

# CASE STUDY



## NATIONWIDE BUILDING SOCIETY

*“If you want a truly external assessment of how well your business is doing and, most importantly, where it can improve then Investors in People is the tool for you. It’s flexible and rigorous and can help businesses at all stages to develop and improve.”*

**Barbara Duffy, Head of people, performance and development**



### BACKGROUND

**Size:** 18,500 people  
**Sector:** Financial  
**Location:** National  
**Status:** Most recently recognised in 2009. Achieved Gold status.

### THE ORGANISATION

Nationwide is the largest building society in the world with approximately 15 million customers as well as assets approaching £200 billion. The organisation remains one of just a few mutual societies operating on the high street and is the end result of over 100 mergers since the original society was launched in 1848. The organisation’s mutual status means it is owned by and run for the benefit of its members, both depositors and borrowers, and it describes its purpose as: “offering a broad range of great value mortgages, savings and other financial products, while charging as little as possible for day-to-day services”.

Today Nationwide operates from around 720 branches across the UK and Ireland and employs around 18,500 people. Nationwide enjoys a well-earned reputation for both integrity and innovation. It was, for example, the first organisation to introduce an internet banking service back in 1997. The organisation’s products, such as the award-winning FlexAccount, have also long been recognised for their responsiveness to changing customer needs.

- **employee turnover at Nationwide is now 4-5% lower than the sector average, saving the company many hundreds of thousands of pounds in recruitment and training costs**
- **absenteeism in Nationwide’s Change Management Division fell from 1.93% in 2007 to 1.36% in 2008**
- **employee engagement in Nationwide’s Specialist Lending Division was up by almost 9% between 2007 and 2008, with particular improvements in employee satisfaction with both internal communications and leadership.**

A key HR challenge for Nationwide over recent years has been shifting the culture of the organisation from its traditional paternalistic approach to people management to a more value led and performance driven approach.

## EXPERIENCE WITH INVESTORS IN PEOPLE

Nationwide was one of the first organisations in the country to commit to working with Investors in People when it was launched in 1990, with several divisions of the organisation first being recognised against The Standard in 1992. The first group-wide recognition was achieved in 2002, which was also when the company first developed its own Internal Review team to ensure that the principles behind The Standard were being effectively embedded across the whole organisation.

By 2004 Nationwide's exemplary approach to people management issues saw it awarded Investors in People Champion Status, which involved the organisation holding best practice events for other Investors in People organisations as well as more widely promoting the benefits and values of Investors in People to the business world.

The company's latest re-assessments have been against the Investors in People Profile framework and, most recently, the new-choice based approach to recognition. As a result of its latest reassessment Nationwide has been awarded Investors in People Gold status, an award achieved by just 1% of recognised organisations.

## MOTIVATIONS FOR USING INVESTORS IN PEOPLE

According to Barbara Duffy, head of the People, Performance and Development team at Nationwide, the organisation remains motivated to use Investors in People for the following reasons:

- Investors in People is seen as a tool which can both measure the effectiveness of its current HR processes and procedures as well as challenge people to do even better;
- The simplicity and effectiveness of Investors in People's core framework – plan, do, review – makes a lot of sense and is seen as an important way of driving continuous improvement throughout the organisation. Summarising this Paul Beesley states: "Investors in People is not just a HR tool, it's a business improvement tool.
- Nationwide believes that the Investors in People brand remains strong and it therefore sends out positive messages to both current and potential employees about the culture of the organisation and how they will be supported;
- The organisation believes in the concept of the service profit chain where satisfied and engaged employees create greater customer loyalty and, ultimately, improved productivity and profitability. Investors in People is therefore seen as vital in creating the conditions for satisfied and engaged

employees;

- The new choice-based approach to Investors in People recognition was particularly attractive to Nationwide as it enabled them to direct the focus of their assessment to specific aspects of their business. According to Barbara Duffy: "the new Framework allows you to shine your torch on aspects of your business in order to really understand any issues and effectively address them."
- The three-yearly reassessments provide the organisation with an independent validation of how well they are progressing as well as identifying target areas for development.

## THE RESULTS

By working with Investors in People Nationwide believes it has benefited in a number of important and valuable ways, including:

- The organisation has always been a popular employer within the financial services sector but with the support of Investors in People the level of employee turnover at Nationwide is now 4-5% lower than the sector average, saving the company many hundreds of thousands of pounds in recruitment and training costs;
- The level of staff absenteeism across Nationwide is below that of the financial services sector as a whole and has continued to decrease over recent years. As an example of this, absenteeism in Nationwide's Change Management Division fell from 1.93% in 2007 to 1.36% in 2008;
- Nationwide's employee satisfaction survey, Viewpoint, provides evidence of increased levels of employee engagement across the organisation which the business attributes to its continued work with Investors in People. The organisation's most recent Viewpoint survey found, for example, that employee engagement in Nationwide's Specialist Lending Division was up by almost 9% between 2007 and 2008, with particular improvements in employee satisfaction with both internal communications and leadership;
- The organisation strongly believes that Investors in People status acts as a significant attractor amongst would-be employees. Commenting on this Barbara Duffy states: "We believe Nationwide's Investors in People status signals to potential employees that the organisation believes in developing them and that in turn they have higher expectations of organisations that are recognised. We also know from recent recruits that Investors in People status gave them more confidence in us as an employer which would value and develop them";
- For Nationwide the development of a 20-strong Internal Review team has also been a significant

benefit of working with Investors in People. The Internal Review team has provided an excellent development opportunity for individuals within the organisation looking to extend their skillsbase as well as providing Nationwide with excellent value for money in comparison with the use of external assessors;

- Important external stakeholders, such as the City, also see the achievement of awards such as Investors in People status as evidence of quality systems and procedures. Maintaining institutional confidence in financial organisations such as Nationwide is obviously very important;
- The new choice-based approach to Investors in People has provided the organisation with additional stretch and has spurred them on to achieve even higher standards. It has also provided external validation of the progress they have made in: communicating the organisation's core values; embedding continuous improvement, and helping ensure employees understand the organisation's objectives and work together to achieve them;
- While it is almost impossible to accurately attribute bottom-line business performance to any one input, Nationwide believes that its work with Investors in People has helped the Society to weather the credit crunch and recession better than many of its competitors. Nationwide's 2008/9 financial results show that despite the recession, and the historically low level of interest rates, the organisation continues to deliver a solid performance, has no need for government support and continues to provide customers with a real and attractive alternative to banks.

## WHERE NEXT WITH INVESTORS IN PEOPLE

Having worked with Investors in People for almost twenty years the organisation clearly understands the long term benefits it can offer. Given those benefits, it is perhaps unsurprising that the business remains committed to maintaining its recognition status into the future. Commenting on this Barbara Duffy states: "We believe our people are a real source of competitive advantage and by working with Investors in People we are able to maximise that advantage."

Key future targets for the business include maintaining its recently achieved Investors in People Gold Status, which demonstrates the exemplary nature of the organisation, and integrating recently acquired businesses, such as the Dunfermline Building Society, into the Nationwide Investors in People approach.

Commenting on what advice they would give to businesses thinking about working with Investors in People for the first time Barbara Duffy says: "If you want a truly external assessment of how well your business is doing and, most importantly, where it can improve then Investors in People is the tool for you. It's flexible and rigorous and can help businesses at all stages to develop and improve."