

# Best Companies: Best Practice

dti

The DTI drives our ambition of 'prosperity for all' by working to create the best environment for business success in the UK. We help people and companies become more productive by promoting enterprise, innovation and creativity.

We champion UK business at home and abroad. We invest heavily in world-class science and technology. We protect the rights of working people and consumers. And we stand up for fair and open markets in the UK, Europe and the world.

Each year in *The Sunday Times* 100 Best Companies to Work For survey, the best employers in the UK have the chance to showcase their best practice credentials, offering the secrets of their success to a wider public. Best Companies: Best Practice explores in further detail some of the forward-thinking practices which have given employees reason to comment so favourably about their places of work.

**This brochure is for:** any business that wants to become a great place to work.

**It covers:** three characteristics of best practice in depth: People development, Leadership and Corporate responsibility.

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*Achieving best practice in your business* is a key theme within DTI's approach to business support solutions, providing ideas and insights into how you can improve performance across your business. By showing what works in other businesses, we can help you see what can help you, and then support you in implementation. This brochure focuses on these solutions.

# Introduction



## **BEST COMPANIES: BEST PRACTICE**

is all about the transfer of best practice, and illustrates the value of innovations such as:

- an on-line learning centre
- a leadership roadshow where the CEO meets every member of staff
- a programme to challenge management style and behaviour
- environmentally sustainable solutions on construction projects
- bonuses to staff who recommend friends or relatives for jobs with the company
- a scheme to keep in touch and re-recruit people who have left the business
- paid leave for staff to be involved in community projects
- an on-site concierge for staff.

The 100 *Sunday Times* Best Companies to Work For list is created from thorough evaluations of the values and working practices of participating organisations. The position of an organisation on the list is determined from the results from comprehensive questionnaires, completed in confidence by significant numbers of employees selected at random. 80 per cent of the final scores are determined by this analysis, which is backed up by site visits.

This publication focuses on three key characteristics of best practice – People development, Leadership and Corporate responsibility – that have the greatest overlap with the 100 Best Companies to Work For survey. (A comprehensive set of best business practices can be found on pages 29-30).

What follows is a series of articles and case studies based on interviews with some of the companies from the 2003 list.

All the companies featured within this publication encourage and enable the uptake and development of innovative practices to meet self-imposed targets in areas such as employee satisfaction, staff retention and overall business performance. Significantly, these practices are often developed and delivered within the context of a programme that is specifically designed to address a particular issue or to deliver a major transformation within the business.

Both the 100 Best Companies survey and this publication offer ample evidence of improved performance in those companies whose commitment to their people is supported by innovative best practice. Best Companies: Best Practice features a company whose profits doubled in 12 months, and another whose staff turnover has dropped to almost half the industry average.

Read this brochure for ideas on what's worked for other businesses. To access more free information and publications on best practice, visit our website [www.dti.gov.uk/bestpractice](http://www.dti.gov.uk/bestpractice).

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# people development

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Best practice organisations enable employees to develop and fulfil their potential

Best practice organisations:

- make sure employees' contributions are recognised and adequately rewarded
- encourage equal opportunities regardless of age, gender, race or religion
- promote the learning and updating of new skills and knowledge at every level
- have effective internal communication systems to encourage the transfer of knowledge and information vertically and horizontally
- have effective employee consultation arrangements
- empower all employees by encouraging individual ownership and focus on customers
- maintain constructive relationships with trade unions where recognised (a 'partnership' approach)
- provide as much employment security as possible.

## Developing a High Performance Culture



For leading real estate and investment management firm Jones Lang LaSalle, people development is an essential feature of being a high performance company.

AS HUMAN resources (HR) director, Ruth Mundy is responsible for 900 staff in England. She explains: "There's a big emphasis on being successful and becoming more profitable. And if you're going to do that, then first of all you need the best people, and secondly, you need to develop them in the right way."

The company embarked on a transformation programme following a merger in 1999 and becoming listed on the New York Stock Exchange. "The term we used was Total Performance Management," says Ruth, "but the idea was that after about two years the new approach would organically become part of the way we do things, just day to day business practice. And that is effectively what's happened."



Total Performance Management afforded Jones Lang LaSalle the opportunity to pull together a number of threads from across the two newly merged businesses. As Ruth puts it: "It allowed us to take best practice from around the group of companies and to refocus."

The transformation programme included the development of ten performance standards. Many are explicitly about the company's people, for example:

- Our people will receive career development, guidance, counselling and feedback on their performance.
- We will be rewarded through a fair and clearly communicated compensation scheme.
- We will expect our achievements to be fairly recognised and our ideas to be encouraged throughout the company.
- We are committed to achieving a healthy balance between business and private life.

The leadership of the company settled on the 'balanced scorecard' system to manage the transformation and identified six areas that were critical to success. By making sure that people have personal objectives in each of those areas, the company has been able to encourage what Ruth describes as a "much more rounded performance" that directly links the individual to the overall performance of the business.

And in focusing on the relationship between individual performances and business success, the leadership also discovered that staff wanted more clarity and transparency in the operation of the bonus scheme. "We want everybody to share in the success of the company, so we have quite a significant bonus scheme," says Ruth. "We've done a lot of work over the last two years to design a more transparent model that allows people to see how the bonus pool is generated from the success of the company."

That exercise has been conducted alongside the performance management process, which means that people are now much clearer about what their objectives are, why they have them, how performance is measured and how bonuses are generated. "The whole thing now slots together," says Ruth.

Results are already starting to show. "The penny has dropped," says Ruth. "So for example, because bonus allocations are very much driven by how much profit is made in each business area, and people understand that there's a finite amount of money that can be spent on compensation, we're now seeing business leaders having to make some difficult decisions: 'Do I spread the jam thinly or do I target people much more effectively?' With the new performance management system, they are beginning to realise they have to be much more targeted. They have to pay their best people the highest amounts and really differentiate performance. So it has had an impact on the way we manage."

And in the course of the transformation programme some basic assumptions about development have been challenged. "Historically, people tended to see training as something they did extraneously," says Ruth. "It was nice to do, but it wasn't seen as being core to your job."

“We’re now trying to get people to see their career development in a more holistic way, as something more than just going on a training course. It’s not simply something the company does to you.”

One particular development programme has been designed specifically to challenge cultural and behavioural norms within the organisation. An external provider has been commissioned to deliver a specially tailored programme, which aims to make senior directors more self-aware and to get them listening more effectively.

The programme challenges senior directors about their personal style and behaviour, and has produced some genuine converts, says Ruth. She says people have recognised that simply behaving differently has brought about an improvement in their own performance. The company has now extended coaching skills programmes to other staff, in order to combat what Ruth says is a common ailment. “Some of our people are in ‘tell mode’ a lot of the time,” she says. “They tell people things, rather than listening to and helping the other person come to their own conclusion.”

**There’s a big emphasis on being successful and becoming more profitable. And if you’re going to do that, then first of all you need the best people, and secondly, you need to develop them in the right way.**

**RUTH MUNDY, HUMAN RESOURCES DIRECTOR JONES LANG LASALLE**

Another programme under consideration is called High Leverage Management, which is designed to challenge widely held perceptions about working practices. Ruth believes one of the biggest problems people have is how they manage their day. “This is all about personal organisation and the individual’s thinking style,” she says. “People get into very set ways of behaving. They settle into their favourite way of working, which is not necessarily the most effective way.”

Jones Lang LaSalle is also working hard to ensure that adequate support is available to people facing fresh challenges. The 20 or so graduates who are recruited each year are now paired with mentors and sponsors as part of their training programme. There is also an informal mentoring scheme for people who are newly promoted. The scheme is ‘unmanaged’, which means that people are put in touch, but it is up to them how they take the relationship forward and what they try to get out of it. “We try not to over engineer it, because we feel the onus should be on the individuals to establish their own way of working with their mentor,” says Ruth.

The company’s commitment to people development is paying off. “We regularly survey our staff,” says Ruth, “and we have increased the satisfaction scores in areas like career development and coaching.”

Asked to offer a word of advice to others considering similar steps, Ruth says the first thing that springs to mind is to keep it simple. “I think sometimes people can overcomplicate what’s needed. Best practice is not rocket science. It’s about doing things that really work for your organisation. The other critical thing is that it has got to be embraced and driven by leadership of the business.”

## Learning unlimited



As the hotel industry has been forced to tighten its belt in the face of an increased nervousness about travel over recent years, one thing that distinguishes Travel Inn, the 300-strong hotel chain, from so many of its competitors has been its refusal to cut back on training and development.

KEVIN RHODES, Travel Inn's North of England HR manager, explains: "A lot of hotel companies have put the brakes on and stopped all development. They've stopped all recruitment and made redundancies. At Travel Inn, we made no redundancies and we didn't stop training people. We made sure the people we had in the business would still get the development they needed."

Kevin sees people development not only as an investment, but also as one of the factors critical to motivating and retaining staff. "I think people do feel valued that we are prepared to put their development first. Otherwise we'd be taking a very short term outlook because people would just leave and go elsewhere."

At Travel Inn, considerable effort goes into making it as easy as possible for the company's 8,000 staff to access development opportunities. For Kevin, the issue is straightforward. "A fundamental part of our business is about empowering people to be able to do the jobs that they want to do," he says. "If we really value our people, then let's not put any barriers in place."

Although Travel Inn has a weighty annual training spend – £3 million last year – the resources available for staff development can be further enhanced as a result of budgetary flexibility at branch level. Managers are encouraged to use their discretion to recognise, reward and develop members of their team. This means managers have the freedom to offer staff gift vouchers, red-letter days or even weekend breaks in recognition of high performance. This flexibility not only recognises the efforts of employees, it also empowers managers.

The company's no limits approach to learning has given rise to a training calendar that staff can access using the company's intranet; and with the approval of their manager, all staff can book themselves directly onto a course. There is also a special on-line library – a product of the company's relationships with Oxford Brookes University and Ashridge Management College – that gives employees the chance to access learning materials, or even borrow books and CD-ROMs.

Another product of the company's relationship with Oxford Brookes University is its sponsored MBA scheme. "We have people at various levels in the organisation at the moment who are studying for their MBA, fully funded by Travel Inn," says Kevin.

But Kevin is clear that development is not simply about attending training courses or extracurricular learning. "I would say 90 per cent of the training we provide is on the job, through coaching, shadowing and letting people have a go."

Shadowing is not a formalised scheme, however, but something that relies more on an employee's recognition of their own needs and their own initiative in taking it forward. "We encourage less experienced managers to spend time with more experienced managers," says Kevin. "Or if someone aspires to a field or support role, it is down to them to organise to spend some time with an individual to see what the job is really like."

There are a number of high profile recognition schemes within the organisation. For example, the Travel Inn Champions League recognises the ten highest performing sites in terms of occupancy rates (the industry standard measure) and brand quality (an audited look at how well each hotel complies with certain core service values). Every quarter, the top ten hotels in each category win £1,000 to spend on a staff activity or event of their own choosing.

Further evidence of Travel Inn's commitment to its people is that a proportion of the 45 per cent bonus scheme for senior managers hinges on the manager's own commitment to people development. The scheme is based mainly on financial performance, but also on a number of key measures regarding people, including labour turnover and employee view surveys, as well as customer measures.

Considerable emphasis is also placed on the non-restrictive nature of working relationships at Travel Inn. Kevin believes the fact that the company has only been around for 17 years has a major impact on its culture and working environment.

"Most of the hotels that we have are brand new builds, and most of the management teams within our organisation are fairly young and therefore young in their outlook," he says.

"Because of that, they bring modern management styles which are all about being on the same level as your team. They don't rely on a huge hierarchy to manage effectively."

Kevin and other leaders have also been trying to cultivate another dimension to the company culture. "Over the last three years, we've been trying to develop a sales culture within our business," he says. "In effect, it means every single person in the hotel should be sales focused." As well as having obvious implications for the financial performance of the business, Kevin believes there is another positive

effect on the company's people. "They feel very motivated that they can influence performance themselves," he says.

Kevin sees the company culture as a key business asset and says the health and vitality of its corporate culture is an influence on its HR function. "Our recruitment strategy is all about recruiting people who will fit into our culture, rather than just looking for someone who's got technical skills," he says. "It's about recruiting likeminded people who may well have different ideas about things, but who truly believe in the value of people."

The company's commitment to its people is based on the understanding that high performing teams make for a high performing business. "To grow the brand means we've got to grow our teams to be able to meet the demands of any future acquisitions, new hotels or growth in the business," says Kevin.

Results from recent biannual staff surveys suggest Travel Inn is going in the right direction. In consecutive surveys, overall staff satisfaction grew from 82 per cent to 85 per cent to 87 per cent, at the last count. Similarly high levels of customer satisfaction indicate that the foundations for improved business performance have been well laid.

And if the proof of the pudding is in the eating, then the company's financial performance in 2002–03 showed a total annual turnover up from £160 million to £200 million, with profits up by £7 million. Kevin is in no doubt about the value of people development. "The only thing that we can put this success down to is our high performing team members at all levels within the company" he says. "They're the ones who've produced all of this."

**If we really value our people, then let's not put any barriers in place.**

**KEVIN RHODES, NORTH OF ENGLAND HR MANAGER, TRAVEL INN**



## Teamwork makes the difference



Paul Kingston is a man with a mission: as head of organisation development at Ceridian Centrefile, he believes it is essential for a company offering human resources solutions to practise what it preaches.

RANKED SIXTIETH in *The Sunday Times* 100 Best Companies to Work For survey in 2003, and commended by Investors in People for outstanding practice, Ceridian pioneers an open, friendly culture with a clear statement of values that includes honesty and integrity.

The company's 900 staff are offered personal development plans, access to a 'Centrefile university' and an annual training budget of £750 each. The company also runs the PayBack Foundation, which is funded by staff charitable activities and raises around £30,000 a year to buy equipment for children with special needs.

Ceridian is the UK market leader in employer services such as outsourced HR solutions, work-life balance initiatives, payroll and managed expense services. Founded in 1965, it now has over 9,000 UK customers, processing 21 million payslips a year for seven per cent of the country's workers.



Passionate about what he does, Paul has an evident zeal for the importance of good people management. He believes Ceridian's relatively compact size and clear values have helped to create the positive workplace culture which staff rate so highly.

Paul explains: "I would describe the culture as a mosaic – the combination of a strong sense of identity and clarity of purpose that our people have. They can identify with the whole organisation, and we try to communicate the purpose and successes of our development schemes. This in turn is due to the commitment of the Chief Executive, who is absolutely focused on delivering capability to clients. That leadership and communication enables people to understand both business direction and what is available to them in terms of personal progression."

Ceridian's turnover in the UK has grown from £26.9 million in 1997 to around £50 million, with 14 offices in the UK and overseas servicing clients ranging from Woolworths and Lloyds TSB to small and medium sized enterprises. A third of the workforce is home based, which poses a major challenge for people development. But Paul insists such challenges are part and parcel of motivating and developing staff in today's evolving business environment.

He also insists that organisations should not lose sight of the fact that people development is about more than developing individuals. "An individual can make a difference, but it's usually groups that help change organisations," says Paul. "So we have a massive focus on linking the individual, the team and organisational development. I would describe it as a form of domino effect. If you want to improve efficiency, then you have to help individuals understand the need to improve; give them the skills and knowledge, but be aware it's the team that's going to make the most measurable difference."

Paul emphasises that a pre-condition for effective team learning within any organisation is transforming the role of the HR function from a stand-apart operation into that of an integral partner helping to deliver the business strategy. This usually involves devolving even more responsibility for people development to line managers, and empowering teams by encouraging ownership and "looking outwards".

Employee reward and recognition at Ceridian include staff appraisal and twice-yearly discussions to agree individual objectives, as well as any personal development needs. A performance bonus scheme is open to most staff, and every month high achievers are nominated by each business stream and rewarded with cash vouchers and overseas trips. And there is a share option plan, which four out of ten employees have taken up.

"We also celebrate individuals in their life activities, which are often related to their work on behalf of others," says Paul. "That sense of community is stronger at Ceridian than in other companies I have worked for."

As a best practice organisation, Ceridian is keen to encourage equal opportunities, and explicitly links this to its core values of honesty and integrity. Gender, ethnic and age profiles of staff are regularly monitored to ensure an even spread and a match with the client environment.

Learning is another key element of people development. However, Paul says the important thing is not just that employees acquire knowledge, but that they actually apply that learning to their jobs. The company also supports those who want to develop a life skill, such as interpersonal communication, that will benefit them both as workers and individuals. Effective internal communication and consultation is a key component of successful people development, and Ceridian encourages staff to learn from each other and with each other by meeting in person or through video conferencing and on-line forums. The Chief Executive takes part in an annual roadshow that visits each location and allows him to meet every staff member. And as well as holding monthly on-line question and answer sessions, board members are actively involved in 'pulsing' sessions during which they listen to feedback from staff returning from management development programmes.

Ceridian's emphasis on its people has brought a variety of positive results, including one team who reduced process faults by 50 per cent through a team development exercise. Another team of IT implementation consultants worked together to improve their understanding of client business needs; within two months, they had sold an extra 40 consultancy days. And two groups working on improving communication were able to increase the number of software checks they could make by 50 per cent.

"All these successes are about people taking stock of where they are, what their issues are, working out what actions to take to resolve them, and agreeing what measures will be applied to achieve success," says Paul. "This cycle has to become continuous." Paul believes that the secret of empowerment lies in creating a sense of group ownership of issues, while recognising dependencies between teams in an organisation in which each group develops a real dialogue with other groups.

Paul attributes the company's success to a Weltanschauung or whole world vision of where client organisations are heading, a reading of what is happening in the business environment and, most importantly, good teamwork. "If you want to change the direction of a ship, then the captain just saying 'Change direction!' is not going to make it happen," says Paul. "The guy who is turning the wheel isn't going to make it happen on his own. It all depends on previous teamwork and effective processes happening below decks in making the systems effective and ensuring people know where they are heading."



## Development for all



At TGI Friday's, they take recognition very seriously. As one of the organisation's five core values, it is symbolised by the oversized pair of spectacles that you can find adorning the walls of every one of the international chain's bars or restaurants.

ACCORDING EMPLOYEES the recognition they deserve is indicative of the positive approach the company takes to developing its people. And at Friday's, recognition comes in many forms – from the award of eye-catching pin badges that adorn the braces of team members, to trips abroad for high performing management teams. Learning and Development Manager Suzie Welch explains that an open commitment to people development is central to the company's thinking. She says: "It's the reason I joined Friday's six years ago. It's not something new. I think it's something that's been enhanced over the 18 years we've been around. We are inclusive and involve people. That's our big thing."

The company's development for all approach means development opportunities are not only available to those who want to progress into management. For example, a development programme called The Journey encourages team members (bartenders and waiting staff) to cross train in various roles.



A recent innovation is N.able (a play on the word 'enable'), a coaching path for team members that works on three levels. At the bronze level, people are trained in one to one coaching and equipped with the skills to help or train other team members. Coaches are taught how to listen to their colleagues and how to give feedback. The aim is to develop team members so that they can go on to become in-store trainers themselves.



At the silver level, team members are taken offsite for two days to learn about presentation skills and different learning styles. And at gold level, team members are trained in selection and recruitment skills, as well as the skills to review the performance of other team members. In effect, this means that some of the HR function is delegated to team level, ensuring that the right people are being brought in and developed at the grass roots of the business.



Suzie believes that having bronze, silver and gold coaches within each of the company's 'store' teams brings a number of business benefits.

First, there is the sense of ownership felt by team members because they have a degree of responsibility for the development of their own teams. Teams in new or refurbished stores can also receive training from coaches based in other stores, which offers the coach the chance to broaden their own horizons and contributes to their development.

Secondly, cascading training and coaching opportunities throughout the organisation means there is reduced pressure on the HR function at the centre of the company, as teams become more self-sustaining and find their own relevant and timely solutions.

Eighteen months on from the start of the programme, there are now 450 coaches across the organisation, a high proportion of whom are using it as a stepping-stone into management.

In fact, the programme has been designed specifically to enable a smooth transition into management, with management training building on the skills developed on the coaching path. "The language is the same," says Suzie. "They are seeing the same kind of models. The whole thing fits together."

The company has also introduced improvements to its management training. In the past, newly appointed managers may well have had only one injection of management training when they started. Now they benefit from ongoing development. The new management path introduced in 2004 entails a mixture of skills training and behavioural development. The company's generic term for this development path is NRG – a play on the word 'energy', suggesting interventions to invigorate and provide the stimulus to enhance personal performance.

The first stage on the management path is a programme called Release NRG. Stage two – Apply NRG – is quite heavily skills based, with managers learning about time management and examining finance case studies and licensing laws.

Channel NRG is more behaviour focused. It gives managers insight into the differences between leaders and managers, as well as guidance on

how to be visionary and the power of talking. The path culminates in Drive NRG, which is reserved for more experienced managers; this entails further business skills training, including strategic planning and commercial acumen.

The benefits of the company's commitment to people development can be seen throughout the organisation. For example, 80 per cent of operations managers within TGI Friday's have risen through the ranks. Suzie says it is "fantastic" that so many employees voted TGI Friday's one of the best companies to work for. She says a high percentage of employees stay much longer than they had originally planned. And the statistics back her up; in an industry with an average rate of staff turnover in excess of 95 per cent, staff turnover at TGI Friday's has fallen below 50 per cent in the last two years.

Not only does this ability to retain staff suggest a high degree of employee satisfaction, it also represents a good return on investment.

It may be difficult to prove direct links between people development and improved business performance, but work carried out in September 2003 found that after staff attended a development course, the stores in which they worked showed increased sales and profitability.

Suzie admits that it can be hard to pin the improved performance of a management team of six on the training of just one person, but says it is easier to see a positive effect in those stores which have been refurbished. There, the whole management team is 'extracted' and trained in communication skills and team working. They are given time together and are returned into a refurbished store as a re-invigorated team that is performing better.

For Suzie, it helps enormously that TGI Friday's people have such a positive attitude to development. "I think one thing you could say about people at Friday's," she says, "is that if you give them a challenge at management, team member or head office level, they'll rise to it, smash it and seek another one. I think we can say that whatever development we put in place, they'll take it and run.

"Our commitment to people is a foundation for all our business strategies, because without hiring and retaining great people, Friday's would cease to exist."

**Their roles are a lot more varied. They've got so much more opportunity to think about now. Two or three years ago we had none of that.**

**MO YASSIN, ASSISTANT GENERAL MANAGER,  
COVENT GARDEN BRANCH TGI FRIDAY'S**

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# leadership

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Best practice organisations have enthusiastic leaders

**Best practice organisations:**

- ensure the organisation has a vision, mission and strategy that are known and understood
- oversee the setting of demanding but realistic targets
- set an example in generating an open, communicative management style
- champion a culture conducive to learning and continuous improvement
- distribute leadership responsibilities with necessary authority, training and resources.

## Staff suggestions bring Kwik wins



Staff suggestions bring 'Kwik wins' to a company that is something of a treasure trove of innovative best practice – much of which has been generated by its employees.

THE BUSINESS was set up in 1995 and now has over a quarter of a million motor insurance customers. Other products include home insurance and breakdown cover as well as recently launched products such as term life insurance and pet insurance.

The call centre business is based in Uddingston near Glasgow and employs 850 staff. Most are sales consultants organised in teams that have names such as Wolves, Tigers, Lions and Dolphins; other team names include Mercedes, BMWs, Bentleys and Porsches.

The business has undergone something of a transformation in the last two and a half years. A tidal wave of innovative ideas and practices has given rise to extraordinary profits, improved staff morale and has won the company a string of awards and recognition.

When the HR director Keren Edwards joined KFI two and a half years ago, she says it was clear that change was required. Upon her arrival, Keren says she found a style of leadership that was "very motivational and very enthusiastic", but one that she would also describe as "macho".



Keren explains: "It was quite 'tell and do'. Although there had been staff surveys nothing much was done with them. As a consequence, people thought their opinions meant nothing." One of the first things Keren did was to transform the staff survey into an aid to business improvement by changing questions, scrutinising the data it produced and disseminating results on a regular basis.

It was from this revamped staff survey system that a project named Making KFI A Fantastic Place to Work was born. In December 2002, 650 employees spent one day away from the call centre considering the question, 'What would make KFI a fantastic place to work?' This simple exercise generated an astonishing 6,550 ideas from staff. Keren readily admits she was not prepared for the sheer volume of creativity that was unleashed." I thought to myself, 'What are we going to do now?'"

In fact, what the company did was establish seven project groups to oversee the transformation of many of those ideas into reality. Each group was made up of a mixture of people from across the organisation, led by someone who had already been recognised as a potential high performer.

Since then, a huge number of ideas have been implemented, ranging from the very simple to the highly ambitious. They include:

- An on-site concierge who takes care of things such as collecting dry cleaning, going to the chemist to pick up a prescription or getting photographs developed; in the first three months since he has been on site, the concierge has completed 400 tasks for staff members.
- Providing coffee cups with lids means employees can now have drinks at their desks – something unheard of in most call centres.
- Leave can now be taken by the hour rather than by the half day, meaning precious leave need not be taken to accomplish something that only requires an hour or two.
- £1,000 cash is awarded to staff whose referral of a friend leads to successful recruitment; so far, more than 120 employees have been recruited this way.
- A programme called Grassroots – a back to the floor type exercise – sees directors spending one half day each month working in a different department to gain a better understanding of the business.
- A £100,000 facelift for the call centre, including the creation of a chill out area, changes to the interior colour scheme, a new reception area, natural daylight lighting, and a 500 square metre landscaped garden.
- An employee suggestion scheme called Mail Martin, which gives staff a direct route to managing director Martin Oliver.
- A free food day in the canteen at the end of each month. ("Our people are young and don't always budget well, so by the end of the month they can be struggling to buy themselves food," says Keren.)
- A full-time occupational health nurse on site.
- And a chill out club offers salsa dancing, massage and wing chun martial arts for a monthly fee of just £5.

Keren believes there is a direct correlation between Making KFI Fantastic and staggering recent improvements in business performance that have seen profits more than double in just 12 months.

Over the same period, staff turnover has fallen by five per cent; for Keren, this achievement is particularly important. "Five per cent doesn't sound like much," she says, "but it's an enormous amount when you are recruiting this number of people." With over 50 call centre competitors in the region, the ability to keep hold of well-trained staff is a priority.

The average length of service for a sales consultant has gone up from 18 months to 24 months. "It doesn't sound much," says Keren, "but after we've recouped the cost of recruitment, those six months are completely revenue generating for us. It also creates a stability in the organisation which we didn't have before."

And staff morale, as measured by the number of people who say they are extremely satisfied to work at KFI, is steadily rising; the number of staff who say they would recommend KFI as a great place to work has risen from 65 per cent in 2002 to 80 per cent. Crucially, the leadership style that Keren encountered when she first arrived has disappeared. Making KFI Fantastic enjoyed immediate support from the company's leaders. "That's when it all started happening," she says.

"The MD's commitment to telling people what is happening in the business has made a big difference to how people feel they are communicated with about the strategy, the leadership and the goals of the organisation."

Keren acknowledges that it has been a bold step for the organisation, particularly its leaders. "It was a leap of faith," she says. "They understood that this was going to cause us some pain because it would affect productivity at the beginning. But they also understood that in the end we would have better labour turnover, better productivity and that morale would go up. And that we would have happier people who think this is a great place to work."

"Things have changed beyond recognition. I think we're a demanding organisation but we're not a 'banging on the table' organisation. The great thing about it is that we've done all this and we've made huge strides forward in our profits and in our revenue."

"But really the big difference has been the way we treat our people and the fact that fewer of them are leaving than ever before. People come in and they stay and they like working here. I think if your leadership team is prepared to make a leap of faith, you can make this stuff happen."

## Leadership and the art of communication



If you walk into any TGI Friday's restaurant anywhere in the world your attention will be drawn to a clutter of different objects decorating its ceilings and walls.

AT FIRST sight, you could be forgiven for thinking the decorations had been chosen and placed at random. But for TGI Friday's, the international bar and restaurant chain, they are visual reminders to all its staff that the company's values lie at the very heart of its day to day business.

Five items are of special importance: they represent the company's core values and are to be found in each and every one of its bars and restaurants.

So at every TGI Friday's you are guaranteed to come across a giant Mars Bar symbolising 'enjoyment'; an Abraham Lincoln plaque representing 'integrity'; a circus elephant suggesting 'balance'; a pair of giant spectacles to symbolise 'recognition'; and a silver trophy indicating 'excellence'.

This drive to communicate company values may come from the very top – these same five items of what the company likes to refer to as its 'elegant clutter' are also be found on the walls of the managing director's office – but the process that shapes the company's values, vision and mission is very much an inclusive one. And when those guiding principles were revisited recently, it was a process that spanned the entire organisation.

The company recognises there is little point in carefully crafting a set of values if no one has any faith in them. As Suzie Welch, Learning and Development Manager, says: "If we're going to live by them, everyone has to buy into them. So we need to consult all the way through."



The project to review the values, vision and mission may have been led by a small team, but once that team had completed its initial work, its findings were filtered throughout the organisation, first to management teams and then on to team members (bar and waiting staff). "So by the time we've decided where we want to take them [the vision and the mission], they have gone through every level of the organisation," says Suzie.

Pride in its 'elegant clutter' is not the only evidence you will find at TGI Friday's of the company's imaginative use of imagery and symbolism to communicate important messages to its customers and 3,500 staff.

No one could fail to notice, for example, the amount of pin badges that brighten up the braces (affectionately known as 'dub-dubs') of Friday's staff. Some are given to all staff to remind them of their obligation to uphold the organisational ethos; others are awarded in recognition of particular achievements. There is a pin for 'consistently living our values', and another for 'service excellence', as well as bronze, silver and gold stars for guest commendations; in all, there are 23 different pins.

Kerry Haslett, Shift Manager and In-store Trainer in TGI Friday's Covent Garden branch says the pins show that employee's efforts don't go unrecognised. "It's like saying 'we have noticed, you're doing a fantastic job,'" she says. "When you've got your braces on with all the pins it does make you look like a fantastic worker."

Past campaigns to communicate the organisation's vision have also been developed around visual imagery, such as the use of hand-drawn posters. When the vision was to grow profitable sales each general manager was asked to draw a picture portraying how that vision would be realised.

The drawings were printed as A1 size posters and placed in each restaurant so that everyone could see a visual representation of the challenge they faced. The posters were complemented by a number of targets, so that the company's values, vision, mission and some key business measures were all visible to staff in every restaurant.

As the vision and mission have developed, so has the internal communication strategy. A more recent exercise has seen the development of TGI Friday's Key Messages 2003–2004. Again, the company decided to use strong visual imagery to communicate essential messages about its new direction across the whole organisation: in this case, a sunflower to represent the aim of nurturing a 'guest facing' environment.

As well as more conventional methods of communicating the new vision – such as all-staff meetings, leaflets and a video – the company developed an imaginative programme of internal marketing. This included issuing watering cans and packets of sunflower seeds to restaurant teams as a reminder of the new 'guest facing' ethos. And of

course, the exercise also included the creation of a new pin – a sunflower awarded to those who generate innovative ideas.

All these measures have been introduced as part of an overarching strategic programme named Step Change, initiated four years ago. Suzie believes strong leadership has been vital to the success of the programme.

Leadership from the managing director must be inspirational to engage and mobilise the whole team, she says. “When the Step Change programme was introduced, this was explained in a highly visionary way and with such excitement that it made you want to grasp it and say, ‘This is what we need to do!’”

Suzie says the energy and leadership of managing director Guy Parsons, and his predecessor Neil Riding, have been matched by those around them, particularly the board. “I wouldn’t still be here, nearly six years later, if we hadn’t had the leaders that we have,” she says.

Even with its workforce spread over more than 40 sites throughout the UK, TGI Friday’s shows how an innovative approach to communicating key principles and ideas can offer a competitive advantage.

**Every year at head office they come up with a new dynamic for it [the vision], just to keep it interesting. The leadership makes a real effort to keep things fresh.**

**MO YASSIN, ASSISTANT GENERAL MANAGER,  
COVENT GARDEN BRANCH TGI FRIDAY’S**



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# corporate responsibility

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Best practice organisations perform as responsible members of the community and society

Best practice organisations:

- promote health and safety and reduce nuisance or harm from the organisation's activities
- are involved in local communities, eg in education & training, the voluntary sector, sport & leisure
- contribute to the sustainable use of resources, eg in transport, utilities, packaging, recycling.

## Ethical excellence



Commitment to corporate social responsibility runs deeper than simply supporting charities and community projects at international engineering, management and development consultancy Mott MacDonald.

AS A wholly independent global company providing creative solutions in transport, energy, building, water and the environment, as well as communications, social development, health and education – touching many of those areas which affect everyday life, as the company puts it – commitment to increasing sustainability and reducing environmental damage informs the very way the company carries out its business.

Project management systems ensure that sustainability monitoring is carried out on assignments, while post project reviews and knowledge-sharing initiatives promote the sharing of sustainability best practice across the Group.

And the company's creative approach to incorporating environmentally sustainable solutions on projects has produced a number of innovations, including the use of solar heating, natural ventilation, a natural cooling system and the reuse of rainwater in internationally renowned buildings.

Working on projects in more than 100 countries, the Group employs 8,000 staff and has a turnover of £470 million. "As a large company, it is important for us to have a clear ethical basis to measure the impact of our activities on society, taking into account economic, social and environmental impacts.

"The principles of CSR help us balance the requirements of our business with these impacts, making responsible behaviour part of our culture," says Ron Williams, Head of Mott MacDonald's Transport Division and Group CSR champion.

Underpinning all Mott MacDonald activities, including its approach to corporate responsibility, are five core values, summed up in the acronym PRIDE: progress, respect, integrity, drive and excellence. These values govern the company's behaviour and functioning across the globe.

Mott MacDonald's core values also inform its relationships with suppliers and partners. The company's approach to choosing and working with suppliers is to select those who have similar values and corporate and environmental policies to its own. By closely managing relationships with key suppliers and contractors, the company's values are cascaded through the supply chain. It is not only contractors but also clients who are encouraged to incorporate more sustainable design, operation and construction solutions into their projects and day to day operations.

Mott MacDonald does this by providing high quality advice on sustainability issues and solutions, and by helping clients to follow recognised codes of conduct and to adopt sustainability best practice.

And to capitalise on the personal interest that many employees have in sustainability issues, the company runs in-house seminars and workshops on sustainable development and supports staff seeking additional training in environmental management. Mott MacDonald is also supporting a project in Ecuador helping a local community cut down on wood used for cooking by developing a renewable energy source, with the hope that its use will spread to other communities.

Ron explains: "To put our values into action across the Group we designed a ten year strategic plan, and corporate social responsibility is very much part of that plan." Williams says the plan began to take shape two years ago, "when we set out to develop a clear statement of our ethics, vision and values, a code of business practice, which is part of our corporate governance."

Corporate social responsibility and community involvement have always been part of Mott MacDonald's culture, but the various initiatives, approaches and policies occurring across the Group will now be formalised and co-ordinated as part of a cohesive plan. By doing this it is anticipated that the sum will be greater than the parts and a broader and deeper difference can be made. As champion of CSR, Ron will be driving this process.

A distinctive CSR policy began to emerge last autumn and to ensure that the momentum was maintained, the company decided to create the role of Champion. Since being appointed Champion, Ron has been amazed by how many people in different parts of the world want to be involved. "My job now is to channel this interest and enthusiasm," he says.

Essential to the success of the CSR policy is the support and energy of the Group's workforce. To maintain and encourage energy, there are already regular staff meetings, discussion groups and communications via the internet, as well as monthly newsletters; regular committee meetings are due to begin very soon. "We are at an early stage," says Ron, "but I've been bowled over by the enthusiasm of our people and amazed by the support we are getting."

Mott MacDonald supports charitable and community programmes and is a patron of RedR, an international charity that works to relieve suffering in disaster situations by selecting, training and providing effective relief personnel to humanitarian aid agencies worldwide.

But support for charities is not undertaken only at a corporate level. "As part of our commitment to charitable programmes we undertake fundraising and encourage the direct involvement of staff," says Ron. "Julie Dakin volunteered to spend 17 months as deputy programme director for Tearfund's Disaster Response Team in Southern Sudan. Julie says she considered it a privilege to work in Africa to help give others a share of the fortune that we take so much for granted in the West."

Ron says that volunteering to lead or participate in such projects in more underprivileged parts of the world will be more actively encouraged as the CSR policy is developed. The CSR group also aims to join Business in the Community to become more involved in community activities, social enterprise and educational and environmental work.

Mott MacDonald has recognised that to make a real difference, an effective approach to CSR needs to drive business decisions, staff, client and supplier relations as well as relationships with the community. As a result, a holistic approach that cuts across divisions and functions within the Group has seen improved quality of life, implementation of environmentally sustainable solutions and more effective client, customer and staff relationships.

## Building bridges in the community



A holistic approach to life, work and community is the cornerstone of Yorkshire Building Society's business success.

IN THE *SUNDAY TIMES* 100 Best Companies to Work For survey in 2003, almost three-quarters of the mutual's 2,000 staff said the Society was run on sound moral principles, and commented on the strong family spirit that it generates. Corporate social responsibility is seen as a key value at the Society, which last year increased its pre-tax profit by 13 per cent to £71.6 million.

The Yorkshire's General Counsel, John Faulkner, stresses that contributing to society and environmental sustainability is an important part of being a responsible business. He explains: "We want to be involved with the community, which is why so many staff participate in fundraising schemes or voluntary activities. I get the greatest personal satisfaction when we work with others. Their needs may be measured in tens or hundreds of pounds, but it is clear that our being able to give that help makes a substantial difference.



“We are very much a part of the community, so we also have a duty to minimise any adverse impact on the environment. For that reason, we are willing to incur the extra costs of recycling or adapting our car fleet.”

In 1998, John was involved in the creation of the Yorkshire’s Charitable Foundation. A registered charity, the Foundation provides a focus for charitable giving; so far, it has donated more than £1.3 million to 1,900 causes.

The Foundation aims to support good causes in those areas where the Society’s members or staff live and work. Its priorities are charities supporting the elderly, vulnerable groups (especially children and those with special needs), or people suffering hardship. The Foundation prefers to assist with specific items rather than donating to a general fund, and the maximum gift is £2,000.

The 2003 Christmas Appeal in aid of the Association of Children’s Hospices raised £82,000 – part of the £325,000 donated to 543 applicants over the year as a whole. Staff at all the Society’s branches helped to support the community with fundraising events. In Lancaster, fundraising covered the cost of a special bed for St John’s Hospice; in Halesowen, heart monitoring equipment was bought for the Children’s Heart Federation; while in Bolton, charity efforts purchased keyboards for a special needs school. John is one of five trustees running the Foundation. He says the Foundation helps to create a feel-good factor among staff.

“People like to help others. One of my greatest delights is giving away money, and our staff say that when they are involved in local causes they enjoy seeing their efforts make a difference.” In a recent internal staff survey, 81 per cent said they were proud of the Yorkshire’s charitable and environmental contribution.

Another aspect of the Society’s charity work is its Small Change Big Difference scheme, which collects the pennies from annual net interest on customers’ savings and mortgage accounts, and transfers them into the Charitable Foundation.

Over 325,000 accounts are now participating. Although no individual customer’s annual donation exceeds 99 pence, the scheme brought in over £100,000 last year, of which £43,000 was given back to local areas through a Foundation Day when members were invited to nominate good causes.

A new initiative is the Community Investment Fund. Launched in 2003, it aims to help smaller local causes which may not be charities in their own right, but which still need small sums of money to develop a community project. “The Foundation deals with hardship and special needs, but we realised that neglected sports groups and community organisations could benefit from support,” says John. “So we created this new scheme to fill

the gap without increasing the funding, by using money raised from the Small Change Big Difference scheme. It is linked to our branches, which can choose to spend the money as they wish in their own community." All staff are encouraged to take part in community schemes. A formal policy allows every employee seven hours of paid leave each year to join in voluntary work during their normal working hours.

Helen Richardson, campaign manager for local marketing, has been a keen participant in voluntary work since she joined the Society three years ago. "I think it's great that the Yorkshire supports its staff in activities to help their local communities," she says. "I've volunteered several times since I joined the organisation. After all, it's a good way to help others while having fun and meeting new people.

"This year, my first activity was as a telephone volunteer for Comic Relief. The Yorkshire gave up its call centre for the evening and staff manned the phones, taking donations. It was a totally new experience for me, but everyone who called was really enthusiastic about the cause and I got to speak to people from all over Europe."

Helen has also spent a day as a marshal at the British Heart Foundation's Pulse Race, and helped to organise a free opera event starring soprano Lesley Garrett, which was staged by Leeds City Council and attended by 50,000 people. "I've particularly enjoyed being involved with Bradford Cares, an organisation supporting good causes across the Bradford area," Helen says. "I've helped with a number of activities, from painting to gardening. My favourite, was creating an outdoor environmental classroom for a primary school close to where I grew up. It really made me feel like I was giving something back."

John acknowledges that it can be difficult to prove a correlation between corporate responsibility and return on capital, but says common sense suggests that organisations contributing to the community will be trusted more. He points out that the Yorkshire's charitable work accounts for up to a quarter of its local press coverage – boosting brand awareness, while helping with staff recruitment and retention.

John is keen to encourage other organisations to adopt socially responsible business practices. He says the best way to involve staff is by enabling them to identify the good causes they want to support through talking to customers. "This in turn helps to develop better links between staff and customers, but it isn't something that happens overnight. It's a long term strategy and you need patience and a genuine commitment to make it work."



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# key characteristics

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## Best practice organisations

### **LEADERSHIP**

Best practice organisations have enthusiastic leaders:

- ensure the organisation has a vision, mission and strategy that are known and understood
- oversee the setting of demanding but realistic targets
- set an example in generating an open, communicative management style
- champion a culture conducive to learning and continuous improvement
- distribute leadership responsibilities with necessary authority, training and resources.

## PEOPLE DEVELOPMENT

Best practice organisations enable employees to develop and fulfil their potential:

- make sure employees' contributions are recognised and adequately rewarded
- encourage equal opportunities regardless of age, gender, race or religion
- promote the acquisition and updating of new skills and knowledge at every level
- have effective internal communication systems to encourage the transfer of knowledge and information vertically and horizontally
- have effective employee consultation arrangements
- empower all employees by encouraging individual ownership and focus on customers
- maintain constructive relationships with trade unions where recognised (a 'partnership' approach)
- provide as much employment security as possible.

## SUPPLY CHAIN MANAGEMENT

Best practice organisations manage their relationships with suppliers effectively and efficiently:

- adopt appropriate supply chain management strategies across the total range of purchased products and/ or services
- recognise the key role of suppliers in meeting strategic goals
- develop and manage suppliers to maximise capabilities and minimise risk
- manage relationships, including 'partnerships', with suppliers
- assist suppliers in developing their skills and competencies.

## CUSTOMER SERVICE

Best practice organisations listen to their customers and exceed their expectations:

- know the drivers in their markets and understand the competition
- know and anticipate the needs of their customers
- maintain information systems to provide rapid provision of customer-relevant data
- cultivate active relationships with total customer satisfaction in mind.

## CORPORATE RESPONSIBILITY

Best practice organisations maintain a systematic approach to assessing and improving performance:

- develop systems to measure performance in each of the key areas of the organisation's activities
- benchmark performance internally and externally, within and outside their sector
- learn from the practices adopted by others
- take appropriate and timely action on results.

### PERFORMANCE MEASUREMENT

Best practice organisations perform as responsible members of the community and society:

- promote health and safety and reduce nuisance or harm from the organisation's activities
- are involved in local communities, eg in education & training, the voluntary sector, sport & leisure
- contribute to the sustainable use of resources, eg in transport, utilities, packaging, recycling.

### INNOVATION

Best practice organisations exploit new ways of doing things:

- maximise use of technology to drive innovation
- continuously seek to improve management of resources
- encourage input from employees, customers and suppliers
- simplify internal systems and processes wherever possible.

### PROCESS IMPROVEMENT

Best practice organisations constantly introduce new/improved products and services:

- deliver continuous improvement in all customer-facing aspects
- customise products and services to increase added value for the customer
- constantly seek to improve time to market
- continuously seek to reduce customer costs
- encourage input from employees, customers and suppliers.



# Further help and advice

*Achieving best practice in your business* is a key theme within DTI's approach to business support solutions, providing ideas and insights into how you can improve performance across your business. By showing what works in other businesses, we can help you see what can help you, and then support you in implementation.

## ACHIEVING BEST PRACTICE IN YOUR BUSINESS

To access free information and publications on best practice:

- visit our website at [www.dti.gov.uk/bestpractice](http://www.dti.gov.uk/bestpractice)
- call the DTI Publications Orderline on 0870 150 2500 or visit [www.dti.gov.uk/publications](http://www.dti.gov.uk/publications)

## SUPPORT TO IMPLEMENT BEST BUSINESS PRACTICE

To get help bringing best practice to your business, contact Business Link – the national business advice service. Backed by the DTI, Business Link is an easy-to-use business support and information service, which can put you in touch with one of its network of experienced business advisers.

- Visit the Business Link website at [www.businesslink.gov.uk](http://www.businesslink.gov.uk)
- Call Business Link on 0845 600 9 006

## FIND OUT MORE

The DTI has been actively promoting best practice in partnership with many organisations through case studies, reports and industry events. Now for the first time, this knowledge and experience is being brought together in one place in our business support solution *Achieving best practice in your business*.

To access free information about other DTI business support solutions visit [www.dti.gov.uk/bss](http://www.dti.gov.uk/bss)

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- The Sunday Times 100 best companies to work for 2004 (URN 04/312)
- Inspirational leadership (URN 04/1085)
- Ideas for business management (URN 04/810)

For additional copies of this guide:

- call the DTI Publications Orderline on 0870 150 2500, quoting URN 04/813

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## GENERAL BUSINESS ADVICE

You can also get a range of general business advice from the following organisations:

### England

- Call Business Link on 0845 600 9 006
- Visit the website at [www.businesslink.gov.uk](http://www.businesslink.gov.uk)

### Scotland

- Call Business Gateway on 0845 609 6611
- Visit the website at [www.bgateway.com](http://www.bgateway.com)

### Wales

- Call Business Eye/Llygad Busnes on 08457 96 97 98
- Visit the website at [www.busesseye.org.uk](http://www.busesseye.org.uk)

### Northern Ireland

- Call Invest Northern Ireland on 028 9023 9090
- Visit the website at [www.investni.com](http://www.investni.com)

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