



OFFICE OF THE
DEPUTY PRIME MINISTER

Research Summary 6

Changing Practices

A good practice guide for businesses
locating in deprived areas

Challenges for businesses and communities

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.

'Changing Practices: a good practice guide for businesses locating in deprived areas' is a guide for businesses and their local partners (public agencies and local

communities), highlighting successful approaches, pitfalls and lessons. 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.



Neighbourhood
Renewal Unit

BRITISH RETAIL CONSORTIUM

Driving forces

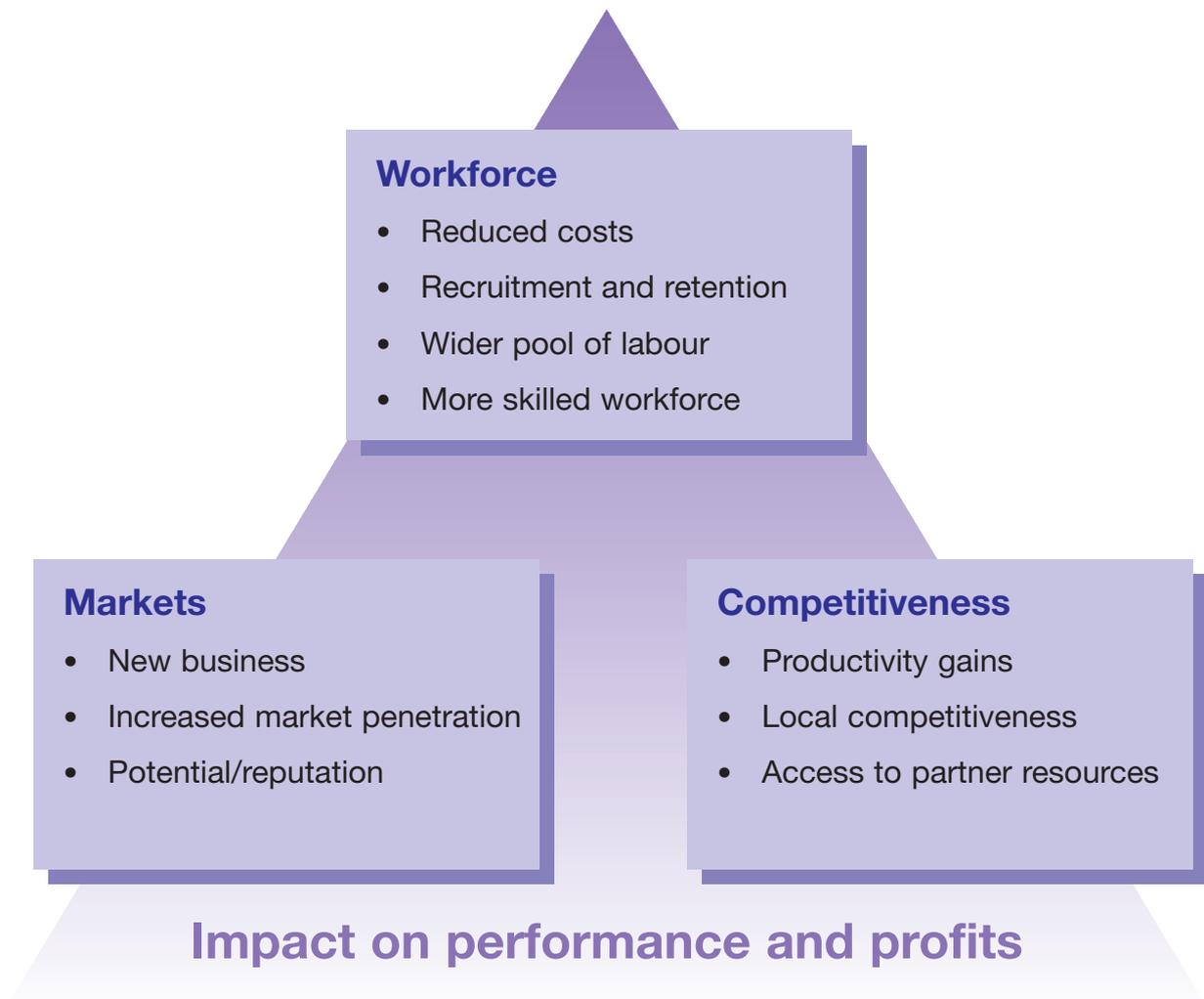
The case studies demonstrate a range of motivations behind the actions that the featured companies have taken. The key driving forces were the needs to:

- 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.

Benefits for companies

The case studies illustrate direct and indirect benefits that the companies have realised, affecting their bottom line in the short or longer term. These include:

- **cost savings**, as a result of reduced staff turnover, less use of agency labour, and reduced pressure on wages through employing less qualified recruits and training them for more demanding work;
- **access to new sources of recruits** who have the potential aptitude and attitude to meet employer requirements – even if not much by way of paper qualifications;
- **new business opportunities** (eg, in financial services for black and minority ethnic communities);
- **more buoyant local markets**, as a consequence of successful local regeneration and increased local spending power;



- **increased productivity** through better use of labour and fewer skill shortages;
- **improved area competitiveness**, where businesses group together to influence spending decisions of public agencies (eg, on transport infrastructure and access); and
- **improved access to partner resources**, including business support and training measures.

There can also be personal satisfaction to be gained from helping to overcome challenges for communities in deprived areas, through providing more and better jobs, improving skills and career development opportunities, and overcoming barriers which prevent individuals from reaching their potential in work.

ASAS plc

Challenge:

- Overcoming IT sector skill shortages.

Response:

- Job redesign;
- Recruitment of unemployed people to entry-level jobs.

Benefits:

- Reduced operating costs; technicians freed for more profitable work.

B&Q Warehouse, Bolton

Challenge:

- Lack of interest in B&Q jobs amongst local minority ethnic population.

Response:

- Work with Bolton Council to bring in local community leaders.
- Special promotion of jobs and retail careers.

Benefits:

- Workforce much more representative of the local population and better able to respond to customer needs.

What did the companies do?

The case study companies gained as a result of their actions in:

Overcoming skill shortages

- targeting deprived areas as a source of recruits for new developments;
- reappraising recruitment policy and job specifications to ensure the best use of existing workers and new recruits;
- reaching out through community organisations to attract recruits from disadvantaged areas and guaranteeing jobs to candidates who complete their pre-recruitment training; and
- working with local authorities, Jobcentres, and training providers to ensure a smooth recruitment processes.

Improving productivity

- introducing a flexible, family-friendly working culture through mentoring and training.

Developing their staff

- using local projects and involvement in the local community to build reputation, develop staff and engender local pride in the company;
- investing in skills needed for flexible working and supervising entry-level recruits who may have difficulty settling into the new job; and
- using structured training, coaching, mentoring and personal development programmes, open to all staff, regardless of background and prior qualifications.

Strengthening their markets

- building customer loyalty through employing a diverse workforce that mirrors their customer base;
- tailoring services that meet the needs of customers living in regeneration areas, including using imaginative marketing methods to reach black and minority ethnic communities; and
- building reputation and developed relationships with potential public and voluntary sector customers through community projects and partnerships, leading to new business.

Integra (Brighton) Ltd

Challenge:

- Developing a distinctive market niche as a construction company.

Response:

- Use of community projects to demonstrate local commitment and provide cost-effective means of developing staff skills.

Benefits

- New business; loyal staff; and local recognition (eg, as winner of Community Mark award).

MTM Products Ltd

Challenge:

- Business turnaround.

Response:

- Multi-skilling and flexible working.

Benefits:

- Productivity gains and strengthened market position.
- Staff loyalty.

Gaining collaborative advantage

- seeking to solve specific problems (eg, road access and skill shortages) or grow markets by collaborating with other companies in innovative ways; and
- working with public and community sector partners to increase job-readiness amongst potential recruits, help with their transition from welfare to work and overcome barriers to employment like childcare.

Key Messages

To make sure of these benefits, several critical success factors have emerged from during the project. These are:

For businesses

Think strategically beyond the short term

Maximum advantage can be gained from operating in deprived areas when you have vision and are willing to revise your marketing, product development and human resource strategies. Be proactive: shape and manage change, rather than be a victim of circumstances.

Do your homework

If you are locating in a new area, find out about it. Get to its heart, the people who live there – and don't assume that that the recruits you want will beat a path to your door.

Listawood Ltd

Challenge:

- Recruiting and retaining staff in a sparsely populated rural area.

Response:

- Recruitment by aptitude and attitude.
- Investment in skills: 'growing staff from within'.

Benefits:

- Innovative culture.
- Rapid growth.
- Seen as a local 'employer of choice'.

Shopeasy

Challenge:

- declining trade for small retailers in regeneration areas.

Response:

- development of a Symbol Group, linked to a wholesaler of ethnic foods.
- retail management training and consultancy programme.

Benefits:

- improved quality of local shopping.
- inroads in competing with superstores.

“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, MD, MTM Products

“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

Understand the particular problems and assets of the area and adjust operations accordingly.

Be alert to business opportunities in disadvantaged areas – case study companies have made the most of these.

Build local relationships and networks.

Identify who in the local community can help you achieve what you want to achieve. These may be key individuals in the local authority, Jobcentre Plus, regeneration partnership, trades unions or community organisations.

Invest time in building relationships where you can see the mutual benefit, and pay attention to the needs and concerns within the community.

If you are looking to expand, get the local community on board. This will become all the more important with the current reform of planning powers, where the onus will be on the developer to address local objections and win local support in securing planning permission.

“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 a difference.”

Claire Marchant, HR Adviser, B&Q plc

Time spent developing relationships with public sector partners can open doors and create new opportunities – and lead to new business.

Local partners can help you recruit people from parts of the community you might not otherwise reach and provide help and support for recruits making the transition from being out of work to permanent employment. There are many resources which companies can tap (eg, through FE colleges, Jobcentre Plus, local Learning and Skills Councils, local authorities, and employment and training projects).

Stansted Airport Ltd

Challenge:

- Managing recruitment needs in a period of rapid expansion.

Response:

- Strategic alliance with on-site airport employers to tackle recruitment needs together.
- Links to training projects in renewal areas in North London.
- Transport strategy to ease travel to work and reduce costs for staff.

Benefits:

- Reduced costs on recruitment and staff turnover; more diverse workforce.

Take a fresh look at recruitment, training and working practices.

Seek alternative solutions and think outside the box. Look to disadvantaged groups in the labour market as a source of solution to staffing issues. Recruit for aptitude and potential *and* ensure that this is backed up by effective staff development practices. You may benefit from asking:

- Have we looked hard at our job functions to ensure that existing staff are not over-skilled for tasks they perform?
- Could entry-level trainees carry out operational tasks performed by more skilled staff such as technicians?

- Are there any unnecessary barriers to applicants? For example, do you ask for a degree when there is no need for this?
- Do we have effective induction and training to get staff up to speed quickly?
- Do we invest enough time and effort in training disadvantaged recruits?
- Are we making the most of flexible working practices, in improving company productivity and meeting employee needs?
- getting the right people round the table, each with a particular part to play. And where smaller businesses are to be involved, make sure they are engaged from the beginning; and
- challenging other employers. Put the business case as to why they should get involved in regeneration and skills partnerships.

“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, ASAS plc

Address internal barriers to change

- Provide leadership within the company to drive the changes needed for success.
- Identify and address training needs amongst existing staff: for instance, those who have responsibility for managing previously unemployed trainees and, more widely, in managing diversity issues.
- Focus on ways of embedding new approaches within company practices.
- Tackle sources of resistance within the company culture.

Collaborate for clout

Seek collaborative advantage: the case study companies have been able to do things which they would not have otherwise been able to do, or not so fully or quickly, by:

- investing time in setting up partnerships – needed to overcome suspicion and build trust;
- working out the ‘partner equation’ to ensure that the benefits to each individual partner stack up – essential to ensuring commitment on the part of all partners;
- identifying the concerns of stakeholders and potential partners – and doing this early;

Tesco plc, Alloa

Challenge:

- Ensuring early returns from a new retail store in a disadvantaged area.

Response:

- Recruitment partnership with local agencies.
- Pre-recruitment training and job guarantees.

Benefits:

- Recruits quickly up to speed; low staff turnover.

Tyseley Business Action Group

Challenge:

- Developing a business voice to improve local infrastructure and competitiveness.

Response:

- Lobbying.
- Business training to meet member company needs.

Benefits

- Influence over plans of public sector partners, and better access to their services.
- Networking and business ideas.

“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”

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

For local communities/partners

There are messages too in the Guide for public agencies and local communities.

Understand what matters to business.

- Understand where businesses are coming from: what drives decisions to adapt their business practices and develop new approaches. Appreciate their concerns relating to the local operating environment (eg, about road access, skills and crime).
- Take services to the businesses you want to assist. Publicise how you can help, in ways that will appeal to business. Don't assume they'll come to you.

Seek business leadership and support business collaborations.

- Business leadership is crucial to credibility. Invest time in building relationships and respond positively to initiatives led and supported by the business community. Support for these can lead to other things.
- Make it easy and rewarding for business to engage in regeneration and skills partnerships.

Go the extra mile.

Going the extra mile can be the key to success, delivering results for businesses, jobseekers and communities alike. This means being flexible and responsive to the needs of local business and being prepared to adapt how services are delivered.

West Bromwich Building Society

Challenge:

- Developing markets amongst black and minority ethnic communities.

Response:

- Embracing diversity as a critical success factor.
- Imaginative marketing, recruitment and staff development policies.

Benefits:

- Profitable business growth.

WestQuay

Challenge:

- Ensuring that a major new shopping centre opened on time with trained staff.

Response:

- Targeted recruitment service on behalf of all centre tenants.
- Partnership with local agencies and outreach to disadvantaged communities.

Benefits

- Successful establishment of WestQuay, helping Southampton jump up the retailing league table.

Read the Good Practice Guide, '**Changing Practices: A Good Practice Guide for Businesses Locating in Deprived Areas**', to learn more about what companies have done and why, the benefits they have gained, and the lessons that emerge from their experience. It also provides signposts to sources of information and advice.

If you want to find out more in detail about the individual case studies, use the table below and delve into the separate volume of case studies, or access the on-line versions on Renewal.net (www.renewal.net).

If you are interested in...

...follow up the case study:

| | | | |
|--|-----------|---|--|
| ...solving recruitment problems | ▶ GO TO ▶ | <ul style="list-style-type: none">• ASAS plc• Listawood Ltd• Stansted Airport Ltd | <ul style="list-style-type: none">• Tesco plc• WestQuay |
| ...recruiting people and developing markets in diverse communities | ▶ GO TO ▶ | <ul style="list-style-type: none">• B&Q | <ul style="list-style-type: none">• West Bromwich Building Society |
| ...developing and making better use of your staff | ▶ GO TO ▶ | <ul style="list-style-type: none">• ASAS plc• Integra (Brighton) Ltd | <ul style="list-style-type: none">• Listawood Ltd• MTM Products Ltd |
| ...getting major developments off to a successful start | ▶ GO TO ▶ | <ul style="list-style-type: none">• Stansted Airport Ltd• Tesco plc | <ul style="list-style-type: none">• WestQuay |
| ...establishing new operations in disadvantaged areas | ▶ GO TO ▶ | <ul style="list-style-type: none">• B&Q plc• Morning Noon and Night Ltd | <ul style="list-style-type: none">• Tesco plc• West Bromwich Building Society |
| ...making the most of what businesses can do together | ▶ GO TO ▶ | <ul style="list-style-type: none">• Shopeasy | <ul style="list-style-type: none">• Tyseley Business Action Group |
| ...benefiting from local partner resources | ▶ GO TO ▶ | <ul style="list-style-type: none">• ASAS plc• B&Q plc• Integra Ltd• Morning Noon and Night Ltd | <ul style="list-style-type: none">• Shopeasy• Stansted Airport Ltd• Tesco• Tyseley BAG• WestQuay |

Copies of the full Good Practice Guide and Volume of Case Studies are available from:

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