

Case Study - KPMG LLP (UK)



Annual Sales (2006): £1,281,000,000
Number of Staff: 10123
Sites: 22
Founded: 1867
Ownership: Partnership

Male to Female ratio: 54% / 46%
Staff Turnover: 15%
Earning £35,000+: 49%
Typical Job: Accountant

KPMG in the UK has, for the second year in a row, been awarded the top 'Three Star Status' in the Best Companies Accreditation 2007 Scheme¹.

A motivated and talented workforce is a priceless commodity especially in a recruitment marketplace where top graduates are in very high demand. At all levels, KPMG knows just how valuable its people are. The firm provides audit, tax and advisory services through 22 offices across the UK.



"Our business is very competitive and there's not much that differentiates us from our competitors except for our people."

"All we are is people and clients. Good people win good clients. If you want to attract good people you have to treat them like grown-ups."

Chairman and Senior Partner, John Griffith-Jones.

At KPMG being an adult means strong working and social relationships among teams and with their managers, together with career development, stimulating work and the flexibility to enjoy a rewarding home life. The company has stepped up its employee focus recently in line with the changing landscape of its work.

Company values have been formalised into the "KPMG way" and the company records an 85% positive score for belief in those values, the highest in the Best Places to Work survey. A "management for excellence" scheme has entrenched personal development and employees here think their job is good for their own personal growth (scoring 82%).

Progress is supported with mentoring and training, which staff say helps them (80%).

"Out of the box" assignments are given to those who have been at the firm a number of years (1,510 people have more than 10 years' service) and are moving up to partner level. These usually mean working either for KPMG abroad or for a client's company.

¹ The Best Companies Accreditation scheme recognises organisational excellence in the area of employee engagement and is based on what employees say they want from the workplace experience. It follows a 'Michelin style' rating system where one star is first class, two outstanding and three extraordinary. Developed by the organisation responsible for researching and compiling the Sunday Times "Best Companies to work for" list, 'Star Status' is defined by analysing employee opinion from the Sunday Times 2007 survey. Since September 2006 over 100,000 employees from over 400 companies have been surveyed.

Departments have a strong social identity. "I really enjoy the company of the people I work with," says accountant George Butterworth.

Thanks to impressive growth last year, which saw pre-tax profits soar to £307m, the company's profit share pool reached £58m, to be divided among employees.

Flexible Benefits

One illustration of KPMG's approach towards its staff is in its flexible benefits package. KPMG is committed to delivering a high quality service to its clients, but it also recognised the importance of balance in the relationship between work and non-work life, and the potentially significant impact that this can have on team performance. So they decided to make it easier for staff to agree flexible working arrangements in the context of wider business issues.

Employees today expect greater freedom, flexibility and co-operation from their employer than ever before. So, the challenge was to develop a flexible working strategy that helped meet the needs of staff while improving competitiveness. The flexible working options have also challenged dated perceptions of working patterns, particularly the notion that the number of hours worked by an individual or team is, itself, a fair reflection of their effectiveness.

KPMG's policy was formulated to take account of barriers to change and to address issues raised within the business. It recognised the need to balance client delivery with the kind of people management that is preferred in their sector. The aim was to provide not only measurable business benefits, but also a strategy driven by work-life balance.

ALL employees are eligible to apply for flexible working and have the right to appeal if their request is declined. The firm's intranet hosts a single policy document that was developed for flexible working offerings, supported by toolkits, checklists, guidelines, a flexible working calculator and real-life examples. This is designed to help ensure that applicants achieve the right flexible working pattern for them and for the business. Line managers in the business work together with HR to evaluate requests, which are "e-enabled", so that they can easily be monitored individually and statistically. Take up rates are reported in monthly Key Performance Indicators (KPIs) to the Board.

The flexible working arrangements available to KPMG employees are: **Glide Time** (working core hours (10.00 am to 4.00 pm) but starting work between 8.00 and 10.00 am and finishing between 4.00 and 6.00 pm with a normal lunch break taken during core hours.); **Part-time working**; **Job sharing**; **Additional Holiday Purchase** (up to 35 days holiday per year may be bought in addition to existing holiday entitlement); **Unpaid Leave** (up to three months unpaid leave may be taken once all outstanding holiday entitlement has been used); **Career break** (an opportunity to take an unpaid break from work of between three months and three years to pursue other activities outside of work (for employees with at least 2 years' service)); and **Home working** (which includes installation of broadband internet access).

KPMG obviously also honours employees' rights to take time off work to deal with child care and family duties and has various policies and procedures in place to deal with parental leave, personal leave, paternity leave, maternity and adoption leave etc.

In the period from April 2004 to March 2005, 390 requests for flexible working were approved by the firm with only nine requests declined (98% approval).

By embedding flexibility into its organisational mindset, KPMG aims to support some of its strategic business objectives and aid employee retention, a key business priority, but it also makes staff more loyal, motivated and productive, and reduces recruitment costs.

Having a suite of flexible working options is one of the important factors in determining whether an organisation is an 'employer of choice' for future and current employees, but flexibility in working patterns benefits a wide range of staff at some point in their working lives, whether it be changes in family patterns, long distance commuting, caring for a dependent/relative or following charity or community activities outside of work.

Large parts of KPMG are subject to seasonal, predictable peaks in demand, and by using demand analysis and flexible working arrangements, staff supply can be synchronised with anticipated market requirements to help increase output, reduce response times and ensure a clear cost benefit during periods of lowered business activity thereby improving overall performance and efficiency.

KPMG sees diversity as a strategic business issue, but this is not just about physical difference it is also about a person's background, experience and diversity of thought. This difference enhances innovation in tackling clients' business problems. Giving people choice in their working patterns allows KPMG to recognise and promote such differences.

One of KPMG's core values is "We respect the individual", which is illustrated by certain behaviours: "Encouraging each other to continuously maintain and develop our individual strengths", "Developing each other's skills and experience through coaching and mentoring", "Recognising each other's need to balance our personal and professional aspirations". The flexible working arrangements clearly reflect these.

Real-Examples

Baljit is a Director with two children under the age of five. She recently had to organise childcare for her children as her husband used to work predominantly from home but had accepted a position in a City based firm. She and her husband agreed that one of them would take their children to the nursery and that the other would collect them. Baljit needed the arrangement to be agreed on a fixed basis. She discussed the proposed working hours informally with her line manager and formally applied for the flexible working arrangement. The manager explores her client commitments and typical working pattern and they establish that, as she has few UK based clients, she tends to spend the mornings drafting proposals, responding to e-mails etc and the afternoons dealing with client queries. Given the nature of her work and the fact that her team could work around her proposed schedule and are willing to cover in her absence, it is agreed that Baljit can change her hours to work 10:00am to 6:00pm.

Ben, a Manager in Audit has worked for KPMG for seven years and requested a two-year career break to look after his newborn baby. Both parents had decided that one of them should stay at home with the baby during the first few years of its life. Financially, it was more sensible for Ben's partner to return to work. Ben had expected he would have to leave KPMG for good, but, after checking the flexible working policy, thought that a career break might be an option and decided to formally apply. His line manager was keen to retain Ben's experience in the longer term and so authorised his request.

Alistair, an Executive Consultant in the Business Advisory Services (BAS) team in Leeds for four years requested 30 days additional holiday to pursue charity work (in addition to the five days *pro bono* allowance already available through KPMG's flexible benefit scheme) so he could take one day off every two weeks to do voluntary work in his community.

Mark was finding the four hour commute from his home in Portsmouth to the London office particularly draining, but he enjoys his work and his professional skills mean that there is a need for him to retain his London client base. Since his job is predominately advisory and often conducted by phone or email, he suggested that he might work from home one day a week and schedule his client meetings to the four days he was in the office. He and his line manager established that there were few cost implications involved and little impact on other team members. They all supported Mark who now works remotely most Mondays (which tends to be the least busy day of the week). He is willing to be flexible on the per day a week he works from home so, if there are departmental meetings or client meetings which are scheduled on a day he would not normally be in the office, he would be prepared to come into the office for them.