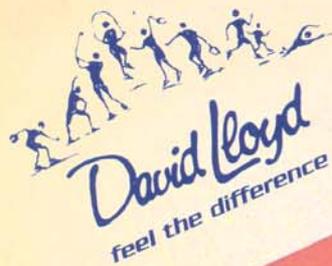


ENGAGING AND
REWARDING
PEOPLE AT
DAVID LLOYD LEISURE





David Lloyd Leisure (David Lloyd) is the UK and Ireland's market leader in Racquets, Health and Fitness Clubs. Its mission is "Inspire for life". Currently 67 clubs provide facilities that include indoor and outdoor tennis courts, indoor and outdoor swimming pools, state-of-the-art gymnasiums, group fitness sessions, beauty salons, cafés restaurants and crèche facilities. David Lloyd is a subsidiary of Whitbread Group plc (Whitbread) and has over 350,000 members. It employs 5,200 people.

Achieving David Lloyd's mission is about delivering results to three groups of stakeholders: employees, members and investors – and in that order. In the words of Louise Smalley, HR Director of David Lloyd:

“BY TAKING CARE OF OUR PEOPLE, OUR MEMBERS WILL HAVE A GREAT EXPERIENCE AND WANT TO COME BACK, WE WILL DELIVER STRONG FINANCIAL RESULTS FOR OUR INVESTORS AND SUSTAINABLE GROWTH AND NEW CLUBS FOR THE BUSINESS.”

In this article, Ray Robertson, Director, of Strategic Reward looks at how David Lloyd achieves this through:

- People who understand what matters most to club members and “want” to deliver it
- Opportunities to discuss performance and develop their career
- Rewards linked to performance and contribution.
- Defining what matters most

David Lloyd, along with all other Whitbread brands, has adopted a common approach to defining and measuring the things that lead to business success. The approach is called “WINcard” (Whitbread In Numbers) and

it's based on balanced scorecard principles. At David Lloyd, WINcard and the Club Annual Operating Plan, together communicate to everybody what's expected of them. David Lloyd's Club WINcard (Figure 1) is prominently displayed in every club and people can see at a glance progress towards performance targets for each of the three groups of stakeholders.

Engaging people

But success at the company is not just about WINcard and the mission statement. People must “feel the difference” and that means leaders creating the right environment for team members to create great member experiences. So David Lloyd created “*Spirit to Inspire*”.

The three day programme is attended by the management team of each club and is held at a nice location so the team can get away from the daily distractions at their club. Spirit to Inspire was designed on the basis of research into what team

members were saying about working at a club, what members were saying about their experiences and the value-profit chain concept. Spirit to Inspire is run by Regional Managers who have been trained to deliver the programme, with support from HR. The programme includes presentations from David Lloyd Board members, and leaders make extensive use of training videos, quizzes, games and exercises which are designed to encourage people to work together to create great member experiences.

Before going on Spirit to Inspire, all members of the management team complete a personality type exercise and, using a standard set of questions, audit their club's performance against the Annual Operating Plan.

Day 1 is all about communication and teamwork. A Board member sets the context within Whitbread, and managers share their personality profile and perceptions about different aspects of work at David Lloyd and how this affects their behaviour towards colleagues and members.

Figure 1 The Club WIN card at David Lloyd Leisure





Day 2 is about leaders and brands. Managers say what they think makes great leaders by looking at their own experiences in, for example, work or sport. They give their perceptions of well-known brands such as easyJet, BMW or McDonald's, even though they may not have experienced them. They then build up a picture of the David Lloyd brand promise.

Day 3 is about service delivery. What does the David Lloyd brand promise mean from the moment a member arrives at their club to when they leave after a game of tennis or work out in the gym? What are the principles of brilliant service? How can we recover from poor service?

One week later, the management team goes on a one day follow up where they present their action plan for delivering Spirit to Inspire to everyone back at their club, within 90 days. They are given facilitation skills for cascading the programme in their club but they decide how to cascade. This flexibility has been a major factor in engaging employees at club level, in the core messages from Spirit to Inspire, and making it relevant to their day-to-day work.

Reviewing performance – developing people

David Lloyd guarantees that everybody will receive a performance review. This commitment is measured through its "Views" employee survey, which is carried out every six months.

Managers

Managers have two main reviews a year, when their performance is assessed against the seven specific WINcard measures – team turnover, health and safety criticals, brand standard, member recommend, like for like sales, number of members and profit. Performance is rated on a five point scale defined as Outstanding, Exceeding, Achieving, Growing and Unacceptable. A key outcome from performance review is a personal development plan (based on Whitbread values – The Whitbread Way)

which focuses on building strengths and priority development needs.

Managers also have a career / potential review every six months. This is designed to develop managers to their full potential and provide a pool of talent that supports succession planning, not just in David Lloyd, but throughout Whitbread. Potential is rated on a ten point scale which defines the readiness for promotion /development and takes account of a manager's judgment, influence and drive.

Team Members

For all other people, such as Lifeguards, Membership Advisors, Head Chefs, Hospitality Staff and Health and Fitness Coaches (collectively called Team Members) who work in clubs, performance review is a simplified version of the process for managers. Its focus is the team member's achievements last year and agreed actions for the coming year.

In preparation for the Performance Review meeting with their manager, Team Members complete a review form that includes two sections called:

"How was it for you?" – aspects of work giving the most satisfaction, areas to build on, what might help do the job more effectively and things to improve
 "My Self Assessment" – covers the most important aspects of Team Members' work (based on Whitbread values – The Whitbread Way). The areas are:

- Caring for Members
- Passion for Winning
- Continuous Improvement
- People and Team Work
- Appearance at work
- Punctuality on: shift/meetings/appointments
- Job knowledge
- Reliability

Managers decide an overall performance rating for each team member they review, using the same five-point scale in their own reviews. They also consider if the team member is ready for promotion to

their next role, within their current department or in another department. This is an important aspect of succession planning at David Lloyd.

Agreed actions for the coming year relate to the club WINcard, Whitbread Way and Club Annual Operating Plan and follow the SMART principle: Specific, Measurable, Agreed, Realistic and Time Based. The completed Performance Review – rating, career development, manager's comments and employee's comments – is agreed between the manager and Team Member. The performance rating is very important as it gives an overall summary of performance and it's used for pay review. Six months later, everyone has a chat with their line manager. This is to provide an opportunity to touch base about how things are going, identify if there are any challenges or opportunities and basically make sure everything is going well.

Rewarding performance and contribution

David Lloyd's reward strategy has a strong performance focus. It delivers this in three ways:

- Through pay review – which takes place annually for everyone (we look at pay review for Team Members)
- Through bonus – this applies to Managers only and is linked to WINcard
- Through "Team Workout" – rewards for what team members do to deliver great service to club members.

Pay review for Team Members

Each job has a pay scale which has three defined points – base, middle and top. These are benchmarked against relevant organisations inside and outside the hospitality and health and fitness industries. But because market pay varies by geographic location in the UK, David Lloyd has created pay zones – there are three in the UK. Each club is allocated to a pay zone on the basis of recruitment difficulties in the Club's location. However, if a club is experiencing considerable difficulty recruiting the right person for a



specific job, there is flexibility to use a pay scale from a higher paying zone.

Pay review is based on two things: performance rating and where the Team member is paid in the pay scale for their job. A Team Member rated Outstanding, but paid below the middle, for example, will receive a higher increase than someone rated Growing, but paid above the middle.

Bonus opportunity for managers

Managers at David Lloyd have the opportunity to earn a bonus through their personal and team efforts. Bonus is based on achievements against the Club WINcard targets and the company uses “traffic lights” to measure actual performance. This works as follows:

Green = target or better

Amber = better than last year but below target

Red = below last year and below target

Bonus potential varies between the three management levels: a General Manager can earn up to 100% of their salary and Heads of Department / Club Support Managers can all earn up to 25% of salary. Bonus has three different elements as outlined below:

Bonus for **“Going Green”**: bonus is payable only for “Going Green” on bonusable WINcard measures, such as Like for Like Sales or Member Recommend

The Stakeholder Stretch: When a Club has reached 96% of club budgeted profit (for Club Support it's when the Company hits 96% of budgeted Economic Profit) an additional bonus is paid .

The Pence-in-the-Pound Driver: This applies to General Managers and Heads of Department only. If the budgeted club profit exceeds 106%, for every pound earned over 106%, the manager will earn

additional bonus.

Team rewards for delivering great service to club members

The number of members at any one time is one of the easiest guides to the health and success of a David Lloyd Club. Members might well be impressed by the great facilities, but it's the people and their service skills that make the real difference. Those members enjoying their visits and appreciating great service are the ones that will recommend the club to their friends and colleagues. So, David Lloyd has a reward scheme called “Team Workout”, which is about what team members will do to help their club deliver a great service to members.

At their Performance Review, team members look at the priorities for their Club and team and agree with their manager what they will do in the coming 6-12 months to help meet WINCard targets. If, for example “get the basics right – service to members” is the priority, team members on reception might aim for a score of 85% on mystery member standards by treating every member like a VIP. Other team members might decide “when a member is within 5 metres of me I will greet them”, or “every time I speak to a child member I will make eye contact at their level”.

Success is rewarded for hitting the club's quarterly target on the number of members. The rewards are £150 per year in “Leisure Vouchers” for full time team

members. The payout for meeting targets in the first and second quarters is £25, £15 and £5 respectively. Payout is doubled in the third and fourth quarters. Rewards for part-time team members are pro-rated. Team members can track progress by looking at the Club WINcard, which shows the quarterly target and the results month-by-month.

Business outcomes

The business results are impressive, as Sharon Quinn, HR Manager-Reward, explains: “Team Workout has had a very positive effect on Company results. Recent employee opinion surveys show that 96% of people have a clear understanding of their responsibilities. In addition, team turnover has improved by 10 percentage points, year on year, and 55% of our members make specific positive comments about our people”.



Raymond Robertson
Director

Strategic Reward

Ray can be contacted at
team@strategicreward.com

