

Briefing Notes

Old map, new world: When the pandemic has changed everything are boards and execs aware of and up to the challenges of a new world?

Monday 26 September 2022

Introduction

In this session, Ian Wright, founder and CEO of the [Disruptive Innovators Network](#), explored whether social housing is building “a faster horse”. The session explored questions around how we approach innovation and the challenges of the new post-pandemic world.

Old map, new world

You can't use an old map to navigate a new world, is the saying that is often used to challenge organisations to think radically differently. Part of the rationale for this session is to stimulate thoughts and questions on what the future will look like – no one has been here before. Ian started the discussion with three “**heresy**” questions or statements:

1. Why are you comparing yourself against other housing providers? (It's pure vanity).
2. Customer care training is a waste of money. (If you have to train people to be nice to customers, you're not hiring the right people.)
3. Why measuring customer satisfaction is doing the wrong thing, righter.

These are questions we are likely to ask (or have asked) ourselves but are not brave enough to ask out loud. Turning to the first heresy question, if you agree the sector needs to transform, you won't achieve that by comparing yourselves against other housing associations. Customers don't compare their landlords against other landlords, but against other service providers e.g., Spotify, Netflix or Lego.

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Ian shared quotes by Lars Kolind, former CEO of Danish care business Oticon, regarding the focus leaders place on trying to make the irrelevant more efficient, and Lisa Gansky, entrepreneur and author, who said that the idea that the world is moving faster than our ability to learn is questionable. We have got to re-wire the housing sector; we're going to have to let go and forget.

We met Kwajo Tweneboa, social activist and "the new regulator" who has arguably achieved more in getting tenants' voices heard over the last year than we have in the sector over decades. Kwajo is the voice of the customer and Ian observed that with social media, everybody has a voice now, and there is an immediate and unfiltered access point for people to say "look at those housing conditions" to the world at large. This is a stone in the shoe moment: how do we ensure our boards are more diverse and our organisations more transparent?

We see other heavily regulated sectors where the regulator drives innovation. For example, the Water Regulator OFWAT is great at co-regulation and co-innovation, having established their Spring innovation centre of excellence. With the Social Housing Regulator, we have the recently launched Tenant Satisfaction Measures Standard which the Regulator has made clear are the bare minimum.

Turning to the third heresy question, if you're measuring customer satisfaction, you're measuring the wrong thing. It won't give you any idea about prioritisation. Many Chief Executives say to Ian "we do it, because we have to, but it doesn't drive the business". There's a link between loyalty and profit, and where and how that links to social housing. DIN recently carried out an experiment on Customer Satisfaction Measures to understand tenants' real expectations of an ideal experience, and the findings were profound. It gave a far better idea of what's actually important to tenants.

Common areas for disruptive innovation:

- Lots of incumbent providers;
- Legacy technology systems (how many large-scale housing management organisations use systems with components developed in the last century?);
- Little or limited competition;
- No incentive to invest in innovation.

Ben Denton, Chief Executive of L&G Affordable Homes, has previously said that housing associations are not his main competition, it's for-profit providers who are coming in for margins of 4%, 5% and 6%. A classic case of disruptive innovation.

Forces acting on the sector:

- Cost of living crisis;
- Ageing population;
- Tenant and residents' expectations;
- Health and safety;
- Cyber attacks;
- Climate change;
- Covid-19 economic recovery.

Think about building sites 100 years ago, those builders could start on site again tomorrow. You couldn't do the same with the Henry Ford factory 100 years ago because car technology is completely different. Is house building a faster horse? That's fine if that's what the customer wants. You can't get rid of the existing operating model until you have built another. People are too busy doing their day jobs to think about innovation; you need 15% headroom to innovate.

Questions to be considered:

1. When was the last experiment you ran?
2. What's the most innovative thing your organisation has done in the last 12 months?

Ian shared a quote by Jeff Bezos: "Customers are always beautifully, wonderfully dissatisfied". Customers are dissatisfied without even knowing it.

Things to think about:

- The past is no longer a place of reference;
- Problem-solving;
- Gemba – go to the scene of the crime. James Timpson goes into each of his stores each week so he can see how they're doing;
- Are you asking heresy questions?;
- Hindsight vs. foresight;
- Will you be a good ancestor?;
- Expectation vs. needs. Loyalty is not the same as satisfaction;
- Being comfortable with failure.

Innovation is your insurance against irrelevance.

Q&A Session

Some of the main themes were:

- The board sets what metrics are measured and too often we measure the same things. At our board, we discussed our turnaround performance, and actually that's not the right thing to measure. It's the quality of the home that's important. It feels quite difficult to move away from those measurements.
- I think we always feel like the regulatory environment is a straitjacket. How can we use it as a springboard?

We need to understand what tenants' expectations are. Tenants want safe, affordable quality homes, they don't want to see their landlord. We've got to use new ways to engage with communities to understand what's going on before issues go to the local press. What can you do to keep those micro-communities going that developed during the pandemic? Do you understand the new questions you need to be asking? The regulator has made clear the tenant satisfaction measures are a bare minimum.

- We've discovered the power of consultations. We got a lot of people involved and gained knowledge on how residents want their homes to be. We were surprised by what we learnt. It brought to life the wealth of knowledge amongst tenants and a way to look through their lens. Residents know best; we'd tried to be too paternalistic.
- What kind of board perspectives do you see that is the right kind of behaviours to drive innovation?

Bravery. If you want to be innovative, it's about testing and learning. Sometimes failing, and also preparing for disappointment. Test before you invest. The whole thing about failure is deeply embedded.

- We want to keep our rating. You look at the dashboard and you want to see lots of green. We don't have the inherent flexibility to make mistakes. If something goes wrong, someone's head has to roll, and because of that, people don't want to try things.

A commercial organisation knew they were going to be undercut in price but couldn't change the culture around a fear of failure. The Chief Executive introduced a fund for innovation so that it could be used and lost.

Small group discussions

The main themes were:

- The relationship between the board and the executive can be a hindrance to innovation but also a help. Does the executive feel bold enough to say to the board “we’d like to test this”? Is there the right environment for the executive to feel comfortable sharing?
- Don’t ask to see the best properties, ask to see the worst.
- I’ve often worked with organisations that do the same thing over and over. The idea you can be transformational is fundamentally important. There’s a new commercialism to the sector with the increase in the number of for-profit providers. Commercialism isn’t just about the bottom line, it’s about the customer experience – that’s how you get a good bottom line.
- As a tenant and employee mutual society, there’s no way we would ever contemplate being for-profit. We’re currently trialling a 4-day working week, although we’re yet to see the impact. The response from tenants has been really positive.
- We talk about failure in too formal a setting. There isn’t that regular engagement. We need to create an environment where the executive can reach out, and also so it can be done on the hoof. The innovation fund is a great idea, but so difficult to do.
- It’s not just okay to have tenant board members; they’re board members who happen to be tenants. There are examples of tenant boards that then report into the main board. I once had a finance colleague who refused to go into a block of flats, yet we’re expecting tenants to live in there.
- Most boards have little idea what it’s like to live on the breadline. We need to get more of a sense of what it’s like.

Register for our next session

Meet the panel of The Better Social Housing Review to provide your perspectives on the quality of social housing.

Monday 10 October 16:00 – 17:00

We will be joined by Helen Baker, Chair of the independent panel that is currently in a consultation phase of their report due by the end of the year. The Better Social Housing Review, was established in response to rising concerns about the quality of social housing, and this is an opportunity for NEDs to share their perspectives from the sector and views on how to ensure quality of provision in the future.

Speaker: Helen Baker, Chair for The Better Social Housing Review, Board Chair at Shelter

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