

Defining the Luxury Retail: the Harrods Way

Harrods is an upmarket department store located on Brompton Road in Knightsbridge, in the Royal Borough of Kensington and Chelsea, London. The Harrods brand also applies to other enterprises undertaken by the Harrods group of companies including Harrods Bank, Harrods Estates, and so on (http://en.wikipedia.org/wiki/Harrods#Significant_event_timeline). The store occupies a 5-acre (20,000 m²) site and has over one million square feet (90,000 m²) of selling space in over 330 departments making it the biggest department store in Europe. The Harrods motto is *Omnia Omnibus Ubique—All Things for All People, Everywhere*. Harrods' brand values stands for the following British, Luxury, Innovation, Sensation and Service. (<http://businesscasestudies.co.uk/harrods/>)

About the Company

In 1824, Charles Henry Harrod starts his first business as a draper, at 228, Borough High Street, Southwark, London and in 1834, a wholesale grocery was found in Stepney, East London. Harrods moves to the Knightsbridge area of London, near Hyde Park in 1849. In 1861, Harrods undergoes a transformation when it was taken over by Harrod's son, Charles Digby Harrod. Harrods shares were floated on the London Stock Exchange under the name *Harrod's Stores Limited*, in 1889. The present iconic building of Harrods was completed in 1905. Harrods bought several smaller departmental stores, such as, Dickins & Jones, Kendals, Swan & Edgar, Walter Carter Ltd, D H Evans, John Walsh, and so on. In 1959, the British department store holding company, House



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of Fraser, buys Harrods. Eventually, in 1985: The Fayed brothers buy House of Fraser including Harrods Store for £615 million. Harrods was sold to the Qatar Investment Authority (QIA) in 2010 (<http://news.bbc.co.uk/2/hi/business/8669657.stm>).

Harrods Mission Statement explains that it aims to be “the number one department store in the world for luxury branded merchandise, maintaining an unprecedented level of retail standards, expertise and profitability..”

(<http://mypbrand.com/2011/11/29/harrods-the-premium-private-brand-experience/>)

The shop’s 330 departments offer a wide range of products including, clothing for women, men, children and infants, electronics, jewellery, sporting gear, bridal dress, pets and pet accessories, toys, food and drink, health and beauty items, packaged gifts, stationery, housewares, home appliances, furniture, and so on. The services at Harrods include restaurants, a personal shopping-assistance programme known as “By Appointment”; a watch repair service; a tailor; a dispensing pharmacy; a beauty spa and salon; a barbers shop; Harrods Financial Services; Harrods Bank; Ella Jade Bathroom Planning and Design Service; private events planning and catering; food delivery; a wine steward; and so on. Up to 300,000 customers visit the shop on peak days, comprising the highest proportion of customers from non-English speaking countries of any department store in London. More than five thousand staff from over fifty different countries work at Harrods. As of 15 October 2009, Harrods Bank has started selling gold bars and coins that customers can buy “off the shelf”. The gold products range from 1 g to 12.5 kg, and can be purchased within Harrods Bank. They also offer storage services (Koh, 2009).

Each year, Harrods publishes a range of catalogues and brochures, along with the exclusive in-house magazine. Harrods publications can be viewed on the majority of mobile devices including the iPhone, iPad and Google Android Operating System (<http://www.harrods.com/content/about-us/publications>).

From 1989 Harrods has had a dress code policy and has turned away several people who it believed were not dressed appropriately (Levene, 1994).

Harrods' Brand Guidelines

The following is an excerpt from the Harrod's Brand Guidelines (Durham, 2011):

Harrods Brand Values: British- Embracing the diversity of modern Britain today

- Heritage and cutting edge
- The rich cultural blend
- Sophistication and eccentricity
- Traditions and contradictions

Harrods Brand Values: Luxury - Redefining luxury for today's lifestyle

- A new premium, for which value is more important than price
- Providing rare commodities: leisure time, uniqueness, experience
- Luxury is not a category you decide to be in, it is a side-effect of excellence

Harrods Brand Values: Innovation- Always at the forefront

- A leader rather than a follower
- A pioneer in product, service and retail trends
- Building on past experience to progress into the future

Harrods Brand Values: Sensation - Providing a retail experience through product, environment and entertainment

- Sensations See / hear / smell / taste / touch

- Sensational Surprising, exceeding expectations
- Experiential The place to be

Harrods Brand Values: Service-Making every customer feel special

- Service of the past and service for the future
- Service that is both expected and unexpected
- Service products to indulge, entertain, or make life simpler
- Service that is intuitive, personalised and bespoke
- Above all, service that is authentic and delivered with integrity.

(<http://mypbrand.com/2011/11/29/harrods-the-premium-private-brand-experience/>)

Internal Communication Channels at Harrods

Harrods has a number of internal channels to ensure employees are kept up-to-date on news from across the company and that there are appropriate platforms to share news and information. In August, Harrods launched a new look internal magazine to excite and engage employees. The key features of the magazine included:

- Contemporary look and content that reflects Harrods external communications
- Snappy, easy to read, fold-out format
- New, friendly tone of voice with an accompanying creative that crosses multiple channels
- Print readership up +400 at launch

In order to encourage the sharing of ideas and feedback, the Managing Director hosts a series of popular breakfast events, which provide the employees with the opportunity to talk to him directly about the issues that affect the business. The Satisfaction Forum is another platform,

where the elected representatives of their departments get a chance to speak to senior managers and directors about several issues.

Harrods intranet site also keeps employees informed about Harrods events, promotions and operational information as well as provides them with the essential materials they require to do their job effectively.

(<http://businesscasestudies.co.uk/harrods/>)

IT Infrastructure for CRM at Harrods

Luxury retailer Harrods is a busy business. About 950 tills are open on a peak trading day, dealing with about 1.4 million different catalogue items. It was crucial to set up the right Epos (Electronic Point of Sale) systems to deal with the flow of customers and information. Earlier, Harrods used the systems provided by the retail IT provider Anchor. In 2007, the till-based retail sales was decided to be converted to an electronic point of sale (Epos) platform. It decided to engage Epos specialist Retail Business Solutions (RBS), completing the Java--based implementation in its Harrods store. RBS provided with an end--to--end design, which enabled Harrods ambitions to make the business processes more standardised and flexible. RBS swapped-out existing front-end tills and trained staff. The average speed per transaction has been increased with RBS. The project has also been an enabler for many other initiatives and process reviews, such as, Harrods' reward card system.

(<http://www.computing.co.uk/ctg/analysis/1839928/case-study-harrods>)

Transition in the Role of HR at Harrods

For several years up to 2010, Harrods had had a decentralised team structure, where each of its business units (called 'directorates') had a dedicated support team. Each of these directorates also included its own HR team, normally an HR Business Partner (BP), an HR adviser and a number of HR co-ordinators. Each HR team was close to the

team it was supporting, and the function had great commercial exposure. But it also created a few challenges. BPs often got drawn into administration, teams worked in silos and there were different levels of understanding of company policy and procedure.

In 2010, with the help of Orion Partners, Harrods decided to venture for a new HR system.

A new HR structure for Harrods was developed made up of four key areas:

- 1. Business-facing HR:** Each directorate had have a slimmer HR team made up exclusively of BPs. Their job was to provide commercial HR support to senior business managers.
- 2. HR operations:** The new centralised HR operations team included the following:
 - The People Support Centre - responsible for all HR support for line managers (and made up of advisors and co-ordinators brought in from the separate directorates).
 - A systems and management information team – responsible for reporting HR progress, responding to ad hoc information requests and managing systems across the whole of the business.
 - A specialised Employee Relations team – responsible to deal with Employee-Relations cases.
- 3. Centres of Excellence:** These were already in operation and continued to provide recruitment, learning and development and other specialist services.
- 4. An 'employer brand' project role:** A new role was formed. This role was to be responsible for formalising and communicating the vision and strategy of the HR team on an on-going basis.

The new structure at Harrods went live in April 2011.

To make Harrods' BP team adjusted into the commercial role, a tailored training programme was designed. It had two part:

- A development centre – Role-plays were conducted, where each BP ran a meeting similar to the type they were likely to face in the future. Afterwards they received feedback from the coaches. They were also encouraged to analyse their own performance through a process of open questions and self-assessment.
- A development programme – A series of modules was delivered over 3-4 months. This programme focussed on specific strengths identified by Orion's research as necessary to fulfil a BP's commercial role: knowing the business, leading change, self belief, independence and the ability to build relationships with business leaders and colleagues.

(www.orion-partners.com)

Employee Engagement

The above initiatives have resulted in developing a people-focussed culture at Harrods. It gives its employees a voice for change. All employees are encouraged to give feedback on every aspect of how Harrods operates. The opportunities for managers and employees to be engaged in sharing their views and ideas is summarised in the table below:

Internal employee magazine ('Your Harrods') – It is a popular and creative magazine for employees with a new starter list, interviews with key people, personal snapshots, charity features, an Agony Aunt column and interesting competitions.

Morning briefing – This is a session where shop floor teams are informed about what is going on that day and the latest sales statistics.

Intranet – It enables sharing of information with employees. Employees are able to select which aspects they focus on (rather than having information pushed on them).

Quarterly employee forum – These are groups made up of employee volunteers. It enables employees to present issues and contribute to company strategy.

Other forms of employee voice, such as, Bright Ideas' scheme - It encourages employees to share innovative ideas to further improve Harrods.

Employee Benefits

At Harrods, it is believed that, the employees are the main reasons behind the organizational success. To acknowledge the employees' contribution towards the organizational goals, several core and additional benefits are offered to the Harrods employees. Additional benefits include restaurant discounts, theatre tickets, health club memberships, in-store promotions and the online giving scheme.

Reward cards, business clothing allowances - When an employee joins Harrods, the Harrods Rewards programme is provided to his/her. For every pound he/she spends in-store, he/she will earn points to use between February and May. In addition, the employees are included in exciting promotional offers, such as, double points during the birthday week, and discounts just for being a Rewards card member. Whether an employee are on the shop floor or in our head office, we want you to look and feel your best – so all Harrods employees receive 50% off business wear.

Season ticket loans and childcare -To help spread the cost of life, Harrods help the employees spread the cost of the travel with interest-free season ticket loans. All Harrods parents can take advantage of the childcare voucher scheme to maximise family time. New parents also receive a thoughtful baby gift.

Holiday, birthday, and, weddings - Harrods offer a generous holiday entitlement for all employees. To reward the employee loyalty, the holidays increase when an employee reaches five years' service. Harrods also provides an extra paid birthday day off, in addition to one's annual leave entitlement. Also, an extra day off for weddings and civil partnerships are also offered. Newlyweds who have been with Harrods for five years or more will also receive a wedding gift.

Fine dining and culture - Internally, Harrods offer a subsidised employee restaurant, with an expansive range of hot and cold meals for every palate. Externally, employees can enjoy dining with a discount by presenting the employee card at restaurants around London. Additionally, with a weekly draw for Royal Albert Hall tickets, an employee can visit the orchestral hall and watch the world's leading performers from the front row.

Corporate health service - Because Harrods has a number of manual roles, maintaining fitness is to be ensure among the employees. Harrods team helps the employees in conducting health check, help returning to work after prolonged sickness, or assistance in achieving an individual's fitness goals.

Investments- Harrods provide all employees with a choice of ways to save for the future, including a contributory pension arrangement and a workplace ISA (workplace investment scheme).

(<http://www.harrodscareers.com/employee-benefits/>)

Training and Career Development at Harrods

Harrods employees come from diverse backgrounds and different nationalities. They have differing levels of competency, education and experience. To achieve higher business goals, at Harrods, several training and development provision have been made available to the employees to enhance their skill, knowledge and ability. Training at Harrods is of two types: on-the-job, and, off-the-job. These opportunities are offered at a variety of levels to suit the needs of all Harrods employees. These range from workshops for Sales Associates and Warehouse Operatives to developmental programmes for senior managers. Harrods has a web site www.harrodscareers.com to enable candidates to apply for roles easily. The Sales Academy at Harrods develops employees' sales skills, leading to increased sales when they return to the shop floor.

Development at Harrods is linked to the company's four Business Competencies: Working at Harrods, Your Impact on Others, Making Things Happen, Focus on Improvements. Each Business Competency is supported by learning workshops to help employees improve their skills. Learning is offered off-the-job in 'bite-size' sessions. During these sessions, employees learn more effectively over a much shorter period, reducing time away from work and bringing a more concentrated approach to skills development. A workshop typically lasts for 90 minutes. All the Business Competencies are supported by self-help guides, which include activities such as observation and review, reading, and 'one minute guides' offering top tips and tactics.

Harrods Learning and Development department also aims to respond to the changing customer needs. For example, Harrods has introduced cultural awareness training for employees better to serve the increasing number of customers from the Middle East, China, Brazil and Russia (<http://businesscasestudies.co.uk/harrods/>).

Career Path at Harrods

Harrods needs its employees looking for an exciting and rewarding long-term career with responsibility and prospects, matching with Harrods' reputation. Like most of the other retail companies, it also faces challenge is to find and retain employees with the right mix of skills and abilities. Perhaps the toughest challenge is the perception of people about the work environment in retail section, as working in a shop has traditionally been seen as low-skilled, with long hours, poor pay and little chance of promotion. However, at Harrods, employees are well-paid, respected and have clear career paths open to them. Senior managers at Harrods have come from all walks of life and started out with various levels of qualifications. All have benefited from development opportunities provided by the company.

Developing a Career Path

Employee retention is important for businesses, as it helps in tightening the recruitment costs and keeping the skilled and

experienced workforce. Harrods has put in place strategies to keep its talented Retail Managers. This involves identifying the 'DNA' (key factors) of great sales people. It then matches applicants to these factors. To reduce employee turnover Harrods has developed an efficient management structure, improved benefits and created initiatives which make Harrods a 'great place to work'.

Harrods provides a wide variety of development opportunities for all employees. Once a year, managers talk to employees about their progress and ambitions during appraisals. Employees then identify their personal development targets. The induction program at Harrods is called as Harrods Welcome'. It provides essential training for new employees, such as 'Harrods' brand values' and The 'Theatre of Selling'. A few other courses are as follows:

- 'Your Theatre' is a two-day programme to improve sales skills and provide the highest level of customer service. It introduces the idea of selling as a 'theatre' requiring specific skills and expertise. 'The Theatre of Selling' element covers personal presentation, effective questioning, product selection and closing the sale. 'The Science of Selling' develops employee awareness of customer types and needs.
- The Harrods Fashion Programme is run in partnership with the London College of Fashion. It enables sales associates to understand the entire 'product journey' from design to sale.
- The School of Communication offers voice, body language and presentation skills workshops.
- For suitable candidates, the Harrods Sales Degree provides the high level sales skills the company needs. This is the first and only degree of its kind in Sales. It is recognised globally and can be completed in two years.
- High Potential programmes are aimed at succession planning. They try to ensure that, there is a strong pipeline of potential senior

managers. The Harrods Management Programme develops ambitious and career-focused employees into a management role.

- The Business Academy which supports managers as they progress into more senior positions.
- The Oxford Summer School which is a challenging academic learning opportunity held at Keble College, Oxford. This is designed to highlight some of the problems, decisions and challenges of running a retail business. 10 prized places are awarded to high potential managers.
- The Buying Academy which develops Assistant Buyers into Buyers of the future.

(<http://businesscasestudies.co.uk/harrods/>)

Leadership at Harrods

There are three main elements of the democratic leadership approach at Harrods which encourage the development of its employees:

Talent spotting - This involves identifying talented people who can make important contributions to Harrods.

Mentoring and coaching - Mentors and coaches are people who act as advisors and guides, usually to those less experienced than themselves. Line managers at Harrods are encouraged to communicate targets and advice to employees through face-to-face interactions. This might involve sitting down in the restaurant, or in a more formal setting, to agree objectives and to give advice about improvements and new ways of working. Acting as a coach helps the line managers to develop their managerial skills, build relationships and reinforce trust at Harrods.

Support networks - Managers meet regularly with other managers to share ideas and issues. For example the Retail Managers meet once a

month with the Head of Retail to share insights and assess retail plans at both strategic and operational levels.

(<http://businesscasestudies.co.uk/harrods>)

Talent Management at Harrods

Harrods welcome their potential employees from a varied background. They range from those who are currently in school or at University, to, those who have recently graduated from their degree. There are various future talent programmes at Harrods, such as School Leavers, and The Harrods Graduate Programme, offering students fast-tracked, educative and immersive opportunities. The key initiatives of managing talent at Harrods are follows:

Internships: All available placement opportunities are advertised under the search and apply section of the website. The same application process applies as with all other vacancies. As a temporary contract, the pay is defined by an hourly rate. Internships are up to three months long. The interns receive support and guidance, along with feedback for their professional portfolio. At the end of the internship, all interns are able to put themselves forward for other roles.

Work placement - A placement with Harrods is between three months and a year. A placement comprises a set business role with specific requirements, competencies, and measurements. As a temporary contract, the pay is defined by an hourly rate. All available placement opportunities will be advertised under the search and apply section of the website. The same application process applies as with all other vacancies. Employees receive performance reviews, training, support, and guidance, along with feedback for your professional portfolio.

Graduate programme - The Harrods Graduate Programme offers graduates the perfect place to fast-track a career in retail. Through an intense schedule, employees take part in seminars, workshops, coaching sessions, and get on-the-job experience. Working with resources both inside and outside Harrods, employees have exclusive

opportunities to learn from industry leaders. As a permanent contract, the pay is defined by an hourly rate. Vacancies for the Graduate Programme are advertised under the search and apply section of the website.

School leaver programme - The School Leaver Programme offers school leavers a chance to sharpen their skills somewhere other than university. The duration of this course is 18 months, which essentially try to equip the candidates with the required knowledge to embark on a fast-track career on Harrods' shop floor. As a permanent contract, the pay is defined by an hourly rate. Vacancies for the School Leaver Programme will be advertised under the search and apply section of the website.

(<http://www.harrodscareers.com/future-talent/>)

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