

Case study – Cougar Automation

October 2015

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Cougar Automation case study

Background

Cougar Automation is a medium-sized software engineering company, with regional offices across the UK. In providing bespoke software solutions to clients, the organisation has opted to compete based on the high quality of service, rather than the lowest cost. Building close relationships with clients and delivering excellent service is, therefore, essential, and is reflected in the organisational strategy and the way the work is organised day to day.

Cougar Automation is managed by a leadership team made up of the company owner, chairman and local business directors, who firmly believe in the virtuous circle of happy people delivering a fantastic service, creating happy customers, which drives profitability. The employees are viewed as the starting point of the value chain and as one of the organisational stakeholders. One business leader explains:

'It's all about the customer service. There's a system integrator like us in every town, so it's quite hard to differentiate yourself, unless we deliver fantastic customer service. We've come to learn over time that an integral part of that is having the people who are very happy, and fulfilled, and trying their best. We are trying very hard to create an environment where people are playing to their strengths. That in turn makes them perform better, which results in better customer experience.'

In order to provide the right environment for the 'cats' – as Cougar employees are referred to – the business planning is flexible

and is led by the teams who are the closest to the customers, rather than being driven top-down by the management. This diffused decision-making is supported by democratic decision-making processes (including an election of the company leader), appropriate team structures (based on cultural fit as well as skills) and collective reward systems.

Achieving a democratic organisational culture

Involvement of staff in the decisions that impact the organisation is a distinctive feature of the way Cougar Automation is run. This way of working was demonstrated at a particularly difficult time during the recession. At the time, the company was struggling to maintain cash flow and was forced by the creditor to make more cuts to remain in operation.

Recognising the drastic impact that further cuts would have on staff, the leaders decided it was important to involve them in the decision. Although the cuts were unavoidable to keep Cougar in business, they realised there were different options to choose from in terms of how the impact would be shared by the employees. The management presented employees with two alternatives: making redundancies, or agreeing a collective 10% salary sacrifice. One of the current employees said:

'When the recession came, we were at the lowest point of the spend cycle in the water industry [that the business relied on] so it hit us quite heavily financially. And the

management team put a proposal together: "Either the whole company sinks or we have to make some changes." The two options were making colleagues redundant or everybody tightening their belts and we ride it through.

'It was put up for a vote, and everybody decided that they would take a salary sacrifice. I think that was the first big vote that we had in the organisation, where it could affect the business as a whole. It was spelled out that everybody has to vote, and unless it was unanimous, unfortunately we'd have to go down the redundancy route.'

As a result of the vote everyone chose to opt for the salary sacrifice, with the higher earners taking the biggest cut and those on the lowest salary losing nothing, cultivating a feeling of being 'all in it together'. Since then transparency and employee involvement in decision-making is one of the principles for Cougar Automation. For example, the company council is used as one of the channels to provide a full view of different opinions on various decisions, such as debating company benefits. The leaders attend the discussions to hear people's perspectives and then make a decision based on what is best for the business as a whole. Another vehicle for employee voice is the staff intranet and an annual employee satisfaction survey, where the business leaders personally respond to all questions and comments about the way Cougar Automation is run.

‘The core philosophy of Cougar Automation is that decisions should be made by the most capable, rather than through an arbitrary hierarchy.’

The leadership team commented on the value that employee voice brings to making the right decisions for the organisation:

‘This doesn’t mean we always give a “yes” answer on the suggestions that are made. But we must explain why we’re taking the decision we’re taking, and how we came to that decision. The question might get referred to the company council, so a selection of employees across the company will discuss it, and then there might be a resounding “no”. So we have to be consistent.’

‘There have been a couple of occasions where things were put on for discussion at the company council [and the leadership team thought] people were going to love this, but the discussion showed they didn’t. So, had we decided as a leadership team to go ahead with that, without asking the staff, it would have been hated within the company.’

Devolved decision-making

The core philosophy of Cougar Automation is that decisions should be made by the most capable, rather than through an arbitrary hierarchy. Being closest to the customers, teams set their own targets and decide how to achieve them, including being responsible for their own budgets. This is why Cougar’s recruitment and management systems are set up to encourage people to play to their strengths and to reward talent and hard work.

The organisation’s flat structure provides people with opportunities to move across teams or to become project managers, according to their individual strengths and ambitions. In this structure team leadership is not viewed as an upward step, but rather a different set of skills that an individual might wish to develop. The role of the project

managers is to motivate the team – ‘just grease the wheels’ – enabling people to do what they do best. A salary ‘belt’ system rewards people based on merit, with individuals moving up as their value to the business increases.

One of the team leaders said:

‘The progression with the belt system is down to the individual. Some people progress at that very, very slowly because they’re not very ambitious; that’s fine, they just want to come in, they’ve been doing this job for ten years, they love coming in and they’re solving the problems, that’s fine. Other people are very, very ambitious, always pushing for more responsibility, for more experience more knowledge. They battle through it pretty quickly but all we do is just judge them on their skills, capabilities and their value to the business, where their value will increase.’

The high degree of mutual trust between the business and the employees requires an environment which supports individual ability to perform.

All salaries, team performance and employee feedback are visible to everyone, which creates a high level of autonomy and individual responsibility for performance. People are trusted to be professional in their behaviours and are empowered to make their own decisions and choose their way of working, as long as they achieve the end goal. One example of this is that no authorisation is required for holiday or expenses. The culture of trust and open-book management encourages the employees to think of it as their company and are all committed to making it a success, which is reflected in the levels of service delivered to the customers.

Similarly, the teams are responsible for their own recruitment, where new skills are required to deliver projects effectively, and determining the amount they spend on training and reward in balance with achieving profitability targets. Development and progression are discussed collectively, depending on the contribution of each of the team members to the overall goal.

One project manager explains:

'We all work for the same goal. Obviously in our team we have our principles which all of us work towards; as long as the project doesn't suffer, the customer's happy, how we get there is up to us. So as far as I'm concerned they could all go and work on the golf course if they want.'

'All the bureaucracy has been pushed to one side, and we just focus on getting the job done, and do whatever needs to be done to get to the end result. Just get

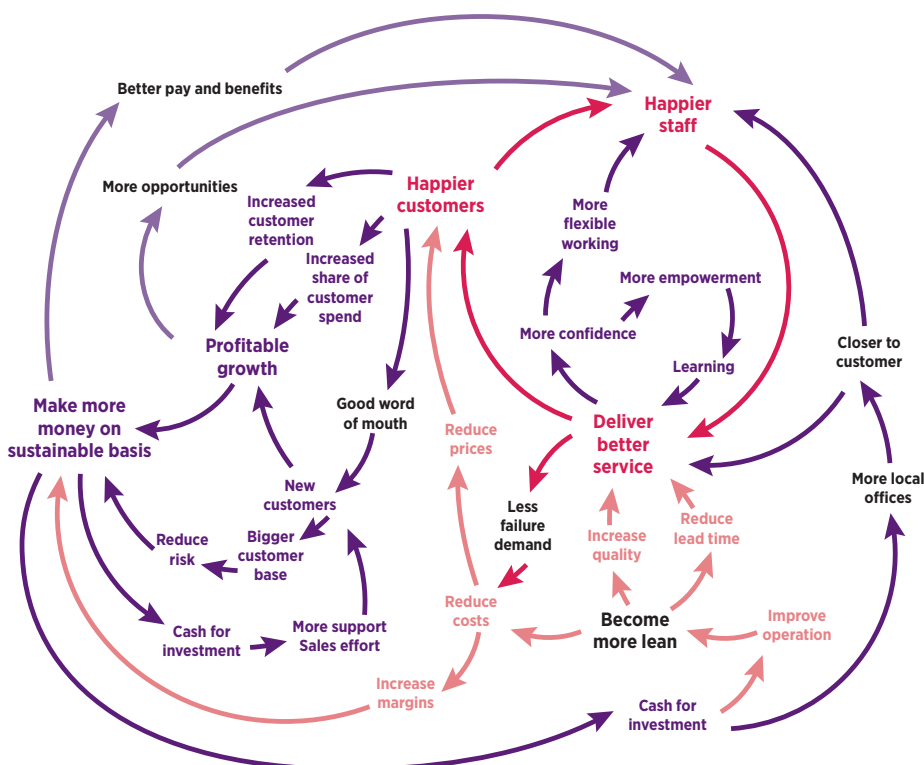
what you need to get the job done, within reason, obviously. There's no issues about, "Go and raise an order, get your boss to sign it, get his boss to sign it" and all this. There's none of that.'

Key findings

The vision at Cougar Automation (happy 'cats', happy customers, eliminate waste) is illustrated by the figure below. This is enabled through:

- commitment to employee happiness, expressed in autonomy and flexibility at work
- collective culture, fostered through organisational structures and job design
- democratic decision-making, where the people closest to the customers are empowered to make key decisions
- a reward and development structure that supports individuals in playing to their strengths.

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Issued: October 2015 Reference: 7124 © CIPD 2015