

## Building a Visionary Culture



### About Serco Group

Serco Group is a leading provider of public services. It operates internationally across five sectors and four geographies: Defense, Justice and Immigration, Transport, Health and Citizen Services, delivered in UK & Europe, North America, Asia Pacific and the Middle East.

### The Challenge: Misconduct Leads to Headline-Making Crisis

As a company that works with governments and public sector organizations, Serco's reputation has always been critical to its success. Knowing the risk of losing that reputation, Serco's senior leadership made sure to talk about being a values-driven organization.

However, talking the talk wasn't enough. In 2013 the headlines hit: Serco was accused of overbilling and misreporting data on two important UK government contracts. Not surprisingly, the scandal had a major impact and share prices plummeted. Senior leadership was dismissed. Then, Serco began a process of corporate renewal, working closely with the UK government and focusing on these key areas:

- Recruiting new senior leadership
- Transparency in customer relationships and commitments
- Governance, internal controls, oversight, monitoring and other systems
- Renewed focus on culture and ethics



While I wouldn't advise it, a crisis brings attention from senior management to the areas of ethics and compliance. Lip service doesn't deliver, but real commitment does. If all you're getting is lip service, tell this story because believe me, you don't want a crisis.



Robert Smith

Director, Business Compliance & Ethics, Serco Group

## The Solution: Assessment of Corporate Culture

At the height of the crisis, Serco's board of directors brought in NAVEX Global to perform a cultural assessment of the UK-based business organization. The report generated by NAVEX Global produced a clear overview of the key issues that were inherent in the organization that needed to be addressed. While NAVEX Global found no evidence of a widespread corrupt business culture at Serco, the report identified number of factors that could collectively create an environment where employees could be tempted to make unethical decisions. While these factors were both operational and cultural, in reality they were all about culture and not unique to Serco. Factors included:

- An unhealthy and significant pressure to deliver financial results and therefore a focus only on the short term
- Setting unrealistic targets from the top down while at the same time, reducing resourcing and support in the divisions to deliver on commitments
- Strong pressure to win new business at all costs, which resulted in the sale of unachievable and unprofitable solutions to customers
- Resistance to delivering bad news to senior leadership, not just because it would lead to rigorous interrogation and grilling rather than constructive discussion, but also because people, interestingly, did not want to "disappoint" leadership
- Increasing trust gaps between **us** and **them** – the Serco Group head office and the operating divisions
- Rapid growth, some of it through acquisition, caused values to erode over time and clarity of purpose to be diluted

To fix these problems, Serco had to bring a strategic focus and a defined purpose to the task. A newly formed Corporate Renewal team rebuilt Serco's governance structure and aligned it with the core values of Trust, Care, Innovation and Pride.

With the renewed commitment from the board and new senior leadership, Serco:

- Revised its governance structure, creating formal committees where ethical issues are aired and discussed
- Better resourced divisions by recruiting individuals who had business integrity included in their roles
- Reviewed policies and processes to ensure they aligned with the values
- Developed a leadership model that focused on leadership competencies and defined behaviors, recognizing that leadership exists at every level of the organization
- Added rigor to reporting mechanisms to ensure a regular and transparent flow of information
- Completely rewrote the code of conduct, changing the language and adding a strapline – Know it Use it Live it
- Moved from having a whistleblowing process to a 'speak up' process – changing the language and focus to make it more engaging and less daunting to use



You have the responsibility to understand the environment that you are placing your employees in and the pressures that you as a business are putting on them.



**Robert Smith**  
Director, Business Compliance & Ethics, Serco Group

## The Results: A Commitment to Business Ethics

Post corporate ethical renewal, NAVEX Global was brought back in to review Serco Group's updated policies and practices and reassess the organizational culture in UK operations. NAVEX Global found that many of the original problematic factors had been addressed and the others were being worked on. Ninety-one percent of managers and 85 percent of all staff either agreed or strongly agreed that Serco is committed to ethical business conduct. This time ethical conduct is more than just talk; it's built into the foundation of Serco.

### ABOUT NAVEX GLOBAL

NAVEX Global's comprehensive suite of ethics and compliance software, content and services helps organizations protect their people, reputation and bottom line. Trusted by 95 of the FORTUNE 100 and more than 12,500 clients, our solutions are informed by the largest ethics and compliance community in the world.

