

UNITED BISCUITS: GETTING GOOD PEOPLE— AND KEEPING THEM

Eric Nicoli of the U.K.'s **United Biscuits** is another CEO who manages people from his heart, but instead of giving them the kind of ultimate freedom allowed at SHV, he has installed the most detailed human resource management system we encountered in our interviews. It includes frequent performance reviews, feedback sessions, and a people-management "godfather," among other initiatives.

Nicoli, the gregarious son of Italian immigrants, is remarkably open when it comes to why he focuses his attention on people instead of on strategy.

"Ultimately, I think the performance of a business is a function of strategic choices that are made years before," he says, "and no one should underestimate the importance of good fortune in all this.

"Basically, when it comes to strategy, you make your choices based on insufficient information, and you make them when you have to make them. We have chosen some categories, and we've chosen some geographies. Five years from now, some will look like great choices, some will look like fantastic choices, and some . . ." Nicoli smiles in the silence of what is left unsaid. "Sometimes circumstances change completely," he adds after a moment passes, "for reasons beyond your control, and your choices turn out to be bad. Some of the things that most influence our business aren't predictable—economic trends, the value of the pound. These things make a huge difference, and yet we have no control over them. That's the nature of our business."

Nicoli's business is food—in large part, cookies and snacks such as McVitie's biscuits, Keebler cookies, and KP snacks. The company has a presence throughout Europe and in the United States, as well as in Australia and China. Nicoli, forty-four, took over in 1991, after a career with another food company—an unlikely path for a man with an advanced degree in nuclear physics. (He switched to food marketing as a young man, after deciding that academia was too obscure for him. "I knew I was only a sports fanatic who happened to be good at taking exams," he admitted once in a newspaper interview.) Today, Nicoli is happy to be running a company with 40,000 employees, and he wants his employees to feel the same way about working for him. He calls his approach "structured informality." Its goals are manifold, including planning and budgeting and other traditional controls; but in the final analysis, Nicoli believes his best shot at success is to get talented people working at United Biscuits, and then keep them there.

"There are lots of companies that spend a lot of time recruiting excellent people and very little time worrying about how to retain them," he says. "The truth is, it's an awful lot harder to retain and motivate people than it is to hire them. The hardest thing is to keep good people, because the better they are, the more likely you are to lose them if you don't make an effort."

United Biscuits' effort on this front is expansive. Nicoli and his top staffers know the top hundred managers "all fairly intimately," he

says, and spend "quite a lot of time" thinking about their careers. But, he adds, it doesn't stop with them. "It goes a long, long way down. We have a three-zone grading system that covers hundreds of managers, and we review zones one and two regularly, and the high flyers in zone three.

"We spend most of our time discussing the people with potential, rather than the people without it, although when it comes to those people, we do spend time discussing their needs."

The content of these meetings is quite specific, Nicoli says. "We have a well-honed appraisal system that is the basis of our assessment of all these people. We don't discuss things like, 'The problem with old Stan here is that he's pretty bright, but he's intellectually arrogant and a bit of a jerk.' There is no point in having that kind of conversation. Instead we have a full-year appraisal and a half-year appraisal that has on it your personal objectives, and your business objectives, and how you perform against them. We have an assessment of your potential year after year, and we see how that is developing, and we know what your aspirations are, and whether you have the qualities to be a general manager, or a manager across functions if not a complete general manager, or we will know if the best thing is for you to stay in a function and become a function specialist. We would know if you were mobile or not, and we would discuss you in those terms, and we would identify potential roles for you." This system also includes input from a senior executive that Nicoli calls a "godfather—not surprising, I suppose, given my Italian heritage." This executive is assigned to knowing all there is to know about United Biscuits employees, from how satisfied they are in their jobs to what additional training they might need. This information is fed into the formal appraisal system.

"The important thing," Nicoli adds, "is to keep an open mind in this process. I am constantly surprised at how people change and improve, and sometimes we find people were simply in the wrong job or improperly motivated."

Motivation, in fact, is another topic of importance to Nicoli in his role as a human assets CEO.

"There are a lot of companies where they attempt to motivate people by paying them a lot," he says. Nicoli doesn't dismiss this method's efficacy, but he asserts that people are likewise motivated

when they enjoy coming to work, when they like the people they work with, when they can have a good laugh at the office, and when they are part of a caring environment.

"You can fire people in a caring way, or you can just fire people," Nicoli says. "I think one of the attractive characteristics of our company is genuine concern. There is a price for that, of course. It's cheaper not to care—in the short term. But that is one of the reasons, I suspect, why we don't lose good people."

And besides keeping good people, caring about them has another positive impact on the organization, Nicoli says; it creates "synergy" between divisions, the kind of cooperation that gets people to talk, share information, and cooperate in difficult situations.

But ultimately, Nicoli makes people his top priority because he wants to enjoy every day of his working life, not every tenth day. And the way he sees it, his cheerfulness begets cheerfulness in everyone around him. "It's chemistry," he explains, "and chemistry makes a hell of a difference when it comes to success in our business. I truly believe that."