Virgin Trains is known for running high quality, fast and reliable state-of-the-art trains, capable of speeds of up to 125 miles per hour. Virgin Trains operates the West Coast rail franchise with trains running along various routes including from Glasgow, Manchester and Birmingham to London. The average journey time from Manchester to London today is just over two hours. Virgin Trains currently operates 333 trains and carries more than 62,000 passengers a day.

Until 1993, railways in Britain had been part of the public sector. They were run by an organisation appointed by the government called British Rail. The culture was one where managers passed down instructions and directions to employees who carried them out without questioning them. Since 1997, Virgin Trains has been running the West Coast and other lines as an independent private sector business.

Decentralised structure
Virgin Trains seeks to differentiate itself from other rail competitors in order to increase customer satisfaction and develop a train service fit for the twenty-first century.

The business is organised on a decentralised regional structure. Each region has a set of Managers responsible for the important operating areas. These Managers then link up with other regional Managers to share ideas and expertise. For example, the structure at Manchester’s Piccadilly station links the station with the train crews: Each region is able to focus on the commercial needs of its area. For example, the Scottish region focuses on developing services to include the local economy and particularly tourism. Each seeks to maximise the quality of services to customers, for example, by cutting unnecessary costs and waste.

New vision
In 2003, the Chief Executive of the company, Tony Collins, set out his vision for the company, which has transformed its operations. Virgin Trains’ vision involves the empowerment of staff to take responsibility and ownership of their performance. This vision is what makes Virgin Trains different. This case study looks at how this vision is transforming the culture and performance of Virgin Trains.
2: What is a vision?
A vision enables an organisation to move forward with clarity. It links the business' specific objectives and targets with the core values that govern how the business will operate in order to meet those targets. It therefore goes further than a mission statement.

A mission statement sets out the purpose of an organisation. For example, for Virgin Trains, this is to run a high quality, efficient and cost-effective rail service. A vision goes further. It paints a picture in clear language of where the organisation is going, linked to the behaviours it expects of everyone in the organisation.

Virgin Trains' vision is: "To become the most safe, consistent, reliable and profitable of the train operating franchises in a climate that respects different views and people need not be afraid to be open and honest". This is a very clear vision:

- It sets out the values of the company, e.g. safety and reliability.
- It sets out clear commercial targets profitability.
- It sets out the relationship between the organisation and its people respecting different views and encouraging openness and honesty.

This vision reflects Virgin Trains' forward-thinking style. This may stand the company in good stead in any future franchise bids.

Vision and organisational culture

Linked closely to vision is the organisation’s culture. The culture of an organisation is the typical way of working within an organisation as demonstrated by the behaviours of the people that work for it. This includes how approachable managers are, how they treat subordinates and care for customers and how formal systems and procedures are.

A clear vision enables an organisation to change organisational culture in a positive way. The organisational culture at Virgin Trains is one that places customers and their experience of travel as the main priority. Virgin Trains' management believes that this is best secured by listening to employees. Senior managers at Virgin Trains believe that in such a geographically stretched organisation, change needs to be suggested and implemented by those at local level because those people know what changes customers are asking for and need. Virgin Trains believes employees working directly with customers not only have the technical skills but also the commercial awareness to make a difference. An example of this was the provision of toys in waiting rooms to help keep children happy whilst waiting for connections.

Managers positively encourage employees to get involved in running the company by asking questions, challenging ideas and being prepared to disagree and suggest better ways of working. For instance, employees challenged Virgin
Trains to increase its commitment to sustainable development by reducing its carbon footprint. Virgin Trains now encourages recycling in all its offices and trains.

3: Sharing the vision and values

**Purpose of the vision**

A key objective for Virgin Trains is to be a profit-making organisation. A good way of making a profit is to satisfy customers who will use services over and over again. To achieve this objective it is essential that Virgin Trains’ staff deliver a first-class service. The company has therefore turned the traditional perspective of the organisation upside down and puts its customers first. The Virgin Trains way of working encourages front-line employees to interact with customers. In doing so, they are able to improve the customer’s experience, whilst at the same time discovering possible ways of improving operational performance. The role of managers in this scenario is to explain and encourage good behaviours and actively seek suggestions from employees to improve the business.

**Customer focus**

Virgin Trains’ people drive its strategy of focusing on customers. The regional structure enables staff who are in direct contact with customers to contribute to and shape the business’ strategies. Regular ‘priorities meetings’ are held by groups of staff across the regions to identify best practices, share concerns and discuss what the priorities should be.

Feedback from customers identifies the priorities and includes issues such as what menu options should be on trains or what ticket options are available in stations. Managers then take these ideas and support workers to improve the services they provide. This develops good relationships and increases employee confidence that managers will follow up on ideas and feedback from front-line workers.

Every Virgin Trains employee is encouraged to buy into the vision and values of Virgin Trains by:

- giving and receiving constructive feedback
- dealing with change and welcoming it
- challenging the ideas of others in an appropriate way.

**Workshops**

All employees have an opportunity to find out about (and become part of) the vision by attending a voluntary three-day facilitated workshop. The workshops focus on how to give and receive constructive feedback. They also help Virgin Trains people to see what leadership looks like in the workplace and how it affects individuals:

- The workshop provides a good opportunity to share ideas and to influence others in a relaxed atmosphere.
- Regional teams attend together. This brings together employees at different levels (including senior managers) and those involved in different tasks.
- Everyone has the opportunity to explore what change means, what people feel when faced by change and what support individuals need during times of change.
Employees can discuss how the vision relates to his or her personal values and beliefs and how these values line up with company objectives.

When people go back to their work roles they know that they can challenge, question and propose ideas of their own.

4: From vision to culture

In order to embed a vision and culture into the organisation, it needs to become part of every aspect of work. At a practical level, the Virgin Trains vision is supported by clear Human Resource (HR) activities. These HR activities help to shape the culture of the organisation. People-focused initiatives at Virgin Trains recognise and reward high-performing employees. Team and individual awards are presented at official ceremonies to highlight where employees have made a difference.

Positive behaviours

The business encourages new behaviours. Behaviours focus not just on what Virgin Trains” people do but also how they do something. For example, this might be focusing on the customer, listening to others or taking a positive approach to challenges. As part of the culture change, Virgin Trains also promotes charitable work in partnership with an organisation which raises money for children with cancer. The charity is chosen on a national basis by the company; each region then supports in its own way. The benefit of this behaviour is a more caring approach to customers and staff. This enhances customer satisfaction and desire to use Virgin Trains more often. Virgin Trains behaviours have developed from the bottom-up approach of the vision workshops.

Influencing recruitment, selection and development

The vision also guides Virgin Trains recruitment and development processes:

- At recruitment the key skills required to deliver the vision form part of the person specification. This means Virgin Trains attracts people who share the vision and behaviours.
- At appraisal, employees are assessed on their contribution to the business, development and customer focus. Appraisal interviews take place regularly where employees discuss current performance with their line manager and identify future personal targets and goals.
- For developing employees, Virgin Trains has created a Talent Wheel that identifies the sorts of behaviours employees need to show to highlight their potential for promotion. Those considered suitable for promotion will be employees who are currently performing well, want promotion, feel passionate about Virgin Trains and are currently developing the skills and knowledge required for a more advanced post.
- Learning and development opportunities include a range of internal and external courses and training opportunities for employees. Examples include developing coaching skills or encouraging people to learn how to ask questions and take responsibility.
- Leadership programmes for front-line staff and managers embody the vision.
5: Reviewing the vision

New principles of working are only effective if they work in practice. Virgin Trains sees the culture change programme as ongoing. It is important to review the whole process regularly in order to ensure that the change in culture is embedded and that it is helping to meet organisational objectives. The culture change programme is not just about engaging with passengers. It is also about meeting all objectives (including those for profit) in the most efficient way.

Key performance indicators

Setting Key Performance Indicators helps a business measure achievement. These measures or targets can show how far a business has moved towards its objectives. KPIs used by Virgin Trains include:

- reducing sickness levels
- lowering staff turnover rates
- improving customer satisfaction ratings
- reducing numbers of complaint letters.

Virgin Trains has improved in all of these areas. Virgin Trains’ employees are prepared to challenge decisions and ideas put forward by managers, enabling the company to save and make money. Cost savings have come as a direct result of implementing the vision. An example of this was the 'Through ticket to Huddersfield', which the Manchester team developed and implemented. Customers previously had to purchase a new ticket for the second part of their journey on changing trains. Virgin Trains saw a customer need and were empowered to put the new ticket in place. This now generates income.

6: Conclusion

Virgin Trains has a reputation for high quality service and modern practices. The company constantly seeks to develop competitive advantage over rivals. A key way of securing successful change is to involve employees in decision-making. Employees who work directly with customers are best placed to come up with customer-focused improvement solutions. Virgin Trains’ vision provides all employees with clear direction, backed by the support and encouragement of managers from the top down to challenge existing practices and suggest new ideas. This has led to greater employee involvement, increased customer satisfaction and yielded improved business results.
Creating a high performance culture - A Siemens case study

1: Introduction

Organisational culture and values

The culture of an organisation is the typical way of doing things in the organisation. It particularly relates to behaviour patterns and relationships. The culture of an organisation develops over time. It is created by the people that work for the organisation and its managers and workforce. What the organisation stands for (its values) and the dreams that it seeks to turn into reality (its vision) are fundamental in creating a dynamic culture. A 'high performance culture' exists when everyone in the organisation shares the same vision and where they trust and value each other's contribution.

This case study looks at how the Siemens organisation is built on a high performance culture. This is shared by everyone from the most senior executive to the newest trainee.

Background to Siemens

Siemens AG is a global electrical and electronics business with a turnover of nearly £60 billion. The company employs just under half a million people around the world. It is based in Munich, Germany. In the UK, Siemens has its headquarters in Bracknell, Berkshire and has around 100 sites across the UK employing 20,000 people.

<table>
<thead>
<tr>
<th>Siemens</th>
<th>Information &amp; communications</th>
<th>Automation &amp; control</th>
<th>Power</th>
<th>Medical</th>
<th>Transport</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>e.g. providing IT services to the BBC</td>
<td>e.g. baggage handling</td>
<td>e.g. wind farms</td>
<td>e.g. MRI scanners</td>
<td>e.g. trains</td>
<td>e.g. lighting; financial services; R&amp;D</td>
<td></td>
</tr>
</tbody>
</table>

Siemens' products affect our lives in many ways. We can toast bread in a Siemens toaster powered by electricity generated and distributed by Siemens. Traffic lights are made by Siemens and people in hospitals have life-saving MRI scans using Siemens advanced medical imaging technology.

2. Delivering the human resource development strategy

Human resource development is all about helping people to fulfil themselves at work. Development is concerned with encouraging employees to identify ways in which they want to improve their careers and other aspects of their working lives. For example, they may want to attend training courses, they may want to do more interesting work, or they may simply want to have a better work/life balance.
An organisation is nothing without its people. As an employer of one of the world's most efficient and motivated workforces, Siemens is committed to its employees. Its half a million employees work in a broad range of roles. These include:

- information technology specialists
- mechanical and electrical engineers
- researchers
- new product developers
- managers and business executives
- administrators
- security guards and health and safety experts
- human resource specialists.

**What is 'engagement'?'**

If people are properly managed, they will motivate themselves to do a good job. Siemens believes in the full engagement of people in the workplace. Excellent people need to be managed in an excellent way. Siemens believes that engagement combines commitment and organisational citizenship. Engagement is another way of saying actively involved.

**Human resource development strategy**

All organisations need to have a sense of direction which is put into action through a plan. This plan is referred to as a business strategy.

A key pillar of the Siemens' strategy, alongside performance and portfolio, operational excellence and corporate responsibility, is the way it manages, develops and motivates its employees.

**3: The importance of people in the organisation**

The part of the Siemens' business strategy that relates to people management is referred to as People Excellence. At the heart of People Excellence is the building of a high performance culture. Nothing helps an individual more than to be given responsibility and to know they are trusted.

Almost without exception, people management theorists have shown that real motivation comes from within an individual. Individuals develop such motivation when they feel that their efforts are valued and that they are doing something worthwhile. This is why People Excellence at Siemens is so important.

Feeling part of a successful team is part of the engagement process. Individuals who feel valued want to contribute to the success of the organisation.

For Siemens, people, like its technology and innovation, are a source of competitive advantage. To make the most of this advantage, Siemens makes sure that its employees work on developing the company's heritage of innovation. Siemens believes that there are many ways to make people feel valued and engaged. These range from a pat on the back, a personal letter or a special mention in a meeting, to a promotion or a higher salary.

**4: Creating a high performance culture**

Siemens' operations are based on a teamwork culture. This emphasis on the team is set out clearly in a quote from the global Chief Executive Officer of Siemens, Klaus Kleinfeld:

'Many times in my life I have seen how one individual can make a big difference, particularly when working in a great team. The quality of our people and of our teams is our most valuable resource, particularly in today's changing world where knowledge flows round the globe with lightning speed and is easily available.'

Siemens wants all of its employees to be truly involved in the business and to feel part of its success. Employees therefore need to know how they fit into the business. With this in mind Siemens establishes clear expectations.
Team and individual targets

Targets for individuals are related to targets for the whole business. Everyone plays their part in achieving great results. Siemens states that 'our business success depends on the performance of each individual, our teams and the total organisation'.

A high performance team is one in which all members of the team work towards shared targets and have a sense of shared responsibility for the results the team achieves. As the team performance improves over time, the better the results.

People Excellence

People Excellence is the part of Siemens' global action plan concerned with human resource development. It consists of four main elements:

1. achieving a high performance culture
2. increasing the global talent pool
3. strengthening expert careers
4. Siemens' Leadership Excellence Programme (SLE).

The high performance culture is the way of working at Siemens and it involves everyone. The global talent pool is made up of all Siemens' employees. Within Siemens everyone has the opportunity to develop their own specialisms and to acquire further expertise. The SLE provides the highest calibre leadership and management training.

5: Talent management - managing people

People Excellence involves developing everybody that works for your organisation not just the high-fliers. Siemens' talent management philosophy involves making sure that every employee is provided with the guidance and support to achieve their full potential. This aids them to do their best, every day.

Everyone works together to achieve the organisation's objectives as well as meeting their own personal goals. Everyone shares the same vision and dreams. Within this culture they are able to progress and take on greater responsibility within the company.
Talent Management

Everyone has talent. For Siemens, matching talent with tasks produces competitive advantage. Each individual at Siemens can make best use of their talents, whatever they may be. Talent Management enables both:

- job enrichment, where individuals are encouraged to take on extra tasks and responsibilities within an existing job role to make work more rewarding and
- job enlargement, where the scope of the existing job is extended to give a broader range of responsibility, plus extra knowledge and skills development.

Talent Management is a global philosophy that is a key part of supporting each of the elements of the Siemens' business strategy. Talent Management enables Siemens' managers to engage and motivate employees throughout the organisation.

The benefits of talent management

By applying talent management to all staff:

- all customer-facing staff are engaged, so all customers benefit
- everyone has the opportunity and choices to achieve their full potential
- the pipeline of highfliers is sustained.

Performance management

Siemens has created a standard process for managing the performance and development of all employees. This is referred to as the Performance Management Process.

The process creates a direct link between the strategy of the whole organisation and plans for each individual. Every individual is given targets based on their role and responsibility within the organisation. It is through meeting personal targets that the individual is best able to help the organisation to achieve its targets.

Performance management is a systematic process that creates trust and open communication by:

- setting objectives
- monitoring progress made
- creating an ongoing dialogue between each team member and his/her manager
- enabling forthright discussion.

Performance management in Siemens is the engine that drives Talent Management. It is the cornerstone of its high performance culture. When carried out in a consistent way, this system makes sure that everyone is told honestly about their performance.

Employees are clear about the impact of their performance and what the consequences are for their development. Everyone within the organisation is pulling together to achieve the business strategy.

6: Conclusion

People really matter. Organisational results stem from high performance. People only perform well when they operate in a culture which nurtures and supports them and helps them to work towards the achievement of their ambitions.

Siemens' high performance culture provides the framework and support in which high performance people can show their commitment to a high performance organisation.
Creating an effective organisational structure - A Coca-Cola Great Britain case study

1: Introduction

The Coca-Cola Company is truly global, and its main product is recognised and consumed worldwide. The Company organises and structures itself in a way that reflects that fact. At the same time, the Company looks to meet the particular needs of regional markets sensitively and its structure also needs to reflect that fact.

This Case Study illustrates the way in which the Company has built an organisational structure that is robust and yet also flexible enough to meet these particular requirements.

2: A global and local strategy

The Coca-Cola Company is the world's largest beverage company and is the leading producer and marketer of soft drinks. The Company markets four of the world's top five soft drinks brands: Coca-Cola, Diet Coke, Fanta and Sprite. The success of The Coca-Cola Company revolves around five main factors:

1. A unique and recognised brand - Coca-Cola is among the most recognised trade marks around the globe
2. Quality - consistently offering consumers products of the highest quality
3. Marketing - delivering creative and innovative marketing programmes worldwide
4. Global availability - Coca-Cola products are bottled and distributed worldwide
5. Ongoing innovation - continually providing consumers with new product offerings e.g. Diet Coke (1982), Coca-Cola Vanilla (2002).

The illustration shows the worldwide distribution of sales of Coca-Cola products by quantity in 2003. Although Coca-Cola is a global product with universal appeal, the Company actually operates in local environments around the world, with each country having its own unique needs and requirements.
product in the world that is universally relevant in every corner of the globe, the Company feels that its responsibility is to ensure that with every single can or bottle of Coca-Cola sold and enjoyed, individual connections are made with their consumer. That can only be achieved at a local level. The challenge facing The Coca-Cola Company today is therefore to continue to build an organisational structure that will deliver a global and local strategy.

3: The relationship between strategy and structure

An organisation’s strategy is its plan for the whole business that sets out how the organisation will use its major resources. An organisation’s structure is the way the pieces of the organisation fit together internally. It also covers the links with external organisations such as partners.

For the organisation to deliver its plans, the strategy and the structure must be woven together seamlessly. The goal of The Coca-Cola Company is ‘to be the world’s leading provider of branded beverage solutions, to deliver consistent and profitable growth, and to have the highest quality products and processes.’ To achieve this goal, the Company has established six strategic priorities and has built these into every aspect of its business:

1. Accelerate carbonated soft drinks growth, led by Coca-Cola
2. Broaden the family of products, wherever appropriate e.g. bottled water, tea, coffee, juices, energy drinks
3. Grow system profitability & capability together with the bottlers
4. Creatively serve customers (e.g. retailers) to build their businesses
5. Invest intelligently in market growth
6. Drive efficiency & cost effectiveness by using technology and large scale production to control costs enabling our people to achieve extraordinary results everyday.

There are many ways to structure an organisation. For example, a structure may be built around:

- function: reflecting main specialisms e.g. marketing, finance, production, distribution
- product: reflecting product categories e.g. bread, pies, cakes, biscuits
- process: reflecting different processes e.g. storage, manufacturing, packing, delivery.

Organisational structures need to be designed to meet aims. They involve combining flexibility of decision making, and the sharing of best ideas across the organisation, with appropriate levels of management and control from the centre.

Modern organisations like The Coca-Cola Company, have built flexible structures which, wherever possible, encourage teamwork. For example, at Coca-Cola Great Britain any new product development (e.g. Coca-Cola Vanilla)
brings together teams of employees with different specialisms. At such team meetings, marketing specialists clarify the results of their market research and testing, food technologists describe what changes to a product are feasible, financial experts report on the cost implications of change.

4: The corporate segment - Head Office
The Coca-Cola Company has a corporate (Head Office) segment that is responsible for giving the Company an overall direction and providing support to the regional structure.

Key strategic decisions at The Coca-Cola Company are made by an Executive Committee of 12 Company Officers. This Committee helped to shape the six strategic priorities set out earlier. The Chair of the Executive Committee acts as a figurehead for the Company and chairs the board meetings. He is also the Chief Executive Officer (CEO) and as such he is the senior decision maker. Other executives are responsible either for the major regions (e.g. Africa) or have an important business specialism e.g. the Chief Financial Officer.

As a company whose success rests on its ability to connect with local consumers, it makes sense for The Coca-Cola Company to be organised into a regional structure which combines centralisation and localisation. The Company operates six geographic operating segments - also called Strategic Business Units (SBUs) - as well as the corporate (Head Office) segment.

Each of these regional SBUs is sub-divided into divisions. Take the European union, SBU, for example. The UK fits into the Northwest Europe division. This geographical structure recognises that:

- markets are geographically separated
- tastes and lifestyles vary from area to area. As do incomes and consumption patterns
- markets are at different stages of development.
At a more local level the management of The Coca-Cola Company involves a number of functional specialisms. The management structure for Great Britain illustrates this. The structure of Coca-Cola Great Britain combines elements of centralisation and decentralisation. Divisions and regions operate as business unit teams, with each Director reporting to the General Manager, i.e. Division President.

However, there is a matrix structure for each function e.g. the Finance Director in the GB Division reports to the GB President, but also to (dotted line) the Finance Director of North West Europe Division. In addition, functions within the Company operate across geographical boundaries to share best practice.

To take another example of local decision making at a regional (local) level the various SBUs are responsible for region-specific market research, and for developing local advertising, e.g. using the languages of the countries in which The Coca-Cola Company operates. A major region like Great Britain has its own marketing structure, organised as shown on the diagram.

**Product support**

The way The Coca-Cola Company works reflects the many countries and cultures in which it does business. It owns or licences nearly 400 brands in non-alcoholic beverages serving consumers in over 200 countries. An essential part of the organisation’s structure therefore focuses on ensuring that individual products are given the best possible support in regional markets.

Within the Company, different teams concentrate on particular products and use their specialist knowledge of the brands and consumer needs to support the sales and promotional effort. In some cases a product is developed solely for local consumption and an example of this is the product Lilt, which is only available in Great Britain and Ireland. Examples of other products available in Great Britain include:

- Carbonated soft drinks- Coca-Cola, Fanta, Sprite
- Juice & juice drinks- Schweppes’ Tomato Juice Cocktail, Oasis, Five Alive
- Waters- Malvern
- Energy drinks- Burn
- Sports drinks- Powerade
- Squashes/cordials- Kia-Ora, Rose’s Lime Cordial.
5: Structure and culture
Structuring an organisation is not only about organising internal relationships, it also involves external ones. The Coca-Cola Company has built well-structured relationships with a range of external groups including bottling partners. People often assume that The Coca-Cola Company bottles and distributes its own beverages. For the most part, it does not. The Company's primary business consists of manufacturing and selling beverage concentrates and syrups - as well as some finished beverages - to bottling and canning operations and other distributors.

The concentrates and syrups are generally sold to bottling partners, which are authorised to manufacture, distribute and sell branded products. The business system consisting of The Coca-Cola Company and bottling partners is referred to as 'the Coca-Cola system'. The relationship The Coca-Cola Company has with its bottlers worldwide is a key source of strength. The Company works together with them to ensure that concentrates and syrups are made into finished beverages that are produced and distributed to consumers around the globe with unmatched quality and service.

Every organisation has not only a structure but also a culture. 'Culture' describes the typical way an organisation does things, including patterns of behaviour and relationships.

Important aspects of culture at Coca-Cola Great Britain (which reflect the culture of The Coca-Cola Company as a whole) are an emphasis on teamwork, and empowerment. Coca-Cola Great Britain sees its employees as its most important asset.

Motivated employees provide the engine that drives the Company's growth. Organising people into teams (e.g. marketing, sales or product teams) encourages people to feel valued. Within a team they are encouraged to contribute ideas and to be innovative. If they feel that something could be done better they are encouraged to voice that opinion.

By creating a friendly, innovative culture, Coca-Cola Great Britain is able to depend on a high quality workforce that helps it to maintain brand leadership in Great Britain and in every other market in which it operates. Trust is at the heart of every relationship, whether it be:

- customers' and consumers' trust that the Company will provide the highest level of service and attention to their needs
- bottling partners' trust that the Company is operating in the best interests of the Coca-Cola system
- employees' trust that their contribution is being valued in an open culture.

Open communication channels provide the means to support a culture based on relationships. Coca-Cola has a number of communication channels, including:

- monthly leadership team meeting (involving function heads)
- weekly department team meetings
- monthly employee team briefing sessions
- consultative employee groups for each region (with representatives meeting in a European Council)
- surveys to monitor employee views and feelings.

6: Conclusion
The Coca-Cola Company has built internal and external structures to support the delivery of its business goals. The regional structure is the best way of supporting this growth, allowing attention to local requirements while at the same time building on a clear strategic direction from the centre.

A culture of innovation, teamwork and partnership means that the Company has a firm foundation of relationships and open communication channels on which to build its growth.