



Research report
May 2014

Keeping culture, purpose and values at the heart of your SME



WORK



WORKFORCE



WORKPLACE

Championing better work and working lives

The CIPD's purpose is to **champion better work and working lives** by improving practices in people and organisation development, for the benefit of individuals, businesses, economies and society. Our research work plays a critical role – providing the content and credibility for us to drive practice, raise standards and offer advice, guidance and practical support to the profession. Our research also informs our advocacy and engagement with policy-makers and other opinion-formers on behalf of the profession we represent.

To increase our impact, in service of our purpose, we're focusing our research agenda on three core themes: the future of **work**, the diverse and changing nature of the **workforce**, and the culture and organisation of the **workplace**.

WORK

Our focus on work includes what work is and where, when and how work takes place, as well as trends and changes in skills and job needs, changing career patterns, global mobility, technological developments and new ways of working.



WORKFORCE

Our focus on the workforce includes demographics, generational shifts, attitudes and expectations, the changing skills base and trends in learning and education.

WORKPLACE

Our focus on the workplace includes how organisations are evolving and adapting, understanding of culture, trust and engagement, and how people are best organised, developed, managed, motivated and rewarded to perform at their best.

About us

The CIPD is the professional body for HR and people development. We have over 130,000 members internationally – working in HR, learning and development, people management and consulting across private businesses and organisations in the public and voluntary sectors. We are an independent and not-for-profit organisation, guided in our work by the evidence and the front-line experience of our members.

Keeping culture, purpose and values at the heart of your SME

Contents

Acknowledgements	2
Introduction	3
Our research	5
1 The importance of culture	7
2 Creating and embedding the narrative around your purpose and values	9
3 Dealing with the cultural implications of structural and organisation changes presented through growth	17
4 The opportunity to reinforce ‘what you’re all about’ through your people practices	22
Summary	29
References and further reading	31

Acknowledgements

This report was written by Dr Jill Miller.

We would like to thank the 16 case study organisations who gave us access to their people and to those people for taking the time to speak to us about their experiences and share their insights.

Arolite
Caljan Rite-Hite
Choccywoccydoodah
DUO
EducationCity
Healthspan
IMarEST (The Institute of Marine Engineering, Science & Technology)
Julia's House
MJF Cleaning
Naked Wines
NP Group
Romax Technology
Secret Escapes
UKFast
Watford Community Housing Trust
Youthscape

We also extend sincere thanks to the consultants who work with SMEs and contributed their insights to and supported the research:

Alice Jordan, Director, Inner Strengths Ltd
Katie Vidamour, Director at Focus HR Solutions
Mark Pavlika, Chief Talent Officer at Morph Talent
Neville Pritchard, Chairman of People in Flow
Paul Beesley, Senior Consultant at Beyond Theory

Introduction

This is one of a series of reports looking at different aspects of various people management issues in SMEs. It is intended for anyone with responsibility for the people approach in their organisation, whether you are an HR professional, owner/founder, business leader or office manager.

This report examines how organisations can retain people's identification with their founding purpose and values over time, and hence promote the desired culture: employees' sense of purpose and the set of values we operate by, steer and guide the culture of the organisation. The stronger people's identification with the organisation's values and purpose, the stronger the culture tends to be.

We have adopted the European Commission definition of SMEs, which classifies micro-organisations as those having fewer than ten employees, small organisations as up to 50 employees and medium-sized organisations as up to 250 employees.

What do we mean by organisation culture?

In his book *Organizational Culture and Leadership*, Edgar Schein (1992, p.12) defines culture as:

'a pattern of shared basic assumptions that the group learned... that has worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think, and feel'.

A more informal definition of culture is *'the way we do things round here'*. It's how decisions are made (from the top, or in a distributed nature); it's whether people are encouraged to be serious or playful; it's whether you're conforming and risk-averse or innovative and entrepreneurial; it's how employees are viewed (a resource or the essence of the company); it's whether you're a supervisory or a liberating company. Of course these are not either/or cultures, but hopefully they provide a flavour of the kind of choices an organisation has in establishing 'what we're all about'.

Our CIPD work has highlighted the key role of culture to business success. An organisation's culture

Our work with SMEs over the past two years has revealed some key people management challenges and opportunities (see References and further reading section). One of these is how we can retain the culture, values and founding purpose of the organisation as it grows or evolves. Insights from our 2012 work highlight this issue:

Organisation values and purpose need to be the constant bedrock of the business

Clearly articulated organisation purpose and values set direction and steer the organisation. But if they are not vibrantly 'part of what we do', they can become diluted and even disappear over time. Relentless reinforcement is required to preserve the owner/leader's founding vision and values, which form the bedrock of the organisation.

Look beyond immediate operational issues and take the opportunity to lay the organisation's cultural foundations for the future

When presented with an issue, putting processes in place may solve it in the short term. However, it is important to consider whether a process-driven response alone will support the longer-term goals of the organisation. With each presenting issue there is a golden opportunity to look beyond immediate solutions and build on the organisation's cultural foundations. For example, when putting recruitment processes in place, there is an opportunity to, at the same time, make sure you are defining 'cultural fit' and identifying long-term skill requirements as well as the immediate technical skills needed.

‘Having a core purpose gives people a sense of identity and raison d’être to guide work.’

affects every aspect of how the organisation operates and how work gets done. As mentioned, employees’ sense of purpose and the set of values we operate by, steer the culture. Having a core purpose gives people a sense of identity and a *raison d’être* to guide work. And an organisation’s values provide a template for the behaviours and standards expected in the business.

Interestingly, in our CIPD autumn 2012 *Employee Outlook* survey, which provides employee views on UK working life, most employees told us they recognised the significance of organisational values, with almost three-quarters (73%) stating that it is important for organisations to have defined values that govern employee behaviour. However, this research identified that there is currently a disconnect between what employees expect and the way that values are currently embedded and upheld by business leaders. Such a mismatch could negatively impact the business’s culture, in particular employees’ trust in leaders.

Overall, it is clear that values and organisation purpose shape the culture and could be seen as the fundamental principles on which it is built. Together, all of these elements determine ‘what we’re all about’ as a business. Retaining that over time is an important issue in SMEs, as unlike your strategy, your culture is hard to imitate and so can clearly differentiate your business from others in your industry.

This current piece of work provides practical ideas, hints and tips for smaller businesses about how to retain what you’re all about over time. We draw on the practical experience of 16 case study organisations and consultants who work with SMEs.

Of course, given the diversity of SME contexts and sizes, there isn’t a ‘one size fits all’ solution, but we hope you find the examples from a wide range of organisations useful, to spark ideas of what would work in your context.

In his article, ‘Building Companies to Last’, Jim Collins reflects on the timeless fundamentals that his studies suggest enable organisations to endure and thrive. He studied both large, start-up and growth visionary companies and uncovered how they succeeded from their earliest days by adhering to the same fundamental principles.

‘In 17 of the 18 pairs of companies in our research, we found the visionary company was guided more by a core ideology – core values and a sense of purpose beyond just making money – than the comparison company was. A deeply held core ideology gives a company both a strong sense of identity and a thread of continuity that holds the organization together in the face of change.

‘Architects of visionary companies don’t just trust in good intentions or “values statements”; they build cult-like cultures around their core ideologies.

‘The same spirit holds at smaller visionary companies, like Granite Rock, a rock-and-asphalt business in Watsonville, CA... Co-CEO Bruce W. Woolpert hates the word “employees”; they are “Granite Rock People.” And not just anyone can be a Granite Rock Person. Bruce and Steve Woolpert have a deeply rooted ideology of quality, service, and fairness that harks back to the early days of this century, and if you don’t accept that ideology, you simply don’t belong at Granite Rock. Period. No matter how much business you might bring in.’

Our research

The research was conducted between January and March 2014 with 16 case study organisations (Table 1) of a range of sizes and industries, and interviews with consultants (see Acknowledgements) who work with smaller organisations.

Within each case study organisation we conducted interviews to examine how they have maintained or developed

their culture and values over time and the main challenges and opportunities that have been encountered along the way. Within this report we pull out the main themes from these interviews which may be helpful when thinking about your organisation's culture and values and how you can retain what you're all about as your business changes. We provide practical examples from our case studies to bring the themes alive.

The report is organised into four sections:

- 1 The importance of culture
- 2 Creating and embedding the narrative around your purpose and values
- 3 Dealing with the cultural implications of structural and organisation changes presented through growth
- 4 The opportunity to reinforce 'what you're all about' through your people practices.

Table 1: Case study organisations

Case study organisation	Who they are	Do they have an HR professional?
Arolite 12 employees	Established in 2009, Arolite is a family-run business which sources, services, maintains and refurbishes commercial catering equipment, nationwide.	Finance and HR manager
Caljan Rite-Hite Circa 350 employees worldwide; 63 in the UK	Caljan develop, manufacture and market safe, ergonomic equipment for loading bays and intralogistic systems in distribution centres, airports and warehouses. Products include loading/unloading telescopic conveyors, straight, curve and helix conveyors, weighing and volume-measuring and labelling equipment. Numerous references confirm that their solutions, marketed under the name of Caljan or Rite-Hite, have successfully stood the test of time since the first was installed in 1963.	The case study is focused on the UK operations, which has an HR manager
Choccywoccydoodah Circa 50 employees	Choccywoccydoodah is an art and design-focused chocolatiere based in the city of Brighton. They specialise in chocolate, one-off sculptured fantasies, bespoke wedding cakes and chocolate gifts.	Founders and shop managers have adopted an engaging and inspiring people management role
DUO 55 employees in low season and circa 100 in high season	Founded in 1974, with a head office in Bath, DUO is now international. They design women's footwear which is handcrafted and made-to-measure, with boots offered in 21 calf sizes and shoes in 3 widths.	HR and talent development manager
EducationCity 90 employees	EducationCity.com is a leading developer and publisher of educational content with offices in Rutland, UK and a US sales base. Founded in 1999, they are dedicated to creating new ways of delivering curriculum content through technology, and are used by 15,500 schools.	HR manager
Healthspan 200 employees (85 in the Channel Islands and the rest in the UK)	Founded in Guernsey in 1996, Healthspan is now the UK's largest mail-order supplier of vitamins and supplements.	Head of HR

Case study organisation	Who they are	Do they have an HR professional?
IMarEST (The Institute of Marine Engineering, Science & Technology) Circa 50 employees	IMarEST is the international professional body and learned society for all marine professionals. IMarEST was founded in 1889 and is now the largest marine organisation of its kind, with a worldwide membership based in over 100 countries. It is a registered charity and the first institute to bring together marine engineers, scientists and technologists into one international, multi-disciplinary professional body.	Head of HR and learned society
Julia's House 130 employees (70 FTEs) and 400 volunteers	Julia's House is a Dorset-based charity dedicated to helping life-limited children and their families across the county and in South Wiltshire. The charity was established in 1993 and the hospice itself opened in 2006. In 2014, the Community Team has now grown to around 70 nurses and carers, and at any one time Julia's House is caring for up to 100 children.	Part-time HR director, a full-time HR assistant and a part-time HR assistant
MJF Cleaning Circa 120 employees	A specialist cleaning contractor, established in 2006. With their head office in Darlington and a Leeds-based satellite office, they manage numerous industrial and commercial multi-site services throughout the north of England and Yorkshire.	HR manager, HR assistant and graduate trainee
Naked Wines	Founded in 2008, Naked Wines are a customer-funded wine business that funds wine-makers all around the world. Their customers, called Angels, fund talented, independent wine-makers and get rewarded with delicious wines at wholesale prices in return.	Founder engages and inspires staff
NP Group 200 employees	Norman Piette's (part of the NP Group) history dates back to 1739, and in the early part of the nineteenth century the company was still involved in shipbuilding. Norman Piette's current business is that of general timber and builder's merchant. The company trades throughout the Bailiwick of Guernsey and is a member of the NP Group of companies.	HR manager and learning and development manager
Romax Technology 250 employees globally with its Head Office based in Nottingham, UK	Romax is a leading provider of advanced simulation technologies, design expertise and consulting services for gearbox and driveline systems. It provides customers with innovative technology and solutions to optimise their products for performance, robustness, durability, and through-life costs.	Global Head of HR, HR business partner and HR assistant based in the UK
Secret Escapes Circa 80 employees	Launched in 2011, Secret Escapes is an exclusive, members-only travel club, specialising in 'flash sales' of luxury hotels and holidays. They negotiate exclusive rates and membership is free.	The founders take an inspiring and engaging leadership role
UKFast 225 employees	Established in 1999, managed hosting provider UKFast offers dedicated servers, cloud hosting, and co-location services in highly secure UK data centres.	HR manager, two recruitment managers (but they call them 'The People Team')
Watford Community Housing Trust 160 employees	The Trust provides homes and services to over 20 local communities throughout Watford and parts of Three Rivers. They own and manage nearly 5,000 affordable homes. Being a Community Gateway organisation, tenants and community empowerment are at the heart of everything they do. Tenants and leaseholders can become members of the trust, enabling them to get involved in decision-making and vote on important issues.	Director of resources, whose areas of responsibility include HR and organisation development, Head of human resources, two HR business partners and HR co-ordinator
Youthscape Circa 25 employees plus circa 20 volunteers	Established in 1993 by local churches who wanted to develop a compassionate and highly skilled way of supporting young people to develop spiritually, socially and emotionally. They work directly with teenagers and train and resource professionals and volunteers to do the same.	Head of HR and operations

1 The importance of culture

How your culture affects your business performance

Keeping hold of 'what we're all about' needs frequent attention over time, as culture, purpose and values will affect the standard and style of customer service delivered, and the satisfaction, engagement and retention of your people, all of which will ultimately affect your organisation's performance. Here, some of our interviewees explain why they pay attention to the culture of their organisation.

Neville Pritchard, Chairman of People in Flow, explains that the culture on the inside of the business will affect how you are viewed from the outside: *'Your internal levels of engagement, and the internal levels of energy, are going to be reflected in what the customer experience is... therefore you've to work on the internal brand as well as the external brand. In small and medium companies, you are very often relying on the fact that the people you have working for you really believe in what you are doing, in order to actually create an edge or to get that little bit extra work, or to deliver that extra bit of service.'*

For Martin Edwards, Chief Executive of Julia's House, a hospice for sick children, retaining their internal caring and supportive culture is essential to deliver a high standard of care: *'I constantly talk about the challenges of growth without losing our soul. Why are we here? Ultimately we're here because we want to provide great services to extremely ill children and their families. We must never forget that. Not losing our soul means it's important to listen and to provide compassionate care. It's also important to support within our team. That's critical to me. It's difficult as you grow, but it's achievable.'*

If employees identify with your values, feel they fit in with your culture and are passionate about achieving your purpose, they will feel more engaged and motivated, benefiting business performance (see Choccywoccydoodah example below). Our past research has shown that people perform at their best when they feel they can be themselves at work, rather than having to change their

natural working style to fit the organisation's expectations.

In sum, as the quotes suggest, how you operate and the strength of the purpose and values that exist in your organisation will affect your ability to achieve your business objectives. It will also determine your employer brand, with a positive culture helping you to attract talented people who want to be part of a great place to work and who will thrive in your business.

There's a tipping point when active retention of your culture becomes necessary

In the early days of the business the culture and how you operate usually 'just ticks along' without much maintenance, and business owners we interviewed who reflect back on this time tend to say, 'we all just got it'. However, culture is never set in stone and a business's founding purpose and values can easily be undermined or diluted by changes in the business. Left unattended, all can develop a life of their own which can be at a tangent to the principles on which the business was founded.

Choccywoccydoodah

Jenna Mullen, Choccywoccydoodah's London Store Manager, firmly believes it's easier to be a good manager in a company where your personal values match what the company is all about. *'In my previous job, even though I enjoyed what I did, I didn't love it. I wasn't passionate about it. I introduced lots of rules and regulations because I had to. When you have to be a certain way, and you have to act a certain way and you have to talk to people a certain way, the fun is gone. It was very hard, I would say harder to manage because I had to manage myself first before I managed my team.'*

'Coming to choccy I can be me. I'm still very professional and my team knows that. When it comes down to it they know I can be very tough on them if I have to be. Yes, 100% it makes me a better performer. It makes me want to do it and it makes me want to achieve everything that I have been given. I work so hard for them and for the company because [although] I know it's not my company, it's their company, but I believe that I am a solid part of that. Having that feeling of, "You belong here and we're grateful for everything you do." Having that appreciation and knowing that I do actually make a difference makes me want to push myself even further.'

'I think there are trigger points within businesses that mean they are forced to make changes that will affect their culture. Be that bringing in another senior person – which obviously within a small business has a massive effect – be it a size change, be it a physical change of location or a change of business, or whatever else it might be. All of these things happen and there is an affect on culture.' (Katie Vidamour, Director at Focus HR Solutions in Guernsey)

Some of the consultants we interviewed talked about being approached by small businesses for help when the culture doesn't feel like it used to. Alice Jordan, Director, Inner Strengths Ltd, said some of her clients say, *"my people just don't appear to be happy. I'm getting some turnover. I'm getting some problems. I'm getting some grievances."* That's another sign that there's some sickness in the organisation. Not sickness as in true sickness, but in...something is wrong.'

And many of the case study organisations talked about reaching a 'tipping point' in the business when they noticed subtle signs that people 'weren't just getting the culture' any more as they had in the early days of the business. It was necessary to find a way to integrate the culture and values into business operations for longevity.

A particular tipping point talked about was when workforce growth meant the owner/leader saw staff face-to-face less on a day-to-day basis. More formal communication methods needed to be introduced as well as devolving responsibility for keeping 'how and why we do things around here' alive to other leaders and managers.

A similar tipping point happened at Secret Escapes as Alex Saint, Co-Founder, reflects: *'I think we've been starting to become aware that at the size that we're at now, it's becoming impossible for us to drive the culture just through the force of our being around.'*

We have new starters every week. So on an individual level, my influence will get less and less strong and we've just been starting to get our heads around how we're going to replicate that founder influence. Trying to work out how we create a process that replicates those values and makes sure that what people would have understood from working really closely with us, they can still understand from a process, rather than getting it through osmosis.'

Overall, whatever your tipping point is, and whatever signals you observe that something's not quite right about what it feels like to work here now, action is required to ensure you keep hold of the essence of your founding culture. In the next section we look at what our various case studies have done to articulate and embed their culture into business as usual.

Naked Wines

'A lot of good things happened simply because it was the same small group of people, and there was always a critical mass of people who got the culture, who formed a new team, worked on any project. So no one needed to explain it. No one needed to say what it was. But all of a sudden, when that critical mass doesn't exist, cultures go in all sorts of directions.'

'To me the biggest signal was – there were two things. One was someone came along to clear an expense claim. They had booked a flight and it was a business class flight. I thought, "well, we've never had a flight policy, but I fly economy. No one has ever talked about it, because it's just obvious". The second thing was when I heard someone in our Customer Happiness Team...basically telling them [a customer] they were wrong and we were right. I just thought, "where did our culture go wrong that anyone thought this was the right thing to do?"'

'That's when we realised we had to be more structured about it, because the culture wasn't necessarily something that happened all on its own, it needed a bit of prodding, and a bit of help, and some process, and some writing stuff down.' (Rowan Gormley, Founder)

2 Creating and embedding the narrative around your purpose and values

At the business start-up stage, the organisation's purpose is clear. There is an inherent sense of excitement of being part of developing and delivering the product or service and most people 'touch' it in some way. For example, lots of people we interviewed in the case study organisations talked about being emotionally invested in helping the company to succeed at this start-up stage and that their contribution was very clear.

Over time as more people join the organisation, and either more

hierarchical layers and/or team structures are created and job roles become more defined and honed, identification with what the organisation is there to do can become lost.

How you create and embed the narrative around what you're all about as a business is a challenge already faced by many of our case studies. Their reflections on how to do this effectively fall into four main themes. We will discuss each in turn, providing practical examples from different organisations about how they created and embedded

the narrative around their purpose and values.

Articulating your purpose and values

As the business grows, leaders can't personally champion the organisation purpose and values and hence drive the culture alone any more. As typically more structure, teams and management layers are added into the organisation through growth, leaders have to depend on others to do this. Articulating a common message about what the business is all about is very important to

Julia's House

Julia's House, a Dorset-based hospice for children, are currently re-looking at their overall set of values to bring together their internal values (which guide how people should behave within the organisation) and their care values (which guide how care should be provided). It is felt that the essence of both sets of values is, and should be, fundamentally the same and having two sets of values is too much for people to remember.

This doesn't mean starting from scratch, but instead, keeping all that is good and relevant for the organisation and supports the standard of care they aim to provide, then adding the new behaviours that are needed, preserving compassion and quality, but reflecting new developments in where they are going as an organisation. Diane de Souza, HR Director, explains in more detail that, *'We've had values that have been there for all our staff, and there have been also care values. We said, "Well actually we should have one set of values that portray everything we do. Whether we are working with our staff or with our clients, we should have the same set of values." When we looked at the seven core values of care, and the seven organisational values, there was an overlap. It is all about how we treat each other.'*

And a key part of this process is working with staff to bring the values to life in terms of behaviours, as Diane explains: *'Our next step now is to engage with a focus group of a number of our staff and volunteers, facilitated by someone that is not Martin [the CEO] or myself. In fact we have just recruited a new HR trustee. As part of her remit, we are asking her to facilitate a focus group with possibly 20 people, to say, "Looking at these values, what do they mean to you? Do they make sense? Do you understand these new values? If you don't, we need to rephrase them."*

'And then, "What sorts of behaviours do you think would be associated with those values?" Try to identify, "Who do you know in this organisation who really demonstrates that value? What does it look like? What is it that they do that makes them a really good ambassador of that value?" For example, with compassion, "To what extent are we listening to our constituencies and showing that we're caring?" With being there frequently, "How much dialogue do you have with the people you manage? What does that dialogue look like? What examples could you give of the ways in which you resolve problems for your team?"'

'Articulating a common message about what the business is all about is very important...'

develop a shared understanding of and identification with the purpose and values throughout the workforce.

Capturing in writing the founding purpose and the values on which the organisation was established was seen by many of our case studies as a necessary first step in making it possible for them to be threaded through business operations. However, there was a concern to articulate what the business was all about in a way that people recognised, rather than generating values statements which seemed false and manufactured.

The next step was how to help people understand what the values mean in practice. The DUO and Julia's House case study examples explain how they went about exploring what their values look like in practice in terms of attitude and behaviours.

Overall, the key principles about how you create the narrative around your purpose and values, for many owner/leaders we interviewed, were to:

- understand how your people talk about 'what it's like to work here'
- carefully consider the words you use – are these the words your people use and do they really mean something to them?
- recognise where the culture has changed or evolved in a good way
- identify where the culture has deviated too far from the founding principles, undermining what the organisation is all about, and needs to be re-focused
- what does that understanding tell you about the behaviours and attitudes you want to promote and discourage?

DUO

The approach adopted by Claire Alexander, HR and Talent Development Manager at DUO, to articulate what they term their 'company spirit' was similarly collaborative, involving people from across the business. She integrated discussions about the values into a workshop set up for managers about how to do appraisals effectively. *'I had representatives from different parts of the business and different levels within the business taking part in an appraisal review workshop. We discussed how part of the appraisal is to assess work, for example how well tasks have been completed. But there's another part that's also about your behaviour in a work environment.'*

'We talked about the dangers of not having anything that provides guidance on how to conduct yourself at work, and the challenges this presents to managers dealing with inappropriate behaviour. We discussed how we would like DUO employees to behave, and we brainstormed loads of different words and ideas to represent what behaviours are important to DUO and I kept making them narrow it down and narrow it down until we came up with just a few that we felt were the most essential that they thought encapsulated, "This is what it means to be a DUO person".'

'It was something that was done in a very simple way, but it seemed to work and seemed to fit. The qualities themselves are positivity, initiative, supportiveness, integrity, flexibility and commitment for all DUO employees. We then used the employees' own words to flesh out what those qualities actually look like and compiled them in a list of DUO Qualities. We've got some additional Qualities for leaders too, so, DUO leaders demonstrate innovation, drive, confidence, inspiration, focus and sensitivity. Once again, we've got employee descriptions that bring those to life.'

Help people to connect with 'what you're all about' to keep the culture alive

Having articulated your purpose and your values, the challenge is then to help people emotionally connect with them and this isn't a one-off activity.

Our past CIPD research (2010) looked at the importance of having a purpose that people really believe in and can get 'fired up' about. Is your purpose solely to make a profit for the owner or investors, or is there something else you're here to do that people can get passionate about? Generally, having an organisation purpose that is beyond making profit will take on a more sustainable life of its own.

In some companies, for example in the third sector, it can be easier to do this than in the private sector, where making money can be perceived as the top business priority. However, in our work

with SMEs we've seen some great examples of how private sector businesses have effectively balanced the need to make a profit with a deeper purpose that people can easily connect with.

At Secret Escapes the product itself elicits passion, as Alex Saint, Co-Founder, explains, *'So many people are really proud of the product because it's just such a lovely thing to work on. I mean, what's not to like about luxury hotels? I think it's much easier to create an enjoyable, winning culture when you're creating a product that you really care about passionately. That's the other thing; it's very easy to have a really positive and exciting culture when the business is being really successful. I think we're growing so fast still. There's so much big news happening all the time that there's a real excitement around what we're doing with the products.'*

However, at UKFast, a managed hosting provider, the product is perhaps more intangible and niche. Interestingly, it's not the product itself that excites the majority of people, but the means by which the products are developed: innovation. Knowledge of cloud computing is not essential to work there, but a passion for innovating and leading the market is, as that is central to UKFast's success. Their people need to have a passion for solving clients' problems and coming up with new ways of doing things more effectively. As Jonathan Bowers, Managing Director, explains, *'Our purpose is one that we hint at but we don't have the purpose all over the walls. We will achieve it through innovation and doing things differently as a business. They are the things that drive the team: we do things differently and before other people – going above and beyond for our clients.'*

IMarEST

The IMarEST (Institute of Marine Engineering, Science & Technology) is the international professional body and learned society for all marine professionals. Given their personal contribution to the institute, all staff are made complimentary affiliate members of the institute. This means they get the same benefits, including access to the virtual library and magazines, that members have and can gain a deeper understanding of the industry and its key developments. Bearing in mind that IMarEST itself is a professional membership organisation and one of its key goals is to promote the importance of professional development, funding is provided for all members of staff to get professional recognition from their relevant, recognised professional body.

Employees are encouraged to take opportunities to visit IMarEST members in their work environments to better understand their needs and their challenges. For example, if staff work in the Institute's Technical and Policy Department, a visit to a site can help the members of the team to understand the professional development needs of its clients. Similarly, for someone in a marketing role, an understanding of members' work environments and lifestyle can help to better tailor marketing materials.

Ben Saunders, Head of HR & Learned Society, explains that, *'It started originally with my team and a member of staff having an interest in seeing where our members worked. An example of this was during the Olympics, the Royal Navy moored one of its warships (HMS OCEAN), one of the big helicopter platforms, in the Thames. I took my colleague on board with a view to saying, "Well, this is the Royal Navy. We're going to do some promotional activity and tell the Officers and Ratings about the Institute and why they should join the IMarEST, but actually while you're here have a look around it and meet some of our potential members and engage with them.'"*

Watford Community Housing Trust

Watford Community Housing Trust is a community gateway organisation, so maintaining people's identification with the community and its needs is really important and also helps further build the trust's relationships within the community. Steve Phillpott, Head of HR, explains: *'We've got a programme of work in place in terms of getting our staff involved in the communities. So, for our fifth birthday celebrations, we took the organisation on to one of our estates for the day, doing a number of big projects on the estate. So I was painting a subway; whilst others were litter-picking, doing grounds maintenance, painting garages, and even abseiling down our high-rise block for charity. The whole workforce was doing stuff on that estate that day.'*

'Following on from that, for our sixth birthday, we then had "Challenge Six", which has involved going to our staff and saying, "If you want to, we'll give you some time to go out and do something in our community. Whatever you want to do." So we've had loads of different types of activity going on. We've had people helping in our sheltered schemes, carol singing, people going out and doing stuff with local charities, people going out to schools, tying up with the Watford Football Club Trust to do stuff around career building and mock interviews for young people. And we're going out as an HR team to paint the changing room of a local football club.'

The boxed case studies from IMarEST and Watford Community Housing Trust provide further examples of interesting ways to help people identify with your core purpose.

Whatever your values and purpose may be, keeping them consistent over time allows them to embed into daily operations and make them an integral part of how the organisation operates. Although some adaptations may be necessary as the business grows and changes, a lack of consistency can create a confused culture where some people will be living and breathing the old way of doing things while others will be trying to adopt the new ideals, ultimately resulting in misaligned business decisions and conflicting goals.

Tracey O'Neill, HR Manager at Caljan Rite-Hite, firmly believes that, *'You have to keep your values and your culture consistent. You can't just suddenly turn around and say, "Well, actually this week we've got a new vision and we've got a new value or culture." The company's culture starts from the top through a strong management team and is fed down through the business and supported.'*

Introducing more formal communication mechanisms to keep people focused on the 'why and how we operate'

When you get to a certain size, more planned and formal communication is needed to make sure everyone is getting the same messages from the top and to prevent the core elements of what you're all about becoming diluted as they are translated through management layers. Some of our case studies also talked about needing to explicitly consider how formal communications could be effectively rolled out to remote workers and volunteers.

Katie Vidamour, Director at Focus HR Solutions in Guernsey, highlights what can happen when informal communication is relied upon for too long. *'So something will happen, something will change, and then a certain team might know this is happening because we're taking on new business, or this is happening because we're moving to a new jurisdiction, but they're not great at communicating it to everybody. That's when you get the whispers of, "What's happening, why is it changing, why do we have to change procedures again?'*

Something's happened and I didn't know it was going to happen." Communications is a major issue. You need to be saying to staff, "This is what we're working on for the forthcoming year".'

One reason some of our case studies introduced more formal communication was to keep their founding history alive (see MJF Cleaning case study example). Without this knowledge it's harder for people to be proud about the business's key achievements and to feel part of the journey.

In the early days of the business, the story of how the business came about is likely to have been crystal clear as everyone was living and breathing the business's journey, its teething problems and would often hear the founder talk about their vision. We found that as organisations grew, new starters tended to know less about how the business came to be. However, those people we interviewed who talked about the values and vision of the company in the most passionate way tended to be those who were also able to tell us the 'story' of the business.

MJF Cleaning

At MJF Cleaning, the people who have been with the business for a long time know its heritage and how quickly it's grown. However, newer staff are unlikely to feel this connection as strongly so Martin Ferguson, the Managing Director, is consciously bringing the business's story alive for people. He explains, *'it's about getting that personal investment in people. Obviously the people who were there in the early days, we have that, because I've been able to rub off on them day in day out. The sales team is new. We have an acquisition coming in at the end of the month, that's all exciting. I want them all to understand what it's taken to get us to where we are now.'*

'People don't know where we've come from really, and what I'm going to go into is the risks that I've taken to get the business to where it is now. I want people to know that. I want there to be this sense of urgency, this energy about us again... how we've got to where we are and how we're going to get to where we're going.'

Sara McTrusty, HR Manager, is devising an intensive training day for MJF Cleaning staff which will include a section by Martin about the company's journey. *'Part of the idea of the day is to come back together and revisit what we're about, why we're here, what the values are. Then build on the back of that a bit of a feedback system to plan for the future. So we're going to get feedback from the staff.'*

NP Group

The NP Group of companies have had their values in place for a considerable time, but more recently the Learning and Development Manager has been actively looking to bring them alive, to keep them at the forefront of the businesses. As Tony Gallienne, CEO for NP Group, explains, *'Since Janine [Learning and Development Manager] joined us, which was about two years ago, we've re-focused the vision for the group and our common values, which are on posters around the place. And we have a newsletter which comes out as a group newsletter every six weeks. She highlights the group values in that newsletter. That's another reinforcer of values across the group.'*

'Together with Laura, HR Manager, they have brought the values out. I think the values were there implicitly, not very well articulated perhaps and not always thought about, but they were there. Through the process of implementation and ongoing reinforcement they have brought them out and codified them. Now that's done, it's useful to be reminded overtly what our values are.'

Youthscape

Youthscape creates space for people, away from their day-to-day working environment, to reflect on what the organisation is all about, what it's there to do and to encourage personal and team growth. *'Three times a year we go away overnight for two nights on a team retreat... While we are away we spend one day praying together and a second day focused on our own personal, spiritual development, facilitated by an external speaker. Retreats are an incredibly important time for us to connect as a team; we've got a really, really strong sense of community and friendship... We might have a retreat where we look specifically at our values or our aims as an organisation. Spending time away from the office discussing these things dramatically changes the dynamic of the conversations.'*

DUO

DUO has town hall meetings and introduced an annual company day: *'On a monthly basis, the CEO does a business round-up and everyone goes in to the biggest room here, which is the customer services room. The phones go off for half an hour and everyone from the warehouse comes over and, when possible, we've had the retail managers joining in on a conference call.'*

'The CEO gives a summary of how the month has gone in terms of sales across each of our channels and provides an update on where we are against target. He gets each department of the business to do a 60-second update and I get included in that as well.'

'I just think it's really useful just to keep everyone focused on what's going on around the business and what everyone's key priorities are. I think it helps people to understand the pressures different teams are under at different times of the year. It just gives that bit of understanding between departments.'
(Claire Alexander, HR and Talent Development Manager)

Julia's House

Martin Edwards of Julia's House reflects: *'We're now at the point where we need to focus on managing and involving our volunteers more. We invite volunteers to an annual away-day to hear about all of the plans for the charity. All volunteers, as well as all of our staff and client families, get a one-page version of our strategic plan. We are attempting to communicate all of our plans in very accessible, brief language. I think that's an important part of making people feel included.'*

Diane de Souza, HR Director, adds: *'It is about caring about our volunteers. They save us an awful lot of money. They deliver an excellent service for us. A number of volunteers are going to be involved in the focus group on the new values. "What does it mean for them?" We have an induction programme for our volunteers now, in the same way as we do for our paid employees. This year, for the first time, we will be running a volunteer survey to... gauge their levels of satisfaction of working with Julia's House, and what we could do to make things even better for them. We will use that to shape what development we focus on with the retail [part of the organisation].'*

A second reason for introducing more formal communication is to keep the organisation's values and purpose at the front of mind for people. Across the case studies there were some great examples of simple and cost-effective communication methods which help to bring them alive.

Newsletters and off-site meetings are two popular methods used by a number of our case studies to keep employees' attention focused on the values (see NP Group, Youthscape and DUO boxed examples).

Focusing communications on the successes and progress of the

business is another useful way of keeping your purpose front of mind for people as well as helping people to understand how you're going to get there. Communicating about, for example, new partnerships or new contracts won can have a positive effect on morale if managers make it clear to staff how their team's contribution helped to make that happen.

For some of our case studies, this formal communication about purpose and values needs to reach beyond employees on the payroll (see Julia's House boxed example). Volunteers are essential to organisation success, so it is important to engage them with

the purpose of the organisation as well as make sure the service they are delivering is congruent to the values.

The importance of ambassadors of culture and values

An important way of keeping the culture and values alive is through having people who live and breathe it. In the early days of the business, it's the founder's passion, purpose and beliefs that steer the organisation. But as the business grows, and personal contact with the founder typically wanes, it's necessary to rely on others to keep the culture and values alive (see MJF Cleaning example on the next page).

Mark Pavlika, Chief Talent Officer at Morph Talent, says: *'you have got to allow that culture not to just be you. Because once you start getting a mix of people in, you want to help get them to own the culture themselves, rather than it just being "my company"'. Of course keeping a sense of control is an issue for some business owners, but control can still be maintained through*

the business's values and accepted behaviours.'

In an ideal world, all employees would be ambassadors of your company, because in an SME, if one person is not behaving in line with your culture, they can rock the apple cart to a greater degree than in a larger organisation. Our research has highlighted three

'In an ideal world, all employees would be ambassadors of your company.'

MJF Cleaning

Martin Ferguson at MJF Cleaning says one of the challenges for business owners can be letting go and giving responsibility to managers to run the organisation as they do. He is very honest about having faced this issue when his company got to a size where he didn't have as frequent contact with each cleaning team as he used to and needed managers and team leaders to keep the culture and values alive for each of the teams. *'The biggest thing I have struggled with is letting go. I've tried to free myself up to move the business forward now, work on acquisitions and things I never thought I'd be involved in. Two or three years ago, I knew everybody... now we're up to 120 staff it is harder for me to get out there and see everybody.*

'When I was doing everything from payroll and management to area management, to window cleaning, if I had a phone call I would deal with it straight away. What I'm trying to do with the business is get people involved on a management level who have the exact same feelings as I do, the same goal if you like. So they want to see us achieve things in the right way. What I've tried to do is put together a team – area managers, team leaders, people like that – who have the same values, who are out there trying to sell the same dream, if you like. They're the ones who I'm really big on, because out there, they are my face and voice. They've got to be doing their job as if I was doing it. They're the ones who deal with our customers so they need to keep our customers happy as well as our staff which is a fine balance, but it's up to them to really promote and push what we're all about.'

Watford Community Housing Trust

Watford Community Housing Trust is currently looking at how they engage more with employees in the repairs arm of the organisation, who work out on the road, making them feel part of the wider organisation. These staff meet the trust's residents on a daily basis, fixing properties. Acting as ambassadors helps to further develop community relationships and communicate to the wider public what the trust is all about.

'They've got their trust-branded van, and they provide good customer service to our residents, but we have historically struggled with engaging them with the corporate centre. To start to turn this around, we have recently procured a flexible benefits platform, and part of the specification was that it had to be accessed not just by computer, but via smart phone app.

'These particular members of staff all have PDAs, on which they'd be able to use the app. We know that we have to make our HR offer accessible to everybody, so there are no barriers with people gaining access to the company.

'Via the app, they can look at all the discounts that are available, purchase gift cards, and register for salary sacrifice schemes. It gives them the full access to their employment benefits, which will hopefully mean that they get a bit more connectivity into the organisation, even though they're sitting in their van in the middle of a housing estate somewhere. It's about building the bridges. As part of that, we're also looking at their mobile telephony, to make sure they can also access the intranet and all of our policies.'

(Dee Ward, HR Business Partner)

'We found that when employees feel senior managers keep the organisation purpose and values at the heart of their vision and strategies, they are more likely to feel satisfied with their job than those who do not.'

particular groups of staff that could be seen as essential ambassadors: the top team, managers and customer-facing staff.

Our 2010 research demonstrates the value of the whole of the top team living the culture and values. We found that when employees feel senior managers keep the organisation purpose and values at the heart of their vision and strategies, they are more likely to feel satisfied with their job than those who do not. And generally, people will role-model their behaviours and attitudes as what's acceptable and encouraged 'round here'.

As more teams and/or management layers are added into the organisation structure, it is essential that managers actively keep the culture and values alive as they typically represent the organisation to their teams.

Our case study organisations also spoke about the importance of employees themselves being ambassadors of the company. This is especially important if employees have customer-facing roles.

Interestingly, many of the business owners we interviewed used analogies to talk about the importance of culture and values being 'spread' throughout the workforce. One analogy used by Rowan Gormley, Founder of Naked Wines, was of cheese-making: *'in the cheese-making process you spread good bacteria all over the surface of the cheese. Then you let the cheese mature and develop, and every time you see something good happening you transfer it around as much as you can. And if there are bad bacteria, you take them out.'*

In this section we have looked at what our case study organisations have done to create and embed the narrative around their purpose and values, for example through introducing more formal communications channels and having ambassadors. In the next section we look at another cultural challenge presented through organisation growth: how we keep the connection with 'what we're all about' when we add structure and process into the organisation.

3 Dealing with the cultural implications of structural and organisation changes presented through growth

The balancing act between introducing structure and process into the business without undermining your culture, values and founding purpose

Getting to the point where the organisation can no longer operate entirely informally any more is a significant milestone for a small business. Some degree of process and structure is needed to guide work and prevent duplication of effort. Our previous work has shown that it's a fine balancing act between introducing some formality into the organisation, and having too much red tape that curbs innovation and creativity and makes people feel they don't have the flexibility to perform at their best. We asked our case studies for their views on this balancing act.

Secret Escapes operates with as little process and red tape as possible. Their aim is to remain lean for a number of reasons, as Alex Saint explains: *'The ability to get things done, flexibility, speed, the fact that we're in control of our own destiny. Much more importantly than that, I think it's the case that, for as long as possible people shouldn't be*

spending time managing the fabric of the company rather than what the company is trying to achieve. We've been very, very lean in terms of any type of initiatives. I think probably we've pushed back hard so far against too much structure.'

And at Healthspan, the Group Finance Director, Michael Lawther, talks of the need for HR policy to guide the organisation, but for it not to always rigidly dictate how it operates. *'To retain the entrepreneurial spirit, that's where we say, "We have to be flexible. The policy is there to protect the company, but we're still small enough that we can look at individual circumstances." The reality is that we need to have that flexibility, to get the best out of the arrangements. An HR message which implies, "That is the only policy and thou shall not change it", would not be the right call.'*

At EducationCity, new processes and structure were welcomed by staff. The company got to the stage where the development and sales sections of the business were

separately managed by leaders with different management styles and not working together as strongly as they could. People were really open to having policies and procedures and systems because it meant fairness in their minds. And formally writing down and explaining the statutory policies were very well received because some of these had not been fully communicated in the past.

What is clear from the research is the importance of thinking about the potential effect on the culture before adopting a formal process or making the organisation structure more complex. Sometimes the introduction of process was seen as an opportunity to further reinforce the culture and values (see Julia's House and Choccywoccydoodah boxed case study examples).

Overall, two main issues about how structure and process can affect business operations were raised by our case studies. The first is how organisation growth could affect the customer experience with their company if the adopted structure

Julia's House

Martin Edwards, CEO of Julia's House, firmly believes that you need to be looking at both the small and the big signals you can send out to the business which have the ability to either reinforce or undermine the culture: *'Everything from small signals to big things. So, an example of a small signal would be, when I joined, I was presented with a hierarchical organisational chart, which was top to bottom. I immediately asked for that to read from left to right instead, because the people at the bottom of that pyramid don't feel very good when they look at it.*

'A big example would be I realised it was very important to train all managers in how to manage people. So I researched, wrote and presented a course for all managers in essential people management skills.'

and processes weren't appropriate. Neville Pritchard, Chairman, People in Flow, explains the challenge: *'One of the issues may be that as you grow, you can start to introduce things that negatively impact the customer experience. So customers you thought were solid start to wobble, because they are no longer receiving the level of experience that they had before, or that they expect.'*

The boxed example from UKFast describes the interesting way they have structured the customer-contact part of the business to

retain high levels of customer service through growth.

The second issue is that the introduction of structure and process and more defined job roles can prompt turnover. Some staff who joined the organisation in the early days when it was seen to be totally flexible, job roles were far-reaching and they had frequent personal contact with the owner, may now feel that it's no longer the organisation they joined and decide to part company.

Healthspan have successfully avoided this problem by actively supporting people speaking directly to the business owner and the rest of the leadership team: *'We still operate an open-door philosophy. So if you asked anybody here, do they think, if they've got a problem, that they couldn't go to the chief exec, or couldn't go to the chairman and talk to them about it, provided they have already raised it with their line manager, I would be very, very surprised if they answered that they felt they could not. I think it*

Choccywoccydoodah

Similar to most retail environments, Choccywoccydoodah stores have targets to reach. However, the target-setting process has been deliberately set up in a way that reinforces the team culture. The most important target to reach is the one for the whole store, rather than for individual teams. Jenna Mullen, London Store Manager, explains: *'I have a target board and they know what they have to achieve every day. It's broken down into daily for café and daily for shop, and then it's broken down into what we have to achieve for the café for the week and the shop for the week. The main figure is the building.*

'If the café is having a bad day, because literally there is nobody, but the shop has taken 20 orders and we're having a fantastic day, we say, "It's okay, we've got this." The same with the café. Everyone is working hard and that's key. Just because the café has been quiet and they've done cleaning all day, that doesn't matter, they're still working hard. We make it as a building.'

UKFast

UKFast have grown rapidly since 1999 and currently have 225 employees. They have developed the customer-contact part of the business to operate in a pod system. Each pod effectively acts as its own mini-business with its own customer base. In this way they keep all the good things about being small, including the high standard of personal customer service, while enjoying the benefits of scale.

Within each pod sits a small team of technical software engineers and account managers. Customers are able to call into their designated pod as a single point of contact, meaning that pod holds all their history and can develop a personal relationship with them.

The team of engineers and account managers works together to deliver a tailored solution, rather than sitting in separate departments, working independently through a list of different client queries.

Although the pods operate largely autonomously, they do share learning and back each other up. Jonathan Bowers, Managing Director explains, *'If customers can't get through to their engineers, that doesn't mean we won't help them. We're about speed and solving people's problems. So if it does go past three rings on a pod, it trips to another pod who will try to help the customer.'*

There are other cultural benefits of this pod structure as it creates an environment where different departments learn from each other and socialise together. And this structure can absorb growth, meaning that more pods can easily be added in without disruption to the business or customer experience.

is generally recognised throughout the organisation that senior management operate an open-door policy.”

The effect of the physical work environment

Our research has highlighted four aspects of the physical work environment that can be useful to consider in terms of how they affect your culture and the way you operate.

Firstly, some of our case studies talked about the material changes they made to the working environment, which have had an impact on the feel of the building as well as staff morale and motivation.

‘We had metal bars on the windows a year ago. The kitchen area was small with very little staff room facilities. The management team made the decision to work towards making this a better place to come to work. The kitchen was refurbished with a spacious staff room, as well as brand new roomy and bright toilets. We also built two professional meeting rooms with state-of-the-art IT equipment, which demonstrates professionalism, growth and success. The office has been made a better place to work. Staff can see that’s something that we’ve done for them so they’re quite happy with it. Staff morale is much higher and a feeling of belonging present. Teamwork ethos and working towards similar goals are also present.

‘When I joined in 2011 my office was bare, and did not have a warm feeling to it. After visiting site and seeing what our engineers do on a daily basis, I put up pictures of our engineers on site and this made it feel much warmer. The cost was minimal but the impact was significant. When I first took

my office, I had the table which took up most of the room and was rather off-putting – it was long and quite daunting with me sitting at the end of the office miles away from people who wanted to come in and talk to me about issues or needed support. I managed to source through a contact in the furniture business a smart round table with chairs and now my office is inviting and warm. So the value that I’ve got from this little piece of equipment is huge.’
(Tracey O’Neill, HR Manager, Caljan Rite-Hite)

Romax are entering a new stage of their business, with a new CEO (the founder’s son) and a new building. Hilary Rapinet reflects on the opportunity for the new building to help promote their team-based culture: *‘Where we are now we’re renting several buildings, on the back of an industrial estate, because this is where the business has grown up. We’re moving to somewhere that’s purpose built, where we’ll all be in one building. It’s going to be a much better working environment for employees, and for customers visiting as well. It will be very different.*

‘We’re taking input about what that building will look like, how people will work and all that type of thing, which helps us think about how the culture of the business will change.’

And similarly, Arolite, a holistic support provider for commercial catering equipment, has moved from occupying two separate offices on different floors to being in the same space. They have also created hot-desking facilities for their remote workers to make them part of head office and encourage them to spend time there if they would like to. These changes are part of a wider desire

to help people understand what others in the business do and make multi-skilling an easier process.

Secondly, encouraging or presenting opportunities for people to socialise was a common practice talked about by many, as they help people to come together as one company. A few of our case studies provided examples of social events they have held which have helped to build cross-functional relationships.

Caroline Shakerley, Head of HR, reflects on the activities organised at Healthspan in Guernsey: *‘Sports and social is another good thing. At our Christmas party, we’ll do quizzes. We are a small island so the connections that you do make at work, particularly for some of the younger members, mean a lot of them are friends outside of work too. Many people actually get really involved in all the things we do. We have themed nights. Again, because we’re a fairly creative, relaxed place, our summer ball will have a theme and everybody gets right behind it. They all get involved and they will all dress up.’*

A third challenge highlighted by some of our case studies was how to uphold culture and values across multiple physical locations (see Choccywoccydoodah boxed example). Some of our case studies have grown really quickly, opening separate business units. The complexity is further attenuated with international expansion, as often there will just be one or two people based in an office abroad, with central functions still based at home. These organisations talked about the importance of making it possible for people to meet, have the opportunity to work together and share ideas.

UKFast

At UKFast, fun is their unwritten extra value and social events have remained an important part of their lifeblood, even through rapid workforce growth. People are encouraged to think of social ideas which stretch beyond their immediate department. For example, funding is provided to set up sports teams and lunchtime spin classes in their in-house gym are popular.

Long benches were purposefully installed in the kitchen and dining area instead of separate tables to discourage people from sitting just with their close workmates. And the top floor is a meeting space by day and an events space after work, where many of their social events such as competitions and charity events are held.

Jayne Pitman, People Manager, explains: *'We have so many teams; that's why we do the events because it's getting to know other people and building up a relationship with them, and having fun. About 4.30pm on a Friday the girls on reception come round with trolleys with bottles of beer or coke or whatever you want.'* Jonathan Bowers, Managing Director, adds, *'Another thing we do is we have a film night. We hire the cinema in town and we take the whole team there. That is a way to say thank you to everyone for their hard work but to do it in a way that everyone combines together.'*

Naked Wines have used an interesting strategy during their international expansion as Rowan Gormley, founder, explains: *'We've set up a swap scheme, where if you do a good job in your role you get sent over to one of the other countries for, it could be three weeks, it could be three months, to go and do the same thing in another country. Obviously when you do that a bit of your culture goes with them and gets planted in the other country. So we take*

the most positive examples of people and move them around the place.'

An interesting question when you have multiple locations is whether they should all have exactly the same culture? The general consensus from our research is that the culture of each unit will inevitably be slightly different from head office culture, and that's okay as long as it still fits with the basic principles of the overall

organisation culture (see Secret Escapes and NP Group examples).

In summary, within this section we've explored some of the main cultural issues presented when introducing structure and process, and the importance of the physical work environment. In the next section we go on to focus particularly on people practices and how you can reinforce 'what you're all about' through your approach to people management.

Choccywoccydoodah

Christine, Co-Founder of Choccywoccydoodah, explains how they retain their culture across the Brighton 'mothership' store, the London 'flagship' store and their studio: *'We bring as much of Brighton up to London as we can. I go up there maybe twice a week; spread some love and magic. The Londoners come down to Brighton periodically to work with the teams down here so that we all know each other, so that we all know each other's backgrounds, so that we socialise together. It's a bit of a chain reaction. David, who works under me, works in every single site of the business once a week... it's the glue that keeps everybody stuck together. Managing the business in that way is probably not the easiest way, but I do believe it brings great results.'*

And to stop a possible 'us and them' attitude forming between stores, Christine encourages people to go and work with other people for a day. *'If you're feeling that somebody in a different team doesn't understand what it is that you're trying to do, then make an arrangement that they come and work with you.'*

Secret Escapes

Alex Saint, Co-Founder of Secret Escapes, raises an interesting point about the extent you want the culture of overseas operations to match your home country culture. He believes it's important to be aware of them, but they don't need to be over-engineered to mirror the founding culture. *'I think it's really tough to try and impose a culture, partially because people from different cultures have different values and so on. I think there are certain non-negotiable things, like for example the quality of the product and what we expect from employees in terms of their ability to make important things happen and their efficiency and so on, and their commitment.'*

'But beyond that, I think we have to expect regional variations in the culture. Largely I think they'll be driven by the people who run those local teams. We'll do as much as we possibly can to impart what we believe are the really positive values of Secret Escapes. But I think there's a limit. I think probably you ought to be able to accept that it's just as valid to have a slightly different culture, providing it achieves the same results. It's just as valid to have a slightly different version of that culture that fits and works for those people who have to operate it.'

'If I think about the Berlin office, which has got about 18 people in it, it's a company that we've acquired. So they will have had their own culture already. I think we need to be very mindful not to go and try to ride roughshod over that existing culture. We try and impart the core bits of us that we really like, that we think are really useful, and we try and make sure that they keep the bits of theirs which are great. I think we readily accept the fact that we don't know all the stuff we need to know and we need to use local people to help us understand and to make sure that we are operating in the right way that rewards the people who work for us in a different territory.'

NP Group

The CEO of NP Group, a group consisting of eight sister companies, sees the subculture versus overarching culture debate as, *'a balancing act really. The companies have their own identities, albeit within our value and group structure. They have their own identities in terms of their commercial branding out in the marketplace, in terms of what they do, in terms of their individual styles and in terms of identifying themselves as teams of people working for their individual trading companies. That's very much the individual company identity which we wouldn't want to undermine.'*

'At the same time, we need to ensure that they very much identify with the larger group as well. There is that dual consciousness really that exists. I think it works pretty well for us now. It has taken work to get the companies to that point where not only have they retained their individual identity but they see themselves as part of the group. I guess certain staff members will see themselves simply as working for their particular company, which is fair enough.'

And he explains some of the structural facets of the group which help the individual companies feel part of the wider family group: *'You achieve that through the fact that three of the directors on each trading company operate across the group and very much identify themselves as group people. There is some trading within the group, between the individual group companies, particularly Norman Piette, at the centre, providing materials, but also providing expertise in terms of product knowledge out to the other smaller companies. Also, because of the buying relationships that Norman Piette has, some of the other companies feed off that as well. That reinforces the group idea.'*

'Also, there's a group of people called Group Services which I head, which provide various services which are shared across the group. Basically Laura and Janine provide that from an HR and training development point of view. IT is a central service. A lot of the accounting functions are a central service. Facilities management is a central service. Those services sit at the centre of the group and again reinforce within the individual companies the fact that they belong to a group.'

4 The opportunity to reinforce ‘what you’re all about’ through your people practices

As we’ve discussed, to keep the culture alive, the values and organisation purpose need to be an integral part of what it means to work there. This includes of course making sure they are threaded through the people practices, at every stage of the people management cycle, from recruitment to induction, creating job descriptions, performance management, reward, development and departure.

At Watford Community Housing Trust, Steve Phillpott, Head of HR, believes: *‘I very much saw the values as the things that are going to drive the people management agenda, so when we’re looking at our policy framework, unless the policies reflect the values, then they’re not good for us. You’ve got to decide what we’re about, how we’re going to approach things, and then just make sure that everything reflects that, and falls into line with it. So with personal ownership being one of our values, there’s a lot of emphasis on self-service for staff, and on managers doing the transactional work rather than HR. That also then frees up*

our capacity to advise at a more strategic level.’

And rather than adopting the approach deemed to be ‘best practice’ for large corporates, our case study interviewees talked about needing to tailor their people management approach to what works in their context. For example, a reward system based on individual effort alone is unlikely to work in an organisation with a tight-knit family culture if it encourages divisive behaviour which undermines the sense of being part of a team.

Ruth Bennett, Head of HR and Operations at Youthscape, explains that when she chose a new HR software package, she made sure it fit with the culture of the organisation so that people would more readily use it. *‘Our staff are very creative and design-focused. I’ve deliberately chosen a small [HR software] package, because I think that will really work for us. Design wise it’s beautiful. I think if I presented our team with something that looked very dull... they would turn their noses up and be resistant to using it. Whereas if I’m showing*

them something that is more... like an infographic (it’s kind of got that look about it) I think they’ll be way more interested.’

As we have already seen in the previous section, although introducing formal process into the organisation can be seen as a risk to entrepreneurship and flexibility, it can also be an opportunity to further reinforce the culture and the desired way of working. In this section we consider how you can reinforce your culture at each of the people management lifecycle stages in turn.

Recruiting for cultural fit and alignment between personal values and business values

When we asked our interviewees about how their people practices influenced the organisation culture, the first and most extensively raised issue was the importance of recruiting the right people, who really understood their culture and whose personal values and way of working matched those of the organisation. The main message across our case studies was that values are not something that can be taught; the match is either there or it isn’t.

MJF Cleaning

Martin Ferguson of MJF Cleaning explains: *‘I don’t necessarily look for qualifications and I don’t necessarily look for experience. I do like the person to fit in with what we’re doing. If they’re like-minded like us and motivated, they’ll pick up on what we’re doing. So I do look for the person, I like to get a good feel of what they’re about, what their goals are as well. If they want to move with the business, for me, it’s not about age, colour, creed. For example, we’ve only taken sales people on in the last year, and we interviewed a lot of people. Graham is a 55- 56-year-old, our sales executive. We had other people interview for the post, 25-year-olds, 30-year-olds, but they didn’t quite fit. A lot of other people would have thought, “Graham’s 55. We want someone who’s going to stay longer.” But what I saw in Graham was something that certainly for four, five years he can sell the business, he’s so experienced. He can then manage and bring on that new person.’*

Rowan Gormley is very clear about what Naked Wines are looking for in new recruits and they are determined to get it right as the right people will help the business grow. *'There are some quirky things about our culture. For example we don't like talkers. We like doers. We've had people come in from big companies where talking and endless PowerPoint presentations is highly valued, but those people get expelled like a virus, because the company only values people who do. We've had quiet, introverted, shy people come in and succeed beyond their wildest expectations, because they're very good at what they do. So that's a quirk, and it's really worth screening for that right from the beginning.'*

Hiring the wrong person wastes time, and can be costly and disruptive to the business. So asking the right questions in the interview

is critical and some of our case studies have shared with us how they go about seeing if there is a match between the company and the applicant (see UKFast and MJF Cleaning boxed examples).

At Choccywoccydoodah, as well as having an interview, potential short-listed recruits are asked to do a trial shift: *'We never believe what you see at an interview, because it's very easy for anybody to behave quite well for 15 minutes. Once we've done the interviews, we then ask people to come and work with us for a couple of hours; paid work for a couple of hours. That enables you to see if they're going to fit in with the team; to see if they've got potential; to see what they're going to be like when they're a little bit more relaxed – or not. Then after that, they go onto probation; after that, they're ours.'* (Christine Taylor, Co-Founder)

'Hiring the wrong person wastes time, and can be costly and disruptive to the business'

UKFast

In his blog, Lawrence Jones, CEO and Founder of UKFast, explains that, *'Trying to find like-minded people is essential. It's not a case of just employing a recruitment agency and hoping for the best. Our culture is so defined that the wrong people don't fit in and do more damage than good. Most don't hang around even if they get through the process. It is essential to ensure that we don't waste other people's time or our own.'*

'We have six core values in UKFast. Every time we recruit outside of these, if we stumble upon a technical genius or someone who appears to have all the skills we require, we get caught out. One of our values is "supportive", and this cancels out so many other people who may be very attractive to other businesses. If they are not supportive, they won't fit in at UKFast, whichever department they are heading for.'

Aaron Saxton, Director of Training and Education, describes how, therefore, *'recruitment is key for us. Right from the start they have to have the right cultural fit. They can be the best engineer, the best marketer, the leading sales person in the country, but if they haven't got that passion, that energy, that drive, that resilience, that willingness to learn, then it's not necessarily going to work for them here.'*

Jayne Pitman, People Manager, explains the process she takes, *'The three things that we'll ask are: can they do the job, will they do the job and will they fit in? The hardest one out of the three is will they fit in? The other two you probably find the majority of the time, because it'll tell you that on the piece of paper they've sent through to you.'*

'We have a competency sheet that we use to assess people and give them a score of one to five. Then at the end it'll have an overall score and a pass mark. We're looking for our core values, and qualities like professionalism, dynamism, passions, drive, confidence, communication and supportiveness. I talk about what they do outside of work: how long have you done that for? When did you get into it? Do you love it? You can see them sit up a bit more and get a bit excited and enthused and you can see if they have a passion in them.'

'The induction period was largely seen by our case studies as the golden opportunity for new starters to understand the business and the culture.'

Of course recruitment isn't a one-sided activity. It's also important to talk about the vacant role, set clear expectations about what it's like to work here and what the job will involve, to help the applicant determine whether they would be happy working in your organisation. For example, Tracey O'Neill at Caljan Rite-Hite makes the demands of the job clear to potential recruits to help them make this decision: *'This is going to be no joyride. This is hard graft. You are out in cold conditions, you're working 24/7, but you will be paid well and you will have a strong team to support you and work with you. We also focus on developing all employees who want to progress.'*

The value of a structured induction period

The induction period was largely seen by our case studies as the golden opportunity for new starters to understand the business and the culture (see Watford Community Housing Trust's boxed example). It was deemed important that time and space was created to allow them to make the most of this opportunity, observing how the business operates and its reason for being before trying to introduce new approaches.

Flexible job descriptions

Our past research with SMEs found that although a job role outline is necessary to guide work and prevent duplication of effort, a degree of flexibility is required as

people still need to pitch in and get the job done. And maintaining flexibility can make work more interesting, including creating opportunities for people to get involved in innovative projects. It can also help retain those people who joined the company in the early days who feel engaged by a varied job role.

At MJF Cleaning job descriptions are kept purposefully broad to encourage teamwork and in line with the reality of working in an SME. *'We purposely try to broaden them in how they're written. We'll hand them out, but we will also say that, "this is a guide to give you a flavour of the expectations and the responsibilities, but please be aware it's a small team. You will be expected to do other things. When there's a peak and trough in your role, someone else might be having a hard time getting other things done, so there's a balance there.'"* (Sara McTrusty, HR Manager)

Evaluating performance in line with the culture and values you want to maintain

The way inappropriate behaviour is addressed and desirable behaviours are rewarded sends a very strong signal to people about the kind of organisation it is, 'this is what the business stands for' and 'these are the behaviours that are acceptable here'. In line with the old but true adage that 'what gets measured gets managed', some organisations have made

Watford Community Housing Trust

Watford Community Housing Trust enriched their induction process to enable new starters to see the houses the Trust manages and help them identify with their community purpose. Dee Ward, HR Business Partner explains: *'We changed the corporate induction last year. We introduced a stock tour into it, so when people start with the company, they go out in a minibus, and see where our houses are, and what the estates are like. This means that our staff get to see upfront the communities and homes that our customers live in. We have now got to the point where our new starters have all been on the tour, so we're now saying to people who have been here for years, "Would you like to go on a stock tour?"'*

MJF Cleaning

MJF Cleaning make sure they do address behaviour which is unacceptable, but they try to resolve issues informally at first. The Operations Director, Lyndsay Wind, cites an example when a member of staff's timekeeping became an issue: *'Fraudulent timekeeping is gross misconduct and it is instant dismissal. We didn't take that route because we thought: "If they have come from a culture where that has been allowed to happen"... So rather than doing that, we sat them down and said, "We have done a full investigation, and we would like you to make up the hours that you owe and obviously improve the standards in your areas."*

'We didn't have to do anything else. [We took this approach] because all of our values are centred around people, training, not turning our back on somebody who is not doing the job properly, looking into the reasons why they are not doing the job properly, "Do they need some help? Do they need some training?" and things like that. We would hate to think that the staff were reading what we're all about in the newsletter and then saying, "Training and support? You are joking, aren't you? I did this. It wasn't even my fault and they sacked me."

their values a meaningful part of performance discussions.

Naked Wines have given careful thought to the way they measure performance and how that affects the kinds of behaviours they want to encourage. *'We don't measure our call centre on calls per person per hour, or cost per call, or length of call, or any of those things. But the measure of the call centre performance, customer service performance, is purely customer feedback in response to the email. When the whole thing [the customer issue] is closed, the person in the Customer Happiness Team closes the case. That automatically generates an email to the customer saying, "We think we've resolved your issue. Do you agree? Were you happy with it?" Then we look at that score.*

'What it picks up is if we've got somebody who is very quick at getting through calls, and shutting them down, but that actually isn't solving the customer's problem. It picks it up. That's a measure we track all the time, and it's a much better indicator of whether your customer-facing people are doing their job than average length of their call.' (Rowan Gormley, Founder)

Inappropriate behaviour tends to be more apparent in SMEs than in larger organisations and needs to be dealt with quickly to avoid damaging the culture. Common across many organisations, and illustrated in the boxed example from MJF Cleaning, are the principles that early intervention stops the issue from becoming a problem and causing wider disruption, and that unacceptable behaviour should be addressed in a fair way, congruent to the organisation values.

The approach taken at Julia's House is similar, as Diane de Souza explains: *'We care about what we do and how we do it. We have to make tough decisions at times... but as long as we care about how we do it and we do it properly, that is important to us. But clearly you have to deal with performance or misconduct, you have to deal with it fairly. Obviously you can't be all soft and gentle with the individual. You have to deal with it properly and appropriately, but always having in mind, what is the impact of this all the way through the organisation?'*

'Inappropriate behaviour tends to be more apparent in SMEs than in larger organisations and needs to be dealt with quickly to avoid damaging the culture.'

Adopting reward approaches consistent with your culture

From our research there are some interesting examples of how reward reinforces the organisation culture.

There are simple and zero-cost things that organisations can do to reward behaviour, with the most commonly cited one being managers acknowledging people's contribution with a simple thank you. *'If we have a nice email come through, I'll put it up in the staff room and be like, "Well done guys".'* (London Store Manager, Choccywoccydoodah)

At UKFast, reward is given in a way that reinforces the team culture of the organisation. For example, rather than giving high-performing people individual cash rewards, the money is pooled together to fund

a team event. For example, star performers are invited on holiday with the founder to a ski resort or a rented holiday home. Activities at these events, such as trekking, help people to bond as a team, appreciate people's different personalities and how best to work together, as well as reinforcing the values of being supportive, caring and fun.

Organisations also provided examples of how staff have opted for a type of reward that fits their culture. At EducationCity, teams are rewarded for strong performance and allocated a budget to treat themselves, typically a night out as a treat for the team when meeting a major target. Instead, one team decided to spend the money on an arcade games machine for the breakout area in the office for everybody's use.

Another team have opted to use their team-building budget (which is typically used for fun social activities) to participate in charity work such as supporting the local nature reserve and steam railway with practical help.

Development opportunities

Offering training and progression opportunities can send a strong signal to employees that they are valued and that looking after your people is a key part of what you're all about. Many of the organisations we spoke to also had a core value such as 'supportive', 'improvement' and 'innovation', which could be brought to life internally through providing development opportunities. And of course they are a good engagement and retention tool.

Watford Community Housing Trust

Watford Community Housing Trust evaluated the nature of staff awards. They were originally awarded based around achievement of elements of the corporate objectives, but have now been aligned to the values to encourage behaviour in support of those. And Steve Phillpott, Head of Human Resources, reflects that, *'one of those things that we looked at when we looked at staff awards was our long service awards, which I think we'd inherited from the council at transfer. We'd just kept it going, and never really had a look at it, and then we said to staff, "Well, what do you think?"'*

'Ultimately our staff turned around to us and said, "ditch the long service awards as we don't think they fit with what we're about". For our staff to be telling us that was a powerful reflection I think on how far we've come, in terms of getting rid of a longevity-based reward culture within the organisation and building one around performance-based reward.'

EducationCity

Stuart McPherson, Head of Commercial Business, explains *'We've been quite lucky because the business is growing quite quickly, so we have got people who are developing in positions. For example, for those in managerial positions their headcount is growing, so it presents them with more challenge.'*

Cross-department moves have had business benefits for EducationCity, helping to break down silos and develop people's understanding of how different departments can work together most effectively.

Stuart is conscious of needing to provide a development path for people who have been there for a long time to encourage them to stay. *'Charlotte, the Internal Sales Manager, has been here probably longer than anyone. We're very lucky in that she's extremely passionate about the role that she does and the product and the job. But I know that she'll be thinking in a couple of years' time, what's next for her? Obviously as I develop, I need to be taking Charlotte with me and showing her other elements of the business, and what I'm doing.'*

When the business and the workforce is growing, new roles are created or roles are enlarged, which create natural progression opportunities.

In a small organisation it can be hard to provide upwards progression opportunities, though, especially with a small workforce, a flat structure and low turnover. More creative thought is needed about horizontal opportunities. For example, learning how to do another role means there is cover when someone is on holiday and also means the learner has new skills, variety in their role, and can continue to practise those new skills when they are covering their colleague.

Secondments are a practice used by IMarEST as new roles are created through organisation growth. The IMarEST needed a marketing executive and knew someone in the membership team had an interest in marketing and was studying for his professional exams in marketing. He was offered a secondment to the marketing team, which gave him and the organisation the time to test out the arrangement to see if it worked. The IMarEST kept his job in the membership team open, but with the view that if it worked out then he would be offered a permanent role in the marketing team.

Being prepared for people leaving the organisation

When the workforce is particularly small there tends to be just one person doing a certain role. Losing a key person can mean you also lose all of the technical and tacit know-how they have about their role and the wider company. Cross-training is a simple solution to cover people's annual leave and sickness adopted by many of the organisations we have worked with during the research. On-the-job training, shadowing and secondments can be an economic and effective way of multi-skilling.

However, it's also vital to prepare for your key people leaving the organisation. Developing a succession plan is a key part of this (see Julia's House and NP Group case study examples). In identifying potential successors you need to look not just at skills, but also at their personalities and values. You may have a pool of highly talented successors to choose from, but if they don't suit your company's ethos, they won't thrive.

It may be that there is no one internally who is ready to take on that role and so they need to be recruited externally. As we mentioned above, a robust induction process is essential and more time may need to be invested

'Losing a key person can mean you also lose all of the technical and tacit know-how they have about their role and the wider company.'

Julia's House

Dorset children's hospice Julia's House has developed a succession plan for every management post in the organisation, identifying potential internal successors who could take on the role should it become vacant. Succession planning is a regular item on the Leadership Team's meeting agenda, and they frequently review whether prospective candidates currently have the necessary skills or whether they would benefit from further training and development.

As Martin Edwards, Chief Executive of Julia's House, emphasises, their approach has further business benefits, including helping people achieve their potential, retain star performers and ultimately enabling the organisation to maintain a high standard of care for the children and families they support. Martin stresses that it's not guaranteed that those identified as potential successors will assume the role, and there is no presumption of an internal candidate succeeding over an external one.

‘In identifying potential successors you need to look not just at skills, but also at their personalities and values.’

in getting external hires up to speed with how the organisation operates.

Arolite is a family business so Mrs Khanna, the mother of the family, retiring, is a significant event for the company. She has a key role in the business, heading up the Internal Service Team. In finding someone to take on her role, the decision was made to hire someone externally with significant industry experience but who also fit with their family culture. The handover has been carefully planned, with a six-month handover period. The length of handover gives the new manager the chance to understand how the

business operates and learn the fundamentals of the role, which can take a few months. She can then assume the role with Mrs Khanna on hand to offer guidance on unusual queries for a further three months.

In this section we’ve looked at how introducing people practices can be an opportunity to reinforce the culture and further bring to life the organisation’s core values. The next section summarises the report, and highlights the need to consider the dynamic nature of culture to prevent it from becoming diluted, distorted or even disappearing over time.

NP Group

Succession planning is an important part of NP Group’s approach going forward. Their Learning and Development Manager is looking at how they can best grow or find people that make a real difference to the business.

Tony Gallienne, CEO, explains, *‘We went through a succession review process last year, my chairman and I, and identified that there are people in the business who need to grow for the benefit of the business, particularly succession.’*

‘What I’m looking for is a coherent programme which is rich in experience, both formal and informal. How it’s going to be delivered, to what extent can we deliver it ourselves, to what extent do we need professional input, how much it’s going to cost and what time are people going to have to take out of the business and therefore how are we going to backfill that time and all the things that need to be considered to make sure we’ve got the balance right.’

‘I can think of people that we’ve brought on in very lowly roles but have had the potential to grow. Our IT Manager is one, no GCSEs and through us he got a BSc in Computer Science and runs our IT facility. We’ve got somebody else who again had hardly any qualifications, but is technically very good, and achieved a BSc in Construction Management. There’s one particular area of our business that really wouldn’t exist if it wasn’t for him. And our management development programme basically is aimed at people who are perhaps supervisors, who are looking and have the capability of moving up into a management position.’

Summary

In this report we have drawn out the key issues that need to be considered to retain the founding principles of your culture, values and purpose over time. We have illustrated these issues with practical examples and insight from our interviews with those owning and working in SMEs, as well as those working with SMEs to support their growth and longevity.

The overall message from our research is that culture is not static; it can be affected by internal and external events, small and large. And if not attended to and reinforced, it can take on a life of its own and your values and purpose can become diluted and even lost over time.

At the beginning of this report we talked about SMEs often reaching a 'tipping point' when they noticed subtle signs that people 'weren't just getting the culture' anymore and where people may not be living the founding values or talking about the purpose of the organisation as strongly as they did in the early days. And as can be seen via our case study examples, various other tipping points are likely to be encountered during the life of the organisation. Some major events can be foreseen and their potential effect on the organisation culture planned for; however, others may not be as predictable.

Events and changes in the organisation have the potential

to derail what you're all about, but our work with our case studies has also shown that there are numerous opportunities to reinforce the desired way of doing things by implementing and managing organisation change in a way that supports and reinforces your way of operating.

Although sometimes cultural evolution is necessary and appropriate to achieve the business's aims, straying from your founding principles or losing sight of where you've come from can be detrimental to the business and requires action (see Naked Wines and Choccywoccydoodah case study examples). Cultural dilution can send confusing messages to

Naked Wines

At Naked Wines, the culture is built on collaboration, not competition, and they value doers, rather than talkers, and facts, not opinions. Rowan Gormley, Founder, provides a great example of when he felt the decision-making process was moving away from this 'Naked Wines way' and intervened to bring it back to these core principles.

'When we get in new wine we always say, "How do we communicate this wine to our customers?" We've got a methodology for figuring it out: there's a group of people, but the role of the group of people is not to be a committee. Because when you have a committee, what you end up with is people competing to have their opinion heard, and whoever has got the loudest voice, and the biggest salary, outranks the next person.'

'The way we try and do it is there's one person who has got the job of figuring out how we're going to sell this wine, but it's the job of everybody else in the room to help them by giving them ideas. So the dynamic in the room isn't to have your opinions heard. The dynamic in the room is to help the other person do their job.'

'As we grew the Marketing Team it became really clear that the dynamic had switched into a committee approach, [and the thing you can] pick up is when people are saying, "I don't agree. That wouldn't work for me." Firstly they're negative statements, and secondly they're just complete opinions, totally fact-free. That's when you suddenly end up with organisational paralysis.'

'We got everyone into the room, stopped the meeting, and said, "Let's go back to first principles. This is how we do this. Now we're going to have rules. If you think something is a bad idea, we're not interested in your opinion. We're only interested if you think you've got a better idea." So what we've done is taken an environment which is competitive, and turned it into an environment which is collaborative. [We want] doers not talkers, facts not opinions.'

staff and customers alike about what your business stands for and how it should operate on a daily basis.

In conclusion, we hope you have found this report a useful resource. This report is one of a series

which looks at different people management issues in SMEs. For other research reports and practical resources developed by the CIPD for small and medium-sized organisations, please see the references and further reading section and visit cipd.co.uk

Choccywoccydoodah

When the Store Manager, Jenna Mullen, at Choccywoccydoodah's London store joined the business, she realised that over time the shop and the café had operated more and more as distinct units, a phenomenon which didn't fit with their overall family-style culture. Uniting the two was seen as an essential intervention to stop the culture diluting into two separate subcultures.

Jenna recalls, *'The culture was here when I arrived in London but it just needed to shine. When I first came in, the building was running as separate entities. It was running as shop and it was running as café. I kind of sat back for a month and let it ride out and observed. I said, "This doesn't work." I said, "We're a team and we need to run this as a building, as a team." If you're running it as a shop and running it as a café, how's that ever going to work? One Saturday we said, "Right, we're going to swap the teams."*

'It was a really good experience to do because they didn't really have the understanding of what each other did. The shop thought, "The café, well, we have to help them clean every night, and I don't see why they take so long." Then the café was like, "The shop doesn't do anything." We were like, "Okay, this will be really interesting."

'So we swapped and it was amazing because the shop were like, "the café work hard, I'm tired. No wonder it takes so long to clean because chocolate gets everywhere." The Café Team in the shop were like, "Wow, you have to be on the ball. You have to be really talkative to everyone." It worked, and now they all respect each other. Now everyone helps each other out, and now we work as a building and it works. That was a really interesting couple of days.'

References and further reading

CHARTERED INSTITUTE OF PERSONNEL AND DEVELOPMENT. (2010) *Shared purpose: the golden thread? (online)*. Survey report. London: CIPD. Available at: <http://www.cipd.co.uk/hr-resources/survey-reports/shared-purpose-golden-thread.aspx> [Accessed 6 May 2014].

CHARTERED INSTITUTE OF PERSONNEL AND DEVELOPMENT. (2012) *Achieving sustainable organisation performance through HR in SMEs (online)*. Research insight. London: CIPD. Available at: <http://www.cipd.co.uk/hr-resources/research/achieving-performance-hr-sme.aspx> [Accessed 15 April 2014].

CHARTERED INSTITUTE OF PERSONNEL AND DEVELOPMENT. (2012) *Employee outlook, autumn 2012 (online)*. London: CIPD. Available at: <http://www.cipd.co.uk/hr-resources/survey-reports/employee-outlook-autumn-2012.aspx> [Accessed 15 April 2014].

CHARTERED INSTITUTE OF PERSONNEL AND DEVELOPMENT. (2014) *Hands-on or hands-off: effective leadership and management in SMEs*. London: CIPD.

COLLINS, J. (1995) Building companies to last [online]. *Inc*. Vol 17, No 7, special issue. pp83–86 Available at: http://www.jimcollins.com/article_topics/articles/building-companies.html [Accessed 15 April 2014].

DEPARTMENT FOR BUSINESS, INNOVATION AND SKILLS. (2013) *Business Population Estimates for the UK and regions 2013 (online)*. London: BIS. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/254552/13-92-business-population-estimates-2013-stats-release-4.pdf [Accessed 15 April 2014].

SCHEIN, E. (1992) *Organizational culture and leadership*. 2nd ed. San Francisco, CA: Jossey-Bass.



Chartered Institute of Personnel and Development
151 The Broadway London SW19 1JQ UK
Tel: +44 (0)20 8612 6200 Fax: +44 (0)20 8612 6201
Email: cipd@cipd.co.uk Website: cipd.co.uk
Incorporated by Royal Charter Registered charity no.1079797