

George Bradshaw Address 2015

Lifting the bonnet on Network Rail

Mark Carne

Chief executive, Network Rail

Good evening ladies and gentlemen.

It's a great pleasure to be here among the great and the good of the railway industry.

Tonight, I could have spoken about the doubling of passenger numbers over the last 20 years or, perhaps, to talk through some of the £25 billion worth of projects Network Rail will be delivering in the next 5 years. Perhaps the tremendous electrification programmes, like Great Western; or the amazing station projects, like Birmingham New Street.

But, looking out at my audience tonight, I think you all know these facts well – many of you better than I do, as it was you that helped deliver this extraordinary renaissance in rail travel.

Perhaps if I had been giving this speech two months ago, I would have wanted to talk about the Digital Railway. After all, pretty much anybody who has heard me speak over the last few months will have heard my views on this. I'm a passionate believer in the opportunity we have to lay out the blueprint for a technological transformation of rail in this country; a railway where in just 15 years or so we could lead the world in digital train control, delivering more capacity, reliability, speed and safety all at lower cost and with a smaller environmental footprint.

But despite my passion, tonight I am not going to talk about the Digital Railway.

I am an engineer, but tonight I want to talk about people and culture. Because there is nothing more important to the future success of the railway.

Yesterday marked my first anniversary as chief executive of Network Rail. It has been a rollercoaster ride, but it is thrilling – almost every day! We have amazing people who are hugely committed. You see it very clearly when there is a crisis. But I could also list numerous examples of extraordinary achievement in everyday work – there is much to be proud of.

More we can do

But I don't think that there is anyone in this room today who wouldn't say that there is more we can do. More we must do – because carrying on doing what we have always done, in the same way, will inevitably result in declining performance, in the face of unprecedented rises in demand.

Despite the many achievements of the past, sometimes we let passengers down. I don't think that's acceptable, or just a fact of life. And I understand their frustration – and their anger, which is often directed at our TOC and FOC colleagues, when things go wrong. They, passengers and operators, should be able to rely on us.

So, for me, continuously improving performance is non-negotiable. We need to do better. And if improving performance is non-negotiable, we have to ensure that we are an organisation that has the inherent ambition to be better every day. That is the kind of business that I've come from and that is what I want for Network Rail.

A caring, trusted organisation

But I also believe that simply getting better at the hard numbers will not, on its own, be enough. Too often, I hear that Network Rail gives the impression of focussing on its own priorities and not caring sufficiently about our impact on other people. Society wants to see an organisation that cares about passengers, its neighbours and the communities it affects. Engineering competence, in itself, is not enough.

And the impression of a company is sometimes disproportionately influenced by individual events that live on in their memory. Perhaps not doing enough to ensure proper passenger contingency plans when our own works overrun. Or not giving proper warning before we keep people awake all night doing work outside their bedroom window. Or failing to clear up mess on the track even after they have asked us for months.

Reputations are hard won and easily lost. Anecdotes can quickly become a shortcut to characterise more general institutional incompetence. Stale sandwiches, leaves on the line, the wrong kind of snow. These have entered the lexicon of public conversation about the railway over the last 30 years. This reputational life under the microscope is the reality of life today. So we have to respond by setting higher standards, in everything we do. Care and trust must be the bywords that we live by, not coats we put on only on rainy days.

In the normal competitive world, if you don't deliver service to customers, even in the smaller details, they go elsewhere; they have a choice. And the supplier feels the consequences of the customer's decision. In our industry most passengers don't have a choice. And because they don't really see how their dissatisfaction with Network Rail translates into negative consequences for us, they can start to distrust us. It is clear to me that a lot of the negative media coverage of the railways is driven by this desire to hold us accountable on the public's behalf.

No one likes getting poor media coverage, but it matters. It matters for our people, seeing headlines yet again on their way into work, or even being ridiculed by friends and family. It matters in our quest to attract the best and brightest people to work for us. And it is more difficult to make the case for the much needed sustained investment in the railways.

Let me be clear tonight, we are determined to win the public's trust. If we are to stop being the company that people love to hate, the public needs to see a high performing organisation, yes, but crucially one that demonstrably cares about passengers, its lineside neighbours, the communities it affects and its own employees and contractor partners.

Changing the underlying culture

In the first year in a new job like this, especially it is an industry new to you, you have to first understand the issues, then you have to decide your strategic approach, then ensure the organisational structure is aligned to that strategy and that you have the right people in the key leadership roles that can deliver the strategy. These are all important things to get done early and to get done right. But, to really embed lasting change, you have to change the underlying culture – the way things get done around here. That is much harder to do, it takes much longer – but it is ultimately much more important.

So, one year in, I am going to be unashamedly introspective. I want to lift the bonnet on Network Rail and give you an insight into what we are trying to do to develop the culture inside the company. To create a high performance culture with the ambition to be better every day; a culture where trust and caring is central to who we are.

I believe we have good people in our business. So when I talk about changing culture, perhaps I should say I am talking about leadership – how we create the environment that allows these people to perform to their potential.

I'm a pretty simple person, and I have just two central philosophies that guide my leadership of an organisation and that underpin the culture of the company I want to lead.

Safety and performance go hand in hand

The first is that safety performance and business performance go hand in hand. I see it as a moral and an ethical responsibility to keep people safe, whether that be passengers, the public or our workforce. And I deeply believe that when we have a safe workforce we will keep passengers safe and we will keep the public safe. A genuinely safety conscious workforce cannot run an unsafe railway. I believe that if we demonstrate sincere care for the safety and well-being of our employees, they will reward us with outstanding performance.

While our passenger safety performance is the best in Europe, about 600 railway workers a year – employees and contractors – are injured to the extent that they cannot return to work the next day.

If I were back in oil and gas a comparable figure for the same amount of hours worked would be fewer than 60 people – the difference is that stark. That means that over 500 of our people are getting hurt every year, well over one a day, because our work practices have not kept pace with comparable heavy engineering industries. This is a huge opportunity to improve safety – and with it, to improve performance.

Culturally, I would argue that today, for many of the workforce in the railway, punctuality is what really matters. It is what we – the leaders in the industry – measure and what defines

success. Of course, they will try and do their job safely if they can – but, deep down, they know that performance is king. And I believe that we as leaders sometimes, perhaps inadvertently, reinforce this message by sending signals that suggest we don't care as deeply as we could about our workforce and their safety and health.

We need to turn this around. I know that if we focus on what it takes to do things safely, performance will follow. After all, to do a job safely, it must be well planned, be carried out by competent, motivated people, be well-led, they must use the right equipment in the right way. All the ingredients of high performance... right first time.

There are many strategic elements to improving the safety performance in our company, but I would like to highlight something we have particularly emphasised in the last year, and that's what we call the close call programme.

This is about asking everybody who works in our business, whether a contractor or employee, to look out to see how we can improve safety; and if they see something that doesn't feel right, to intervene and fix the problem or, if they can't fix it there and then, to highlight to someone else the need for it to be fixed. We have too many tragic accidents caused by behaviours and conditions that others had seen and walked past. I spoke recently to a young man who had his leg amputated because equipment failed and crushed him. The equipment had failed previously, but nobody had reported it..

And we have had people die in road traffic accidents in the last year because they weren't wearing a seatbelt – and yet their colleagues sitting next to them didn't intervene. These are appalling tragedies that have, at their root cause, a culture that we must change.

This is not the hallmark of the caring industry I want.

A supportive environment

The caring culture notion doesn't extend just to safety but to physical and mental health as well. In society today we know that around one in four people each year suffer from a mental health problem of some kind. I want people at Network Rail to feel they are working in a supportive environment where help is at hand.

But the culture we want here in Network Rail is not just about a supportive environment. It is also about creating a demanding culture where we hold people to account, but in a fair and transparent way. A culture where people understand the safety rules and the consequences of the decisions they take. I have been clear right from the start, that safe behaviour is a requirement of working for Network Rail.

And this applies to employees and contractors equally – and right up the line of command; not just for those at the sharp end who can be the victims of a set of cultural circumstances that they have had no part in creating.

One recent incident comes to mind, where we were doing some work on track in Wales, in the middle of a stormy night, where a number of factors led to a potentially life threatening accident. Only one train uses that line a day – so why, in the planning, did we decide to do this work at night when the risks were very clearly greater?

Many of you tell me that poor planning is a problem for our industry performance and I know that poor planning lies behind most safety incidents.

History shows us that the root cause of accidents lies months or years beforehand, in the design, budgeting, planning and contracting processes. That is why a safety conscious culture has to be led right through an organisation. Indeed, I would argue, right through our industry.

Showing we care

We also need to show by our actions as leaders that we care. This is one of the reasons why I have been so focused on what I call the 'tidy railway'. To me, it is inconsistent to be talking about caring for your workforce, if you then put them out onto a railway which is frankly a bit of a scrap heap.

We have a huge programme now to pick up tens of thousands of tonnes of scrap rail, tens of thousands of tonnes of old sleepers and we are cutting down hundreds of miles of buddleia along the railway.

It is not just tidying up the physical trip hazards; it is also making the railway look more pleasant for our passengers and more professional for our staff. Anybody who takes the train out of Euston or King's Cross today and at many other locations will notice the graffiti that has been removed.

The message is clear. We care about passengers, we care about our lineside neighbours, we care about our worksites, we care about our people and we care about the railway.

Better every day

My second business philosophy is also really very simple. We should have the ambition and desire to be better every day. We must strive, through structured continuous improvement, to deliver a better service every single day. And when you don't face the same level of competitive pressure as most commercial sectors, which we clearly do not, then it is the role of all our leaders to drive that ambition through the company.

What does this mean in practice? Well there are clear parallels with the oil industry, where I come from. At one stage, over ten years ago, I was responsible for the production from Shell's North Sea fields. We operated about 25% of the UK's energy supply from over a hundred offshore oil and gas fields. To those men and women working offshore we were, essentially, a monopoly. Nobody was going to take our business – we had a license for decades. And we made so much money there was no competitive threat.

As with Network Rail, we needed to inspire performance from employees who were pretty isolated from customer pressure and, in many cases, effectively felt they had a job for life. It was here that I learnt a lot about getting the best from people and about the power of believing that we should be better every day.

So I start from a simple place.

I want a culture where everyone has the opportunity to deliver to their maximum potential.

A high performance culture

In the kind of high performance culture that I want, everyone's ideas must be welcomed. The people who know the best ways to improve performance are often those closest to the sharp end. Our job as leaders is, in a way, to turn the organisation upside down, to listen to those with the ideas, to help them prioritise and to then enable people to make the changes needed. This cannot be done in an unstructured type of way – it is restless innovation within defined boundaries. So we need transparent performance targets to focus people's creativity and there must be clarity of accountability and a clear 'line of sight' reporting process.

So now, to support our performance management approach, we are rolling out what we call 'control rooms' right across the company. These are cascaded, short-cycle team-based performance discussions. Ideas to improve are constantly generated, prioritised and actions defined. Progress will be monitored relentlessly so that teams know how they are doing. We will use process analysis techniques, analytical modelling, to systematically identify the opportunities to improve. These are the core ingredients to what we call structured continuous improvement, and the teams that are furthest developed in utilising this approach are the ones that are delivering the best performance.

Just a couple of simple examples. After six months of corporate focus, we have already reduced temporary speed restrictions by 30% – some of them having been in place for years. And our new approach to vegetation management, as I heard just last week talking to a driver on a train cab ride into Waterloo, has really improved autumn adhesion, drivers' confidence and sighting distances.

This is basic stuff, but too often we have allowed the basics to be forgotten as we divert the organisation onto yet another fad or initiative.

This structured approach, built on getting the basics right and delivered better every day, is not new to industry. Many of you perhaps adopt similar techniques today. It is certainly common in manufacturing, and in other areas of big engineering. It works, and we will rigorously apply this to the management of our railway network.

A stronger relationship with operators and suppliers

This way of working is best when you take a whole system approach. Partly for this reason, I am a strong advocate of stronger relationships with operators, whether that be through formal alliances or just closer working. It is very often in the interfaces between our organisations that some of the best opportunities to improve exist. I also extend this thinking into our supply chain. I like working with profitable suppliers. I like building successful relationships that encourage innovation and new ideas – and I believe our contracts should reward this. Commoditising the supply chain and contracting in a way that creates a race to the lowest margins is not sustainable. A long term partnership with suppliers gives them the chance to build improvement into their work. They don't have to worry about chasing the next small contract. Equally they can recruit and invest in training with confidence.

There is another dimension to continuous improvement that is important. People need to get feedback, to know how well they are doing against targets. Throughout CP4, we had a company incentive scheme that was, frankly, pretty incomprehensible. I don't believe it acted as a true incentive as our employees couldn't understand how they could directly impact it.

So, we now have a transparent business performance scorecard that we publish every month and which tells everyone in the company, and indeed the public at large, how well we are performing and where we have more to do. Being open with our own staff, and with the world at large, is an essential step to winning trust. Even if, as today, it feels painful: because our scorecard shows so clearly where we are not yet delivering.

Open and transparent

Being transparent and open will ultimately engender trust, which is why I welcome Network Rail coming under the Freedom of Information legislation in March.

I do not underestimate the challenges that Freedom of Information will bring, this will be difficult. But society has a right to know how we take decisions. If we have to make judgements about capital allocation to improve safety at level crossings, for example, I believe society has the right to understand the trade-offs we have to consider.

I also believe that society has the right to know how and why something has gone wrong. So, when we failed passengers at King's Cross and Paddington at Christmas, I immediately said we would have an open report delivered within a fortnight. I think this probably surprised some

people in the industry –that we were prepared to be so blunt, so open and transparent about the problems we had had.

There is another aspect to being better every day, that I would now like to focus on – creativity and innovation.

I believe people in Network Rail should be valued for the quality of their ideas, not where they happen to sit in the organisational hierarchy or how well they conform to the deep set historical norms in our industry. Diversity and inclusiveness are therefore fundamental to the kind of culture that we have to have.

Diversity and inclusion driving innovation and performance

A truly diverse organisational culture is one where people are able to be themselves, where they can bring 100% of themselves to work. They don't have to act, to conform, to pay lip service to stereotypical norms of behaviour. And this applies to women, to men, able bodied or not, to people of different ethnic backgrounds, religion or sexual orientation. I simply don't believe these 'labels' have any place in business today.

There is now a proven correlation, across multiple sectors and geographies, between diversity and inclusion on the one hand, and innovation and high performance on the other.

To take an example I know well: when women started becoming a much more visible presence on the oil and gas platforms in the North Sea twenty years ago, the difference they brought was profound. The extreme macho, and frankly unsafe, culture that was a hallmark of the industry in the 1970s and 1980s changed dramatically and forever.

Today, women make up only 14% of the Network Rail workforce. It is hardly surprising that under such circumstances we still have what many would describe as a macho culture within the company.

And to make matters worse, at the current rate that the numbers of women in our business are increasing, it will take another 65 years before we achieve 30% – a level which is seen as a tipping point for organisations looking to benefit from gender diversity. We have to encourage more women to want to pursue technical careers so that the application rates change. But I am also a strong advocate of positive action to help compensate for the inherent bias that can occur in male dominated societies. They should be shortlisted if they have the qualifications. They need development plans and proper mentoring arrangements.

This is not the same as positive discrimination, but it does recognise that if you do not take some action to compensate for the inherent biases that must exist, the bad habits that have persisted in the past will carry on in the future.

But this is not just about women. We are also taking big steps to enhance the attractiveness of Network Rail to minority groups; we now have vibrant networks for minority groups to provide support and inspiration. That is why we call our strategy around diversity and inclusiveness, simply "Everyone".

Structured, continuous improvement is dependent on people being willing to challenge the status quo. If things stay the same, they can't improve. Diversity and inclusion aren't just nice-to-haves – political correctness. They are powerful tools to help any organisation improve its performance.

I know we can create a high performing culture. Indeed I believe it should be easier in the railway than it was in the oil industry because our people are so strongly motivated by the public service element of our job. We know our employees come to work wanting to do a good job, inspired by the importance of the railways to people and society at so many levels.

So, I believe that if we can succeed in creating the high performance culture I aspire to, we can be seen as succeeding, we can be trusted and we can become an industry that the best want to join.

Conclusion

So, in conclusion: we as a company have huge responsibilities and face many challenges.

Our country needs us to succeed. To do so, we have to perform and we need to regain the trust of passengers.

We have to deeply care, to remember who we are working for and why.

Safety and performance go hand in hand, so getting the best from our people means demonstrating care for their safety, health and wellbeing.

To achieve success we must create a fair organisation where everyone has the opportunity to deliver to their maximum potential.

And building the ambition to be better every day will be founded on focus and rigour, but also on inclusiveness, creativity, collaboration and teamwork.

Some may say that there is no way we can drive these sorts of culture shifts in the railways, that it is just a dream.

It is not. I accept that we have a long way to go, but we know what we have to do and we are already on the way.

Thank you very much.