

CASE STUDY:

Oliver Bonas

The high street retailer Oliver Bonas designs, produces and sells a range of fashion, jewellery, homeware and gifts. It has 55 stores across England, Scotland and Ireland, as well as an online store. Oliver Bonas employs approximately 650 people, of which, just over 500 work in their stores, with the rest working in their support office and distribution.

Oliver Bonas adopted the Living Wage on the 1st September 2015. The business wanted to pay a wage their employees could really live on. They also recognised the need to attract and keep the best people because of their focus on customer service. It was prompted in part as a response to an employee survey which showed that a third of their workforce did not feel that their pay was as competitive as it should be.

The Process

The decision to pay the Living Wage was not immediate. The business undertook a pay review that looked at a whole range of different scenarios. A project team was put together which included the human resources, operations and finance departments. As part of the assessment, the team looked at how much it would cost and which of their employees it would affect. Crucially, the team also assessed how it would affect the roles in the business, because of the need for pay differentiation.

Oliver Bonas wrote to all of their suppliers to inform them of their commitment. Many of the suppliers responded confirming that they already paid the Living Wage but one cleaning company did not. They agreed new terms so that they could pay the increase to their staff.

The business also looked at bonuses and commission as part of the pay review. Crucially, they were able to show that all employees would be earning more as a result of the change. A communications plan was developed with letter templates, question and answer sheets and a clear message for internal and external audiences so that all staff were aware of the impact on them.

The Benefits

- Two thirds of Oliver Bonas' employees were directly affected by the move to Living Wage.
- In the six months after introducing the Living Wage, staff retention increased and there was a small decline in sickness and absence rates.
- It has been easier to attract good quality employees who want to stay with the business for longer.
- The business has seen sales increase over the period, and there is a clear sense that the Living Wage has improved the company brand and that some customers have noticed the decision and are "making that conscious choice to spend their money in a store where employees are being looked after."

“It definitely makes it a more appealing company. It’s a fantastic company to work for anyway, the people are great, but I do think the part-timers and for students, those people who are trying to make ends meet it’s definitely more encouraging. The jump for the part-timers was something like £2 an hour so it’s a massive incentive. I think people are more likely to stay. We saw that after we went living wage....”

“We’ve had [customers] say that it’s really fantastic and I do think that people react to it and they see it as a more ethical way of shopping if they know we’re being treated right it makes them feel better about putting their money into that business.”

Full-Time Team Member, Oliver Bonas

“[The Living Wage] has had a massive impact on what I do. The amount extra that I get paid is enough for my food shop, it adds up to a huge amount. It’s a massive incentive. I am much less likely to have to take another job and I can save more now.”

Part-Time Team Member, Oliver Bonas

Lessons learned and advice for other employers

The introduction of the Living Wage at Oliver Bonas is regarded internally as being a real success both in terms of the way it was introduced but also the benefits to employees and the business. What made it a successful change process included the development of a clear plan; the establishment of a team with buy-in from the leadership and across the business; a robust assessment of costs to the business of both the Living Wage but also the knock-on effects in terms of pay differentials; early engagement with suppliers; and a clear communications plan both internally and externally.

The investment in employees, combined with strong business growth, has provided an opportunity to look at wider operational issues including improvements to recruitment, scheduling, store staffing structures and training. The Living Wage is a good opportunity to make wider business improvements, and Oliver Bonas stress the importance of looking at these issues early on in the process.

“I would encourage other employers to [pay the Living Wage], particularly in the service industry. But I would also encourage anyone who’s considering paying the Living Wage to think longer term. Anyone going into this process needs to make sure any data they have going into the process has integrity and then they should be very clear about how they’re going to monitor the impact of the Living Wage. They should plan really well, have a proper timeline, and ensure everyone is onboard - get everyone bought in from all sides of the business... It’s a really good opportunity to look at things more generally rather than just the direct costs.”

Anna Parfitt, Head of HR at Oliver Bonas development programmes. These changes are viewed as having heightened the impact and allowing the business to accrue greater benefits than if the Living Wage had been implemented in isolation.

“Allow yourself plenty of time. Don’t just look at how it’s going to affect you for the first year; look five years into the future. Combine it with an overall look at how you’re treating your staff. It can’t be a band aid, if you’ve got deeper staff engagement problems or deeper dissatisfaction issues it’s highly likely that you’ve got other things going on as well. The impact of doing something will be lessened if you don’t. Fix those at the same time.”

Rona Cook, People Business Partner at BrewDog