

## ENGAGING STAFF: LESSONS FROM THE PRIVATE SECTOR<sup>1</sup>

In the NHS, the connection between staff engagement and satisfaction and good patient experience is well established. John Lewis is well known for the way in which it puts staff engagement at the heart of how the business is managed. It operates a particular legal form including very specific shareholder and governance arrangements. However this case study describes the respects in which the underlying philosophy and many of its processes of engagement and information sharing offer valuable insights to the NHS.

### John Lewis Partnership

The John Lewis Partnership is one of the UK's top ten retail businesses including 29 John Lewis department stores, over 220 Waitrose supermarket stores, and a turnover of over £6.9 billion in 2008. It is the largest example of worker co-ownership in the UK: all 69,000 staff are partners in the business, sharing profits and influencing the company's development. When the partnership was established in 1929 by John Spedan Lewis, he created a different kind of governance system which attempted to give staff a voice in the business which they co-own.

John Lewis has a different legal form compared with most other businesses: it has a constitution, which establishes a system of 'rights and responsibilities' placing on all partners the obligation to work for the improvement of their business.

Employee engagement works at a range of different levels and in different ways within the organisation. The governing authorities consist of the Partnership Council, the Partnership Board, and the Chairman. Within the Partnership Council, at least 80% of representatives are directly elected with a key role of holding the chairman and senior management to account in a similar way as shareholders would in a plc. It also elects five Partnership board directors. There are a range of other councils and committees with which partners can become involved including Divisional and Branch Councils and the Committees for Communication.

Profits are shared through a number of means including an annual bonus and non-contributory final salary pension scheme.

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<sup>1</sup> . MacLeod D, Clarke N. Engaging for success: enhancing performance through employee engagement. London: Crown, 2009.

The business makes a great deal of information available to partners and takes time to ensure people understand it. Partners are informed about strategic business decisions through a wide range of communications, and can influence their working environments through the open structure, particularly revamped branch-level fora; and through management consultations on key issues such as performance management.

Staff engagement in John Lewis is thus at the heart of how the organisation is managed. Whilst the organisational form itself may not be replicable, there are important lessons from elements of the approach taken

### John Lewis Partnership: postscript<sup>2</sup>

Leading UK political parties proposed applying the John Lewis model to the NHS in 2009. It was suggested that increasing involvement of staff and patients in the governance of NHS organisations, for example through ‘employee partnerships’, might support greater productivity and innovation. Commentary on this proposed shift notes that in key areas – such as distribution of profits amongst workers as annual bonuses – an NHS translation of the model would probably be ‘watered down’, with surpluses fed back into services.

In implementing such a change, key supports identified include developing a culture of ownership, alongside HR management that encourages staff participation. A potential obstacle to this change is the current ‘hierarchical’ culture in the NHS: senior management may be unwilling to give up power to other groups. In the event of implementation, there may also be risks, for example in ensuring suitable levels of public accountability, though it is suggested that this may be addressed through effective commissioning and monitoring of contracts.

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<sup>2</sup> Moore A. John Lewis checked out in NHS productivity drive. Health Service Journal. 2009; 3rd December.