



Culture at Lloyd's: Time to Act

We believe the “right” culture is one that is aligned to a firm’s purpose and strategy, creating the environment for its people to thrive and deliver the right business and customer outcomes.

But how do you evidence the application of the Lloyd’s cultural toolkit without losing your cultural identity?

Lloyd’s considers culture as essential to future market success. Just as the UK regulators, both FCA and PRA have turned their attention on culture since the financial crisis, Lloyd’s has recognised a need for change given the concerns related to discrimination and non-financial misconduct within the market.

The publication of its culture framework and toolkit, annual cultural survey and culture dashboard has signaled an expectation that firms will take an holistic and systemic approach to managing their culture. The results of the 2020 Lloyd’s Cultural Survey¹, published in late February, showed progress but Lloyd’s stressed the need for continued focus to ensure firms “build a more inclusive and open culture, where innovation and new ways of working drive high performance.”

However, Lloyd’s cultural toolkit poses a challenge for Lloyd’s businesses: how do you evidence the application of the toolkit without losing your cultural identity?

Sicsic Advisory and Damhurst & Co have partnered to assist firms with every aspect of their cultural journey. We advise on highly practical steps firms can take to articulate and evidence their culture, supporting the evolution of culture in a rapidly changing context.

We believe that the “right” culture is one that is aligned to a firm’s purpose and strategy, creating the environment for its people to thrive and deliver the right business outcomes. It must also be fit to deliver against externally driven priorities whether D&I, climate change or a culture of accountability. There are four questions that any firm should be able to answer.

The four key questions:

1 *Is your culture aligned to your purpose and strategy?*

If you try and implement ‘culture’ as a standalone initiative, it won’t change anything. People will struggle to see how it fits and it will not resonate.

All too often, culture is seen as separate to the commercial imperatives of an organisation rather than being viewed as essential to the successful delivery of business outcomes. Equally, there is a tendency to have a narrow focus on culture – how do we create an inclusive culture or a culture of ownership? – rather than articulating a future vision of culture that will underpin the firms’ approach to commercial, customer and social challenges.

Your cultural aspiration should be intrinsically aligned to why you exist and where you are going as an organisation, setting out the behaviours you need from your people in order to be successful. This starts with clearly articulating the future culture that will support your purpose and strategy from which a set of values, behaviours or guiding principles can be defined; the way you need people to behave towards one another and your external stakeholders.

References:

1. Lloyd’s culture survey shows progress towards a more inclusive market

2 Are you ready to lead?

Culture change starts with the leaders of an organisation. Behaviour emanates from the Board and Executive teams, and ripples through all levels of the business. Are your leaders right and ready to support this change?

Is your current leadership team aligned when it comes to culture?

- Once you are clear on the behaviours you are looking to drive, you need to consider how you support leaders to understand their current performance in relation to them. Feedback from a simple 360 tool together with coaching is the most effective place to start.
- Your leaders also need to consistently and effectively communicate where you are going as an organisation. Supporting them with techniques to tell this story and an understanding of how to reinforce this in all they do is critical.

Are new recruits the right fit?

- Robust and consistent hiring processes are the only way to be sure that an individual is a good cultural fit for your organisation.
- Too many interview panels hire based on memory or instinct, or hiring managers look for someone that best reflects their personal agenda or point of view.
- Organisations and even individual departments can vary enormously in the attributes they look for in candidates, the kinds of questions they ask, how they eliminate and advance candidates and even how they describe open positions when advertising.
- Following a consistent process is key to eliminating bias and addressing the perceived "talent crisis" by making sure the role is open to a broader pool of candidates. Asking questions which unpick an individual's likely behaviour in various scenarios will give firms better information to go on when hiring.
- The hard part is not over once the candidate accepts the job. People need time to ensure they have a complete understanding of the organisation. The first few months are key. It can be overwhelming joining a new firm without "being shown the ropes". Committing to offering the right support is rewarded with a higher level of retention.

3 Which behaviours should you target initially?

When you have clearly articulated your cultural aspiration and assessed the readiness of your leadership team, you are equipped to develop a targeted transformation plan to embed your new or amended values or behaviours throughout your operations.

This requires a combination of changes to policies and process so that people see and hear a consistent message from all angles AND activity to drive a shift in specific behaviours using signals and nudges.

Behavioural science tells us that people can only change a couple of behaviours at a time. It is by identifying and influencing priority beliefs and habits that you can affect the most rapid cultural change.

4 Which metrics can evidence you are making progress?

The expectation of both Lloyd's and in turn the FCA is that firms should be able to evidence not just commitment to cultural transformation but also the "direction of travel". This means providing evidence of the impact of the change you're making not just actions delivered. This also fulfils the corporate governance requirements which state that a Board should have oversight of culture.

You should consider the metrics that can be used to evidence movement to your future culture drawing on employee survey data, existing business KPIs and a handful of specific metrics. Data should demonstrate both an internal and external perspective.

How can we help?

Sicsic Advisory and Damhurst & Co can assist firms throughout the entire journey.

Culture change – led by Sicsic Advisory

- Culture health check: where you are and suitability of plan in place
- Defining purpose, values and behaviours
- Culture transformation
- Monitoring and assurance

Talent – led by Damhurst

- Independent validation of past performance of target candidates
- Market and former colleagues' perspective on character and culture
- Professional assessment of cultural fit against your company values
- Support the implementation of your D&I goals at a leadership level

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