

Informing & Consulting your Workforce: The Egg People Forum

Summary

This case study reviews the establishment and operation of the Egg People Forum (EPF) within the internet retail banking company, Egg. The EPF was developed in 2000 with the purpose of providing a vehicle for informing and consulting Egg employees. Revised arrangements were introduced in 2003. These include the establishment of full-time seconded employee representatives, access to the EPF's own budget and the development of an option-based approach to consultation designed to develop informal consultation with all employees, including managers and at every level of the business.

The evolution of the EPF

Egg does not recognise a trade union. Pay and benefits are determined at company level by management and are based on both individual and company performance. The importance of retaining a dynamic culture in the organisation and involving employees in a flexible and informal way led to the decision to establish an employee forum with the purpose of listening to the views of employees and helping to communicate the vision and direction of Egg. In April 2000 employees were

Egg

Launched by Prudential in October 1998, Egg is an innovative financial services company providing a range of banking, investment and insurance products through its internet site. Egg currently employs some 2,700 staff split between Derby, Dudley and London. Head office in Derby is home to most of the business functions and accommodates the majority of the workforce, almost 1,800 employees. A further 400 people are located in Dudley and 150 in London. Until recently Egg's operations were located in the UK and France; although in 2004 Egg decided to withdraw from the French market and now operates entirely within the UK.

invited to stand for election as EPF representatives and the first part-time representatives were elected in June 2000.

"At launch Egg was a small company with a dynamic culture," says Ian Horton, EPF employee chair and employee representative since 2000. "The bank felt that it was important to retain this culture as the business grew and it therefore created a consultation forum for its people."

However, "in the first years of its operation, the forum's agenda was primarily HR driven" says Viv Wardle, HR business partner. It also tended to be consulted late in the decision making process and was predominantly concerned with the implementation of decisions that had already been taken and in providing support to the affected employees.

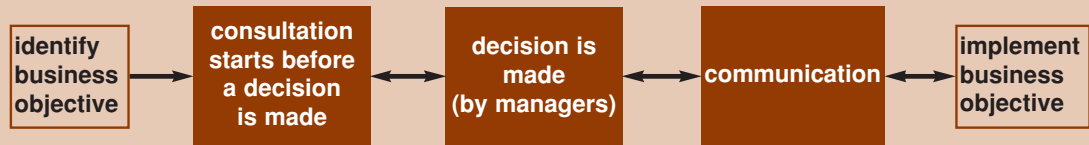
The existing representatives, with the support of Paul Gratton, chief executive officer (CEO), drove the transformation that took place in 2003. Having chaired the original forum, Paul was also keen to see the EPF develop a more strategic role within the company.

Three forum representatives, Ian Horton, Alan Tarry and Shane Lawler played a crucial role in developing a new mandate for the forum and the resources needed to start 'playing it big'.

"Lots of people talk about informing and consulting about strategic decisions. 'Playing it big' means being involved in and having an influence during the decision making process", says Ian Horton. With information and advice from the IPA, the EPF embraced the 'option-based consultation' model (see box 1), as also adopted by the United

Box 1 – The IPA option-based consultation model

The IPA, as part of its consultancy work, has developed a consultative model based on the discussion of options.



The key steps of option-based consultation are:

- **business objectives are identified** at the level of strategy and policy development
- **employers identify different options**, which are shared with representatives well in advance of any meeting
- **consultation starts before a decision is made.** Options are examined; representatives share views and offer alternatives. Managers take views and options on board, responding directly or promising to provide a fuller response at a later date. Representatives have a genuine opportunity to influence the outcome
- **managers consult informally and identify further options**, based on the action points derived above
- **the final decision is made by managers.** Representatives are given a reasoned response to the final decision, including why other alternatives were rejected
- **consultation over communication** ensures confidentiality remains intact and that all staff receive the same information
- **communication** takes place through direct communication channels
- management and representatives **continue to discuss related issues** and share progress updates.

Welsh Housing Association (see IPA case study, series 4, number 8).

The EPF representatives liked the concept of option-based consultation as it provided a clear framework to explain how they saw the consultation process developing. It also gave them an answer to what information and consultation 'with a view to reaching an agreement' might look like, which management could also accept.

The forum made two presentations to the CEO in October 2002 and January 2003 outlining the key features of the new arrangements and the benefits that Egg employees could expect. In July 2003 the CEO and board of executives agreed a package of changes which included new elections to appoint three full-time representatives, an annual budget to be managed by the EPF, guaranteed paid time off for

part-time representatives and the adoption of an options based approach to consultation.

Any employee with six or more month's service, up to and including company directors, is eligible to stand for election as a

representative. See box 2 for the composition and geographical scope of the EPF.

In the elections that followed, Ian Horton was seconded from his role as a customer relations advisor and Alan Tarry from his

Box 2 - Composition and geographical scope of the EPF

The EPF has 16 elected representatives covering all of Egg's three sites. There are six part-time representatives in Derby, three in Dudley and two in London. A further two part-time representatives represent management grades throughout the organisation. Each site is required to maintain a minimum of two representatives and one representative per 200 employees. The part-time representatives are allocated approximately four hours per week to carry out their EPF duties.

There are three elected full-time representatives based in Derby. These consist of the EPF chair and two deputies who directly support the part-time representatives and take part in formal consultative activities.

Representing all employees remains a core activity for the part-time and full-time representatives. "It is important that everyone in Egg is aware that a body exists to represent their interests and give them confidence that their views will be communicated fairly and effectively" says Alan Tarry.

role as a team leader in Egg's home finance department to become full-time representatives.

The EPF's mission statement is to 'represent the voice of all Egg people to make working life great and help drive superior business results.' This boils down to three core objectives:

- To increase the involvement of Egg employees in business change and other initiatives
- To build and maintain effective relationships within all departments of Egg through consultation;
- To represent the interests of all Egg employees independently without prejudice, both collectively and individually.

Above all else, what has changed since the EPF started 'playing it big' is that the forum representatives now drive their own agenda, rather than HR. As a result, it is the representatives that are responsible and accountable for how the EPF develops, involves employees and influences the business.

EPF meetings are jointly chaired by the CEO and Ian Horton as employee chairperson. Secretarial support is provided by the other full-time EFP representatives. The CEO, as EPF chairperson, is responsible for ensuring that the EPF remains an interactive body where all representatives can easily contribute to discussions, but may also request changes to the EPF constituencies and representative structure as a result of business restructuring.

One further point of interest is that the EPF is not institutionalised in the form of an agreement. "This is quite deliberate", says Ian Horton and also quite unusual for a relatively new information and consultation forum. "The

Box 3: EPF critical success factors for the consultation process

- Commitment of managers
- Good communication with constituency
- Consultation at the right time
- Substantial and meaningful issues
- Adequate resources
- Trained, committed and effective representatives.

absence of a formal constitution reflects the way in which Egg and the EPF operate. However, we appreciate the concerns some might have about not having our terms of reference laid out in one document. We keep the matter under continuous review", he adds.

In terms of the implications of the regulations on informing and consulting employees that came into force in the UK in April 2005, both management and employee representatives believe that the current arrangements for informing and consulting employees go beyond the legislative requirements of the regulations. There is therefore no need to amend the structure of the EPF.

EPF's consultation approach

The EPF becomes involved in the identification of different options as soon as the business objective is identified; consultation then starts and further options can be identified by either the EPF representatives or management before a decision is taken.

Employee representatives and management believe that an option-based consultation approach tailored to Egg's culture provides a sensible framework for the organisation. This not only improves decision-making, but can also be followed by managers at any

level. Box 3 outlines the EPF's critical success factors for effective consultation.

According to literature produced by the EPF (it has no formal constitution), consultation means "both parties' views are stated and heard before a decision is made and the perspective of each party is understood by the other, even if not necessarily agreed between them".

While it is explicit in the role of the EPF that management makes the final decision, the representatives confirm that they are increasingly involved at an early stage in the decision making process.

This is illustrated when comparing the approach taken in two cases of restructuring in the IT department that took place during February 2003 and April 2004. In the first case, the EPF was given 24-hours notice in advance of the public announcement. Consequently its role was confined to supporting the people affected.

In the second case, the EPF was informed three months in advance about the possibility of forthcoming redundancies. The representatives involved believe that their early involvement meant that they had a better opportunity to identify different options and influence the outcome in a professional way, rather than reach a situation in which they were forced to contest existing proposals.

Formal consultation

The EPF employee chair holds regular monthly meetings with the CEO as EPF chair and other informal meetings that also take place with key members of the Egg executive, HR and the communications team. At formal meetings the agenda is shaped by both management and the EPF employee chair after consulting with the EPF employee representatives (see Box 4 regarding the scope of the EPF).

Issues where the EPF has been involved in collective consultation include: Egg policies, a review of shift patterns, flexible working, home computing, a new employee assistance programme, career development and departmental restructuring.

Recent policy matters where the EPF was consulted include mobile telephone use, the application of the working time directive, holidays, anti-bribery and flexible working. It is now also consulted on pay, reward and pension issues, relating to both salary and additional benefits.

For example, the EPF was consulted in relation to proposed changes to the employee bonus scheme. It was the EPF Reps who made a request on behalf of employees that their bonus payments be

made by means other than cash, as their family tax credits would be affected. It was finally agreed that each Egg employee could either have their bonus paid in cash, child care vouchers or have the bonus paid into their pension. This has resulted in employees having an informed choice as to how they would like their bonus to be paid.

The forum also functions as Egg's health and safety committee and Egg is obliged to consult the EPF representatives on health and safety issues.

Informal consultation

As well as having a formal consultation process in place, the representatives increasingly operate in a more informal and flexible manner. Forum meetings occur in order to exchange information and to conduct formal consultation. However, the EPF also acts as a task-group on a range of issues at any one time and deals directly with the departments concerned.

For example, in the case of the introduction of "flexible shift patterns", apart from the formal discussions held between full-time representatives and HR on how to lay down the details of the new system, conversations directly with the department highlighted specific issues that

would be significant when implementing the new policy.

Also, when the HR department placed a series of help tools on the company intranet, the EPF were asked to check the tools and to comment upon them. When this was carried out, the amendments pointed out by the EPF were implemented.

However, being available to listen to individuals and offer information or advice on a day-to-day basis is a key function of the EPF. The EPF supports managers and other employees and draws no distinction between them. Several managers have used the EPF as a gauge to local opinion and for guidance within their working locality.

Operational issues

a) Role of EPF representatives

Both full time and part time representatives cover all Egg employees and are responsible for dealing with health and safety issues, building relationships and communication in the constituencies, developing consultation with the organisation and acting as the representatives for groups or individuals.

For both full and part time representatives, their role differs from those in the majority of other employee forums. Firstly, they have an explicit responsibility to represent employees both individually and collectively. Given the variety and complexity of individual casework, this is something that in most organisations only union representatives have the necessary training, experience and access to advice in order to fulfill this role effectively.

As a result of external training, experience and an external support network of

Box 4: Scope of the EPF

Topics covered by the forum include:

- Business issues on which Egg seeks the views of Egg employees
- Issues of interest to Egg People brought to the Forum by employee representatives to share understanding and ensure the views of Egg People are heard and feedback given
- Individual issues brought to an employee representative by an Egg employee
- To represent the health and safety of Egg people
- Facilitate and promote communication between Egg and Egg People.

representatives in other organisations, the EPF representatives claim to be confident in being able to advise employees on a wide range of issues including: grievance, discipline, sickness and absence.

Secondly, the role of the representative is not based around infrequent set-piece formal consultation meetings. Rather, they are expected to develop an informal consultative dialogue on a day-to-day basis with all employees, including managers.

The full-time representatives

The key accountabilities (see box 5) of the three full-time EPF representatives include regular meetings with senior and middle managers to develop relationships. These have led to an increased awareness about the EPF and its values.

The full time and part time representatives are involved in regular bi-monthly formal meetings with the CEO and various directors. The meetings tend to follow a fairly standard agenda including: matters arising, a business update (presented by the relevant director), constituency reports

Box 5: Full-time EPF representative's key accountabilities

- Represent the interests of Egg employees independently, without prejudice, both collectively and individually
- Facilitate and manage effective communication
- Build and consolidate effective relationships internally and externally
- Ensure the continuous strategic development of the EPF
- Create and standardise a meaningful and structured consultation mechanism throughout Egg at all levels
- Work with HR to assist in the execution of EPF elections
- Influence the development and design of all People policies and initiatives for the benefit of both Egg and Egg employees.

(presented by the constituency representatives) and reports from the full time representatives on the EPFs progress on strategic issues. Occasional guest speakers may also be invited to contribute and generate discussion around current issues.

Formal and (more commonly) informal communication and consultation with management takes place in most of the larger departments, including IT and the Contact Centre (call centre) on a daily basis. This seems to have led to a greater willingness on the part of the managers to work together with the

representatives and directly with their employees.

They also work closely with the HR department as a matter of good practice and cooperate on day-to-day issues as well as policy development and more strategic issues. "It is a definite advantage having full-time representatives coming from within the organisation that are available at short notice," says Viv Wardle. "They have direct experience and seem to be in a better position to understand the culture of Egg."

The full-time representatives also work together with the Egg communication team. The communications team measure 'people satisfaction' on a weekly basis using a questionnaire to sample the views of 50 employees. All staff are also invited to complete a more general annual employee survey. The EPF representatives work with the communications team to interpret these results and offer advice on the appropriate response.

"The EPF and internal communications build on each other's strengths to produce effective communications to staff and reliable information for management " says Jenny MacMillan, people

Box 6: Part-time EPF representative's key accountabilities

- Attend regular team meetings within their constituency
- Represent Egg employees during disciplinary proceedings
- Assist with regular awareness days within their constituency
- Represent Egg employees views to the business
- Assist with regular communication between Egg and Egg employees
- Ensure effective consultation in all decisions affecting employees
- Provide counselling and consultation to Egg employees
- Hold regular EPF surgeries
- Manage relationships within the business and between Egg employees
- Ensure health and safety regulations are adhered to.

communications manager. The “EPF get to the heart of specific issues and do so very quickly because people come to them first”.

The part-time representatives

The part-time representatives also have key accountabilities (see box 6). Their primary role is to meet with the employees in their constituencies, while the full-time representatives are responsible for raising general awareness about the forum at the different sites.

The part time representatives are responsible for introducing new employees to the EPF, consulting with management within their constituency, listening to employees and representing their views to the full time representatives and during formal consultation.

Employee feedback and communications

The representatives do not only rely on the use of modern technology to communicate. More informal ways, such as “desk drops” and “walk-about” are also utilised in order to maintain the liaison with their constituents and to canvass opinion on a regular basis (see box 7 for the communication methods used).

Regarding confidentiality, both management and EPF emphasise that there is no “hidden agenda”. According to Ian Horton, information is shared freely among the representatives and they have the same access to business information as any department. The representatives are however expected to keep confidential information gained either formally or informally to themselves unless instructed otherwise.

b) The EPF budget and training

Egg is committed to making the necessary resources available to the EPF, based on its budgeted activity for the year ahead. These include time, facilities and, almost uniquely, finance. The EPF receives an annual budget, out of which it must cover the full-time representatives’ salaries, nominations and elections, costs concerning training and development, equipment, membership of professional organisations, travel, stationery and printing expenses.

In the area of training the EPF has benefited from in-house training and external consultants and trainers in health and safety, employment law, managing change, disciplinary procedures and performance review. The IPA

has also provided the Forum with training for representatives, employee relations’ expertise and balloting services.

Since July 2003, responsibility for training representatives has belonged to the EPF Employee Chair. According to the employee representatives, this has enabled them to be trained by a variety of trainers from different sources, through which they have acquired a sense of independence. “Being able to source training from the appropriate provider, according to our own specifications is an important strength of the forum,” says Ian Horton.

c) Representing individuals

The EPF representatives believe that it is their role to support direct communication and consultation between individuals and their line management rather than as a third party. However, both employees and management recognise that it is the responsibility of the EPF representative to observe the confidence of individuals and sometimes to share difficult issues with management. This allows managers to deal with issues that they may not have become aware of, if it were not for the EPF.

The EPF represent individuals on a range of issues including: bonus payments, flexible working, performance management, general support and guidance, health and safety, Egg processes, disciplinary issues, sickness reviews, child-care, medical issues and redundancy hearings.

EPF representatives are usually present at disciplinary hearings and sickness review meetings and besides representing individuals at formal proceedings they offer impartial and informal advice to employees and managers on individual and collective issues.

Box 7: EPF communication strategy

In order to facilitate communication and develop the relationship between the Forum and Egg employees various communication mechanisms have been utilised:

- Monthly open-house sessions
- Use of display boards and plasma screens at the workplace
- Establishment of the EPF intranet in April 2004
- Attendance of induction meetings to introduce new starters to the Forum
- Email
- Publication of EPF bi-annual bulletin
- Desk drops
- Team meetings
- Awareness days

EPF's impact on employees and Egg

According to managers and employee representatives alike, the relationship between the EPF and management is a partnership. Regular and informal interaction between the representatives and managers has allowed trust and co-operation to develop and is regarded as essential by both parties.

The fact that Paul Gratton, CEO, chairs the forum also demonstrates that the EPF enjoys high-level management support and this in turn has had a positive impact on the profile of the EPF across the organisation.

Flexibility and informality seem to be the key elements in the relationship between the representatives, local and senior management. "The benefits of working with the EPF are obvious in terms of getting things right first time, quickly and informally," says Viv Wardle. The EPF representatives also feel that they have a genuine role in communicating the views of employees to the management and that their opinions are taken into account when decision are made.

The EPF representatives strive to give all employees, including managers, a voice in the business over individual and collective issues. "People understand that the EPF have the employees' interests at heart. You cannot ignore information received in this spirit", says Jenny MacMillan. However, some managers have expressed a concern that the EPF provides a platform for some of the more disaffected employees to voice their concerns. It is therefore important that the representatives continue to refer issues back to the line management to allow them to

deal with those issues before the EPF have to become formally involved.

There is still more to be done in identifying and communicating the tangible and intangible benefits that the EPF brings to the business and its employees. EPF representatives are currently working on a document that will give more information to managers about the EPF and the way it works. This will allow the EPF representatives to demonstrate their effectiveness in the remaining business units where to date the EPF has had only limited involvement.

Assessment and future prospects

The independence of the EPF is vital to its credibility among employees and management. The forum operates a fine line between providing robust individual and collective representation for employees and the advice and support managers require.

The EPF's independence is maintained by its capacity to advise the parties honestly but it makes no claim to any decision-making responsibility. The representatives stress that they recognise the needs of the business will not always coincide with what individual employees would like, particularly where restructuring is concerned. However, they claim that their role is to ensure that those decisions are taken openly, fairly and respectfully, with full consideration given to reasonable alternatives.

Maintaining a presence in the workforce is a continuous challenge for the EPF representatives. Visibility gives a strong message to employees that the EPF is taken seriously, though it must continue to

demonstrate its influence both formally and informally at a senior level in order to build more lasting loyalty from the workforce. It will also be up to the EPF representatives to ensure that managers as well as employees are adequately and actively represented.

In 2005 Amicus launched a public campaign to seek recognition in Egg, highlighting equal pay and the threat of offshoring among the reasons why Egg employees should join the union. While Amicus is recognised by Prudential, the major shareowner in Egg, Egg management in consultation with the EPF decided after lengthy discussions with Amicus not to recognise the union and to continue to support the EPF as the company's primary consultative body.

Though the union claims that it has been refused legitimate access to Egg employees, Egg publicly disclaim any suggestion that it has engaged in anti-union activities. Indeed, the EPF full-time representatives claim to carry information about Amicus membership in case any employees should consider joining.

Like any employee forum, its influence depends on the receptiveness of management as it has no recourse to industrial action. Having said that, both sides state the EPF is well resourced, has a clear long term agenda for the workplace, provides trained and respected representatives capable of dealing with individual cases and has built a network of contacts in other organisations with which it shares advice and experience on both individual and collective issues.

Simply in terms of its workplace visibility, credibility with staff and managers and contact with the workforce, the EPF demonstrates a capability and commitment

that should be of interest to other employee forums as well as workplace trade unionists. Amicus has stated its readiness to work with the EPF, although whether Amicus achieves recognition will depend on whether it secures sufficient workplace support.

Ultimately, the EPF is a product of the good management-employee relations that exist at Egg, which has grown continuously since 1998. Though the forum was established in 2000, it is only since 2003 that it began 'playing it big'. Both parties believe it is now well established in the

workplace and is apparently respected by employees and managers.

Whether this continues to be the case depends not so much upon the company's continued growth or the avoidance of major restructuring, as it does on the competence of the representatives and the continued support of senior management in formal as well as informal consultation. In the event of major change, the key question will be whether the employees believe the EPF secure the best deal possible or if a trade union could have done any better.

In any event, as Ian Horton acknowledges, "we cannot afford to stand still. Just as Egg continues to be innovative, then we as a Forum must act in the same way. We are already looking at ways in which we can act in a more influential way to the benefit of all Egg people."

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This case study was researched and written by Aristeia Koukiadaki, Doctoral Researcher at Warwick Business School and Robert Stevens, Research and Information Manager, IPA.

The views in this case study are those of the participants and may not reflect those of the IPA.

Achieving high performance: IPA leads the way

This autumn, the IPA will publish a series of case studies focussed on achieving high performance in the workplace. The work will aim to identify the contribution which employee involvement and structured representation make to the way businesses achieve organisational benefits.

The workshops are free to attend and will run during November and December at:

Bromford Housing Group, Birmingham	11 November
Prudential plc, London	15 November
School Trends, Sheffield	24 November
BNFL Springfields, Preston	2 December
Westland Helicopters, Yeovil	tba



School Trends, Sheffield

More organisations will be joining this project and hosting events in 2006. A brochure is enclosed with this issue of the IPA Bulletin. To reserve a place please email: lorraine.modeste@ipa-involve.com.



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