

# Johnson Matthey's Peer-Powered Leadership Evolution Propels

Johnson Matthey and EY Lane 4

Best Unique or Innovative Leadership Development Program

November 2024



### **Company Background**



Company-at-a-Glance		
Year Founded	London	
Revenue	1817	
Employees	USD \$19Bn in 2022	
Global Scale (Regions that you operate in or provide services to)	11,417	
Customers/Output, etc. (Key customers and services offered)	From a single office in London in 1817, JM has built a global presence with significant operations in more than thirty countries.  JM supports their customers' needs from 43 major manufacturing sites all around the globe, providing	



consistency and quality, from South Africa to North Macedonia, the USA or China. As JM moves into its third century they are continuing to invest in their footprint to ensure they are best positioned to serve our customers and future demand.

#### Inspiring science, enhancing life

As a global leader in sustainable technologies, JM applies cutting-edge science to create solutions with their customers that make a real difference to the world around us.

JM has been leaders in their field for more than 200 years, applying unrivalled scientific expertise to enable cleaner air, improved health, and the more efficient use of our planet's natural resources.

And now, as the world faces the challenges of climate change and resource scarcity, JM has an even bigger role to play. Johnson Matthey will be central in accelerating the big transitions needed in transport, energy, chemicals production and creating a circular economy.

#### **Accelerating global transitions**

Johnson Matthey's vision is for a world that's cleaner and healthier, today and for future generations. And so, JM are making it their business to help address the four essential transitions the world needs for a sustainable future:

- Driving down transport emissions
- Transforming our energy systems
- Decarbonising chemicals production
- Creating a truly circular economy

JM serves five main customer segments:

#### **Transport**

Fuel cells



	Mobile emissions control		
	Iviobile emissions control		
	Energy		
	<ul> <li>Biorenewables</li> <li>FCC Additives</li> <li>Hydrogen</li> <li>Purification</li> <li>Stationary emissions control</li> <li>Sustainable aviation fuels (SAF)</li> </ul>		
	Chemicals		
	<ul> <li>Ammonia and nitric acid</li> <li>Formaldehyde</li> <li>Low carbon solutions</li> <li>Methanol</li> <li>Oleochemicals</li> <li>Petrochemicals</li> <li>Process licensing</li> <li>Edible oils</li> </ul> PGMs and circularity <ul> <li>PGM chemicals and catalysts</li> <li>PGM industrial products</li> <li>PGM market research</li> <li>PGM prices and trading</li> </ul>		
Industry	PGM prices and trading     PGM recycling and refining		
Industry	Specialty chemicals and sustainable technologies		
Stock Symbol	London Stock Exchange: JMAT		
Website	https://matthey.com/		



## **Company Background**

Company-at-a-Glance



Headquarters Year Founded	UK 1 More London Place London SE1 2AF EY Lane4 – 2021
	Ernst and Young LLP - 2001
Revenue	UK 2023 - £3.8BN
Employees	UK - 21,136
Global Scale (Regions that you operate in or provide services to)	As a global business, EY operates in just over 150 countries currently.
Customers/Output, etc. (Key customers and services offered)	Ernst & Young is one of the largest professional services firms in the UK and is a global leader in assurance, consulting, tax, strategy, and transactions services with more than 298,000 people in more than 150 countries. Around the world the firm is committed to pursuing the highest levels of integrity, quality, and professionalism in delivering a broad inventory of services to our clients. By connecting our people's talents. Through our four integrated service lines — Assurance, Consulting, Strategy and Transactions, and Tax — and our deep sector knowledge, we help our clients to capitalize on new opportunities and assess and manage risk to deliver responsible growth.  We aim to have a positive impact on businesses and markets, as well as on society as a whole. EY in the UK



	operates from a network of 30 offices across the UK as well as in Jersey and Guernsey.
Industry	Professional Services
Stock Symbol	Not publicly listed
Website	EY - Global I Building a better working world
	EY Lane4   Workforce transformation   EY UK

### **Budget and Timeframe**

Budget and Timeframe				
Overall budget	£600K			
Number of (HR, Learning, Talent) employees involved with the implementation?	6			
Number of Operations or Subject Matter Expert employees involved with the implementation?	170 peer or "host"-leaders for delivery			
Number of contractors involved with implementation	0			
Timeframe to implement	7 months (October 2022-April 2023), now continuously running			
Start date of the program	April 2023			

# Fit to the Needs About Johnson Matthey

Johnson Matthey (JM) is a global leader in sustainable technologies and for over 200 years it has used advanced metals chemistry to offer solutions that tackle challenges of efficient fuel production, reducing pollution and recycling precious metals.

For the (at least) last 40 years JM has been a major global player in three business areas:



- 1. Catalytic converters and emission control technologies, which has been the primary business area for decades.
- 2. (Chemical) Catalyst Technologies to ways to decarbonise the production of chemicals, e.g. sustainable aviation fuel.
- 3. Refinement and circularity of PGMs.

These business areas have built a solid financial foundation for JM, and the company has been a FTSE100 company with a strong investor position for several years.

Today, as the world faces the challenges of climate change, energy supply and resource scarcity, JM's solutions become increasingly relevant for the global aim of a "net zero transition".

The business area of emission control technologies, "Clean Air", has by far been the biggest division in JM contributing a significant portion of the enterprise operating revenue in the years 2019-2022.

However, during the 2010's and early 2020's it became clear that JM faces incoming deadlines to phase out petrol and diesel vehicles, and even though traditional combustion engine won't disappear overnight, it became clear that the company needed to find other technologies and business areas for future growth.

This led JM to establish a new battery division in 2012, focusing on developing and producing battery materials. While the division started small and experimental in the early 2010's, investments were significantly intensified around 2020 and the company centered financial, technological and talent around the battery division.

However, in Nov 2021, Johnson Matthey announced an exit from the battery materials business because it is too far behind rivals who are already making batteries at scale.

The share dropped 17% immediately on the day of the announcement and further 20% during the coming months. At the day of the announcement, it was also shared that the Chief Executive stepped down.

#### The challenge in Fall 2021 and a new "Play to win" strategy in May 2022

Johnson Matthey faced a challenging situation and the new Chief Executive, Liam Condon, was tasked with establishing a new strategy that would ensure profitability and growth.

In May 2022 the 'Play to win' Strategy was announced. The strategy contained four main components:



- 1. Focusing on four businesses, where JM could be a major player, and divesting the battery division and other non-core businesses
- 2. Driving efficiency and competitiveness in the Clean Air division
- 3. Scale for mid-term growth in Catalyst Technologies especially within sustainable aviation fuel
- 4. Establish a division focusing on long term growth in Hydrogen Technologies

A major challenge for JM was to restore trust from investors and employees. For investors, the challenge was to convince the financial market of the new strategy and deliver consistently on commitments. For employees, the challenges were to build trust in the strategy and leadership, build engagement despite significant transformation, and bridge a traditional, paternalistic and distant leadership style that over time has resulted in mistrust and cynicism.

It was therefore clear for the new executive leadership team, that a transformation of the company must be driven by a new strategy, business model, organisational structures, products, and innovation. As Peter Drucker stated, culture eats strategy for breakfast, and a transformation of JM would not be successful without a significant change of the culture to a high-performing and more commercial culture.

#### Driving a 'Play to Win' culture

As a first step, the executive leadership formulated the "Play to win" behaviors in May 2022 which were the behaviors that needed to be amplified to drive success of the Play to Win strategy. The three behaviors were:

- 1. **Taking accountability**: being clear on priorities, take ownership, and be accountable for outcomes (rather than activities).
- 2. **Keeping it simple**: removing complexity and settle with 20/80 where perfection is not needed.
- Driving results: focus on delivering and driving value for customers, investors, and society.

When facing the strategic challenge of driving a Play to Win culture throughout the organization, four main principles quickly became clear.

First, culture is built through leadership, not HR interventions. Culture change must be role modelled by leaders, and effective, strategy enabling culture change cascades through leadership layers.

Secondly, people managers have a disproportional impact in shaping the culture in teams. Ensuring that people managers are skilled, motivated, and engaged in the change and in taking this into their teams is critical.



Thirdly, it is essential to build engagement in the organization to be able to drive change. Followership to the strategy, buy-in to the vision and purpose, the sense of meaningfulness and belonging are critical building blocks in driving change.

Finally, driving cultural change achieved by a balanced and holistic approach of influencing mindsets, building ability, designing structures and systems that all enable the change as illustrated by the MASS model below **Figure 1**.

# We know that the 'Play to win' culture is build through hard- and softwiring

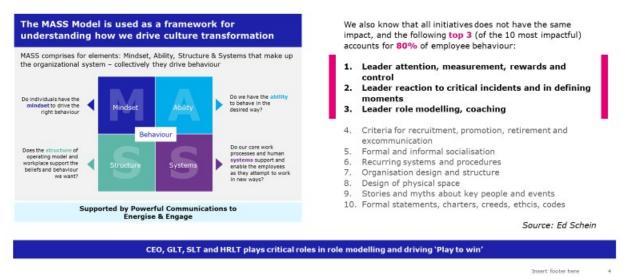


Figure 1 The MASS Model for change

These considerations led to establish a portfolio of initiatives to stimulate a Play to Win culture:

- Masterclasses for Senior Leaders in Story Telling, Objective setting and accountability, and coaching for performance
- A new approach to Performance Management
- Adjustment of the reward system
- A relaunch and revitalization of yourSay, the Employee Engagement survey
- The Play to win through People program.



Provide a description of the leadership program and its impact on your organization. What goals did you establish and were they achieved?

#### Details:

The intent of Play to Win Through People is to develop people leaders at all levels who can successfully lead Johnson Matthey's Vision, Strategy, Business Model and Values into the future. The program's aim was to prepare people managers to deeply understand and embrace the Play to Win strategy, to equip them with skills to translate the strategy to their teams, and to support the team in the cultural transformation required to successfully execute the strategy.

A unique feature of the program is the design to be coordinated by "host-leaders," peers identified by each business as people of influence who would not facilitate, but 'host' the sessions as colleagues in the journey rather than experts. Each session was supported by two host-leaders working as partners, and a local senior leader who facilitated the strategy discussion. The host-leader concept and the involvement of senior leaders to speak to specific business strategies were key to the program success.

Recognizing that People Leaders are at the center of culture transformation, the program content focused on key manager expectations to support that transformation. **Figure 2** 

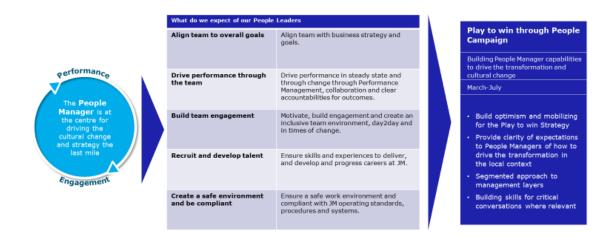


Figure 2 Program Goals

The program goals were exceeded, with an increase in engagement during a disruptive transformation attributed to clear understanding of the strategy, clarity of expectations of the people managers, and marked improvement in manager effectiveness as measured by the employee engagement pulse survey.



Program participants cited the open dialog enabled by the peer-leadership and senior leader transparency about the business transformation imperative as unexpected and refreshing, leading to deep engagement, building optimism and generating support for the Play to Win strategy.

#### **Design of the Program**

Play to Win Through People is one part of a multi-stream business transformation project that includes 'hard-wiring,' changes to the organisation structure and processes, as well as 'soft-wiring,' the underlying culture of the organisation. The unifying device across the strategy, the organisation structure, and the underlying culture changes is a set of behaviors dubbed "Play to Win behaviors." These behaviors are Keep It Simple, Take Accountability, and Drive Results." To deliver these behaviors it was clear that people managers would be critical for changing culture, and that they would need clear expectations of their role. This led to the Play to Win Through People campaign.

#### Figure 3

Path to successfully delivering a 'Play to win' culture with high performance with focus on the three 'Play to win' behaviours, and engagement in an inclusive environment

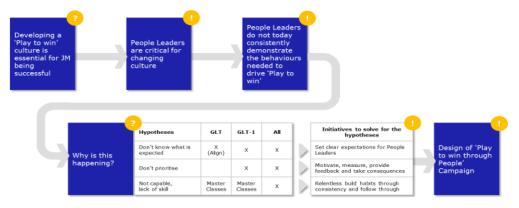


Figure 3 Business basis for Play to Win Through People

The Talent Center of Expertise partnered with EY Lane 4 to establish a design framework centered around the unique approach of using "host-leaders" who would be peer hosts on the journey with participants, rather than HR or external consultant facilitators. Once the design framework was established members of the Executive Leadership Team Culture SteerCo validated the alignment with the overall transformation. Host Leaders were then invited to co-create the detailed session design.



Sixty host leaders participated in a two-day immersion where they experienced the workshop as a participant while simultaneously receiving facilitation tips and techniques and providing design input to further refine the content and delivery plan.

#### **Delivery of the Program**

Play to Win Through People was delivered in 200 face-to-face sessions of 25 participants at each of approximately 30 Johnson Matthey locations in the UK, US, and the EMEA and APAC Regions.

Two primary challenges to the program were 1) to present the program as a business initiative, not an HR program, in order to increase adoption and engagement; and 2) to design it in a way that was tailored to the individual businesses and global cultures while maintaining scalability.

For the first challenge, the host-leader and senior leaders were the key. Host leaders were members of the local business, and senior leaders for that location co-hosted the sessions, leading to a high comfort level for frank and challenging conversations. This open and transparent discussion highly contributed to the program being viewed as a business transformation activity.

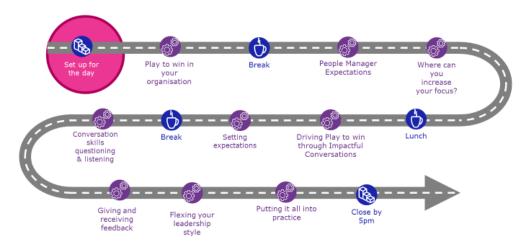
Logistically, the Talent COE provided program content, project management and reporting, but Deployment Leads embedded in each business scheduled the sessions according to the business needs, coordinated enrollments and delivery arrangements, and prepared the location senior leaders for their role. Templates were created for strategy materials, engagement information, and business results that were then populated with details for each location, while the remaining content and skill building sections remained consistent. This approach allowed for tailored, business specific content, but maintained the scalability by using local dedicated deployment leads for delivery coordination.

Business leadership firmly established Play to Win Through People as a business program, not an HR program, which also increased the engagement and adoption of the program.

Over 200 workshops have been held to date serving 2000 people managers and influencers from shop floor supervisors to senior business leaders.



#### Program Outline



JM

#### Figure 4 The Play to Win Through People journey structure

Play to Win Through People is a one-day workshop in which participants are members of a common business or functional group. **Figure 4**. It is composed of three key elements: 1) understanding the Play to Win Strategy and how the team contributes to it; 2) understanding the People Manager Expectations; and 3) skill-building practice in having meaningful feedback conversations.

#### Details on each stage of the journey:

#### 1. Understanding the Strategy: The Why

The program begins with a one-hour discussion with a member of the Senior Leadership Team to set expectations for the Play to Win Through People journey and position it in the context of JM's strategy and new People Manager Expectations. This enables participants to connect the training to the need for JM to transform at pace, and the role that each leader must play. As the workshop is delivered in cohorts in a specific business area or functional group, the context of the strategy and the engagement levels are specific to that area, forming a foundation for deep understanding of application.

#### 2. People Manager Expectations

People Manager Expectations were developed specifically to address the critical role of the People Manager in the success of the culture transformation. Participants are reminded that they lead in multiple dimensions: self, commercial,



technical and people. This workshop dives deeply into leading people and defines five areas in which people managers are expected to deliver. **Figure 5.** 



**Figure 5 People Manager Expectations** 

Participants score themselves in each of these areas and discuss in small groups what they are doing well and where they can focus further. **Figure 6** 

Following these discussions, participants make commitments to strengthen two or more of these areas. Those commitments are shared with their line manager and added to their personal development plan for accountability.



# What are your strengths and development areas as People Manager?

Hando
TUE

	Align and contribute to organisational success	Drive performance through the team	Build engagement	Recruit and develop talent	Stay safe and ensure compliance
Self-evaluation	Share how the team contribute to the overall objectives     Align on key priorities set ambitious, yet realistic objectives and targets     Set clear guardralls for expectations and autonomy	Create commitment through motivation     Delegate and flex level of involvement as needed     Follow through on objectives, support where needed, build team skills as needed	Have frequent and open discussions of how to build team engagement     Follow through on agreed actions     Focus on what engages the team	Understand the aspirations of your team members and have honest conversations     Look for development opportunities     Recruit for skills and diversity and onboard effectively	Ensure safety in all work processes     Build an inclusive team culture with an ambitious and healthy W/L balance     Ensure that your team is compliant with policies
I do this <b>consistently</b> with all of my people and flex how I do it to meet different needs					
I do this <b>occasionally</b> with some people and I can do better					
I sometimes do this but it is an area I need to focus on					
JM					

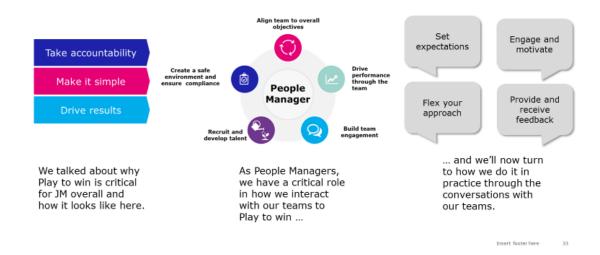
#### Figure 6 People Manager Expectations Self-assessment

#### 3. Skill building

This section ties Play to Win Through People to another stream in the culture transformation campaign, the refreshed Performance Management process. At the heart of the People Manager Expectations are great conversations in teams and one-to-one conversations. These conversations are a vehicle to support and challenge employees, hold them to account and engage individuals and teams with the why. The remainder of the session focuses on having effective and impactful conversations delivering on the People Manager Expectations and, by extension, the Play to Win behaviours. It makes the transition to building the skills for these impactful conversations **Figure 7**.



# The question is now how we drive the change in practice as People Managers?



#### Figure 7 Transition to Skill Building

Through a series of interactive practice sessions, participants focus in four areas to support these conversations.

#### 1) Setting expectations

- What to deliver using the SMART framework
- How to deliver using past experience and Start/Stop/Continue or examples of behaviours demonstrated by other colleagues

#### 2) Engaging and motivating

- Two core skills for impactful conversations: Listening and questioning
  - active listening techniques
  - open and closed questions
  - Sample questions for driving the Play to Win behaviours

#### 3) Providing and receiving feedback

- SBII feedback model and practice
- What does effective feedback look like
- What gets in the way
- How to ask for feedback

#### 4) Flexing your approach

- Understand different coaching styles and personal preferences
- Coaching continuum from push to pull and where to use each



The final activity of the day is putting it all together. Participants are asked to think of a piece of feedback that has been given or needs to be given about someone 1) not delivering in one or more areas, 2) not taking accountability in an area or 3) overcomplicating things. Each participant practices giving that feedback using all the techniques learned: setting expectations, active listening, open questioning, and the SBII model. Team members offer suggestions for improving effectiveness, providing peer coaching in the moment.

The workshop concludes with peer groups agreeing to follow up with one another on their People Manager Commitments.

#### **Measurable Benefits**

From the outset of the program, it was decided to apply the principles from Kirkpatrick's Four-level of evaluation:

- 1. Reaction to training
- 2. Learning
- 3. Behaviour
- 4. Impact

A first step has been collecting systematic feedback from participants in the workshops and gathering regular feedback from the hosts on reactions from participants.

For levels one and two we relied on employee post participation surveys **Figure 8-12** 

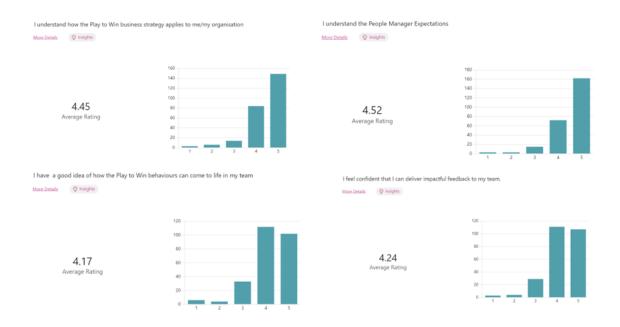
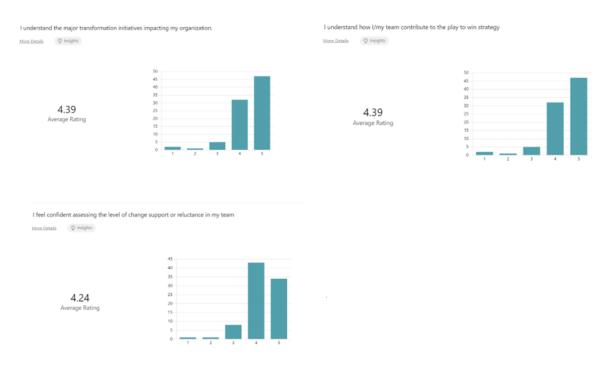


Figure 8 Participant survey



### Figure 9 participant survey 2



Figure 10 Participant survey commitments



# Feedback from participants

- · Really impressed and happy to have workshops face-to-face
- · Great opportunity to network and reflect with people outside of the daily interactions
- · Highly interactive
- · Material is practical and relevant
- Especially like host-leader delivery "means more when it comes from one of our own"
- · Host-leader delivery method was brave, but really paid off with engagement
- Having GLT/-1 in the room was incredibly powerful
- · Local leader context was most valuable and provided great insight
- Would like a deeper dive on practicing feedback
- Would like to have a follow-up reflection session 60-90 days later to check in on actions taken

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#### Figure 11 Participant comments

## **Host Leader Observations**

- Really enjoyed delivering this. Participants could tell I believed it, and that gave them confidence
- Having the GLT-1 (Peter Hill) in the room was incredibly powerful. Every session would benefit from in-person GLT/-1. It makes a huge difference
- Host leaders challenged victim thinking and turned it around to empower the participants to proactively address their concerns
- 'penny drop' with manager during feedback. Host-leader challenged and turned from process victim to how to provide feedback on process to improve
- Inconsistent local leader engagement. Some are great, some unaware of their role with weaker impact
- A lot of work goes into the logistics, deployment leads are amazing

#### Figure 12 host leader check-in comments

To gain insights into the behavioral changes and impact on organizational outcomes from participating in the Play to Win through People workshops, the employee engagement survey, yourSay, was used to track the level and progression of people manager effectiveness measured in five areas. As uptake



was around 80%, it was possible to compare people managers who participated with the ones who didn't.

The impact of participation in the program is measured by comparing manager scores from two engagement pulse surveys in Oct 2023 and Jan 2024. By examination of the data, it was clear that the impact of program differed between groups of people managers: it was higher for less capable managers (i.e. lower average score on the five questions related to people management) compared to more capable people managers.

As the first Play to win through People workshop focused on core people management, the impact analysis focus on three areas:

- How team members perceive clarity of expectations Figure 13
- How team members experience getting feedback to improve performance
   Figure 14
- How team members feel about having discussions about their professional development. Figure 15

While these areas reflect people manager behaviours, it is well established that these are closely correlated with employee engagement, performance and other workforce outcomes like attrition, absenteeism, safety etc.

For clarity of expectations, the question in the engagement pulse is:

"I have clear objectives or standards for my work and have discussed these within the last three months."

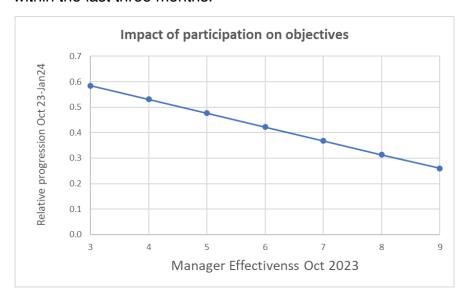


Figure 13 clarity of expectations

With the use of multivariate regression analysis, the impact of participating in the program is shown in the graph above. As seen, the impact is highest for low initial manager effectiveness and declines with the capability of the manager.

The graph is read in the following way for managers who score 5.0 on manager effectiveness: teams where their manager participated in the Play to win program, reports a 0.5 pts higher improvement of having clear objectives from October to January compared to teams where the manager didn't participate. The survey uses a 10 points scale and a 0.5 pts improvement over a 4-month period is relatively high.

A second core element of the workshop was to build feedback capabilities. The graph below shows a similar impact as above: a high impact for the least capable people manager declining for the more capable people managers.

The question in the engagement pulse was: "I have received feedback for how I can improve my performance within the last three months."



Figure 14 Feedback experience

A last impact measure is for how teams experience the frequency and quality of development conversations with their manager. The question was:

"My manager and I have discussed my professional development within the last six months."



Figure 15 Development impact

As seen, the impact is double the impact on objectives and feedback and shows a similar pattern of a higher impact for the least capable people managers.

Overall, the behavior/impact effect is clearly demonstrated by the engagement pulse with a significant effect in a 4-month period.

#### Overall

JM was in a challenging situation at the beginning of 2022 and launched an ambitious new strategy. This strategy provided a fundamental transformation of the business and with it, the dominant features of the culture, where a more performance and commercial oriented culture was needed. Further, leadership needed to rebuild trust in the organization and followership to a new strategy.

The Play to win through People was an important initiative in the portfolio of cultural transformation initiatives. Several aspects of the design and execution made the program impactful. First, having Senior Leaders present in the in-person workshops to explain the strategy and bring it to life locally provided a needed transparency and open dialogue. Second, having peers, "hosts" leading the workshops rather than HR professionals or external consultants, provided stronger credibility and opened for honest feedback and discussion. Finally, the skill building elements were on purpose kept simple, relevant with a focus on application which matched the need for the least capable people managers.



The participant survey and the impact analysis using the engagement pulse demonstrate that the program has been successful and met it objectives.

While the initial phase of the Play to win campaign focused on strategy execution and building core capabilities in driving a high-performance culture, the second phase focused on strategy momentum and creating a sense of urgency. This was supported in a second Play to win through People workshop following the same design but this time focusing on supporting teams through change and transformation. The overall feedback from the second workshop was similar to the first.

While these two first phases of the cultural transformation have focused on building awareness and basic skills, the next phases will be around anchoring these in core HR processes like talent management, recruitment, and leadership development. This will include more investment in strengthening the most capable leaders and the high potential talent.

It has also been recognized that there is a need to bring the Play to win culture more directly to all members of the organization. While many people managers worked on this, it is inconsistent and with gaps.

Alongside this, focus will change from building basic people manager skills to strengthening business acumen, customer centricity and commercial orientation throughout the organization.

A cultural transformation does not follow a linear process, nor is it a project with an end date. The culture will continue to evolve to constantly to support the strategy at a given time and while the Play to win through People program has laid a good foundation for future performance of JM, it will be critical to adjust moving forward the long-term strategy execution.



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