

lessons learned the hard way>

Dedication

This book is dedicated to the hundreds of terrific people who have played their part in making FRC what it is today: board members, employees, trainees, volunteers, customers, suppliers. People who have lent or given us money when we really needed it. People in private, public and voluntary sectors who have trusted us, supported us, stood by us when things got tough. Those who have given us a second chance. Those who have surprised and delighted us with their generosity, creativity, solidarity and friendship.

You all know who you are.

Thank you.



<15 lessons learned the hard way>

Foreword

It is a pleasure to introduce this publication.

Esmée Fairbairn Foundation has supported the Furniture Resource Centre (FRC) since 1994, and seen it develop from a small furniture recycling project into one of the country's most successful and significant social enterprises.

FRC brings an openness to new ideas and a capacity to keep moving which are key to its success – for example, if I had been writing this only a few weeks ago I could not have referred to its latest venture into ice cream, through the Ben & Jerry's franchise in Chester. The developing social enterprise sector needs to recognise and seize such opportunities and learn from them. We have always supported initiative and enterprise and FRC has demonstrated plenty of both.

Social enterprises also need to be solid businesses, putting good ideas into practice. These stories illustrate the challenges and successes of a dynamic, growing organisation and will be an important contribution to the wider understanding of the sector. The booklet will be an invaluable tool for those starting out.

We are keen to encourage new and existing social enterprises to realise their potential. Esmée Fairbairn is pleased to be associated with FRC. We congratulate it on the last 15 years and wish it every success in the future.

Jeremy Hardie

Chairman, Esmée Fairbairn Foundation

January 2004

Introduction

FRC was created fifteen years ago. We wanted to produce something to mark that anniversary but we weren't sure what or how.

We were sure that we did not want to wallow in nostalgic sentimentality and produce something which was of interest only to those personally involved. Nor did we want a PR puff along the lines of 'Our Fifteen Glorious Years of Unparalleled Success'. This would give no real insight into how this social business has been shaped.

We wanted something candid and honest. It had to be true to our values and our commitment to openness and transparency, and it needed to be a publication which people would actually read and learn from.

So, we got together and came up with a list of events, issues, themes, milestones from the last decade and a half. We have refined these down to create 'Fifteen Lessons Learned the Hard Way'.

Our hope is that this short book reflects the realities of life, the mistakes, the clashes of opinion, the compromises and the flashes of insight which all go to make up who and what we are.

We are fiercely proud of what FRC has achieved over the last fifteen years. Hard work, good leadership, a dedicated staff team, some great friends and allies and a huge dose of good luck have all played their part. But the most important thing is our ability to learn from our experiences – particularly the mistakes.

So, the testimonies here reflect the real dilemmas and issues which people in every type of business have to confront. We hope you find them interesting. More importantly, we hope you can draw your own conclusions and use our learning to avoid making the same mistakes we have!





Social business – you can't play it both ways...

FRC hasn't always been known as a social business. In its early days it was financed largely through grants. **Nic Frances was faced with the decision of whether to continue this dependence on funders or to turn FRC into a genuine social business.** Nic opted for the latter. He set up Furnished Homes to sell and deliver furniture to social landlords. This decision changed FRC forever...

"FRC was set up in 1988 as a recycling organisation taking rubbish from the rich and giving it to the poor.

"We helped a lot of people, but I grew increasingly unhappy about the whole setup.

"Why should people in poverty put up with other people's stained beds and dodgy fridges? And why was I having to beg money from trusts that only seemed interested in funding new and exciting projects, rather than helping us with core funding to achieve financial stability?

"The notion of 'charity' seemed insidious. It didn't create change but maintained the status quo. We wanted to do things differently.

"We invented a furnishing service called Furnished Homes and sold it to councils and local housing associations. We furnished flats and houses with good quality new furniture. Landlords got empty properties filled and started earning rent from them. Families got decent beds and fridges that nobody had used before. And we got paid. And we could take on unemployed people.

"It was a great success. FRC grew spectacularly – some years doubling in size. Even so, it was not easy. Our customers were really slow payers. Cash flow was a massive problem.

"I remember one particular time when our money problems were very bad. We couldn't pay the wages.

"I could have rung around the trusts and grant-making bodies and cobbled together some money to stay afloat, but I knew that was not a solution. The figures involved were too big. We would have had to cut back production and staff and we would have had to start behaving like the cautious and traditional charity that funders always expect.

"So, I called the staff together to lay the cards on the table. I explained that once creditors paid up we would be fine, but until they paid their bills we were in deep trouble. We asked if anyone would volunteer to go without pay. I knew it was asking a lot, but I could not see any other way forward.

"It was extraordinary that nearly everyone was prepared to let their wages ride.

"Fortunately, a payment arrived within the week. Wages were paid and the immediate crisis was resolved. But that day seemed like a turning point.

"What we did not know at the time was that we were pioneering a new way of doing business which was later called 'social enterprise'. We had found a market mechanism to help people create a decent home. We were also training and employing unemployed people. I did not want to sacrifice that because of a cash flow problem.

"If we had stuck to the traditional charity model this would not have been possible. Our ambitions were too great. We would have been chasing our tail, raising money by trying to put a new gloss on traditional projects, rather than concentrating our energies on finding a new way to create more lasting solutions to poverty.

"Of course we made mistakes. Who doesn't? At times it was a high-wire act because we were trying to do things differently, but I was always confident that we were going down the right path. I still am."

Nic Frances was chief executive of FRC from 1988 to 1998. He now lives and works in Australia.

Grab opportunities – even from the most unlikely sources

Sometimes help and inspiration come when you least expect them. **Jim Donovan explains how FRC and Thorn EMI plc broke the mould** and defied scepticism to join forces in 1995 to launch a new recycling and training social business called Create.



“The concept of Create came from what was then Thorn EMI plc. Through Radio Rentals and Rumbelows we were one of the largest retailers of white goods on the UK high street. We were selling thousands of fridges, freezers and other products every week to predominantly low income households.

“Concern about the environment was emerging. We wanted to play our part. We also wanted a social dimension, whereby we could put something back into deprived communities.

“Recycling white goods and retraining long-term unemployed people at the same time fitted the bill.

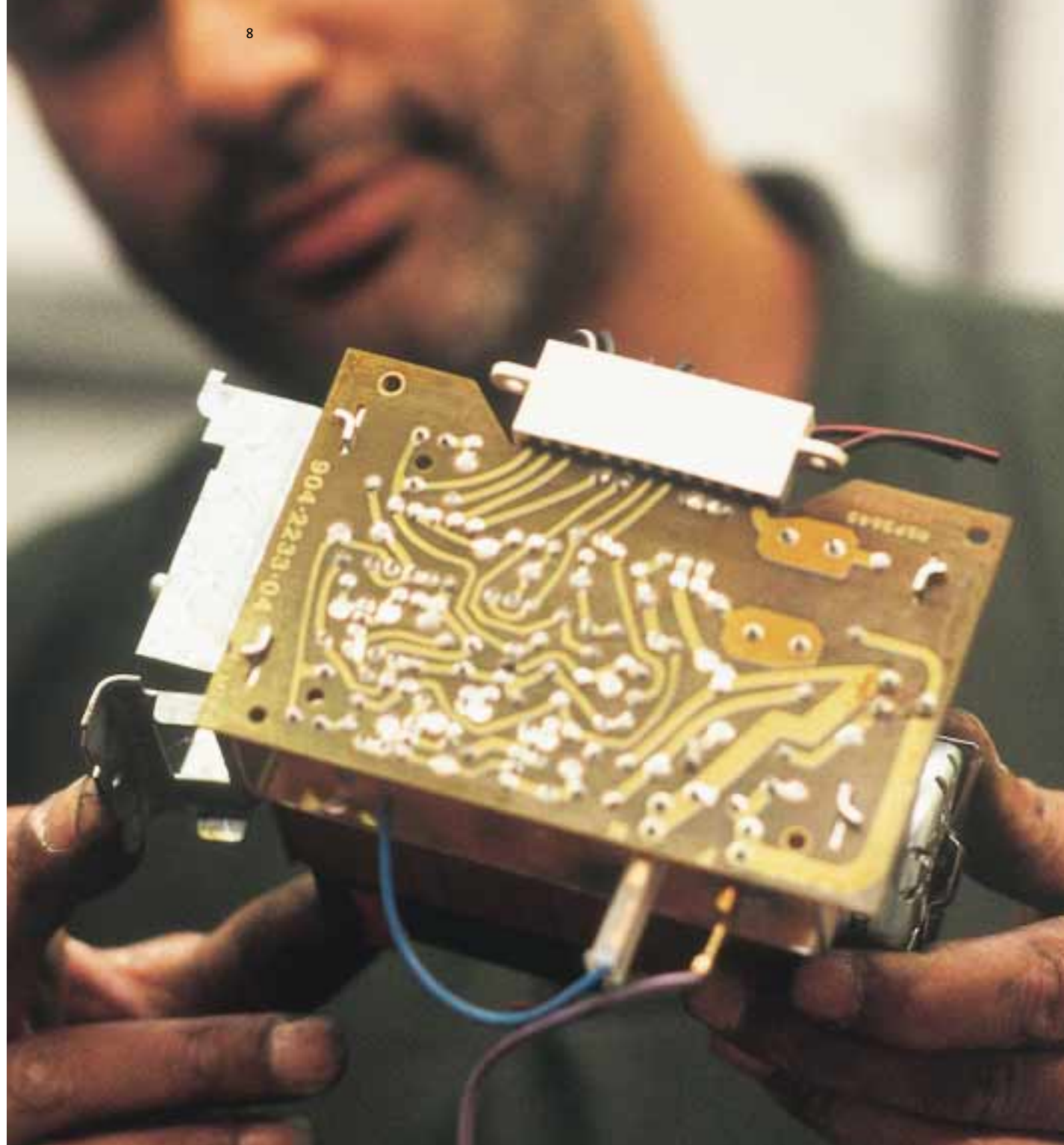
“We worked up the plans and began looking for a suitable location. We approached both Manchester and Liverpool councils as they were both near our distribution centre in Winsford.

“Unknown to us, Liverpool council had slipped a copy of our plan to FRC, who were also experimenting with using white goods as a means to retrain unemployed people.

“As luck would have it, I was visiting FRC and was button-holed by Nic, the then chief exec. We got on famously. It was obvious that we were on the same wavelength and shared the same vision. Nic sold me the idea of a partnership.

“Everyone at Thorn was excited by the chance to work with FRC. Nic’s colleagues at FRC were less than enthusiastic.

“Ten years ago partnerships between voluntary groups and large corporate companies were unheard of. Many people – both staff and board members – really mistrusted large corporate companies and everything they stood for.



“Companies like Thorn were seen as the cause of the poverty, unemployment and other social problems which groups like FRC were trying to address. Their motivations could not be trusted. The idea of working with Thorn was like signing a partnership agreement with the devil himself.

“Nic saw things differently. He put any ideological concerns to one side and took Thorn’s promises at face value. He fought long and hard with the FRC board and staff to convince them that working with Thorn gave them access to skills, resources and know-how which could really make things happen.

“Eventually Nic managed to swing FRC behind the idea. Create was launched in autumn 1994, based in an old warehouse in Aigburth, Liverpool.

“Create has had its ups and downs since then. But overall it’s been a huge success. It has trained and supported hundreds of unemployed people and recycled many tens of thousands of white goods from centres in Liverpool, Tottenham, Leicester and Scotland. The links with FRC and Thorn remain strong. Both organisations are still represented on Create’s board of management.

“This would not have happened without Nic. He could easily have given in to opponents of the idea. But he pushed it through. He saw an opportunity and grabbed it with both hands, even though it flew in the face of conventional wisdom.”

Jim Donovan was head of corporate affairs for Thorn EMI plc. He is a member of the boards of FRC and Create UK.

Don't forget **the customer!**

In 2000, FRC was growing fast and attracting attention. We put together a video containing customer feedback for our six-monthly staff get-together. Everyone sat back fully expecting high scores. Then Salford City Council, our largest customer at the time, gave us a nasty surprise... **Glyn Meacher explains how FRC had to learn a salutary lesson in customer relations, and how it eventually got things right.**

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"In the mid-nineties I was single persons' services manager at Salford City Council. We were interested in developing a furnished tenancy scheme for one and two bedroomed flats in the City.

"We hoped that if we provided decent furniture people would be more likely to move into and stay in our flats.

"In 1996 we developed a large pilot project and invited FRC to tender for the work.

"They won this competitive tender which was worth almost £1million over an eighteen-month period. It was their first really big contract. It was massive boost for them.

"There was never any question about the quality of FRC's furniture. It was always excellent value and tenants were very happy with it. But problems soon arose with day-to-day issues like getting deliveries and invoices wrong. This frustrated both tenants and colleagues at Salford, although we put it down to teething problems.

"FRC won a second tender for approximately £250,000 a year, but things did not improve. Their problem was that they would agree to everything we asked, and then fail to deliver.

"It was very annoying. Tenants got very frustrated when deliveries of new furniture failed to turn up and staff found it difficult to plan work effectively.

"Things changed after FRC asked me to contribute to a video which was designed for internal training. I was asked to score FRC's performance. I gave them two out of ten.

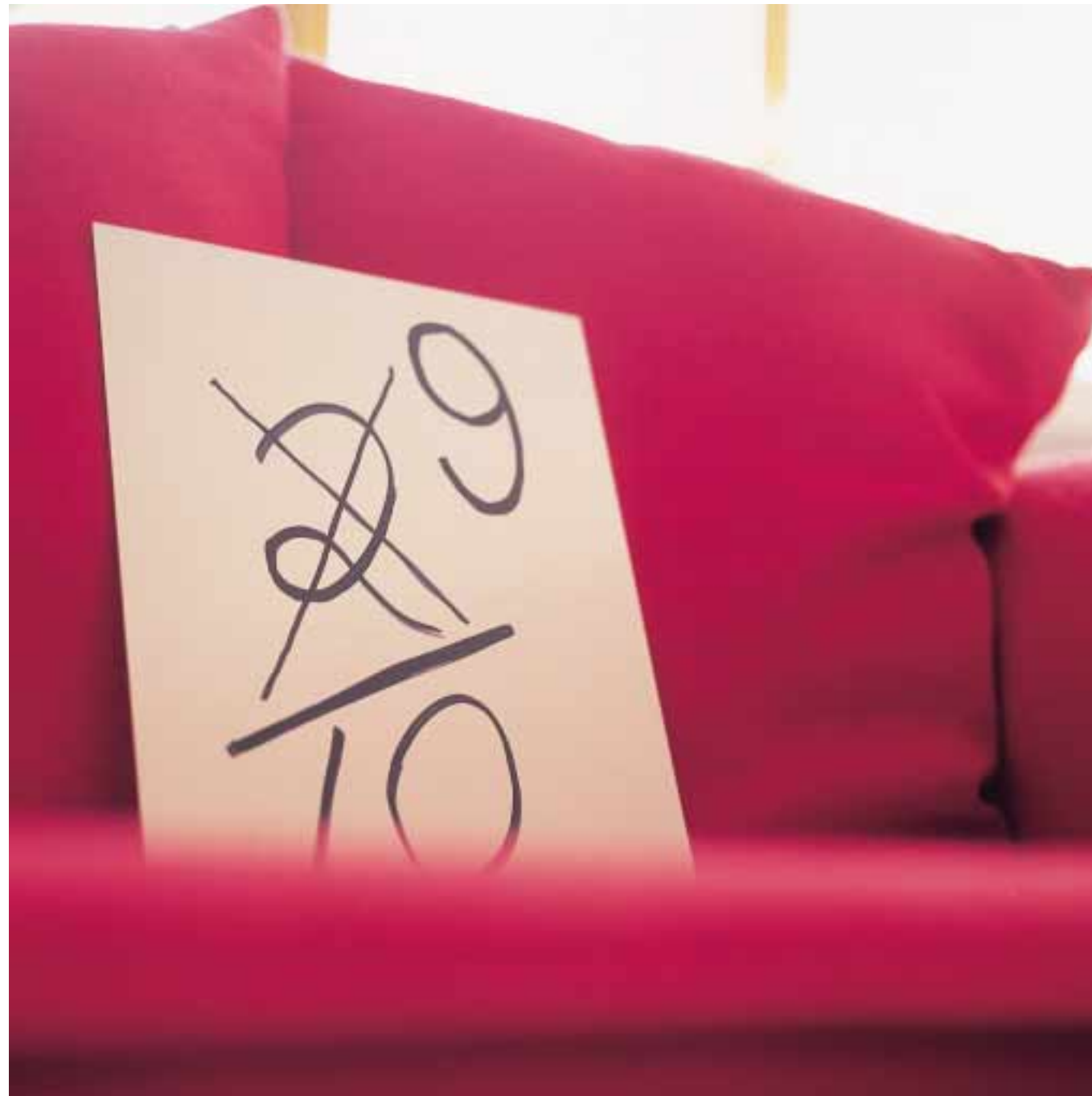
"I think FRC just presumed everything was going brilliantly. They had to be told that their performance was unsatisfactory.

"I also wrote to their chief executive pointing out that their service was unsatisfactory. Unless it improved they would not even be allowed to re-tender.

"FRC did respond positively. They improved their logistics and got their act together. They successfully won a third tender to furnish tenancies in Salford. They showed how much they had improved when they furnished 55 flats in Salford in seven days for refugees from Kosovo.

"Their product was always top quality. But customers demand a smooth service as well as a great product. Fortunately for FRC, they realised this before it was too late."

Glyn Meacher now works for Bury Metropolitan Borough Council.



Don't believe **your own hype!**

When FRC opened Revive, a flagship retail store, everyone hailed it as a brilliant idea. It was social enterprise at its best. But the Revive concept and business premise was fatally flawed. **Colin Davies tells the Revive story and explains why flattering headlines and attention should never influence sound business decisions.**

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"I've managed FRC's furniture shops since 1989 when we opened our first outlet in Aigburth.

"We were always successful, renovating and sprucing up old furniture and then selling it to people in need on low incomes.

"In 1997 things changed. FRC won a massive lottery bid to open a new store called Revive. Based in a large refurbished store on the edge of the city centre, Revive would offer quality new furniture. This would be sold to the richer middle classes who would want to buy their goods from a 'social business'. There would be an innovative link-up with a credit union to ensure that people on low incomes could also use the store.

"Unemployed people would also be given invaluable work experience and train for an NVQ in retail.

"Revive opened in 1998. It had a massive launch and was backed by the City Council and bigwigs from all over the country. Everyone thought it was wonderful.

"But it did not work. The posh middle class types never came anywhere near the shop. The credit union idea got bogged down in red tape and never saw the light of day. People on low incomes could not afford our goods and there was also too much competition in the area.

"The store began to lose serious money. Of course, we were training people, but it was a bit of a joke. Most of the time there were more trainees in the shop than customers.

"In hindsight the FRC leadership should have pulled the plug sooner. But they brought in expensive consultants who promised that they could turn things around. New managers were hired. There was then a big fire which gutted the place. More money was spent.

"It was like the blind leading the blind. Each month we were losing more money. FRC's flagship project was now looking like an embarrassing failure.

"Eventually they decided to cut their losses. Some people were made redundant. Some were moved to other jobs in FRC. Existing

stock was sold off at knockdown prices. The store was restocked and relaunched using the old formula: selling renovated good quality secondhand or 'pre-loved' furniture, as we like to call it, to people in need.

"Immediately, sales picked up. Revive hasn't looked back since. We know our market. Over 80% of our customers are on benefits. For the last twenty months we have met or surpassed our sales targets.

"FRC wasted three years – and a lot of money – experimenting with Revive. The leadership was seduced by all the praise and flattery. They kept spending money trying to get the precise formula right, when in reality the whole idea was fatally flawed.

"To their credit they eventually made the right decision. They ditched this new concept completely and went back to the old winning formula. This did not generate many headlines but it did mean we started to make money again and get furniture to people who really need it."

Colin Davies manages the Liverpool branch of Revive.



Don't let fear of failure cloud your judgement

Two and half years of blood, sweat and tears went into planning Bulky Bob's – our collection and recycling service for bulky household waste goods. Nothing could go wrong ... or so we thought. At the last moment a problem with premises seemed to threaten the whole project. **Ian Galbraith recalls how everyone feared the worst, until they stepped back and looked at the problem objectively.**

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"The idea behind Bulky Bob's was simple. We would collect unwanted furniture on behalf of Liverpool City Council and then recycle, reuse or resell what we were given. Unemployed people would be given training in every aspect of the service – from drivers through to sales assistants.

"It took over two and half years to plan. Eventually everything was in place. We had a fleet of vans ready and drivers and trainees raring to go. Our one big problem was finding premises.

"We looked all over Liverpool for a suitable site. Everything we saw was either too small, too expensive or in too bad a condition.

"The rest of FRC is based in a business park in south Liverpool. When our landlord said that he could find us some space there it seemed like a perfect solution. The only problem was we had nothing in writing.

"A week before Bulky Bob's was due to launch, there was a wobble in our contract negotiations. We were confident that everything would be sorted out. But we weren't absolutely sure.

"We were really scared. How could we launch the service without being absolutely certain about premises?

"We had to make a decision. The key people met in the chief executive's office. I remember it clearly. There was a very tense atmosphere. We were not sure what to do.

"Should we push ahead with the launch or should we stall, delaying the launch of the service until we knew everything was in place?

"After discussing all the options, we decided against any delay. There were individuals and organisations in Liverpool who never supported Bulky Bob's in the first place. They were just waiting for signs that we couldn't deliver on our promises. Delaying the launch would be playing into their hands.

"We were very stressed about the situation, but at this meeting we also realised that we did have a fall-back position. Even without premises we could still deliver a basic service, we just wouldn't be able to recycle and reuse much of what we collected.

"Bulky Bob's was launched on time. In the end the premises were secured without a problem and the service has been a huge success.

"At the time we thought we were being tremendously brave. But this bravery was based on a perceived fear rather than a real threat.

"Because we'd planned everything so meticulously, anything that wasn't completely buttoned down seemed like a massive insurmountable problem.

"The emotion and excitement of launching Bulky Bob's clouded our judgement. In reality there had been an unplanned hiccup but what we feared was the possibility of failure. It was only when we sat down and looked at the problem objectively that we realised we could deal with this premises issue.

"It's only after experiencing the stress and anxiety of something like the Bulky Bob launch that you realise that there's nearly always a solution to any problem. You've just got to stand back from it and remove the emotion from the situation."

Ian Galbraith is FRC's logistics manager.





Don't duck **difficult decisions**

Having social and environmental objectives does not insulate a social business from difficult decisions. In a company and city where creating and sustaining jobs is especially important there is no more difficult decision than having to let people go. **Barry Mackenzie recalls a difficult time when FRC had to make people redundant.**

"In Spring 1998 we won a massive contract worth over a £1 million. We were made up. The future looked rosy.

"But it took ages before the customer actually started spending the money. We had no cash and were living at the outer edge of our overdraft. To be honest, we were pretty amateurish when it came to managing creditors and debtors.

"We did a cash flow forecast and realised that we would have to save around £50,000 over the next six months.

"We put together a staff group to look at how we could save money. This group came up with some good ideas including a pay freeze, selling the minibus and even charging staff for tea and coffee.

"Unfortunately, no one wanted to use the dreaded R word. They were dancing around the issue without suggesting the only real solution to the problem: redundancies.

"We discussed the issue at length at the board meeting. Even though it did not seem right making people redundant, we all knew there was no other choice. There was a sense of failure. Social enterprises were meant to create jobs for unemployed people, not throw people on to the dole.

"We told the senior management team that we needed to save £30,000 from the wage bill by the end of the year. ACAS and the union were brought in and they said the way we handled the situation was exemplary, but it still felt like we were letting people down.

"In the end half a dozen people were made redundant, a significant number for a company of fifty or so.

"I've no doubt it was the right decision. Perhaps we could have got out the begging bowl and raised the money through fundraising. But you can't do that every time something goes wrong. You have to bite the bullet.

"No matter how passionate you are about social change you have to make tough decisions. Ideological purity gets you nowhere.

"For any social business making people redundant will always be painful. For a social business the real test is being open, honest and supportive to your staff, not grandstanding with promises about protecting jobs forever.

"FRC learned from this experience. Our beliefs remained the same, but we shed the hang-ups about redundancy. This has made us a stronger, more confident company which is more likely to be around for the long haul to achieve our long-term social goals."

Barry Mackenzie is a member of FRC's board.

It's not just tea and biscuits

Graham Morris was surprised by the tough selection process he went through before he joined FRC's Board.



"The first time I visited FRC I was the chief executive of Rolls Royce Motor Cars. I turned up in a chauffeur-driven Rolls Royce. I don't think the staff knew what to make of it. They probably thought 'Who's he and what the hell is he doing here?'"

"I was visiting FRC because I'd been asked to consider joining them as chair of the board.

"After working thirty years in the car industry, I was keen to put something back into the community beyond just signing the company cheques for that year's designated charity. FRC impressed me because they seemed very clear and confident about what they wanted to achieve. They were also based in Liverpool, where I grew up.

"After having a chat with Liam, the chief executive, I was invited in for what I thought was an informal chat with the other board members.

"I'm not an egotistical person. But I had experience of running multi-million pound businesses and I was offering my services for free. So I presumed that they would be very keen to recruit me.

"What I got was a two-hour grilling, a very unexpectedly hard interview.

"They asked me some tough questions about myself and my skills. They asked me why I had worked in South Africa for three years and other probing questions which would never come up in the business world I was used to.

"I got through this interview process and was then asked to serve as chairman for a six-month probationary period. This gave both me and FRC the chance get to know each other and change our minds if it did not work out.

"I've now been chair for over four years. I like to think I've helped FRC. I've certainly learned about the depth of social deprivation in the UK and how business skills can help to address poverty.

"When organisations choose board members they should not necessarily go for people just because they have high profiles and good contacts, as these are transitory.

"They need to identify which skills are needed at board level and recruit individuals who have the right expertise, regardless of whether they are on first name terms with such-and-such politician or rock star.

"I was wrong to think that the issue of chairing FRC's board could be settled over a quick cup of tea and a couple of chocolate biscuits. Recruiting board members is a very serious business. They control the future destiny of organisations. Do you want to give this power to strangers, even if they sound great on paper?"

Graham Morris chairs FRC's board.

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Look to the future – don't hanker after past glories

Reupholstery represented everything that FRC stood for. Old furniture, restored by formerly unemployed people and sold on to low income families. Perfect. Visitors loved it. But our social audit relayed the brutal truth that few trainees got jobs in that area and the scheme was heavily subsidised by European money. Faced with the choice between protecting this iconic service or pulling the plug, we pulled the plug. **Stan Riley went through the reupholstery training programme. He has mixed views about its demise.**



"When I came to FRC as a reupholstery trainee in 1997 I'd been unemployed for six years. I'd been to loads of job clubs and courses but nothing had come of it.

"The reupholstery course at FRC was different. It felt like real work and real training. I was learning how to renovate old furniture. My wife spotted the difference immediately. She said 'This training has given you back your self respect'.

"From the twelve-month course I got a short-term contract making new furniture at FRC. Then I went full-time and later became section manager.

"When I heard that FRC was winding up the upholstery training, I thought it was a bad move. They said it was because people no longer got jobs renovating furniture.

"To me, this missed the point. The training was about getting people used to working and learning after years on the dole. The subject matter wasn't important. The training gave trainees confidence in themselves and a sense of self belief. For them, it opened the door to the world of work and learning.

"Besides, the training programme was fully funded from Europe, so why phase it out?"

"Looking back I can understand why it was done. There was not enough room in the building to renovate old furniture. Space was tight and the production of new furniture was more of a priority.

"FRC also needed to diversify. If we had stood still and kept doing what we always do, we would have been caught out in the end.

"Even so, I still think it's a huge shame that others don't get the same chance as I got, but you need to look to the future.

"FRC still takes on long-term unemployed people, but training generally seems less of a priority. Now profits are more important. I sometimes think they are too important.

"I understand that the real world changes all the time. If we are to compete in business, we have to be ahead of the game, rather than just react to what others are doing. And if the money's coming in and real jobs are protected, that's hard to knock.

"Then again, I sometimes think we moved too quickly. It's great to have joined up with Ben & Jerry's to sell ice cream, but it's important to preserve the things that make FRC special."

Stan Riley now works with Dove Designs, a supplier of furniture to FRC.



Stay close to the **front line**

Bulky Bob's has been a roaring success for FRC. But there are always unintended consequences for even the most brilliantly executed plans. **Gary Myddleton explains how one issue of customer satisfaction went unnoticed by the FRC leadership team until they spent time working on the frontline.**

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"At Bulky Bob's we were busy from day one. People would be ringing in from all over Liverpool asking us to pick up their old furniture, fridges and household goods.

"We had a fairly rigid system. We could only pick up things which were on our list. But when we got to peoples' houses they often wanted to get rid of other things too. Their neighbours would also see the van and ask if we could take their stuff away.

"We had to say 'no'. People would get angry and call us 'Useless effing council workers', but those were the rules. FRC only got paid for prearranged pick ups.

"Liam, the chief executive, came out on the vans to muck in and see how things were going.

"He does it quite a lot. He's OK but he's absolutely useless at shifting furniture. He's always on the phone!

"He realised at first hand that sticking to the rules was leaving some people unhappy and dissatisfied with the service.

"When an old woman asked if we could take an extra piece of furniture, he said 'that's fine'.

"Unlike us, Liam has the power and influence to change things on the spot like that. As soon as he got back to the office, he started working out a compromise.

"The system is much better now. The drivers can take on extra pick ups on the day so long as there's room in the van. The customers also have to fill in and sign a form which can be done there and then.

"Of course, the new system causes a few problems. We sometimes get up to half a dozen people from one street asking if we can take their old furniture away. But it seems to work quite well.

"We could not change the system off our own backs. It only happened because Liam came out with us and saw for himself the problems it was creating.

"Having your boss out on the road with you can be a pain in the arse! But this time it led to real improvements, both for us drivers and for the customers."

Gary Myddleton is a member of FRC's logistics team.



Work with others, but always think it through

Working in partnership with others offers many attractions, but all too often organisations forge ahead with partnership agreements without thinking it through carefully. **Alison Ball explains how FRC only had itself to blame for one partnership agreement which failed to deliver.**

“About four years ago we wanted to expand our services into the Midlands. We were looking for partner agencies based in the region.

“The chief executive of one particular organisation came up to visit FRC. He was keen to work with us. He even sent his board members up to Liverpool to find out more about what we were up to.

“One thing led to another and both organisations soon pledged to work together. The idea was simple. We would set up an FRC centre in Birmingham. Our new partners would provide the local contacts, credibility and leverage. We would offer the expertise and know-how.

“Despite being in contact with this organisation for three years, the centre never came to be. We decided to pull the plug on the project. I suspect our partner was secretly relieved.

“It’s hard to put our finger on what went wrong. It was more a question of what went right.

“In our enthusiasm to forge ahead in the Midlands, we did not do our homework properly. We were too keen on the idea of a partnership, rather than thinking through the terms of the partnership and whether we were compatible.

“We misjudged our new partner. We made assumptions about their ability to deliver. We could not understand why they couldn’t make decisions quickly. On their part, they probably found us pushy and impatient.

“There’s no point blaming them. We have to take responsibility for getting it wrong and not thinking it through. More importantly, we have to work hard to get partnerships right in the future.

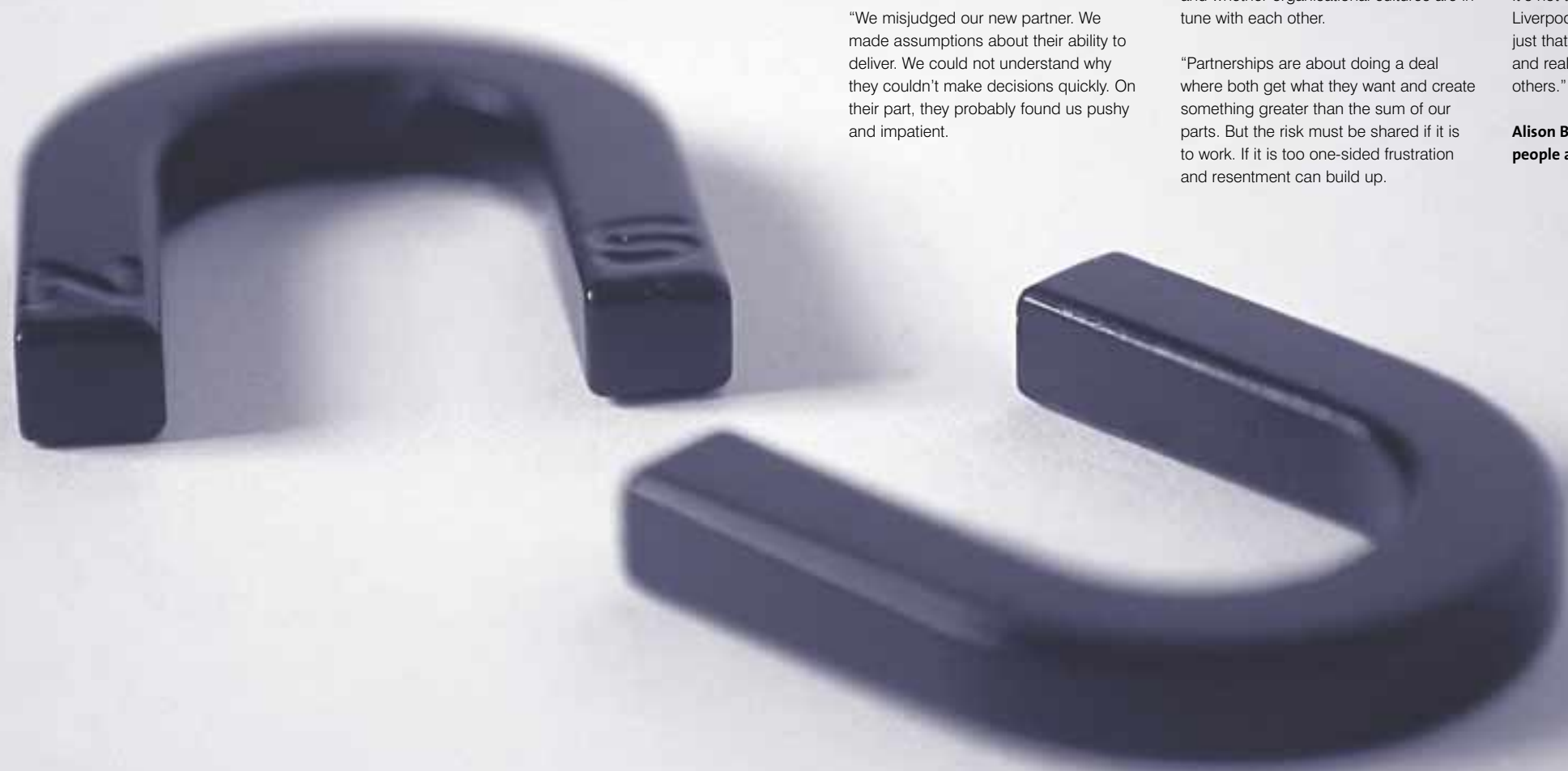
“We are now much clearer and more focused about what we want from partner organisations. We think long and hard about the decision making processes and whether organisational cultures are in tune with each other.

“Partnerships are about doing a deal where both get what they want and create something greater than the sum of our parts. But the risk must be shared if it is to work. If it is too one-sided frustration and resentment can build up.

“Partnerships are simply two or more organisations working together because their interests and goals coincide. They are not necessarily long-term relationships. Looking at it this way allows us to be more dispassionate about working with different organisations.

“We would still like to work in the Midlands. But we are in no great hurry. It’s not that we have retreated back to Liverpool to sulk and lick our wounds. It’s just that we are now a lot more cautious and realistic about how we work with others.”

Alison Ball is FRC’s head of people and learning.



Recruit for attitude

FRC mistakenly thought that we needed people with private sector experience to fill key posts. With a few honourable exceptions, this decision was a disaster for us. The people selected had the necessary skills and experience, but something was missing and we soon parted company.

FRC learned that skills can be taught. But the right attitudes come from within. We changed our way of recruiting. Now we look for people who share our core values of bravery, passion, professionalism and creativity.

One of these people was Andy Bishop, who applied for the job of ICT manager. He was initially baffled by this new recruitment procedure. He then realised he had to show bravery and passion to secure the job.

"I've always worked in IT. A couple of years ago there was a downturn in the IT industry. I was made redundant.

"I planned to go back to college to retrain. I then saw an advert in the Liverpool Echo. FRC wanted an IT manager.

"A friend of mine worked there, but I did not really know much about them. When I read the application form, I almost fell off my trolley.

"There was the normal stuff in there about skills and previous experience. But it also asked for examples of bravery, creativity, professionalism and passion. These questions seemed weird and out of context. But I wanted the job so I filled in the form.

"I got through to the interview stage, but then things got even weirder. The letter asked if I could bring a quality item with me and prepare a sales pitch for it.

"I did not really understand what was going on. There must be some mistake. I was up for an IT job, not sales.

"After ringing FRC for clarification the penny dropped. I realised that it was not about selling anything in particular. It was about selling myself.

"I decided to go for it. I wanted to surprise them and – at the same time – challenge their attitudes.

"I finished the normal bit of the interview and completed the technical test. I was asked to step into a new room to present my quality item. My jaw dropped a bit when I looked up to see twenty people in the audience looking at me.

"I had no choice. I could not back out now. I took one deep breath and then reached into my bag for my quality item ... a three-foot sword which I use to train with for my Tai Chi.

"I was then asked to do a demonstration. I agreed, but asked for a volunteer to help. Tony, the finance director and my future boss, stepped forward. I wanted to demonstrate that Tai Chi is not just about old men in China doing early morning exercises in the park, so I immediately took his hand and put him in a particularly effective armlock!

"I got the job and I've been at FRC for over two years now. The money's not the best but I love it.

"Looking back, the recruitment process did challenge me. It forced me to be open minded and made me think hard about how to sell myself.

"Of course some people just don't get it. Others are put off. But to be honest, that's fine. At FRC you can be as straight laced or off the wall as you like ... the point is that you have to be open to new ideas and new ways of working.

"FRC does have a working culture which is driven and shaped by its values. If you are going to enjoy working here you have to buy into those values right from day one. That's why we have this unique recruitment process. Having the right skills is not enough. You've got to get people with the right attitude."

Andy Bishop is FRC's ICT manager.

Keep it simple – the answer is often right in front of you

The regeneration business has a habit of overcomplicating almost every task or problem. So when FRC's social audit highlighted the fact that we failed to attract many trainees from ethnic minority communities, we initially looked to consultants and outside "experts" to solve the problem when really the solution was obvious. **Collette Dunning takes up the story.**

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"We'd been aware for some time that the ethnic mix at FRC wasn't right. Only 2% of our workforce were from black and other ethnic minority communities. As minority groups make up almost 8% of the city's population this was not good enough.

"I suppose we had been a little naïve. In the past we had used fairly conventional recruitment methods. We advertised jobs in the Liverpool Echo and Job Centres.

"We thought that this would cast the net across the whole city and would include all sections of the community. We did not realise many black people are wary of these traditional recruitment procedures.

"The Job Centre said that they would organise a special open day for us. That sounded like a great idea. But only eight people turned up.

"We wanted to reach out to people and began asking around for ideas and help from other organisations. One organisation – whose work with ethnic community groups is well known – offered to help us establish the right recruitment

procedures. The trouble was they wanted to charge us £40,000 for the pleasure!

"We decided that the answer was really simple. Let's talk directly to people in their own communities and get our message across.

"With the help of the Jobs, Education & Training service (JETs), we organised meetings with the Bangladeshi, Sudanese, Somali, Yemeni and Caribbean communities, outlining the training opportunities available at FRC and what we could offer. We went to mosques, community centres and cafes.

"Before each meeting I was really quite nervous. I read up about the communities and their cultures and thought carefully about what to wear. I did not really know what to expect.

"In the end the meetings went well. The audiences seemed a lot more animated and involved than English ones. They asked a lot of questions and kept thanking us for coming.

"With JETs we then organised an open day at FRC. The response was great. Over 25 people attended and we were able to fill four out of nine vacancies with people from ethnic minority communities.

"We still have a long way to go but this process taught us a lot. It showed that you don't need to complicate issues and pay other organisations to solve your problems. This option may sound attractive but you can end up with disappointing results.

"It's much better to take responsibility yourself. At the time, recruiting more people from minority communities seemed like a problem. But the problem was us. Now it's a lot more straightforward. It doesn't matter which corner of the globe people come from, if you want to get your message across don't rely on others. Talk to people directly."

Collette Dunning works in FRC's people and learning team.



Value your own experience

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We've always been keen to share information with others who are working towards the same goal. But as our profile rose, more people were coming to Liverpool to see for themselves what we were up to. Eventually, we decided to start charging for this service. **Ann-Marie Grimes explains how everyone benefitted from this decision.**

"FRC has always enjoyed a high profile in the North West and across the UK.

"People came from all over the country to see how we operate and how we managed to make the leap from a grants to a sales culture.

"We were always happy to do this. After all, most visitors were in the same social regeneration business.

"As we grew the number of visitors also grew. At times there seemed to be hordes of people touring the building. Once a coach full of people from Yorkshire pulled up unannounced at our front door.

"We tried to restrict visiting hours to one day a month. This was basically crowd control. It did not work. We were having difficulty releasing staff from their normal work to conduct tours of the building, so the quality of the tours and the service visitors received was patchy.

"I hate to say it, but we were feeling a bit resentful towards all these visitors. We were giving up our time and sharing our expertise and getting nothing back. We sometimes felt like we were running a theme park.

"Visitors coming to Liverpool were already paying for accommodation and food. So we decided to create a separate company called the Cat's Pyjamas. This would offer an all-in-one package which included a cost for sharing our 'intellectual property'.

"Even though this charge was based on the size of the organisation visitors came from, it caused an uproar.

"People accused us of being mercenary and turning our back on other organisations. Our argument was simple: people want to visit FRC because we are a successful social business. We have social aims and objectives, but we have to make money. Giving away our experience and tying up valuable staff time for no discernible benefit was commercial lunacy.

"The Cat's Pyjamas is now almost three years old. We are still inundated with requests to visit but now both FRC and our visitors benefit.

"Our staff and managers also find the programme useful. They commit time to it because they know that there are no time-wasters in the party. They are also challenged by the blunt and direct questions which visitors are now encouraged to ask.

"Over 400 people have now been on tours organised through The Cat's Pyjamas. The feedback has been great, and the issue of price is rarely mentioned.

"Charging fees has worked because it has introduced a sense of value. Our visitors value their trip to Liverpool more – and take it more seriously – because they have to pay for it. We do have a small number of bursaries but do you know what? It's always the people with free places who don't turn up or drop out at the last minute.

"It also makes us more confident because we know that others are valuing our experience and know-how."

Ann-Marie Grimes is manager of the Cat's Pyjamas.

Value yourselves and your surroundings

Many not-for-profit organisations share a culture of self denial. They feel guilty about spending money on their own buildings and working conditions. When we were refurbishing our headquarters we resisted this way of thinking. Modern, light-filled, comfortable, air conditioned offices and warehousing were not self indulgent but an important way of creating confidence in ourselves and for potential partners and customers who come to visit. **Gill Fitzsimmons outlines the benefits.**

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"My working conditions were dreadful. I was stuck in a hut around the back of our warehouse with no windows. In the winter it was freezing. In the summer it was stifling hot ... and whatever time of year it was hopelessly overcrowded. There were six of us in a space designed for only two people.

"We really did think that we had drawn the short straw. We were falling over each other all the time. It seemed impossible to get anything done.

"So when I heard that FRC was going to merge its two buildings and redesign a new working space for all the staff, I thought it was long overdue.

"I know some people were uneasy with the idea of spending money on staff working conditions. They grumbled on about how FRC shouldn't spend money on a fancy building with all the trimmings when its remit was to look after the poor and disadvantaged. To them it just did not seem right.

"Most of us felt differently. It wasn't as if we were spending money that the company did not have. It was already in the bank. If we were a private business that cash would go into the directors' pay packets or be spent on smart company cars for those at the top. So, why not spend it on the staff?

"The refurbishment took over six months. It was handled quite well. Anyone who wanted to contribute ideas could join a staff forum which was consulted at every stage along the way.

"We now have a modern, bright working environment. Everyone has enough room to work in and has access to a window.

"I'd be lying if I said work was always a pleasure, but at least now it seems easier and a far more pleasant experience.

"Visitors are also impressed. The reception area and the whole office suite makes FRC look like a professional and successful enterprise. It gives people confidence in us and forms a positive impression.

"Some people still complain. The new air conditioning system has been a bit of a nightmare and reception desk is badly designed, but these are minor things.

"Of course FRC could have given the money away to worthwhile causes. But spending it on creating a special place to work has given the whole organisation a huge lift ... and in the long term that has to be a good investment."

Gill Fitzsimmons is FRC's events and hospitality co-ordinator.



Creativity – a commitment not a talent

Liam Black never thought he was particularly creative. He then realised that running a creative organisation did not mean that he had to dream up new world-beating ideas every day. He could beg, borrow or steal them from others...

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"When I joined FRC as chief executive in January 1998, I was thrilled about the prospect of leading such a dynamic organisation. But – like anyone who has just landed their dream job – behind the smiles and excitement I was also a bit apprehensive.

"To me FRC had always been tremendously creative. One of the key factors behind its success was the ability of Nic Frances – the previous CEO – to come up with creative ways of addressing old problems.

"How on earth was I going to come up with all the ideas in the future?

"I soon learned that creativity is not about waiting around for that *Eureka!* moment. Few people are able to generate ideas which are genuinely original.

"For most of us being creative is being able to open yourself up to new ideas and experiences and then adapt them so that they work in your environment.

"I only realised this when I was visiting South West Airlines in Texas. We had been struggling with how to improve our staff training and development programme. And then there it was in Dallas! The airline had a programme to support and encourage staff called 'University of the People'.

"It was ideal for FRC. But rather than cursing my luck and wishing I had come with the idea, I lifted it 'lock, stock and barrel' and used it at FRC.

"I'm not shy or coy about this. I'm proud of it! We have subsequently used the San Francisco-based Delancey Street Foundation's removals service idea, calling it 'amovingexperience'. Even our 'one stop shop' furniture business was inspired by Newcastle City Council.

"The key to creativity is to expose yourself to as many different ideas and organisations as possible. Simply get out there and see what's going on!

"You need to invest your time and energy meeting people in their working environments. At FRC we make a deliberate effort to visit new

organisations. If a venture sounds interesting – whether it's public, private or voluntary sector – we phone them and ask if we can visit.

"Doing this, we found that coming up with ideas is not difficult. The trick is finding ways to adapt them to our environment.

"Creativity is not just generating ideas. It's about accepting that there are always new ways of addressing problems and being positive about the possibilities. We have tried to embed this in our working culture at FRC. We always reward and acknowledge creativity from any member of staff. For us creativity is not so much a talent as a commitment.

"This has paid dividends for everyone at FRC. We have a reputation for being creative. Others always say that the place buzzes. This is great, especially as it means that I no longer have to worry about coming up with all the ideas!"

Liam Black is FRC's chief executive.



FRC Group exists to reduce inequality and to create jobs for people who really need them. The Group is made up of 6 businesses involved in a range of markets including domestic furnishings (Furniture Resource Centre, founded 1988), furniture retail (Revive, 1998), waste management (Bulky Bob's, 2000), and consultancy and learning (The Cat's Pyjamas, 2001). In 1996 we established CREATE, a white goods recycling and training enterprise, in partnership with Thorn.

In 2003 we opened the first Ben & Jerry's ice cream PartnerShop in Europe. Across all its activities FRC seeks to offer training and support to people excluded from the labour market. Full details of all our activities as well as our independently verified social report are available at www.frcgroup.co.uk



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