
A KTP with Fosters Bakery and Sheffield Hallam University

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Structure

- Introduction to Fosters Bakery
 - The development of the project
 - The project in practice
 - What we achieved for each of the partners
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Fosters Bakery

- A family owned bakery in Barnsley, South Yorkshire employing 225 FTEs
 - Organic growth plans (from £10 m turnover)
 - Moving from a 'has been baker' competing on price to a 'rapid innovator' competing on quality
 - Serious, presenting HR problems (high labour turnover and absenteeism, recruitment difficulties, customer complaints, a large migrant labour force)
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HR practice in SMEs

- Despite their economic importance, relatively little research into their HR practice
 - Much existing commentary/research polarises into: 'small is beautiful' (harmonious, family style, little bureaucracy, good HR) v bleak house (conflict, authoritarian, instability, poor HR practice) (Wilkinson, 1999)
 - 'Small is brutal, not beautiful' (Rainnie, 1989)
 - Assumed that SMEs should learn from large firms (Cassell et al, 2002)
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What Foster's wanted

- A strategic approach to HRM (instead of the reactive approach to date) suited to an SME in the bakery industry
 - To tackle the immediate problems and free up the time of the new Operations Director
 - To develop something more aspirational about the development of adaptable people
 - To improve the image of Fosters and the bakery industry
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What we wanted

- To fill a gap in knowledge about HRM in an SME in the bakery industry
 - To use this knowledge in our teaching and in academic outputs
 - To develop further projects in SMEs and in the food industry
 - To work in partnership with Fosters
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Building the relationship

- Liz, Ann, John, Michael and then Sarah
 - From October 2005 to April 2006; many visits, many drafts and re-drafts, at least 20 days
 - Writing things never written down like this before: strategy, target markets, statistics, financial data
 - Demonstrating the business case (quantitative measurement difficult and problematic)
 - Must be more than consultancy
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The project plan

- HR audit (data collection on ways of working: interviews, document and statistical analysis, participant observation)
 - Develop an HR vision and strategy to fit overarching business strategy
 - Design and implementation of HR systems (eg absence and discipline, training and development, performance management)
 - Embedding HR strategy and function
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The reality

- Progress was not linear (eg problems tackled first)
 - Hard to keep to plan – Fosters wanted quick action, Associate drawn into day-to-day activities
 - MD found it hard to let go of control
 - Our role as academics expanded (eg generic strategy development)
 - We did feel and behave like a seamless team
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What did we achieve for Fosters?

- Absence management system and improved disciplinary practices
 - Career pathways supported by systematic training
 - Support for migrant labour
 - Creation of an on-line learning environment
 - Training of line managers (appraisals, liP, communication, return to work)
 - British Retail Consortium; Grade A and no non conformances
 - High staff morale and improved communication
 - Fosters won the Food Manufacturer 'Diversity in Recruitment' award
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Back to measurement

- How do we measure success? Both for the KTP, for Fosters, for research purposes
 - Fosters regularly measures financial performance: turnover, profit, return on capital investment 'does anything else matter?'
 - Resistance to generating any Key Performance Indicators related to HR - time not justified
 - Ad hoc measurement is done when required (eg factory wastage) then it ceases
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HR measures for KTP

- SSP payments have decreased
 - £43,021.79 annual cost for tax year 2006/2007
 - £33,854.23 annual cost for tax year 2007/2008

 - Number of disciplinary cases decreasing
 - 20 in the 6 months prior to March 2007
 - 5 in the 6 months prior to March 2008
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HR measures for KTP

- Employee Turnover has decreased
 - 21.8% in March 2006 (Prior to the KTP project)
 - 9.1% in March 2008 (18 months into the KTP project)
 - Retention rate of employees with over 1 year's service has improved
 - 10.6% of leavers had more than 1 year's service in March 2006
 - 7.9% of leavers had more than 1 year's service in March 2008
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What really matters?

- Not concerned about evidencing the value added through HR investment - it is a leap of faith
 - Current climate of increased costs of raw materials and fuel
 - Several competitors have gone out of business
 - 'The improvements made through the KTP have contributed to Fosters ability to stay in business and indeed win new contracts from failed competitors' (KTP Final Report)
 - New HR post created
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What did we achieve as academics?

- Extended case study and small case studies for use in post-graduate teaching
 - HR placements and post-graduate projects
 - 3 conference papers/workshops
 - 2 research seminar presentations
 - Working on an article for a 3* journal
 - A further KTP
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Conclusions which will make an academic contribution

- Good HR practice in SMEs is different to that in large organisations (resource poverty, reactive to presenting issues and business interests, nimble, less formalised and bureaucratic, more influenced by a few key managers/directors) and should be evaluated by reference to different benchmarks to those in large organisations
 - Drivers toward formality and sophistication are size, external networks and legislation (compliance)
 - Drivers towards investment in people (more aspirational practices) are market position and ideology of key managers/directors
 - Owner/MD likely to hold on to control and to management prerogative
 - Routine measurement of HR impact is not cost-effective, likely to be ad hoc
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What did we achieve for our KTP Associate?

- Great experience for her CV
 - A permanent post as HR Advisor at Fosters
 - Work as an Associate Lecturer at SHU
 - An MSc in HRM
 - She married the Operations Director!
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