



## THE TIMES 100

### BUSINESS CASE STUDIES

#### Staff retention - Harrods

Harrods of London is a British institution. It is probably the most well-known and respected retail store in the world. For 162 years, Harrods has built its unique reputation supported by its key brand values: British; Luxury; Innovation; Sensation; Service. Harrods employs approximately 5,000 people from 86 different nationalities who deal with up to 100,000 customers a day at peak times. Harrods needs employees who can face the challenges that its reputation and standards bring. It needs people who are looking for an exciting and rewarding long-term career with responsibility and prospects. Its challenge is to find (and retain) employees with the right mix of skills and abilities, who can be developed to become the managers of the future.



Employee retention is important for businesses. A low employee turnover can keep recruitment costs down. It also ensures a skilled and experienced workforce. Employee development is beneficial for both the employee and the business. However, sometimes employees think that their new-found skills will enable them to gain a better job elsewhere. Harrods, therefore, has put in place strategies to keep its talented retail managers. It has found that employees who develop within the company tend to stay. Those brought in from outside are more likely to leave. Another vital part of retention for Harrods involves identifying the DNA (key factors) of great sales people. It then matches applicants to these factors. To reduce employee turnover Harrods has developed a better management structure, improved benefits and created initiatives which make Harrods a great place to work. Harrods has put in place a system of rewards and incentives. These include:

- an excellent package of employee benefits including good pay, employee discounts and a good working environment
- commission and sales bonuses for individuals and teams
- improved work schedules which help to give a better work-life balance.

Harrods stands out from its competitors by providing a wide variety of development opportunities for all employees. This means the business can recruit and retain good managers and maintain improvements in sales and business performance. Individuals' self-esteem and motivation is raised. Once a year, managers talk to employees about their progress and ambitions during appraisals. Employees then identify their personal development targets. High Potential programmes are concerned with succession planning. They are aimed at ensuring there is a strong pipeline of potential senior managers. The Harrods Management Programme develops ambitious and career-focused employees into a management role. Jessica joined the company after graduating with a degree in Art History. After just 3 years she is now a Harrods Retail Manager. She runs the Designer Collection sales floor, managing 26 employees and controlling a substantial budget.

Harrods also has systems to improve employee communications so that it can listen to feedback and address any issues. There is an Internal Communications department, regular performance assessment meetings and SMART targets for employees to reach. These initiatives have seen employee turnover fall from 51.4% in 2006 to 25% in November 2011.



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### Questions

1. What is staff retention?

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2. Calculate by how much labour turnover fell between 2006 and 2011.

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3. Explain the ways that Harrods works to retain its employees.

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4. Analyse why staff retention is important for organisations like Harrods.

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### Task

*Scenario* . a manufacturing firm has struggled recently with high staff turnover in the factory. The wage levels are similar to the competitors in the local area, with staff being paid an hourly rate. No other monetary incentives are offered by the firm. Supervisors and managers are usually recruited externally. There is only a small Personnel department at the firm which deals mainly with payroll functions.

*Task* . write a report to the senior managers, with a plan of how they can improve staff retention in the factory.

### What have you learned?

*Plenary pyramid* . Draw a triangle and divide it into three (top, middle and bottom). In the bottom third, write down three new things you have learned, in the middle section write two things you already knew but now know better, and in the top third write one thing you would like to know more about. Use the top third to guide your independent study.