Alignment and trust in the learning function at Tesco.com: the role of metrics and measures

Background

Tesco plc is one of the world's leading international retailers. Since its formation in 1919 the group has developed and expanded into a range of markets and has utilised different ways to deliver its retail services to customers. Tesco.com was formed in 1999 to drive forward its on-line retail processes in UK. Tesco.com operates as a ‘business within a business’ employing around 1,500 people. It is the most successful on-line grocery shopping service in the world. Sales growth (currently almost £1 billion) has been at about 30% year on year since its inception whilst profits have also increased year on year to over £55 million in 2006.

The contribution of learning

Tesco’s core purpose is ‘to create value for customers’ and so learning, like all other business processes is judged by its ability to contribute to this purpose. In the context of the rapid expansion and the imperative of growing profit margins, learning makes a strategic contribution at Tesco.com in three ways.

Firstly, learning contributes to the development of a leadership framework that can manage a 30 percent year-on-year growth. Laura Wade-Gery, Chief Executive of Tesco.com highlights the importance of managers having the skills and abilities to “do the right thing for customers, take people with you and live our values”.

Secondly, learning contributes to wider issues of talent management and development within the organisation. As Therese Procter, the Personnel Director puts it: “talent planning, talent spotting, bringing the right people through, and moving people on is key for us”.

A further value contribution that learning makes is to the development of an appropriate culture for the tesco.com business itself to reflect the specific fast-paced environment of dot.com businesses; technologically and competitively. Recruitment, employee engagement and retention of IT, marketing and electronic commerce specialists are key issues for this part of the Tesco business.

The importance of alignment

Responsibility for profit and loss accounts right down to the net margin makes Laura Wade-Gery very aware of the requirement for a business-focused case for any learning investment and activities. Therese Proctor is also very clear about the importance of aligning learning to the service chain: “You will never get a business…to invest in learning unless you can show them that it is adding value. The way to add value is to go back to what your core purpose is about and [ask] ‘is it aligned to that core purpose?’”

Continuous alignment is achieved through the inclusion of learning issues in regular weekly
management meetings and people issues are also given a fuller discussion on a monthly basis at management meetings devoted entirely to ‘people focused aspects’.

This close alignment of learning to business priorities has enabled senior decision makers to have more trust in the ability of the learning function to add value. Laura Wade-Gery explained that “What I’ve got is, I suppose, a belief that by producing managers/leaders who are that much more capable of doing things through others, we end up standing a better chance of getting what we need done”. This belief, however, is only sustained as a result of visible links between learning and business results. A significant investment in management and leadership development was sought, for example, that included the opportunity for managers at all levels to spend time in stores, with customers and staff “to understand exactly what is going on” and then to convert their learning into action leading to tangible operational savings or product or service improvements. Given the close alignment of the proposed programme with business priorities, this investment in learning was supported by the Board without a full ‘up-front’ return on investment (ROI) business case.

**Measuring and reporting on the value of learning**

In a business like Tesco.com the need for metrics and targets as a feature of management decision-making is taken for granted. A Tesco ‘steering wheel’ as a form of balanced scorecard forms the basis for measurement and performance improvement. The steering wheel includes five segments which indicate a balanced range of perspectives through which organisational performance can be measured: ‘customers’; ‘finance’; ‘operations’, ‘community’; and ‘people’. Within the ‘people’ segments regular measurement takes place and targets for continuous improvement are also established.

The focus of learning measures is firmly on outcomes rather than inputs. Therese Procter has targets for talent development and retention, therefore, as well as targets relevant to other features of the people segment of the steering wheel. Assessing the value of learning at Tesco.com, therefore, involves using business-relevant and aggregate measures including regular data from an annual staff survey (‘Viewpoints’) as well as from a quarterly ‘Pulse’ survey and measures of absence and staff turn-over. The effective use of a range of types of information that is relevant to the priorities of senior decision makers is, therefore, key to ensuring ongoing alignment and to developing and sustaining trust in the ability of learning function to add value.