

Lambert Review of Business-University Collaboration

Submission by Tesco

April 2003

Introduction

1. Tesco is the largest retailer in the UK, serving 12 million customers a week. We also operate in nine other countries internationally including Ireland where we are the largest retailer and in Eastern Europe and the Far East where we have experienced rapid growth.
2. We employ over 220,000 people in the UK and will create a further 11,000 jobs this year. Like our customers, the background of our people spans all age groups and all sections of society, social, ethnic and academic. We estimate that between 20,000 - 25,000 of our people work in Tesco while also pursuing qualifications in further or higher education and take on about 120 people a year through our graduate scheme.
3. We currently have over 12,000 managers in our stores and have over 1,000 of our people in training at any one time as replacements and to fill new managerial positions. About 40 people are recruited direct from universities of which about half are taken from those currently working part-time at Tesco.
4. Training is a fundamental issue for Tesco. The majority of our training is done internally. Our main scheme for training towards promotion, known as Options, is one such example. However, there are several instances in which we work with universities and other external partners to meet specific training needs.
5. We take the same approach for our 75,000 people working internationally. They are also trained internally with external help, and we are exporting our training to the countries where we operate and tailoring them to local demands. For example our Business Leadership Programme for Store Managers, who are all locally based, has now started in Asia.
6. Similarly we are taking best practice from our operations abroad to adopt in the UK. Our e-training for Customer Services Assistants, which was first used in Korea has been introduced to the UK with positive results. Users have found that the training has allowed them to overcome IT phobias, develop new skills and learn expertise for their job in an enjoyable and practical way.
7. This submission explains Tesco's engagement with universities in the wider context of our approach to education and training. From this, we would draw the following principles that we believe are useful to the debate: (they can also be applied to links between businesses and other institutions, education or otherwise)
 - **Links between businesses and universities are most successful and sustainable when they are business led to deliver clear outcomes that relate to the business.** Our scheme for store managers with Manchester Business School provides tangible benefits in the skills, knowledge and confidence that participants are then able to show on the shop floor.

- **We share the learning from our links with universities with others to ensure that the impact of our investment is maximised.** So the research we fund on organic food and animal welfare is shared with retailers, farmers and other stakeholders to develop best practice throughout the industry.
- **In deciding how to deliver training and the choice of provider, the business need must be reflected.** For Tesco, most of our training is in-house. Where we use outside providers, consideration of the business need is vital. One of the reasons that Tesco chose Manchester Business School (MBS) to develop our store manager business programme was their willingness to allow speakers from outside both MBS and Tesco to deliver parts of the scheme.
- **The organisation must champion investment in universities as part of its culture for links between them to thrive.** At Tesco, one of our key values is to "ask more than tell" and we ensure that a learning culture runs throughout the business.

Overview

8. Our links to universities are based around research, recruitment and training.

RESEARCH

9. By sponsoring the Tesco Centre for Organic Agriculture (TCOA) based at the University of Newcastle-upon-Tyne we are providing research and development support for the UK organic food industry. A five-year, £450,000 sponsorship has been given by Tesco to enable the TCOA to focus on a range of research, from organic crop rotation to livestock nutrition and welfare. At Newcastle University's 350ha (865-acre) Nafferton Farm, half the dairy herd and farmland is being converted to organic. This will provide a solid basis for comparison with conventional farming methods, enabling scientifically sound assessments of their impact on health, food quality and the environment to be made.
10. Similarly, our core sponsorship of the Food Animal Initiative, based primarily at the University of Oxford allows them to develop new farming practices that are welfare friendly, food safe and environmentally sustainable to be shared throughout the industry. The scheme aims to demonstrate the success of these alternatives through practical and commercial application and to share knowledge and training with farmers and other members of the food production industries. The results of the various research projects will be published, freely available and widely communicated with the hope of demonstrating successful solutions to others, particularly farmers in local communities who can therefore help to integrate improved animal welfare and environmental standards into mainstream agriculture.

RECRUITMENT

11. We recruited 120 people through our graduate scheme to fill vacancies across the business last year. This included managerial vacancies in-store and positions in head office. The quality of graduates from the huge number of applications that we receive is very high, both in terms of specific skills and general work skills such as communications, teamwork and project management.

12. More generally, we estimate that between 20,000 - 25,000 of our people work in Tesco while also pursuing qualifications in further or higher education. Our commitment to flexible working allows them to meet the demands of their studies while gaining valuable work and retail skills, which will be applicable, whatever career they pursue. This may include retail, but such a traditional academic background is not necessarily a requirement for a successful career at Tesco. We have many senior managers who started on the shop floor in all parts of the company, including the Boardroom, where our Retail Director, David Potts is now based after joining the company as a grocery assistant thirty years ago.

TRAINING

13. Investing in education and training to give our people the skills they need to do their job and the opportunities to progress their career is fundamental to our success. We have invested £10 million in basic skills alone in recent years. Several of our training courses have been developed in partnership with other organisations including the Basic Skills Agency, Learndirect and Universities including Manchester Business School and the University of Westminster. Through our Lifelong Learning Centre at Welham Green Distribution Centre, we are also providing opportunities for our people and their friends and family to pursue education and training of interest to them.
14. We are proud of our record - such as through partnership with universities - to provide courses for our people to improve the way they work and help them to gain externally recognised qualifications. Our submission also provides the wider context of our approach to education and training so that we provide our people with the necessary skills to do their jobs well and to fulfil their aspirations.

Tesco and University Collaboration

Training in Partnership - Tesco / Manchester Business School

15. Since 1999 we have run a Business Improvement Programme at Manchester Business School (MBS) for our people. Over 800 store managers, store directors, development support managers and store operations project managers, have attended the 5-day course. This year a further 50 will take the programme.
16. The programme has been developed in partnership between Tesco and Manchester Business School to meet an identified need to develop the business knowledge and acumen of our store managers and others in marketing, finance and change management. It combines practical learning with an academic framework and is delivered by experts from MBS, Tesco and elsewhere. The willingness of MBS to allow outside consultants to contribute to the course was important in the decision to partner with them. This, as well as their expertise in the retail sector, the location and facilities led us to choose to partner with MBS to meet the need described above.
17. The scheme has been exported for the first time to our business in Asia, using the Manchester Business School as consultants. Academics from the School and others delivered a tailored training package to the 15 managers who attended the pilot, which took place in Hong Kong in March 2003. We are currently looking at how we will roll the scheme out to provide this unique Asia wide training for retail managers, utilising the advice and expertise of Manchester Business School.

Training in Partnership - Tesco / University of Westminster

18. In October 2001 Tesco and the University of Westminster pledged to work together in partnership to offer a world class training environment for specific employees and students. Whilst Westminster could offer Tesco the opportunity to receive graduate level training - from the only degree recognised centre of excellence for Merchandise Planning in the country, Tesco could offer paid work placements and commercial rounding to 5 undergraduates in the second year of their course.
19. Tesco's 60 Merchandise Planners - who perform one of the core commercial roles in Non Food - benefit from campus based training at 3 skill levels - Essential, Operational and Advanced. These courses are an opportunity for employees to really ground their knowledge. They study merchandising principles, theories and calculations to support high level performance in risk managing sales, stock and profit in their day jobs.
20. The Business Placement Scheme- taking up to 5 students each year - gives real working experience, with active training and development and access to all of Tesco's resources whilst the students perform a real role within a Buying Department.
21. It all works because there is clarity on both sides on what each experience - learning and working -has to offer. In the case of the University, their policy of employing respected industry professionals as course leaders and tutors creates a mutual trust and respect between commerce and learning. This results in a very efficient working partnership. In the future, Tesco is looking to extend this alliance by exploring the opportunity for its Merchandise Planners to study to get a level 6 BA Hons. in Merchandise Management as part of our Tesco Academy Learning Programme.

Training in Partnership - Tesco / Institute for Logistics and Transport

22. Managers in our distribution centres are being offered the opportunity to study for globally recognised qualifications through the Institute of Logistics and Transport. The modular course focuses on core and supply chain management and warehouse/transport issues.
23. Currently over 100 Managers are studying for the two-year Diploma or one year Higher Certificate qualification. Initial feedback from those who have completed modules on the course and their managers suggest that the course has been successful in developing knowledge, giving managers greater understanding of why decisions are made and led to greater volunteering for project work, linked to increased confidence. We see the course as a good investment as it improves the capabilities of our people and gives them a professionally recognised qualification to take with them through their career.

Education and Training at Tesco

General

24. We have a range of training programmes for every role within the company to ensure that all of our people have the tools they need to do their jobs. This is based on initial and then ongoing training for all new people. Many of these programmes are run internally, combining learning with experience. This specific training is backed up by a programme of core skills, which provide general work-related training. The success of the company reflects the suitability and excellence of our approach. We are currently working with relevant organisations to ensure that the skills our people develop through their training receives external accreditation, at minimum to NVQ Work Level 2. We believe this would give our people greater opportunities in their career including pursuing further educational development.

Basic Skills - Regeneration Partnerships

25. As part of our determination to contribute to the regeneration agenda we are providing basic skills training and jobs to many previously long-term unemployed people in deprived areas. Six stores in areas such as Seacroft in Leeds, Beckton in East London and St Rollox in Glasgow have already been opened. In each area we have successfully operated a jobs guarantee scheme in partnership with other stakeholders such as the local authority, the Basic Skills Agency, JobCentrePlus and others. At Beckton, one such partner was Newham College in East London which provided facilities and expertise in the Basic Skills Training we provided.

26. Those who participate - including mothers who have been out of work to have children, young people with no qualifications who have never worked and others who have been made unemployed and have not been able to find jobs elsewhere - are guaranteed a job provided they complete the training scheme. This is a powerful incentive for people often only used to the possibility of a job in exchange for completing such courses. Each trainee receives retail skills in areas such as food hygiene, health and safety, sales skills and customer care and individually tailored basic skills training in reading, writing, numeracy and fluency to nationally accredited standards.

27. We have created over 1000 such jobs so far. The benefits have been felt by the people who have taken the scheme and by Tesco as well:

- Around 85% of people on our schemes take up work with us, compared to 40% for comparable schemes
- Around 85% of these staff are still with us six months later, compared with 55% in other areas.
- At our first regeneration store in Seacroft, 19% of partnership recruits are training for more specialist jobs or have now been promoted to more senior positions.
- These are real jobs, not displacement: e.g. in Dragonville, 120 of the unemployed recruits were previously classed as 'economically inactive' and excluded as registered job seekers.

Lifelong Learning - Lifelong Learning Centre, Welham Green

28. Our Lifelong Learning Centre at our Welham Green Distribution Centre in Hertfordshire opened in November 2001. The centre includes 10 computers terminals and provides opportunities for e-Learning through Learndirect and also organises tutor-led courses. Over 25% of the workforce have since signed up for over 300 courses, and it has recently been extended to friends and family of employees at the Centre. Courses taken range from IT to Skills for Life to Spanish and guitar lessons. They provide an opportunity for those who wish to improve their knowledge, pursue interests and expand their career.
29. We work in conjunction with Usdaw on the Lifelong Learning Programme and at Welham Green employees have been trained to become Union Learning Representatives. This gives them the skills to provide advice and guidance to their colleagues of the learning opportunities available and has been very successful. Vince Kiernan, who along with his son Chris works at our Distribution Centre at Welham Green suffers from dyslexia, which went undiagnosed at school. Along with his son he enrolled on a basic skills course which has increased his confidence to the extent that he has recently become a Learning Rep himself to inform others of the learning possibilities. Another Welham Green employee, Dave Picton, 42, has been able to build on the English and Maths lessons he had more than twenty five years ago at school. This is through a tutor-led Basic Skills course and as well as making him more confident, he is able to give his eight-year-old daughter all the help she requires with her schoolwork.
30. A second centre will open at our Fennylock Distribution Centre in Milton Keynes in June. It will be available to Tesco employees at the distribution centre and in local stores and is part of our commitment to make lifelong learning opportunities as accessible as possible to our people. This is also reflected in our discussions with Ufl (Learndirect) and the Learning Skills Council to secure funding for the coming year to allow us to make learning for our people more affordable.