

Investors in People Case Study: Euro Office Equipment Ltd

Background

Size:	22 staff
Sector:	Manufacturing and distribution
Locations:	Christchurch, Dorset
Status:	Recognised as an Investor in People, November 2004. Successfully reviewed, October 2007

Overall impact

“Not only has Investors in People had a great motivational effect on all of our team, it`s enabled us to react to a challenging and changing market. Largely because of the good practices of Investors in People, we`ve been able to increase both our efficiency and turnover.”

Michael Hodge, Managing Director

The organisation

Euro Office Equipment Ltd distributes and installs office equipment and office seating products across the UK. The company also manufactures and refurbishes office seating products.

The firm was founded in its present form in 1985 by the late John Mead – an entrepreneur who had built his reputation selling filing cabinets to the National Health Service from his garage at home in Torquay.

As the business developed, John Mead re-located to Christchurch in Dorset where he established Euro Office Equipment Ltd, serving most local authorities in southern England as well as universities across the UK.

The public sector remains the company`s major customer base.

Euro Office Equipment works in partnership with National Health Trusts, County Councils, Universities, procurement consortiums and the trade sector.

“As a manufacturer, we make every type of office seating from operators chairs to executive chairs, as well as bar furniture for use in college refectories.

"Our products are substantial and sturdy. If a piece of furniture is going to be used in a hospital, for example, it will be in constant use, so it needs to be made to last. Our customers know that we can provide a chair that matches anything in the world."

The challenge

John Mead died in 2004, having already invited Michael Hodge to take over the running of the business as Managing Director.

Although the company was well established, the new management saw the need for fundamental changes in order to survive and grow in an increasingly competitive market place.

"The company was inward looking and didn't attempt to include any of the employees in its plans," Michael Hodge says.

"There was no business planning at all. Most of the contracts were won on the 'old boys network' with individual customers saying, 'We've always dealt with John Mead'. When I joined the business, the world was changing. We had to become an inclusive company. We had to involve our staff. Customer service, for example, is a key part of our business – and it wins us repeat orders. But the staff didn't actually know how the business worked, whether we were making any money and whether there was any customer satisfaction. Training was also non-existent.

"I felt that if I was to move the business to the next level, then I needed to include all of the staff in what we were doing. And development of their knowledge and skills was going to be crucial to the success of the company."

The strategy

In 2003, under Michael Hodge's leadership, the company committed both to ISO 9001 and to Investors in People.

"I looked at the requirements of both standards and I needed everybody in the business to come on board with me, in order to move things forward," Michael Hodge says.

"It improved the motivation of the staff no end."

In its drive towards Investors in People recognition, Euro Office Equipment introduced appraisal systems, which gave staff the opportunity to identify their training needs.

For the first time in its history, the company was able to mount a programme of multi-skilling, allied to a training plan for each employee. Staff gained an awareness of their role in the success of the company and began contributing ideas on how the business could be improved.

"We had no management structure at all, so we had to involve our department heads very closely with what was going on – and in the end we formed an Improvement Team.

“We needed to tell more people about the quality of our products and we needed to introduce standards and benchmarks. So now we have Key Performance Indicators (KPIs). Transport costs, for example, were a major part of our overheads. Yet we didn’t know how many goods were being delivered on time and we didn’t know how many goods were being returned because there was no one there to receive them.

“So we began recording the ‘cost per drop’ as a way of measuring our efficiency in getting the product to the customer. It’s also saved us a substantial amount of money in our delivery cost because we’ve greatly improved our route planning. We have a transport fleet of six vehicles that cover the UK on a 10-day cycle – and we’ve introduced an IT system to make it work effectively.

“We make further cost savings by collecting components from our UK suppliers. Instead of paying to have components brought to us, we use our own lorries that are returning empty from deliveries.”

Training and learning is now part of the culture of Euro Office Equipment Ltd.

Drivers and installers receive training on how to interact with clients, as part of an ethos of customer service that runs throughout the company.

Most critically, production staff have been trained in ‘lean manufacturing’ where they keep a stock of components for each product line close to hand.

“It means that the production line is organised to ensure a smooth flow, from when the material is first cut out, right through to its final assemblage,” Michael Hodge says.

“We also hold production meetings every week, so the guys know what is going through the factory, which enables them to plan their days more effectively.”

The results

In the two years following Investors in People recognition, Euro Office Equipment Ltd increased its turnover by 10%. In the current year, turnover is up by a further 45%.

“We’ve done a lot of business planning,” Michael Hodge says.

“And we’ve successfully identified where we can win market share. Throughout the company, there’s a great team spirit, with our people feeling valued for the contributions they make to our increased performance.”

February 2008