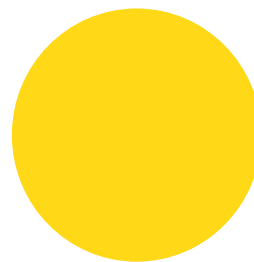


CASE STUDY:

BrewDog



BrewDog makes and sells craft beer throughout the UK, and exports to over 50 countries. Launched in 2007, BrewDog now has 540 employees and 44 bars. BrewDog adopted the Living Wage in October 2014, when the company had 300 staff. It was officially accredited by the Living Wage Foundation in February 2015. The business has a particular focus on providing exceptional customer service. Low pay was an issue that came up repeatedly in annual staff surveys.

The business has also been working with its suppliers to ensure they pay the Living Wage. A new preferral process has been introduced for new suppliers, and two major contract suppliers have gone Living Wage following this process.

The business took the opportunity to make other operational changes in order to improve conditions for its staff, employee engagement and productivity. The business abolished all zero hour contracts and introduced a new system of guaranteed hours for all employees – with the new most common contract set at 32 hours a week.

“Management feedback showed they feel really strongly that having [one member of] staff doing five shifts a week is a lot more valuable than having two members of staff doing two shifts a week, just because things change so quickly. There’s such a huge level of training and knowledge that they’re expected to maintain, it’s much easier when you see them five times a week than if you only see them once.”

Rona Cook, People Business Partner at BrewDog

BrewDog also put a renewed focus on management development by introducing a new programme within its retail team. This programme provided greater opportunities for training and career development, capitalising on the expectation that staffing levels would become more stable.

The Process

The decision to pay the Living Wage was made as part of a process about how the business could better reward and engage its staff. The HR team developed the proposal, which was signed off by the Board, and other teams were brought in to help deliver the change effectively.

The process took around 3 months in total. BrewDog undertook a review of pay structures which were regarded as overly complex and opaque. The result was a simplified pay structure with much more pay transparency, including uplifts for those in managerial positions, as the business recognised the need to look at differentials in staff pay as a result of introducing the Living Wage. The increase in the wage bill was £500,000 in the first year, including the changes to differentials.

The Benefits

- Two-thirds of BrewDog's staff were affected by the implementation of the Living Wage. Around 100 received an uplift to the Living Wage and another 80 benefited from the changes to pay differentials.
- There was a 50 per cent increase in staff satisfaction with their pay in the six months following the introduction of the Living Wage.
- In the year after introducing the Living Wage, staff turnover on BrewDog's retail sites fell by 40 per cent – in one store annual staff turnover fell from 240 per cent to 60 per cent.
- Since BrewDog strengthened its management development programme, 80 per cent of management promotions for retail sites have been internal compared to 40 to 50 per cent previously.
- Recruitment costs have fallen significantly – for example in 2015 BrewDog spent £130,000 on recruitment agencies. In the first four months of 2016 they had only spent £10,000.

"[By] abolishing zero hour contracts, BrewDog has given us that safety net that people need. Regardless of how busy it is, people know where they are going to be at the end of the week and the end of the month, and again that's the difference between a four-hour sleep at night and an eight-hour sleep. That reassurance is so important to any person."

Dave, General Manager, BrewDog

"[We] definitely take more pride in our work. To rent in Aberdeen I might have to have another job or work an enormous amount of hours so it lets me focus on working here and being really passionate about craft beer in my job and not worrying about just working for money."

Robyn, former bar staff and now Duty Manager, BrewDog

Lessons learned and advice for other employers

The key lesson was using the opportunity to make wider operational changes. Alongside the introduction of the Living Wage, BrewDog introduced more stable hours, tackled complex pay structures and improved internal 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