

# Good practice case studies: Managing without a fixed retirement age

Age Positive

January 2011

# Case study: Allevard Springs

## Workforce management

Allevard Springs specialises in the design and manufacture of coil suspension precision springs for the automotive industry. At its factory in the Rhondda Valley, Glamorgan, staff turnover is very low, with 83 per cent of employees having worked in the plant for over five years.

### Recruiting the right staff

The company has a positive view about employing older workers; there is no reference to age on application forms and recruitment decisions are based on a person's ability to carry out the job or task allocated to them and not on the basis of age.

Despite a high level of unemployment in the area, Perry Stephens, management services manager, says that:

“There is a shortage of skilled maintenance people, which older people play an important part in filling. For example, the company currently has five 'super skilled' engineering technicians and two of them are over 60 and one is over 50 years of age.”

The company's view is that employers can benefit enormously from having older people in their workforce, bringing with them skills learnt during their working life coupled with a willingness to continue to learn. Continues Perry: “If somebody is capable of doing whatever job function is required, then age doesn't come into it.”

### Keeping good staff

The atmosphere at the company's modern plant in Tonypany is friendly and Perry believes that the wide age spectrum is partly the reason for this. Absenteeism is low at less than two per cent, including long-term sickness.

Perry says that although he is aware of the misconception that older people may take more time off work because of illness, this hasn't been his experience:

“I find that it's the exact opposite. There's quite a number of older people who haven't missed any time whatsoever, such as Paul, who's had one day off in over 20 years.”

Perry also finds that older employees are just as happy as their other employees to work the usual shift patterns; “We've got quite a few people in their late 50s still doing the regular shifts: 6.00-2.00; 2.00-10.00; 10.00-6.00.”

Each individual's training and development needs are informed by annual staff appraisals. Again, age is irrelevant in this process as is seniority. All staff, whether on the shop floor or in senior management, receive their appraisal.

### Flexible retirement

The company's retirement age is 65 but it is happy for employees to work beyond that. Jane Hughes is one employee who is interested in this possibility, after joining the organisation at the age of 60.

Jane was recruited on a temporary basis to help the purchase ledger clerk when the factory's accounts department found itself shorthanded. She had lots of previous experience and was able to use all of the necessary software programmes. When the accountant became aware of how skilled she was, she was asked to help with some other work.

Jane soon became a permanent employee and enjoys her role: “Work keeps you active and keeps your mind alive, especially when you're learning new things. It also gives you a routine and you make friends too. It makes no difference whether you're young or older - working is a benefit to everybody.”

Other staff have retired and decided to return to the organisation; one for a further 15 months and another who is still enjoying work and plans to continue.

The business benefits for Allevard Springs of an age diverse workforce:

- Low staff turnover - 83% of employees have worked in the plant for over five years
- Recruiting from wider talent pool and retaining experience helps to fill skills shortages
- Wide age spectrum makes for a relaxed, friendly culture.

# Case study: Asda

## Flexible working

ASDA reviewed and re-launched its new flexible working programme in 2008 and introduced 'Seasonal Colleagues' scheme to replace temporary workers who had been recruited to deal with peaks and troughs in trade.

'Seasonal Colleagues' are workers with a permanent contract to work at peak times of the year; this means the business retains skilled and experienced colleagues. This particularly suited students and older workers. ASDA also refreshed its part-time working, job share and weekenders contracts.

### Perceived challenges

- Managers were concerned that the 'Seasonal Colleague' permanent contract would be more costly than the use of temporary contracts.
- Some managers didn't believe flexible working would be an option for managers.

### Approach taken

- ASDA set out to simplify the variety of flexible working schemes they had available and ensured that they were open to workers of all ages.
- They intensively shared information about flexible working case studies across their workforce.
- A series of listening groups were held to understand views of colleagues and managers.
- And they helped those managers who had initial concerns to understand the business benefits of flexible working.
- A major element of the change was re-launching the concept of 'Seasonal Colleague'.
- ASDA also refreshed and simplified their flexible working policies; part-time working, job share and weekender contracts, across the whole business.

### Impact on the organisation

- 80% of the workforce now takes advantage of flexible working.
- There are around 8,000 Seasonal Colleagues.
- Workforce age diversity has increased: 21% aged over 50 and 24% under 25
- Labour turnover reduced to 21% and absence to 3.1% (compared to retail averages at the time of 28% and 4.1%).
- Annual 'We're Listening' surveys put flexible working consistently in the top three reasons for working at ASDA.

Source: Employers Forum on Age 2010

# Case study: British Gas

## Recruitment and selection

When age discrimination legislation was introduced British Gas positively ensured all recruitment policies and practices in our academies were free from age bias.

Opening up apprenticeships to older people was a real culture change in the organisation and resulted in reduced apprenticeships grant funding, but the impact of the initiative was extremely positive: the oldest apprentice taken on was 56. The greater age diversity in the training groups improved the behaviour and maturity of the group as a whole, and older trainees often acted as life mentors for less experienced team members.

A bigger target recruitment market has meant reduced costs and a wider diversity in the applicant pool. The company's reputation has been enhanced as an employer of choice.

Source: Employers Forum on Age 2010

# Case study: Centrica

## Flexible working

Centrica started implementing its 'work:wise' programme from 2005 to take forward a major change in ways of working. It wanted to use flexible working to make significant property savings and attract and retain talent from an increasingly diverse labour pool. Teams decided how flexible they could be while giving the same if not better service to their customers.

Now Centrica have a range of flexible working patterns they use across the business for workers of all ages including flexi-time, shift working, job sharing, staggered hours, part-time and compressed hours. Around 8,500 engineers are all home workers, using laptops and wireless technology, to deliver services to customers.

### Approach taken

An engagement programme was designed to give everyone the information and confidence to decide how they could change the way they operated. These included:

- Roadshows for managers and employees;
- coaching managers to prepare them for the consultation process with their teams;
- team building workshops to enable teams to decide together how they could best function as a group to work flexibly;
- one-to-one discussions between managers and their staff to plan their way of working and whether to be a home, office or mobile worker;
- technical training on using the new support equipment.

### Perceived challenges

- Speed and scale of the change.
- Manager concerns about loss of control and managing performance remotely, team cohesion, trust and communication.
- Robust information on employees' technical equipment had to be gathered.
- A dedicated helpdesk for remote workers to mitigate frustrations with faulty equipment.

### Impact on the organisation

- Over 60% of Centrica's 29,000 UK based employees have some form of flexible working arrangement now in place.
- £10 million per annum property savings.
- Greater accountability for work outcomes.
- Over half of flexible workers, managers and co-workers of flexible workers felt flexible working had a positive effect on performance.
- Flexible workers scored higher on commitment, empowerment, job satisfaction and work-life balance.
- 75% of employees now feel flexible working is embedded in Centrica's culture.

### Impact on the organisation

- Shouldn't be seen as a one-off initiative but needs to be integrated into the business strategy with a compelling business case for flexible working.
- Ensure it is supported by senior leaders.

# Case study: Co-operative Group

## Workforce management

The Co-operative Group has no retirement age and uses workforce planning to focus on competence and ability.

“We have removed the contractual retirement age altogether. It simply doesn’t make sense to retire an employee because of their age. All that should matter is that they have the competency to do their job. Employees can continue in our pension scheme past 65, and draw on their pension while they work for the Group.” Head of Diversity, Co-operative Group.

The Co-operative Group recognises that employing and retaining a diverse workforce is critical to its business success. It believes that to use people’s skills effectively, employment decisions should be based on competencies, qualifications, skills and potential rather than numerical age. The Group also recognises that there is little value in compulsorily retiring an employee because of their age, when many workers demonstrate the desire and the ability to continue working.

The skills, experiences and value that older workers can bring to the business have enormous advantages. It makes sense to harness these skills and experiences, which would otherwise be lost through imposing a default retirement age.

In addition to the skills retention, the scrapping of a default retirement age also had a significant impact by reducing the cost of recruiting replacement personnel.

The Co-operative Group removed their contractual retirement age altogether in 2006. A Group-wide communications campaign and age positive awareness training for managers supported the process and at that time all employees over the age of 55 were contacted.

Employees who choose to continue working are able to continue in the Group’s pension scheme, and draw on their pension whilst continuing to work for the Group.

There are currently 1,957 valued employees of the Group over the age of 65, who continue to make a positive contribution to our success and growth.

# Case study: JD Wetherspoon

## Workforce management

JD Wetherspoon is a pub company with more than 750 outlets throughout the UK. The company's customer base is very broad, a fact which it is keen to reflect in its workforce. Wetherspoon has taken the step of removing its retirement age, a move which ensures that it can retain valuable skills and experience and give staff the choice of working for longer.

Says Mandy Ferries, Head of Personnel and Training:

“Some people's perception of our industry is that it's a youth-oriented one, so while we were very good at employing students, we'd always struggled to attract applications from the older age bracket. Although we had a retirement age, in practice we never used it, so early in 2006 we made the decision to scrap it and have never looked back. We now receive thousands of job applications each month, from people of all different ages and often recruit trainee managers in their 50s or 60s.”

The majority of frontline recruitment in the company is overseen by pub managers, and they have been trained to ensure that their recruitment practices do not discriminate on age. This includes the revision of all job specifications so that they are in line with good practice on age diversity and the re-writing of the company's interviewing skills course. Wetherspoon's job application forms do not ask for date of birth.

Wetherspoon has found it beneficial to attract diverse age ranges by offering flexible hours. This enables the employee to strike a balance between work and family or other commitments and the business to cover its core hours. For example, lunchtime is a particularly busy period for the company's outlets and it has found that some older workers - who might be looking to work for a few hours a week - are adaptable and happy to work at this time. The company reports that staff retention levels are well above the industry norms.

Older staff are welcomed at all levels of the business, from part-time bar work to managerial posts. Feedback from pubs which employ older workers suggests they are particularly stable, with low absence, a strong work ethic and a commitment to the business. Training is also available at all levels and Wetherspoon have a number of older employees who have progressed to manager level. Turnover of pub managers at Wetherspoon is half that of the industry average.

“As pub managers in a very busy trade, we also have the time and flexibility to spend with our family. Being more experienced in life certainly helps with this job and gives you the confidence to tackle all problems.” Anne, 52 and Paul, 54, pub managers at JD Wetherspoon

Continues Mandy Ferries:

“Part of the success of the company is due to being innovative and progressive and this is reflected in our recruitment process. Employing a diverse workforce of men and women of all ages benefits individual pubs and the company as a whole. We actively encourage our pub managers to recruit staff primarily on personality and attitude, not making age an issue.”

### **The business benefits of Wetherspoon's age diverse approach:**

- Enables the company to reflect its broad customer base.
- Helps to keep apace with demographic change.
- Flexible hours help to attract staff to cover busy periods.
- Staff retention levels are well above the industry norms.
- Frontline managers satisfied with stability and hard work offered by older workers.
- More life experience particularly beneficial to pub manager role.
- Turnover of pub managers at Wetherspoon is half that of the industry average.

# Case study: McDonald's

## Workforce management

### **New research proves older workers enhance McDonald's business performance**

McDonald's has revealed the commercial impact of creating the right blend of youth and experience in its workforce. According to new research conducted by Lancaster University Management School, which examined the performance of more than 400 McDonald's restaurants across the UK, employees aged 60 plus deliver a significant business boost.

The study revealed that levels of customer satisfaction were on average 20 per cent higher in restaurants that employ staff aged 60 and over as part of a mixed age workforce. Widely recognised as one the largest providers of first time jobs in the UK, McDonald's also has a strong core of older workers.

David Fairhurst, Senior Vice President and Chief People Officer, McDonald's UK & Northern Europe, said:

“Changing demographics in the workplace mean that later life workers are now the fastest growing age group in the labour market. Yet despite the growing numbers of mature workers, their contribution to business and the wider economy often goes unsung. It might surprise people to learn that at McDonald's we employ over 1,000 people aged 60 and above. These employees play an important role in our business and, as the research shows, they make a huge impact on customer satisfaction.”

# Case study: Marks & Spencer

## Managing performance and retirement

Marks & Spencer (M&S) has no retirement age and reports that this helps to retain highly effective staff. They use performance management in an identical way for workers of all ages.

Some line managers at M&S were worried about how to handle a situation where a 65 year old worker wanted to continue working when a manager did not perceive them to be fit enough. HR colleagues discussed and allayed these concerns, stressing that performance management should be approached in an identical way for workers of all ages.

Since the policy has been introduced, M&S hasn't had any negative feedback. The company found implementing the policy was simple as the changes required to working practices were minimal and no amendments to existing performance systems were necessary.

### **The business benefits of Marks & Spencer's approach**

- Has no retirement age.
- Retains highly effective staff.
- Increased loyalty of employees who value choice to work longer.
- Performance management used in an identical way for workers of all ages.
- Has successfully removed the retirement age and has seen the number of employees who want to work past the age of 65 increase significantly.
- Marks & Spencer has one of the lowest employee turnover rates in UK retail.

# Case study: South Wales Forgemasters

## Workforce management

South Wales Forgemasters is a medium-sized engineering company which supplies forgings to the automotive industry.

The business has a very low turnover of staff; in the last four years only two people have left. Most of the company's older workers commenced with them as young people and have seen no reason to leave. Their practical knowledge is seen to be an advantage.

### No retirement age

South Wales Forgemasters has removed its fixed retirement age and some of its workforce is now choosing to work beyond pension age. To reduce the risk of sudden loss of skills and expertise, the company examines its age profile to determine when people are likely to retire and makes the necessary contingency plans. A previous example of this was where a skilled toolmaker, due to retire, was involved in the development of a new trainee who worked with him to learn all aspects of the job.

Another previously retired individual had been asked to return to work within the CAD department to develop designs for a new project. The company was very keen to retain his services because his skills would have been virtually impossible to find elsewhere within the locality. These examples of re-employment have been of mutual benefit to both parties, enabling the company to retain valuable skills and experience and the member of staff to continue working and contributing.

### Recruitment

The nature of the business, heavy-duty metal processing - with a dirty, noisy environment - makes it somewhat less attractive as an employment opportunity than those offered by many of the other companies in the locality. South Wales Forgemasters believe that whether an applicant is 16 or 60, they have a part to play in the company.

The company factors age out of all of its recruitment and retention policies. Job application forms ask for basic personal details, including age, as well as education and work history.

Although the company includes age on the application form, it makes no reference to it when selecting individuals for interview, or during the interview process itself.

The company recently employed an electrician, Simon Herbert, who at 57 was concerned that his age might be regarded as a negative factor. However, the company was keen to reassure him that, in line with discrimination law and a positive attitude to older workers, they were only interested in recruiting the most suitable applicant.

### Training and development

All employees undergo a formal induction period, after which the company and employee agree any necessary training and draw up a training plan. The company assesses the abilities of all employees annually, matching these to the work within the plant and arranging any necessary training.

“Many of our older workers provide excellent support to many of our new workers from a practical industrial point of view as well as passing on their experiences.” Paul Brabban, Managing Director, South Wales Forgemasters.

When the company found that some older workers felt reluctant to undertake training, they made the style in which it was delivered more flexible. This makes the workers feel more comfortable within a learning environment, and appreciate the benefits training can bring.

An older worker who was recently trained in basic computer literacy has continued to learn more about computers and software. He has been instrumental in helping to install some preventative maintenance software into the organisation's computer system.

### The benefits for South Wales Forgemasters of its approach to age diversity:

- Helps to recruit and retain skills in a business where it's hard to attract workers into heavy-duty metal processing.
- Very low turnover of staff.
- Older workers support to new workers from a practical and personal perspective.

# Case study: West Midlands Police

## Flexible working

West Midlands Police introduced a range of creative flexible working options to address issues that affect their ability to **attract and retain key skills**:

- Working for a police force often requires unsocial hours and long shifts and it can be hard to balance these demands with family and caring responsibilities.
- The workforce is ageing and staff can now work beyond age 65 but many older workers prefer flexible working patterns.

### Forms of flexible working introduced

- Those not employed on a shift system can work flexible hours. This allows them to work any hours comprising a wide time band as long as they work the compulsory core hours. Staff can accrue up to 10 hours leave a month, which can be taken as flexi-days.
- Compressed hours working the equivalent of 5 days in just 4, enabling 1 day off a week.
- Annualised hours, working a given number of hours each year rather than each week, specifically to retain the input of highly experienced older workers.
- Term time working, using paid and unpaid leave over school holidays.
- Part-time working, takes many forms and can vary with individual circumstances and operational requirements.
- Job-share partners, treated as part-time employment contracts.
- Flexible workplaces, by providing employees and officers with laptops so they can work from home or any other location.

### Perceived barriers overcome by West Midlands Police

- The 24/7 nature of police business.
- The demands of the job doesn't allow clocking in and out.
- Officers can't just walk out of major incidents.

### Impact on the organisation

- Reduced absenteeism, higher productivity and greater workforce flexibility.
- Attracting and retaining female workers – over 30% of officers are female, the second highest proportion of female officers in the country.

### Lessons learned

- In retrospect, West Midlands Police say it should have provided more awareness training for staff and managers on flexible working, to counter initial confusion on the options and the belief that they were just for parents of young children.