

CHAPTER ONE

The Together Company

Imagine a company where people work together toward common objectives which they all understand and agree with; where a clear set of values guide everybody in behaving in ways which are right for customers and long term growth of the organisation; and where people feel valued for the contribution they make. This company believes passionately that people are its greatest asset – without people, the business will not succeed. This ethos is summed up in the words of John Spedan Lewis, Founder, The John Lewis Partnership¹:

“The Partnership was meant to enable people to feel that they might be making a contribution of real value to the ceaseless experimenting that is necessary to human progress. It was meant for people who need not only something to live by but something to live for.”

This is the very essence of The Together Company.

Communicating what matters most

But The Together Company knows that just because its business plan sets out common objectives and values, it doesn't mean employees know what these are, so it goes to considerable lengths to ensure that they do. Philip Addison, Human Resources Director, Accor UK & Ireland Hotels, puts it this way:

“Business Leaders often take some of the basics for granted and assume that employees know what's important if the business is to succeed, what's expected of them and what they can receive in return. But, if we, the Business Leaders, don't set out clearly what's expected of employees and what we'll provide in return, how can we possibly expect employees to know what's important to our business? Developing our vision and values with them really helped us clarify our own thinking”.

Achieving common objectives and realising long term vision are, of course, rarely in the hands of one person or a small group of people. When members of David Lloyd Leisure for example, visit their Club for a work-out, a swim and a (healthy) meal afterwards, their “member experience” is determined by the behaviour of the employees they meet during their visit. That’s why organisations like David Lloyd Leisure keep employees informed about how well the business is performing in relation to what matters most to its success – and reward them accordingly.

This is the way of The Together Company. Its business leaders, managers and employees engage in regular dialogue about what matters most to the organisation and to employees. Figure 1.1 shows how Starbucks Coffee Company discusses and communicates what matters most. Everybody in The Together Company is honest about the way they see things – financial results, customer satisfaction, productivity, teamwork, good news or bad news. By being honest, people help to create a culture where continuous improvement is the order of the day and, when things don’t go according to plan, everybody is keen to get performance back on track as quickly as possible. This “learn from the past – focus on the future” attitude is in stark contrast to the blame culture of many organisations, especially when results fall short of expectations. Business leaders in The Together Company are honest too about what it can afford – in relation to pay reviews, training programmes, new facilities and much more, and why.

Working together

This “working smarter / working together” attitude means employees in The Together Company want to do their best and get better, so performance feedback and coaching at all times, not just “difficult” times, encourages them to develop and improve. Companies like BAA recognise this by measuring “how results are achieved” not just “what is achieved” and rewards reflect achievements in relation to the whats and the hows.

The journey to The Together Company requires people, at all levels, to work together not against each other. Teamwork and co-operation between people, within teams and between teams, is highly-prized. That doesn’t mean there isn’t room for individual flair and initiative: of course there is, providing the focus is team or organisational objectives rather than, for example, a personal objective to raise the individual’s profile among business leaders when this is completely inappropriate.

Malingers on the other hand – people who do as little as they can get away with (we all know who they are) or who go out of their way to behave in ways that destroy

**FIGURE 1.1 Starbucks Coffee Company:
Discussing and communicating what matters most**

Starbucks Coffee Company (employees are called partners) allows partners the opportunity to get involved in the business through “Partner Blend”. This gives a voice to partners’ views through a dedicated group of elected representatives across all of Starbucks who meet two to four times a year with members of the UK leadership team.

Gordon Lyle, Vice-President, Human Resources, EMEA says²:

“Starbucks has a vision of building an extraordinary company....together. You simply could not find a better way than Partner Blend to allow partner reps and members of the UK and Ireland Leadership Team to directly and openly discuss and challenge the decisions that will allow Starbucks to move onwards and upwards in the UK”.

Lots of issues are raised through Partner Blend, such as HR, marketing, store development and supply chain operations. A selection of the issues raised in Partner Blend’s first year and the company’s response are given below:

“You’ve said you want other innovations to help reduce wastage.”

Our commitment is to give stores an electronic ordering system that will make forward re-forecasting much easier and will allow stores to change their orders more easily.

“You’ve said you want information about access improvements for customers.”

We have identified alterations that need to be made to our stores to improve access for all our customers. Over the next two years these changes will be made in a staged process. Some of the initial changes will include doorbells for customers who need assistance entering the store, better signage within the store and temporary ramps for disabled customers.

“You’ve said you want encouragement to get involved in Corporate Social Responsibility.”

We have committed to this through a number of partner incentives including funding for up to two paid days per year to work on a partner’s chosen cause, a partner from each region receiving two weeks paid time off to work with a charity, and the fantastic “Life’s Dream” competition.

customer value and upset working relationships – have no place in The Together Company. And business leaders will be ruthless about this. As Collins and Porras point out in “Built To Last”³ the bad fit employees are “ejected like a virus”. Cliques and factions who blame each other when things go wrong are simply not tolerated;

neither are people who openly express negative views about the company's motives, ethics or performance.

Just like The John Lewis Partnership does, The Together Company creates a "sense of ownership" among employees, so that they "think like owners" and genuinely feel that their personal success and the company's are tied together. When the company succeeds, employees share in that success. This is a meritocracy at work, not a false hierarchy that alienates employees from each other by favouring the few, financially, at the expense of the majority. Howard Schultz, Chairman, Starbucks Coffee Company, expresses this powerfully in his book "Pour Your Heart Into It"⁴ when he says:

"There is no more precious commodity than the relationship of trust and confidence a company has with its employees. If people believe management is not fairly sharing the rewards, they will feel alienated. Once they start distrusting management, the company's future is compromised".

This is why business leaders in The Together Company work tirelessly to build and retain trust and confidence by behaving and acting in exemplar ways. They are the role model for "the way we do things around here". But it takes more than business leaders who are exemplars to build The Together Company. It involves creating a truly great place to work which attracts and retains the best talent and where people feel they do rewarding work. And that's a lot to do with intangible factors or "soft rewards" such as job challenge and interest, freedom and autonomy, employees' needs at different stages of their life and reputation of the organisation.

These aspects are reflected in The Royal Bank of Scotland Group's employee proposition which is designed to attract, engage and retain the best talent. The proposition comprises eight areas⁵: total reward, work itself, recognition, performance and development, relationships, leadership, product brands and reputation, work-life balance and physical environment.

The Together Company, in a nutshell, is about shared vision and values, people working together to satisfy customers and generate profits for long term growth, and business leaders who inspire employees to excel at everything they do.

And there's one more, crucially important characteristic – the organisation has a successful reward policy. It's successful because it engages employees in the work that they do, and that leads to improved business results. So, what's the secret of its success? One simple, but very fundamental reason: it recognises the specific business needs of the organisation and the personal needs of the people who work in it. People in The Together Company really feel that rewards match their contribution and that they have been determined in a fair and consistent way.

Put all this together and you have an outstanding organisation, one that business leaders would like to create; an organisation we would choose to work for; an organisation with a highly successful business record and a great future for everybody who works there and is associated with it – employees, customers and shareholders.

Welcome to The Together Company – rewarding what matters most to people and organisations.

Rewarding what matters most

The three-part reward framework in The Together Company

Rewards are a powerful communicator of business direction and values, so they matter a lot in terms of togetherness. But, too often, organisations don't actually reward what they say they value, so they end up rewarding things that don't contribute to business success and that sends mixed messages about what matters most. It's also a complete waste of money. Classic examples of such "disconnects or misalignment" I come across frequently are:

- Paying more to people just because they've been there longest
- Rewarding individual performance only when the company wants teamwork
- No incentive for people to learn and apply new skills that add value to the business
- No reward for effective business leadership, and
- Lack of recognition for innovation.

Reward isn't just about pay, of course, although lots of organisations are obsessed with it! In my opinion, they over-estimate the role of pay and under-estimate the role of non-financial rewards in engaging people in their work. Employees want rewarding work – to have a workplace which inspires them to give their best and to enjoy their time at work. This is why reward in The Together Company is set in the context of everything employees value in the employment relationship – financial reward, non-financial recognition, personal learning and development opportunities and a supportive and enabling work environment. These aspects are grouped together under a "Total Reward" brand by an increasing number of organisations today.

Fortunately, the number of HR executives and senior managers who believe there's an off-the-shelf set of reward practices which can satisfy business requirements and people's needs in any organisation, whatever its size, complexity and business context is dwindling rapidly. This point was brought home to me recently when I met, for the first time, the Chairman of a company which is now one of my clients. He asked me "In all your experience, what's the best way to reward people – there must be some

ideal practices?” I replied: “There’s no such thing as an ideal reward practice, no panacea, although lots of people are looking for one. But successful reward practices do exist and that’s because they focus on people behaving in ways that are right for customers and financial success. These practices take into account also the things that really matter to employees, such as fair performance review, rewards that match their contribution and thanks for doing a great job”. The Chairman continued: “I’m glad you said that: I agree. I think we can do business together. If you’d said differently, this meeting would be ending very shortly!”

Reward is one of the largest investments The Together Company makes. Getting the optimal return on that investment means reward must focus on two, mutually dependent, demands:

- **Results that matter most to the organisation**
- **Results that matters most to the people who work in it.**

Every reward practice and reward process has to satisfy these two demands. Not surprisingly, there are lots of ways in which this can be achieved. These are the substance of this book. But because individual reward practices, just like employees, need to work together, there’s a set of principles – I call them “the six reward values” – which guide reward design and implementation in The Together Company. These are shown in the box below.

**The six reward values of
The Together Company**

- 1. Business-aligned**
- 2. Rewarding excellence**
- 3. Sharing in success**
- 4. Choice and flexibility**
- 5. Fairness**
- 6. Rewarding work**

Business-aligned almost speaks for itself. It’s about aligning reward, business priorities and the values that guide people in their day-to-day work. Excellence is central to everything The Together Company does, so rewarding it makes good business sense. This is a far cry from the “entitlement” culture of many organisations in which mediocrity is the norm. If people help create business success, they should share in it – financially and non-financially.

Today’s workforce is more diverse than ever before, so a one-size-fits all approach to reward no longer matches reality and offering choice and flexibility over rewards that

suit people best (at different life stages) is good use of money. Even if reward design is “technically sound” (which it always should be, of course) its impact on employee engagement and business results will be limited unless employees feel it’s fair in relation to what they do.

Some reward practices, like fashion, come and go. Others stand the test of time. And there are some aspects of reward that you always have to get right. For these reasons, reward in The Together Company operates within a flexible three-part framework which adapts to the changing needs of the business and the people work who work in it. The key elements of the framework are set out below:

Reward Essentials

These are the things The Together Company makes sure it gets right before anything else because they underpin how the people who work there are rewarded and managed more generally. In fact, it excels at them. Getting them wrong means unfairness, dissatisfaction, unsustainable costs and chaos – a recipe for business failure. That’s why I call them “Reward Essentials”. They’re based on what I’ve observed works best in successful organisations – successful in terms of employee engagement which leads to improved business results. There are six Reward Essentials:

- **Rewarding performance**
- **Performance management**
- **Fair performance review**
- **A pay framework**
- **Understanding your employment market – pay and benefits**
- **Equal pay.**

Getting Reward Essentials right – building employees trust and being fair – is more important than rushing to introduce fancy reward schemes which somebody, somewhere, “thinks” are a good idea.

Reward Choices

These are the specific reward practices which support (sometimes drive) the four core business objectives of The Together Company. Some of you may be surprised that there are four only. But, when a company has a myriad of reward practices, each with lots of objectives, this leads to people taking their eyes off the ball, resources being spread too thinly and confusion among employees (shareholders and customers too)

because they don't know what the business priorities are. Focus on the few, success-critical objectives is what matters most. That's why I call them "Reward Choices" and they are:

- **Rewarding team excellence**
- **Rewarding customer satisfaction**
- **Sharing in financial success**
- **Rewarding business leaders.**

Together Companies combine and tailor Reward Choices in ways which match their organisational circumstances. This might reflect size (numbers of people, for example), sector challenges (maintaining a competitive edge, for example), growth rates (rapid in one part of the business and slower elsewhere) and structure (project working, customer focused teams or the organisation as whole).

Reward Extras

These are other reward practices and processes which help build and retain a culture of "togetherness", a culture in which people really feel they are The Together Company's most important investment. I call them "Reward Extras", not because they're optional (which they aren't!) but because they're the extra, special touches which make The Together Company stand out from the crowd. They're highly visible in people's day-to-day work. They acknowledge excellence, tap into what people value as individuals and keep them informed about what matters most and what they can expect to receive in return. There are four Reward Extras:

- **Customised reward strategies**
- **Recognition and celebration**
- **A rewarding workplace**
- **Reward communications.**

Reward Extras reward and recognise what's right for the organisation, rather than imitate what others do.

In this book

This book is structured around the three-part reward framework in The Together Company. Each part is divided into chapters about the reward practices that, collectively, make up Reward Essentials, Reward Choices and Reward Extras. Step-by-step processes for developing and implementing all aspects of the reward framework

are included. So too are solutions to the most commonly found problems surrounding specific reward practices.

I have used case studies and many other worked examples extensively throughout the book to show how togetherness translates into reward. However, it's probably true to say that none of the companies mentioned in the book is "totally together" in its literal sense. But I believe the case studies give a practical insight into what can be achieved by focusing on what matters most to the organisation and to the people who work in it.

Examples of how the different elements of the reward framework might work in Together Companies of different sizes or organisational circumstances are given in the section called "Is it right for you?" at the end of each chapter.

In this book I show how The Together Company makes sure people are rewarded on the basis of their contribution to business success and they feel they are.

Case study

Rewarding togetherness at David Lloyd Leisure

My first case study is David Lloyd Leisure (David Lloyd) the UK and Ireland's market leader in Racquets, Health and Fitness Clubs. I've chosen David Lloyd because it's an excellent example of a Together Company and it has been a very successful business.

David Lloyd's mission is "Inspire for life". Currently 67 clubs provide facilities that include indoor and outdoor tennis courts, indoor and outdoor swimming pools, state-of-the-art gymnasiums, group fitness sessions, beauty salons, café and restaurants and crèche facilities. David Lloyd is a subsidiary of Whitbread Group plc (Whitbread) and has over 350,000 members. It employs 5,200 people.

Achieving David Lloyd's mission is about delivering results to three groups of stakeholders: people, members and investors – and in that order. In the words of Louise Smalley, HR Director of David Lloyd:

"By taking care of our people, our members will have a great experience and want to

come back; we will deliver strong financial results for our investors and sustainable growth and new clubs for the business.”

So, how does David Lloyd take care of its people, inspire them to deliver a great experience for club members and reward them for doing so, and what’s been the business outcome?

Understanding what matters most to club members and inspiring people to deliver it

David Lloyd, along with all other Whitbread brands, has adopted a common approach to defining and measuring the things that lead to business success. The approach is called “WINcard” (Whitbread In Numbers) and it’s based on balanced scorecard principles.

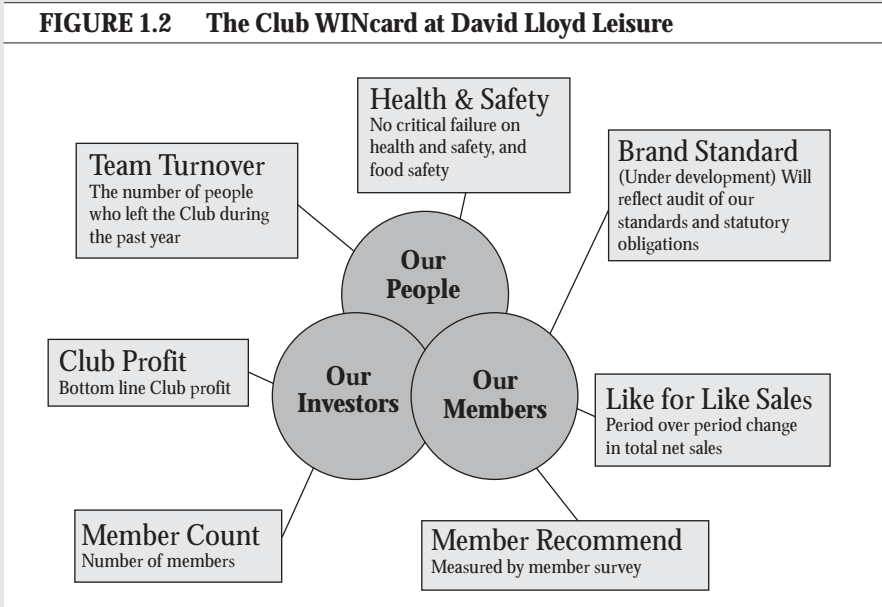
Balanced Scorecard

The Balanced Scorecard⁶ provides a framework to translate business strategy and vision into tangible objectives and measures by which managers can navigate to success. It brings together financial, customer, internal business process and people under one performance management system. It enables managers to understand the linkages between these areas and helps them focus their efforts.

At David Lloyd, WINcard and the Club Annual Operating Plans together communicate to everybody what’s expected of them. David Lloyd’s Club WINcard (Figure 1.2) is prominently displayed in every club and people can see at a glance progress towards performance targets for each of the three groups of stakeholders.

But success at David Lloyd isn’t just about WINcard and the mission statement. People working there must “feel the difference” and that means managers creating the right environment for everybody to create a great experience for club members. So David Lloyd created “Spirit to Inspire”.

FIGURE 1.2 The Club WINcard at David Lloyd Leisure



This three-day programme is attended by the management team of each club and is held at a nice location so the team can get away from daily distractions. It's run periodically for existing clubs and new ones. Spirit to Inspire was designed on the basis of research into what people were saying about working at their club, what members were saying about their experiences and the value-profit chain concept.

The Value-Profit Chain
Today's employee satisfaction, loyalty and commitment strongly influences tomorrow's customer satisfaction, loyalty, and commitment and ultimately the organisation's profit and growth – a quantifiable set of associations Heskett, Sasser and Schlesinger call the value profit chain⁷.

Spirit to Inspire is run by Regional Managers who have been trained to deliver the programme, with support from HR. The programme includes presentations from David Lloyd Board members and includes training videos, quizzes, games and exercises which are designed to encourage people to work together to create great member experiences.

Before going on Spirit to Inspire, each member of the management team complete a personality type exercise and, using a standard set of questions, audit their club's

performance against the Annual Operating Plan.

Day 1: Communication and teamwork. A Board member sets the context within Whitbread and managers share their personality profile and perceptions about different aspects of work at David Lloyd and how this affects their behaviour towards colleagues and club members.

Day 2: Leaders and brands. Managers say what they think makes great leaders by looking at their own experiences in, for example, work or sport. They also give their perceptions of well-known brands such as easyJet, BMW or McDonald's, even though they may not have experienced them. They use their perceptions and experiences and the 3-circle service model – basic, expected, inspirational – to build a picture of what great member experiences look like at David Lloyd.

Day 3: Service delivery. Managers look at how meeting expectations isn't enough, why club members don't come back, what brilliant service looks like and engaging their team in delivering it.

One week later, the management team goes on a one-day follow up where they present their action plan for delivering Spirit to Inspire to everyone back at their club, within 90 days. They are given facilitation skills for cascading the programme in their club but they decide how to cascade. This flexibility has been a major factor in engaging employees at club level, in the core messages from Spirit to Inspire and making it relevant to their day-to-day work.

Developing people to their full potential

But Spirit to Inspire, alone, can't guarantee that great member experiences will be delivered. That requires a pool of talented people and is why there's such a strong commitment at David Lloyd (in fact, throughout Whitbread) to developing people to their full potential. The performance review process plays the key role here. "Honest conversations" are the basis of the process and the outcomes feed into annual pay review, bonus and succession planning. David Lloyd guarantees that everybody will have a review twice a year and this commitment is measured through "Views" an employee survey carried out every six months.

Managers

Managers performance reviews take place in March and September, when their

performance is assessed against the seven WINcard measures – club profit, member count, team turnover, health and safety, brand standard, like for like sales and member recommend. Performance is rated on a five point scale defined as Outstanding, Exceeding, Achieving, Growing and Unacceptable. There’s an expected distribution of performance ratings but this isn’t forced.

The reviews also include a career / potential assessment. Potential is rated on a ten point scale which defines the readiness for promotion and / or development and takes account of a manager’s judgment, influence and drive. The potential rating is shared with the manager and possible development actions are discussed with him / her.

A key outcome from the performance review is a personal development plan which is based on the four principles of The Whitbread Way – People and Teamwork, Caring for Guests, Passion for Winning and Continuous Improvement – that underpin all David Lloyd (and Whitbread) does. The plan focuses on building strengths and priority development needs.

Team Members

For all other people, such as Lifeguards, Membership Advisors, Head Chefs, Hospitality Staff and Health and Fitness Coaches (collectively called Team Members) who work in clubs, performance review is a simplified version of the process for managers. The main performance review takes place once a year, when the focus is the team member’s achievements last year and agreed actions for the coming year. In preparation for the review meeting with their manager, team members complete a form that includes two sections called:

- “How was it for you?” which covers aspects of work giving the most satisfaction, areas to build on, what might help do the job more effectively and things to improve
- “My Self Assessment” which covers the most important aspects of the team member’s work – based on The Whitbread Way. The areas are:

People and Teamwork

Caring for Members

Passion for Winning

Continuous Improvement

Appearance at work

Punctuality on shift/meetings/appointments

Job knowledge

Reliability

Managers decide an overall performance rating for each team member they review, using the same five-point scale in their own reviews. Again, there’s an expected distribution of performance ratings but this isn’t forced. Managers also consider if

the team member is ready for promotion to their next role, within their current department or in another department. This is an important aspect of succession planning at David Lloyd.

Agreed actions for the coming year are based on the Club WINcard, The Whitbread Way and Club Annual Operating Plan and follow the SMART principle: specific, measurable, agreed, realistic and time based. The completed performance review – rating, career development plan, manager’s comments and employee’s comments – is agreed between the manager and team member. The performance rating is very important as it gives an overall summary of performance and it’s used for pay review.

Six months later, all team members have a “job chat” with their manager. This provides an opportunity to touch base about how things are going, identify if there are any challenges or opportunities and basically make sure everything is going well.

Rewarding performance / sharing in success

David Lloyd’s reward strategy has a strong performance focus. It delivers this in three ways:

- **Through pay review** – which takes place annually for everyone (we look at pay review for team members)
- **Through bonus** – this applies to managers only and is linked to WINcard
- **Through “Team Workout”** – rewards for what team members do to deliver great member experiences.

Pay review for Team Members

Each job has a pay scale which has three defined points – base, middle and top. These are benchmarked against relevant organisations inside and outside the hospitality and health and fitness industries. But because market pay varies by geographic location in the UK, David Lloyd has created pay zones – there are three in the UK. Each club is allocated to a pay zone on the basis of recruitment difficulties in the Club’s location. However, if a club is experiencing considerable difficulty recruiting the right person for a specific job, there is flexibility to use a pay scale from a higher paying zone.

Pay review is based on two things – performance rating and where the team member is paid in the pay scale for their job. For example, a team member rated Outstanding and paid below the middle will receive a higher increase than someone rated Growing and paid above the middle.

Bonus opportunity for managers

Managers at David Lloyd have the opportunity to earn a bonus based on performance in relation to their Club's WINcard targets. Performance is measured by "traffic lights" which works as follows:

- Green = target or better
- Amber = better than last year but below target
- Red = below last year and below target

Bonus potential varies between the three management levels: a General Manager can earn up to 100% of their salary and Heads of Department / Club Support Managers can all earn up to 25% of salary. Bonus has three different elements as outlined below:

- Bonus for "Going Green" on five WINcard measures – Like for Like Sales, Team Turnover, Member Count, Member Recommend and Health and Safety (Brand Standard is not bonusable)
- The Stakeholder Stretch: When a Club has reached 96% of club budgeted profit (for Club Support it's when the Company hits 96% of budgeted Economic Profit) an additional bonus is paid
- The Pence-in-the-Pound Driver: This applies to General Managers and Heads of Department only. If the budgeted club profit exceeds 106%, for every pound earned over 106%, the manager will earn additional bonus.

Team rewards for delivering great member experiences

The number of members at any one time is one of the easiest guides to the health and success of a David Lloyd Club. Members might well be impressed by the great facilities, but it's the people and their service skills that make the real difference. Those members enjoying their visits and appreciating great service are the ones that will recommend the club to their friends and colleagues. So, David Lloyd has a reward scheme called "Team Workout", which is about what team members will do to help their club deliver a great experience to members.

At their performance review, team members look at the priorities for their Club and team and agree with their manager what they will do in the coming 6-12 months to help meet WINcard targets. If, for example "get the basics right – service to members" is the priority, team members on reception might aim for a score of 85% on mystery member standards by treating every member like a VIP. Other team members might decide "when a member is within 5 metres of me I will greet them every time", or "every time I speak to a child member I will make eye contact at their level".

Success is rewarded for hitting the club's quarterly target on the number of members. If all quarters targets for the year are met, the rewards are £150 per year in "Leisure Vouchers" for full time team members. Payouts start at £25 per quarter for hitting the first and second quarters and rise to £50 per quarter if three or four quarters have been hit. Payments for part-time team members are pro-rated. Team members can track progress by looking at the Club WINcard, which shows the quarterly target and results month-by-month.

Tailoring benefits to match people's lifestyles

The complexity of Whitbread's business structure hasn't made a single flexible benefits plan which covers the different businesses (including David Lloyd) practical, but the creation of a central service structure recently and plans to rationalise terms and conditions across the brands may put flexible benefits on the reward agenda in the near future.

Everybody at David Lloyd takes part in the Whitbread benefits programme which has always recognised that employees want choice and flexibility, so wherever possible this has been provided within a prescribed set of benefits. The programme comprises two parts:

- Whitbread Privilege Card which offers a range of discounts throughout Whitbread. The card is given to all employees and, in addition to the discounts, gives employees an opportunity to try the "guest experience" in each of the brands for themselves
- Additional benefits which Whitbread have negotiated with other leading organisations. This is where employees are able to choose – some benefits are open to all employees and others are job related. The benefits are summarised in Figure 1.3.

FIGURE 1.3
Whitbread - Additional Benefits

Your Money

- Whitbread Sharesave
 - Pensions
 - Car Purchase
 - Car Hire & Breakdown Cover
 - Insurance – Travel & Home
 - Whitbread Leisure Vouchers
 - Conveyancing
-

Your Well-Being

- Employee Assistance Programme
 - Health Plans
 - Private Healthcare
 - Dental Healthcare
-

Your Lifestyle

- Gift Ideas
 - Holidays – UK & Abroad
 - Days Out
 - Home Learning
 - Driving Lessons
-

Whitbread chose the route of sourcing benefits providers themselves instead of taking a 3rd party ‘off the shelf’ option and very strongly believe in their strategy, as Jo Rackham, the Reward Manager responsible for benefits planning at Whitbread, explains:

“We have individually tailored all benefits on offer to coincide with what our employees tell us they want and also what we believe is responsible for us as an employer to offer. Our aim is to provide a benefit to cover every key area of our employees’ lives: their money; their well-being; and their lifestyle.

We scrutinise each provider to ensure they can give our employees the very best service and the very best offer we can negotiate. We frequently target the big brand names for reliability, economies of scale and as they compliment the good name of Whitbread.

It’s a very successful scheme (employees tell us!) but the biggest on-going challenge is communication. You can have the best benefits scheme in the world, but unless you

keep reminding people about it, they forget. So, we send monthly updates about the latest offers. We do this by including messages on pay-slips and on notice boards, and we run competitions with prizes given by our benefits providers”.

Business outcomes

So, what’s been the business impact of people working together and being rewarded for delivering a great experience to club members? The business results are impressive⁸:

- Growth in new member sales over the last five months of 19.4% and a fall in leavers of 7.2% for like-for-like clubs
- On the back of recent improved membership satisfaction, retention has increased to 72.4% at the year end compared to a fall of 1% in the previous year
- Total membership in the UK is at a record high.

The final word goes to Sharon Quinn, Head of Reward, Whitbread Group:

“Recent employee opinion surveys show that 96% of people have a clear understanding of their responsibilities. In addition, team turnover has improved by 10 percentage points, year on year, and 55% of our members make specific positive comments about our people”.