

Mitchells & Butlers: A healthy serving of realtime services empowers a top-notch workforce.

Overview

■ **Challenge**

With its emphasis on employee quality already yielding strong results, Mitchells & Butlers needed to build on this success by strengthening the ability of its establishments to manage staff locally.

■ **Why Become an On Demand Business?**

Mitchells & Butlers needed a more flexible framework that gave pubs and restaurants more control and decision-making power. Faster access to complete employee information—along with innovative new services for managers and staff—would enable local managers to hire, retain and incent the best staff.

■ **Solution**

Mitchells & Butlers engaged IBM to deploy, configure and manage a new payroll system and enhanced employee management tools whose high level of flexibility and integration enabled the company to rapidly roll out realtime services to the central employees supporting its pubs and restaurant sites.

■ **Key Benefits**

- *The new payroll system provides a 25 percent increase in payroll processing capability and more flexibility to manage its constantly changing organization*
- *Moving payroll in-house enables the company to save more than £100,000 annually.*



Mitchells & Butlers operates many of the most famous classic pubs in the UK including Ye Olde Fighting Cocks in St. Albans, listed in the Guinness Book of Records as one of the oldest pubs in Britain. Shown: Deacon Brodie's Tavern, Edinburgh

Based in Birmingham, England, Mitchells & Butlers (www.mbplc.com) is one of the largest and most successful operators of pubs and restaurants in the UK. Just how successful? While its 2,100 establishments make up 3 percent of UK sites, Mitchells & Butlers generates a full 9 percent of UK revenues. The company's three-fold advantage in revenue efficiency results from more than just good atmosphere. It comes from having developed a strong portfolio of pub brands, a host of prime locations for its pubs and restaurants and—perhaps above all—Mitchells & Butlers' commitment to its 38,000 employees.

“Getting and keeping the best people, and paying them properly and accurately the first time and doing it so naturally that nobody is aware of it—that’s key. With IBM’s help we were able to get these things without disturbing our business one iota.”

– Stewart Walker, CIO, Mitchells & Butlers

On Demand Business Benefits

- Through lower employee turnover, Mitchells & Butlers expects to lower its training costs by more than 10 percent.
- The insourcing of payroll enabled by the new system saves the company more than £100,000 annually.
- The new payroll system provides Mitchells & Butlers with a 25 percent increase in payroll processing capability and more flexibility to manage its constantly changing organization.
- The ability to interact with the core HR system in realtime strengthens employees' decision-making capability and improves their responsiveness.

Like the retail leisure business as a whole, Mitchells & Butlers' ability to manage its employees—its single most important operational asset—is as critical as it is challenging. To achieve its number one goal of maximum customer satisfaction, it is strategically essential for Mitchells & Butlers to attract and retain high-quality employees, this despite the high levels of turnover endemic to the pub and restaurant industry as a whole. To succeed, the company has focused on effective execution at the tactical and operational level, from training and incenting employees to scheduling and paying them on time. In other words, it's the ability to consistently deliver on "the basics" that counts most. But with employees spread out over an ever-growing base of pub and restaurant locations, seamlessly consistent execution was an increasing challenge.

Recruiting and keeping the best

With its emphasis on employee quality yielding strong results, Mitchells & Butlers looked to build on this success by strengthening the ability of its establishments to manage staff locally. Operationally, this meant giving managers the quality, up-to-date information they needed to make the best staffing decisions. It meant giving them the means to recognize and incent their best employees, to improve productivity and ultimately to maximize morale and retention. For example, by gaining the ability to follow the trajectory of their employees' careers, pub and restaurant managers would be better positioned to manage them proactively, to reward talent or provide performance incentives. However, achieving this vision required a degree of flexibility, realtime integration and overall functionality that its aging, yet familiar HR system simply didn't have.

Rigidity was a big part of the problem. Since pub and restaurant sites exchanged data with corporate headquarters through a batch-based polling system, managers were unable to get the information they needed when they needed it. Another issue was fragmentation of data. For instance, pub managers had essentially no way of tracking employees who transferred from one location to another—making continuity of HR records impossible. This same shortcoming prevented managers from knowing whether a potential new hire had been fired from another Mitchells & Butlers location. Knowing that its obsolete HR system would short-circuit its innovation efforts, Mitchells & Butlers resolved to put a new system in place that would serve as a flexible platform for process transformation.

In evaluating its HR options, the company also looked at its payroll function anew. While there were no glaring problems with its existing

strategy of outsourcing payroll to an HR service bureau, Mitchells & Butlers nonetheless saw an opportunity to bring both HR and payroll under the same functional umbrella, thereby gaining more control over this mission-critical process while reducing its costs. After an extensive evaluation, Mitchells & Butlers selected a new HR and payroll platform, and selected IBM—which had managed the company’s core and retail systems for the past four years—to implement the system. IBM Business Consulting Services handled all aspects of the deployment, from the definition of functional requirements to implementation and post-implementation support. IBM Global Services hosts the solution in its Warwick data center and performs ongoing maintenance of the company’s applications.

The solution is housed on two mirrored platforms, each running on an IBM eServer pSeries P690 server located in separate IBM e-business Hosting™ centers. Within its three-tiered architecture, the solution features IBM WebSphere Application Server at the top, the new ERP system in the middle and IBM DB2 Universal Database at the base. IBM Tivoli Enterprise Manager performs all systems management functions from the hosting centers out to the remote locations. All HR and payroll data are stored on a redundant pair of IBM TotalStorage Enterprise Storage Servers. To ensure data synchronization across the enterprise, the new platform is integrated with Mitchells & Butlers’ existing finance and data warehouse systems in realtime.

The power behind payroll

While the core HR/payroll system was the initial focal point of Mitchells & Butlers’ selection process, the company’s decision to insource payroll soon brought the issue of database software to the fore. As CIO Stewart Walker explains, the combined need for intensive transaction processing capabilities and superior reliability in payroll processing pointed to IBM DB2 as the clear choice. “When we do our payroll, we have a very short window between the time pubs close and reopen to complete all of our processing,” says Walker. “This means we need to account for the potential of things going wrong—and the need to restore the data—and still make the deadline. We felt that only DB2—with its native backup and restore features—could meet these demands.” And it doesn’t end there. Mitchells & Butlers has also begun migrating its backend data warehouse from Oracle to DB2, a move that Walker characterizes as a “strategic” shift supported by a range of factors. “DB2 allows us to have a much better assimilated and scalable solution, and the fact that skills seems to be much more readily available will help us optimize the efficiency of our internal IT resources.”

With its new, more flexible HR system as a foundation, Mitchells & Butlers is now fulfilling its vision of employee empowerment through a series of innovative new services. One of the first services deployed enables central support staff to interact with the core HR system in realtime, thus strengthening their decision-making capability and improving their responsiveness. On the heels of this,

Key Components

Software

- IBM WebSphere® Application Server
- IBM DB2® Universal Database™
- IBM Tivoli® Enterprise Manager

Servers

- IBM eServer™ pSeries® P690
- IBM TotalStorage® Enterprise Storage

Services

- IBM Business Consulting Services
 - IBM Global Services
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– Stewart Walker

Mitchells and Butlers has also begun rolling out Intranet based self-service capabilities whereby all central employees can review or update their HR records in realtime. As Walker points out, both are examples of how Mitchells & Butlers—a highly centralized company—is taking an innovative approach to HR by giving its decentralized employees more control. “We now have a much better tool for managing what is our biggest cost—people,” says Walker. “We’ve already begun to enhance the career development of our employees, and we expect it to further set us apart from our competitors.”

On the payroll front, Mitchells & Butlers’ move to insource the process is saving the company more than £100,000 annually. Equally important, notes Stewart, was the added control and flexibility the new system provided. “With IBM running the system, we’re able to get the highest service levels and maintain maximum reliability,

and for us there is no more basic requirement. The system will also be much better able to accommodate our ongoing growth, since it gives us 25 percent more transaction processing capability and more flexibility to manage our constantly changing organization.”

In the big picture, Stewart sees a strengthened ability to execute on the simple things that matter most in his business: “Getting and keeping the best people, and paying them properly and accurately the first time and doing it so naturally that nobody is aware of it—that’s key. With IBM’s help we were able to get these things without disturbing our business one iota.”

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