



Alliance Boots plc

Company Description

Alliance Boots (Boots), the leading high street health and beauty retailer and pharmacist, has approximately 66,000 employees across the UK.

Sector

Retail

Product

HR and Payroll Outsourcing

Challenge

The company had decided to implement an SAP business management system at head office, replacing approximately 70% of its existing IT systems. One of the IT issues that Boots faced centred around the company's HR and payroll systems, so a specific objective was to implement a 'best practice' HR and payroll solution.

The HR and payroll modules were successfully implemented at head office, but it soon became clear that there were a wide range of options available which could meet the wider company's needs.

Andy Sutcliffe, programme manager at Boots, explained the situation the company faced. "We had a number of options open to us at that time. We could implement SAP companywide; we could build our own

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*HR Project Manager
Alliance Boots plc*



'in-house' solution, but potentially face the same problems with lack of scalability and ease of use a few years down the line; we could do nothing, and stick with the existing IT we had which would ultimately have started to struggle to cope, or alternatively, we could take the outsourcing route."

Background

Boots' payroll was administered internally by a team of payroll clerks, using a 23-year old system which was costly to maintain and upgrade, and also heavily reliant on paper, leaving much room for error. Boots had an existing HR department, but wanted to allow the team to focus on more strategic work, rather than spending time focusing on core HR administration.

Boots embarked on an extensive five-month process to choose the best route for them, and began the tendering process for prospective outsourcing suppliers. The first step of this was to invite a range of potential partners to tender for the project. This list was whittled down to four possible providers, but during this process, Boots was keen not to eliminate the other options available to them.

"If we were to go down the outsourcing route, we knew we wanted a company who could work closely with us over a period of many years – we wanted the relationship to be genuinely equal, and this meant looking for a company that could not only provide the best possible IT solution available, but also fitted well with us culturally," explained Andy Sutcliffe.

"By the time we had reduced the number of potential partners to two, we were very aware of the fact that both companies could provide us with the IT solution we needed - both could have done the job well. However, the much trickier part was identifying the better cultural fit of the two organisations. Which would be able to work closely with us, successfully, for upwards of ten, even twenty years, and provide a team that fitted well with our own?"

To answer that question, Boots arranged for the two potential providers to attend a 2-3 day workshop to showcase the technical solutions they were offering and how they would approach the payroll outsourcing element of the project. The software on offer was reviewed using a scoring system, and the team also visited a number of reference sites and questioned existing customers closely.

The final round saw the two suppliers presenting to the senior team at Boots. It was only after this stage was complete that Boots made the decision that its payroll team would become employees of the chosen IT and outsourcing provider, and that they would implement a core HR software system to cover off the basic HR administration processes required by the HR department.

Choosing a business partner

Many companies would have been able to provide Boots with the technology it needed to improve its HR systems, but the far more difficult decision was finding a company that would match Boots' vision and values, and really look after the employees it was taking on.

"By the time we reached the final stage of the procurement process, it became apparent that NorthgateArinso's values were very well matched to our own. This was what convinced us that the outsourcing route was the best option for us. We also really trusted that they would offer our employees a great working environment and take care of them long term, as well as having the strength and experience to guide us, in the sense of providing open and honest consultancy, when it came to HR best practice. This was absolutely fundamental to our final decision; we trusted that NorthgateArinso would be a compatible long-term business partner for us, rather than simply an IT supplier," explained Andy Sutcliffe.

Jenny Brown, HR project manager, explained how the team felt about the move to become NorthgateArinso employees.

"We had 36 Boots employees within the payroll team who had over 331 years of experience working with Boots between them, so it was critical to us that they were not only happy with the choice of HR partner, but felt that their own personal situations would be improved by the move. Open and honest communication from the start was essential. Some of the team were involved in visiting both suppliers, meeting with the teams from those companies and speaking to other employees who had been TUPEd across during the early stages of the process. Once the tough decision had been made to outsource, and to TUPE staff over to NorthgateArinso, we elected a small team of representatives of the employees to be involved in the process, and to ensure they were happy with decisions that were made."

"By the time the final decision had been made to partner with NorthgateArinso, the team were very positive about the changes they were facing," added Jenny Brown.

"As Boots employees, it had been very difficult for their voices to be heard; they were using old, awkward systems and didn't have a clearly delineated path for their individual career progression. Moving over to NorthgateArinso to become part of their team meant that they were part of a much bigger group; many of the staff were excited by the opportunity of seeing how other payroll staff worked and having a louder 'voice' within that organisation, as well as more opportunities for career growth," said Ms Brown.

NorthgateArinso's own HR team, under the supervision of HR director Dina Knight, was also closely involved in the process.

"The HR department at NorthgateArinso always plays a significant role in the pre-sales process when TUPEing of employees is involved, but our involvement in the Boots deal was a key part of its success," explained Dina. "We worked with the sales team at the outset of the project to understand Boots' key needs, and to ensure that those needs were met with the solution that NorthgateArinso offered. The involvement of a 'real' HR department means that we could provide the customer with a solution to the sensitive issues around staff changes as well as software changes that can make or break the success of a deal like this."

"We suggested that we meet the Boots payroll team as early as possible in the process, as we know from previous experience how important it is to win the hearts and minds of those people who would be TUPEd over to NorthgateArinso in the prospective deal."

A critical part of this process was laying out a timetable for the transition and sticking to it, in order to continue the feeling of confidence that the Boots team had in NorthgateArinso when the decision was made. Dina and her team ensured that they were on site at the team's offices at least once a week to retain a high profile and encourage the staff to talk about any problems or concerns they may have had. By meeting the employee reps regularly, it was clear that one of the biggest concerns the TUPEd team had was regarding office location. In response to this, NorthgateArinso committed to stay in Nottingham for the life of the contract, and to remain on the Boots site for 18 months. Three months after the transfer of staff was completed, NorthgateArinso conducted a satisfaction survey which generated a response rate of 68%. The results of the survey showed that the team was pleased to be working for NorthgateArinso, and that their expectations of the move from Boots to NorthgateArinso had been exceeded.

Conclusion

Since the deal was signed in April 2006, staff retention rates have been exceptional; only one employee has left since the team was moved across on 3rd April.

Nine months after the contract was signed, Andy Sutcliffe is optimistic about the future. "The service NorthgateArinso has provided has exceeded all our expectations, and we're very pleased that we've already been able to hand more responsibility to NorthgateArinso than we had anticipated would be possible at this relatively early stage."

Part of the contract between NorthgateArinso and Boots is a commitment to continual service improvement, and the team meets regularly to ensure that the best possible service is being provided.

"The project team has formal monthly meetings where we review performance against key performance indicators; quarterly meetings to ensure everything is in place so we can look towards future changes that may be needed, and yearly board meetings to discuss strategy and business plans going forward. We're extremely excited by the opportunities that this partnership has offered us, and we look forward to continuing the relationship with NorthgateArinso for many years in the future." concludes Andy Sutcliffe.

For further information

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