

2003

Family Business Honours

C. & J. Clark Ltd

2003 Family Governance Exemplar

Nigel Nicholson and Åsa Björnberg
London Business School

Family Governance Exemplar

“You may be assured that I will make the family and the company aware that we have been awarded this singular honour.”

Roger Pedder, Chairman of C. & J. Clark Ltd.



Introduction

Impressions

This is a modern business, with a secure hold on tradition. Enconced deep in rural Somerset, the glossy West End interior of the age-old shoe factory that is the C. & J. Clark headquarters is surprising, if not startling. Expressions such as ‘rural chic’ spring to mind as you wander through the tentacles of the building that meander from the museum-like reception, filled with artefacts from past shoe-making equipment, through the top management team’s New York style loft with partially frosted glass walls that feature people’s shoes as they walk by, to the open space offices and finally “the Cowshed” – the throbbing heart of the building, a café where people meet and connect.

The small and ancient town of Street has become almost synonymous with Clarks, its patron and largest employer. The company ethos – traditional yet contemporary – is mirrored in its historic office buildings with their ultra-modern interiors. Preserved architectural features house digital art installations. The showrooms and store replicas that display ranges of shoes also carry these transformational qualities, and it is clear that innovation and continuous improvement form a large part of the business.

“Expressions such as ‘rural chic’ spring to mind as you wander through the tentacles of the building”

History

Cyrus and James Clark were brothers in a group of seven siblings, making a living in the sheepskin business. In 1825, the brothers set up a sheepskin slippers business in a barn, and eventually progressed into long, narrow buildings that utilised daylight for the shoe making. Clarks in Street have retained this building shape as a legacy to its shoe-making heritage. The most significant event in the history of C & J Clark, however, was the high profile and very public feud of 1993 when a razor-thin majority of shareholders voted against selling the company to Berisford International. This was followed by a period of renewal and radical change in strategy, sourcing and management systems. It is a time that some recall with mixed emotions, yet most would agree that the company was in dire need of a move away from its inertial and paternalistic style towards a more modern, flexible and informal profile.

Clarks

Leadership

The Role of the Chairman and the CEO

Roger Pedder, Chairman of Clarks, describes himself as a “hybrid” – not really family, but as an in-law, as close as one can get. He is currently the only “family member” at Board level who is involved in the day-to-day running of the business. He sees his position and task to “conduct the orchestra” of the family shareholders and the Board, an interface that requires a strong Chairman. The leadership style is geared to Quaker values such as open communication and integrity, and in the role of the Chairman, the exercise of diplomacy and respect. Roger Pedder and the CEO Peter Bolliger form a dynamic team operating on the basis of trust and clearly defined roles. Peter Bolliger manages the company, and Roger Pedder manages the Board. Decision-making is quick due to the sparse number of key decision makers, and is made with long-term goals in mind. Decisions are also made with an open door policy, in order to consolidate the family’s trust in the top management strategies. The CEO has a hands-off approach that secures continuity and is supportive rather than imposing, acting on the notion that “you have to stand up and be accountable, be strong and honest.”

“The leadership style is geared to Quaker values such as open communication and integrity”

Vision and Challenges

Clarks does not have a mission statement. They say they have no need for “a lot of fluff.” Quaker values determine how the business is run. The basic purpose is to sell shoes and make a profit, treat staff and customers in the right way, be fair and reasonable, yet tough in negotiations. In Roger Pedder’s words, “a successful business that is well run” is the bottom line. This challenging vision also includes entering the international market. Challenges tend to increase with the size of a business, and likewise with the number of outside interests it comes to rely upon. The external business environment is highly competitive, but the firm feels confident in the face of it, though changes in taxation and tariffs could always pose fresh challenges for a trading business of this size and complexity.

Culture

The culture at Clarks has been in a state of flux over the past decade due to the changes in leadership that it has undergone, and it has emerged more modern, more informal yet truer to its origins.

Ideology – Quaker Values

Clarks operate on business-sound ethics that imply good employment practices, charity, community responsibility and honest dealings with third parties – treating them as stakeholders, with respect and involvement. The Cowshed café in the Clarks headquarters symbolises its character – displaying something of the Clark quirkiness, modern, artful and slick, without being arrogant or loud. It is a relaxed and benign environment, where problems are solved rather than created. It is accepted that “things go wrong, it’s a dangerous world”, whilst displaying a business-like determination to eliminate the causes of repeated mistakes. This is a culture that is said not to be for everyone, especially people who prefer less flexible and more highly structured environments. It does not lend itself to personality cults or self-promotion, however, it is no “sausage machine.” There is space for people to develop their own style and be individualistic.

“It does not lend itself to personality cults or self-promotion”

Communication

Talking and interacting are highly valued in Quaker communities, with weekly meetings central to the practised faith. In this spirit, the Family Shareholder Council offers a venue for discussion and an opportunity to reach consensus. The idea is that family members should be engaged at the early stages of a project or policy in order to anticipate and deal with disagreements, so that they do not return later in more malignant form to derail decision-making. This represents a change in the culture since 1993 towards a more professional climate of management, leadership and strategy formulation. The future vision of the company is inculcated among the staff, through strong practices of communicated direction. Twice-yearly staff appraisals help to ensure alignment of individual with company and family goals.

People

The intrinsic value of learning is a central Quaker value. In this spirit partial or whole grants are offered to all employees who want to learn a new skill, whether job-related or not. There is also a graduate scheme, in-house training for employees and a “fast track programme” for identifying talent in the company. Clarks is supportive of its employees through such measures as its final salary pension scheme, job share arrangements, flexible working hours and compressed working weeks. In many other ways the company pays close attention to the differing individual needs and concerns of its staff. Most of these are locally recruited, and they are an extremely loyal and long tenure population. Employees also include non-local professionals, such as high-end, specialised designers, attracting such people to a rural setting and retaining them requires a confident attitude and best management practice.

“Grants are offered to all employees who want to learn a new skill, whether job-related or not”

Governance

Family Governance

In addition to the Chairman, the Board of Directors consists of eight members, four executive and four non-executive directors. Two of the Board are members of the Clark family nominated by the Family Shareholder Council (FSC). The Family Shareholder Council is a central organ in the organisation's anatomy. It represents virtually all of the family, and has its own full-time secretariat paid for by the company. Its representatives are elected for three years and can serve up to three consecutive terms. The FSC has seventeen shareholding members, but meetings can attract up to thirty participants, including lawyers and other professional advisors, as well as seats for the attendance of next generation family members to train them for supply of "the young to replace the old". The qualifying ownership threshold for membership is currently set at 4.5% per person.

"The Family Shareholder Council is a central organ in the organisation's anatomy"

In the family feud of 1993, a bid was made by Berisford International to buy the company. 52.5% of the shareholders voted against the sale (70% of the Clark family voted to reject it), and a commitment was made to consider stock exchange listing in the future. The dispute, described more in terms of "the family against the company, not the family against the family", resulted in a small group of family members seeking advice for corporate governance. Roger Pedder was appointed Chairman shortly thereafter, and the company brought in an external chief executive for the first time. Coming out of this conflict, the FSC was created, and aims to unify all shareholders into a single voice, and to keep family issues separate from the business.

“A total of 200 family members own 80% of the equity; the remainder is held by employees, institutions and the Rowntree Trust“

In true Quaker style, decisions are typically not made by vote, but by the sense of the meeting and the conduct of the FSC is generally through presentations and discussions. The family feeds into the Board via the Council. The Council holds meetings with the board 4-5 times per annum, and is perceived to be an effective conduit. There is also a written Constitution to guide process. The other main governance bodies are the Appointment and Remuneration Committee, chaired by a family member, and the Audit Committee which is chaired by an independent non-executive.

Ownership

A total of 200 family members own 80% of the equity, the remainder is held by employees, institutions and the Rowntree Trust (another well-known Quaker institution). Non-family members are rewarded with cash rather than shares. In 2002, £62 million worth of shares were bought back by the family. C. & J. Clark has remained a family company for 178 years, and hopes to remain a private company with a majority of shareholding for the foreseeable future.

Succession

There are currently five family members working in the business, all below Board level. Younger members are welcome to apply for the trainee scheme or existing vacancies, and positions are allocated on merit. It is deeply engrained in the company to avoid nepotism. Succession will occur in 2006 to replace the retiring Chairman. Plans are already in place for this event, in the shape of a joint committee to guide the process. A sub-group of five in this committee will consider the options and assess the impact of candidates, with another sub-group of six making the selection. This succession is viewed as a "real test" for the company.

"It is deeply engrained in the company to avoid nepotism"

Social Responsibility

Clarks is very committed to its community. There is also a strong interest in providing amenities for the community among family members. The Clarks Family Trusts have built a number of facilities for the benefit of the local area. These include a swimming pool, a theatre and other similar venues. This generosity also manifests itself through events such as school sales organised by Clarks and the educational grants issued. On a more international level, Clarks has a programme in place for its sourcing operations in various countries, where social auditors are consulted in order to ensure that ethical trade guidelines are adhered to. However, they are "careful about wrapping this social responsibility into the marketing" of the business.

“Roger Pedder is probably the only man in his position that can make a pair of shoes with his own hands – and judging by his capacity as Chairman, they will be rather big to fill.”

Conclusion

In every interview we asked: “So how do you know that this is a family business?”

This question was asked in order to assess how success was built upon “familiness” and how this has contributed to the profiles of excellence achieved.

As we have observed, the Quaker values and all they represent are an integral part of the family business, particularly in its management. Although the Quaker ideology may be less explicit to the employees, the “familiness” of the business manifests itself mostly through the staff conditions and the support given to people. In the words of one employee, “you feel it in the local community” and it is embedded in the fabric of the building itself.

The heritage and past of the company comes across through the family, even though their presence is less strong than it used to be. Their individual, fun, different and quirky style is evident throughout the company. Family ownership is strong, and the feeling that you work for known shareholders – not faceless institutions – is very clear. In the top management team, “when you work for a family, you do it all”, decision-making is easier and there is nothing short term. There are huge ups and downs, a lot of patience is required, and you need to “believe firmly in a great future”.

Roger Pedder is probably the only man in his position that can make a pair of shoes with his own hands – and judging by his capacity as Chairman, they will be rather big to fill.

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2003
Family Business Honours

Samworth Brothers

2003 Business Success Exemplar

Nigel Nicholson and Åsa Björnberg
London Business School

Business Success Exemplar

"I was absolutely thrilled to receive the Business Success Honour on behalf of my colleagues and the company."

David Samworth, Chairman of Samworth Brothers:



Introduction

Impressions

On the outskirts of the historic town of Melton Mowbray in the heartland of England you come across an assembly of low buildings in parkland, full of young newly planted trees, which make up one site of the Samworth business. The Group Centre is a compact building, for despite the size of the business it is run by a very lean top management team. The bustle of activities on the bakery floor and in the development kitchen speaks of commitment and quality. The product specification of the ready-made meals is constantly changing, since every item in a current range of 83 products is produced in short runs on a daily basis to maintain freshness. Drawing on the Asian conurbations of the East Midlands the workforce is a cheerful multicultural mix. The impression is that people are happy – there is a lot of good-humoured exchange going on all around the production lines. The managers showing us around stop and chat at frequent intervals with the production workers, and there are many friendly smiles and exchanges.

”The bustle of activities on the bakery floor and in the development kitchen speaks of commitment and quality.”

History

As is the case of many large and successful family enterprises businesses, Samworth Brothers Limited origins are humble. George Samworth started a small pig-dealing business in Birmingham one hundred years ago. During the Second World War, the original firm was subject to compulsory acquisition along with most pig butcheries in the country. This provided the impetus for him to enter the pork pie-making business. When the war was over, he acquired T N Parr which grew and acquired Pork Farms in 1969 in Nottingham. The family acquired Ginsters in 1977 and this forms the basis of the family business as it is today. From the founding of Samworth Brothers in 1896, acquisitions, reinvention and recruitment drives continued to characterise the historical growth of the company. Three generations have since made it into a major business with a leading presence in the British food industry as a producer of quality savoury and sweet foods.

Samworth Brothers

QUALITY FOODS

Leadership

Structure of the Business

The company group structure is remarkably straightforward and enables very clear yet multiple lines of communication. There is a Holdings Board, chaired by David Samworth and consisting of three executive and three non-executive directors. Reporting to the Holdings Board is the Group Executive Board consisting of five executive directors, and there are no intermediate divisional structures. This means that the Group Board is in direct contact with the thirteen subsidiary business lines. These subsidiaries have their own budgets, buyers and boards of directors. The underlying notion of not having a divisional intermediate stratum is to enhance the autonomy of the subsidiaries, ensuring the recruitment, retention and empowerment of only the very best people. The belief is that “a desk is a bad place to run the company from”, which in practice means that the Group Centre is a quiet place most of the time – executives are out on the bakery floor and among their people.

“The belief is that a desk is a bad place to run the company from”

The Role of the Chairman

As the youngest and most ambitious of the brothers, David Samworth contributed to the professionalisation of the management at an early stage. On his own initiative, he attended the business school at Harvard, and was immediately thereafter appointed Managing Director at the age of 31 and Chairman on the retirement of Frank Samworth Senior. As Chairman, David Samworth is perceived as “the cultural backbone” and his son Mark as the “cultural ambassador” of the business, the essence of which is attributed to the family presence. David Samworth has a hands-on approach, and is known for his eagle-eye checks of crucial details, from such central operational issues as the temperature in the chilling room to such symbols of their health and safety concern as the presence of soap and nailbrushes in the bathrooms.

Vision and Challenges

People, Quality, Profit – these are the words that sum up the company's basic policy. People can make all the difference, good people make good products. The company believes that their people have the right to be treated with dignity and respect and they are given every opportunity to develop themselves.

The commitment to quality is not only the quality of the products but also the quality of the premises, restaurants, parking facilities, plant and machinery – the list goes on. Quality is a way of life within the business. Thus a profitable business is maintained, that allows the company to build new businesses and reinvest in existing businesses.

**“People can make all the difference,
good people make good products”**

In addition to the challenges of precision and hygiene standards that are crucial in the chilled foods industry, dealing with super-markets is another challenge, for Samworths supply a range of sophisticated ready-meals to leading retail grocers. The competition for this supply is fierce, and there is a constant need for product innovation, and development of new technology to stay ahead of the trends in the volatile and demanding food market. In the words of one director, “if the business is struggling, everybody feels it”. In other words, maintaining morale in harder times can be challenging. Furthermore, due to the size and structure of the business, suffusing a coherent vision for all the subsidiaries is also a challenge. The strength of the loyalty and autonomy within each subsidiary makes it more imperative that management practice successfully represents a unified identity.

Culture

Ideology

Laborare est orare. “To work is to worship”.

The legacy of this company is one of constant change. Despite the high levels of growth, the ideology is that any subsidiary should never be larger than “you can get your arms around and love”. Samworth Brothers enjoys a very distinctive culture.

The importance of remaining close to nature is also evident in the fact that there are no preservatives or additives in the ready-made meals, and the majority of all subsidiaries have 25% of the site devoted to trees, shrubs and flowers. At the Kettleby plant, a herb garden has been planted outside the bakery for the development chefs to experiment with new recipes and flavours. The belief is that “quality and value” makes people come back, and 80 years of experience has reinforced the value of “sticking to the knitting”. Westward Laboratories was established as a part of the Samworth Group in 1992, and operates independently to enforce rigorous quality controls for both group products and other manufacturers. However, they do not shout about their rigorous quality and sourcing controls, they prefer to be a “discovery brand”.

“The ideology is that any subsidiary should never be larger than ‘you can get your arms around and love’”

Communication

At the top management level, the reporting lines from thirteen operating companies inevitably puts considerable onus on the Chair of the Group Board, yet simultaneously it ensures “a clear understanding” and “quick decision making”. Meetings are held biannually with the Group Board and each operating company. On the bakery floor, people are described as “open and happy to talk”. Reporting lines are clear and direct, and management is practiced with “open doors”. Much of the Samworth Brothers culture is communicated through the Samworth Academy described below, and it is seen as essential that managers understand their role as guardians and Ambassadors of the culture. It is typical and symbolic of this that one of the induction days for new employees are spent with David Samworth.

“Samworth Brothers has one of the highest levels of labour stability in the industry”

People

There is no separate HR director – the concept of “human resources” is rejected as not referring to people as people. Personnel management is decentralised with one personnel manager in each operating company. The company conducts annual employee surveys that reveal that the people value, in order, the job security, personal development and remuneration it offers above all other features. Recruitment at Samworth Brothers puts a premium to people who are resilient, quick-paced, self-managing and dynamic. At the senior executive level, the attributes sought are hardiness, having fine antennae, an ability to read nuances, be good people managers, understand both ends of the spectrum – people and processes – and ‘make it happen’. Samworth Brothers has one of the highest levels of labour stability in the industry. There have never been any redundancies or plant closures in the history of the company, – or as one director puts it: “..Fantastic loyalty... If I were to chop my arm off, it would say ‘Samworth’ on the inside.” Employee benefits include a final salary pension scheme, health care benefits and life insurance. Incentives include profit bonus by site.

Training and Skills Development

Samworth Brothers’ commitment to developing its people is uniquely exemplified by the Samworth Academy, which has contributed to the Investors in People accreditation attained by the company. The Academy offers support, training and study opportunities for the employees. It promotes and develops the culture and ethos of the business, management skills and upholds staff training and development. For example, at Kettleby, sauce cooks can attend a training programme for attaining Master Chef recognition. The Board reviews each business unit every month, and inspects the level of staff training. All but the most junior staff must have regular personal development meetings with managers, and graduate trainees are carefully monitored. Graduate training programmes are run by two directors.

Governance

Family Governance

There are two family members of the Board, and four non-family members. In the Samworth family, David Samworth and his son Mark are currently the only family members with an active involvement in the business. Mark Samworth has a place on the Holdings Board as well as the Group Executive Board. The Boards have been deliberately structured to balance the best aspects of the family, executive and external experience, and also constitutes a good integration of family and non-family. A remuneration committee and an audit committee are instituted to ensure good governance.

The Family Constitution stipulates that next generation hopefuls seeking to join the company will be required to have experience of another business. Nepotism is strongly discouraged. The Constitution also stipulates that one family member cannot report to another family member. A Family Council was set up at one point, but it was discontinued since it was felt that the family was not yet ready to fully utilise such a structure. It is expected that the Council will be reinstated when the time is right, possibly within the next 20 years.

“The Family Constitution stipulates that next generation hopefuls seeking to join the company will be required to have experience of another business”

Ownership

Ownership is held in three family trusts, the younger generation having no shares of their own. Family members liaise with the Trusts via a family member that they nominate. Employment in the business of a family member is made on the basis of strict examination of the sufficiency of their skills and competence, and does not lead to preferential treatment in terms of ownership.

Succession

David Samworth has been involved in the discussions of succession to his position. There is a deputy chairman, who is also the owner of a family firm. David Samworth came in contact with the current deputy chairman at the Institute for Management Development in Lausanne, when they and their sons were attending a course as representatives of their respective family businesses. There is a commitment to the business remaining family owned. There will be no sell-out.

“Sales growth has been exceptional, with a constant increase in sales of 64% in the last five years”

Social Responsibility

Each subsidiary has its own formulated plan for social responsibility, and the company also operates a strict environmental policy focusing in particular on pollution control, energy conservation, transport and extensive recycling.

Business Success

Staying privately owned for so long has enabled Samworth Brothers to offer each of its operations stability, investment and opportunities to progress. The strategy has provided an optimal basis for growth, with compound sales growth levelling at 18% over the past ten years. Sales growth has been exceptional, with a constant increase in sales of 64% in the last five years. Samworth Brothers are now operating with sales of approximately £400 million, and growth is expected to continue. Profit before tax has seen a 35% growth over the past five years, with profit levels currently at £23 million.

Conclusion

“How do you know this is a family firm?”
How does “familiness” build success and how has it contributed to the profiles of excellence achieved?

The most salient attributes of the “familiness” of the Samworth Brothers business are continuity, enthusiasm, passion and job security. Job security for many means staying privately owned and controlled, i.e. no sell-out. The Chairman, in his capacity of “cultural backbone”, embodies the spirit of the family firm. The fact that both the Chairman and the CEO take part in the Samworth Academy as “live case studies” further reinforces its ethos and spirit.

“The Chairman, in his capacity of ‘cultural backbone’, embodies the spirit of the family firm”

Executives say they find the firm devoid of politics and an environment where there is no need to justify yourself beyond your contribution. Longevity, quick decision making, close communication between, for example, the finance and production levels, provide the clear lines that also are so often characteristic of family firms, setting them apart from many metropolitan public corporations.

In the words of the CEO, this family firm “takes a lot of believing and the foot on the accelerator.”

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2003
Family Business Honours

Bettys & Taylors Group Ltd

2003 Social Responsibility Exemplar

Nigel Nicholson and Åsa Björnberg
London Business School

Social Responsibility Exemplar

"As for our award, we are so proud and will endeavour to live up to it."

Jonathan Wild, Chairman of Bettys & Taylors Group Ltd.



Introduction

First Impressions

You get your first contact with Bettys and Taylors if you walk through the centre of the elegant Yorkshire spa town of Harrogate – the sight of one of their elegant period Bettys teashops. These retain an air of Victorian elegance and courtesy, and through the windows you can see the fine array of homemade cakes and pastries that the business was built around.

The other part of the business you don't need to travel to Harrogate to see is on the shelves of the tea and coffee section of your local supermarket. Here you will find an array of their famous Taylor's Yorkshire Tea and speciality coffees. Look more closely you will see that these are sold and sourced on a fair pricing basis to the producers. This practice is maintained even when there is a worldwide collapse in the price of the commodity, for their ethical stance as a business is second to none. It is notable that it is more quietly expressed than shouted from the rooftops. One senses that here is a business driven by a desire to do good, not a need to be seen to do good.

“One senses that here is a business driven by a desire to do good, not a need to be seen to do good”

History

Charles Taylors founded Taylors of Harrogate, a family tea and coffee merchant in Yorkshire in 1886. Bettys, a Swiss Confectionery, Bakery and Tea Room was founded in 1919 by a Swiss confectioner called Frederick Belmont. The two companies joined forces in the 1960s, and the business is now in the third generation with Jonathan Wild, Frederick Belmont's great nephew, as Chairman. Bettys & Taylors as we know it today is a Yorkshire-based leading supplier of coffee and tea to the UK retail market, and a chain of upmarket teashops and restaurants. Bettys is the “spiritual home” of the business. The company remains true to its Swiss roots, but these are set deep in the fertile Yorkshire soil.

Bettys
&
TAYLORS
of
HARROGATE

Leadership

The Role of the Chairman

The most striking feature about the leadership at Bettys & Taylors is the degree to which it is personal. The Chairman Jonathan Wild knows all employees by their first name, and spends an induction day with all new employees. His hands-on approach makes him accessible as a leader, or in the words of one employee: “Jonathan is Jonathan, not some hierarchy guy on the 10th floor.” There is a genuine interest and ability to care for others. Like his father before him, Jonathan Wild is the business, as is affirmed by employees and managers alike. The company carries the Wild insignia proudly, and justly so, because of his efforts to lead the company through darker times with sustained energy, enthusiasm and vision. His leadership legacy is one of major and sustained change, that over time has been transformed into a model that aims to “keep things moving without changing” – in other words, to develop but remain the same at heart.

“The Chairman Jonathan Wild knows all employees by their first name, and spends an induction day with all new employees”

Teams

The sense of cohesion and community spirit that is characteristic of Bettys & Taylors is reinforced by an intimate team structure that echoes a family model, where the team leader is described as a parent. Operational plans are made at this level, thus creating a bottom-up approach that enjoys commitment from the top – it is not a “tell and do” culture. Teams function as self-regulating entities, based on togetherness, creativity and support. Bettys & Taylors is thus “100% family driven” in more than one sense, since each team as a family unit represents the driving force of the entire organisation. It is no accident that the majority of top executives in the business are women.

“The vision orbits around quality and being the very best”

Vision and Challenges

In line with the competitive spirit of the company, the top management team formulates a theme that describes the vision for each year. The vision orbits around quality and being the very best. The capacity to think big (“we want to achieve excellence”) and act small (attention to the individual) have been the parameters of Bettys & Taylors’ success in implementing its vision.

In the words of the Chairman “Family problems inevitably arise in family business because of a heady cocktail of power, money and confused relationships.” Other areas of challenges faced by the company reside in its rapid growth, and in finding “intuitive people” for its leadership, as described by one of its directors.

Culture

The very core of the culture at Bettys & Taylors is summed up by the following comment made by one of the directors: "We are a drink and food company. Let's sit down and have some drink and food." There is always an occasion to celebrate at Bettys & Taylors – be it the graduation of an employee's daughter or the financial success of the company. Awareness of the culture and the need for culture to be actively managed is very acute in this company – the role of the HR department is described as "100% culture management... culture being the 101 little things that cannot be written down".

"Employees are kept well informed of what is happening and what the management has in store for the future of the business"

Ideology and Beliefs

Bettys & Taylors operate on "belief and ownership", where loyalty and quality means "don't unsettle, don't disrupt, don't disappoint." Giving something back to the community and thus presenting a model that is sustainable and inspires respect is also paramount to this ideology. An example of this practice is their "Cause Related Marketing", promoting ethical trading and social responsibility.

Communication and Language

As one manager put it, there is so much communication at Bettys & Taylors that one must be wary of keeping the balance with the actual front-line work. For example, there are regular appraisals, team meetings with the directors on a rotating basis and a much-used feedback system. Employees are kept well informed of what is happening and what the management has in store for the future of the business.

Bettys & Taylors does not warm to the impersonality of corporate language, and deploys its own terms to describe management practices. "Teams" and "champions" are preferred to "supervisory board" and "executives". Instead of "performance management" people talk about "raising hope" or "managing expectations".

People

Bettys & Taylors is a place where “every pair of hands” counts, when seasonal peaks occur the directors put their overalls on and set to work making pastries alongside the regulars. Training and development is seen as an essential part of the business, but it is typical of the firms inward and outward orientation that Bettys Cookery School works not only serves as a training ground for staff but also as an interface with the local community, running evening and weekend courses for the public.

“When seasonal peaks occur the directors put their overalls on and set to work making pastries alongside the regulars”

It is said that people tend to stay at Bettys & Taylors for one or twenty years. People either love the place and want to stay or quickly realise it is not somewhere they will feel they can fit it. This recruitment of a new person is described as a “natural process”. Adjectives used to describe successful recruits are adaptable without being brain-washable, and intuitive.

The family spirit is symbolised by the photo album that is added to at each memorable occasion. There is a childlike creative spirit to the culture, one example being the enormous teapot clock on the tea warehouse building that is set to tip according to the timetable of the trains that pass by.

Ownership and Governance

Family Governance

There are currently two family members who are active in the day-to-day running of the business, the Chairman Jonathan Wild and his wife Lesley Wild, who is deputy Chairman. Their involvement is very active, or as one director describes it, they are by no means “golf-course owners”.

The business is led by a Group Board, currently consisting of the two family executives, two non-family executives and two non-family non-executive directors. Their leadership is supported by an all non-family Trading Board of Directors, responsible for day-to-day operations. Family shareholders hold an annual Family Assembly at which they elect a Family Council of five members to represent them.

The Family Constitution, unusually, places responsibility for shareholder matters (dividends, share transactions, family working in the business) in the hands of a “Constitution Committee” which acts as a “neutral” bridge between the Family Council and the Group Board. As a result, the Group Board never has to discuss family and shareholder issues, and the Family Council is able to provide a positive forum for the family without having to make potentially divisive decisions.

Both the Chairman of the Group Board and the Chairman of the Family Council (currently Victor Wild, Jonathan's father) serve on the Constitution Committee alongside two non-family members.

“Their leadership is supported by an all non-family Trading Board of Directors”

Ownership

Bettys & Taylors is fully family owned. Shares come into possession of family members when they reach the age of 18, and can only be sold once they have reached the age of 30. The implicit rule is that you will not be branded “a black sheep” if you wish to exit as a shareholder. Where there is a wish to cash in shares, an auditor sets a fair price. The dividend policy is to keep payments low, and there are no premiums for family members who work in the business.

Succession

A non-family member is envisaged to succeed as Chairman when the time comes. Whilst letting go has been a challenge in the past, the current Chairman does not wish to be a “figurehead beyond the sell by date”. The next generation is under no pressure or obligation to join the firm.

Use of Advisors

Bettys & Taylors have used family business advisors at the Institute for Management Development to overcome transitional difficulties. The general approach is to learn from other companies in a peer-to-peer fashion. Advisors are used for social auditing, and as a part of their commitment to ethical trading in developing countries. They do not use consultants in PR or marketing, but instead prefer to be instinctive and intuitive to implement “fast new ideas, with freedom and speed.”

Social Responsibility

In the case of Bettys & Taylors, social responsibility and financial strategy represent two sides of the same coin. It encompasses a risk-averse policy with cash buffers, and follows a sustainable route that is not based on pure philanthropy, but on the idea that by doing good you will also get something back in both tangible and intangible value. Each shareholding member of the family has to sign a constitution that binds them to the company values and the purpose of the business. An annual family assembly collegially decides on how to invest a certain percentage of the company’s social programme budget into various projects.

“Their ‘Trees for Life’ consumer promotion is an enduring example of applying a socially responsible approach to marketing”

These values are not charitable activities *per se*, but rather stated aims to build a sustainable enterprise to which charitable efforts are integral. For example, the firm has not just engaged in easy charity work, but built long-term relationships on an egalitarian footing, working with social auditors, guaranteeing minimum coffee prices and practising profit sharing with suppliers in South America, Africa and Asia. In the last year the company has paid over £0.4 million above current market prices for that quality to South American and African farmers. Their “Trees for Life” consumer promotion is an enduring example of applying a socially responsible approach to marketing. Since 1990, the company has planted well over 2 million trees in areas of the world where the company buys tea or coffee. They work “single-mindedly and systematically” to involve all employees in their social programme.

Conclusion

“So how can you tell that this is a family firm? How does “familiness” build success and how has it contributed to the profiles of excellence achieved?”

You know it's a family firm because the prevailing business emotions are pure family. As the Chairman puts it: “Huge amounts of loyalty, trust, solidarity and intuition wrapped up in a sometimes confused and even unfathomable relationship”. Such is the strength of the culture that sometimes non-family behave more like family than family.

“Such is the strength of the culture that sometimes non-family behave more like family than family”

The people who work at Bettys & Taylors present an overwhelmingly positive view of the family firm. For them, “familiness” comes from being able to talk “upwards” to accessible leaders, the absence of withheld or hard to understand information, and the warm interest in the creative and challenging ideas that come off the shop floor. A family mindset is evident in the long-term planning, and the determination to “do it right and keep people happy”.

For the employees at Bettys & Taylors, working there is “a breath of fresh air”.

