

LEADING WITH INSIGHT

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TRANSFORMATIONAL CHANGE AND BUSINESS GROWTH

Cotteswold Dairy



Multi-award winning Cotteswold Dairy is one of the most widely known and recognised family businesses in Gloucestershire.



With its distinctive blue and cream livery vehicles, the company has been delivering milk and dairy products for over 80 years and employs over 450 people.

George Workman is the third-generation grandson of the founder and has recently embarked on one of the company's most ambitious initiatives to date – a companywide new management style and culture change programme.



“Things are really improving but we don’t know why” was the puzzling question that George Workman and Justin Young, Operations Director have been wrestling with recently.

Global environmental impacts, the vulnerability of local dairy farming and the frothy-coffee-loving penchant of the public are all challenges navigated by the forward-looking business.



“The milk industry is very volatile,” explains George. “If there’s a drought in America that affects feed, feed costs go up, that has a knock-on effect for dairy farmers here.



“The use of plastics is a concern for many and there’s a resurgence in the use of glass; we’re proud to say that we’ve always used glass bottles for doorstep delivery, although we use plastic extensively too.”

In fact, the firm sells almost 100 million litres of milk each year in a surprisingly large range of containers including delivering almost 500,000 pints every day. This is both an operational challenge and a core aspect of the firm’s value proposition, according to Justin.

“The supermarket model is for loose plastic bottles delivered on trolleys, so they can wheel the stock onto the shop floor and people can help themselves. That’s what the big milk producers are set up to do on a mass scale.

“Our customers range from the doorstep to food service, and smaller retailers. Some want product shrink-wrapped in a cage, on a pallet, loose in crates, it varies. To give us this flexibility we’re heavily reliant on the staff. People do this, not automated machines in giant warehouses.”



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It’s part of our differential, but being that flexible comes at added cost, so we have to work hard to create value.

*Justin Young
Operations Director*

“We have done a lot of work to understand the key buying reasons, the critical success factors, not just of our customers, but their customers as well. We need to drive their sales and work in partnership with them.

“Managing our supply chain in a sustainable way is vital. Our farmers regularly ask us, what do you want from our milk? What do you want it to do? There’s a huge coffee culture now, so we want to make sure the milk we sell has the ability to froth. That means ensuring our farmers apply best practice, so that the proteins aren’t damaged and it’s able to be frothed. Equally, for us it’s getting to our end users and understanding what they want, how we adapt for the future.”



Priorities

"A few years ago we had very difficult trading circumstances," says George, and so our business plan was all about stabilisation and getting back to basics, making sure we have the right customer base and looking after our people.

"We had a period of consolidation and then our results became much better year on year. The business has grown and we have acquired another dairy. We have also made many process improvements and witnessed amazing results, such as a 50% reduction in operational wastage, a third less downtime and a 20% improvement in fuel economy.

"The LEAD™ program opened my mind up to new learning and leadership techniques and has been invaluable when applying this through the business. I am becoming a better leader and have a toolbox to improve the business and myself further."



"I ran a workshop with my directors and management team where we developed, agreed and rolled out clear company statements, strategies, goals and values to all our staff ensuring values are aligned to what we are all doing.

"We know it has worked as the financial results and staff feedback tells us that. The business has gone through transformational change. We have done much. What we don't exactly know is what worked and why.

"Understanding that will enable us to better consider what the next few years look like?"

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"We have invested in the way we lead, manage and interact with our people, and initiated a culture change program with a greater emphasis on teamwork, being engaging and motivational.

*George Workman
Managing Director*

“When Justin and I did the QuoLux™ GOLD™ program we found the structure of the monthly ‘board meetings’ with our cohort to be invaluable. What’s good about GOLD™ is you get input from other people and you feel accountable to each other, to complete the actions you’ve said you’ll do, even though it’s so easy to get caught up in the daily challenges,” says George.

“When you look at other people’s businesses you can see things a lot easier. When you look at your own vision, I find that really, really hard when you are on your own.”

“That’s my role, to challenge George,” adds Justin. “He’s looking into the future on the back of over 80 years of heritage and an emotional connection.

George’s father, Roger Workman says:

‘It’s what is in the bottle that counts’.

“Well, we need to understand the ingredients of our transformational change. To do this, I have been working with George and many in the company to understand the critical incidents that have helped us to transform the business.”



Transformational Change

So, what's their process for transformational change?

"Firstly, we acknowledged that over 75% of change initiatives fail so we wanted to be in the 25% that succeeded. That meant George and I needed to take time out of the business to understand what change is and how to successfully lead our people through change," explains Justin. "Transformational change completely alters how you do things so it brings with it high risk. We've been helping the business to develop a new vocabulary and understand how we are conducting ourselves as leaders and managers. We've used the QuoLux™ LEAD™ and LEADlight programs to do that and communicate our vision, mission, purpose and aims for continuous improvement. Through all the positive things we're collectively doing, people can start to see how their day job connects to the strategic plan.



“We are now seeing other directors, leaders and managers being the agents of change. We’ve got a lot of legacy staff, and it’s making sure that fresh energy comes through. Strategically as a board we manage what the vision looks like, but it needs to have a collaborative buy-in because everyone’s got to own it.

“As part of my research for my MBA (Leading Business), I met with a number of people who had been involved in the change process over the last five years. They identified over 30 critical activities (events) that have shaped the change. It was invaluable hearing this from the staff and trapping this learning. We can use this knowledge when we acquire new businesses or sites by knowing what to implement, when and how.”



When we discussed the 30 critical events, it surfaced over 600 aspects that we then distilled down into five key ingredients in our successful transformational change program that we realised we must “bottle”:

- 1. Performance focus**
- 2. Effective leadership**
- 3. Governance**
- 4. Social structure**
- 5. Communication**

These are what we believe make up the Cotteswold Dairy Culture – ‘the way we do things around here’. Our Chairman is right when he says, “It’s what’s in the bottle that counts!”



Performance focus: Liquid Gold

While training at management level is creating champions of culture change around the business, Justin observes that this is not always obvious to everyone. “When we first did the continuous improvement project we were trying to change the culture and it was a great mechanism for that. But people weren’t aware of that purpose; nevertheless, they were coming up with better ways of working, to save money and improve our financial performance.”

Involving the 450 staff in a company-wide focus on continuous improvement resulted in some very effective innovations.



“Cream sticks to silos,” explains Justin. “That’s like liquid gold to us, the money’s in the cream, it’s in the fat. Historically we would pre-rinse tanks with water prior to washing, but money (fat) was literally going down the drain. Through continuous improvement activities and employees’ inclusion, we have introduced a new initial stage; we are pre-rinsing tanks with skimmed milk in the first phase, recovering it and making sure we’re not sending the good stuff down the drain. That’s making both a positive environmental impact and putting money back into the business.”

Responsibility



The firm takes its impact on the planet very seriously and finds the Good Dividends concept helpful. “We have 47 producers within 30 miles, mostly family businesses, and we feel responsibility towards them,” says Justin. “All our staff work and live in the community, it has a huge influence on our decisions.

“We’re a sizeable business and we make an impact on the environment. That sense of responsibility reaches to our producers too. We know that greenhouse gases and methane on farmland is quite significant, so we’re looking at how that all maps out across the pastures and landscape of the group, about sequestration techniques where we can maybe involve staff in planting trees with the farmers to offset our carbon footprint. We’re just at the discovery stages. This could build the culture between the business and the farmers, while collectively reducing our impact.”

Effective leadership & balance

“When my grandfather ran the business, both my father and his brother joined the business. Having siblings in a business can cause complications especially when one of the brothers’ sons joined (that’s me), but the other’s didn’t. There was no plan in place as to how this would be managed but my uncle decided to leave the business to pursue other interests, which avoided any succession conflicts,” admits George.



It’s important to have an interest in a business, whether it’s in your family or not. For any future generations, we have had to look at how the business is split as owners, as well as how it runs and who is involved. Off the back of this we’ve decided to create a ‘family bible’ on how to manage on merit, not status. A family document to ensure that we’re all agreed – it’s about having a solution before problems arise.”

George has had two sisters working in the firm; Roseanne was the marketing and brand manager until she and her family moved to the United States, and Louise, who is customer development director and has recently completed LEAD™.

“I think it was always destined for me to take over the reins as MD”, continued George. “One of the messages that struck home from Carole Howorth’s LEAD™ masterclass was that whatever the structure you choose, people must know rather than leave uncertainty. Clarifying roles and responsibilities is important.

“The family still runs the business, but we’ve also brought in non-family members to roles including Financial Director and Operations Director. If you have working family members then staff and managers tend to look to that family member for decisions, so we need to be mindful of the culture so that non-family leaders are not undermined.



“Investing in leadership development is important. Justin is undertaking his MBA and a number of his team have been on LEADlight and they’re gaining a huge amount from their experiences. We’ve also been supporting 30-40 managers throughout the business with training.”

“LEADlight provides our managers with business tools that they can apply immediately,” notes Justin. “Months after the program has finished, they continue to display the ability to critically self-reflect and understand their shadow of influence within the leadership team, whilst continuing to utilise coaching and mentoring skills allowing others to reach their full potential. Strategically they understand and demonstrate the importance of accountability and continue to make business decisions aligned to the company’s vision and objectives.”



Fred and his fellow depot manager, Chloe Chapman together with Factory Manager, John McWhirter, Assistant Factory Manager, Tom Clarke and Production Manager, Ben James have each undertaken a project in the business including exploring the coaching skills necessary to create effective production leaders, improving employee engagement through the implementation of a company-wide personal development review process and communicating the importance of one-to-ones.”

Governance & Structure

“We used to be very informal, but we’ve been working towards being better documented and more formalised. We have more meetings with agendas and minutes. We now have progression plans for different family members, making the most of their individual strengths. Three of my eldest sister’s children have been working in the firm; even if it’s part-time holiday work, we’re taking a long-term view of how they can contribute.

“We hold family meetings that are separate to the Board meeting, which involve all family members who work in the business, whatever their role. That’s helpful for making sure family views are aligned.



“We’ve been considering whether to bring in a Non Executive Director (NED),” continues George. “I feel it’s important to have different views, to be challenging the status quo. It was interesting that Carole’s research found that in family businesses there was no evidence to show that having a NED made a difference. We have a strong team that includes a family/non-family mix, but maybe if the same team is together for three or four years, it might need someone to step in and challenge as a NED then.”

Culture

“As part of my early training, I worked in three different dairies, and family business cultures are definitely very different. In the larger firms, unions are often heavily involved and decisions can be via union reps, but that doesn’t happen here. Everyone is treated as part of the family, there’s an element of care.

“We’re developing a ‘Team Cotteswold’ Guide for managers and leaders, setting out our vision, objectives, how we want to communicate with each other.

“There’s a ‘buddy programme’ to support new joiners following their induction and we’re looking at mentor programmes. We hold ‘meet the boss’ sessions, team briefings and newsletters. We understand how important engagement and communication is for growing the business and protecting the family culture.”

Cotteswold Dairy



Future

“We’re aware that in order to grow, the infrastructure needs to grow too,” says Justin. “That’s not just the people, their professionalism, it’s the size of the site, our facilities. It’s making sure we grow the bottom line quicker than the top, making sure it’s controlled, profitable growth. We’re not chasing sales, we’re building business partners so that we can add value to their business and grow together. We need to have some sort of hook in that business, whereby they can only get what they want from us. That is where competitive advantage will lie.

“I believe that for the future of our industry, being an independent purpose-led family-governed business is going to be an extremely attractive proposition for customers.

“We’ve got the rich heritage of a known past, an agile presence and the prospect of an adaptive future, where we are still small enough that George and I are on the end of the phone, responsive enough to deal with things.

“We’re probably a corporate size now, but decisions are swift and agile, there’s not too much bureaucracy to move forward and make on-going changes.”





“Since being on LEAD™, GOLD™ and GAIN™ we’re thinking and reflecting on how we’re doing things, planning a lot better, rather than going a bit gung-ho. We’ve got a lot of knowledge, so it’s making sure we pass that knowledge on to everybody in the company, helping people to feel empowered so that they can make decisions, they know what the answers are, and they can just get on and do it.”

**George Workman
Managing Director
Cotteswold Dairy**

From QuoLux™ ...

We would like to thank Cotteswold Dairy for their ongoing support and it has been a privilege to work with them since George Workman joined our LEAD™ program for senior leaders in 2016. Since then he has gone on to complete our GOLD™ and GAIN™ programs together with Justin Young, Operations Director who is currently undertaking his MBA through our unique partnership with the University of Gloucestershire. George's sister, Louise has also graduated from LEAD™ with Tom Clarke about to join the program and six of their managers have taken part in our LEADlight program for 'middle leaders'.



To read more about Cotteswold Dairy, please go to their website [here](#). To talk to one of the QuoLux™ team about how LEAD™ could help you and your organisation, please get in touch [here](#).