

Case Study: **Currys** Driving Sales Through Team Rewards

Innecto were extremely reliable, prompt, efficient and represented true value for money.

*- Christopher Mitford-Slade
Compensation & Reward
Manager*

Currys Stores have a long history in the High Street, but have faced increasing competition from other high street competitors, and the Internet. Combined with minimum wage increases, profit margins have been squeezed all round, and the organisation decided that there needed to be radical change in the way employees were remunerated, to create improved fairness for employees and improve customer experience.

Innecto were involved from the beginning of the project, and undertook major Reward strategy and base pay alignment work, before starting to untangle to problem of variable pay. Currys had a culture of creating high performing individual sales colleagues, who interfaced directly with the customer, and received direct commission on everything they sold, sometimes with extra bonuses added by manufacturers or internal competitions. From a customer experience perspective, this was a problem; customers had low trust on their sales person, and Currys' found it difficult to nudge upwards mystery

shopper customer experience and satisfaction scores. From an employee perspective, sales colleagues were 'kings of the castle', and other staff did not get the opportunity to share in the success of the store. For successful sales colleagues high levels of commission could lead to dysfunctional behaviour, further reducing employee and customer satisfaction scores.

Something was broken, and it needed fixing. Karen McKeever, project manager, speaking at the CIPD Reward Conference in 2006, discussed how the exec team were prompted to start thinking the unthinkable – to shakeup the system of individual commission which had been the norm in Curry's stores for a generation. Innecto developed options for change with the project team, ranging from small steps to major and radical change. The Currys' management team took a deep breath and decided to go for the most radical option – a completely store team based approach, which focussed on sales, but also store profitability, including some key KPIs such as store staff

overtime, stock shrinkage and customer returns. Deborah Rees at Innecto comments;

"It was the most radical solution, but we knew that it met the stated needs and objectives of the 'new' Currys. It was fine to develop the outlines in principle, but the more difficult piece for Innecto was doing the specialised detailed modelling to ensure that Currys could afford the plan, and ensuring we had accounted for a range of scenarios"

Currys piloted the new scheme in Eastern and North Scotland. Critical business KPIs were established in the hectic days before the pilot went live – Currys wanted to be able to have a clear baseline established to track the success or failure of the scheme. The KPIs included employee absence levels and the ratio of made : accepted recruitment offers, as well as more obvious criteria such as improvement in sales, employee and customer satisfaction.

And the results? Well, two years later, the whole company have moved over to the new scheme,

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following overwhelming success in the first and subsequent pilot areas. In the original pilot area, sales are running at 142% of the average of the rest of the company, taking this year's sales forecast as a baseline. Some of those high performing sales people left the business, but new hires have taken their place, as employees have enthusiastically shared product knowledge with their new colleagues. And customer satisfaction mystery shopper results have bumped up a staggering 20

percentage points over the 12 months.

Currys made a whole raft of changes to support the new culture in stores, empowering colleagues to take responsibility for their customers, themselves and their colleagues, but the new pay structure has dramatically underpinned the whole project. As one store colleague said; "although there have been lots of changes, when you changed the pay, the whole thing finally fell into place".

