

Investors in People

Realising Business Ambitions through People in Times of Change

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Executive Summary

UK organisations have to radically improve people skills, productivity and innovation to step up a gear and realise profitable growth ambitions and differentiation in an increasingly competitive, rapidly changing, global economy.

Effective development of people talent in line with business ambitions is central to managing change and ensuring sustained growth and competitive edge during times of economic uncertainty. Organisations face tough decisions in times of change. These can involve major business refocus, rationalisation and restructuring, engaging the workforce, innovating, seizing new market opportunities, and re-engineering the skills base to boost competitiveness.

The IIP Standard has become the UK's premier business improvement tool because it is proven to deliver this step change through people during times of change. It is now used successfully by over 48,000 UK organisations¹ employing nearly a third of the UK workforce. Evaluation research showed that 85% of organisations working with the Standard found it a useful business improvement tool that is relevant and up date.²

The good news, for employers seeking to maintain profitable growth during a slowdown, is that there is now compelling independent evidence that holistic people management pays. Research by the Institute for Employment Studies and The Work Foundation shows those organisations of *any type and size* that adopt a comprehensive approach to people development perform better than those without, indicated by higher gross profits per employee, higher profit margins and higher productivity. Just a ten percent increase in investment secures an increase in gross profit per employee of over £1500 pa³.

Younger firms and those committed to innovation led strategies score better against key investment pay back indicators. There is no levelling off in terms of business benefits that good people management can deliver – even when companies are investing in their people there is evidence of the benefits of doing more, both for financial and non financial performance measures.

For organisations to thrive during challenging times, the IIP framework is *proven* to be central to:

- a) Embedding a strong change and innovation culture and developing leadership skills to realise business ambitions more effectively – the majority of Captains of Industry with IIP status agree that it “aligns my people management strategies with my business strategies”.⁴
- b) Reducing costs and wastage through focussing people development where there will be the best return on investment – 4 out of 5 IIP recognised

¹ IIPUK 2008 Accreditations data

² Evaluation of the Revised IIP Standard. March 2007. IFF Research Ltd

³ People and the Bottom Line. P Tamkin, M Cowling, W Hunt. IES 2008

⁴ Captains of Industry Survey. 2007. Ipsos MORI

employers stating that they have benefited from the identification of weaknesses in and improvement of staff development⁵

- c) Improving skills levels and flexibilities where they are needed to meet new challenges - 95% of IIP recognised organisations agree that “IIP links skills and people development to organisation strategy”⁶.
- d) Increasing commitment, effort and results by matching people development to business goals leading to increased staff retention and a reduction in recruitment costs – IIP recognised employers state it helps people achieve their potential (82%) and improves staff commitment (78%)⁷
- e) Improvement in competitive edge, reputation and performance, especially for organisations that retain the Standard and continue to reap rewards. – 70% of IIP recognised employers believe it produces a competitive edge and 97% agree that it is recognition of company commitment to employees⁸.

The research evidence and Case Studies⁹ brought together in this report provide compelling evidence that investing in the IIP framework for the longer term, by gaining and maintaining the Standard and Profile, helps organisations to step up a gear and embrace new challenges to secure stronger competitive advantage and reap substantial bottom line rewards during times of economic downturn.

⁵ Evaluation of the Revised IIP Standard. March 2007. IFF Research Ltd

⁶ Performance Tracking Study. October 2007. Ipsos MORI

⁷ Performance Tracking Study. October 2007. Ipsos MORI

⁸ Performance Tracking Study. October 2007. Ipsos MORI

⁹ Case Studies. IIP Accredited Organisations. www.investorsinpeople.co.uk

1.0 Introduction

1.1 Background and Purpose

Government and Industry know that UK organisations need a highly skilled and adaptable creative workforce at every level to compete and succeed in an intensely competitive global market place. Dramatically increasing the UK's current skills, innovation, productivity levels and performance will be crucial to achieve this.

Effective investment in people is key to ensuring organisations step up a gear during times of economic downturn where there are significant pressures on costs and margin performance. As the Innovation Report from the DBERR (previously known as Department of Trade and Industry) set out.

“UK companies will have to compete more in the future on unique, high added value and innovative products and services. This will require inspirational leadership and stronger management and leadership skills”.

This is especially important when, increasingly, low cost countries are combining low-cost advantage with aggressive policies to expand innovation and to encourage domestic and foreign R & D investment.¹⁰

During the last three years IIPUK have commissioned a number of research studies measuring the standing of IIP with Captains of Industry, employers and the public as well as rigorous studies assessing how organisations in different sectors benefit from working with the Standard. IIPUK have also compiled a number of Case Studies¹¹ which highlight how achieving and maintaining the IIP Standard has helped individual businesses respond to changing conditions, managed change and growth effectively and improved their position in an increasingly tough competitive market place.

The purpose of this paper is to build on this work to show the value to organisations, across all sectors, of adopting and retaining the IIP Standard to ensure they manage change, step up a gear and thrive during economic downturn. This document will also help to inform the development of marketing messages and future research strategy.

¹⁰ Skills for Productivity. Can the UK Deliver? EEF (The Manufacturers' Association) 2006 Study

¹¹ Case Studies. IIP Accredited Organisations. www.investorsinpeople.co.uk

1.2. Approach

A small team from COI Strategic Consultancy conducted a review of a:

- Selection of research reports provided by IIPUK Research identifying how organisations benefit from the Standard
- Studies tracking awareness, standing and adoption with Captains of Industry, employers and the general public
- Case Studies showing how achieving and maintaining the IIP Standard has helped organisations respond to changing conditions and improve their position in competitive markets.

This document is one of the deliverables commissioned by IIPUK from COI Strategic Consultancy in February 2008.

3.0 The Value of IIP in times of change

IIP recognises that investment in training and development of skills alone will not provide a *sustainable impact* on business and organisational performance in the UK during economic downturn. People development must also be linked to changes in business goals and, supported by inspirational and effective leadership and empowering management practice. This is critical for growth orientated organisations in all sectors especially during times of economic uncertainty.

3.1 IIP Market Impact and Success in times of change

Since launch in 1991, IIP has made a big contribution to the national productivity targets and driving Skills for Life. The IIP Standard has seen a dramatic rise in recognition numbers over the last 15 years and is now used successfully by over 48,000 organisations of all sizes across the public and private sector, employing almost one third of the UK workforce.¹²

The IIP Standard is an internationally recognised and respected mark of good practice and has been exported successfully to 27 countries around the globe. In 2007 IIP continued its sponsorship of the Sunday Times “100 best companies to work for”. 52 of the companies awarded in 2007 work with the Standard. IIP has recently been honoured for the first time by the business community with Business Superbrand status.¹³

Not surprisingly, given this performance, IIP is the quality Standard that is viewed increasingly favourably by Captains of Industry with a 5% rise in advocacy levels between 2006 and 2007. Over three quarters of Captains who lead IIP recognised companies are favourable towards IIP¹⁴.

Spontaneous awareness of IIP (40%) is the highest of all the business standards and accreditations measured amongst over 1,300 organisations across sectors in the 2007 Performance Tracking Study¹⁵. Prompted awareness is exceptionally high at over 90%. There is high recognition of positive business benefits amongst employers working with the Standard which will be outlined in more detail in Section 4.

¹² IIPUK Accreditations Data 2008

¹³ IIP Business Superbrand Case Study. Superbrand UK

¹⁴ Captains of Industry Survey. 2007. Ipsos MORI

¹⁵ Performance Tracking Study. October 2007. Ipsos MORI

Alongside this level of impact within UK Industry has come an understanding of the IIP Standard amongst the public at large. A survey of the general public ¹⁶showed that IIP is the quality Standard which is most recognised and the one which is most “top of mind” with the highest spontaneous awareness.

The potential traction that IIP recognition could have in reputation building and attracting skilled talent is clearly evident through other results:-.

- 55% agree that “Accredited organisations provide better training and development”.
- Nearly 40% would prefer to work for an IIP accredited organisation
- 45% agree that “all organisations should be made to follow IIP guidelines”

3.2 IIP Developments and Satisfaction Levels

With the business environment constantly changing and becoming more demanding it is imperative that the Standard and Profile moves with the times and is updated to remain a world class, relevant and flexible people focussed business improvement tool for UK Industry. The latest version of the Standard, created after widespread consultation with business and stakeholders, was launched in 2004. It has been widely supported in evaluation research¹⁷ for the way in which it tests performance in a more challenging and comprehensive way, especially on issues of leadership and management. It has been praised for being more robust, and a modern, relevant and accessible business improvement tool. The greater emphasis placed on involvement of employees within the organisation and maximising talent is also appreciated.

This research ¹⁸evaluating the impact of the latest version of the Standard found that the majority of employers felt that:

- The IIP Standard addressed the challenges faced by businesses in the modern marketplace; 86% agree that the current Standard is up to date and relevant and an important priority for their organisation (82%)
- A similar proportion see it as a useful business improvement tool (85%).
- Around four in five employers feel that they have benefited from an improvement in management and leadership skills as a result of engaging with the Standard.

Research ¹⁹ measuring customer satisfaction levels with the Standard remain outstandingly high:

- 88% of organisations found the assessment process for IIP either “good” or “excellent”
- 83% said the Assessor’s written feedback was either “valuable” or “very valuable”
- The propensity to convert amongst committed is high at 83% as well as renewal intentions – 94% of recognised organisations.

¹⁶ Investors in People Perception Research .February 2007. GFK Consumer

¹⁷ Evaluation of the Revised IIP Standard. March 2007. IIF Research Ltd

¹⁸ Evaluation of the Revised IIP Standard. March 2007. IFF Research Ltd

¹⁹ IIP Membership Services Survey. July 2006. Response Consulting

IIPUK has set itself ambitious targets to dramatically increase the number of employers working with the Standard in order to fulfil their mission of “working in partnership we will help organisations and people throughout the UK to improve their productivity and performance and realise their true potential”. IIPUK continues to introduce leading edge delivery initiatives such as IIP Interactive, a free on line business support tool, to make the customer experience and delivery even more effective.

3.3 Holistic People Management pays

IIPUK recognise the importance of investing in Human Capital Management and have been working with distinguished individuals and organisations to evidence the link between investing in effective talent development and bottom line business benefits.

Research by the Institute for Employment Studies and The Work Foundation²⁰ delivers compelling evidence of the link between effective people management and bottom line performance. The two year study amongst a representative sample of nearly 3,000 employers shows that organisations with a comprehensive approach to people management perform better than those without, indicated by higher profits per employee, higher profit margins and higher productivity.

The analysis also suggests that organisations *of all types and sizes* which adopt a range of people management practices – from resourcing to employee engagement, skills development to job design – can achieve substantially stronger performance than employers that invest in just one area.

Importantly the results indicate that if a business increases its investment across a number of people management practices by around ten per cent, it could secure an increase in gross profits per employee of over £1,500 per annum.

Other key findings:

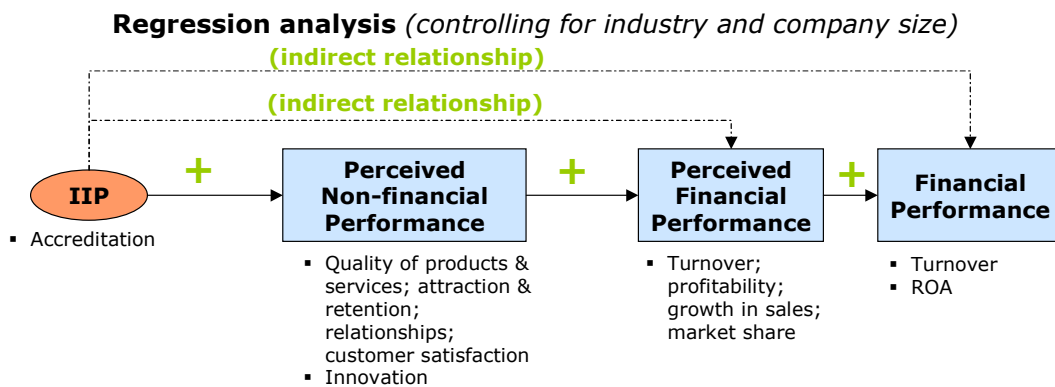
- Younger firms tend to score better against the key indicators than more established organisations
- Those organisations with strong innovation strategies and technology strengths and that create a good working environment for employees are more likely to score highly on key indicators
- There is no “levelling off” or diminishing returns in terms of the business benefits good people management can deliver - greater investment in people is associated with better financial performance.

²⁰ People and the Bottom Line. P Tamkin, M Cowling, W Hunt. IES 2008

3.4 IIP boosts performance and profit

An independent study by the Cranfield School of Management ²¹ amongst 232 private sector organisations presents compelling evidence of the link between IIP recognition and improved bottom line performance. The diagram below shows that:

- Companies who have achieved the IIP Standard have higher levels of perceived non financial performance compared to competitors, in areas such as quality of products and services, attraction and retention of people, customer satisfaction and innovation.
- High levels of perceived non financial performance is a driver of perceived financial performance e.g. turnover, profitability, growth in share etc and perceived financial performance is a key driver of *real financial performance* in terms of turnover and ROA .



Additionally the Cranfield Impact Study ²² shows that companies who are rated high on their communication practices have higher levels of performance – both perceived and *actual* financial performance in terms of profit margin. Embedding strong communication skills is an integral part of the Standard framework which is critical when engaging people in a new direction.

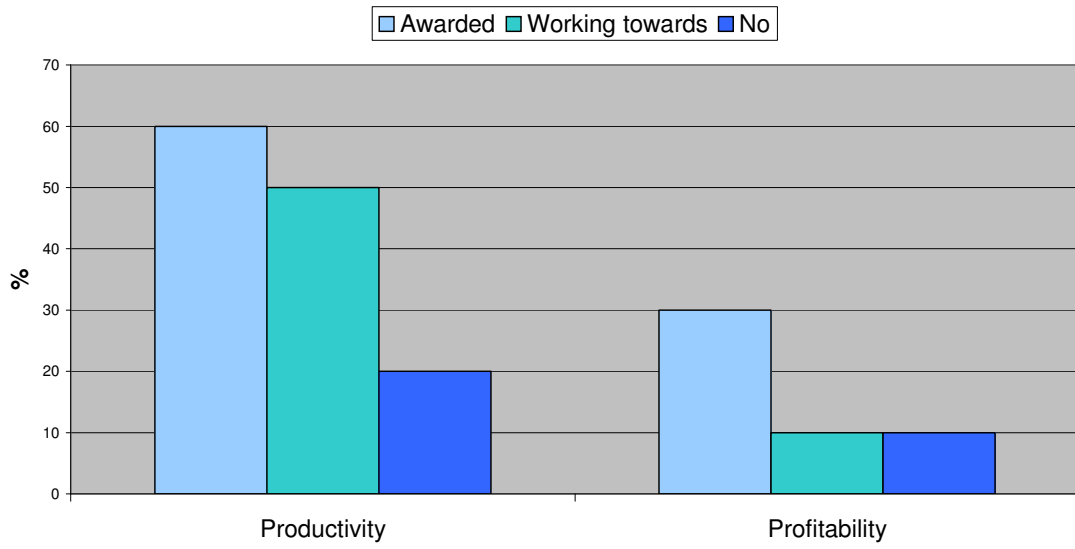
The incremental impact that IIP can have on performance and profitability is found in an independent study conducted by EEF ²³ with 500 UK manufacturing organisations. Companies achieving the IIP Standard reported higher productivity gains from training than non IIP recognised companies. Moreover companies that were *working* towards the Standard were also more likely to claim to have achieved higher productivity growth than non IIP recognised companies.

²¹ Impact of IIP and HR Policies on Business Performance. Bourne, Franco-Santos, Pavlov & Lucianetti. Cranfield School of Management 2008

²² Impact of IIP and HR Policies on Business Performance. Bourne, Franco-Santos, Pavlov & Lucianetti. Cranfield School of Management 2008

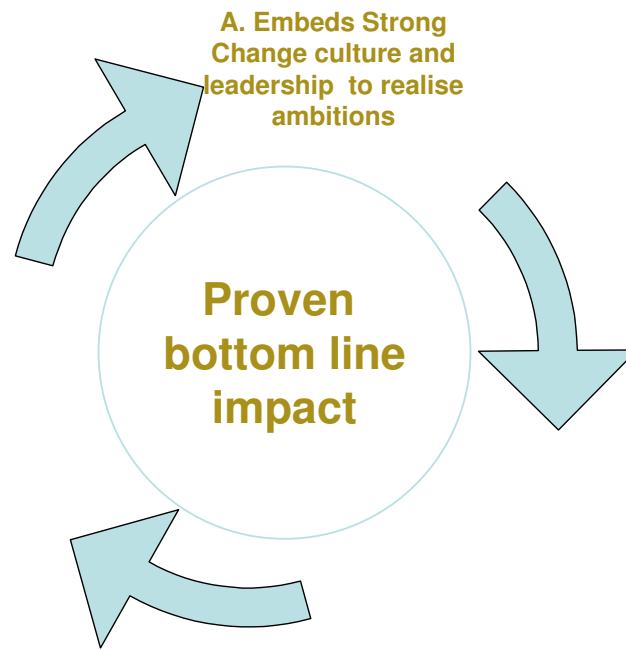
²³

% balance of change in productivity and profitability in past 12 months by IIP status



4.0 How IIP achieves Business Benefits

4.1 Embeds strong change culture and leadership to realise business ambitions



In a fast changing and increasingly tough economic climate organisations have to keep re-inventing and innovating to maintain differentiation and manage growth effectively and sustainably. Failing to do this can lead to complacency and a loss of competitive advantage. It is critical to avoid this happening during times of economic downturn. Organisations need to be adaptable and quick footed when refocusing business plans, restructuring and rationalising, seizing new market opportunities and re-engineering the skills base to take account of changing conditions. Investment in the development of strong leadership and communication skills are essential to manage change effectively and keep people in the organisation motivated, involved and pointing in the right direction.

The Guardian recently highlighted that investment in leadership and management skills is vital for survival to avoid a “skills crunch”²⁴. Cutting back on developing leadership and management skills will stop firms fighting their way through a downturn and maximising potential. The development of the IIP New Choices Framework is particularly suited to addressing critical business issues during periods of change as it includes guidance on Workforce Engagement, Shared Future Vision,

²⁴ “Investment in Training Vital For Survival” Linda Holbeche. Director of Research Chartered Institute of Personnel and Development. Guardian 12.04.08

Recognising Change, Skills and Competences, Evaluating Change, and Anchoring Change, amongst others²⁵.

The majority of Captains of Industry²⁶ with IIP recognition agree that it “aligns my people management strategies with my business strategies”. Research²⁷ amongst employers with IIP status shows that 80% agree that it “helps all types of organisations adapt to change and growth”. There is also overwhelming endorsement that “it provides business improvement through people” (93%).

In a recent 2008 “Taking Stock: CBI Education & Skills” Survey²⁸ amongst 735 private sector board level executives there was very positive feedback about the impact of IIP. 71% felt that working towards the IIP accreditation had a positive effect on their business. The benefits of having an impartial *external* Advisor assessing staff feedback during times of significant and rapid change as well as putting more rigour and structure into people management and morale building was particularly appreciated. This was felt even more strongly amongst smaller companies.

Another study²⁹ measuring the impact of working with the IIP Standard amongst a sample of over 1,000 public sector organisations showed that it played an important part in managing change and the integration of a new organisational culture (89% agree). In the EEF study³⁰ amongst manufacturing companies, those firms working with the IIP Standard are far more likely to claim that the business plan has a significant effect on training (54%), than those without and not working towards it (28%). The impact of the IIP framework as a successful change agent for growth in tough market conditions runs through many of the IIP Case Studies³¹.

“We have gone from the 1950s to the 21st century in two years and we owe much of this achievement to the Standard. It has made us better leaders and managers, and helped us to build a more motivated and stable workforce”

Source: NCP Case Study

“Investors in People has been a catalyst for our transformation from a traditional accountancy practice into a forward looking and vibrant consultancy business. Investors in People has contributed significantly to our marked transformation in financial performance including a remarkable 32 per cent increase in the firm’s profitability over the past three years” Source: Cooper Parry Case Study

²⁵ New Choices Framework: Managing Change Summary. IIP UK

²⁶ Captains of Industry Survey. 2007. Ipsos MORI

²⁷ Performance Tracking Study. October 2007. Ipsos MORI

²⁸ Taking Stock: Education and Skills Survey. CBI 2008

²⁹ The Impact of IIP in the Public Sector: PACEC: March 2006

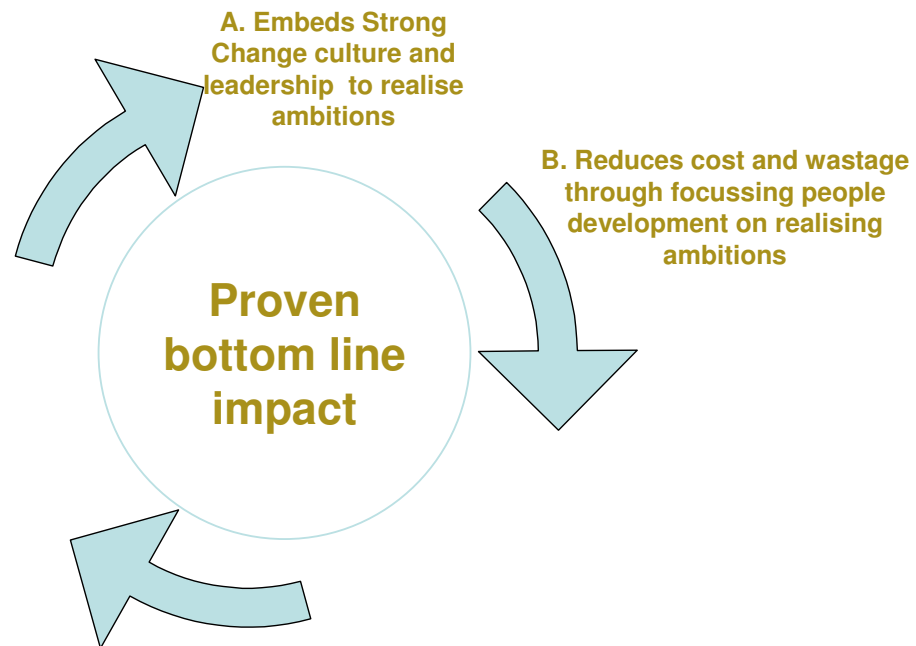
³⁰ Skills for Productivity. Can the UK Deliver? EEF (The Manufacturers’ Association) 2006 Study

³¹ Case Studies. IIP Accredited Organisations. www.investorsinpeople.co.uk

The Cedar Foundation works with physically disabled people and those with brain injuries helping them become integrated into society as equal citizens. With 220 employees the importance placed on its people to embrace change and to continually improve their performance is significant. IIP was seen as a natural partner to help them achieve this and they achieved recognition in 1997. The help that they received subsequently to adapt to significant internal and external change contributed to a tripling of income since 1998/99. *“We are a people focussed organisation and our success, growth and development are all down to our workforce. There’s a culture here that embraces change and innovation. This is a direct consequence of the people process inspired by Investors in People”*

Source: The Cedar Foundation Case Study

4.2 Reduces Cost and Wastage by Focussing People Development on Business Ambitions



Reducing costs and focussing resources is a growing priority in many organisations faced with economic downturn. Money, time and effort can be wasted on unstructured and expensive training which is not linked to business goals. Research³² assessing business priorities and training needs within manufacturing companies, for instance, shows that cost reduction is a major area that has to be addressed alongside expansion ambitions.

IIP can help organisations to *cost effectively* focus training and effort in areas where they will see the best return on investment. By enabling organisations to see where savings and efficiencies can be made better cost control is achieved and staff development becomes more productive.

Research³³ assessing the impact of the latest version of the Standard amongst a cross section of employers showed that:

- Around four in five employers feel they have benefited from the identification of weaknesses in and then improvement of staff development.
- Around seven in ten say it has made their Human Resource management and processes more systematic.

³² Skills for Productivity. Can the UK Deliver? EEF (The Manufacturers' Association) 2007 Study

³³ Evaluation of the Revised IIP Standard. March 2007. IIF Research Ltd.

This is further endorsed by research³⁴ evaluating the Impact of the Standard amongst the Public Sector which showed that having access to the IIP assessment process met their objectives in terms of:

- Improving HR management and development (93% agreement) ,
- Improving operational management (e.g. project management, time management, customer service) with over 80% agreeing.

When costs are under intense scrutiny during a downturn, IIP is a low cost investment which is worth continuing with compared to other expensive consultants. This is supported by the majority of IIP recognised organisations³⁵ endorsing that IIP “provides value for money”.

The transformation of organisational performance through reducing costs and focussing people development critical for survival and profitable growth during times of downturn are borne out in the IIP Case Studies³⁶.

“Before working with Investors in People, Lyreco was a loss making company, but the changes it has made to the way we do business has been so successful, that after four years, sales turnover has quadrupled”

Source: Lyreco UK Ltd Case Study

“Since working with IIP employee attrition reduced dramatically by over 50%, and now stands at 9% leading to cost savings of £1million a year”

Source: Metro London Case Study

“Just four years ago the business was heavily in debt. Staff turnover was high and turnover was 20% of the 2007 figure. The impressive changes in this business’s fortunes are based on two things – gaining control of finances and adopting the IIP Standard. As a result of these actions, the business is now debt free with a loyal team of staff and increasing turnover”

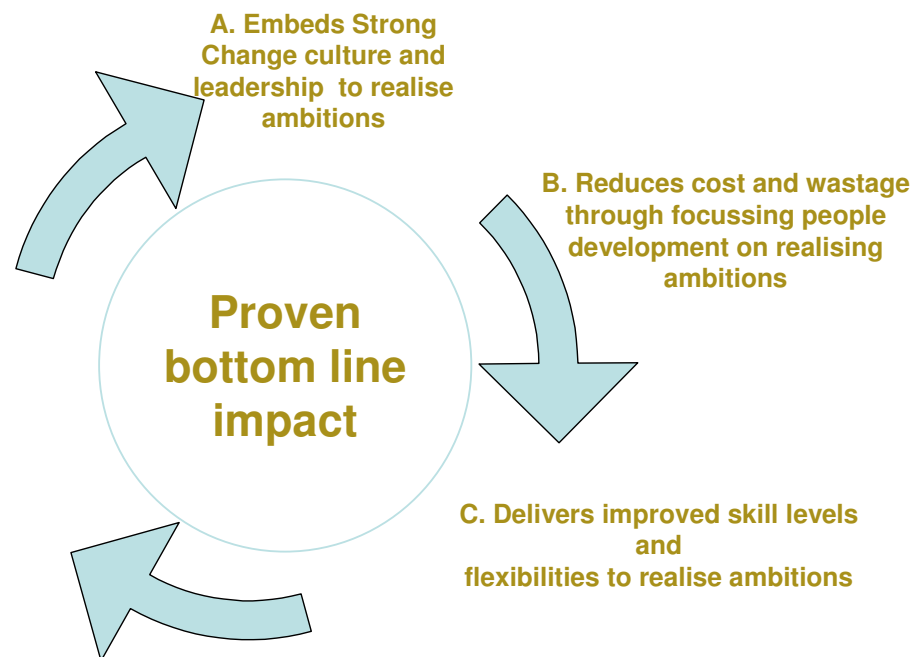
Source: Kelray Building Maintenance Case study

³⁴ The Impact of IIP in the Public Sector. March 2006. PACEC

³⁵ Performance Tracking Study. October 2007. Ipsos MORI

³⁶ Case Studies. IIP Accredited Organisations. www.investorsinpeople.co.uk

4.3 Delivers Improved Skills Levels and Flexibilities to Achieve Business Ambitions



Poor skills can cost a business employing around 50 people, £185,000 per annum.³⁷ The IIP framework is proven to maximise skill levels and flexibilities which are critical for taking organisational performance to another level and realising profitable business ambitions. Developing skilled staff ready to take on new challenges and contribute new ideas will be vital for organisations to grow sustainably, innovate and fight their way out of a downturn. The 2007 Performance Tracking study³⁸ amongst a cross section of employers shows that:

- There is a high level of agreement (95%) that IIP “links skills and people development to organisational strategy”
- 75% agreed the Standard helped to raise employee skill levels

Additionally the Cranfield Impact study³⁹ indicates that companies that have achieved the IIP Standard have higher levels of skills and behavioural flexibilities than their competitors.

³⁷ The Investors in People Journey Brochure. 2008. IIPUK

³⁸ Performance Tracking Study. October 2007. Ipsos MORI

³⁹ Impact of IIP and HR Policies on Business Performance. Bourne, Franco-Santos, Pavlov & Lucianetti. Cranfield School of Management 2008

The IIP Case Studies ⁴⁰ provide further validation of skills improvements which are key for sustainable growth during times of economic uncertainty.

“Working with the IIP Standard has helped our employees recognise the importance of day to day development. People can see clearly the knowledge and skills they’ve already developed and what knowledge and skills they need to become managers. This has been critical for developing future managers and supporting our expansion plans”

Source: HMV Case Study

Working with IIP has made a significant contribution to the success of the Oakwood Eyecare Centre helping them ‘beat the odds’ which had seen so many other independent opticians close over the last decade by developing a strong culture and skills for personal service and excellent quality. They have grown from 3 to 14 members of staff and recently acquired a second business which will adopt the same cultural change.

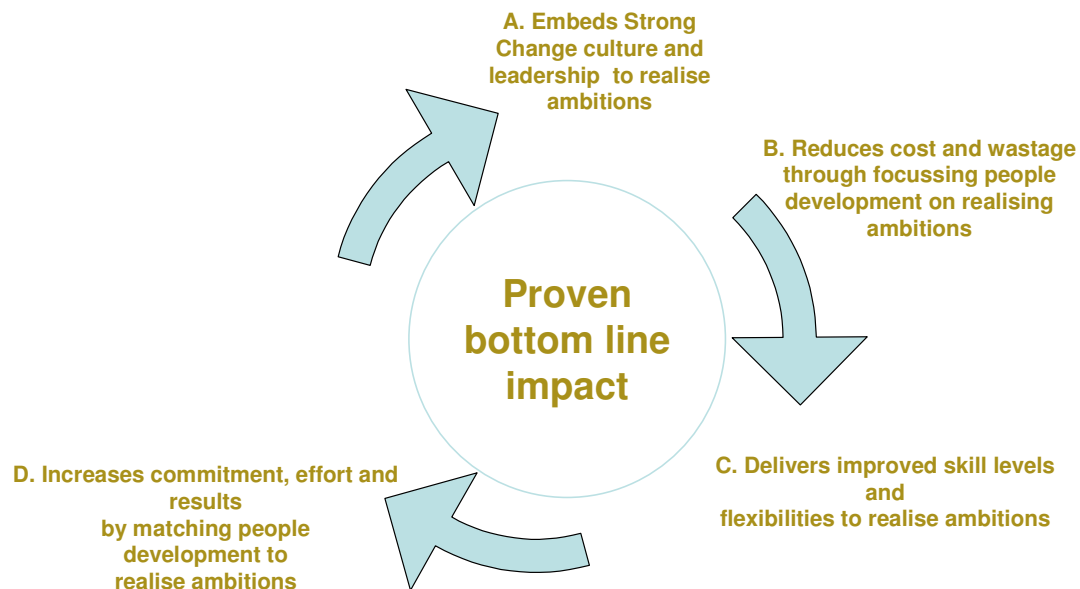
Source: Oakwood Eyecare Centre Case Study

Euro RSCG worked with the Standard to engage in a major business refocus programme to respond to new market conditions by investing heavily in the skills and competences needed to move into higher value and more creative services of recruitment advertising within the internet arena. The re-engineering of the business and skills has resulted in substantial increases in “value added” sales.

Source: Euro RSCG Case Study.

⁴⁰ Case Studies. IIP Accredited Organisations. www.investorsinpeople.co.uk

4.4 Increases Commitment, Effort and Results by Matching People Development to Realise Business Ambitions



The cost of recruiting new people is very high. The Chartered Institute of Personnel and Development (CIPD) believe that the average recruitment cost to replace a member of staff is £3,600⁴¹. The figure would be even higher if the time taken to get a new recruit up to speed on the job was factored into it. So developing existing talent is mission critical during uncertain times. People advantage gives you competitive advantage. A more skilled and knowledgeable workforce that feels well equipped and takes pride in what they do improves motivation and effort. People feel more valued and able to embrace change and contribute innovative ideas. This in turn can have an impact on retention rates, reducing absenteeism and recruitment costs which is vital during times of organisational change.

The Cranfield Impact Study⁴² demonstrates clearly that companies achieving the IIP Standard have higher levels of trust, co-operation and commitment than competitors. These are all non financial performance indicators which correlate with improved financial performance.

Captains of Industry⁴³ speak highly of IIP because it maximises staff potential, raises the importance of employee development and improves communication across the

⁴¹ The Investors in People Journey Brochure. 2008. IIPUK

⁴² Impact of IIP and HR Policies on Business Performance. Bourne, Franco-Santos, Pavlov & Lucianetti. Cranfield School of Management 2008

⁴³ Captains of Industry Survey. 2007. Ipsos MORI

business. Amongst employers who had achieved the IIP Standard ⁴⁴ these business benefits elicited a high level of endorsement:

- It helps people achieve their potential (82%)
- It leads to improved staff commitment (78%)
- Being an Investor in People is something to be proud of (95%)
- It's recognition of company commitment to employees (97%)

A study ⁴⁵ amongst smaller firms showed that those working towards the IIP Standard had seen changes in terms of instigating more regular appraisals and feedback which improved employee understanding of how they could improve organisational objectives.

The EEF study with manufacturers ⁴⁶ showed that those companies that were working towards or had achieved recognition were much more likely to endorse that they had experienced a positive impact on productivity through training (over 90%) than those companies that were not involved with IIP (60%). For organisations in the public sector ⁴⁷ the overall impacts were found in the areas of increased involvement and commitment of staff, together with improved working relationships within the organisation and a positive improvement in the organisational culture.

The IIP Case Studies ⁴⁸ provide further evidence of these business improvement benefits which are key for survival and profitable growth during times of economic downturn and change.

“In the last few years since working with Investors in People our morale and staff retention have improved significantly which has led us to become the successful business we are today”
Source: Thomson Directories Ltd Case Study

“Investors in People is the greatest success story of people management” Source: CBI Case Study

“Since working with the Standard internal satisfaction scores have improved year on year by 6%, with 78% of employees saying they love working for the paper”
Source: Metro London Case Study

⁴⁴ Performance Tracking Study. October 2007. Ipsos MORI

⁴⁵ Evaluation of SFI. June 2005. York Consulting

⁴⁶ Skills for Productivity: Can the UK Deliver? EEF (The manufacturers' Association) 2006 Study

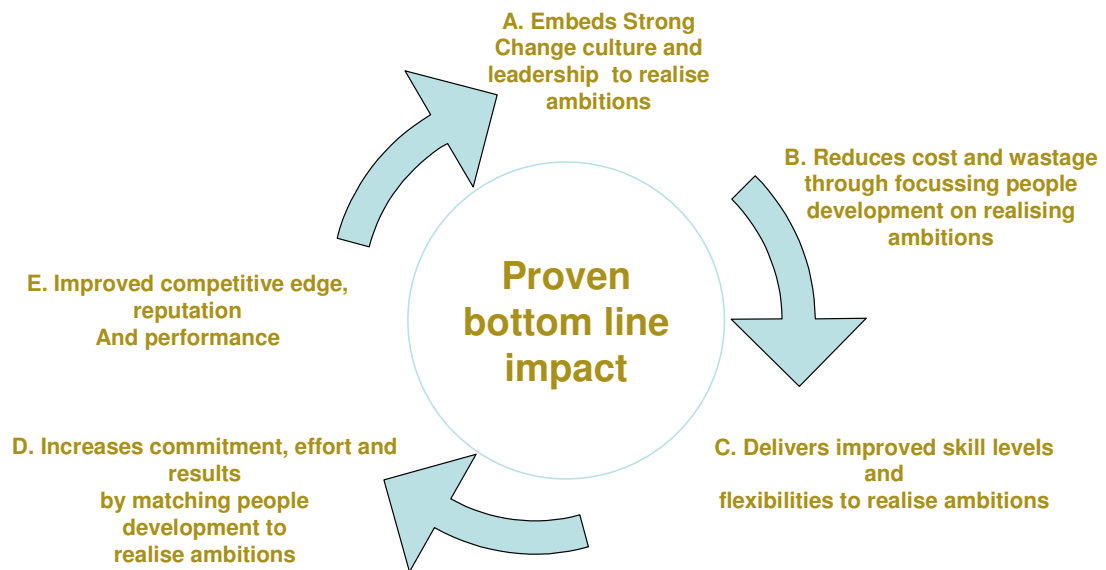
⁴⁷ The Impact of IIP in the Public Sector. March 2006. PACEC

⁴⁸ Case Studies. IIP Accredited Organisations. www.investorsinpeople.co.uk

“Since we gained the Standard our commitment to our people development has truly paid off for all concerned...the value we place on individuals has allowed us to charge our people out at better rates and consequently we can pay them more. This has had a dramatic impact on our staff turnover which has steadily reduced since we gained the Standard, averaging at just under 10% in the past four years, in contrast to an Industry which is now 45 per cent”

Source: AA Security Case Study

4.5 Improves Competitive Edge, Reputation and Performance



Innovating and making the workforce more skilled, flexible, producing better and faster results is key to competitive edge and reputation building through times of downturn. Working with the IIP Standard can ensure that this happens.

The majority of Captains of Industry running IIP recognised organisations endorse that IIP leads to increased productivity⁴⁹. Amongst a broader based sample of employers who have achieved the IIP Standard⁵⁰ there is further positive endorsement that:

- “It produces a competitive edge” (69%)
- “It is recognition of company commitment to employees” (97%)
- “It is a prestigious world class standard” (58%)
- “It helps to attract new customers” (58%)

⁴⁹ Captains of Industry Survey. 2007. Ipsos MORI

⁵⁰ Performance Tracking Study. October 2007. Ipsos MORI

One in five employers working with the latest version of the Standard felt it helped them to win new business ⁵¹and nearly 40% of employers in smaller firms ⁵²felt that they had gained a competitive advantage over their competitors.

The IIP Case Studies ⁵³provide further validation of these business benefits which are vital for profitable growth during times of economic uncertainty and change.

“Our focus on business excellence and the use of the Investors in People has helped Yell to grow the revenue and customer base in an increasingly competitive environment”

Source: Yell Ltd Case Study

“Leadership development and greater provision of induction and development training through the Standard has led to improved ability to meet new business tender requests. This, coupled with strong customer endorsements, has helped to increase new contract wins and led to contract retention of 87% against an industry average of 40%”

Source: NCP Impact Case Study

“Our commitment to quality through working with the Standard is expressed through our ability to command profits margins of over 25% which in an industry which has become synonymous with low margins, this is almost unheard of”

Source: AA Security Case Study

“Financial profits since working with the Standard have increased by £10million annual profit and a 20% year on year revenue growth in a declining market. The paper has also launched three new editions in Dublin, Cardiff and Liverpool”

Source: Metro London Case Study

Prior to the Hilbre High School commitment to IIP the school was experiencing difficulties on many fronts. Its buildings were run down and exam results had plateaued with only 39% of pupils gaining five or more A-C GCSEs. As part of a major revitalisation programme which also included substantial rebuilding, IIP became central to creating a new challenging culture amongst learners and staff. Competition between local schools remains intense but despite its non selective status Hilbre High School is now oversubscribed. It’s most recent GCSE results were the best in its history

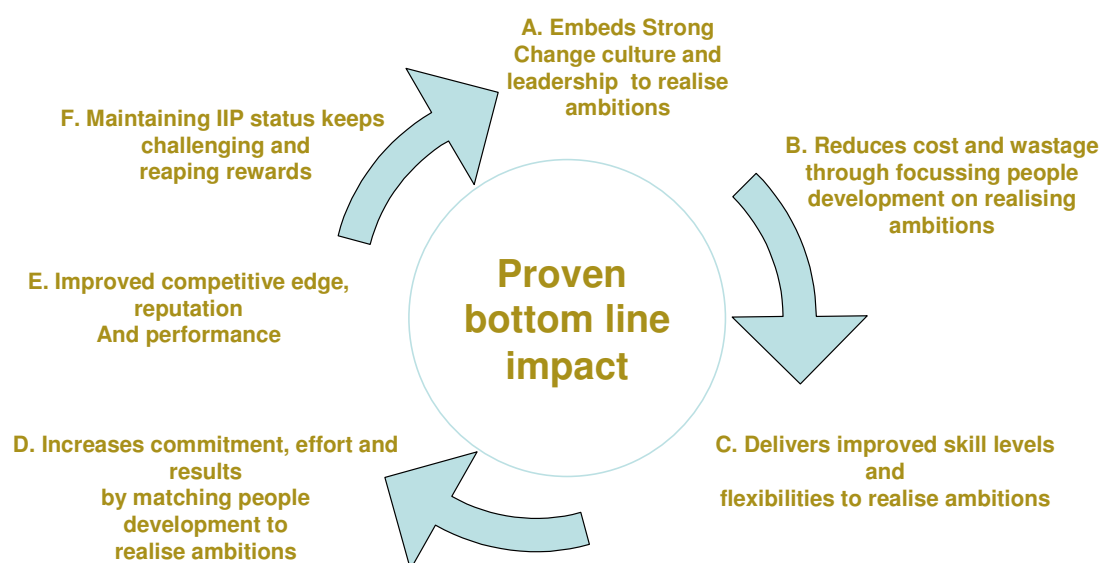
Source: Hilbre High School Case Study

⁵¹ Evaluation of the Revised IIP Standard. March 2007. IIF Research Ltd.

⁵² Evaluation of SFI. June 2005. York Consulting

⁵³ Case Studies. IIP Accredited Organisations. www.investorsinpeople.co.uk

4.6 Maintaining IIP Status Keeps Challenging Organisations and Reaping Rewards



Effective and empowering people management linked to business ambitions has to become *embedded* in the DNA of an organisation in terms of best practice and be continuous to ensure that organisations stay ahead and keep reaping rewards during challenging times. An ongoing commitment to maintaining the IIP Standard is central to achieving this. The majority of Captains of Industry⁵⁴ who run organisations that are IIP recognised endorse that IIP continuously challenges organisations to improve.

De-recognition can have downsides. For instance, a study⁵⁵ looking at the impact of IIP in the public sector found that *de-recognised* organisations had either stagnated or experienced negative effects. These negative outcomes were felt in the recruitment and retention of staff, quality of products and services, business growth and business development opportunities.

The importance placed on maintaining the IIP Standard is borne out by 95%⁵⁶ renewal intentions amongst employers who have achieved the IIP Standard.

The IIP Case Studies⁵⁷ provide further validation of these business benefits which are vital for sustained growth and survival during times of economic uncertainty and internal and external change.

⁵⁴ Captains of Industry Survey. 2007. Ipsos MORI

⁵⁵ The Impact of IIP in the Public Sector. March 2006. PACEC

⁵⁶ Membership Services Survey, June 2006, Response Consulting Ltd

⁵⁷ Case Studies. IIP Accredited Organisations. www.investorsinpeople.co.uk

“Our commitment to IIP shows that we invest heavily in our talent, because we know that excellent people will create excellent products. There is no substitute for developing people, it is in everyone’s interest and provides a real future for our people and our business. Get this right and you will achieve a positive impact on your bottom line”

Source: Metro London Case Study

“We are committed to Investors in People because people are at the heart of everything that we do. Our success depends on our people. If the Tesco team find what we do rewarding, we gain their emotional loyalty and they are more likely to go the extra mile to help customers. Customer satisfaction levels have improved as a result”

Source: Tesco Customer Service Centre Case Study

Graphic PLC, a manufacturer of printed circuit boards, had held the Standard for 10 years. In a drive to go up to a new level of excellence they started to work with the [IIP] Profile as a rigorous framework of good practice in key departments setting even more stretching standards to aim for. Through training advice, which is closely linked to the Profile objectives, they were able to reduce turn-around times in the photomechanical department from 80 hours to 60 hours. This increased performance meant that delivery times were 98% in most cases. This compared with previous rates of as low as 70%. The net result of doing this was improved consistency and repeat business which strengthened customer relationships. Staff retention rates improved as well as local reputation and interest to work at the company.

Source: Graphic PLC Case Study

According to Euro RSCG their journey with Investors in People is only just beginning. They have identified new areas for development to help them meet the challenges required to prosper in a competitive and changing market place

Source: Euro RSCG Case Study

To conclude, the research evidence and Case Studies⁵⁸ pulled together in this report provide compelling evidence of the business benefits of investing in the IIP framework and achieving the Standard. The bottom line benefits that IIP can deliver during times of change in terms of effective change management, reducing costs, creating more focus, improving skills, increasing productivity and competitive edge can be considerable. Maintaining the Standard and working with the Profile helps organisations to continue to embrace new challenges to secure stronger competitive advantage and reap substantial bottom line rewards during a downturn.

⁵⁸ Case Studies. IIP Accredited Organisations. www.investorsinpeople.co.uk

Appendix

References

These are the documents that were reviewed for this paper.

Performance Tracking Study	Ipsos MORI October 2007
Evaluation of the Revised Standard	IFF Research Ltd 2007
Customer Journey Research	Response Consulting 2006
People and the Bottom Line	P Tamkin, M Cowling, W Hunt. IES 2008
Impact of IIP and HR Policies on Business Performance	Bourne, Franco-Santos, Pavlov & Lucianetti. Cranfield School of Management 2008
Captains of Industry Survey 2007	Ipsos MORI 2007
Investors in People Perception Research	GFK February 2007
IIP Membership Services Survey	Response Consulting July 2006
Skills for Productivity: Can the UK Deliver?	EEF (Manufacturers' Association) 2006

Small Firms Initiative	York Consulting June 2005
Impact of Investors in People in the Public Sector	PACEC March 2006
Recruitment and Retention of a Diverse Workforce (June 2006)	Discovery Research 2006
IIP Accredited Case Studies	IIP UK Research Department
IIP Superbrand Case Study	Superbrand UK 2007
IIP 2006/7 Company Report and IIP brochures	IIP UK
Review of Skills	Lord Leitch's Report February 2006
Innovation Report	Department of Trade & Industry 2007
Remit and Aims	IIPUK 2008
"Investment in Training Vital For Survival" Linda Holbeche.	Linda Holbeche. Director of Research Chartered Institute of Personnel and Development. Guardian 12.04.08
IIP New Choices Framework: Managing Change	IIPUK 2008
Taking Stock: CBI Education and Skills Survey	CBI 2008