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Getting ready for recovery

Why people love working at WL Gore

Leadership education and the downturn

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Director magazine

The best of British business

Director is a monthly business magazine for the UK's key decision-makers. Circulated to members of the Institute of Directors (IoD), it has an unrivalled record of over 60 years of business publishing.

Director is nevertheless looking to the future. The magazine underwent a radical overhaul in 2008, with a widely acclaimed redesign that streamlined the content and made it an even more essential read for the UK's business leaders.

Every month, the magazine focuses on the people who run British business. Each issue features interviews with leading figures from across the full range of UK organisations. Regardless of the size, sector or specialism of the business they are in, *Director* readers know the magazine will always be relevant to the decisions they are making every day.

Highlights from recent issues have included interviews with:

- **Sir Rocco Forte**, in which he revealed what he likes and dislikes about other people's hotels and why he thinks climate change is a waste of time
- **Sir Martin Sorrell** on the best ways to survive a major downturn or recession
- **Camila Batmanghelidjh** on how to harness the potential of young people
- **Mike Harris**, the brains behind Egg and First Direct, on the power of innovation
- **James Caan** and **Peter Jones**, from the BBC's *Dragons' Den*, talking about the UK enterprise and the need to sharpen our skills
- **Martha Lane Fox**, on life after Lastminute.com and the work of a non-executive director
- Interviews and analysis with the leading UK retailers on the impact of the credit-crunch
- **Will King**, founder of King of Shaves, on his battle to take on the major razor brands
- **Tim Smit**, environmental campaigner and creator of Cornwall's Eden Project
- **Craig Sams and Josephine Fairley**, on the success of their organic chocolate company, Green & Black's



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Fabric of success

Words: Tina Nielsen

Famous for tearing up the management rulebook, WL Gore operates without bosses in an environment where trust, freedom and innovation are prized. Little surprise then that the hi-tech pioneer's staff are so loyal



COMPANY PROFILE



Leading by example: chief executive Terri Kelly joined WL Gore as an engineer straight from university 26 years ago. Many staff stay with the company because they are allowed to develop their ideas

A workplace without managers, where no one tells you what to do and everybody is expected to voice their opinions may sound like utopia for employees. But at US engineering giant WL Gore it has been reality for more than 50 years. Chief executive Terri Kelly believes that a flat structure doesn't mean there's no framework. "Gore is designed around trying to drive individual ownership and empowerment," she explains. "We do have divisional leaders and functional leaders, but the difference is how they behave in these roles and how they get there."

Described as a big company that behaves like a start-up, Gore was set up by Bill and Vieve Gore in the basement of their home in 1958, initially as an electronics company. All of the company's products are based on one material, a polymer called ePTFE (expanded polytetrafluoroethylene).

The company has been granted more than 2,000 patents worldwide and today Gore's material is found in boots, headwear, gloves and jackets, in spacesuits worn by Nasa astronauts as well as in guitar strings, dental floss and medical equipment. Perhaps best-known for its Gore-Tex fabric, the business is represented in 30 countries, with 9,000 employees ("associates") across the world; in the UK it has two facilities in Scotland employing 460.

When Bill Gore set up the organisation, after 17 years as a research chemist with DuPont, he aimed "to make money and have fun doing so". He thought it was important for people to do something they are

passionate about and built the business on four principles: freedom, fairness, commitment and waterline, meaning that everyone consults with other associates before taking actions that may be "below waterline", causing serious damage.

People who work in small teams within a formal hierarchical structure are substituted at Gore by lattices based on direct communication between associates; people become leaders based on their ability to gain their peers' respect and attract followers.

Gore decided that each plant could only hold a certain number of associates. "He studied at what point you get a diminishing return when a team gets too big and you don't see the synergies and the quality starts to fall," Kelly explains. "He found that when you get more than 150 to 200 people it really starts to change and you get a different dynamic because people don't know each other's names."

Today the company continues to build plants as it expands. It means that in and around Delaware in the eastern US, where Kelly is based, there are 18 bases within a 30-mile radius. "You might look at it on paper and think it looks costly, but you get a very different level of energy and focus because when folks feel they are just one of many they don't have the same attention or focus," she says.

The formula has resonated with staff and Gore has repeatedly ranked top of the *100 Best Companies to Work For* listing, coming first four years in a row. In the 2009 survey 84 per cent of staff felt they could make a difference and 86 per cent that they could give a valuable contribution towards the success of the



company; 84 per cent loved their work; and 87 per cent were proud to work for the organisation. More than a quarter said they had fun with colleagues and thought teams cared about each other while 80 per cent did not feel under pressure to perform.

“Everyone at Gore has an overwhelming sense of belonging. Everyone is in control of their own destiny in terms of how they behave, what opportunities they get and personal growth,” says Faye Bewley, chief operating officer of Best Companies, which produces the listing with the *Sunday Times*.

Kelly is typical of Gore associates who stay once they join. Having joined as an engineer straight out of university, she became chief executive in 2005 and has spent 26 years with the company. “People work there and they stay because they can develop ideas—leaders become leaders because others follow their ideas,” says Graham Johnson, associate director for leadership at the Work Foundation.

Bob Doak, a leader in Gore’s medical division in the UK, believes joining the company can be unsettling at first. “I had never experienced anything so free-

flowing or openly challenging from everybody in the room. In hierarchical structures one or two people might take on the boss, but not many,” he says. “It was exhilarating but bizarre.”

Recruits are helped to settle in by being allocated a sponsor who advises on commitments, and in line with the Gore culture new employees are free to choose another sponsor if they find that someone else can assist them better.

Bill Gore was inspired by Douglas McGregor’s *The Human Side of Enterprise*, which viewed people as self-motivating problem-solvers rather than disinterested in their job and motivated only by money. Convinced that conventional business models did not reap optimum results, he began building a company based on innovation, where people would be free to create. From the outset, all employees were allowed half an hour every week of “dabble time”, which they could spend as they wished as long as they fulfilled their main commitments.

WL Gore’s success spun out of a moment’s dabble time in 1969 when Bill’s son, Bob, found a way of stretching PTFE; the material staff worked with at the time. The result—ePTFE—proved to be porous and durable at the same time, and its discovery was a springboard to success in many areas.

Associates are not assigned projects but they are expected to take on as many or as few commitments as they want. Once signed up, though, they must fulfil obligations. “We don’t look over anybody’s shoulder,” says Doak. “When you walk in the door we presume trust in an individual. You have to

“YOU MIGHT LOOK AT GORE ON PAPER AND THINK IT LOOKS COSTLY, BUT YOU GET A VERY DIFFERENT LEVEL OF ENERGY AND FOCUS”



FREE SPIRITS

Company WL Gore
Founded 1958

Sector Engineering

Products Fabric laminates, medical implants and, most famously, Gore-Tex

Staff 9,000

Annual revenue \$2.5bn (£1.5bn)

In their own words “You don’t arrive as a leader here. Candidates may have the competencies and the hard skills but they haven’t built the followership”



build up credibility, but we trust you from day one.”

Bewley says that such an approach makes a difference. “In many organisations people aren’t treated like adults and many just sit and wait to be told what to do. At Gore, they don’t have to tell people what to do because it is about people using their own initiative and taking responsibility for what they do.”

Johnson says this will also have helped the company ride out the recession. “People at Gore are willing to find ways to make it work because the relationship between the associate and the organisation is different from what it would be in a heavily structured organisation. We all need to be so much more creative now just to stand still, so organisations like Gore that tap into employees’ ideas have a much better chance of getting through the recession.”

Associates rank each other in annual surveys and staff build so-called “followership” among peers. “People want to be led by one person as opposed to another and we watch that in the organisation because they end up becoming the next leaders,” says Kelly. Associates are asked who makes the greatest contribution to the company. “We leave it very broad because it can be in terms of an invention they have come up with or the huge impact they have had on a team in terms of leadership.”

Seniority has no bearing on remuneration but people who make the biggest contribution are invariably the more highly regarded and rewarded. Hiring leaders from outside the organisation is avoided. “You don’t arrive at Gore as a leader. Candidates may have the competencies and the hard skills but they haven’t built the followership,” says Kelly. “We prefer people to join the organisation and get a chance to learn and experience, and navigate through the Gore culture before they get thrust into that kind of leadership role.”

Willingness to cede power is vital in her job. “I

A GORE GUIDE TO MANAGEMENT

1 Belief in the individual If you trust individuals and believe in them, they will be motivated to do what’s right for the company.

2 Power of small teams They encourage fast decision-making, diverse perspectives and collaboration.

3 All in the same boat Associate stock plan means all staff share in the risks and rewards. It gives incentives to contribute to the organisation’s success.

4 Long-term view Investments are made for long-term success and fundamental beliefs never sacrificed for short-term profit.

Open minds: Bob Doak, of WL Gore’s medical division in the UK, says there’s no hiding place at the company. “You’ll be challenged; not by peers but by those you might be leading, so some of the challenge is involving everybody”

don’t even try to manage the businesses. Because we are so diversified we want the divisions that are expert in different fields to have the right people to make those calls. My job is to make sure that the whole structure works as a system.”

Job titles are avoided generally in the business. “I think there is a real association where a title gives an assumed authority that makes you responsible, but it puts people in a box,” says Kelly.

Working in a company without set career paths and few formal structures does not suit everyone. “Some folks are more comfortable with having a five-year plan and knowing how they are going to move from stage one to two, three and four,” Kelly adds. “At Gore you are given the tools and the knowledge, and you need to figure out how that path will develop for you, which can be frightening for some but for others, it is invigorating.”

Staff are given stock ownership after their first year at Gore. “The idea is that everyone feels some connection so as the company value grows they are contributing and benefiting from that.”

Bewley believes that working for Gore is not about great pay and benefits. “I’m sure they are competitive but people are there primarily because they can be in control of their personal growth.”

While the Gore approach works well in the US, it must have been a challenge to implement in other cultures across Asia and Europe. Not really, says Kelly. “The values are the same ones as they want in Asia. Who doesn’t want to be believed in? Who doesn’t want to feel they can make a huge contribution? Most people want to be part of a team.”

But she concedes there has to be room to adapt. “If you go to Korea it is unheard of not to have business cards that clearly says a job title, and we have to respect that because it is important for them to communicate that to their customers and their family. So they have cards with all kinds of fancy titles, but the difference is that in Gore they know that doesn’t mean they can behave differently.”

Gore is still more studied than emulated, and though many companies have shown an interest in copying its style, often, says Kelly, it is just the success and not the model they want to replicate. “Sadly, often the leadership is not motivated to change some of the fundamental ways they operate.”

Doak says Gore offers a refreshing challenge. “When you are a leader in a hierarchy it can be nice but lonely. Sometimes here there is no hiding place and you will be challenged; not by peers or people above you but by those you might be leading, so some of the challenge is involving everybody.”

Gore has slipped in the Best Companies listing in the past year, but the company continues to be a model organisation. “WL Gore set the benchmark for the years when they were top because they raised the bar in terms of levels of employee engagement and how they operated,” explains Bewley. □

