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"The level of engagement of your people is a great lead indicator for the financial success of your business."

**MERRY CHRISTMAS & HAPPY NEW YEAR!**

From all of us at Team Management Systems - we wish you the very best for the New Year and hope you have a happy and safe holiday season.

**Holiday Hours**

Closing: 3:00pm (AEST)  
 24 December 2008  
 Re-opening: 8:30am (AEST)  
 5 January 2009

**PROFIT FROM PEOPLE POWER**

Focusing on the development and happiness of staff can pay dividends

Simon Ritchie believes more businesses must put their employees on a par with clients and customers.

"Look after your people," says Ritchie, Partner, Middle Market Advisory, at professional services firm KPMG. "Your staff need to be advocates for your business." The experienced business consultant says client relationships and financial strategies are clearly important, but he thinks it is crucial for more businesses to develop and leverage off the most important asset of any organisation – people.

"Take financial performance and put it at the bottom of your meeting agenda, not the top," he told a Team Management Systems (TMS) seminar in Melbourne. "The level of engagement of your people is a great lead indicator for the financial success of your business."

**Taking the Lead**

When considering lead indicators for a modern business, Ritchie puts staff and client satisfaction at the top of the list, while lag indicators include profit and financial performance. "A focus on lead indicators has been a huge change in professional services," Ritchie says.

During his career, he has successfully used two Team Management Systems work-based assessment tools – Team Management Profile (TMP) and Linking Skills Profiles (LSP) – to retain staff, improve leadership skills and attract new talent.

The strategy started with a survey of all employees to better understand their approach to work. It led to two significant findings. First, people are influenced most by the people to whom they report. And second, leaders set the tone and create the environment in which staff will either flourish or flounder.

Staff responses also underlined the importance of bosses and how they influenced the culture of the organisation. Ritchie says: "The managers were technically capable, but their leadership skills needed improvement. They weren't creating an environment where people could flourish. Generally, Active Listening was really low – the managers didn't listen to their people."

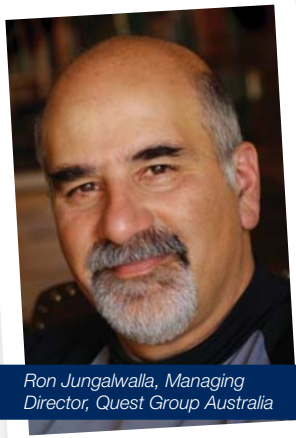
**Changing the Culture**

The response was to create and deliver the Licence to Lead program, a five-month undertaking involving the firm's top 30 leaders. To run the program, Ritchie was joined by Ron Jungalwalla, Managing Director of Quest Group Australia, a specialist firm that designs and delivers team enhancement and leadership development initiatives.

Since gaining his accreditation in 1992, Jungalwalla has become one of the nation's most experienced facilitators of TMS tools and has used more than 1000 Profiles. Licence to Lead included a two-day residential session, where the TMP and LSP assessment were used to deliver fast results.



Simon Ritchie, Partner, Middle Market Advisory, KPMG



Ron Jungalwalla, Managing Director, Quest Group Australia

## PROFIT FROM PEOPLE POWER CONT.

Ritchie explains that incorporating experiential learning into the seminars was critical to “ingrain” the training. “We did all sorts of things – cutting up lino, spiders’ webs, boats on the river – not just for fun but with a program of analysing behaviour.”

Many of the managers in attendance were accountants – they were accustomed to delivering great client outcomes and taking direction and getting feedback from their superiors.

Their CEO, however, wanted them to broaden their roles and have a greater impact on staff in the firm. The TMP and LSP assessments played a vital role in aligning the workforce with this organisational strategy.

“The TMP worked well with senior people,” Ritchie says. “The increase in self-awareness was significant. Managers developed an appreciation for other people’s preferences, and the key message was that they may have to behave outside of their preferences.”

### Delivering Business Results

Part of the Licence to Lead program focused on business impacts, with leaders split into teams and asked to identify an area of waste in the firm. They investigated and reported on it, and then delivered a solution to the problem.

The savings from the solutions were then measured in terms of return on investment (ROI) – a rarity for human resources and training programs. As Ritchie argues, every operation should be examined in terms of what value it adds in the eyes of the final customer. Jungalwalla agrees that the program proved extremely valuable in this respect.

“The ROI was at least double,” he says. “For example, one team re-did the billing system – and the savings went into millions of dollars. I should have charged them more!”

The LSP assessment, which stresses the importance of integrating people and work processes, also helped leaders understand the importance of linking. “There is no such thing as working in isolation in professional services,” Ritchie says. “Everything is a team effort.”

Overall, the program combined theoretical content with practical experiences to ensure engagement and result in higher levels of absorption, retention and application of key insights from the sessions.

“For one day people might be inspired to change, but you need to give them hooks – people retain learning through experiential learning,” Jungalwalla says.

### Assessing Your Profile

On a personal note, Ritchie says the TMP assessment, based on the Margerison-McCann Team Management Wheel, has helped him to recognise and reflect on his own behaviour as a manager and that of fellow executives.

“My deputy was a Concluder-Producer (practical and production oriented), whereas my major role is an Explorer-Promoter (a persuader and seller). When I speak to my team, I think I’m being supportive, but they think I’m checking up on them.”

Ritchie has taken the positive experiences from the Licence to Lead program into his role at KPMG, ensuring he retains a ‘people first’ approach. “Every day for the first month I had lunch with eight people from our team. I’ve eaten a lot of sandwiches, and learnt a lot about our people.”

Ritchie is observing a strong cultural change in professional services firms. “Previously there was a degree of cloudiness around what it takes to get to the next level,” he says. “There was the old-fashioned view of a job for life. You were recruited as a graduate, worked for 10 to 12 years and then become a partner. “Nowadays, offering a 22-year-old graduate a job for life is condemning them to failure in the eyes of their peers. This approach doesn’t work for Gen Y.

“At KPMG, people write their own performance and development plans and career transition is transparent. Our people know exactly what they need to achieve in order to progress to the next position or level.”

### Focusing on People

This people focus is backed by analysis from Harvard University’s James L. Heskett, who has proposed the service-profit chain that describes the important relationship between profits and employee and client satisfaction.

Ritchie says, at KPMG, strong, consistent leadership ensures that the firm understands the value of “our two fundamental assets: people and clients”.

“Managing the relationship you have with your employees is as important, if not more so, than managing the relationships you have with shareholders and customers.”

## ABOUT THE PROFILES



### Team Management Profile (TMP)

This Profile is a personalised report that gives individuals insights into how they work and their preferred role within a team, based on the Margerison-McCann Team Management Wheel. Focusing on work preferences as well as individual preferences makes it easy to connect individual development to operational realities in the workplace.



### Linking Skills Profiles (LSP)

These Profiles identify performance around fundamental people, task and leadership-related skills. It is an individual 360-degree feedback instrument that aids high-performance working. The LSP is based on three essential skill sets – People Linking Skills, Task Linking Skills and Leadership Linking Skills – and assesses the gap between the extent to which the respondent should and does demonstrate the key behaviours for each Linking skill.