

## ANALYSIS

People make the difference in retail  
— **Manfreda Cavazza** looks at how  
companies bring out the best

# Amazing company cultures delivering retail success

**R**etailers are in constant competition to attract the best talent. What underpins good financial performance in the industry is not just product or price, but often people.

However, the young professionals of today are increasingly driven by ethics and morals. They frequently want to work for companies that care. How can retailers create the right, values-driven culture that will lure the best workforce?

## People are the brand

AO World founder and chief executive John Roberts has often said that the company's culture is central to its strategy for growth.

"If we grow to 20,000 or 30,000 staff in 10 or 15 years' time I want people to ask how we've maintained our culture. The answer will be that people have always been our biggest asset," he has said.

Andrew Kirkcaldy, AO World's HR and brand director, explains further: "Essentially we are just a logistics company delivering electrical goods. Anyone can deliver a product. It is how we do things that is different and what makes us stand out. Our people are our brand."

This approach has been a hit with customers. Although profits at AO World have been dented by start-up costs in Germany and the Netherlands, total revenues for the year to the end of March rose by 25.7% to £599.2m.

Kirkcaldy's dual role of recruitment combined with marketing is unusual, but is further proof of the importance the company places on its staff. AO World strives to be "caring, bold, driven, smart and fun", he says. People are hired and fired on these core values.

For example, workers in AO's call centres and delivery teams are encouraged to "be exceptional in the moments that matter". They are trained to treat every customer as if they were "your gran"



and to behave in a way that "would make your mum proud". There is no other script.

## More than just a salary

Jewellery retailer Beaverbrooks is another retailer that prides itself on being employee-centric. A family-owned business founded in 1919, it has been a fixture in *The Sunday Times* Best Companies to Work For list for 13 years.

At the centre of the retailer's culture is the notion of "enriching lives". That is done through charitable giving and by fostering a sense of community among its staff.

Beaverbrooks donates 20% of its post-tax profit to charity every year. Philanthropic initiatives include encouraging staff to take two days of paid leave to work for their community.

It is also one of the country's top supporters of

Workplace Giving, a government-sponsored scheme that allows staff to contribute to charities through their salaries. More than a third of employees have signed up, compared with the national average of 6%.

Chairman Mark Adlestone says the focus on charitable giving has engaged employees. "Being part of a family business that cares so much for its community is seen as really important," he says.

However, the idea of "enriching lives" clearly goes beyond charitable giving. "We strive to enrich the lives of our customers, our colleagues and even our suppliers. We want them to be profitable, we don't want to screw them to the ground," says Adlestone.

Both Adlestone and his chief executive Anna Blackburn spend a lot of time visiting shops, getting feedback from staff and communicating the company's values in small focus groups at the head office in Lancashire.

Blackburn says the point of the exercise is to give everyone a "voice" and make them feel they are more than "just a number". It is also important to act as a role model, she argues.

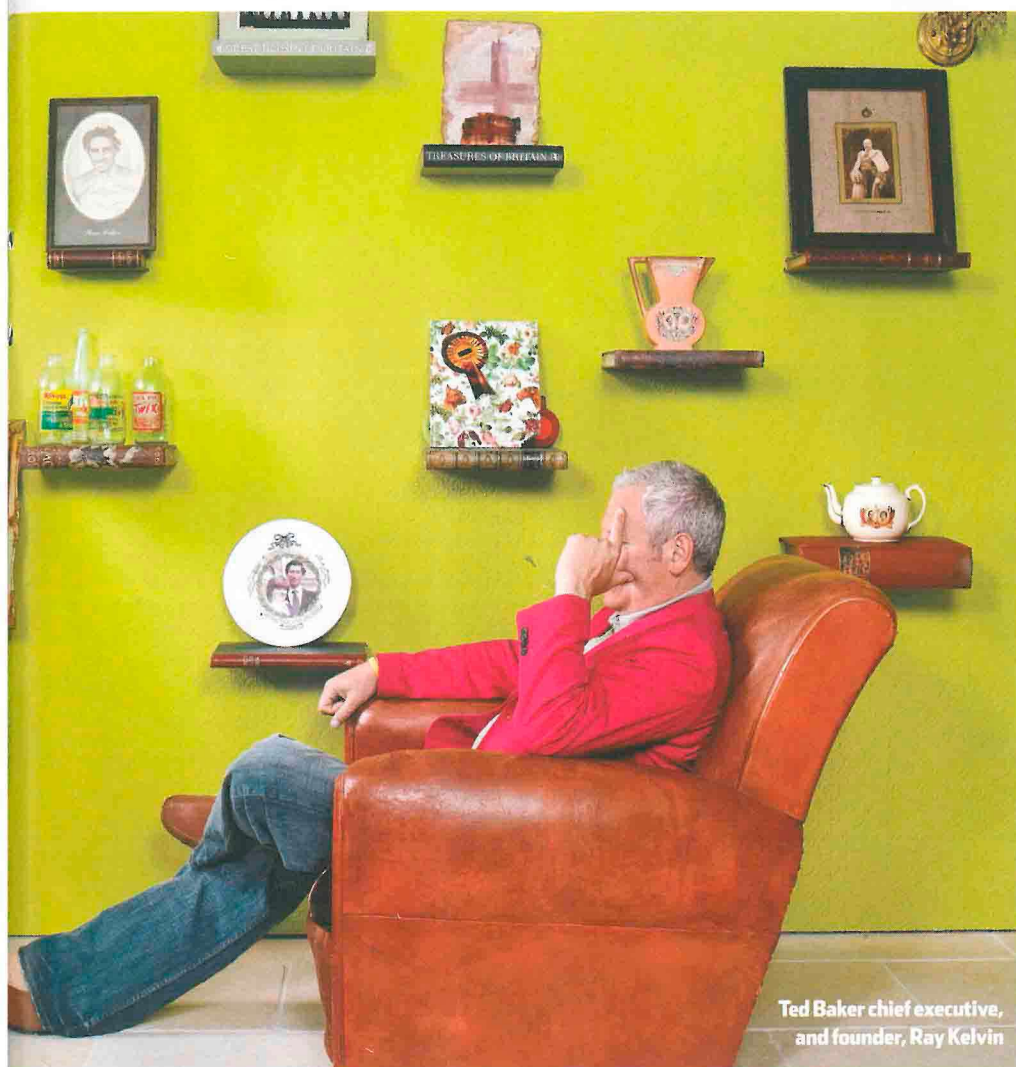
"A company's culture has to come from the top. Human Resources might have the best intentions when it comes to implementing sound business values, but if your CEO isn't on



**"A checkout assistant at Iceland was happier than a banker earning millions"**  
**Malcolm Walker, Iceland**



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Ted Baker chief executive, and founder, Ray Kelvin

**“People can copy our clothes but they can’t copy the way we think or the way we do things”**

## Ray Kelvin, Ted Baker

board it is never going to work.”

She adds: “Our people spend a lot of time at work. They need to enjoy their time here. It needs to be fun. But that doesn’t make us a soft, easygoing business. Our people work very hard. There is a clarity in terms of focus and drive.”

### A sense of respect

Fashion specialist Ted Baker would not be the brand it is were it not for its eccentric chief executive Ray Kelvin. As an individual, he goes out of his way to be different – and that is reflected inside the business.

“The company is founded on a strong sense of respect for one another,” says Kelvin. “I call it the hug culture. I am always hugging people: my staff, customers in our shops. I’m quite paternal.”

He admits this approach is not for everyone. However it stems from his belief that working together as a team is the best way forward.

“It’s not just about making more money. We look after each other, we care for our suppliers, always responding, always communicating. We set ourselves apart from the rest of the high street. People can copy our clothes but they can’t copy the way we think or the way we do things,” he says.

Kelvin is known for being hands on. He works in store most weekends, chatting to staff and shoppers about what is selling and what is not.

Coaching and people development is another area close to his heart. He calls it “Teducation”. Every three months, he sits down with each new member of staff and talks through the history of the business and where it is going.

Few chief executives have such a hold on maintaining company culture. Ted Baker’s recent 12.7 % surge in retail sales in the 19 weeks to June 11 is testament to the fact that this approach works.

### Dynamic leadership

Malcolm Walker, who famously brought frozen food chain Iceland back from the brink in 2005, is another example of a chief executive who embodies the culture of his business.

Although Iceland is struggling to compete against the onslaught of the discounters, spirits remain buoyant. Its 21,000 staffers are some of the happiest workers in the UK when it comes to pay, according to *The Sunday Times* Best Companies to Work For.

Walker finds that particular accolade amusing: “We got a higher score than Goldman Sachs. A checkout assistant at Iceland on a relatively low income was happier than a banker earning millions.

“The message is clear: there is more to your job than your pay package.”

Indeed, it seems Iceland’s major pull factor is its emphasis on fun.

Its annual conference is a highly raucous affair. On a number of occasions Walker has flown hundreds of managers to locations such as Disney World.

He has been known to dress up as Father Christmas during the festive season. There is a private Facebook group with more than 9,000 members – almost half of the workforce – and teams share ideas and experiences through this channel.

They also join forces for an annual charity week, raising a cool £1m for the Iceland Foods Charitable Foundation last year. His view is: “Happy staff make happy customers. And happy customers put cash in the tills.”

Walker says the reason Iceland struggled following his departure in January 2001 was simply down to culture. “It had become very formal, tough and demanding.”

Whether Iceland can continue to be the fun, dynamic business it has now become once Walker, who is 70, decides to retire is a moot point. “My plan is to be immortal,” he quips.

Personalities are important in retail. However it is the culture they create that will keep retailers in business.



Beaverbrooks chairman, Mark Adlestone