

**The evolution of a bakery business**  
**Speaker: John Waterfield**  
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## **Introduction**

Thank you for the invitation to talk about the evolution of Waterfields (Leigh) Ltd a company that I enjoy working within, and am proud to be associated with.

This paper is based on personal ideas and observations and what works for Waterfields as a company; please accept my observations purely as that. Twenty minutes is not a long time to discuss a single topic let alone a company, so I shall concentrate on areas that I think may be of interest and I hope that at some stage during the paper you find some of our experiences or observations useful to yourselves.

The basic philosophy of the company is not to over-complicate matters and to do what we do well, then where possible have an audit system in place to perpetuate any existing systems, therefore relying on effective management rather than dictatorial management. By this I mean that when the boss is away the business does not come to a halt!

## **History**

Waterfields took its first steps to becoming a household name in the north-west, synonymous with quality, when the rest of the country was on strike. It was 1926, the year of the General Strike, that a miner, Albert Edward Waterfield, began the bold business venture in one of the back streets of Leigh, planning to sell pies and cakes for mill workers' dinners and evening meals.

The founders originally obtained pies from a local baker, but late deliveries, resulting in missed sales opportunities, persuaded Mrs Waterfield that the future was in making and baking all the products at the shop. Mr Waterfield shortly afterwards started evening classes at Manchester Technical College and over the next few years he gained his City and Guilds in Bread and Flour Confectionery. Very soon after that time came the proud boast that all their products were 'Made fresh, baked fresh and sold fresh', a phrase that is still used on the marketing material and features on all the shop windows.

The company moved to larger premises in 1931 and from there opened a second shop and later on a high class cafe'. The company remained at this size until 1960 when the third shop opened.

In 1961 on the death of the founder, Albert Waterfield took over the running of the company and continued to develop the business. Between then and 1984 the number of retail outlets grew to 13. By this time the third generation had joined the company, Richard concentrating on the sales and myself concentrating on the manufacturing. Twelve years later the company now boasts 25 shops and approximately 10% wholesale with a net sales turnover of £9 million.

The last few years has seen a transition of the bakery from being rather autocratic under the direction of Mr Waterfield, a position that could only be accommodated by a person that has

grown up with the business and is aware of all its facets, to a company that is now being managed by a senior team consisting of five people. There are two directors, Richard and myself, and three senior personnel, sales manager, bakery manager and financial controller. As a team we meet every two weeks to review the company against targets and to keep updated on the progress of projects and any other relevant items within the company.

This senior team can then be split into two sections. Richard looks after the wellbeing of the company, developing relationships with the local TECs, schools, community and the local authorities. He also spends time exploring new opportunities and generally audits the daily functions of the company while not carrying out the enforcement of the daily routine. Any areas of concern are immediately reported to the various managers who will then take the appropriate action. It is the role of myself and the senior personnel with their various teams to ensure that the business is running well.

One of the main areas that drives the company forward, and I feel has had a major effect over the past few years, is the commitment that has been made to Investors in People. I won't go into too much detail, as I would make the assumption that most people are aware of IIP if they are not already working towards it. As ISO9002 is a quality system for the manufacturing of products, I regard IIP as a quality system for people.

The company received accreditation on the retail side of the business three years ago. We didn't find this easy, but once we had a good system on one site it was then just a question of multiplying the process 25 times. When the company came up for reassessment we made the decision to embrace the whole company and to run the business as I believe it should be run as a single unit.

The main benefits that we have had in becoming an Investor in People are:

- Clarification of the company strategy and business plan, as viewed by staff in general and as a meaningful document for the senior management. Once this was in place then the rest of the requirements from the company started to fall into place with greater definition.
- Individual reviews had direction from the business plan especially at senior level.
- Training requirements were easily identified by fulfilling the needs that have been identified in the business plan. Staff turnover fell by 40%, reflecting better staff morale. We felt this to be important especially among the part-time staff in the shops where sales staff/customer continuity is one of the major areas in developing an effective selling machine. Profitability has improved as the company has a workforce that knows what is expected.

I would now like to show you a short video that we have made in-house. We acquired this equipment for commercial reasons in order to promote the company as a whole to customers who tour the bakery, or indeed special sales requirements for wedding cakes or buffet work where it would be advantageous to give the customer a greater depth of 'comfort'. As an individual they may be spending in excess of £300 on an individual purchase. We also see it as a training tool that will also be used to create bespoke basic hygiene and health and safety packages. There is a multitude of other uses and opportunities - the options are limitless.

When we asked for a bespoke video to be made the quoted price was £10,000. We have put together this package for less than £7000 and this includes the camera, the video, the monitor and all software requirements. We see this as part of our future.

## Marketing

Marketing for us s to address two major issues:

- The promotion of the company
- The promotion of the product.

With the promotion of the company we see from our own experiences that publicity can't be under-estimated as it both reinforces the message of quality and service to our existing customers and reminds casual or potential customers of the fact that we are in the market place and offer a good product and service as a high street baker.

We find it important to be proactive, and recently we have channelled all our effort through one person to ensure continuity and to try and build up a relationship with the media. Our experience is that many of the media outlets are looking for items of interest to fill space in their paper or time spots on their programme. Over the last 12-18 months we have achieved the following:

- Notification in many of the local papers of some of the achievements of some of the staff. This is always supported with a short explanation of who and what we are as a company.
- Advertising, but on a grand scale. We produces a wraparound for a local paper, an extra front and back page used for advertising with a coverage of 64,000 people. This would normally be out of our price bracket, but with the kind support of our suppliers the cost can be kept within £500. The response was exceptional.
- Contact with regional radio when they are having special features. One was a sandwich special where BBC Merseyside came to one of our shops and interviewed the sandwich maker and some of our customers. Another was a feature on a family business of 70 years, where the programme researchers toured the bakery and interviewed the staff - each of these had an audience of more than a million.
- TV coverage. Our vans have been featured on Coronation Street, our staff on the Generation Game and probably one of our most successful projects was having one of the regional food programmes present from the bakery. On this particular occasion, if we had written the script ourselves we could not have done it better. The coverage of this programme, which was broadcast twice and at prime time, must have been many million.

The promotion of the product in the shop or as an advertising feature, whether through product awareness or price promotion, we see as a vital tool. If you have a hammer in the toolbox but bang in the nail with a piece of wood, the job will get completed, but how effective was it? It is the same as using the marketing and then only allowing the sales assistant to serve.

For many years the philosophy was that if the product is good enough then the product will sell itself. This unfortunately in the competitive world that we live in is no longer the case. If I stand in a shop and listen to a member of staff who is serving and not selling then I see this as a missed sales opportunity. We have just short of 100,000 customers each week, giving 100,000 selling opportunities. Only when we have the right attitude in place 100% will the marketing that we are using become 100% effective.

## **Communication**

In a company such as ours where we have in excess of 600 people spread over 26 sites, many of them part-time, it is imperative that we have good communication and good people systems in place. Without our staff we have no company. After product quality and service, communication is regarded as one of the most important facets of the business, and while we don't regard our communication as infallible it is a good base that we can build on over the next few years.

Official communication starts with a company brief once every two months which is used to keep everyone in the company informed at various levels of any amendments to the strategy, performance against the business plan, staff turnover, staff issues, indeed anything that may be relevant at that time. The brief is presented by myself and members of the senior team relevant to the message that we are trying to get across.

The first presentation is to the senior team, about 20 people, and incorporates all issues that are relevant to them. Bolted on to this is the information that then needs to be cascaded to all staff within the company. This is achieved by each of the staff from within the initial group speaking to their own particular team and those team members in turn speaking to the rest of the staff. We ensure that the information is not cascaded through more than two tiers in case the message becomes 'corrupted'. The timescale set is that the main brief is on the Monday morning at 8am. All full-time staff need to be informed by the Wednesday and all part-time staff by the Saturday.

In order to minimise the chance of the information becoming corrupted and to ensure that everyone is kept informed there is a prompt sheet which is updated at each company brief showing everyone's name and the items that are being addressed. This prompt sheet allows for additional items to be added by the manager who may have specific information relevant to the department receiving the brief.

To ensure that any questions raised during the brief are answered there is a space on the back of the prompt that allows for this. Any questions raised are written on the back of the sheet. Each of the prompt sheets are then returned to the office so that the questions can be collated and addressed. Any questions raised are addressed immediately, which also allows the office to check the names and ensure that everyone has been seen.

As with many of these systems, without building in an audit the system may not work. Therefore we select a random sample of informal questions which are asked of a number of staff and depending on the answers given then we can assess the effectiveness of the communication and the general level of understanding. If the answers are not as we would expect then we would review the way that the information is being presented by the line manager.

In support of the company brief there is also a synopsis of the information that is being communicated, a copy of the answered questions that were raised from the previous brief, and also a copy of the company magazine. At present this is split into three sections: staff matters covering social issues and items of interest, marketing matters and performance matters.

## **Training and development**

We have in place a training and development department run by two staff whose role is neither to train nor develop, but to administer and audit. This also includes the progression with IIP. We have found through experience that if the role of training is abdicated by the line manager then the effectiveness of the training is very poor. Any problems that arise are always someone else's problem.

Training starts on the first day with an induction to the company which is structured over the following days. The training and development department will contact the new employee after about two weeks and ask questions about the induction to see how it was carried out and whether there are any concerns or unanswered questions. Each of our employees will have a training file, created from day one, tailored to the individual's needs for the job that they have been taken on for, whether general operator, sales assistant or running a pie machine.

Training progress is monitored through a monthly training plan created by the line manager which in turn is monitored by the training and development department. All this is planned against a skills balance that is required in a particular department. Once the skill balance has been achieved then training will continue, but this then becomes more selective according to possible promotion at a later date.

As a company we have been an accredited centre for the delivery of NVQs, but through the evaluation of our training needs we made the decision that the NVQs in their current format were a compromise on the bespoke training and we decided to continue down the path of in house training material for the majority of the staff.

For our young trainees we use the Modern Apprentices system, which we find to be extremely useful, and for all our management training and development we will use action based learning against NVQ levels 3, 4 and 5. Just on this point, as a company we have a major concern for training for the future of the craft industry. Unless there is some major funding from either industry or the Government, and personally I would prefer it to come from some sort of levy on the industry, then I believe that in the not too distant future the basic skill and the technical support will be a major concern for everyone.

In addition to the training we have in place for all staff members an annual review which looks at their training plans and their expectations. This also ensures that everyone is given the opportunity to talk about their expectations. Once again it is the role of the training and development department to ensure that targets are achieved and information received is acted on.

Over the years we have found this to be a very useful tool and there are many examples of success where we believe that the individuals would not have come through if it was not for the opportunity to express their ambitions. A part time sales assistant became part of the training and development scheme and is now one of our manageresses. A buying assistant

became a sales supervisor and a machine operator became a departmental head and is now bakery manager Within every company there will be a wealth of hidden talent; it is up to us as managers to discover those talents and to put them to good use.

## **Measuring success**

For those of you who play golf, imagine the situation if you didn't keep score during a round but waited until you were in the club house to calculate who had won and who had lost. There would be nothing at each of the holes to tell you to try a bit harder, whether you were ahead of your handicap or indeed if you were winning the game. It is exactly the same in business. The more often that you can update people on their performance, the more often they can be inspired to do better or to achieve greater heights.

The targets that we use within the company and how these targets are reported are numerous, but they are only reported on if there is a definite contribution towards the operation of the company. As an example, the graphs that are presented to the retail shops on the third day following month end show sales against target, waste against target, discount against target, hours worked against target and per capita spend against the previous year. This set of targets is used to pay the bonus to the manager and also as a motivating tool that sales managers can use for their staff.

We always try to work to two golden rules. One, if it takes time to understand the graph then the information is not being presented in a user friendly manner, especially if the staff being targeted are at shop floor level. Two, it is imperative to keep staff informed if you want to take your staff with you.

## **Preparing for the future**

As a company we understand what has to be achieved and this I have summarised in five short sentences:

1. We need to recognise a change in the market and respond to that change
2. We need to have, through the use of good information technology, the ability to recognise that change at an early stage
3. The staff need to be flexible and ready to accept change
4. Have the systems in place that make this a way of business life
5. Acknowledge that if we fail to prepare, then we must prepare to fail.