



OFFICE OF THE
DEPUTY PRIME MINISTER

Research Report 6

Changing Practices

A good practice guide for businesses
locating in deprived areas

Volume of case studies



Neighbourhood
Renewal Unit

BRITISH RETAIL CONSORTIUM

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Introduction

Learning from case study experience

Too often poor neighbourhoods are associated in people's minds as 'no-go' areas for business. This is a myth, too easily accepted in the past when potential recruits and property for business start-up and expansion were readily available in other locations.

The reality is that deprived areas and their communities provide valuable assets (people, knowhow, institutions, and accessible locations) that can be used by businesses in their drive for competitive advantage.

This set of case studies accompanies '**Changing Practices: A Good Practice Guide for Businesses locating in Deprived Areas**', a guide for businesses and their local partners (public agencies and local communities). It was commissioned by the British Retail Consortium and the Neighbourhood Renewal Unit (Office of the Deputy Prime Minister), and researched by Cambridge Economic Associates and EDuce Ltd.

'Changing Practices' demonstrates how case study businesses have adapted their mainstream policies and practices to operate more effectively and profitably in deprived areas and in so doing bring benefits to local communities. Their experience provides a rich set of lessons that are relevant across a broad spectrum of sectors and company sizes. Often, benefits have come from collaborating with other businesses, public agencies and local communities.

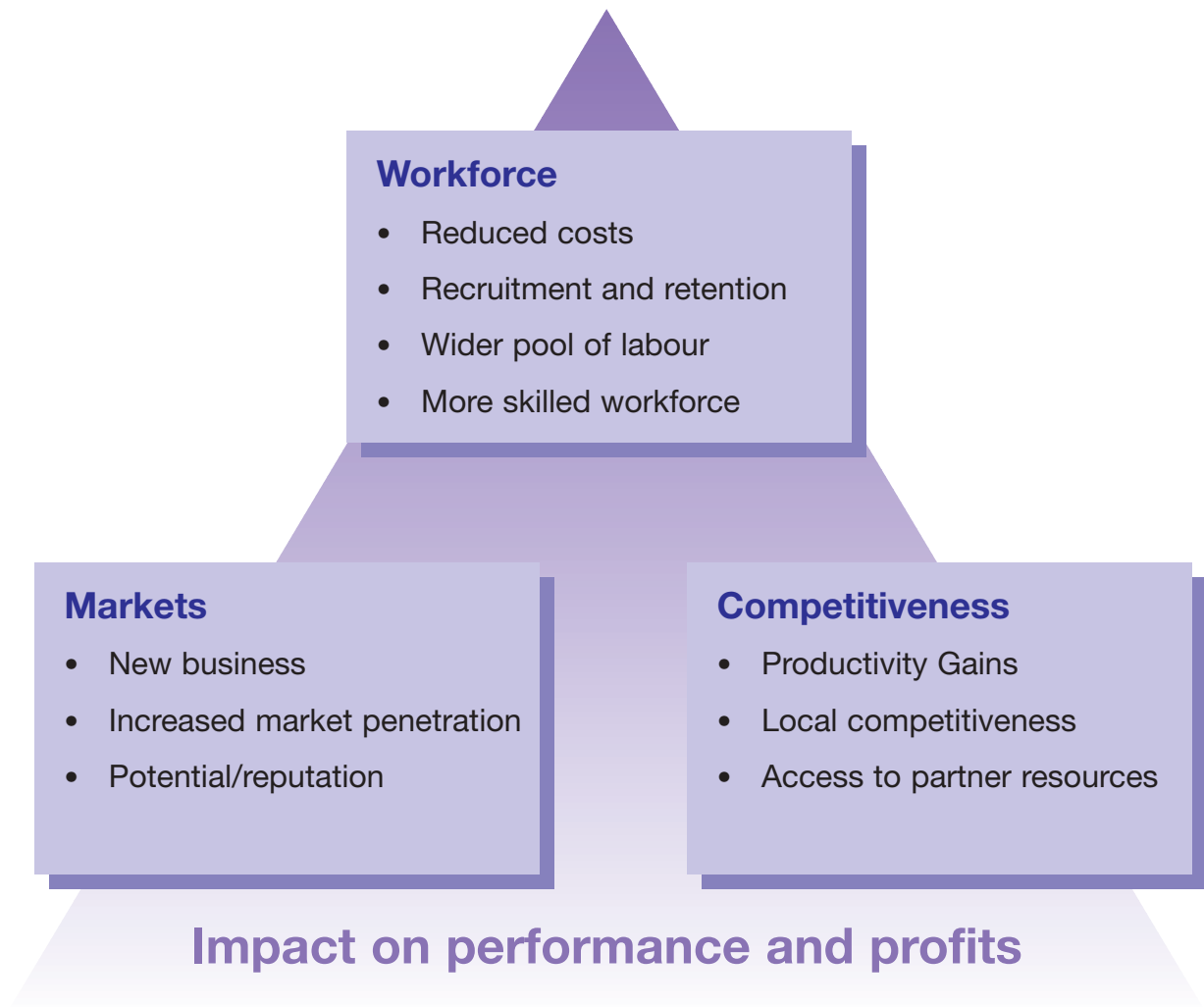
The case studies set out how featured companies have sought to:

- develop new markets and win more business in existing markets;
- overcome recruitment and retention difficulties;
- increase productivity by investing in skills and making better use of staff through flexible working; and
- achieve outcomes that could not be realised alone, working with others to tackle specific problems or expand markets.

Read on to learn more about what companies have done and why, the benefits they have gained, and the lessons that emerge from their experience. The case studies capture much valuable experience about what has worked – and sometimes not worked. Please draw on this in relation to your own needs and circumstances.

Copies of the separate Good Practice Guide are available from the NRU hotline on 08450 82 83 83, or by e-mailing neighbourhoodrenewal@odpm.gsi.gov.uk. They can also be downloaded from the NRU website: www.neighbourhood.gov.uk

The case studies are also published individually on-line on Renewal.net (www.renewal.net).



1. ASAS plc

Key features

- Recruitment and training of unemployed people to meet IT skill shortages, with more experienced staff being trained up for new and more profitable tasks and responsibilities.
 - Cost-effective solution for the company, significantly reducing staff turnover and expenditure on recruitment.
 - Enhanced company profile instrumental in attracting new customers, even during recessions in the City and the IT sector.
- 20% workforce were previously long-term unemployed, and were recruited mainly from the Deptford area. All have progressed after joining ASAS at entry level.

What was the stimulus for ASAS?

ASAS offer proactive, comprehensive IT support services to a wide variety of business customers. They aim to be an exemplar within the IT service sector and believe that the only way to achieve this successfully is to work in partnership with their clients,

About ASAS plc

- Independent company established in 1986 by three founders as Advanced Systems and Support Ltd. Initially a PC dealer, in 1991 it took the decision to concentrate on more profitable after-sales IT support services for business.
- It now installs, maintains, manages and relocates PC systems, provides on-site service and engineers (permanent and temporary), a telephone helpline, and develops and provides software services. ASAS also provides IT training, including programmes for unemployed people.
- Over 600 customers ranging from major multinationals in financial, manufacturing and service sectors, to SMEs and micro businesses.
- 30 employees.
- Profits have grown from £60,000 in 1990 to £244,000 in 2001.

Location

ASAS plc is based in New Cross, London. It relocated there from Greenwich, South London in 1992, the first company to be attracted by support offered by Deptford City Challenge to companies investing in the area. New Cross is south of the Docklands. It is located in a relatively deprived, mainly residential area of large housing estates, criss-crossed by road and rail arteries leading from central London and the City to Kent and the channel ports.

ByteAid

ByteAid was set up as a charity and resourced by ASAS in 1998 as one of the country's first free PC recycling initiatives. It refurbishes PCs and printers that companies no longer need when they upgrade their systems for use by local charities. Approx. 600 PCs have since been recycled to 'good cause' recipient organisations which otherwise could not have afforded the machines.

ASAS MD Roy Charles approached the manager of Bruce House, the local foyer for homeless people in 1998, to discuss the possibility of training homeless and unemployed young people for entry-level technical jobs. Bruce House agreed to become involved as did some other local training initiatives, including Peabody Trust's Skills Development Centre.

Since 1999, ByteAid has given 25 long term unemployed local people hands-on IT training and soft skills, including internationally-recognised IT industry 'A Plus' certification. On completion of the ByteAid programme, 12 participants went into work: 10 with ASAS (of which 6 remain with the company, and 4 have moved to other employers), one to another IT supplier, and one to a voluntary organisation. One quarter of all participants required further support and training, and 25% dropped out before completing the programme.

ByteAid was suspended in 2002. By this point the Board of ASAS had decided to concentrate on their mainstream technical products and have applied to fund ByteAid through the New Cross New Deal for Communities Partnership (funded by the Neighbourhood Renewal Unit).

employees and other stakeholders (eg, suppliers, neighbours) to mutual benefit. Quality is a theme permeating every aspect of the company's activities.

The company's largest overhead is the payroll, and the directors believe that investing in their employees will give them the best return on this important asset. They have created a learning environment in which directors and staff are constantly updating their skills as a route to greater efficiency and job satisfaction. ASAS has Investors in People recognition.

Expanding at the height of IT skills shortages around 1998, ASAS was spending over £60,000 pa on recruitment agencies and expensive advertising to fill IT technician vacancies. Its location in Deptford is a less popular place of work than the City and Docklands just to the north, and the company was finding it difficult to attract and retain such staff.

"There was little new blood coming into the industry. Too many companies were letting others train, then poaching their staff. We've all been on the taking or receiving end of this crazy strategy – and it just wasn't sustainable. What we had was an employee mindset which was high salary-demanding, low on company loyalty, and transient."

Roy Charles, MD

These difficulties led them to undertake a complete reappraisal of recruitment policy. An analysis of tasks carried out by the technicians demonstrated that entry-level trainees could perform 65% of the operational tasks of the technicians, once they had received training in customer service and other soft skills, as well as Computer-Based Training (CBT) covering the company's objectives, products and procedures. This freed up the highly qualified IT technicians to work on profit-generating projects.

This development enabled ASAS to benefit directly from their initiative in setting up the ByteAid charity (see box below), which recycled unwanted personal computers for voluntary organisations and community groups. They could offer real jobs to the unemployed people who had received their initial training in the charity.

Advanced Opportunities Training and Recruitment Programme

From experience gained through ByteAid, ASAS developed the Advanced Opportunities training programme. This is now used as the company model: as the company expands and/or develops new services (eg, a new Printer Maintenance Service), existing staff are given the opportunity to be 'trained up' for internal promotion, while entry-level workers are recruited and trained to carry out less skilled tasks.

Features of Advanced Opportunities

Features of the Advanced Opportunities training and recruitment programme are:

- An **emphasis on outreach**, with trainees identified through the local Foyer, the Skilling London task force (and more recently, the Jobcentre Plus Getting London Working Partnership), and other job brokerage schemes.
- **Training** carried out by ASAS staff and Lewisham College:
 - **Fit for Business:** one-day workshop designed to increase self-esteem and appetite to develop soft skills (eg, in communications) funded by ASAS;
 - **Computer-Based Training (CBT):** in-house, including introduction to corporate and departmental objectives, products and procedures; and
 - International IT Industry Standard A+ qualification for candidates planning to start a career in IT.
- **Positive employment outcomes:** about 50% of long-term unemployed participants are relatively easily inducted and have good long term career prospects. The successful participants' skills are

matched to tasks within ASAS, eg, customer service, tackling basic field engineering calls.

In addition to ASAS's own intake, Fit for Business has trained a further 80 unemployed people in soft skills (to the point of being ready for job interviews).

The ASAS workforce were "initially surprised" by the programme, there were few problems, and the new level of staff was accepted. The problems that did arise concerned middle management and their use of inappropriate discipline measures.

"We have had to change our whole recruitment culture, gaining acceptance at board, management and employee levels. In interviewing, we now place less emphasis on appearance and nerves and more on keenness and potential."

Roy Charles, MD

Results of Advanced Opportunities

- Advanced Opportunities has proved cost-effective for ASAS: the cost to the company has been no more than the recruitment budget it replaced.
- Wage costs have stabilised.
- Experienced staff have been able to concentrate on revenue generating and most profitable activities, enhancing capital growth.
- Trainees quickly become a useful resource and are among the company's most loyal workers. Although the original cohort included several with multiple personal problems they were successfully integrated into the company.

"Our programme also helped us overcome one of the problems with traditional recruitment methods: the CVs we were getting were in many cases a smokescreen, highlighting this and that courses that people had undertaken. These don't necessarily make an engineer; practice and experience do."

Roy Charles, MD

Business benefits

Recruitment and staff development

Benefits relating to recruitment and staff development include:

- much reduced cost of recruitment (saving £60,000 in the first year of the Advanced Opportunities programme);
- a revised wage structure, matching staff grades to different levels of technical task;
- better qualified staff freed for deployment on work with higher profit margins;
- reduced use of (expensive) contract staff;
- reduced staff turnover, accompanied by increased staff satisfaction and loyalty;
- development of a proven model for training and employing unemployed people, which can be readily applied as the company enters new areas of business; and
- staff development, eg, senior staff and managers learning how to apply simple, logical solutions to quite complex problems.

Contacts made locally through ByteAid have been instrumental in helping solve other, non-technical recruitment difficulties. ASAS now offers work experience placements through Lewisham College to cover for some staff holidays and sickness, eg, receptionist duties. Local schools, recipients of ByteAid recycled PCs, are useful places through which to advertise and recruit for telesales and other marketing vacancies.

Reduced staff turnover can also be attributed to ASAS's adoption of flexible, family-friendly working patterns to suit each individual employee.

Company Profile & Marketing

ASAS's initiatives have raised its profile significantly:

- It has gained influence locally and regionally (eg, managing director is chairman of the Learning and Skills Council South London).
- It has won several business awards, including the Lord Mayor's Dragon Award 2000 and the Community Investment Award 2001 under

the national Awards for Excellence (Business in the Community – BitC).

- The networking and publicity associated with these awards has brought ASAS in contact with major new customers.

Greater diversity in recruitment has helped in winning business. The company 'matches' staff to client: eg, two site engineers running a new £700,000 contract were able to strike up a good relationship with the client at the tendering stage. Both engineers came through ByteAid.

Lessons

ASAS draw several lessons for other businesses:

- Analyse the functions of your staff and ensure that they are not over-skilled for tasks they regularly perform.
- Entry-level trainees can frequently carry out many of the operational tasks performed by technicians. Their use will save labour costs, and they can be among the most loyal of employees.
- It's generally cheaper to bring on your own staff through training than to recruit through an agency or expensive press advertising.
- Invest in training unemployed people with a good attitude, aptitude, enthusiasm and a willingness to 'try'.

"Those who have experienced repeated disappointment and rejection, when given opportunities, seem in the majority, to repay with real long-term company loyalty."

Roy Charles, MD

- Make sure that your company culture supports such an initiative, helping management and workforce see the benefits.

"Employers need to recognise their own lazy managers who have disregarded or forgotten good management theory, including being dynamic and non-biased in recruitment practices."

“You may need to challenge recruitment agency practices that have been in place for years, without re-analysing job specifications. After all, it’s in the agency’s interest to place the most expensive candidate possible, whether or not their level of experience is really needed. And, do you always need to put ‘minimum two years experience’ or ‘graduates only’?”

Roy Charles, MD

- Involving existing technical staff in training entry level recruits improves their self-confidence and interpersonal skills, which has a positive effect on other aspects of their work, eg, marketing and customer relations.
- Identify and address training needs amongst existing staff: those who have responsibility for managing previously unemployed trainees and, more widely, in managing diversity issues.

The company is proud of its achievement in helping unemployed people into work and in recycling old PCs, and pleased to have received recognition in the form of awards. However, the process of applying for awards is time-consuming and detracts from the mainstream business. ASAS has decided not to put itself forward for such awards in future.

ASAS is aware that some of their customers do not understand that their practice of recruiting and training unemployed people was developed as a result of a business need and has brought the company considerable commercial benefit. It is possible that publicising ‘Advanced Opportunities’ might even lose them business from potential customers who see it as an unbusinesslike approach. Thus, the web version of Advanced Training www.clicking-onto.com cannot be accessed through the company website www.asas.co.uk.

Further development of the programme has been hampered by the fact that IT ‘A+’ qualification is not specifically recognised as a relevant qualification for public funding, and thus not easily eligible for funding. ASAS is lobbying for change in this area.

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2. B&Q Warehouse, Bolton

Key features

- Partnership-based recruitment initiative when opening a new retail warehouse.
- Collaboration with the local authority to engage local community leaders, to promote interest from potential recruits from local black and minority ethnic communities.
- Successful in turning round low levels of interest from these groups into recruitment figures which more than reflected their presence in the local population.
- Improved awareness with the store's customer base of B&Q as a local retailer with a positive approach to diversity, which offers services in ways which meet the needs of customers from different black and minority ethnic communities.

What was the stimulus for B&Q?

The initiative was instigated in January 2001 by Claire Marchant, Human Resources Adviser, responsible for recruiting staff to the new warehouse in Bolton.

"Imagine it: temporary offices, hundreds of applicants to contact and there I was going through pages of names, when suddenly it occurred to me. I keep ringing lots of John Smiths and Tracey Jones's – but I thought the store was being built in a predominantly Muslim community?"

Claire Marchant, HR Adviser, B&Q

Applicants had registered their interest following local publicity and advertising (eg, in the Bolton Evening News), following a standard process which is managed centrally by the B&Q recruitment centre

About B&Q plc

- Number one DIY retailer in Europe and third largest in the world. 12.3% of repair, maintenance and home improvement retail market.
- Established in 1969; part of the Kingfisher Group.
- 33,000 jobs in the UK; £3.2 bn turnover.
- Operates through two kinds of store: Warehouses (catering for the trade and public – 50 developed since 1994) and Supercentres (meeting everyday needs of the public). 19.7m² sales floorspace.

Location

The Bolton B&Q Warehouse is located in Boltongate Retail Park, just off a dual carriageway, the 'Halliwell Road'. This also gives its name to the locality, which is predominantly Muslim. There is a mosque on Halliwell Road.

in Glasgow. The centre also fed through all the names of people who had enquired about jobs with B&Q over the course of the previous two years and who lived in adjacent post codes.

What did B&Q do?

Aware of B&Q's corporate commitment to diversity, Clare then approached the Jobcentre for advice. The local manager suggested that she approach Bolton Council, where she met Sikander Badat, from the Bolton Ethnic Minority Business Centre. Sikander was initially surprised that B&Q should be seeking the Council's help. They established that the level of interest from black and minority ethnic communities was indeed low: 2% to 3% of job applicants compared with at least 7% of the local population (the 1991 Census figure, which has increased since).

Sikander and his team organised a presentation evening for the local black and minority ethnic community, with B&Q sponsoring food and refreshments. There was a good turn-out, despite short notice given.

Claire spoke for about 20 minutes about the B&Q Warehouse, about the jobs and careers on offer, and about B&Q's social responsibility and diversity policies. These include its national reputation for employing older workers, proactive approach to employing disabled people, its non-discriminatory recruitment practices, and its fast track staff development programme (based on performance alone, not qualifications). Claire also made clear that there were equal opportunities for women (contrary to popular expectations of the DIY business) The pitch was not a hard sell; rather there are opportunities if you think they will interest your communities.

When the time came for questions, there was a good deal of scepticism expressed.

"People were expecting a catch. But there wasn't one. It was just common sense. If I was to live in a country where my mother tongue was not the first language, I would rather shop in a store where people could understand me and where I could be understood. This is the business strategy: retailers do not discriminate as to what sort of customer they have so why should the workforce be any different?"

Claire Marchant

There were still doubts: some people thought the exercise was only about the new store meeting corporate targets (which was not the case).

"You can imagine: a group of respected elders all doubting this white girl in an orange apron. Then my salvation came: a tiny voice from the back of the room who said 'Come on people, she works for a massive organisation. Can't you see she is trying to help us and she needs our help too?'"

Claire Marchant

This changed the mood of the meeting, and all the community leaders left with copies of B&Q recruitment leaflets that many went on to discuss at community meetings that week. Claire Marchant was also able to deal with other concerns, eg, about safety of female staff in the surrounding area. Ultimately the approach was disarming: no employer had taken such an initiative before.

The following Saturday, B&Q hosted an open day at the Jobcentre, in effect, taking over the premises. This was deemed a 'resounding success' for the numbers and level of interest it attracted. The exercise reached people who only read the Apna Kaan local newspaper, and demonstrated how many people had been won over by Claire's description at the presentation evening of B&Q as a modern retailer.

B&Q's Social Responsibility Policies

B&Q's social responsibility policies have a long history, going back to when a store was opened in Macclesfield in 1989 staffed entirely by over 50's. There are no age restrictions around recruitment, training or promotion, and no upper age limit on retirement. The over 50s make up over 19% of the B&Q workforce.

For many years, too, B&Q have encouraged staff to contribute to community refurbishment and environmental projects (e.g., in Bolton, a garden at a special educational needs centre) and provided small awards to community groups which can be redeemed in B&Q stores. B&Q has a programme to ensure that all stores provide full access for disabled people by 2004, and provides disability awareness training for all staff. Employment of disabled people has more than trebled in the last three years.

In 2001 – and subsequent to the Bolton Warehouse initiative – B&Q undertook a 'Being a Better Neighbour' consultation to explore the meaning of 'sustainability' for the company and translate their vision ('to improve the quality of life for all the people we touch') into operating policies and practices. This reviewed 16 key areas for the business, including topics central to local regeneration: Economic Growth, Education and Training, Social Investment, Employment, Crime, Transport and Land Use.

B&Q have developed an e-training programme on Diversity and Social Responsibility, which all staff are encouraged to complete during the next year. The two modules take about 2 hours in total and are designed to be informative, interactive and fun. Responses will be validated and recorded.

B&Q keep staff informed about religious festivals and events, e.g., Diwali, and managers have been issued with an embracing cultural diversity booklet to assist them in understanding different cultures and religions.

The upshot was that B&Q succeeded in recruiting 12.5% staff from a black and minority ethnic community background by the time the store opened in June 2001 – compared to the original 2.5% level of interest.

It also succeeded in raising local community awareness of the new B&Q store and B&Q's positive approach to ensuring that *all* customers are able to shop with confidence and ease and are treated with dignity and respect. Staff have language badges so that customers can find who to talk to in their own first language.

Non-discriminatory recruitment practices

This was also achieved with the help of B&Q's non-discriminatory recruitment practices, where all applications, using a standard form, are processed through the company's recruitment centre in Glasgow. Applications are then sent through to local stores with numbers not names, to help avoid any bias in selection.

Applicants have to undertake an automated telephone screening process, which helps B&Q identify those people most likely to fit the company culture, showing characteristics such as being down-to-earth, good with people and inclined to team work. (Alternative methods to the automated interview may be used if appropriate, eg, where the candidate has a particular disability or limited English.)

The Kingfisher Business Case for Social Responsibility Policies

Kingfisher's Plan for Corporate Social Responsibility (October 2001) sets out the overall policy for the Group and what subsidiaries – such as B & Q and Comet – are expected to do to match up to the corporate benchmark and play leading roles as companies. Kingfisher has developed a 'ladder' model, to provide a framework for improvement which can be easily communicated.

Social Responsibility: 'Doing nothing is not an option'

Consequences of inaction

- staff embarrassed/ashamed
- staff discomfort with job
- poor staff recruitment
- retention of staff
- detachment of staff
- customers reject shops
- customers reject products
- mistrust from customers
- disappointment
- low quality/cynical suppliers
- ignorance about supply chain
- skeletons in cupboard
- issues manage us
- not ready for the future
- business strategy undermined
- we become defensive to the outside world
- planners reject our stores
- uncompetitive

Benefits of success

- proud staff
- confidence in job
- quality recruitment
- higher retention
- involvement
- preferred choice for customers
- we are a trusted brand
- respect and loyalty
- a story that adds value
- high calibre suppliers
- buyers understand supply base
- good PR about our supply base
- we manage issues
- ready for future
- strategy reinforced by our action
- outside world celebrates our success
- planners accept, even welcome us
- better than our competitors

Kingfisher's arguments include:

Respect for people

"We are a multi-cultural business. The more we understand cultural diversity, the more we understand our customers, staff and suppliers...For example, working in the community provides a great opportunity to create a real sense of teamwork and belonging in the organisation. This in turn helps to keep staff turnover low and build valuable expertise and experience."

Stores that communities welcome

"Creating stores which are active and involved members of the neighbourhoods in which they operate improves staff morale, local awareness, recruitment and brand loyalty."

Saves costs

"Anything that improves staff recruitment, morale and retention increases the quality of our customer service and saves costs. We can take these savings even further if we encourage our suppliers to follow our example, so we can continue to provide great value for our customers and investors."

Business benefits

- B&Q believe that their recruitment initiative at the Bolton Warehouse has increased their retail customers from local black and minority ethnic communities, and that there is greater continuing interest in retailing jobs and careers.
- There has been considerable interest *within* B&Q in the Bolton approach, and amongst other local authorities, which has stimulated related initiatives elsewhere. The success of the Bolton initiative has been mainstreamed in company guidance via the company's HR Team.

B&Q's parent company Kingfisher has developed a clear view of the benefits of responsible business practices across the group of companies, the Bolton recruitment initiative being just one example of this:

Lessons

For Claire Marchant, the key lessons she draws from her experience are:

- Find out about your area.

"You've got to get to the heart of where you're sitting, gain a good grounding of community needs. Get to know the right people in the community. Nine times out of ten they'll be excited about a company coming in and wanting to make difference."

Claire Marchant

- Local partners can help you recruit people from parts of the community you couldn't otherwise reach.
- Be positive.

"It was difficult. You can expect some knockbacks. At one point I thought our money was going to be wasted, not to mention our managers' time. But it was worth persevering."

Claire Marchant

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3. Integra (Brighton) Ltd

Key features

- Involvement in the local community is fundamental to Integra's strategy for winning business and building a committed workforce. Their commitment has become stronger as the direct business benefits have increased.
- The business has used local projects (eg, creating a new square in their neighbourhood; education/business links) to develop staff and engender pride in the company.
- Active in the Brighton and Hove Training Partnership, which ensures local job and training benefits from social housing contracts.

- Benefits have included new business, influential contacts, low staff turnover and cost-effective training.
- Integra is one of the first winners of *Community Mark*, new national award to recognise excellence amongst smaller businesses involved with local communities to mutual benefit.

What was the stimulus for Integra?

"Builders are much of a muchness, we needed to find our particular edge."

Joe McNulty, Integra

About Integra (Brighton) Ltd

- Building contractor (chartered building company), undertaking design and build projects or working with a client's appointed architects and designers. Mainly conservation and restoration; new building; extensions and restorations; refurbishment.
- Independent company, employing 90 (25 of whom live in the adjacent East Brighton New Deal for Communities area).
- Established 1990, two founder directors with background as site managers working in London and around the country.
- Turnover is now over £10m.
- Market divided primarily between social housing (60%); churches (10%); education establishments (10%); healthcare (10%); voluntary sector (10%).
- National clients include Thorn EMI Pensions Trust, Jones Lang Wootton, The National Trust, Scottish & Newcastle Retail.

Location

Kemptown, Brighton. Immediately adjacent to the East Brighton New Deal for Communities area. Kemptown itself is a very mixed community with some expensive housing cheek-by-jowl with 'multiple occupancy' rented accommodation housing significant numbers of drug users.

Integra describe themselves as “a building contractor with a difference, combining the benefits of modern technology with craftsmanship and pride in the job”. In establishing the company, the founder directors (Joe McNulty and Jon Wright) took strategic decisions to compete on quality, not price, and stick to the local/sub-regional market (within one hour of Brighton). “There were plenty of derelict buildings and we felt we had something better to offer than the competition.” Integra stress quality of workmanship and service, fulfilment of contracts on time and to specification, and honesty in their dealings with clients.

To stand out from the competition, Integra play on their responsible approach as members of the Association of Environmentally Conscious Builders. They only use their own directly employed workforce, again to give the client confidence in the quality of their work. Similarly, the company have sought recognition as Investors in People – another mark of quality. They have always had an apprentice on their staff, even in the early days when there were only eight employees.

Involvement in the local community has been part of the business philosophy from the outset, and has become increasingly significant as a factor driving the development of the business.

“We felt that if we were to work locally and employ local people it would make good business sense to engage local community and voluntary groups.”

Joe McNulty, Integra

Their business plan now includes a section on community involvement activities. This sets out the areas where the company will get involved, *and why*:

- *Homelessness*, because of the housebuilding connection, and the company’s ability to influence subcontractors and suppliers to contribute as well.
- *Education*, because construction is an industry plagued by skill shortages.
- *The environment*, because construction often has a negative effect.

The company sets and reviews specific priorities – which are important locally and fit the company’s skills. They do this through discussion at staff meetings and consulting local organisations.

Activities have included:

- a new village square for the Kemptown Business Association (making use of an old car park). Staff at all levels were involved, with their time donated free of charge;
- practical assistance to CRASH in providing winter shelters for homeless people; and
- redecorating a corridor at Falmer School.

Integra has a community budget based on monetary and staff time, which enables the company to assess the return they get on their investment. They estimate that between 1999 and 2002, over 900 hours of staff time has been devoted to community involvement (value c £9,000) and £5,000 has been spent directly – linked to sponsorship of £12,000 and leverage £30,000 from subcontractors and suppliers.

Staff commitment is encouraged through:

- having community involvement as a criterion in part of the staff appraisal process;
- organising social events to celebrate the completion of each community project;
- publicity in the company newsletter; and
- circulating letters of thanks to staff, accompanied by a nominal sum in recognition of their efforts.

Responding to the threat of losing staff

A big threat to Integra came in 1998 when Laing Construction won a £30m contract to build a new hospital nearby. As a relatively small employer, Integra were worried that they would lose experienced staff to higher paid work (up to 40% more). Joe McNulty carried out a staff survey and found that their strategy had paid off in relation to staff satisfaction: “staff were valuing the company culture. They wanted more money but they didn’t want to leave”.

“Staff like the fact that we’re involved in the local community. We know, for instance, that they appreciate that we have employees going into schools like Brighton New Media to talk about the building industry. Other parents mention this and it goes down well.”

Joe McNulty, Integra

Integra did respond on pay, but could not afford to raise these to the levels of Laing. They succeeded, however, in retaining their workforce.

Reinforcing experiences

The two founder directors took part in Common Purpose which they found to be a very valuable experience.

“Common Purpose opened our eyes to community involvement. The likes of American Express and TSB wouldn’t be doing this if they weren’t getting something out of it.”

Joe McNulty, Integra

Taking part in Common Purpose helped them build relationships with individuals in leadership roles in local organisations (public, private and voluntary). Integra directors are now very well networked, and find it relatively easy to gain access to local decision-makers, in a way that was not possible in the early days of the company.

Involvement with the Brighton and Hove Training Partnership

Integra are one of the contractors involved in the Brighton and Hove Training Partnership, which brings together Registered Social Landlords (housing associations) Brighton and Hove Council and East Brighton New Deal for Communities to ensure that the monies they spend on construction projects bring local job creation benefits. They agreed that, on a sliding scale of contract value, contractors should be required to recruit and train local young people, starting off at one trainee for the first £100,000 of contract work. The relevant sum is identified in the contract specification, so that all tenderers know what is expected. Once the contract is signed and the recruits in place, contractors then claim back the wages they pay.

The recruits are expected to be employed (on the same terms as other employees) for 36 weeks. Their wages are paid in full for the first 12 weeks, with contractors expected to bear an increasing proportion over this period. Wage rates depend on age and are increased when the recruit gains their NVQ level 2. Recruits have training on day-release, and are given tools and protective footwear by the Training Partnership. Staff of the Training Partnership keep in close touch with recruits and contractors, and help resolve any difficulties as the young person settles into their job.

Common Purpose

Common Purpose sets out ‘to give leaders of today and tomorrow the information, insights, competencies and networks they need to become better leaders and to improve the way society works’. It does this through cross-sector programmes (in a city or group of towns) which are designed to give participants an understanding of the bigger picture within which they operate. Common Purpose takes participants outside the conference room and into the community, allowing them to get behind the scenes and beneath the surface of current key issues in the area.

www.commonpurpose.org.uk

Each recruit does not necessarily work all the time on the specific contract. This is unlikely to be practicable – eg, on a given project, there will not be a need for carpenters on site all the time.

The model appeals to Integra:

“We found it frustrating to be tendering for regeneration contracts against companies who did not train. So requiring all contractors to train makes a lot of sense.”

Joe McNulty

Since 2000, Integra have recruited 12 trainees through this initiative. There are currently five on the Integra staff. The experience for Integra and recruits has been largely positive, though there have been some difficulties with individual recruits, and Integra have had to adapt their approach: “the lads from the NDC area tend to be very difficult to manage and motivate”. Integra have had to treat them in a more lenient fashion than other recruits (eg, on timekeeping in their early days with the company), but still be firm. Trainee expectations of working disciplines have to be managed constructively: they had a complaint, eg, that an 8am start was too early. The job subsidy element in the contract, however, is intended to help cover the additional cost to contractors of recruiting less job-ready workers.

Business benefits

Integra have an integrated philosophy relating to how they employ people and how they get involved in the local community: how their approach builds employee commitment and the company’s reputation in ways which help bring new business, maintain quality standards and avoid the high staff turnover that can be a major cost for construction businesses.

Turnover has grown substantially, with negotiated contracts increasing from 10% to 60% of turnover – enabling the company to choose more of the type of work it wants to do, and reducing costs involved in unsuccessful tendering.

Integra also point to:

- **enhanced business profile:** as indicators of the progress they are making they look to the number of positive mentions they have in the press – something they view as much more valuable than paid advertising;
- **more economic and effective training:** they feel they get more from their ‘community challenge’ projects than they could gain from team building courses run by external trainers – and they do not have to pay the costs of such courses. They estimate savings of £5,000 in the past two years. Integra now want to adopt the ‘community challenge’ project team building approach with other professionals (eg, architects, quantity surveyors) involved in specific projects;
- **staff development:** Integra use every opportunity to build staff skills and confidence, eg, giving less experienced staff the task of supervising work experience students, and encouraging recently qualified apprentices to make presentations and manage decoration projects in schools; and
- **better market intelligence and networks:** readier access to key decision-makers in the local community, better understanding about what local agencies do, who’s involved and why, and the small ‘p’ of local politics. “We reckon that we are as well connected as anybody, including firms that have been in Brighton for a hundred years”.

Instances of direct business benefits include:

- a community project to improve the appearance of the land immediately surrounding the local church in Kemptown. The team got the job done and had fun, the church was impressed – and the company subsequently were awarded a £200,000 contract to re-roof the church. This project was not on the cards when the original work was undertaken; and
- the case of one local charitable organisation, where Integra started by making a donation rather than sending Christmas cards and did this the following year as well. They worked to build the relationship, and were pleased that when the charity secured funding for refurbishing their premises, they were awarded the contract without having to tender.

Lessons

Lessons drawn from Integra's experience include:

- the value of taking a systematic approach to integrating community projects into business strategy. The Community Mark process has made Integra more conscious of the connections between community involvement and business benefits and how to make the most of these;
- the business benefits to be gained from developing a reputation for socially responsible practices and local commitment; and
- the benefits for staff retention and development to be gained through imaginative use of projects which bring community benefits.

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Community Mark

Community Mark is a kite mark designed to:

- recognise the work of small and medium sized businesses in their local communities;
- provide a model enabling businesses to maximise their impact on the community, and gain business benefit at the same time; and
- encourage all businesses, even those without an established community programme, to get involved.

It has been developed by Business in the Community www.bitc.org.uk and Brighton and Hove Business Community Partnership www.bhbcp.org.uk where it was piloted. It is now being extended to other parts of the country with the support of the Small Business Service.

4. Listawood Ltd

Key features

- A flexible working culture and family-friendly environment has been critical in enabling rapid growth in a rural area.
- Recruitment according to aptitude and attitude has facilitated flexible and competitive production in an industry dominated by sector-specific qualifications and inflexible working practices.
- Staff empowerment through team working, information exchange, openness and devolved decision-taking has allowed flexibility to flourish amongst a committed workforce.
- Benefits include rapid growth in turnover, high levels of productivity, a culture that promotes product and service development and innovation and, ultimately, an established position as market leader.
- Listawood's performance has been recognised by its customers, by those promoting flexible working and by those celebrating local business success. It recently won a SMART Award to support the development of new printing techniques.

About Listawood Ltd

- Manufacturer of printed mouse mats and a wide range of other promotional products (eg, magnets, mice, mugs, coasters and other desk-top items.) and sold under the Listawood name to business gift houses. The company also has a separate brand (Purple Moon) to sell certain products not normally (or as readily) sold through business gift house catalogues.
- Independent company, employing 200 staff (full and part-time), plus a further cadre of home-based 'out-workers'.
- Established in 1987 from home by a former teacher and biochemist under the former Enterprise Allowance scheme – started off as manufacturer of travel games before entering the printed mouse-mat market after helping out another firm with a specific manufacturing problem.
- Turnover is now over £8.5 million, with 60% share of the UK's promotional mouse-mat market.

Location

An industrial estate (on a former air base) at Tattersett village, near Fakenham in West Norfolk. The company owns its own 47,500 sq ft premises and has scope for expansion. Fakenham and King's Lynn are the two largest settlements nearby (5 and 14 miles respectively). The area is sparsely populated – the district has a population density of less than 100 per sq km compared with an English average of close to 400/sq km.

What was the stimulus for Listawood?

“When the business was starting up we were not in a position to attract people who were already in permanent work. We were just too fragile to ask someone to take that risk. So most staff we started off with were parents with young children who weren’t earning and wanted to get a few hours in adult company. We had young children ourselves and flexible working seemed so obvious it came naturally.”

Arthur Allen, Managing Director
Listawood

Arthur and Irene Allen started Listawood in 1987 with £500 capital and £40 per week through the Enterprise Allowance scheme. The company started off by making magnetic games and puzzles for Spears. Experience of producing pocket puzzles led Listawood into the promotional fridge magnet market where, with innovation in printing, die cutting and job costing and high levels of responsiveness to customers, the company was able to cut costs and win 80% of the UK market within two years.

With its magnet laminating experience, Listawood was asked to help a plastics printing company to help remove air bubbles from a large order of printed mouse mats. Since then Listawood has revolutionised the mouse mat market by demonstrating cost-effective production of mats in different shapes and sizes and using different materials. The company performs the full range of printing, laminating and cutting operations in house. It now has 60% of the UK promotional mouse mat market.

About 65% of the Listawood’s turnover comes from mouse mat production. To “keep ahead of the pack” it promotes innovation in all aspects of its business and a continuous process of new product development to feed a market that is “always hungry for new ideas”. The company now offers computer mice and desk top items, it sprays and decorates mugs and manufactures and sells a range of

sublimation print supplies. It recently won a SMART Award for innovation in spray technology of its WoWMug® range, which reveal an image when a hot drink is added.

Listawood has achieved rapid growth in turnover. The company’s workforce has grown from three to 200 in 15 years and the Allens put much of the success of the business down to the firm’s flexible working culture.

“With few similar industries in the area, and a fairly sparse population, we have had to work hard to acquire the skills we need to grow the business.”

Arthur Allen, Listawood

The flexible working culture was straightforward when the company was small and the Allens found that, through word of mouth, there was no shortage of working mothers who wanted to spend a few hours each day working around their childcare arrangements. The potential problem of half-term and childcare cover was avoided through the introduction of a ‘twilight’ shift. Time management and pay is now facilitated by a swipe card time recording system. A simplified approach to overtime pay – payable past 37.5 hours a week, but not as of right at weekends or evenings – removes the incentive to work unsociable hours.

*“We **expect** to have to train new staff because we’re in the middle of nowhere.”*

Arthur Allen, Listawood

Listawood found it difficult to find staff with relevant skills and qualifications in such a rural area, but the early decision to recruit staff without relevant experience was made easier because of the financial pressures the firm was under in first two years. In any case, Listawood quickly found that with mentoring and training (both on and off the job) new staff quickly learned the skills they needed – and didn’t come with any fixed ideas about how things should be done.

As word has spread about the company's working practices, there is clear feedback from staff and new recruits that Listawood is now an employer of choice in the area.

"I turned down three interviews and two other job offers, one better paid, to work at Listawood."

Adrian Lilley, recent recruit

The company's approach to flexible working was instrumental in allowing Listawood to grow as quickly as it did, because it helped to widen the pool of potential recruits even across a fairly small rural area. Most of Listawood's employees live within 10 miles of the factory.

Like all companies in a similar position, Listawood has had its own growing pains, but it learned to cope with growth by introducing team working. As Arthur Allen puts it, "if you can make people feel valued on a small scale and give them control over what they are doing, then you can keep that impetus". Each team sees the day's production plan for the business, and also has access to monthly divisional reports, management accounts and the company's business plan.

"Flexibility has to be based on mutual respect. The Company recognises that staff have a life outside work, but we expect the staff to be flexible in dealing with the company and their team mates. It works when there's give and take."

Arthur Allen, Listawood

The teams take responsibility for their own work planning and scheduling with full knowledge of the number, type, quality and deadline of products required. The introduction of team working led to the discovery that mutual trust amongst team members, combined with multi-skilling, allowed staff to manage their own working patterns with little or no input from managers. When a supervisor who helped to set up these systems broke her leg, the

teams and systems carried on as if nothing had happened. The ability of the teams to look after themselves was recognised quickly and when the supervisor returned, she switched to personnel. There is little management supervision on the factory floor.

Business benefits

"I suppose we stumbled into our approach to people management (like most other things when we started), but it's a culture that took root early on, developed with the business and has been a major factor in our success."

Irene Allen, Listawood

Listawood's approach to recruitment, working patterns and staff development has paid clear dividends in terms of the growth rate of the company and its profitability. The operation of these distinctive working practices virtually from Day 1 means it is difficult to quantify the difference – there is no 'before and after' – but clear benefits have emerged as follows:

- **More choice of recruits** which has been essential in enabling rapid, profitable employment growth in a rural area and a scattered labour supply.
- Because of its approach to recruitment, the vast majority of the firm's workforce live within 10 miles. With few other large employers in the area (coupled with its reputation as a good employer – see below) this aids **staff retention**.
- Team-managed **flexible working frees up management time** to focus on strategic issues and less on micro-management and supervision.
- Although Listawood's rates of pay are now amongst the best in the local area, recruiting staff without sector skills, and placing more emphasis on training, helps to keep **wage costs under control**.
- It also means that inflexible working practices are not imported. The combination of flexible working, multi-skilling and other approaches to production means that **some of Listawood's machines are exceptionally productive**.

- The company's emphasis on quality, customer service and innovation operates at all levels and is facilitated by the company's open approach to communication and management. Listawood argue that quality circles and schemes to encourage innovation thrive in this environment. Listawood's Kaizen scheme provides **a steady flow of new ideas** that have a **direct bearing on competitiveness** – not the gripes and moans of the traditional suggestion box. One idea recently saved the company £1000 a month.
- The company's approach has led to **awards and praise from its customers**, from Government Ministers, and from numerous campaigns focused on equal opportunities, work-life balance and innovation.
- Multi-skilling enables staff to develop their range of skills and their careers which also contributes to **retention**.
- Listawood is considered by staff to be an **employer of choice**. Pay is somewhat better than other manufacturers in the area, but comments from new recruits show that other things being equal, its approach to staff recruitment and development gives it a real edge in an increasingly tight labour market.
- Last year Listawood was voted '**Supplier of the Year**', for the second time in three years, by the members of PROMOTA, the UK business gift trade association.
- Recruiting for potential, rather than current skills does not carry any additional risk provided that the company is genuinely committed to staff training and career development.
- For flexible working to be effective, it needs to be associated with multi-skilling and, for medium sized businesses, probably team working as well. If people management and production are both geared around flexibility, it can genuinely be a win-win outcome for both the employee and the firm.
- An open environment and management culture, with shared planning and performance information, provides an environment where staff can better organise their own work and are more likely to suggest meaningful improvements to business processes.
- All of the above require a management style which is committed to staff empowerment and development.

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Lessons

Listawood's experience shows that:

- In very tight labour markets, recruiting staff on hours that suit them helps to widen the labour pool.
- Recruiting staff with the right aptitude and attitude, rather than those with particular skills and qualifications, also provides a far bigger labour pool to choose from.
- Both approaches are particularly important for companies operating in rural areas with few other large employers, tight labour markets and/or limited workforce skills – but they could work equally well in urban areas with similar characteristics.

5. Morning Noon & Night Ltd

Key features

- Decision to build a new store on deprived Wester Hailes estate unusual for the company whose growth is typically by acquisition.
- Company's established criteria were applied to the evaluation of Wester Hailes site and it passed the basic tests for investment.
- Company policy of employing local people has built community loyalty to their stores, reduced the journey to work for employees, and is generating income within the local community.
- Local sourcing, wherever possible
- The store is a success and is filling a gap in an under-served local market for shopping and access to banking facilities.

What was the stimulus for Morning Noon & Night?

Company strategy

The objective of Morning Noon & Night is to take the company's stores to the heart of the communities in which they operate, whether that is in an urban or rural area. It has developed a distinctive market niche providing groceries to its local area. The offering is wider than that of the traditional corner shop and typically includes automatic teller machines; mobile phone top-up cards; wine, beers and spirits through a liquor licence; and, where possible, lottery tickets. It is a 'lean' company which keeps overheads to a minimum, and is dedicated to an ethos of customer service within its niche in the local market.

Morning Noon & Night Ltd

- Founded in 1991, and has grown steadily since, mainly through acquisition.
- Turnover over £40 million per annum.
- Operates 46 convenience retail stores (average store floor area 1,200 sq ft), located throughout Scotland from Beaulieu in the north to Kilmarnock in the south. Four area managers with responsibilities for geographical concentrations of stores in Scotland.
- Employs around 750 (approx 250 full time equivalent). Full time employees include those at Head Office, store managers and supervisory staff. The average number of employees per store is 15.
- Part-timers predominantly serving customers at the stores, often young people (sometimes students) and middle aged women returners to the labour market. Some of these find it convenient to work outside normal hours; and thus their needs match the company's policy of providing a service 'morning, noon, and night'.
- Head Office in Broughty Ferry, Dundee, located in modest premises on an industrial estate.

Local Sourcing

- It is company policy to source where possible within Scotland, preferably in the immediate locality of the individual store. For instance, seven local fruit and vegetable companies service the 46 stores, and chilled products are sourced from Fife Creamery based in Kirkcaldy.
- After the acquisition of an existing store, local contacts are maintained for the supply of baked goods and, where possible, butcher meat.
- Around 90% of the stock held is common to each of 46 stores. Local managers have discretion to vary the remaining offering to reflect local patterns of demand.

“Our objective within Morning Noon & Night Ltd is to provide the communities in which we operate with all their local shopping requirements within a convenient, friendly store with a level of service that is second to none.”

Eddie H Thomson, Chairman and Chief Executive,
Morning Noon & Night Ltd

Over the past 12 years, the company has grown mainly through a measured strategy of acquiring suitable, well-established businesses. It has a rigorous process for evaluating prospective acquisitions, each of which has to have a sound revenue base and the potential of supplying its local community with a full range of basic needs. Only three of the 46 stores have been new build.

The company's management structure and store size enables a caring approach to staffing as well as the exercise of appropriate controls. Morning Noon & Night has a policy of employing local people because this has benefits all round. It builds community loyalty to

the stores, it reduces the journey to work for employees, and it generates income within the local community.

Every new employee recruited into Morning Noon & Night must complete a five stage induction programme within four weeks of the start of employment. The training is provided through the following modules: basic induction (on the first day of employment); till operations; customer satisfaction; security/handling aggression; and shop standards. Training is provided by one of the experienced senior staff at the store; and the new recruit is introduced to a colleague who can be approached with any questions.

“The aim is to help calm nerves, remove any apprehension and show immediate support so that the new recruit very quickly feels knowledgeable and part of the team.”

George Pirie, Operations Manager,
Morning Noon & Night Ltd

Location

- Wester Hailes is a large, late 1960's housing estate located to the south west of Edinburgh within the A720 city bypass.
- The estate was designed to accommodate around 20,000 persons re-housed from other parts of Edinburgh.
- It was soon characterised by the problems typical of other peripheral public sector housing estates throughout the country including relatively high unemployment, low incomes and multiple deprivation.

The company has a well developed system of stock control. Related to that, internal and, at some stores, external CCTV cameras are used to minimise losses through pilfering and petty theft.

Looking at expansion

In searching for an acquisition or a suitable new build location Morning Noon & Night is looking for:

- a well established profitable business with the potential to increase its turnover by extending the range of services it provides and capable of competing in terms of price and quality; and/or
- a suitable site with considerable pedestrian footfall, with a ready access to public transport, and visible for the attraction of passing trade from private cars.

What was the stimulus for developing the Wester Hailes outlet?

For at least two decades there have been sustained efforts to regenerate the Wester Hailes area and to improve the quality of life of its residents. Initiatives have included: extensive refurbishment and rebuilding of the housing stock; the reopening of a section of the historic Union Canal; and numerous projects focused on social inclusion and the improvement of life chances. The result of these, and related measures, has been a transformation of the appearance of the estate. However, notwithstanding some encouraging outcomes, it is still an area characterised by low incomes, social exclusion and a relatively high crime rate. In addition, its 12,000 residents still lack some basic facilities. In this context, attracting and retaining private sector investment including a full range of retail outlets has been a continuing problem.

While the Dumbryden and Hailes Park Industrial Estates are the core of the LPT portfolio, the company has a continuing interest in developing smaller sites and in encouraging retailers to locate within those parts of Wester Hailes which are still under-served. With all of this in mind, the General Manager of LPT approached Morning Noon and Night to inquire if the company would be interested in building a new store on a small undeveloped corner in the Westburn area of Wester Hailes.

“For us developing the site was one of the missing pieces in the Wester Hailes jigsaw. We knew the company was looking for sites and we thought ‘Why not? It’s worth a try!’”

Mae Hamilton, General Manager,
Wester Hailes Land and Property Trust

What approach did Morning Noon & Night take when evaluating the site at Westburn, Wester Hailes?

From the company’s view point the decision to build a new store was unusual because its development was typically through the acquisition of established businesses. However, Morning Noon & Night applied its established commercial criteria (see above) to the evaluation of the site and concluded that it passed the basic tests applied to all sites when the company is looking to expand. It entered into a 25 year lease of the building in 1997 and LPT undertook the building of a 1500 sq ft store to MNN specifications with associated parking for six cars to the rear of the premises.

The Wester Hailes Land and Property Trust (LPT)

- Set up in 1989 as one of an array of initiatives designed to promote the social, economic and physical regeneration of the estate.
- A self funding organisation since 1997, its mission is to promote the development of land and assets in Wester Hailes to the maximum benefit of the local community.
- Currently manages 66,000 sq ft of industrial, commercial and community space.
- Takes a proactive role in the promotion of development opportunities.

Community benefits

From the community's perspective the store with its wide range of good quality, locally sourced food was a welcome addition to the available facilities in the Westburn neighbourhood of Wester Hailes. Until then it had been impossible to attract a small store into the area. Also of particular value (in an area in which there is a dearth of banking facilities) was access to cash through the in-store Automated Teller Machine.

"Commercially, we didn't know whether they were being brave or foolhardy. Either way, we were delighted!"

Ros Frayling-Kelly, Development Worker,
Wester Hailes Representative Council

Business benefits

Morning Noon & Night has applied successfully to the Wester Hailes store the same principles of management that it uses throughout Scotland. It has been able to increase turnover and expand its market by moving into a new area and adopting its normal recruitment practices.

Notwithstanding Morning Noon & Night's preference for growth by acquisition, based on the experience in Wester Hailes, the company will consider other ventures in inner cities and the peripheral estates if the sites meet their basic locational tests.

Lessons

- The company saw the potential turnover to be tapped by providing the range and quality of services which had been developed for other communities throughout Scotland. It has found that a site within a peripheral housing estate can meet the commercial tests of sound retail store location policy.
- At head office level there has been a necessary recognition that successful trading in an area of economic, social and physical regeneration requires the private sector to commit for the long

haul, and to meet head on the numerous challenges which emerge in the short term.

- The commitment of the store manager and supervisory staff to the aims of the company and service to the community are vital components of successful operation.
- Efficient and effective management at store level based on principles which are applicable nationwide has ameliorated, if not completely overcome, the relatively high costs of trading in a peripheral estate. Although the store at Westburn has emerged as a relatively high cost operation, problems such as turnover of staff, littering, acts of vandalism, pilfering and petty theft, are common to stores elsewhere, although in some cases, more intense at Westburn. The company has successfully adapted its practices to meet the particular difficulties it has encountered paying particular attention to the use of CCTV.
- When the public, voluntary and community sectors take a proactive approach to attracting stores they can create a welcoming environment in which the energies and potential of the private sector can be harnessed to the benefit of all concerned.

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6. MTM Products Ltd

Key features

- Flexible working policy with many variations from 'normal' working hours, negotiated in return for increased flexibility in working practices, especially multi-skilling.
- Recruitment has focused on aptitude and attitude, not formal skills and qualifications
- Staff empowerment actively encouraged through open communication, delegation, team working and an 'innovator' grade.
- Clear business benefits in terms of staff retention, reduced absenteeism, reduced wastage, manufacturing productivity and profitability – and arguably survival.

What was the stimulus for MTM Products?

"In 1996 MTM Products was struggling for survival. We've turned it round because our customers now trust us to deliver – and our ability to deliver has been dramatically improved by the company working properly as a team."

Ian Greenaway, MTM Products

MTM Products started life in 1968 as a screen printing company with its main business generated by one customer. Over time its product range shifted into name plate and sign printing, mainly for the

About MTM Products Ltd

- Manufacturer of printed labels, nameplates, illuminated signs and control panel overlays.
- Independent company, employing 38 staff (32 full-time equivalents (FTEs)).
- Established in 1968.
- In 1996 struggling to break even; new Managing Director appointed to turn the company around
- Turnover is now £1.3 million with profits at 8% of sales.
- Winner of several national, regional and local awards in recognition of management practice, business performance and flexible working.

Location

An industrial estate on the outskirts of Chesterfield, Derbyshire. The company owns its main premises and rents a satellite unit and has scope for expansion nearby. Chesterfield and the surrounding areas of North Derbyshire, North Nottinghamshire and South Yorkshire suffered protracted decline then collapse of many traditional industries, notably coal mining. Levels of unemployment are above, and the employment rate considerably below, the national and regional averages. A key legacy of traditional industry – lower workforce skills and aspirations – lives on.

industrial market. It now makes bespoke panels for illuminated signs (eg, emergency exits), labels, nameplates and overlays for control panels. These are printed onto synthetic materials, glass and metals.

In 1996 MTM Products was turning over £700,000 with 32 staff (28 FTEs), of which around 80% was manufactured and the rest sub-contracted out and re-sold. The company was only just breaking even and struggling to survive. The management approach was centralist, with little open communication between management and workforce and a style that was very much command and control. The company had inflexible working practices, with only one person trained to work each machine. Most staff worked a 'standard' working day.

Alarmed by the company's poor performance, the owners recruited Ian Greenaway in 1996 to turn the business around. Although an experienced engineer and product manager, he had no printing sector experience. However, as a fresh pair of eyes, Ian also believed strongly in open management and in multi-skilling. His initial investigations involved discussions with staff to find out what was going wrong and to suggest improvements in business processes. This revealed a number of key weaknesses, notably out of date computer equipment and an approach to customer satisfaction that might be described as 'hit and run'. Critically the discussions also revealed the extent of the company's inflexible working practices.

After an initial period of firefighting, relationship-building and reflection, the new MD was able to secure an injection of capital investment in IT equipment (partly supported by Government grants for investment and job creation) which removed bottlenecks at the design stage. He also engaged the workforce in proper dialogue about the company's objectives, plans and performance on an ongoing basis. Two other key priorities were to devolve more responsibility to staff, and introduce multi-skilling so that at least three people could use each machine.

It took 18 months to build up trust to the point where these last two issues could be tackled properly. They both represented a major shift in the way the company had previously been managed and operated. Since they required more and different effort from the workforce than before, they also triggered a request from employees for flexibility in return – a quid pro quo that took the form of flexible working patterns.

Some wanted to change their hours, others their days. Staff were encouraged to discuss their preferences for working patterns with colleagues to find options that didn't negatively impact on the performance of the business. Following refinement and contractual agreement, the business now has 26 different working patterns for its 38 staff. The lowest number of hours worked is 30 hours per month for a working mother, while a male carer does 2 days one week and 3 days the next. However, unlike many flexible working models lauded for supporting working mothers, most staff at MTM Products don't have caring responsibilities and simply want to adjust their work-life balance to suit their lifestyle.

"People have a life outside work and work better if both are going smoothly"

Ian Greenaway, MTM Products

Some want to go to the gym during the day. Others want to start work later, and finish later. Some of the young male employees find it difficult to get up early, so they start later on a Monday morning to give them a more gentle start to the week if they want it and make up their hours later in the week. Overall, on most days, there is a longer production period than previously.

This aspect of the new culture at MTM has led to increased staff motivation. While absenteeism was not a particular problem, it has halved to 2-3 days a year on average. More importantly, 'presenteeism' has virtually been eradicated. Staff morale is higher

than ever, reflected in very high staff retention rates. More than three quarters of the original employees from 1996 are still there.

Although recruitment activity has been limited – since 1996 the company has only had to recruit a fifth of its current workforce – its approach to recruitment has also differed from standard practice in printing firms. MTM's policy is to recruit on the basis of aptitude and attitude, rather than recognised printing skills or qualifications. In part this is because in an area characterised by low skills needs must – but it also reflects a desire to bring in employees without ingrained attitudes to working practices that they might have learned in printing companies elsewhere. This helps to further embed a multi-skilling can-do culture. With the company's improved prospects and working environment many applicants are those who have had the company recommended to them by friends and family – MTM Products is now an employer of choice. This is a particular advantage in a labour market where, although unemployment remains, there is increasing competition for well-motivated staff.

The emphasis on recruiting unskilled staff has been coupled with a rigorous approach to staff training and development. This includes training on printing techniques and equipment and basic and specialist IT training – 25% of the workforce have, or are working towards the EU's Computer Driving Licence – and extends to stress management, an issue which the company has helped to champion locally through public events on-site.

"We spend far more than the average manufacturing company on staff development, but the payback on this investment is often quicker than on capital expenditure."

Ian Greenaway, MTM Products

Having sorted out some of the key weaknesses in the company and moved it back onto a more solid footing, the company has also focused on differentiating itself from competitors to increase

market share and improve levels of repeat business. Pre-1996 levels of customer retention were poor, due to the firm's inability to deliver to time. To win back key customers, MTM strengthened and refined its approach to sales and marketing. However, it has gone further by promoting a culture of 'solutions provider', by changing its working patterns and practices to accommodate the customer. This has affected the company's approach to logistics (it offers express services), increased stock levels for regular customers and a more responsive approach to urgent requirements.

The company's ability to be more customer-orientated has also benefited from the creation of an 'innovator' grade (worth around £1,000 extra per annum) for key personnel. Innovators are responsible for generating new product and process developments that will improve customer service and win new business.

Business benefits

MTM Products' approach to recruitment, working patterns and staff development has paid clear dividends in terms of the company's performance:

- **Significantly improved job satisfaction** has been a major contributor to staff retention levels, which are very high. Although employee retention was never a major problem, with falling unemployment it might be expected to be an issue now but it isn't.
- **Absenteeism rates are down** from 5-6 days per annum to 2-3. Staff are more interested in their job, happier with their work-life balance, more engaged in what they do and how that relates to the performance of the business. It represents a move away from 'presenteeism' to genuine engagement.
- MTM Products is perceived as a good company to work for. **Recruitment is easier.** Pay is no longer a major motivator (though the company has increased pay levels from below average to average local rates). **Other things being equal, flexible working gives MTM Products an edge in a tightening labour market.**

- The company's new attitude to customer service, enabled by all of the changes brought in since 1996, has dramatically improved the quality of the customer base and the extent of repeat business. **Average order sizes have increased – key for productivity improvement.**
- **Profitability has increased** from breakeven in 1996 to an average of £85k per annum over the last three years with roughly the same number of staff. Since 1996 **manufacturing turnover per FTE has doubled.** With more delegation and innovation, the performance of other aspects of production has improved. **Wastage rates have more than halved.**
- Industry data shows that **the company is now performing in the upper quartile of the industry** – profit as a % of turnover was 8% for MTM in 2001 compared with an average for the sector of 1.6%. In 1996 profits were virtually zero.
- Multi-skilling and flexible working go hand in hand, but it is important not to stretch multi-skilling to breaking point. Staff need to be challenged without them losing confidence.
- An open and communicative approach to management and staff empowerment is essential if flexibility is to work. It won't work as an add-on or token gesture.

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Had the company not implemented the changes described above, the managing director, Ian Greenaway doubts whether it would have survived.

Lessons

Ian Greenaway points to the following lessons from MTM Products' experience:

- Flexibility brings tangible business benefits. But it has to cut both ways – benefiting the work-life balance of staff and the operation of the company at the same time – to be truly effective. When the two work harmoniously, they can have profound effects on productivity and competitiveness.
- The qualities of semi-skilled and unskilled people without paper qualifications should never be under-estimated. MTM have found that recruiting for aptitude and attitude, rather than formally recognised skills and qualifications has brought particular benefits in terms of flexibility and staff development.
- Other things being equal, job satisfaction from a good work-life balance, a stimulating working environment and an open management culture counts for a lot – perhaps more than pay – when it comes to staff retention.

7. Shopeasy

Key features

- Shopeasy is a 'Symbol Group' and retail training scheme targeted at small shopkeepers in disadvantaged parts of Birmingham. Partners include East End Foods plc (a wholesaler), Business Link Birmingham & Solihull, Birmingham City Council and University of Central England.
- Piloted in Sparkbrook and now being rolled out to other regeneration areas in Birmingham.
- Successful in increasing turnover and improving profit margins in participating shops.
- Benefits to East End Foods in growing the local retail market and strengthening relationships with small shopkeepers.
- Benefits to local communities in improving the quality of local shopping.

What was the stimulus for Shopeasy?

The Shopeasy project was the result of several interests coming together in 1998:

- A recognition on the part of the regeneration partnership in Sparkbrook, Birmingham of the need to improve the quality of local shopping, especially for local residents lacking a car.
- Priority on the part of Business Link Birmingham and Solihull (BLBS) to develop its relationships with, and services to, the Asian business community in the city.
- The desire on the part of a local wholesaler, East End Foods plc to grow their market through support for more successful local retailers.

About Business Link Birmingham and Solihull

- One stop shop for business support services in Birmingham and Solihull, delivering business advice and related services under the national Business Link brand, under contract to the Small Business Service.
- Part of Birmingham Chamber of Commerce and Industry.

About East End Foods

- Importers of pulses, rice, lentils, peas, beans, spices, chutneys and pickles (over 500 products).
- Operates two wholesale cash and carries in Birmingham and Smethwick (supplying grocery, wines and spirits, tobacco and frozen foods), and in turn is a member of the Landmark Cash and Carry Group which negotiates enhanced buying terms from suppliers.
- Turnover of £70m in 1996.

In part, Shopeasy arose phoenix-like from an earlier regeneration initiative in Aston. This was a Gold Card scheme, operating on the principle that retailers would be given a 1-2% discount by wholesalers for their purchases over the course of a year. The plan had been to recruit several wholesalers, but only one made the commitment. The project was not a substantial success but did help to establish relationships which made it easier to develop Shopeasy.

The impetus behind Shopeasy has come from Kuldip Gujral, Asian Business Development Manager, Business Link Birmingham & Solihull. When he was appointed in 1997 he was asked to find out more about the needs of the Asian business sector and how best to address them. Asian business community accounts for 16-19% of the whole Birmingham business community (the majority being in retailing). To begin to make inroads in the sector, it was important that BLBS did something practical.

Shopeasy was piloted through the Sparkbrook URBAN¹ programme in 1999-2001, and has since been extended to the areas covered by the North West Birmingham Corridors of Regeneration programme (Soho, Ladywood, Sandwell and Handsworth wards) funded under Round 6 of the Single Regeneration Budget (SRB). These areas have common needs to sustain local shopping facilities, with access to local shopping particularly important for poor and older people, especially those without their own car (typically a problem for one in three of local households). Presence of local shopping also underpins strategies to improve diet and health.

Professor Upkar Pardesi from the University of Central England, a partner in the Shopeasy initiative, has argued from research into independent Asian retailers that,

“The population is ageing, with more pensioners, more working women and more single families, convenience and customer services will be of paramount importance, second only to value for money. Therefore, retailers who target their products and give priority to customer service will gain an edge.”

What is Shopeasy?

Shopeasy aims to change the image of local shopping through improving the quality of shopping, helping small retailers to compete with supermarkets and superstores. It seeks to do this by providing training and advice in retail management and merchandising, and exploiting the power of collaboration through a Symbol Group to negotiate better deals with suppliers and present a consistent quality image. The 35 retailers currently participating in the group have average individual weekly purchases of over £3,000 each, making their combined purchasing power over £100,000 a week and £5m a year.

“Shopeasy is not just about improving quality, it's about empowering the small retailer. It's also about introducing high tech into their world.”

Kuldip Gujral, Asian Business Development Manager,
Business Link Birmingham and Solihull

Ultimately the success of Shopeasy depends on retailers attracting more custom and selling more profitable lines – while reinvesting and passing on some of the benefits of their combined purchasing power to customers through lower prices.

Partners in Shopeasy are:

- Birmingham City Council (Economic Development Department).
- Business Link Birmingham & Solihull.
- East End Foods plc.
- University of Central England (UCE) – Prof Upkar Pardesi.

¹ a European Union programme intended to support 'sustainable development in the troubled urban districts'.

In addition Cadbury are not partners but have supported the project. Five local retailers have been members of the project steering group for the Sparkbrook URBAN programme.

Funding has been provided through the EU URBAN Regeneration Programme (£55,000) in Sparkbrook; £15,000 in the SRB6 programme, plus £3,000 from Cadburys and £5,000 from Birmingham City Council. BLBS have provided staff time, as have UCE, East End Foods and Cadburys. Staff of both these companies have advised individual retailers on merchandising and point of sale. East End Foods continue to pay for posters supplied to retailers participating in the Shopeasy group, and will meet these costs in full when Shopeasy is extended to other regeneration areas.

The retail management and merchandising support service is delivered under contract to BLBS by Business Management Limited (BML). Kuldip Gujral has also been involved in this, as in speaking Punjabi, he has an advantage in communicating with some of the retailers.

The project took 21 months to get off the ground, in part because it was necessary to convince those appraising the project for URBAN funding that the project would bring wider regeneration benefits to the area – not just financial gain to the individual retailer. The case also had to be made that the scheme would not simply benefit one group of retailers at the direct expense of others.

How the Symbol Group works

Retailers are recruited to the Symbol Group scheme on the basis of first come, first served for shops on a given street or immediate vicinity. Other retailers, however, can take advantage of the training on offer (see below).

Participating retailers agree to take part in the retail management programme, display posters and pass on discounted offers from East End Foods to their customers. The offers number 10 each month,

running continuously over the period (unlike the two or three days practised by some other wholesalers). Retailers also receive a good-looking Shopeasy awning and fascia board. (After the end of the Sparkbrook pilot, East End Foods have continued to supply participating retailers with posters – c. £10/retailer per month.)

East End Foods have appointed one member of staff to work wholly on Shopeasy, and have developed a model shop in their Steel Bright Road warehouse (which they have provided as part of their contribution to the project). Retailers can use the shop and speak to experienced East End Food managers, eg, about merchandising, while warehouse staff gather their order (they may typically have about 45 minutes to wait). While the facility has so far not been used a great deal, this is expected to change. The warehouse is located some distance from Sparkbrook, and it is expected that as customers from closer regeneration areas get into the way of using the depot, take-up of the model shop will increase.

How the training and advisory programme works

The training and advisory programme is tailored to fit the needs of the individual retailer:

- BML undertakes an **initial visit to review business needs**. Typically, the consultant spends about 20 minutes outside the store watching passers-by and customers. Who goes in? What seems to catch their eye? This provides the basis for a conversation: what are the issues for the retailer? The consultant does not offer solutions, but rather encourages the retailer to come up with their own ideas for what to do to increase trade. Many solutions are simple and inexpensive, eg, changing the positioning of more profitable items, using green carpeting to cover the milk crates which act as stands for fruit & vegetables, improving how displays are lit; signposting to help customers find what they are looking for; attractive colour combinations; making (more profitable) convenience items more accessible for customers.

- The retailer is given a **training manual**, which they use with the consultant to clarify business and learning needs. It also provides an opportunity to go over ways of improving business etiquette, should this be appropriate.
- The retailer and the consultant then agree an **action plan**, which may include:
 - individual consultancy;
 - a portfolio of photographs and sketches relating to the shopfront and internal layout (possibly using CAD software);
 - group consultation or action-learning sessions with other retailers; and
 - use by the retailer of the training manual.

Advice and training in the action plan may cover:

- merchandising;
- sales floor layout;
- customer care;
- retail management skills;
- benchmarking; and
- promotions.

The consultant also provides **continuous monitoring** support. During the latter part of the programme, retailers complete an assessment form, reviewing the business's current position and needs, highlighting where further short or longer term actions are required.

On average, the BLBS contractors have devoted five days' consultancy per shop, with four of these contact time. This typically involved 22 visits (15 for those businesses only taking part in the training programme), in addition to up to 5 visits to get businesses to sign up for Shopeasy in the first place.

In Sparkbrook, 120 businesses were visited, 42 recruited, and 51 people trained. Hard data on business benefits is not available, though six retailers alone had invested £60,000 between them by January 2002. To November 2002, the numbers on the SRB6 have been 15 (out of a target of 20).

The Shopeasy partners are seeking further funding under the SRB6 programme for grants (of up to £2,000) towards the purchase of capital items such as scanners, labelling guns and lighting, provided that the retailer provides at least half the cost. Scanners offer considerable time savings, as the retailer no longer has to label every individual item, while improved lighting can make a big difference to the look and feel of a shop. The Shopeasy project has negotiated deals with equipment suppliers involving lower prices and no-commitment test periods of a fortnight.

Benefits

For participating retailers

- An improved service to customers.
- Average increased turnover of 5% .

For East End Foods

- Greater loyalty amongst participating retailers and increased sales.
- Stronger position for negotiating discounts with their own suppliers.

"It's in our interest that local retailers should do well. If their business succeeds, our business succeeds."

We can negotiate better deals with Kelloggs, with Bells, with Coca Cola. We can say to the retailers: if you pass these over, you'll get a kickback. People will see that you're no longer a little shop that they only use for bread and milk.

We're gradually building our relationships with the Shopeasy retailers. They're beginning to understand that we can't do everything they expect, like always have the stock they want, when they want it. We're dependent on our suppliers too."

Tony Deep Wouhra, MD,
East End Foods plc

for Business Link Birmingham & Solihull

- Enhanced profile in the Asian business community. This is important given the starting point, where there was lack of awareness or scepticism about what BLBS could offer the Asian business community.
- Expectation that participating retailers will take advantage of further BLBS services (eg, advice on use of IT; e-Club).

for residents in regeneration areas

- Access to improved local shopping.

Plans

Current plans to develop Shopeasy include:

- its extension into East Birmingham/North Solihull and West Birmingham/Black Country Regeneration Zones and into Aston Pride New Deal for Communities area
- promotion of grant programmes open to small retailers:
 - ‘train2gain’, a programme where small employers are compensated for time off by employees to gain basic and vocational skills up to Level 2 (GCSE equivalent qualifications). Retailing is a target sector (This is one of six local Employer Training Pilots being promoted by the Learning and Skills Council); and
 - Small grants to improve security for small retail units. These are available through Crime Reduction Partnerships and targeted at disadvantaged urban areas (funded by the Home Office and the Neighbourhood Renewal Unit).
- An evaluation by UCE using students, to assess changes in turnover and employment, the retailers’ views on the value of the advice and training, and suggestions for improvement. This should establish whether or not Shopeasy’s target of increasing turnover in participating shops by 5% has been met.
- The introduction of a very local delivery service (within two miles), ordering through a Shopeasy presence on the Internet.
- East End Foods intend to increase the number of special offers as the scheme grows, and to introduce e-business software so that retailers can place their orders on-line.

The overall ambition for Shopeasy is to support between 100 and 150 retailers through a series of programmes in different regeneration areas. The Shopeasy project expects to have 100 participating retailers by end of 2003 (split 20 in each of five programmes: Aston Pride NDC area, two Birmingham-related Regeneration Zones, Sparkbrook, and SRB 6 areas).

Lessons

- Invest time in setting up the project partnership – the active support of a committed wholesaler is critical. There was a test to get the ‘partner equation’ to stack up, to ensure that there was commitment on the part of all partners. There was a particular need to convince the URBAN programme managers of the wider regeneration benefits before they would approve the request for URBAN money.
- Manage the project with the support of a small working group, including two or three retailers.

*“They can tell you what local shopkeepers will want – and what they will be prepared to pay for”
“Just focus on the retailers’ needs...
You’ll succeed”*

Kuldip Gujral
Business Link Birmingham and Solihull

- Learn the lessons from past initiatives. Allow time for initiatives to bear fruit.
 - Shopeasy benefited from the experience of the Gold Card scheme in Aston, and from partner faith that the project would succeed. The pilot in Sparkbrook was well below targets in its first year but exceeded them by the end of Year 2 (with 52 rather than 40 participants – this figure includes retailers participating in the training only as well as those who are members of the Symbol Group).

- Make sure that recruits to the programme really want to improve their business. Some early participants were looking for discounts and were reluctant to pass on the benefits to customers. The appearance of their shops deterred some other potential participants.
- Take the provision to the retailer, primarily one-to-one. In the early days, Shopeasy offered group training sessions, but found that while they had good numbers of bookings, relatively few retailers attended. They have found, however, that you can get small retailers together for one-off events – but only at times which suit them (eg, a Tuesday or Wednesday evening at 7pm).
- The ‘pitch’ is important. Most of the retailers have many years’ experience running a shop and it is important to play on this, while encouraging them to think radically about possible changes and benefits. The involvement of East End Foods has lent credibility to the project and helped recruit the retailers.

“It’s a difficult job to bring round the small retailer. You have got to convince them their efforts in keeping their shops tidy and having nice displays will pay off. Their offerings have to be in line with those of the supermarkets.”

Tony Deep Wouhra, East End Foods

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8. Stansted Airport Limited

Key features

- Proactive approach to recruitment in rural area of almost full employment, targeting urban regeneration areas within travelling distance.
- Strategies address immediate and longer term issues, working in partnership through the Airport Employers Group.
- Recruitment of 500+ people from London as a result of Employment Strategy initiatives over the last four years.
- Increasing ethnic and cultural diversity in the workforce.
- Working with partners to design and implement Airport Training Skills Programme.

About Stansted Airport Ltd

- Wholly owned by BAA plc.
- Europe's leading airport for fast-growing low-cost, scheduled airlines.
- Location for a variety of commercial activities from which rental income is derived, turnover-related revenue, passenger and landing charges.
- In spite of 11th September 2001 events, retail revenue increased 20.8% in the year to 31st March 2002, against 3.3% average increase from all BAA's UK airports.
- Tenants include Boots, Ponti's Café, and WH Smith.
- Recent £60m extension enables airport to serve over 15 million passengers per annum (mppa)
- Planning approval to take capacity to 25 mppa around 2010.
- Stansted Express rail link into London Liverpool Street (45 min) via Tottenham Hale.
- Over 10,000 people work at the airport.
- Contributes over £350m to local economy.

Location

- Rural area approximately 40 miles north east of London, on the borders of Essex and Hertfordshire and in the London – Cambridge corridor.
- Nearest town, Bishop's Stortford, about 6 miles away.
- Immediate area has relatively low unemployment: small pool of potential employees with high proportion of third-agers and women returners with out of date skills.
- Local residents traditionally commute to work in London.
- Areas of high unemployment and relative deprivation are within reasonable travelling distance.

What was the stimulus for BAA and other airport employers?

Sustainable Business Strategy

It is a challenge for BAA to manage airport growth and operate profitably whilst addressing the needs of its diverse stakeholders. The company has developed a policy of working in partnership with a wide range of local, regional and national partners and uses a risk management framework to identify and manage risks and opportunities arising from social, environmental and ethical issues.

BAA Stansted coordinates the broad airport management strategy for Stansted Airport, working with a variety of stakeholders, including local authorities, FE colleges, transport companies and the trade unions.

The company believes that by implementing best practice and encouraging other airport employers to do so, the airport will become a 'preferred employer', and maintain its success. In 2001, the company launched the Airport Employers Group to encourage businesses to work together to address common issues, eg, the difficulty of recruiting employees with relevant vocational skills. About 24 of the 125 on-airport companies actively support the Employers Group.

One of the Group's main objectives is to attract new employees from Harlow, and North and East London by building on connections which Stansted Airport Ltd has been developing over recent years, eg, the Stansted North London Partnership.

Later in 2001, BAA launched the Airport Employment Forum with members from public, private and voluntary sector organisations. It has four Action Groups: Childcare, Transport, Economic Benefit and the Airport Skills Training Programme.

Employment issues

Stansted requires a skilled and stable labour force. There are approximately 10,500 employees (October 2002), forecast to increase to 16,000+ by 2010, with a further 1,600 new jobs in the immediate region over the same period.

The rural location is a major challenge in recruitment. Recognising that lack of easy and inexpensive access by public transport was the major barrier to employment at Stansted for many people, the Transport Forum was tasked to promote improvement. So far, it has:

- introduced the discount rail, bus & coach Airport Travelcard for employees (up to 80% off full fares);
- introduced a levy on staff car parking (which helps fund implementation of the Airport Access Strategy);
- supported a joined-up approach to funding night-time airport staff bus (safe pick up and drop off points for employees from Haringey, Enfield and Waltham Forest);
- persuaded local bus companies to adapt and extend timetables and routes; and
- contributed to BAA achieving its environmental targets.

Together with partner agencies (Connexions, Jobcentre Plus, local authorities, FE colleges) BAA has begun a programme to help train jobseekers from Harlow and north-east London. This includes outreach, basic skills and job-specific training, recruitment brokerage and help with transport. Projects include:

- **Flying Start:** New Deal partnership with London Borough of (LB) Waltham Forest giving 12 long term unemployed residents the basic skills needed to work in airport security. After four years, nine are still working at the airport.
- **New Deal Gateway** programme developed with LB Hackney and Renaisi, providing basic skills for employment at the airport or in Hackney for 10 long-term unemployed people.
- Participation in LB Tower Hamlets-led **ESF-funded project** in which six unemployed residents were given basic skills training for employment with a major aircraft handling company.

- Participation in **Stansted North London Partnership** (led by LB Haringey), to deliver hospitality skills training programme matched to airport vacancies. Travel costs covered throughout training and for the first six months of employment. BAA has match-funded this for a further six months. So far, over 130 participants have gained employment.
- An accredited **Airport Skills Training Programme** was designed in partnership with airport employers, public sector partners and training providers in 2002. This will provide long term unemployed people (initially) and disaffected, under-achieving school-leavers (long term aspiration) with a portfolio of qualifications starting with basic Employability Skills and developing to include technical skills (at NVQ Levels 2 and 3). A new Airports Award Scheme is likely to be set up. BAA provides accommodation in a new Airport Training Centre:
 - for delivering parts of the Airport Skills Training Programme;

- for use by airport employers to upskill employees; and
- as a *learnirect* centre for the local community.

Training began in January 2003, with the first 30 recruits entering employment in Spring 2003.

Stansted Airport has a dedicated **Jobcentre** facility, which with a new Jobcentre Point being planned for the Passenger Terminal, will provide a 24-hour service to employers and jobseekers, including an interview suite which employers may use free of charge. There are links to High Street Jobcentres at Tottenham Hale, Hackney, Tower Hamlets, Harlow, Waltham Cross and Haverhill.

BAA research into employee demand for on-site **childcare** facilities found that there is little demand, but a significant requirement for more provision in home areas, and for after-school and holiday support. The Childcare Group is producing its free *Childcare*

Ponti's

Ponti's run cafés at Stansted Airport. They are partners in the Airport Employment Forum and take work experience placements from partnership areas. They now employ 90 staff, of which 50% were recruited from around Tottenham. There are 27 different nationalities, notably Portuguese, but also, eg, Albanian, Afghani, Somali and Iraqi. "It works well, even though there are some cultural differences. We can cope with any language at the airport, which helps a great deal". They have instigated a Friends and Family scheme in which staff are paid a bonus for introducing employees to the company, now covering 80% staff: "They work on shifts together. One person who is now an assistant manager travels up by car from Barking with his mother, father and sister who all work with us as well".

Ponti's have a policy of internal promotion: "At the lower end, we can take staff who speak no English at all, or have no confidence in their English. Staff begin as table clearers or in washing up, but as we need to take on staff, we move them up, and recruit for the bottom level. As staff start working, they begin to use English. We have one Italian who spoke no English when he joined us, but quickly learned. He is now a kitchen supervisor and is just about to be promoted to manager". Promotion from within demonstrates that the company respects all staff. The benefit to the company is increased loyalty: their staff turnover (one or two per week) is far below similar on-airport companies. For the 3:30am-1pm shift, Ponti's pay for five staff seats on Walthamstow/ Tottenham/ Stansted bus (£100/ seat/ month). Staff who do this "are all connected, and include one married couple". Previously, one of Ponti's managers collected them all by car.

Information Book for Airport Employees and considering longer term solutions, eg, lobbying for and supporting provision *where employees live*.

Business benefits

Recruitment

- The airport's growing reputation as a good employer has helped reduce staff turnover and recruitment costs.
- Good relationships with partners (especially Jobcentre Plus) means that tenant employers' demands are quickly addressed.
- The Airport Skills Training Programme model is expected to be adapted and branded for use in other BAA group airports.
- Good access to an untapped pool of employees from deprived areas who begin in entry level positions, and have good promotion opportunities as the airport expands.
- Participation in Stansted Airport's partnership projects has given tenant companies, eg, Ponti's, contacts and know-how which has helped elsewhere in the business, eg, recruitment for other branches.
- Wider benefits include improved transport links (which would not otherwise have happened) making the airport a more attractive place to work and do business.

Reputation, lobbying and market potential

- Evidence that BAA can grow responsibly has improved its image with stakeholders and critics. The company believes that 'responsible policies' were instrumental in gaining acceptance for Gatwick's expansion.
- The forums that BAA Stansted has encouraged provide ready-made groups that other organisations, eg, East of England Development Agency, approach, thus increasing partners' lobbying opportunities.
- The greater cultural mix in the workforce better reflects the global nature of aviation.

Lessons

- The Transport Policy has been *the* key enabler of the Employment Strategy.
- Encouraging airport employers to specify the skills and attributes they require helps design training provision.
- 'Friendly' human resource policies help improve staff productivity, eg, keeping friends or family members together to facilitate travel to work arrangements.
- Increased employer flexibility makes employment more attractive – following feedback from employees with a long journey to work, on-airport employers now offer full-time seasonal contracts as well as part-time ones.
- When working with people who have been unemployed for a long time, or school-leavers with no employed role model:
 - check their aspirations; and
 - explain the implications of travel to work and shift working.
- North London Stansted Partnership partners used New Deal funding (usually paid to employers) to meet the trainees' travel costs.
- In spite of strong commitment from their head offices many airport retail and catering managers do not support the employment and training initiatives, mainly because it is outside the operational remit of their work. These outlets are more likely to be characterised by:
 - relatively high level of staff turnover;
 - poorly skilled staff (especially customer skills);
 - lower level of profitability than participating companies; and
 - high recruitment and salary costs, as they use agencies and agency staff rather than Jobcentre Plus' service.

"We have marketed Stansted to the regeneration areas. Now there is a need to market these areas to airport employers as a solution to their recruitment needs."

Wilma Scott

In order to involve more airport employers and open up more opportunities for influence and action, the Employers Group may change status to 'Stansted Airport Chamber of Commerce'.

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9. Tesco Regeneration Partnerships – Alloa Store

Key features

- Strategy by Tesco to promote local partnerships when developing 'Partnership Stores' in regeneration areas, as a response to constraints on the supply of suitable sites and labour.
- Recruitment and training people from disadvantaged communities is a major focus of these partnerships.
- Further local investment by public sector agencies and others has assisted these outlets to operate with commercial returns satisfactory to the company – and be part of sustainable regeneration strategy.
- Alloa store:
 - a new build development on a brownfield site in an area of relatively high unemployment and substantial physical regeneration;
 - developed and staffed in partnership with local authority, Clackmannan College, Jobcentre Plus, Scottish Enterprise, training providers (including Triage), and USDAW ; and
 - every person who was placed on the pre-recruitment training programme was guaranteed a job if they completed the course.

What was the stimulus for Tesco Regeneration Partnerships?

In the face of a severe shortage of suitable sites for new stores and expected shortages of suitable labour, Tesco has developed a partnership approach to developing new stores in regeneration areas. Promotion of, and participation in, the Regeneration Partnerships is a corporate response by Tesco to the social exclusion and neighbourhood renewal agendas being pursued by government in Scotland and England. For its Partnership stores, Tesco proactively works with other key players (eg, the local authority, Jobcentre Plus, developer, and training providers) to plan and implement various aspects of opening a new store. Typically, the partners contribute, directly or indirectly, towards project costs notably through provision of training, outreach, and recruitment. What makes good business sense for Tesco and its shareholders can bring beneficial outcomes for the communities in which the company is located. For its part, Tesco is investing in new stores in regeneration areas providing value and quality for customers while at the same time creating jobs and services in local communities.

Tesco plc

- As at September 2002, Tesco operated a total of 1,023 stores in ten countries: 759 in the UK.
- The company is committed to organic growth within domestic and international markets.
- Tesco is the largest food retailer in the United Kingdom with around 16% of the market and employing nearly 200,000 people full and part-time.
- 100 new stores planned to be opened in 2002 in UK.
- The Tesco Regeneration Partnership Programme began in 1999 with the Seacroft store (in Leeds) and by the end of 2003 it will extend to 13 locations. A further eight Partnership Stores sited throughout the United Kingdom are at the planning stage.

Tesco's approach is based on their conviction that neighbourhood renewal is not just about the physical regeneration of rundown areas but also about the renewal of community life. Integral to this is the need to improve access to community facilities (including shops), develop local businesses and create worthwhile jobs within deprived communities thus enabling individuals, and their families, to enter into a virtuous cycle of regeneration and social inclusion.

"How did we develop our approach to regeneration? We looked at the social exclusion agenda and at our own property programme and identified what we believed would be win/win for communities, customers and business. Our approach to corporate responsibility is built on a long tradition of understanding and meeting the needs of all sections of society."

Lucy Neville-Rolfe, Group Director of Corporate Affairs,
Tesco

What attracts Tesco to locate in urban regeneration areas?

Store location

Tesco, in common with other major food retailers has found difficulty in obtaining planning permission for sites on the edge of urban areas. It is government policy that first preference should be for town centre locations, followed by edge-of-centre sites, and only then by out-of-centre sites. However, within these urban areas there are few locations available which are sufficiently large to accommodate the floorspace required for a modern retail outlet trading to take advantage of economies of scale. The protection of greenfield land and the application of this sequential approach by planning authorities has focused company attention on brownfield sites within urban areas. These are often in need of remediation, and located in run down areas, ie, they are typically high cost/low revenue options. In these circumstances the Tesco strategy to generating an acceptable return is to encourage the economic, social and physical regeneration of the locality in which the

store would be located. The attraction of workers and residents to the area presents a new customer base. Greater numbers of people with access to disposable income represent a growing customer market with a Tesco store at its heart.

Staff recruitment and training

Retailing is a labour intensive industry, and Tesco has recognised that labour markets are tightening. Competition will increase amongst retailers to recruit and retain employees with the skills appropriate to their businesses. Related to this, conventional methods of recruitment will be unable to tap into the potential represented by persons resident in deprived communities.

Tesco recognise that these groups of people face particular barriers to employment including caring responsibilities (especially amongst single mothers); low levels of basic skills; and relatively low levels of self esteem especially amongst long-term unemployed people. The company's approach to overcoming these barriers in its Partnership Stores involves:

- taking a proactive approach to making job opportunities known to potential employees;
- offering an assessment to identify the training needed to bring candidates up to nationally accredited standards in basic skills including reading, writing and numeracy;
- providing a seminar in interviewing techniques; and
- relating the aspirations of candidates to the needs of the company.

In the longer term all employees at regeneration stores are expected to enter into the learning programme which is common throughout the Tesco operation. Whatever their background, all employees can expect that success in that programme will lead to promotion into specialist positions and management roles.

“As far as area regeneration is concerned Tesco does not profess to have all the answers, but we do have some of the missing parts of the jigsaw. Tesco has a commitment to the place and to the people. Tesco invites local people to join them on a journey. We set out a challenge. We say: “The company cannot do it all for you, and it cannot be done without you.”

Martin Venning, Regeneration Manager, Tesco

The Alloa Partnership store

Partnership approach in action

In developing the store and its surroundings, and in putting in place the recruitment and training package, Tesco has worked with public and private partners including Clackmannan Council, Scottish Enterprise Forth Valley, Clackmannan College, Triage (an independent training company), and local community groups. In all of this as well as much needed investment and jobs, Tesco has provided energy, purpose and perspective characteristic of a dynamic private sector organisation.

Recruitment and training

The approach to staff recruitment and training at the Alloa Store has built on good practice in other regeneration stores starting with the first initiative in Leeds and drawing in particular from experience at the St Rollox store in the east end of Glasgow. In Alloa there was a pool of persons who had recently lost their jobs and were keen to get back to work. Recruitment for the store was undertaken in two phases: the long term unemployed; and open recruitment. In the end around 70% of those employed came from the first group.

The first group were identified by the Jobcentre and by Triage and then interviewed by Tesco. Some had already benefited from training provided by Triage. Those who were not chosen to go on were provided with feedback on why they had not been successful. Entry was essentially on the basis of first impressions and overall the approach was to select on attitude and aptitude rather than experience and qualifications.

The Alloa Store

- Opened on 8 July 2002, currently employing 280 people of whom 90 are full time, 190 part time.
- A ‘24/5’ operation (open each day of the week and for 24 hours Monday – Friday).
- Footprint of 55,000 sq ft (40,000 sq ft retail space): larger than the average Tesco outlet, about average for the current new build.
- Direct competitors in Alloa are Safeway and the Co-op. There is also a LIDL outlet nearby.
- The store and associated petrol station have reached commercial expectations.

Its Location

Employment in the town of Alloa was traditionally based on the manufacture of textiles, brewing and glass making. In the late 20th century all of these went into serious decline leaving the town with relatively high levels of unemployment and a deteriorating urban fabric. The Tesco store is positioned on a large brownfield site in the shadow of the recently renovated historic Alloa tower, the ancestral home of the Erskine family. The site was formerly occupied by Paton and Baldwin manufacturers of yarn and it required substantial remediation before work on the new build store could begin. The store is sited within an area which is undergoing rapid physical regeneration. Nearby a former textile mill is being restored and refurbished as a business centre; and the store is within easy reach of the historic town centre. The company supports the concept of integrated regeneration and has contributed a footpath to link the tower, store and its surroundings, to the town centre.

All were then sent to Clackmannan College where they undertook an eight week basic course with an input from Tesco on their particular requirements. The Job Guarantee scheme was the most important reason for going on the course for 70% of participants. It also attracted older males to a sector that otherwise they might not have considered. 45% of all participants were male.

“In our research into the Tesco Alloa project, we found that solving operational issues was fundamental to the operation of the scheme. Thus, for instance, the Jobcentre enabled a seamless transition from the provision of benefits to the payment of training allowances.”

Prof Ron McQuaid
Employment Research Institute, Napier University

Although there was a need for the allocation of senior staff time by Tesco, there was no increase in the overall training budget of the company. It was able to draw on public sector funding and it targeted its own training expenditure to the task. The training scheme attracted recruits from the nearby Social Inclusion Partnership area² and there was considerable peer group support. Throughout the training period the company adopted a patient and genuinely caring attitude to the numerous difficulties experienced by its trainees. These included personal and domestic difficulties which might have terminated participation in a less sympathetic environment. Of the 119 who started the course, 92% completed the training and, thereafter, took up work with Tesco.

“Peer support was a crucial feature, and the most valuable element of the Course for many trainees. The commitment of Tesco managers was also vital. They attended evaluation and review sessions with participants on a weekly basis. This reinforced the resolve of trainees reminding them of the end reward and

demonstrating the commitment of management. All this has produced excellent relationships which look like having positive benefits in terms of long-term retention of staff.”

Dr Colin Lindsay, Employment Research Institute
Napier University

Six weeks after the first phase of recruitment, a second group were interviewed. They were chosen for employment using Tesco's normal procedure of 'select the best'. In this phase of recruitment Tesco were fortunate to have access to groups of persons recently made redundant and motivated to return to the work force as soon as possible. By the time the store opened in July 2002 both groups of new recruits had come together to develop a team ethos dedicated to customer service. They all then entered the Tesco Training Framework which is applicable in all the company's stores. Since the opening the store management has adopted a flexible approach to placements within the store and staff are moved to positions in which they are comfortable and where they can use their abilities most effectively. Within this context the store manager has secured the commitment of his staff who are enthusiastic and motivated to provide a quality service for customers.

Community benefits

- Jobs with good conditions and opportunities for progression.
- The store location policy contributes to the goal of sustainable development by reducing the length of the journey to work and the journey to shop.
- Pump priming for the local economy: new investment which can help attract further employers to invest in the area.

² Social Inclusion Partnerships (SIPs) are funded by the Scottish Executive to encourage a comprehensive and co-ordinated approaches to regenerating deprived urban areas. SIPs are broadly based partnerships which have the local community at their heart. They comprise the local authority and other public agencies such as local enterprise companies, local health boards and the voluntary and private sectors.

Business benefits

- Working with partners from the private and public sector, Tesco can benefit from their local knowledge and negotiate training provision, etc, directly tailored to the company's needs, and attract resources, eg, for pre-recruitment training.
- Staff turnover at the Alloa store has been less than the company and sector average. At 26 weeks after recruitment the retention rate was 87%.
- From the company's point of view the approach has had the added advantage of building up customer loyalty amongst trainees, their families and the wider community.
- Tesco is developing approaches to outreach and training which will benefit the company over the longer term as labour markets tighten and skills shortages become more apparent.

Lessons

- Faced with a current shortage of sites and a likely future shortage of labour, Tesco has recognised that its commercial interests can be co-terminous with community interests in economic regeneration and social inclusion.
- It is fundamental to the Tesco approach that candidates who successfully complete a programme of initial training will be *guaranteed a job*.
- In Alloa the first phase of recruitment was from long term unemployed people. A key role was played by the private sector training provider partner (Triage) which specialises in getting people to work. As they were paid by results, Triage had an incentive to keep trainees on board.
- Tesco had a genuinely supportive culture and a caring approach to the particular problems of their trainees. The company assisted them in overcoming personal and domestic difficulties which might otherwise have led to them abandoning the training course.
- The role of management at store level, working within the company's policy framework, has been crucial to the success of the initiative.

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10. Tyseley Business Action Group

Key features

- Created by its members to represent the interests of the local business community, with its value demonstrated by a growing membership.
- Vehicle for representation with local regeneration partnership and its Community Forum, and more widely, engagement with public agencies.
- Develops a range of initiatives to promote business competitiveness (eg, seminars on business topics such as recruitment, employment law; on-line innovation services; crime reduction through property marking and Radio Link; work experience for school students).
- An emphasis on providing business advice where it is most needed in a down-to-earth pragmatic manner.
- Highly responsive to local business need and has built considerable trust and confidence in its ability to work with and influence local authorities, the RDA and the wider business community.

What was the stimulus in setting up Tyseley Business Action Group?

The original stimulus for the formation of the Group was a general dissatisfaction on the part of local business with road access to the area and in particular a specific bridge/junction (Tyseley Hill).

About Tyseley Business Action Group

- Not for profit association established in the early 1990s to represent the interests of business in the Tyseley area of Birmingham.
- Grown from 12 to 125 members (in all employing about 6000 people), mainly located in, and around, Tyseley.
- Covers a wide range of local business with members from manufacturing and services. Whilst most of its members are quite small there are a few quite large companies.

Location

Tyseley is an inner city location in Birmingham and has suffered from a substantial loss of its traditional employment base in recent years. Along with many inner city areas industrial employment was the mainstay of the local economy but industrial decline in the late 1970s and in particular the early 1980s devastated the employment base of the area. There is a high incidence of multiple deprivation amongst its inhabitants. The area suffers from poor access and a relatively worn-out physical infrastructure that requires substantial investment if it is to meet the needs of modern business.

There are three main road access points into the area but these become very congested at peak times, creating a major constraint on competitiveness.

The Group has also developed in response to the need to represent business interests in the area in relation to local regeneration programmes with some members participating in the work of the local Single Regeneration Budget (SRB) Round Two Partnership (Sparkbrook/Sparkhill/Tyseley Area Regeneration Initiative) and more recently the Regeneration Zone covering East Birmingham and North Solihull, promoted by Advantage West Midlands (AWM), the Regional Development Agency. The Group has campaigned with Birmingham City Council on behalf of local business and local people with an ongoing example being replacement of the Tyseley Hill bridge. There has been particular interest in trying to ensure that local people can get access to local jobs with a recent example being the production of a leaflet developed by the Group with Birmingham City Council that describes how local businesses can seek to employ local people.

The Group has not developed evenly through time. Its activities began to take off about six years ago when it was able to appoint a part-time and then a more full-time Secretary drawing on capacity building overhead resources provided initially from EU regeneration funding, then by Birmingham City Council, and in more recent years Business Link. Its membership grew substantially to the present figure as a direct result of being able to obtain this help. The Group has been fortunate in having a Secretary who has been able to understand what needs to be done and who has got on with doing it. At the present time there are discussions taking place to investigate whether any further funding could be secured from Business Link.

What does Tyseley Business Action Group do?

The activities of the Group are led and planned by a Management Committee, jointly chaired by Patrick Robinson OBE (Chairman of a local manufacturing company that was established in 1850) and Graham Williams (from the Leslie Group). There are six Directors and two co-opted Members from the Local Forum. It meets every quarter.

The breadth of its business varies considerably. It disseminates its activities through a newsletter that is sent out every month. Grant Williams is the unpaid Secretary and there are no other staff. The Secretary works evenings and at weekends but this is clearly not ideal. Members make a small financial contribution to the running of the Group and if the Secretary and/or other staff were to be employed then funding would be required from elsewhere.

The Group sees its core objectives to:

- Promote networking between businesses, improving their business performance by sharing good practice and training ideas.
- Strengthen relationships between business, the local community and city-wide public organisations, to mutual benefit.

Seminars on business needs and opportunities

The Group began life as a lobbying body to represent the needs of local business, illustrated by the early focus on transport. However, it has extended its focus considerably to embrace any activities that will enhance the competitiveness of local business. It advertises and runs seminars on a variety of topics. A particular success has been events run with a local law firm, where one of the partners is a Professor from the University of Central England. He has been willing to provide appropriate advice and guidance to local business, eg, on employment law. His firm has otherwise helped members of the Group come up to speed in relation to a range of recruitment and other business issues.

Other seminars have included one on Train2Gain³, a new Learning and Skills Council programme in Birmingham to promote training for less qualified employees. The pitch emphasised the financial advantages to companies of structured training and business support. It was presented in a simple, straightforward manner so that companies could clearly perceive the benefits.

Promoting innovation

The Group has also been active in encouraging its members to recognise the value of innovation. It has established its own web-site with a search engine that enables members to search for information/ business partners with which to develop innovation initiatives.

Engaging in Tyseley regeneration

The Group has also helped the local business community to engage with the wider community of the area. Thus, most recently the Group has helped with a local crime and safety initiative. Its members have helped with the introduction of a property marking code system (a bit like a supermarket bar coding procedure) that can be used to mark valuable property items with ultra-violet identifiers. The Group paid for the introduction of this system and thus for people in the local area to have access to it.

The Group nominates business representatives to a range of local bodies and has a cross-membership with the Local Community Forum. Key initiatives include Radio Link and Community Safety, and assisting smaller businesses on recruitment, marketing and business development.

Education links

It has also helped local schools with members acting as unpaid tutors and helped students with interviews (Cockshut Hill School). Engineering companies have donated equipment to local schools – seen as a way of developing good relations with potential recruits for local companies.

Business benefits

Members identify a number of benefits that arise from being a part of the Group. By being a member of the Group small local **businesses can make themselves heard**. Thus, it has been important to engage as one body with the Regional Development Agency, Birmingham City Council, Railtrack, etc when it comes to securing new investment in the road network. There are encouraging signs that there will be real improvements in the future. In early February 2003 the Group was able to meet with the local MP, MEP, RDA and City Council to discuss the next steps that should be taken in getting the bridge replaced. There are also discussions taking place between members of the Group and the Council relating to weight restrictions on the bridge. It is argued by local business that the area will not attract new investment unless it is accessible. There is land in the area for new business and expansion of existing business but it needs new investment to provide access and money spent on reclamation and the like. Many of the members of the Group know this and want to act collectively to allow the area to realise its potential.

Statistics assembled by the Group from Business Link sources show that members of the Group are four times **more likely to take up business support measures** than other companies in the region. This is felt to be a reflection of the Group's actions to promote awareness of what is on offer (although it is likely that some members of the group are more likely to take note of such things anyway as evidenced by their desire to establish and be a part of the Group).

There are examples of members of the Group **cooperating in business ventures** and membership of the Group appears to have been of some use in helping companies to identify joint business opportunities.

³ This is part of the Employer Training Pilot programme funded by the Learning and Skills Council. It offers smaller companies wage compensation in return for releasing staff to train to achieve a basic skills qualification or vocationally related qualification at NVQ Level 2 or equivalent.

The Tyseley Business Action Group is reckoned by the Birmingham Chamber/Business Link to be one of the most active and productive of several business groups active in regeneration areas in the City of Birmingham.

In the future

The Group will continue to engage small businesses and the local community. The Group is part of the Neighbourhood Action Forum. The seminar series will continue and be part of a process of helping local business to be competitive and adopt best practice in relation to employment law, training and the like. There is a keen desire to help local people to get local jobs. A Recruitment and Selection Programme is seen as an important initiative and there is scope to build on the experience of members of the Group who have expertise in this respect including two local Employment Resource Centres (these are essentially local employment agencies who are members of the Group) The value of links with FE colleges and training providers is recognised and there is a need to ensure that there are good feedback loops between local training providers and the local companies. At the moment these links are more informal building through seminars and the like. The Group can help facilitate such links.

The Group also helps by informing members about business support and related opportunities. The Group seems to have established itself as a valuable resource in the local area and its future looks promising since it has demonstrated its worth to its members and benefits to the local community (eg, through the links with schools). Its running costs are minimal and yet it contributes something very real to local business and local people. There are strong arguments for the Group acquiring further resources so that it could support a paid Secretary function.

Lessons

The Tyseley Business Action Group has been effective because it has been built from the 'bottom-up' in the local business community. It evolved because of the perception on the part of local business that they needed a body with which to engage government and other parties that affected the business competitiveness and quality of life of the local area. As such it has been able to:

- provide a collective voice and thus had more scope to influence than individual companies could have on their own;
- be effective because it is very much run by business for business;
- provide events and networking opportunities that are the basis for member companies to get to know and trust each other; and
- demonstrate to businesses and public agencies (City Council, AWM, etc) that there is value in having a membership-based body in a regeneration area with which they can relate that provides a single focus for consultation and engagement.

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11. WestQuay

Key features

- Targeted recruitment and training service orchestrated by developers.
- Activities to attract recruits from disadvantaged parts of the city.
- personal development and pre-recruitment training.
- Critical to successful development of the WestQuay shopping centre, which has helped move Southampton up the national retailing table.
- Partnership with tenant retailers, Southampton City Council, government agencies, Southampton City College and Jobcentre Plus.

What was the stimulus for Hammerson, the developers?

Hammerson Properties UK plc are a leading developer and asset manager of shopping centres with interests including The Bullring (Birmingham), The Oracle (Reading), Brent Cross and The Shires, Leicester.

One of Hammerson's major concerns is recruitment of enough people of the right calibre to jobs from the construction phase through to shop workers and ancillary services. Numbers can be significant – 3,000 in the Oracle and 7,000 (forecast) at the Bullring. If retail tenants cannot fill job vacancies, they are likely to suffer lower sales volumes and profits than expected which adversely affects Hammerson's rental income.

WestQuay Shopping Centre Ltd

- WestQuay is a major shopping centre in Southampton. It opened in September 2000.
- 50/50 joint venture between Hammerson Properties UK plc (Hammerson) and Barclays Bank plc. Hammerson were the developers, and now manage the centre.
- 74,500 m² of retail on two levels, catering level, 4,000 car parking spaces.
- Anchor tenants John Lewis and Marks & Spencer; over 80 other tenants, e.g., Gap, Waterstone, Waitrose.
- Over 3,500 jobs, including c. 750 relocating with John Lewis.

Location

- Land previously used for dockside factories and warehousing.
- Easy access direct from motorways to parking.
- 500,000 people within 20 minutes drive time; 2m within 45 minutes, with £2.32bn annual spending power.
- Located near deprived Bargate and St Luke's residential areas.

A readily available local labour force is crucial for most retail and catering employers as wage levels do not support high travel costs. Early/late shift and night workers in particular prefer short travel to work times and easy journeys.

Hammerson seek to integrate their centres into the locality, gaining support from existing business and communities. They recognise the need to address established retailers' concerns (eg, that incomers will cause wage inflation locally, or will poach staff), and set out to ensure that local employment and wage balances are not upset.

At an early stage Hammerson sets up regular meetings with its public sector partners to keep them informed of progress and address concerns. The company believes this facilitates the development of other partnerships, including those addressing employment issues, and contributes towards a positive corporate image. It has a long term strategy of investing in partnerships that work effectively, including commissioning a study to explore strengths and weaknesses of their relationships with key stakeholders on The Oracle and identify areas for improvement. Later, research with similar stakeholders at WestQuay indicated that Hammerson had successfully tackled similar issues. Their future developments, eg, The Bullring, will be able to build on this experience, and 'hit the ground running'.

Employment issues – Southampton & WestQuay

Southampton City Council included an agreement under the Town and Country Planning Act (Section 106) in its planning permission for the WestQuay development which required the developer to make financial contributions to work linked to the site, eg, new road links, and vocational training aimed at local people living in deprived areas.

Having experienced issues in a labour market with low unemployment at The Oracle development, Hammerson was keen that the budget be earmarked specifically for recruitment and training for WestQuay. Rather than considering Section 106 a burden, Hammerson view it positively:

- ensuring that some of the workforce is recruited from unemployed people rather than from the existing pool of skilled labour, reduces the risk to existing businesses;
- the development could have been jeopardised if the local retail and hospitality skills shortages were not addressed: Section 106 required partners to contribute to training; and
- they believe their commitment to Section 106 requirements helped convince local partners that Hammerson takes training and recruitment issues seriously and increased the company's goodwill.

Section 106 funding of approx £1.4m was divided into £1m roads and archaeology, £0.4m training:

- free recruitment and training service for retail employers;
- childcare costs for trainees; and
- some pre-recruitment training (described further below)

Retail recruitment

Hammerson were keen to discuss outreach, training and recruitment for WestQuay at an early stage, in order to set up a partnership-based programme. With high-level commitment within partner organisations, a dedicated project team was formed from Hammerson, the Employment Service (now Jobcentre Plus), Southampton City College and Southampton City Council, led by a dedicated manager, who formed part of the WestQuay on-site team.

Outreach: A bus used during The Oracle recruitment exercise was brought to Southampton from Reading and redecorated in a 'WestQuay' livery. Following liaison with community groups, black and minority ethnic communities, the bus (staffed by project staff) was sent to car parks, schools, community centres, etc, in areas of relatively high levels of unemployment and deprivation. Staff registered jobseekers' interest, collected data for the WestQuay skills register, and gave information about the free training available for work in retail or hospitality at WestQuay.

Section 106 funding met the costs of the project co-ordinator, two project staff, data input staff and the coordinator for the **college-based training** for around 300 local people. This included:

- Personal Development Programme (3.5 days) for people with low self-esteem and behavioural problems (S106 funded);
- short pre-recruitment courses, eg, customer care, funded through Further Education Funding Council (FEFC, now Learning and Skills Council); and
- retail training (mainly Customer service) to NVQ levels 2 and 3 – (FEFC funded).

Six months before WestQuay opened, the bus returned to the same areas as a **mobile recruitment centre**. Staff took applications from residents looking for employment at WestQuay and created a database of potential employees. With over 3,000 vacancies to be filled in a tight timescale, this could only be done with a 24-hour data input service.

Skills matching⁴: Hammerson contacted tenants about the local recruitment and training and skills matching service⁵. It was promoted to retailers as a

service they were paying for through their rents, therefore they might as well try it. Hammerson played a crucial role as 'trusted broker', acting as a one-stop-shop for incoming employers. As landlord, they were able to obtain confidential information vital to the success of the WestQuay partners' job matching scheme: numbers staff of required, job specifications, and timing of vacancies. Only two retailers of over 80 needed to advertise for employees.

The Employment Service (now Jobcentre Plus) continues to manage a WestQuay job matching service which is offered to other retailers throughout city: *"there is a huge impetus to keep the recruitment going. There are usually 50 full-time and 40 part-time vacancies at WestQuay at any one time. This is not something that stops on opening day"*. Staff turnover of around 10% mainly reflects individuals moving between outlets in the centre for promotion, higher pay, or improved benefits.

WestQuay tenants are 'wired up', along with Jobcentre Plus and the police, with customer information points throughout the centre.

WestQuay Intranet System

- Real-time details of job vacancies and staff changes.
- Links retailers with each other, the centre's hub (including matching service) and police.
- Gathers daily sales information.
- Real-time transport information.
- Enables communication to all retailers simultaneously, eg, sending out security alerts

Customer Information Points

- Interactive touch-screen computerised information points throughout the centre.
- All job vacancies in the centre (retail, security, etc – full and part-time).
- Public transport timetables.
- City-wide leisure activities.
- In-store offers.

⁴ The Programme co-ordinator and Hammerson staff involved in job-matching and co-ordination were initially funded out of Section 106 monies.

⁵ operated by the Employment Service who matched retailers' requirements to the skills of a choice of job applicants on the database.

Business benefits

- Local pool of well-trained employees encouraged 'quality' retailers to WestQuay.
- Job matching scheme saves tenants recruitment costs (eg, agency fees) and time.
- Adequate staffing levels help ensure customer satisfaction and spend, and directly benefiting Hammerson's rental income. In the first 9 months of 2002, consumer spending at WestQuay rose 10%, compared to 4% nationally.
- Evidence jobs in retail are now seen as a 'proper' job, offering opportunities for career progression: some employees moved from office jobs to WestQuay.
- Southampton has moved from 27th in Experian's UK retail rankings⁶ in 2000 (the year WestQuay opened) to 13th in 2001 and 7th in 2002.
- Knock-on benefits to other businesses in Southampton include higher theatre ticket sales, and higher than expected take-up at new sports facilities.
- Experience upon which Hammerson can capitalise in other developments, eg, the Bull Ring, Birmingham, when working with public sector partners and attracting tenants.

Lessons

- Earmarking funding for outreach, recruitment and training helps by:
 - demonstrating credibility, eg, to planning authorities;
 - facilitating the building of partnerships with other agencies, eg, FE, Jobcentre Plus to give a 'joined up' service to employee and employer customers; and
 - assisting marketing the development to retail and catering tenants who might otherwise be concerned about the lack of suitably qualified local staff.
- Hammerson's role as one-stop-shop for employers crucial for gaining confidential information for the recruitment and training partnership.
 - contact made at an appropriate level and correct time; and

- ensuring employers are not confused/put off when contacted at different levels by a variety of local agencies.
- The database of job applicants and vacancies **must be** kept up-to-date for the matching service to work effectively and efficiently, and gain the confidence of job seekers and tenants.
- The common recruitment process supports smooth, effective day-to-day management at the centre.

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⁶ based on an index of retail 'vitality'.

12. West Bromwich Building Society

Key features

- Organisational strategy – as a mutual society – recognises the importance of assisting the local community and encouraging a healthy local economy.
- Strong business case for diversity, mainstreamed through human resource and marketing policies.
- Development of financial products sensitive to the needs of customers from black and minority ethnic communities, and use of imaginative marketing methods in reaching their communities (many located in disadvantaged parts of the Black Country and wider Midlands).
- Recruitment of a workforce that mirrors the local ethnic profile, and staff development to ensure sensitivity to customer needs.

- Policy to develop staff with talent from a diversity of backgrounds, supported by structured training, coaching, mentoring and personal development programmes.
- High levels of customer satisfaction, substantial business growth, and respect in local communities.

What was the stimulus for West Bromwich Building Society?

The West Bromwich as a building society places considerable emphasis on its mutual status. Assisting the local community (including young people and black and minority ethnic groups) and encouraging a healthy local economy are aims that are seen as central to this. The Society emphasises its core

About West Bromwich Building Society

- Mutual society, formed in 1849 in a Wesleyan schoolroom in West Bromwich.
- One of the UK's largest building societies, ranking 9th on the basis of its asset base.
- Strong commitment to its mutual status and returning value back to its members many of whom live in the Black Country.
- Employs over 800 people, almost all in the Midlands and particularly the Black Country where it has its Principal Office, a number of branch offices and a contact centre.
- Chief Executive is West Midlands Chair of Business in the Community's Race for Opportunity Campaign and the Society places particular emphasis on promoting race equality.

Location

Principal Office and call centre in West Bromwich town centre, with branches throughout the Black Country and across the Midlands. The Black Country contains many socially deprived communities and has suffered very badly over the last thirty years from the decline of the traditional industrial base. The ability of the people and thus of the area to adjust to better times is limited by low levels of educational attainment and skills.

values as 'value for money products and services, tangible loyalty benefits, exceptional security for investors, fair and honest dealings, friendly, enjoyable service, and local community support'.

The key operational areas where there is the most evidence of a concerted attempt to orientate business activities to meet the needs of local communities are human resources and marketing. 'Drawing on Diversity' is a central theme with an emphasis on breaking down barriers that impede the progress of an individual whether it be race, sex, class, disability, gender, age or religion.

Inclusion is also seen as an important part of marketing given the ethnically diverse population in West Bromwich and surrounding areas. The Society was placed 4th out of 99 in a recent national survey to see how far organisations are engaging with black and minority ethnic communities⁷. Examples of the West Bromwich approach that were rated highly were:

- engaging a workforce that mirrors the local ethnic profile;
- a desire to recruit and retain staff with talent from diverse communities;
- imaginative marketing methods in reaching black and minority ethnic communities; and
- developing products and staff that are sensitive to customers from black and minority ethnic communities ('Trail Blazers for West Bromwich').

If these objectives are to be achieved it is essential that there be good leadership and that the mission be reflected throughout the organisation from the top down. The Building Society's Chief Executive, Andrew Messenger has been tireless in encouraging racial equality throughout the organisation. He is Chairman of Race for Opportunity in the West Midlands and stated recently, 'Together with other organisations in the West Midlands I believe Race for Opportunity can help point the way on how we

can all succeed in making racial equality really matter'. The Chief Executive promotes racial equality amongst business in the West Midlands including the business case as well as the ethical viewpoint.

What has West Bromwich Building Society done?

Strategies for marketing to black and minority ethnic communities

The Marketing Division works with other parts of the business through an Ethnic Working Group to provide products and services and to develop campaigns that deliver these to black and minority ethnic (BME) communities. In the West Midlands, BME communities are growing relatively quickly and have high proportions in younger age groups who are likely to need house-related financial services in the years ahead.

As part of the marketing campaign to local BME groups the West Bromwich Building Society supports Radio XL, the local Asian radio station. Richard Purser, Relationship Marketing Manager said, 'As a society that operates mainly in the Midlands, experiencing fast growing [black and minority] ethnic communities, we recognise that this marketing segment is very important to our business'. He has been able to coordinate involvement across the Society with black and minority ethnic communities and marketing initiatives.

The marketing campaign with Radio XL was developed by staff based at the West Smethwick branch of the Society that had a high black and minority ethnic population in its catchment area. Discussions with Radio XL on other opportunities led to the Society sponsoring a programme that involved staff from the Society talking on the radio about products, services and community support in their own language. The first show, in December 2000, featured Saroj Williams, Branch Manager at West Smethwick branch talking about the home

⁷ The study, 'Race: Creating Business Value' was undertaken for Race for Opportunity (RfO), a national campaign initiated by Business in the Community that seeks to promote the needs of ethnic communities.

buying process, and then responding to calls from listeners. Before the show she had media coaching from Brian Seymour-Smith, the Societies PR Manager. The first show which had originally been intended as a ten minute interview between her and the show's presenter, developed into a one and a half hour telephone phone-in.

The black and minority ethnic-friendly focus of the Society is reflected in the activities of the newly opened call centre where a diverse range of language skills are deployed that enable marketing to black and minority ethnic communities across the full range of financial services including investments, mortgages, job search and how to write a CV. Other subjects that have been the subject of the programme to stimulate phone-in activity have included:

- a career promotion campaign ('what's it like to be') that involved West Bromwich staff discussing jobs like call centre agents and branch management. (Business benefits have appeared in enhanced recruitment to the relevant posts);
- looking after friends and family back home (Global Money Transfer: a product for customers wanting to transfer money to relatives in the Caribbean, Africa and India);
- how to cope with financial arrears; and
- Race for Opportunity and involvement in the community. This involved Chief Executive Andrew Messenger.

The local radio approach was so successful that it led to another such venture in Leicester with Sabras Sound.

The advertising campaign targeted on BME communities has been tailored to reflect a number of elements but a central feature throughout has been the desire to involve staff within the organisation from a range of different backgrounds.

The promotional campaign to black and minority ethnic communities has evolved through a number of stages that have involved the radio campaign alongside the use of a specialist BME agency based in the community. This agency developed the original advertising brief to evolve a story line. The experience of the Society is that customers go into branches and ask to talk to the staff that have featured on the radio programmes or mention specific features of the programmes.

The radio campaign has been supported by:

- Product posters and leaflets posted to households where community languages are spoken including Punjabi, Hindi, Urdu, Gujarati and Bengali. Particular effort has been devoted to tailoring content to reflect specific black and minority ethnic issues with the work often being undertaken by local BME-owned companies and field checked by local households to ensure that the resulting product has a 'community feel'.
- The Society has developed a database of the community languages spoken by staff and all languages are reflected in the literature that is available.
- A data analysis of the characteristics of black and minority ethnic customers with accounts at each branch in relation to the languages they speak and ethnic origin in the relevant catchment areas. Local staffing schedules in the branches are matched with the community profile so that the appropriate language skills are present. In a similar vein, the call centre operators are manned by staff with community languages.
- A programme of developing customer incentives like tickets to watch Sri Lanka play India at Edgbaston.
- Radio roadshows at branches with a high concentration of black and minority ethnic residents.
- Attendance at local community events and in-branch displays, eg, to celebrate Diwali.

Staff in certain parts of the organisation that are based in branches with a high black and minority ethnic concentration in the catchment area have been given the opportunity to take classes in Punjabi at Sandwell college. Other staffs have developed skills through conversation with their colleagues on the counter. Thus, Alexandria, Assistant Branch Manager, commented, "I can understand what customers are saying to me and am able to give basic responses, not just talk through usual greetings. If I hear a word I don't know, then I will ask colleagues what is being said. I find it easy to pick up languages, and the customer reaction is brilliant". In another example, Gurjit from the West Bromwich contact centre built upon lessons received in Punjabi at school and is now using the skills again to 'sense-check' translations that have been made from conversations with members of the public whose first language is not English. She has featured on the radio campaign. She commented, "My family are very proud of hearing me on the radio, and we have had long lost friends contacting them again as a result".

Business benefits

The society has undertaken a cost-benefit analysis of the advertising and phone-in campaign tailored to meet the needs of the black and minority ethnic communities and whilst much of the detail is commercially confidential the evidence points to a **significant marketing impact**. It is also of note that **teamwork and morale amongst the staff** involved has been regarded as excellent. Many staff felt that they had gained considerable career development as a result of the various aspects of the work and examples were given by staff that included an improvement in their ability to engage with the public and thus advance their career prospects. Moreover, the Society currently has 17% of its staff from black and minority ethnic communities and is seen as an employer of choice with some 25% of new recruits coming from these communities. The equivalent figure was 15% two years ago. The initiative continues and in particular there are now plans to develop databases so that the first language

of 75% of customers by branch can be accessed. Branches develop individual marketing plans based on local needs, supported by key central management staff, and include in these plans a range of specific black and minority ethnic activities.

Feedback on the Society's policies has been extremely positive including praise in relation to engaging black and minority ethnic communities from the MP for West Bromwich in the House of Commons, a visit by a MP to the East Smethwick Jobcentre to try out the Global Money Transfer service; local press coverage; and, perhaps one of the most encouraging of all, requests from competitors to benchmark their activities.

Other benefits have included **staff benefiting from developing their media abilities** and receipt of **business awards** that include Midlands Excellence Awards 2001 – Large Company Award. The Society has also gained national recognition, sharing first place with Barclays plc in the Business In the Community Awards for Excellence (Diversity).

In the future

The Society believes that assisting the local community and encouraging a healthy local economy are actions that reinforce the goals of the Society. Moreover, as the evidence suggests there is a very strong business case for companies involved in the provision of financial services to address factors that influence financial exclusion. The Society has sought to ensure that its recruitment policies reflect the ethnic diversity of the local labour markets from which it recruits. It has also put in place a number of measures that improve access to its products including catering for the first language of local residents. The success of the Society in both its recruitment and marketing policies has led it to consider extending its initiatives further. In order to do this it recognises the need to build databases that will enable it to target its human resource and marketing actions in the future, as well as engage specialist resources that can advise about how best to meet the needs of local black and minority ethnic groups.

Lessons

Key lessons are:

- Investment in training staff (eg, in language and customer service skills) to meet the needs of particular black and minority ethnic groups has brought dividends for WBBS.
- Investigate the factors behind labour market and financial exclusion, including influences of language and culture. Use this knowledge in developing appropriate policies and services which are tailored to specific needs.
- Local radio can be a very effective mechanism for reaching black and minority ethnic groups.
- It is important to adopt an incremental approach that enables key lessons to be learned and thus strategies to be modified accordingly.

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Published by the Office of the Deputy Prime Minister.
Printed in the UK, May 2003 on paper comprising 75%
post consumer waste 25% ECF pulp.

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Product code: 03NRU01175/3

