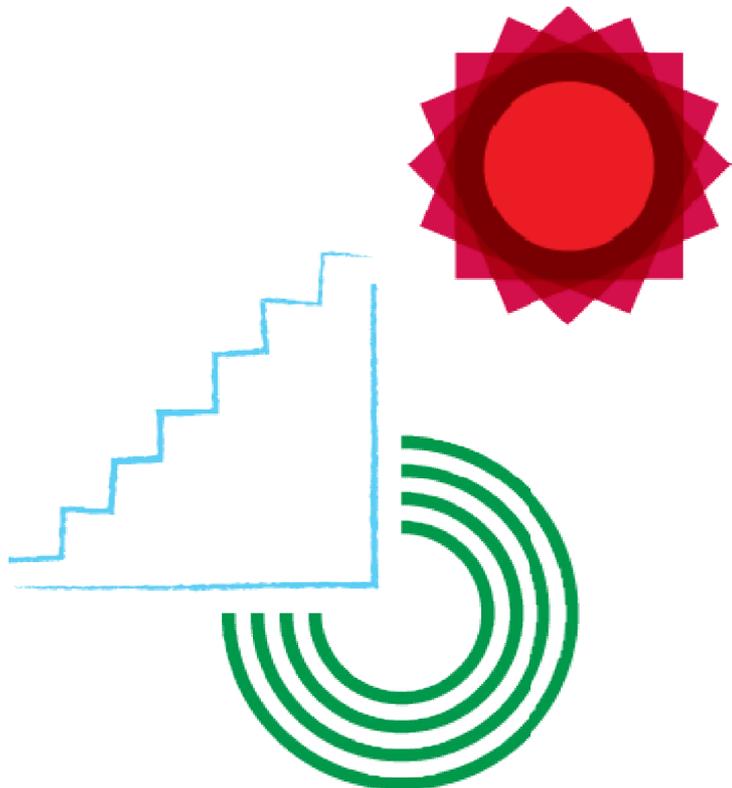


ENGAGE
FOR
SUCCESS

EMPLOYEE ENGAGEMENT AT HARRODS

Case Study



EMPLOYEE ENGAGEMENT AT HARRODS

Background

Harrods is a department store located in Brompton Road in the Royal Borough of Kensington and Chelsea, London. The Harrods brand also incorporates other enterprises undertaken by the Harrods group of companies including Harrods Bank, Harrods Estates, Harrods Aviation and Air Harrods. The store occupies a 5-acre site and has over one million square feet of selling space in over 330 departments. The Harrods motto is *Omnia Omnibus Ubique—All Things for All People, Everywhere*. Many of its departments, including the seasonal Christmas department and the Food Halls, are world famous. Throughout its history, the store has had a total of five owners. On 8 May 2010, Mohamed Al-Fayed sold the store to Qatar Holding. The workforce is comprised of approximately 3,500 employees and 3,500 agency and concession employees.

Despite perceptions outside of Harrods, Mr Al-Fayed was very popular with staff and was well known for his compassion. The new owners share his views and firmly believe that the way employees are treated is as important as financial performance. They recognise that engaged staff are happy, consistent performers who feel compelled to progress their careers with Harrods. They also acknowledge that an engaged employee forges good relationships right across the business; with line managers, senior management and with customers. For this reason, employee engagement is an important part of Harrods' strategic vision.

Sarah Andrews, HR and Retail Director, states that “the penny dropped about 5 years ago but we got momentum going 3 years ago – the MacLeod report helped us greatly because when it come to investing in employees, businesses want data to prove the business case”. This prompted Harrods to carefully analyse its employee turnover, and the resulting statistics shocked senior managers. Further investigation highlighted a number of causes, and Harrods spent the subsequent few years initiating significant changes aimed at addressing these. Improvements were measured by the introduction of a regular employee survey which, importantly, included concession employees. Inviting all agency and concession staff to participate so they could gain a truly broad view of how people felt about working for Harrods.

Leadership

Change was driven by focused leadership backed by a coherent and carefully considered plan. The basics were quickly addressed by significant financial investment over two years to upgrade the existing restaurant for staff. The result was a slick, modern space that felt more inviting as well as an improved array of quality, nutritionally balanced food.

Senior managers looked critically at the hierarchal structure which resulted in the creation of a flatter system. Better equality was introduced, for example, around the allocation of holidays and employee discount. Niall Ryan, Head of Employee Brand & Communication stated that “one of the key issues addressed was the dichotomy between customer experience and staff experience – as a result, our focus was to emulate the effort and quality of our proposition to customers for our employees.”

This was an important step in establishing greater trust amongst staff in a short space of time. James Gorritt from Women’s Wear states that, “we know management don’t do things just to inconvenience employees– you can put your trust in their decisions and not take it personally.” Laura Gorse from Learning and Development supported this view; “we understand unpopular decisions need to be made, the explanation is always there, whether communicated at the quarterly business updates with all managers, or in the weekly Bulletin.”

Harrods leadership adopted a clear strategy combining Brand, Engagement and Communications. Senior managers are highly visible in the store and, consequently, their behaviours have to be consistent and what they say has to be in tune with our values. As Niall Ryan confirms, “the reality has to match; when behaviours don’t fit, it becomes obvious quite quickly.” This link between the Brand and day to day behaviours cascades throughout the Harrods staff. James Gorritt affirms this by stating that, “adding to the customer experience is a real buzz – we learn how to engage with people and maximise the potential of each customer – we want to make them come back and develop the relationship.”

The tactical separation of communications between “Business” and “Employee” issues was a vital step in the successful cascade of important information and messages. High quality communications ensured employees were informed of what was going on at the strategic level, and on the day to day operational front. The internal employee magazine “Your Harrods”, for example informs employees about changes, has a tongue in cheek Agony Aunt column, style guides, a new starter list, Director and Head Of Department interviews, personal snapshots, charity updates and a front cover design competition. It is very popular and provides a creative outlet for all employees. There is also a morning retail brief from which the shop floor can learn key sales statistics and find out what is going on in the store that day.

Jennifer Glyn, Creative Team Project Manager, confirms the effectiveness of these communications; “teams are slick – everybody knows and understands the process, where they fit in, we know the strategic plan but it can change due to last minute opportunities or the unexpected. Therefore, we need autonomy to re-set priorities.” The autonomy mentioned by Glyn is also seen as pivotal in creating a culture where employees are encouraged to be innovative within clearly understood

boundaries. Laura Karosaite, Retail Manager states that, “the various departments are very different from each other – the Heads have autonomy and can shape these differences within the broader “Harrods Way” – it’s about achievement, people are not micro-managed.”

This, however, does not happen by accident. The senior managers have set the foundation for talent to be spotted, for ideas to be encouraged and for employees to feel that they can make a serious contribution to the business. James Gorritt confirms that, “they are very good at spotting talent – ego-less managers who are not afraid of or threatened by talent.” Other organisations have experienced difficulty in achieving this but Harrods’ persistence with this ethos has been successful. Laura Gorse states that, “I had been training new starters – my total enthusiasm for the role must have been spotted by Harrods; as I was unsure about a new opportunity I didn’t push myself but Harrods still nudged me in the right direction and gave me a chance to succeed.”

The spotting and nurturing of talent is always thought through carefully. As Niall Ryan points out, “we make sure we don’t knock peoples’ confidence by giving them too much responsibility too soon”. However, once the talent is spotted and given its chance, a support network is there for the inexperienced to gain the knowledge they need. Part of this is to ensure senior managers are there to answer questions and for line managers to develop the confidence to address issues from the shop floor. Hayri Volkan, Retail Manager, confirms that, “we meet with the Head of Retail” once a month, it’s a vehicle for us to ask questions or put forward ideas – I can find answers to most questions or have a route to find out.”

Sarah Andrews sums up the Harrods’ philosophy around leadership; “we were a more of a ‘tell’ organisation; we introduced a coaching style looking at profiles to avoid command and control”. This has created a means of developing “ego-less” managers throughout the store.

Line Managers

The line managers within Harrods know what is expected of them and are judged not just on whether or not they achieve their objectives, but also on how and what the impact of their actions have had on the employee. They are encouraged to communicate information face-to face whenever possible and, because they sit in the store, are seen by their team on a daily basis. Above all else, they are expected to coach and mentor. As Sarah Andrews points out, “this was a huge change in culture but it was successful. There was some resistance at the beginning but at the tipping point of the change one manager said, ‘I don’t have time not to coach management style’ This was quite a milestone and a breakthrough moment but as Sarah says “it is an continuous journey of learning and improvement for us”

Line managers are given the tools to share survey results with their teams and have informal conversations around where improvements need to be made. This helps employees to understand the complexities of decision making, but also assist the line managers in broadening their own understanding. This process means the line managers are not by-passed by communication channels which link employees directly with the senior managers.

Coaching is a more difficult proposition for a line manager than a command and control style. For example, when action plans are developed as a result of survey results, managers have learnt that they need to share what they are their thoughts and plans with their teams. As Hayri Volkan points out, it is a skill that is “very much about empowerment – I will guide but not dictate; people need to find their own way.” This view is supported by Jennifer Glyn; “my manager took time to develop me - to retain Harrods employees, managers have to present challenges to them and they do this regularly.”

The training of line managers has been an important factor in achieving this change of culture. It is, however, the application of that training that has led to such a wide use of coaching and mentoring techniques. Much of this comes from individuals who truly believe in it – “managers are expected to coach and mentor but I do it because I believe in it” – and those who see it more pragmatically – “if we didn’t coach, we’d never get anything done”. Hayri Volkan illustrates the key to the “ego-less” manager concept by simply stating that, “I don’t feel I always have to be right – this allows me to really listen to my team”.

The line managers will take a step back and let others develop. Cross departmental experience is viewed as important for personal development and they actively seek opportunities to do this. Micro management is avoided and a culture of open dialogue has been established which re-enforces the high levels of trust the managers have for their employees. Moreover, the line managers appreciate the calibre of the people they are managing and this, in turn, influences their interaction. Hayri Volkan observes that; “my team has a good sense of the issues, and has opinions – you have to tell them how it is – as they’re too clever and will find out – this could reduce trust.”

Brand & Values

Harrods recognises the importance of ensuring that their values are relevant and understood by everyone who works there. Senior managers believe that there has been a dramatic improvement in ‘living’ these values over the last two years. As Sarah Andrews states; “organisational values are important but it’s vital that our people feel them.” On the one hand it could be argued that an organisation such as Harrods would find it easy to “live” its values, but it has to be recognised that customer expectations are higher than average. As such, the pressure to deliver is

often considerable. Employees have to live up to the Harrods brand because customers are aware of it and expect more.

Jennifer Glyn asserts that “People really understand the brand guidelines – people have to be creative” but also that, “creativity is within a clearly understood frame work – tone of voice, for example, shows that the way we do things reflects the core values”. Hayri Volkan adds that “whatever the circumstances, we have to be professional at all things and do it in the ‘Harrods Way’.”

The rewards for employees are good. For example, top sales associates can be recognised through the Harrods 100 programme or the Harrods Rewards for Excellence which involves a gala evening with an Oscars style ceremony where people are nominated regardless of job type. There are 16 winners each season and it is seen as the biggest accolade within Harrods. Sarah Andrews observes that, “we try to make the little things matter and, as a result, 94% of employees have told us they will go the extra mile to service a customer.” Niall Ryan adds that, “we have a ‘legendary service’ book which highlights great customer service stories that are really exceptional.” Alongside these innovations, there are learning and development opportunities for those motivated by career development.

For employees, the alignment of the values and the day to day culture is something they are constantly aware of. James Gorritt believes that, “the values are always there, they go right through the business – a constant reminder to be at your best at all times - the values are relevant and necessary”. For Jennifer Glyn, the brand and values are always in her mind; “I like being part of a big brand, it’s stable but exciting – I feel pride coming in on a Monday morning. I enjoy telling people what I do and where I work.” Laura Gorse adds that, “I never dread coming in to work, I actually look forward to coming in – you don’t want to miss out on what’s going on. The values come from what we do.”

The Informed Voice

Harrods operates an employee satisfaction forum that meets quarterly. The representatives are all volunteers and the group is committed to getting issues resolved. Sarah Andrews believes that this forum is “the missing piece of the jigsaw – we fix issues wherever possible and it makes people feel that they are listened to.” Although it started as a “bottom-up issue raiser”, the forum is evolving towards a more strategic agenda. Andrews points out that, “the representatives are starting to ask key questions around strategy and brand; perhaps the questions employees won’t think of asking their line managers; it’s a big responsibility for the representatives who understand the need to educate as well as represent.”

This successful transition towards strategy has been helped by the growing influence of employees who are increasingly concerned less by the day to day “moans and groans” and more by the “bigger picture” issues. Harrods’ concerted efforts to engage its people about these issues have resulted in an employee voice that is genuinely informed. In the first survey undertaken by Harrods, employees talked a great deal about the staff restaurant, general facilities and, specifically, the toilets. As a direct result all of these were improved by dedicated teams. However, Sarah Andrews points out that “career progression is now the “noise” from the survey – plus being consulted before decisions are made, opinions being sought, and about how there is too much bureaucracy. We want to deal with the strategy there and we are working towards it. Over four years, our people have gone from being uninformed to informed.”

Having an engaged and informed employee voice allows Harrods to maximise the benefits of both individual and collective opinions. For example, a “Bright Ideas” scheme is used to generate good ideas and, as James Gorritt affirms, “we take the ‘Bright Ideas’ scheme seriously – it reflects the culture.” In many organisations, similar innovations have proved counter-productive where disengaged staff have used such a facility as a joke or protest.

Of equal importance, however, is the fact that an informed voice is listened to. Niall Ryan confirms that, “senior managers are more receptive to feedback now because employee’s views are worth listening to.” The wide range of communication channels which disseminate strategic information has been critical in creating such a culture. For example, a quarter of the content in the yearly publication “Business Insider” reflects the past year with three quarters devoted to looking ahead to the next. Strategic objectives are clearly outlined more than once in an effort to ensure everyone knows the overall direction of the business. As a result, “ideas get listened to as long as they are thought through” and “informed opinions are valued”. More employees also have the confidence to engage in high-level conversations. As James Gorritt confirms, “we can speak openly to those who run the business – I feel informed enough to speak to them about strategy.”

Establishing the intranet is generally considered to have been a major factor in engaging employees. Sarah Andrews states that, “we’re sharing more than we have before – senior managers are clear that we shouldn’t have policies that can’t go outside the organisation”. However, even with such a critical consideration as communication, the Harrods philosophy of empowerment holds firm. Employees, therefore, have a responsibility to find out because the information is not pushed on to them, avoiding the potential issue of “information overload”. Laura Gorse concludes, “I have to know what’s going on to do my job, I always read the weekly bulletin for example.”

Outcomes

Hayri Volkan sums up the culture that has been created by stating that, “my views are definitely valued, I’m always asked my opinions on things – people who do the job are acknowledged as a good information resource.” A carefully thought-through strategy has been applied throughout Harrods that has resulted in an engaged workforce customer service is constantly uppermost in everyone’s minds and where “knowledge is not the luxury of the managers”.

There is a good deal of evidence that the informed and engaged workforce has resulted in tangible benefits. Increased participation in the three surveys, with the vast proportion of the organisation now taking part has coincided with consistent improvements in employee engagement with scores making significant jumps year on year. Significantly, 91% of employees are now proud to work for Harrods which has been a contributing factor to employee turnover being halved over the last five years.

One example of employees’ commitment to Harrods occurred when we experiences the worst snow conditions in 2011 when most organisations suffered considerably and were unable to trade. Harrods opened just 30 minutes late, with employees having setting off early from home to walk three hours in the snow. Internally employees from all areas and all levels pulled together to serve our customers as though nothing had happened, Harrods has proved that, by starting with the basics, ensuring terms and conditions were right and then implementing a strategic plan that included all of the key enablers, is possible to effect a truly engaged workforce.