



MARKETING SOCIETY EXCELLENCE AWARDS 2016

CATEGORY: G

Mobilising the Organisation

Employee Engagement

5th February 2016

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Setting the Scene

In Q3 2013 O2 launched our 4G network, 12 months behind the market leading network EE. O2's entry into the 4G market had been delayed due to waiting to purchase mobile data spectrum from Ofcom's auction.

So as we moved into 2014, O2 were faced with some uncomfortable truths:

- We needed to increase the number of customers using our 4G network. We had a base of [REDACTED] customers, compared to the market leading network with over 2 million customers.
- Our ambition to move beyond just mobiles and become a Digital Telco meant that we needed to significantly increase the number of customers engaging with our digital products, including My O2 and Priority.

To get there, we had to take our people on a journey:

- We needed meaningful corporate objectives, to translate our lofty Digital Telco ambition into the hardnosed commercial targets which drive day to day performance.
- We needed to find a way to motivate our people to achieve these objectives.

The Approach

Firstly we researched employee engagement and discovered that highly engaged employees are not only linked to a 20% increase in performance, they've also been linked to delivering more innovative solutions to situations and solving problems more effectively.

The challenge was this: How could we engage our entire organisation, rallying them around the customer experience, whilst driving sales and continuing to guide the company towards a digital future?

After a period of consultation with a cross section of the business, we found that a monetary reward was a key factor in driving behavioral change. However, one of the less expected insights discovered was that our employees needed more clarity as to the company's ambitions and objectives. As a Board we had to be clear about what we meant by Digital Telco, so we broke it down:

- It meant being more than a mobile phone provider, with customers engaging with O2 beyond core telephony provision.
- We wanted to become a go to destination for digital services, enabling us to broaden our role in customers' lives.
- We wanted to increase engagement with our digital assets, including 4G, but also My O2, our digital customer service platform and Priority, our digital ticket and discount offers platform. Our data demonstrated that customers who engaged with O2 digitally, particularly through My O2 and Priority, were more satisfied and less likely to leave us.

The solution: we could inspire our 7000 colleagues to fulfil our Digital Telco ambition with clear communications and a financial incentive. This would inspire them to encourage more customers onto 4G, enabling them and get them using our core digital platforms, thus engaging them.

The Objective

As a result, the Rally Cry was born. Rally Cry could fire up our people and inspire them to meet the company's objectives, marking the start of our journey towards becoming a Digital Telco.

It was established as a three year comms and engagement programme, as we knew that we'd need to invest behind the initiatives and wanted to ensure the organisation made the right trade-offs in year. We set the ambition high over three years: [REDACTED]

We stepped up the increments each year and promised each employee **£1,000** a year, if we reached the annual targets.

To have this level of impact, we needed to get the entire organization - all 7,000 colleagues believing in the Rally Cry. We knew that the beauty of Rally Cry was that everybody in the business could get involved whether they were customer facing or not, as they could influence their friends and family. We felt confident that harnessing this power would enable us to reach our ambitious targets.

How we did it

[REDACTED]

[REDACTED]

[REDACTED]

At 10:10 on 10th April 2014...

We officially launched Rally Cry to all our employees. We preceded this with a fun teaser campaign involving all the Board making various '10' anecdote videos.

Launch day tactics across the organization included a live town hall in our Slough headquarters, hosted by our Marketing Director Nina Bibby and CFO Mark Evans. We created engaging videos to communicate the vision and our targets and even had a live band performing our official Rally Cry tune - Paulo Nutini's Ten out of Ten. This was followed up by a Rally Cry Special internal TV programme released in May.



In order to maintain momentum during the programme, we created a dedicated Rally Cry group on Yammer (our internal Social Media site), which became the fastest growing group across all of Telefonica Group.

- The Rally Cry was incorporated into our annual employee awards as a category, with 34 nominations recognizing those people who are always putting the customer at the heart of everything they do.
- The 2014 Rally Cry results video became the most watched video ever produced by Internal Communications at O2.

In December 2014, to drive awareness of our digital services, we took a Priority Roadshow around the business, to encourage colleagues to use Priority and more importantly tell friends, family and customers about it. All activities and progress against our targets were summarized in a dashboard published on a regular basis – the 10th day of every month. In addition, progress was reported during the weekly Leadership Team Meeting results presentation.



In order to further inspire our employees, we extended the notion of going for 10 out of 10 to them, with a People Rally Cry Day on 10th July 2015 which was live streamed to all employees. Master classes were held to CV Surgeries and Great Performance Review Conversations. There were also 10 Market Stalls onsite including; Health & Wellbeing, Diversity & Inclusion, Pensions and Flexible Benefits. In post event employee feedback, 74% rated the event highly.

The Rally Cry drove innovation across the business, with colleagues vying to create new ways to enable and engage our customers with our digital assets:

- A Store Advisor in Belfast introduced a NFC-enabled kiosk in their store, so that every customer buying a phone in store could load it up at point of purchase with the MyO2 and Priority apps. She shared a picture of the NFC tags on Yammer, and after being picked up by our Retail team and CEO, it was introduced in all retail stores.
- Colleagues across the company shared stories about conversations initiated on trains, in stores, on the high street with people about O2 and the benefits of our products and services.
- With greater focus on churn, the Sales and Service team analysed retention activities and highlighted our underinvestment in outbound upgrades team, significantly increasing it from 30 to 200, a sensible number in a business with 24 million customers. Given the vast profit differential between new and upgrading customers, the up weight more than paid for itself while continuing to drive customer retention.
- The Social Media team built O2 Amp, a platform that enabled employees to easily share information about O2 to their social media networks and rewarded them for doing so. 29% of the O2 population had signed up to the platform by the end of 2015.



Results

Rally Cry has been a major success. Our people were fully engaged with the programme and their actions enabled us to exceed our targets 2 years running, leading to increased customer engagement and customer retention.

Employee Engagement

Our annual employee surveys demonstrate that this programme has had real impact:

- 92% of employees now agree that they fully understand the company strategy
- Employee pride in O2 has increased from 80% to 82%
- Employees recommending O2's products and services to their friends and family increased from 86% to 89%
- Employees' belief in O2 as a strongly customer focused brand has increased by 2% since Rally Cry's launch - 3% higher than the Global Telefonica result.

Other employee engagement results:

- 88% of employees surveyed at the People’s Rally Cry Day rated themselves as feeling more engaged with our business since the launch of Rally Cry.
- 23% of our team are actively engaged and using O2 Amp to share O2 content across their social media sites. This has created over a million non-paid impressions for O2, creating genuine brand advocacy in the social sphere.
- The Rally Cry group on our Yammer network now has 1,852 members in the group, making it the second biggest UK group on the network. During our People Rally Cry Days, it has been the most active group on the entire global Telefonica network.



Customer Engagement – products and services.

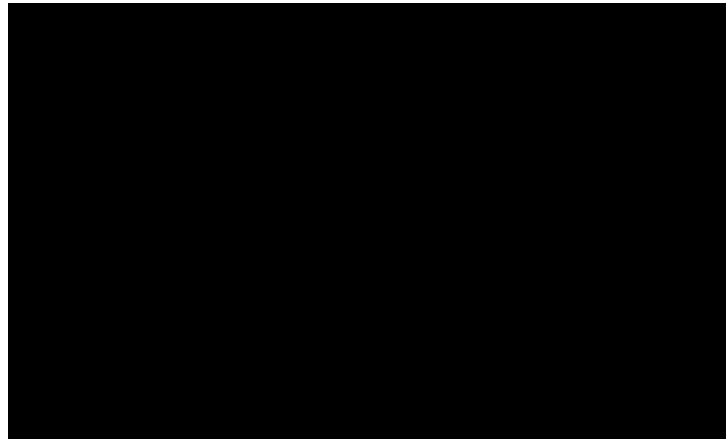
Customer Engagement with our digital products and services has rocketed. Customers using our 4G network increased from [redacted] at the start of 2014 to [redacted]

Customers that regularly engage with our digital products, including the My O2 and Priority apps, have risen from [redacted] at the start of 2014 to [redacted]

Customer Experience Metrics

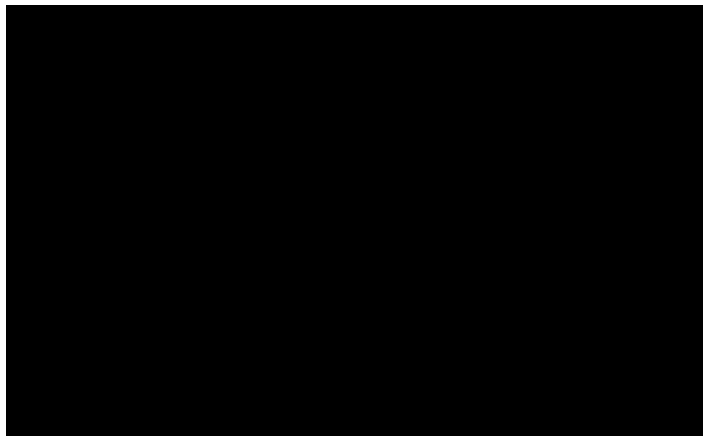
As predicted from earlier trends in our customer data, as more customers engaged with our digital products, customer satisfaction with O2 has increased:

- More customers are staying with us than ever before. Over 21 months, O2 decreased churn from [redacted]. This is our lowest ever churn, which is market leading not just in the UK, but is the lowest of all of Europe’s major markets.



██████████

- Customer Satisfaction (CSI) has risen by 2 points from ██████████ since Rally Cry's inception.



- Ofcom voted us No.1 for Customer Service Satisfaction in 2015 - we continue to have the lowest number of customer complaints.

These results are particularly impressive when compared against the backdrop of O2 being up for sale during 2015. Traditionally periods of uncertainty like this have a negative impact on business performance, as uncertainty and job insecurity lead to lower levels of engagement with employees¹. However Rally Cry has kept our people motivated, enabling O2 to exceed our ambitious targets and deliver strong commercial results 2 years in a row.

Conclusion

Rally Cry engaged and mobilised our entire organisation, giving them the right tools and the motivation to provide a fantastic customer experience. Thanks to the Rally Cry we have engaged more customers than ever before with our digital products and services, we have reached unheard of levels of customer retention for our industry and are on track to exceed all of our very ambitious Rally Cry targets.

¹ John Purcell, Strategic - Academic Advisor at Acas National, 2009

The fact that we have achieved these results during a time of great uncertainty for O2, is testament to how important it is to properly engage your employees and the fantastic commercial outcomes that O2 has seen, demonstrates just how valuable this engagement can be.

[Total Word Count (including exec summary): 2,197]