

## Chapter 4

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# Engaging people

## Introduction

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Products and services are increasingly weakly differentiated from each other in the marketplace. You could argue that one bank is much like another and that one washing machine is much like another. Companies can easily copy competitors products and services and in a service industry that is very easily done. Companies can copy other companies' IT systems and they can even copy their customer service strategies. But the one thing that is very difficult to copy, the one thing that can provide companies with a significant competitive advantage, is the quality and history of the relationships that staff have with customers. For this reason, 'engaging people' in the organisation is increasingly becoming a top boardroom agenda item. Companies are recognising that their staff can really add value to customer relationships and as a result are jealously guarding their cultures and their relationships with their staff. They recognise that this is an integral and fundamental part of delivering service excellence to customers. Jeff Bezos, Chief Executive Officer of Amazon.com, echoed this point of view in an interview in the *Wall Street Journal* in July 1999:

The most important thing we have that's hard to duplicate is our culture of customer obsession. It pervades customer service, logistics, software and marketing. Companies' cultures are impossible to copy. They're like starter pieces of sourdough. Either you've got them or you don't.

Employee behaviour plays a critical role in determining the level of service excellence that is experienced by customers and hence their level of satisfaction with the company, and their willingness to either remain or defect from an organisation. The extent, therefore, to which organisations can attract, keep and motivate quality personnel

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will influence their capability to offer quality services to their customers. Consistently offering services that match the requirements of the external customer will be an important factor in building strong, long-lasting customer relationships. This chapter, therefore, examines these issues and considers how some of the Service Excellence Award winners have achieved this; and how they have managed to create cultures and climates that inspire the hearts and minds of employees up and down the organisation to deliver great service.

## This chapter

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This chapter is structured around the five key statements that are used in the Awards scheme to assess how well companies 'engage' people in their organisations. These statements are:

- Our people have the right skills and knowledge to perform their work well.
- We regularly monitor employee satisfaction and act on the findings.
- We recognise the performance and behaviour of outstanding individuals and teams.
- We empower our people to deliver service excellence.
- When recruiting and developing people we focus on attitudes first.

Two previous winners of the Awards scheme have been chosen to demonstrate how well they have managed to engage their employees in providing service excellence. The companies are: PetCareCo (Consumer Services) and John Pring & Son (Manufacturing/Engineering).

## Our people have the right skills and knowledge to perform their work well

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Having the right skills and knowledge to perform the job well is the cornerstone to engaging people in a service context. There is nothing more frustrating for employees than to be thrown in at the deep end in terms of serving customers and to not know what to do. Best practice companies adopt two key strategies for ensuring that their staff are well equipped to do the job. First, they ensure that

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they recruit people into the business with the right service attitude. They look for people who are naturally good with customers and care about serving customers well (this is discussed further below). The second strategy is that they ensure that staff receive first class training on how to do their job well. In many service excellence companies this means that they will not be allowed near a customer until they have completed a rigorous induction programme which could last a number of weeks, during which time they will be trained in every aspect of the job and how best to serve customers.

The advantage of adopting such a thorough formal approach is that it makes it abundantly clear to everyone in the organisation what standard of work and behaviour is expected from the start. It leaves little room for 'staff to do their own thing' or even to undermine the company training schemes. However, no matter how well the training is organised and the skills and knowledge to do the job communicated, staff will not excel at their job unless they can work in a culture and climate that fosters service excellence. Many of the best training schemes in the country have failed because returning staff are informed by their colleagues 'not to take any notice of that, that's not how we do things around here!' or 'who do they think they are, we know how to deal with customers and it's not like that!' This is known as 'informal socialisation' and can be very powerful in determining peoples' behaviour when they are at work. It would seem, therefore, that where the successful companies have succeeded is that they have been able to harness 'formal socialisation' through the training programmes and 'informal socialisation' through word of mouth to ensure that they say the same thing. That is, what is preached is actually practised in the organisation and that when staff return from training programmes that enhance their skills and knowledge, they are able to practice their new found skills in an environment that is supportive and helpful.

It is important to remember that there is a real difference between training and learning. Typically, training is measured by testing people, but learning is measured by testing the results of what they do. To learn to do something we must both study and practise. Put another way you can acquire the skills and the knowledge but you have not learned anything until you have put this into practice. This is what 'real' learning is about and this is what the best service excellence companies have achieved. They have recognised that training can only take them so far and that at some point learning must take over. They also recognise that people learn best when they enjoy the learning process and when it is fun. For example, London based, Happy Computers (Overall Award winner and Small Business winner

2003 and Business-to-Business winners 2002) helps 25,000 people a year to develop their skills. Their basic philosophy is that happy people are productive people and their results prove the theory. They ensure that they have bright coloured rooms, flexible times for trainers and even free ice cream for delegates and trainers alike. Staff also receive massages, pedicures and manicures and when the trainers are working away from the centre they don't miss out. Their training packs always contain treats like Jaffa cakes. Happy Computers use their imagination to make training and learning fun; 'Happy' is not just the name of the company, it is the essence of its ethos. The Happy Computers case study is featured in Chapter 5.

### **We regularly monitor employee satisfaction and act on the findings**

'Happy employees equals happy customers' is a phrase that is often quoted, but so often ignored, mainly because it is easy to say but very difficult to achieve. Excellent companies, however, understand the importance of regularly monitoring employee satisfaction. In many ways, they see it as the best indicator of health of the business and the satisfaction of the customers. But why is this the case, why does employee satisfaction play such an important part in customer satisfaction and service excellence? The basic premise to this argument is the acknowledgement that employee satisfaction and employee behaviour plays a critical role in determining the level of service quality that is experienced by customers and hence their level of satisfaction with the company and their willingness to either remain with the company or defect. In labour intensive organisations, the quality of service is determined mostly by the skills and attitude of the people producing the services. All employees are, in fact, part of the process that connects with the customer at the point of sale, or 'moment of truth'. Employees can, therefore, enhance the level of satisfaction customers will experience with a company. Greater customer satisfaction will in turn lead to repeat purchases and positive word-of-mouth communications.

There is much documented evidence that shows that employee satisfaction is strongly correlated with employee performance and in particular with specific facets of performance such as organisational citizenship behaviour, which is behaviour that is not formally required in a job description but is nevertheless critical for organisational

success (for example, helping colleagues, volunteering for extra work and so forth). There is also strong support for linkages between employee satisfaction and retention and customer satisfaction and retention. Work undertaken by Bain & Company also suggests a strong link between these two variables. In fact Bain maintains that high customer retention will lead to higher employee satisfaction, as employees will find their job much easier dealing with satisfied customers rather than dissatisfied customers. As a result, employees create a stable and experienced work force that delivers higher service quality at lower cost. This in turn leads to higher customer retention and increased profitability.

Best practice companies use many ways to assess the level of employee satisfaction in their organisations, the most common being questionnaire-based methods. Here confidentiality is assured and transparency of the findings fed back to the employees. Those companies that successfully manage this process make a significant commitment to act on the findings of the reports and if unable to act, explain why. The successful companies are able to point to a history of satisfaction surveys, often completed on a biannual basis, and are able to chart the actions that they have taken as a result of these surveys. Sharing this information with staff highlights the company's commitment to change for the better and as a result staff are more inclined to contribute to further surveys. This creates a positive cycle of success in the organisation which in turn contributes to greater employee and customer satisfaction.

### **We recognise the performance and behaviour of outstanding individuals and teams**

Rewards, recognition and punishments have long been recognised as a means of controlling employees' behaviour and gaining compliance or defiance with respect to management directives. Organisations typically provide their employees with a number of extrinsic and intrinsic rewards. Extrinsic rewards are considered to be the rewards people receive from others; they are provided by external sources such as colleagues, supervisors, managers or the organisation. Extrinsic rewards can include monetary incentives and associated fringe benefits such as cheap loans and company cars. Promotion, recognition and compliments are also considered to be extrinsic rewards. Intrinsic rewards, however, are associated with the job itself and are the positive feelings people derive from the work they

do. Intrinsic rewards are self-administered and are based on the personal values of each individual and include, for example, satisfying work, personal responsibility and autonomy. Extrinsic rewards can of course combine with intrinsic rewards to create high levels of motivation and satisfaction for employees and this is a typical feature of many Service Award winners.

The Service Excellence Awards scheme has always tracked and monitored the use of one particular type of extrinsic reward and that is the use of recognition schemes in the companies that enter. This is a powerful way to encourage and motivate the 'right' behaviours among staff. Recognition, as long as it is sincere, can have a really positive effect on people. As well as being motivational, these schemes can also provide an insight into the management style of the business. For example, Chief Executive Alun Jones from TNT sends personalised hand written notes in recognition of staff performance. These schemes do not have to be overly complicated, with lots of form-filling and administration. As the one from TNT shows, some of the best can actually be very simple and straightforward.

As well as recognition schemes, it is also important to consider how best practice companies reward their staff. The purpose of rewarding staff is not just about paying them enough to make them happy or threatening them by cutting their bonus. The main purpose is to use the reward scheme to set personal or team objectives to build or reinforce what the company stands for, to commit to the company's values. So often we see companies where different parts of the business are encouraged to achieve different objectives, that is, the customer service department for customer satisfaction, sales people for sales and so on. However, best practice companies know that this traditional perspective is not viable in the long-term and cannot build relationships with customers who experience the company as a whole. Therefore, if you are serious about building, developing and maintaining long-term profitable relationships with customers, everyone in the organisation must be incentivised to make this happen. The alignment of reward schemes to the values of the business is not only critical to success but can also be used as a mechanism for tracking customer feedback on an ongoing basis.

Another key feature of best practice reward schemes is that the rewards are attainable and relevant. Setting corporate-wide targets may be useful from a chief executive's perspective but if they have no real impact on 'what do I do in my job today', then it is unlikely that the staff will put much effort into achieving them. Similarly if the targets are considered to be 'out of reach', then the staff won't even

attempt to meet them. Best practice also means recognising those staff who are not customer facing but who serve those who are. Because of this recognition that 'if you are not serving the customer you are serving someone who is', team-based rewards can be highly beneficial as long as the team ensures that everyone is pulling their weight!

Finally, it is worth commenting on the fact that many best practice companies reward and recognise staff above and beyond standard practice. They will often create ad hoc rewards to recognise occasional exceptional employee behaviour. It may be that a member of staff has excelled in serving a customer or that although they work in a back office job, they have provided excellent internal service which has helped a customer facing employee serve the customer better. In either case it shows that the organisation is taking note. One of the ways many companies do this, is by using customer feedback and input as a way of recognising this kind of exceptional behaviour among staff.

## We empower our people to deliver service excellence

One of the most successful aspects of best practice adopted by the winners of the Awards is the empowerment of employees to deliver service excellence. The empowerment and involvement of staff to enable them to use their discretion to deliver a better quality of service to their customers is fundamental to corporate success. There are, however, various types of empowerment available to companies. At one end of the spectrum there is all-out empowerment, where employees have absolute power to do whatever is necessary to satisfy the customer. And at the other end of the spectrum there are milder forms of empowerment, which are basically glorified suggestion schemes. This is where employees can offer suggestions, but the decision-making power rests with the management. There is also 'job empowerment', where jobs are redesigned so that employees can determine how they wish to work and structure their day. The winners of the Service Excellence Awards typically tended to congregate at the upper end of the spectrum, where the employees have more power and discretion to help them in service delivery.

Empowerment means that the company must create the right culture and climate for employees to operate in. For example, employees need to be provided with information about the organisation's performance to enable them to assess the context of their actions. Their rewards should be based on organisational performance and they should be provided with knowledge that enables them to

understand and contribute to that organisational performance. Finally, they need to be given the power to take decisions that influence organisational direction and performance. By equipping employees with the appropriate information and training in managing and delivering services, confident staff are better able to provide a faster and more flexible response to customer's needs and to be able to deal with customers in a variety of situations. In fact where service failures do occur, there is evidence that a satisfactorily resolved problem by trained, empowered staff, who take prompt action, may even raise the customer's perception of service quality. Some research has also shown that empowerment can improve employee motivation and job satisfaction, which can lead to improvements in customer satisfaction and customer retention. Although there are significant benefits to empowerment, it should also be remembered that there is an associated cost in terms of labour, recruitment and training costs. Some companies obviously choose to avoid these costs and adopt a more standardised approach to delivering service quality. However, those companies who are Service Excellence Award winners are careful to comment that such costs should be viewed as a longer-term investment in employees and in developing and maintaining long-term trusting relationships with their customers. These companies appreciate how empowerment can affect long-term operational effectiveness (the subject of Chapter 3).

### **When recruiting and developing people we focus on attitudes first**

In recent years many skilled and capable people have been forced back into the job market and it would seem that employers have even greater sources of potential candidates to choose from. The reality, however, is that it is becoming increasingly difficult to find good staff. Skills shortages in key areas mean that employers are often facing the dilemma of trying hard to fill vacancies for some jobs, while at the same time being swamped by floods of applications for other jobs. In our current climate, skill and experience are no longer enough. Employers must also identify those individuals who can contribute to organisational effectiveness and competitive advantage.

In these circumstances good recruitment practices are essential for organisational success, particularly when a company seeks to maintain a culture of service excellence. PetCareCo Ltd and John Pring & Son are examples of companies who owe their success to some extent to



the care with which they recruit their employees. However, it should also be remembered that as well as being careful to recruit the best staff, companies also need to be aware that they need to present themselves to would-be employees and influential third-parties as an employer of first choice rather than an employer of last choice. If a company wants to retain talented employees, it must also prove itself to be able to deliver what is promised to prospective employees.

People who staff organisations are the most important single influence in ensuring the future success of the organisation. Interviewers need to be skilled in staff selection and able to detail a person specification which represents the ideal candidate for the job. Organisational criteria and functional/technical criteria should be considered as part of the selection process. Organisational criteria refers to those attributes that an organisation considers valuable in its employees and that affect judgements about a candidate's potential to be successful in an organisation. For example, an organisation may be focused on developing a more customer-oriented culture and wishes to employ people who are warm and friendly and good at communication with customers. Functional/technical criteria refer to specific skills required by departments. For example, a finance department may require candidates to have excellent numeric skills. In a number of the best practice companies it was the organisational criteria that often took precedence above the functional criteria. Many service excellence companies believe that focusing on careful selection of staff is critical if companies are to be successful and gain a competitive advantage. These companies search for individuals whose values and motivation are congruent with the organisation's service ethos. They believe that employee suitability should not necessarily be based on technical skills, which can be taught later, but on psychographic characteristics which show a positive service attitude. For example in Virgin One a typical advert for staff would read 'wanted positive attitude ... with data processing skills'.

## Summary points

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- Inspiring the hearts and minds of people throughout the organisation to deliver service excellence can provide the company with a competitive advantage that ultimately *cannot* be copied.
  - Developing the right skills and knowledge is about moving beyond training to learning, and learning can only be successfully achieved in a culture
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- which allows staff to enjoy the learning process and to practice in an environment that is helpful and supportive.
- Organisations need to understand that employee satisfaction and employee behaviour play a critical role in determining levels of service quality and customer satisfaction and retention.
  - Reward and recognition schemes in organisations need to be aligned to the values of the business in order to encourage and motivate the desired behaviours among staff to achieve organisational success.
  - The empowerment of employees is essential for companies wishing to deliver service excellence. But it can only be achieved in an environment that is supportive of empowerment and where staff are provided with the skills and knowledge to be empowered.
  - Companies need to carefully select and recruit people whose values and motivations are congruent with their service ethos. Focusing on attitudes first is a key ingredient of success.

## Further reading

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- Benjamin Schneider (ed.) (1990). *Organizational Culture and Climate*. Jossey-Bass.
- Helen Peck, Martin Christopher, Adrian Payne and Moira Clark (1999). *Relationship Marketing: Strategy and Implementation* (Text and Cases). London: Butterworth-Heinemann.
- Pervaiz Ahmed and Mohammed Rafiq (2002). *Internal Marketing*. Butterworth-Heinemann.
- Richard Varey and Barbara Lewis (2000). *Internal Marketing, Directions for Management*. Routledge.

## Best practice cases

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### Introduction

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The case studies in this chapter have been chosen for their exemplar best practice in engaging people in their organisations. PetCareCo Ltd (winners of the Consumer Services category in 2001 and 1997 as well as winners of the Small Company Award in 1998 and 1997) is a dedicated chain of one-stop pet care centres that provide accommodation and therapies for dogs, cats and other small animals and birds in one integrated site. The story began when, more than 20 years ago, the

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founders Anne and Arthur Adlington were about to go on holiday but could not find kennels that they thought were suitable. As a result they decided to set up their own kennels and turn a hobby into a business, but run to professional standards. The case study relates how the company places people at the heart of its business focusing on recruiting the right kind of people who care, and who have the right attitude to deal with the animals as well as their owners. It examines the importance of rewarding and recognising the behaviours that contribute to the company's vision and values, as well as assessing the effectiveness of reward and recognition mechanisms through formal employee satisfaction analysis. Even though the company has grown dramatically over the past few years and is now a joint venture with Mars, PetCareCo is determined that the company's growth must not detract from their philosophy of having genuine people, who want to serve, as the core of their competitive advantage.

The second case focuses on John Pring & Son (winners of the 2002 Manufacturing/Engineering Service Excellence Award), a specialist wire products manufacturer. The case reveals how people are at the heart of the business and that it is people who provide the company with a unique competitive advantage. The case highlights the importance of careful recruitment and ensuring that prospective employees have the right values and attitudes to suit the company. It also examines the role played by the Managing Director, Kevin Croker, in ensuring that his vision for the company is shared with his staff. Honesty and integrity are at the heart of his leadership style, allowing him to involve staff in the business by informing, explaining and discussing the company's performance with them on a regular basis. The case also discusses how John Pring take an active approach to extending the staff's experience outside the factory into their customers' businesses, ensuring that the company maintains a customer-centric orientation. This is also achieved by the company's values which are encapsulated in a set of direct, customer-oriented statements that make up its 'promise' to the customer.

## **PetCareCo Ltd**

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### **Introduction**

Chilling out to classical music, catching a video or indulging in some hydrotherapy: it sounds like the perfect holiday. And it is: but the

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services of PetCareCo are designed for animals, not humans. Each of the company's growing list of centres offers a range of accommodation and therapies for dogs, cats, other small animals and birds – within one integrated site. It's not a dog's life at PetCareCo. The kennels are more properly called apartments: double-glazed and centrally heated, they feature separate rooms for eating and sleeping, and for playing or exercising. There is also an agility area with ramps and tunnels to entertain and exercise the dogs.

Care is central to more than the name of PetCareCo, the world's first and only dedicated chain of one-stop pet care centres. PetCareCo is using the 20 years of experience gained at the luxury Triple 'A' Pet Resort and Care Centre in Boldon near Sunderland to revolutionise the business of looking after owners' precious family pets. A joint venture with Mars, PetCareCo is a marriage of personal vision with professional management.

The company's second site opened at Denton near Manchester in September 2003. The Denton centre includes a large indoor area for pet training, canine hydrotherapy and spa pools, a full-service vet's practice, and training facilities for owners as well as accommodation. At 28,000 square feet, the centre represents an investment of around £3.75 million. A third site is planned for Morley near Leeds in 2004, with many more on the drawing board. The company's pet centres are set to appear at accessible out-of-town sites all over the UK – and beyond – in the years to come.

## The importance of people who care

The company needs people who care: who care for animals, and who care about customer experiences. Proudly displayed at their pet care centres is their promise:

### **Our promise**

*Our first and only principle is CARE:*

- CARE for pets and their owners;
  - CARE for our people;
  - CARE for the community and the environment.
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*We are passionate about CARE because:*

- CARE is our way of making a difference;
- CARE is catching;
- CARE creates our success.

*We pick people who CARE to deliver our promise because:*

- CARE means top quality always;
- CARE requires openness;
- CARE demands the highest integrity.

Our promise to you is that we will deliver 'CARE you can touch'. 'This has been a hobbyist industry,' says Sue Sloanes of PetCareCo. 'Traditionally, people with the space and know-how have set up kennels or catteries, while some retailers have tried to add grooming services or veterinarian practices to their stores. But we're leading the industry in creating one-stop centres with broad services and high, consistent quality standards. It's a simple concept really – we're professionalising a cottage industry.'

Sue's job title is 'Talent Scout', a label that reveals the company's approach to recruitment. PetCareCo looks for character as much as skills in the people it hires. The ability to do a specific job within the company is not enough. Team members also need excellent interpersonal skills along with a values-driven ethos. The company also needs openness and honesty in its people, so that it can detect problems and improve the business as rapidly and effectively as possible.

The company realises that knowledge can be added to but that attitudes are incredibly hard to change. By recruiting people who care, PetCareCo ensures that it embeds the right attitudes into its human structure. Many companies claim that they recruit for potential as well as current skills, but the connection with the business's drivers is not always clear. In PetCareCo's case, the growth potential of the business creates a direct link between today's new hires and tomorrow's success. The Denton centre, for example, opened with an establishment of 40 full-time equivalent staff. This complement is expected to scale to 120 within 2 years or so. Multiply this growth curve by the potential roster of UK centres, and the company's staff requirements are high indeed.

The business is organised with a central support team, team leaders and specialists. Specialisms required within the company

include groomers and stylists, dog-trainers, and animal behaviourists. All trainers have professional qualifications, and the behaviourists are available to give advice on tackling particular problems. PetCareCo's commitment to future scale means that it is able to recruit for long-term career development. This is a radical departure for the industry, which does not otherwise offer any progression opportunities. Vet nurses, for example, traditionally have little opportunity for promotion or diversification within local veterinarian practices. By working in a team at a PetCareCo centre, a vet nurse has opportunities for development and progression to leadership roles, as well as access to the burgeoning opportunities within the business as it continues to expand.

### A personalised service

It is tempting to think that PetCareCo is about pampering its guests and visitors, and services are not cheap compared to traditional suppliers. But the company is keen to stress that what it provides is not luxury, but good care. Team members stand in for pet owners while the pets are in their care, and they apply the same level of personal attention and affection that an owner would. The company's people, therefore, need personality and commitment as well as role-specific skills. This is because PetCareCo's service is a highly personal one. Pet owners regard their pets as members of the family, and seek not only the highest quality of care for them, but also reassurance about the dedication and empathy of the carers. Prospective customers who sense the wrong attitude within a centre will not trust their animals to its care. It is, therefore, vital that every person who might potentially be seen by a customer or impact a customer interaction contributes to the caring feel of the centre. Sue recently ran a recruitment ad for an accountant position with the strapline: 'Can you bring sparkle to accounting and finance?' The company is determined that even the most supposedly non-customer-facing roles be staffed with the same standards as those in the front line. PetCareCo's recruitment process includes three stages. The first two stages are an application form and personal interview. All candidates who pass the interview are invited to an assessment centre event. This event includes team exercises and games that allow the company to find out how an individual ticks, and to see how the chemistry with the company might work.

The challenges of scaling up the business are well understood within PetCareCo. While much of the central support team's day-to-day activity is focused on the myriad tasks associated with creating new sites, there is a keen awareness that the company's growth must not become purely mechanical. 'The larger we get, the more important it is that we have people who are genuine, people who want to serve. We're in the customer service business: the fact that we look after pets is almost the easy bit,' says Sue Sloanes.

## Reward and recognition

The reward and recognition programme at PetCareCo is imaginative and tailored to the needs of the business. On top of a basic salary, team members are offered increments linked to the acquisition of new skills outside their existing core competence. This means that as their ability to work in other areas grows, so does their recognised value to the enterprise. Increments are also awarded for qualifications gained, but people must also demonstrate competence in the new qualification within the context of the business. This ensures that all qualifications impact the business in its actual running, and do not become mere paper Awards. The company is proactive in suggesting new areas for personal development and training, and helps team members to grow towards leadership roles.

PetCareCo has thought hard about alternative benefit packages. For example, staff can take up to five weeks leave of absence to undertake voluntary work. The company believes it is important to put something back into the communities it serves. It also recognises that volunteering is an ideal development route, as it introduces people to new situations and ideas that can enrich the company environment. The voluntary work does not have to be related to pets: as long as the scheme is recognised and abides by health and safety regulations, staff may follow any volunteering path.

The company is also introducing an annualised hours scheme that will allow staff to design their own schedules alongside the needs of the business. Team members will be able to take up to 8 weeks off during the year using the scheme. The boarding side of PetCareCo's business is necessarily seasonal, being based around school holidays, so staffing requirements can be complex. Nevertheless the company recognises that flexibility on the part of everyone is the key to ensuring that the enterprise is always able to meet its customer commitments.

PetCareCo uses a form of community recognition and reward scheme that allows people to express their valuation of each other. When the company won its Service Excellence Award in 2001, it was running a successful scheme whereby team members could hand out stars to colleagues, who would wear them on their collars. This scheme has been superseded by a 'Department of the Month' Award and a 'Team Member of the Month' Award for each department, voted for by the staff.

There is also an 'Extra Mile' Award, given to team members who contribute well beyond their normal role. In one case a team member helped a customer who lost a re-homed dog by putting up posters and searching during her own spare time. Another extra-miler noticed that an elderly customer needed help in her home when he picked up her pet, and carried out a list of maintenance tasks for her. These awards help to highlight how the concept of care is closely related to initiative and imagination, as well as the way a caring attitude can reach beyond the boundaries of normal service.

PetCareCo's current reward and recognition strategy is topped off with a Celebration Champion at each centre. The celebration Champion has a budget that can be used to celebrate anything that the team at the centre thinks has contributed to the progress of the business. Celebrations have been run for breaking through customer number targets, achieving set margin levels, and also for outstanding individual contributions. The celebrations involve all the personnel at the site, so that everyone shares in the team's achievement.

## Keeping pace with employee feedback

PetCareCo's reward and recognition strategy is designed to support the company's ethos, extending the concept of care into every aspect of the employee relationship. The effectiveness of reward and recognition mechanisms – and other management processes – are monitored through formal employee satisfaction analysis. Employee satisfaction is monitored using a confidential survey. Team members can choose to make their survey returns anonymous, although they can also identify themselves if they want to pursue particular issues. The company has been studying how Microsoft links its employee satisfaction forms back to its business scorecard, and believes that this modification will help to make the exercise more focused and



relevant. This formal satisfaction survey is designed very much as a backstop for employee issues. The accent within PetCareCo is on speaking up, and contributing new ideas to the business. Each team has a fortnightly meeting, guided by a six-topic agenda. The agenda includes topics such as what the team has done well in the period, and customer satisfaction levels. The notes from these meetings are posted publicly so that anyone who misses a meeting can catch up.

In alternate weeks, staff members complete 360 degree appraisals of themselves – and of each other. The topics in this tool include challenges faced in the period and how these were overcome. This mechanism could be seen as intrusive or divisive in some organisations, but it has been used at PetCareCo since the beginning of the business and is regarded as a natural activity. The regular team meetings, and culture of openness and honesty, ensure that issues are surfaced and addressed at every opportunity. This allows the appraisal system to be used for purely constructive purposes.

## Vision and values

These regular activities take place within a calendar that also includes quarterly Vision Sessions, facilitated by the Managing Director. The primary purpose of these sessions is to remind everyone of the business's mission: 'to change the face of pet care'. The values embodied in the company's promise drive personal training, and are reconfirmed and retold at these events. Vision sessions allow the company's people to remember that 'we aim to change people's lives'. That is a strong statement, but it translates into small – but valuable – practical actions. For example, a centre can invite people in to simply spend time with an animal, because they do not have – or cannot have – any pets of their own. This is a practical instance of vision translating into action. While the Vision Sessions provide a prominent opportunity to discuss the company's mission with the MD, team members know that they can also talk to him at any other time.

Protecting and spreading this strong culture of open communication and practical, vision-based action, is vital to the achievement of PetCareCo's aggressive growth targets. The company is preparing for the day when it has 10 or 20 centres, and must continue to touch the lives of each of its people. Some reassignment of central support duties will allow the core team to continue to address the high-value

tasks of maintaining vision and communication, while more mechanical tasks are increasingly formalised and automated.

The challenge of growth also highlights the importance of getting the right split between controlled functional management and individual autonomy. Building a trusted brand implies ensuring consistency as well as quality. Customers need to know that PetCareCo's centres will have the same range and standard of services at any site, just as they expect from a Hilton or Marriott hotel. The company, therefore, recognises that the experiences it creates combine highly defined tasks with the less tangible virtues of good care. It produces and maintains detailed working instructions to ensure that all centres and teams meet quality standards, and it rigorously measures performance against these standards. But nurturing a culture of caring people also implies that well selected – and well motivated – people will want to perform their tasks well. People who care need less supervision, because they also care about the effects of the jobs they are doing. They appreciate the interdependency of roles within the business, and their ultimate impact on the customer experience.

## Conclusion

The high rate of repeat business at PetCareCo indicates that the company is getting its caring right. But the company also recognises that it faces little serious competition – yet. What will it do when it has proven its professional, high quality, one-stop centre pet care business model, and helped to create a new industry? The company's people are more than happy to see that day dawn. They believe they are upgrading their industry, and transforming its quality for both customers and employees. This is seen as a responsibility the company holds on behalf of the community. In practical terms, it means that it is happy, for example, to take people and train them for their NVQs and then let them leave if they wish. The company recognises that it may lose some business this way, but feels it is in its best interests to promote the development of the industry as a whole. Companies which define the methods and standards of an industry often retain a senior role as the industry develops, if only because so many professionals pass through its portals. PetCareCo may well become not only the source of a new approach to professional pet care in a new industry, but also the industry's university.



## John Pring & Son

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### Introduction

John Pring & Son operates in a traditional manufacturing industry, yet its attitudes to customer service – and specifically to enabling people – are strikingly modern, as well as being relevant to businesses of all kinds. John Pring makes specialist wire products for applications as diverse as lampshades and cotton baling, using the raw input of – people.

Many companies mouth the mantra that ‘our people are our greatest asset’ without ever honouring the idea in their day-to-day behaviour, management systems or reward and recognition schemes. At the Sandbach-based John Pring factory, it is immediately obvious that people form the company’s winning edge in an industry with tight margins and demanding customers. The maturity of the industry’s technologies and supply chains expose the human factor as a key determinant of survival for companies in the sector. Acknowledging that it operates in a commodity market, John Pring has embraced the opportunity to make customer service a premium component of its product. As a result, the company is consistently profitable while its competitors struggle to break even, and it continues to grow its global business.

The company employs 65 people in its Cheshire premises. It has a global customer base, and is also part of USA-based Leggett & Platt, one of the world’s largest wire manufacturers and a Fortune 500 company. The team has made a virtue of the constraints imposed by the layout of its factory, which dates back to 1834. A lack of space to hold finished inventory has encouraged John Pring to focus on making products to order with lead times of 7–10 days. The flexibility and responsiveness that this strategy brings is a major factor in its success.

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## Getting the 'right' people

The company's strong commitment to people starts in its recruitment process. John Pring recognises that the key attributes for success are intrinsic: they are not qualities that can be grafted on to people by training or persuasion. When recruiting, the company looks for the right values and attitudes in terms of enthusiasm, reliability and dedication. Managing Director Kevin Croker believes that if you recruit for these attributes, you can then add role-specific skills through training and experience. This principle applies at all levels of the company, not just staff members on the factory floor.

Focusing on these personal attributes makes the recruitment process more time-consuming and costly than the approach it has replaced. Croker estimates that the previous process resulted in 60 per cent of applicants being offered jobs, whereas the new approach yields only one or two successes for every ten applicants. Any company needs to have the courage of its convictions when switching to a method that seems to give lower and slower results, especially when production is suffering for lack of people. Yet John Pring finds that staff members recruited in the new way are more likely to succeed within the company, and more likely to stay. The recruitment process works as an investment in the future of the company, rather than a short-term solution to immediate gaps.

The change in the recruitment process is based on a belief in the direct connection between people and profitability. John Pring's goal is to be the best supplier for a customer, and the distinguishing factor is not the factory's machines or systems. As Croker says, 'all the *issues* in business track back to people, so the foundations of what we're building is always going to be people.'

## Sharing the vision

Walking the talk on valuing people is close to Croker's heart, and key to his success in spreading the concept is his genuine focus on sharing his vision. 'Sharing' is a term that is often abused in business, and sometimes means little more than 'telling'. But Croker takes the trouble to establish common ground among his people, to demonstrate that everyone in the enterprise does have a common interest. He began this process early in his leadership, by calling a full meeting of the whole company. This had never been done before,

partly because the value of such an event was not appreciated, and partly because production could not stop to enable a company-wide meeting. Croker arranged the meeting for a Saturday, eating into people's unpaid time – surprising them, but also providing their first clue as to the management's seriousness about the firm's fortunes. Croker challenged everyone to name their reasons for coming to work, and demonstrated how he held exactly the same motivations: to earn a living, to work in a safe and friendly environment, and so on. This was the beginning of a truly shared vision that has continued to grow and consolidate within the company.

Sharing his vision is Croker's strategy for ensuring that his approach lives within the company, rather than being vested solely in himself. The energetic, passionate leader can be a risk factor if the organisation relies on him as its only power source. In this way, John Pring is achieving a culture where customer service, quality and profitability are embedded in the everyday actions of the whole team. Another method that Croker uses to ensure a shared vision is publishing, explaining and discussing the company's performance on a regular basis with the entire staff. Traditionally, there had been a disconnect between the firm's actual business and employees' understanding of their roles and their rewards. Massive contraction within the industry has meant that management cannot insulate the team from market realities, even if it wanted to. There is now a much clearer link between what the company does – and therefore what individuals do – and its overall health. Regular measures of sales and profits against budget are displayed in the factory, as well as production measures such as scrap levels. Croker writes a monthly commentary to explain the data, and to stimulate discussion.

But publishing facts is only part of the communication task: to be meaningful, the traffic has to be two-way. The directors walk the factory floor as often as they can, and encourage queries. Croker admits that in the early days of his new approach the management may have overdone its efforts to communicate, but has since achieved a balance. He is proud that he has business discussions with people on the shop floor that match boardroom discussions for quality, relevance and insight. He has not forgotten his own time as an apprentice, and the institutionalised detachment that used to prevail in industry. The close identification of what people do with how the company performs extends to the company's profit sharing scheme, of which all John Pring's people are members.

Regular face-to-face communication of this kind helps to ensure that the vision is shared throughout the company, and it is crucial

that no element of 'spin' creeps in. Croker insists that 'we're all adults, and you should give people the truth'. When tough decisions have to be explained – including the freezing of wages – people may not cheer, but they understand why the decisions have been taken. The inclusive vision ensures that every decision is one that every member of the firm would have taken.

The sense that everyone at John Pring is working for the same ends is enacted in many small but significant ways. For example, in common with other manufacturing businesses, the company receives Christmas gifts from its suppliers. The gifts range from bottles of seasonal cheer to consumer electronics goods. In times gone by these gifts would have been taken home by senior managers. Today's John Pring holds a raffle on the day before the Christmas break. Everyone in the company has a ticket and is assured of a prize – *except* the senior managers. The company also funds a single Christmas party for all of the staff.

### Focusing on customers: the promise

As well as working to create and sustain a shared vision within the company, John Pring takes an active approach to extending its people's experience outside the factory and into the concerns of its customers. It has broken with tradition by sending people from all roles to visit customers, rather than just sales staff or technical specialists. A rolling programme ensures that everyone will have an opportunity to make such a visit. The company recently sent a staff member to Australia – the destination that workers joked would never be the target for a trip. The person who went on the trip returned with a new store of technical knowledge, customer insight and infectious enthusiasm. Sending people out to customers has never been done in John Pring's industry, but the benefits are enormous. People who make wire for, say, a coat-hanger manufacturer now know the people who make the coat-hangers, and have discussed ways that the wire product can be improved for their usage. The effects on customer retention and satisfaction are enormous. Organising and supporting the visits is expensive; but, like the recruitment process, it makes for a compelling investment in the well-being of the company.

It is this very practical and embedded people orientation that makes John Pring special. The close connection between what people do, and the success of the business, is part of the behavioural fabric of

the business. As Kevin Croker says, 'it's not a "job", it's a way of life'. For habits of excellence to permeate the daily life of an organisation, the values by which people select and judge their behaviours must be clear and memorable. John Pring's values are encapsulated in a set of direct, customer-oriented statements that make up its 'promise':

- We will always aim to meet the shortest possible delivery times.
- We will respond to our customers' needs in a fast, efficient and courteous manner.
- We will always provide the best value for money wire products available.
- We will always respond to queries within one hour.
- We will provide full documentation, certification and records for all delivered goods.
- We will only use the best quality raw materials for our products.
- We will check that you are satisfied with our work.
- We will give you one contact person for any account queries – and resolve them within five working days.
- We will provide technical advice and support.
- We will deliver the most cost effective solution.
- We will guarantee all of our work and products.

These strong statements form a kind of cultural contract, or constitution, within the organisation. They also place the emphasis for people's activities on positive customer benefits, providing a balance to potentially negative drivers such as industry contraction. As expressions of 'the way of life' at John Pring, the elements of the company's promise help to transfer management goals to the individual care of the people who must achieve them.

Achievement is recognised within the company using both formal and informal methods, in another demonstration of its holistic approach to enablement. The annual conference includes a session where the company recognises achievements of all kinds, from attendance records to long service awards, as well as outstanding performance. But the company also gives impromptu awards throughout the year, showing that it always has the time – and attention – to recognise excellence.

## A learning organisation

John Pring's experience with the Service Excellence Awards provides an example of people enablement in its own right. Like many

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companies, John Pring has used the Awards process as a way of learning about best practice and benchmarking itself against other organisations. The company has participated in the Awards for seven years, using the process as a means of examining its own performance, and acting on the panel's feedback. This is a further sign that John Pring is a learning organisation: one that seeks to improve its self-knowledge on an ongoing basis. Self-awareness is a fundamental part of any organisation that bases its success on the efforts and beliefs of its people rather than proprietary technology or protected markets. Engaging with external monitors and comparisons, such as those embodied in the Service Excellence Awards, can provide both reflectivity and inspiration.

For example, the team at John Pring based part of their 2002 entry on feedback provided by the panel in its 2001 benchmark report. The two issues highlighted in the report were the cascading of information throughout the company in an effective manner, and continued improvements in operational control. The company addressed the communications issues through a range of channels including briefing sessions, union routes and training sessions. The company also implemented a full appraisal system for all its staff, including training for the appraisers prior to the system's first run. At the same time it used its pursuit of the ISO 9001:2000 Standard to drive operational improvements, achieving accreditation in February 2002.

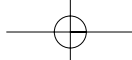
John Pring's belief in the Awards process as an influence on its business success has made it a passionate advocate of the scheme. The company's assessment of the benefits of participation has led it to share its experiences with other companies via organisations such as the Chamber of Commerce, Enterprise Council and TEC International. The company has also detailed its experiences for the ISTC union's leadership and its 40,000 members via the union's magazine. This urge to share what it has learned demonstrates how John Pring's belief in enabling people extends beyond the boundaries of its organisation to the wider commercial environment.

## Conclusion

In the final analysis, John Pring's continuing commercial success relies on its being able to sell on service and quality, not price. Service and quality are attributes that can only be created and delivered through people. No amount of branding gloss or bought-in wisdom

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can replace the positive motivation of knowledgeable, customer-oriented people. John Pring supplies technical back-up to all its customers as a standard component of its offering. Technical advice extends to the pre-sales period, where the company uses a consultative approach to, for example, establishing the product and quantity required to meet a customer's requirements. The aim is to build genuine partnerships with customers, so that supplier and customer are working together to meet needs. When a problem does arise after a sale has been made, the company reacts promptly, often sending a technical expert from the production department to solve the problem at the customer's site. This level of attention, and personal commitment to the customer's success, is more often associated with complex high-tech products and services. John Pring has realised that in today's global and highly competitive markets, no company can afford to regard itself as a commodity supplier. Manufacturers have to wrap products with service: and the only way to do that is to build authentic, empowered teams of committed individuals who believe they can make a positive impact on their customer's lives.

