How Improving Organisational Culture through Engagement led to Profitable Growth

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From Administration to Industry Leading
Dreams is the most recommended bed company, having been in business for over 30 years and now with over 183 stores.

Historically, Dreams was founded in 1986 but unfortunately went into administration in 2013 and was purchased by Sun European Partners (Sun). Later that year, Mike Logue was appointed as the new CEO, tasked with leading the Company back to profitable growth.

In the following three years, Dreams has been successfully restored from administration to impressive profits, revitalising the Company’s health and re-establishing the customers’ trust.

Where do you begin when faced with the challenge of breathing new life into the remains of a failed retail business – especially one having been recently acquired by a private equity firm that believes in its potential and rightly expects swift improvement with tangible financial results? Dreams adopted a multifaceted approach to achieve this success. The new management team championed an uncompromising and relentless focus on putting the customer first. In addition, the brand was refreshed with a better instore customer experience, improved products, innovative marketing campaigns, a revised Company logo and a fleet of new delivery vehicles.
However, although these changes were essential, Dreams knew that fundamentally, to change the culture is to change the business. Therefore, an intensive drive was needed to build a high-performance culture within the organisation, setting the foundation upon which the value of all other changes would be realised. And so, the journey from administration to financial success really began in earnest with a data-driven look at the whole organisation. As outlined below, the Dreams story shows that financial success really does come from building a clear and aligned culture that brings the people with you.

**Searching for Evidence**

The Dreams Executive team understood the importance of creating a winning culture with the aim of transforming Dreams into the most profitable and recommended bed company in the industry. However, from initial observations around the various business functions, they quickly developed concerns about a disengaged workforce. Initially, the greatest unknown was the depth to which this pervasive negative culture extended across the organisation. Fortunately, Sun requires all its companies to carry out the Denison Organisational Culture Survey (DOCS) and Linda Meade (HRD) set about carrying out the inaugural survey in 2014 to gain insight and to establish a baseline from which to move forward. Never having used DOCS, Linda openly acknowledges that she was initially sceptical and unsure of its merit. But after four years, and seeing the value DOCS has brought to the business, she is now one of Denison’s strongest advocates.

Only 51% of employees elected to participate in the initial survey – which suggests at this stage that employees had misgivings about the motives of the management team. Still, the results provided Dreams with convincing evidence to verify their early observations about the established culture across the organisation and, more importantly, its negative effects on the attitude of the workforce and consequent damaging impact on the business.

To determine why people felt this way, a series of ‘One Team One Dreams’ workshops were held across the Company where colleagues were invited to speak honestly about their views of the Company, with the promise that the Executive would listen to, understand and act upon, the information provided.

As a result of the workshops it became clear that much work would be needed to transform the prevailing ethos into a winning culture. There was a determination to reintroduce trust and a positive team spirit back into the Dreams culture. This approach started by demonstrating mutual respect at all levels, and building open and honest relationships with all employees through constant communication.

**Creating a Winning Culture**

Through a Highly Engaged Dream Team Communication, communication, communication........... It became apparent that this was, at worst, absent, and at best, inconsistent across the various functions of the business therefore many felt detached, isolated and neglected. The Dreams leadership team needed to create a culture with a clear strategy, mission, and vision where employees understood where the Company planned to go over the next 3 years, and the value of their individual personal contribution to this journey. However, it was clear that this could only be achieved when all colleagues felt equally involved whether they were located at “Bedquarters,” a store, the factory in Oldbury or on the road delivering orders to customers. So, they focused on a strategy of “listen, understand and act” and began strategically investing in specific actions to help create the highperformance, engaged culture that they needed.
As well as ensuring that all employees have easy access to the intranet to receive all the day to day operational content and changes as they happen, several initiatives were implemented that were designed to reach out to everyone. Most importantly, it was recognised that when sharing information with colleagues, much more can be gained through personal interaction. Therefore, regular roadshows meeting all employees across the business, quarterly listening forums, Monday briefings at Bedquarters and an annual conference for retail employees were introduced. These events allow the Executive team to personally update all areas of the business but of equal importance, colleagues at the “coalface” are encouraged to speak candidly about issues affecting their part of the business so that remedial actions can be implemented where necessary.

In addition to the roadshows and forums, Dreams has adopted a culture of saying ‘thank you’ across the business with various awards and simple gestures e.g. management serving lunch to the factory colleagues, and awards for those whose actions go Above and Beyond the Call of Dreams (ABCD). Such support further diminishes any perception of a faceless and inaccessible board of directors and demonstrates that colleagues are valued. Furthermore, Dreams has selected as it’s chosen charity, The Fostering Network, and a significant number of colleagues are continually demonstrating their engagement by giving up their free time to volunteer and raise funds for this charity through fun events. So far, 180 children have benefited from their ongoing involvement.

Dreams recognises that sharing the financial success of the business is important – in fact the success of the turnaround strategy has allowed a bonus to be paid in the last three consecutive years. Dreams also offers a staff discount scheme to all employees and their families, to ensure that all colleagues get a good night’s sleep. The scheme has been very popular, realizing £2.6m spend to date. However, more importantly, initial colleague feedback showed that they need to feel valued and Dreams understood the benefits that would be unlocked by investing in training for its people. Therefore, Dreams demonstrated its commitment by implementing structured training and succession programmes across all areas of the business to identify and nurture talent.

The ongoing training programmes embrace all colleagues including comprehensive induction of all new employees, management leadership training, senior Management leadership training, video based delivery driver training, storebased colleague training and ‘Passionate About Winning’ which is a programme that was introduced specifically to enhance the performance of store colleagues by encouraging them to identify their own strengths and weaknesses and support each other.
Measuring Engagement

Research has shown that there is a significant increase in ROE for companies with a high performing culture. The Dreams Denison engagement survey is carried out annually and the results shown below speak for themselves.

**2014**
Participation 51%

EBITDA: **£3.6m**

**2015**
Participation 90%

EBITDA: **£6.9m**

**2016**
Participation 93%

EBITDA: **£21.8m**

**2017**
Participation 97%

EBITDA: **£40m**

The DOCS not only allowed the leadership team to establish a baseline and measure progress, it also gave them a tool which empowered them to drive change. Using the survey, Dreams can measure and track its engagement to drive honest conversations about how the business operates, leading to appropriate, considered actions across the Company with the aim of achieving higher performance through clarity and alignment. When Mike and his team reflect on the improvement in their culture scores, and Dreams being named as the Speciality Retailer of 2017 at the recent Retail Week Awards, they can look at the survey and feel that “this is where the magic started.”