

## **George Bradshaw address 2015**

### **Mark Carne, Chief Executive, Network Rail**

Good evening ladies and gentlemen,

It is a real privilege for me this evening to be amongst so many railway friends delivering this Bradshaw address.

I am quite sure that many of you, as railway people, came here expecting me to talk about the extraordinary success of our railway in this country today.

I expect you thought I would talk about the doubling of the 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, the Digital Railway would have been what I would have wanted to talk about. 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 we could lead the world in digital train control, delivering more capacity, reliability, speed, safety all at lower cost and with a smaller environmental footprint.

But no, tonight I am not going to talk about the Digital Railway.

Yesterday marked my first anniversary as chief executive of Network Rail. In the first year in a new job like this, 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 transform an industry, you have to change the underlying culture – the way things get done around here -and that is much harder to do, it takes much longer – but it is ultimately much more important. So, one year in, unashamedly introspective, that is what I want to talk about tonight.

Today 4.5 million people, every day, rely on us. And sometimes we let them down. I don't think that's acceptable, or just a fact of life. And I understand their frustration – and their anger – when things go wrong. They should be able to rely on us.

So, for me, performance is non-negotiable. We need to do better. The challenges are there for all to see, whether it be about the unprecedented pressure on the network, train punctuality, ticket prices, the increasing costs of many of the huge projects we are delivering, or indeed public safety at level crossings or the safety our workforce.

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 have been privileged to grow up in, that is what I want for Network Rail, and that is what I want to talk about tonight.

But I also believe that simply getting better at the hard numbers will not, on its own, be enough. Something I hear, in different ways, from lots of different people, including some of you in this room, that too often Network Rail gives every impression of focussing on its own priorities and not caring sufficiently about our impact on other people.

And we know what people want. Yes, they want to see an organisation they can trust to improve the railway and to keep passengers safe. But it is very clear to me that they want more than just engineering competence. They want to see an organisation that cares about passengers, its neighbours and the communities it affects. We need to get the big things right, but so often we let ourselves down with the relatively little things. Not giving proper warning before we keep people awake all night doing work outside their bedroom window. Failing to clear up mess on the track even after they have asked us for months. Not being seen to do enough to ensure proper passenger contingency plans when our own works overrun.

Getting this right is a prerequisite for success - not a nice to have.

In the normal competitive world, if you don't deliver service to customers, they go elsewhere; they have a choice. And the supplier feels the consequence 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 translates into negative consequences for us, they can start to distrust us. And a lot of the negative media coverage of the railways is driven by this desire to hold us accountable on the public's behalf.

I think that it is time to acknowledge that we as Network Rail, but also to some extent we as an industry, have lost some of the public's trust. And this matters. No one likes getting poor media coverage, but the reality is that the less people trust us, the more difficult it will be to make the case for the much needed sustained investment in the railways.

But if we get this right, public trust and confidence will grow. Future investment will be easier to secure and we will be able to build a better railway for a better Britain. Let me be clear tonight, I am determined to win the public's trust back.

To win trust back, I believe the public needs to see a high performing organisation which demonstrably *cares* about passengers, its lineside neighbours, the communities it affects and its own employees and contractor partners.

So, as I said, tonight 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.

Let me start by saying we do have amazing people in the railway industry. People will do extraordinary things to keep the railway running. So when I talk about changing culture, perhaps I should say I am talking about leadership - how we create the environment that allows great people to perform to their potential.

I have two central philosophies that guide my leadership of an organisation and that underpin the culture of the company I want to lead.

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.

So my following comments are focused on workforce safety – be that contractor or rail company. I would argue that today, for many of the workforce in the railway, punctuality is what really matters – it is what we 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 as leaders we sometimes, perhaps inadvertently, reinforce this message because we send signals that certainly don't suggest we deeply care about our workforce and their safety and health. I will demonstrate this later.

I believe 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...

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 that works in our business, whether a contractor or employee, to look out to see if they can 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 that were caused because of behaviours and conditions that others had seen and walked past. I spoke recently to a young man who lost his leg because equipment failed and crushed him. The equipment had failed previously, but nobody had reported it... And we've 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.

The caring culture notion doesn't just extend to safety but extends to physical and mental health as well. We now have a ten-year strategy to improve the health and wellbeing of our people so that everyone is fit for the future.

We have a programme of physical health awareness and we are tackling the more difficult issue of mental wellbeing. 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 this 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 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?

We also need to show by our actions as leaders that we care. The planning example I just gave highlights this. But caring is also 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 routes.

It is not just tidying up the physical trip hazards; it is also making the railway look more pleasant for our passengers and staff. Anybody who takes the train out of Euston or Kings Cross today 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.

My second business philosophy is also quite 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 and managers drive that ambition through the company.

What does this mean in practice? Well there are clear parallels with the oil industry. 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 on, for example, the Brent platforms 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 drive performance from a group of 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.

You see, ultimately, great corporate performance will only come from great collective performance. And that must be founded on great personal performance.

So I start from a simple place.

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

If you get the best from everyone – the sky's the limit. Easy to say, hard to do – but that is at the heart of what we are trying to achieve.

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 anarchic 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.

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 is monitored relentlessly so that teams know how they're doing. We are using process analysis techniques to systematically identify the opportunities to improve. These are the core ingredients to what we call structured continuous improvement and our customers will see the benefits. 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. We have reduced temporary speed restrictions by 30% in six months of focus and our new approach to vegetation management, as I heard just last week talking to a driver on a 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 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.

These approaches require people 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, as our scorecard shows so clearly where we are not yet delivering.

Being transparent and open will 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 fail passengers as we did at Kings Cross and Paddington at Christmas, I immediately said we would have an open report delivered with 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.

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 about only 14% of the Network Rail workforce. It is hardly surprising that under such circumstances we still have what many describe as a macho culture within Network Rail.

And to make matters worse, at the current rate that women 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 young 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. 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 also are really taking steps to enhance the attractiveness of Network Rail to minority groups; we now have a vibrant group of 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. They're 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 too, we can be seen as succeeding, we can be trusted and we can become an industry that the best want to join.

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 call this a dream, that there is no way we can drive these sort of culture shifts in the railways.

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. And I would love to hear what you think of my vision and, perhaps, how you may be able to help.

Thank you very much.

## Mark Carne



Mark Carne became chief executive of Network Rail in February 2014.

Previously he was executive vice president for Shell in the Middle East and North Africa, responsible for the company's business in a vital, but volatile region at a time of significant political change

He was executive vice president and managing director for BG Group in Europe and Central Asia following a 21 year period spent in a variety of roles with Shell - including responsibility for Shell's oil and gas platforms in the North Sea and as managing director for Brunei Shell Petroleum.

He studied engineering at Exeter University and is a Fellow of the Institute of Mechanical Engineers. He has strong Cornish roots and is an Independent Governor of Falmouth University. He is married with three children.