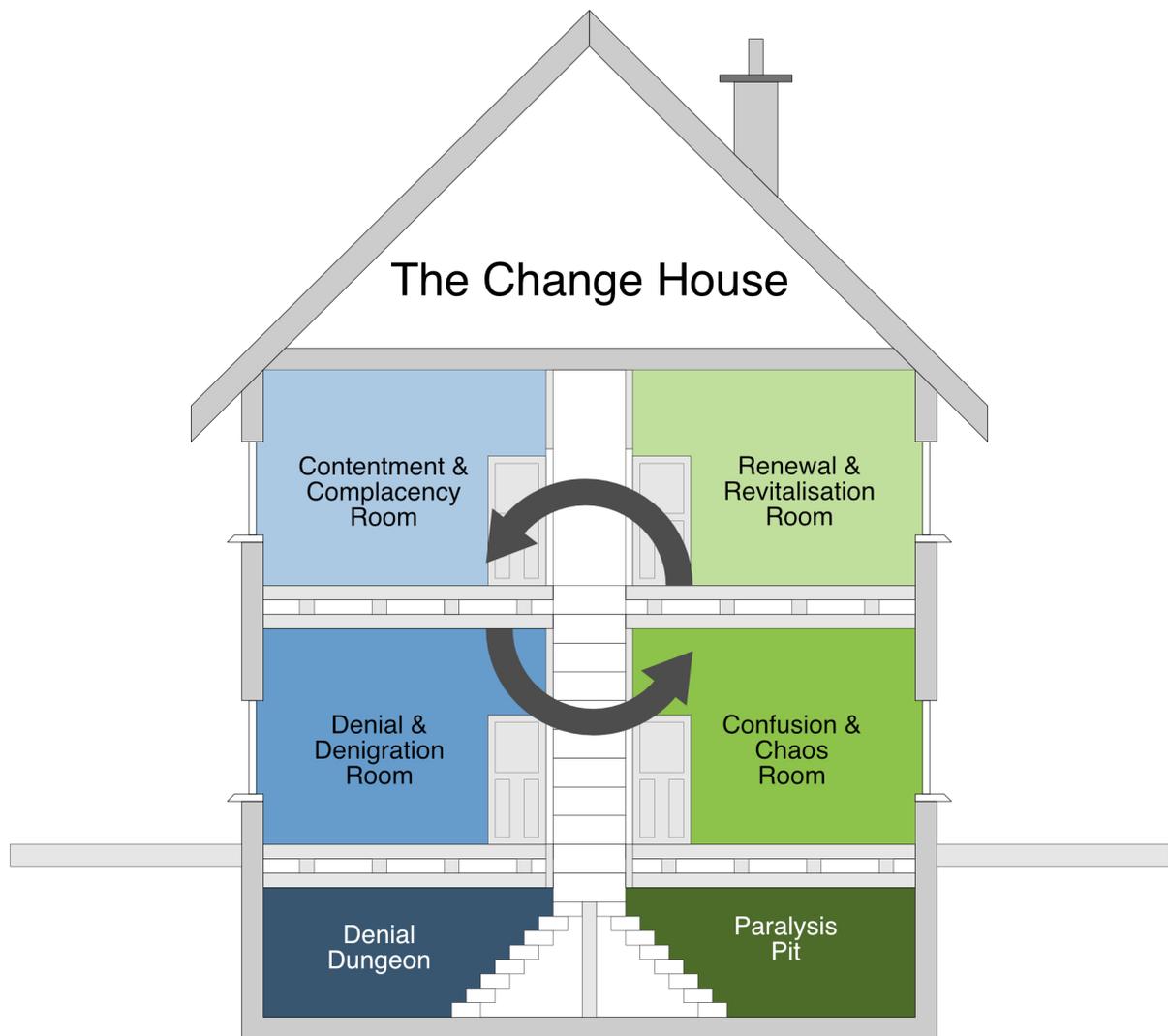
People will go through each room at different speeds.

Some people travel through the house logically one room after the other. Others, however, rush between rooms, sometimes going in and out of the same rooms and up and down the stairs several times.

Not everyone will make it through.

Renewal is not the end of the journey.

Understanding the cycle of reactions enhances objectivity.



Contentment and Complacency Room

No major changes take place in this room. People can be comfortable and at ease with their work and their environment. Energy is focused on sustaining the current working system. People have a sense of control over their work. Problems and issues are kept in perspective. Indicators of the need for change are missed or ignored.

Denial and Denigration Room

Although people have become aware of the change, they do not acknowledge or accept it. They are reluctant to believe that ‘the good old

days’ are over. People carry on business as usual and pretend that nothing has changed – there is a pseudo-adjustment. They therefore effectively free themselves from the need to respond to the change.

People who are unable to move beyond the Denial and Denigration Room can slip into the Denial Dungeon. Negative talk in the Denial Dungeon is repetitive and self-perpetuating, reinforcing the sense of unfairness, bitterness and resentment. People in the Dungeon get stuck in their “if only” mindset.

Confusion and Chaos Room

In this room the change process is underway and unavoidable, reality breaks through and denial becomes impossible. People feel uncertain and insecure. They worry/ wonder/ imagine/ panic. Focus in this room is on finding a solution to the issues generated by the change and finding a new sense of direction, purpose or order. Therefore the organisation may be a hive of activity, with lots of projects/initiatives being implemented.

If people are unable to find answers to the many questions arising in the Chaos and Confusion room, they can

slip into the Paralysis Pit. Usually this occurs because too much time is spent on reflection rather than action, or conversely because there is too much unfocussed action.

The Renewal and Revitalisation Room

As the new direction becomes clearer and progress is made towards it, people move into the final room, the Renewal and Revitalisation Room. Motivation, energy and confidence returns, with a renewed sense of optimism and excitement about the future. Action becomes more focused and results begin to emerge.

Questions to consider

How might this model of change help you understand and support your teams during the uncertainties of Brexit?

What specific behaviours might you be looking out for in each room?
Where are the people in your organisation right now?

How would you seek to support individuals and/or teams differently in each room?

What skills and behaviours will you need to adopt to be able to do so effectively?

Conclusion

We set out to explore how some of our client organisations are approaching the early stages of the Brexit process; to understand the issues and concerns that are uppermost in their minds and to share learning and insight from wider thinking and experience. We discovered that organisations are focusing on the harder planning issues of managing immediate and longer term risk and resourcing their businesses adequately in a changing and uncertain landscape alongside the human impact of Brexit on individuals

and their families. One without the other is only half the picture.

If you have found this paper useful we would be delighted to come and discuss it with you and your team as part of your on-going conversations.

And in the spirit of continuous learning and improvement we would value your feedback and suggestions on how we can build on this initial piece of work and thinking to help support you during the coming months and years.

Acknowledgements

This piece of research has benefited from contributions from individuals working in 21 organisations including those listed below. Some represented a corporate perspective and some were personal perceptions. We are eternally grateful for your time, support and insights which have been invaluable.

Allergan Biologics Ltd
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Greenpeace UK

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MRC Technology
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Stockport NHS Trust
University of Manchester
Vern

About The Authors

With complementary backgrounds, skills and experience Anna and Michèle have collaborated regularly on projects with a range of clients.

Anna White



Anna is an experienced and highly effective coach and organisational development specialist with a proven track record of coaching and

running people development programmes in blue chip organisations. She has experience of working in the health care, pharmaceutical, manufacturing and sales sectors. She has provided coaching and leadership development to leaders based in Europe, the US, Asia and Australia. She has extensive learning and development experience gained through a number of senior HR and capability development roles at AstraZeneca plc and through direct line management and leadership of global teams.

She has a warm and engaging style. She is passionate about what she does and invests unfailing energy and enthusiasm to ensure that she meets her clients' needs. The events that Anna runs are inspirational and fun, challenging and practical, upbeat and entertaining.

Anna is a graduate of the University of Oxford and a Fellow of the Chartered Institute of Personnel and Development. She is qualified in MBTI Step 1 and EQi 2.0 (including the 360 tool). She is currently studying for an ILM Level 7 qualification in Executive Coaching and Mentoring.

Recent clients in the health and care sector include Blackpool Teaching Hospitals, Bridgewater Community Healthcare Trust, the Bolton GP Federation, the General Medical Council and AstraZeneca plc. Anna has also recently worked within the Higher Education Sector, specifically with Manchester, Newcastle and Nottingham Trent Universities.

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Michèle Dennison



Michèle is an HR and management development professional with a track record of adding value through others.

A skilled consultant, senior manager and HR professional she draws on experience from the private, public and third sectors, plus UK and international senior HR management expertise. She began her HR career in the NHS before becoming International HR Manager at Oxfam GB. During her career she travelled extensively and delivered a number of global people management and organisational change projects to support organisational efficiency and effectiveness.

Michèle's consulting experience includes organisational change (including organisational structure/ restructure and job design as well as managing the human side of change), leadership and management development, performance management, HR strategy and effectiveness. Her style is participative and inclusive and she draws on a variety of methods and experience to ensure her input is culturally and contextually appropriate.

She has researched and written on a range of leadership and management

issues including successful distance management and re-motivating teams after major change, and has contributed to a leadership development video and learning resources for the Chartered Institute of Personnel and Development (CIPD). She is a guest lecturer in Learning and Development at Sheffield Hallam University School of Business.

Michèle is a Chartered Member of the Chartered Institute of Personnel and Development. She holds an honours degree in history, a post graduate diploma in HR Management, is a Chartered Member of the CIPD, accredited MBTI and Belbin Team roles practitioner and ILM accredited work place mediator. She also has a certificate in Teaching English as a Foreign Language

She has worked on projects with a wide range of organisations including: BP, the Civil Aviation Authority, Nottingham Trent University, The Civil Nuclear Constabulary, the Identity and Passport Service, Oxfam, British Council, Amnesty International, UNICEF UK, Right Management, Manpower

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The Four Rooms of Change *Förändringens fyra rum* (Wahlström & Widstrand, 1996)