

It's all about Attitude and Culture

A slide in reception, pool during work hours and pets in the office were just a few of the unusual features implemented in the workplace by Dominic Monkhouse as Managing Director at Peer 1 Hosting. He spoke with GS Insight about his business ethos, the importance of good recruitment and of creating the right culture when growing a business.

Dominic Monkhouse has spent much of his career working for small enterprises, overseeing periods of remarkable growth. In 2001, in the wake of the dot-com crash, he took the role of Managing Director at Rackspace when there were just four employees in the UK. There, he helped define the strategy that would set the hosting company on a course of rapid, sustained growth. Rackspace identified a target group of customers, neglected by the corporate competition, in the form of digital agencies building websites for SME customers.

They looked to target this space in a way that “made us feel like them”, building a level of trust with their customers. Such trust has played a pivotal role in Dominic’s success and that of the businesses he has worked for. “I just had this epiphany” he explained, “that it was about customer service and it was about customer loyalty. It’s fifteen times more cost-effective to keep a customer than to win a new one”. This approach paid lucrative dividends at Rackspace. Within four years of Dominic joining the business, it had grown to one hundred and fifty employees in the UK, with annual growth over one hundred percent, whilst the average lifetime value of each customer soared from £900 to £200,000.

In light of such success, one might forgive Dominic in supposing he had found the perfect formula, yet he still felt there were certain things he could have done differently. Reflecting on the nature of recruitment undertaken during his time at Rackspace, Dominic lamented the decision not to hire more senior sales people early on. He expanded on this point by way of a football analogy; “if you say we’re going to get up from the Conference to the Premier League, then you’re



Dominic Monkhouse, Business Coach

going to have to sign some players and having one or two star names early on is definitely going to be better than churning out the youth team all the time”. If this had been achieved at Rackspace, Dominic feels the company would have grown even faster and was determined not to repeat the oversight.

The obvious problem that presents itself at this point is that of attracting and retaining top talent in the context of a cash strapped start-up. This can in part be answered by a company’s ability to demonstrate that they are selling “painkillers not vitamins”, providing a unique product or service to an ideal customer, as was the case with Rackspace. Nevertheless, in a constantly evolving and highly competitive market, where many companies are concentrated in and around London, the problem of staff turnover can still prove a

significant detriment to the growth of an organisation. Indeed, Rackspace suffered a loss of talent between twenty and thirty percent of the workforce, during the most successful years. The company’s Uxbridge location proved close enough to the capital and the M4 tech corridor for people to find opportunities elsewhere should they ever have felt they weren’t progressing quickly enough. When Dominic started Peer 1 hosting in early 2009, he took the decision not to base the company in London. He did his research and eventually plumped for Southampton, citing the number of universities in Hampshire as a key factor, allowing for the recruitment of untapped talent, whilst it was far enough from London and other big cities that employees were not too easily persuaded to look elsewhere. Besides the matter of strategic location however, Dominic believes there is

a factor of yet greater importance in being able to find and keep hold of the best talent; culture. “When I think about recruitment and when I ask people, ‘does anybody struggle

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to recruit?’ Probably ninety eight percent of people put their hand up. I think they haven’t asked themselves a fundamental question which is, “why should anybody work for them?” To persuade prospective employees on this question, Dominic believes companies must focus on creating a non-intimidating culture that encourages communication between workers, enabling them to enjoy their work and ultimately become more effective employees. This was by no means an alien concept to Dominic when he started Peer 1. In his early twenties he learnt the importance of considerate people management whilst working as a Store Manager with M&S, whilst Rackspace won Best Place to Work accolades from both the Financial and Sunday Times. However, Peer 1 was to achieve special recognition for the culture imbued throughout the business.

Having taken the decision to base the company in Southampton, Dominic moved to engage with the local community. He took a Non-Exec role with an organisation focused on making the South of England a better place to live and work, called Business South, and partnered with Associated British Ports to convert a derelict gastro pub into an innovative work space. The centrepiece was undoubtedly the helter-skelter in the middle of the building which led down from the main office space into reception. Other features included a pool table, swings and even a bar. All this earned the company a great deal of PR. They were a top story on the BBC and were featured in all the UK broadsheets, thus enabling Peer 1 to achieve a reputation and to attract new talent.

Yet the purpose of this very modern headquarters did not simply extend to outward appearances.

Besides the physical aspects such as the slide and the swings, Dominic still needed to build a deeper sense of culture around the values at Peer 1. Even Enron had values like honesty and excellence, he points out, yet they practised neither of those things. “People look at successful organisations and say ‘oh look, values. We’ve got to have values’ but they don’t understand why the values are important”. One example as to how Peer 1 created the culture behind the values was in their carefree approach to the way in which workers spent their time. Dominic recalls one occasion on which a perplexed employee repeatedly asked him what the rules were around using the pool table. He simply could not believe they were free to play whenever they wanted. Citing research claiming that worker productivity increases when they can take fifteen minutes out of every hour for recreation, Dominic explained how this easy-going policy worked to the benefit of the company: “if people know what a great day at the office looks like, then they know how to moderate their behaviour”.

Returning to the sporting motif, we discussed the culture implemented by the New Zealand All Blacks, who insist on having characters with the right

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attitude and not simply skill. At Peer 1, Dominic looked to reflect this ethos in always hiring people with the right attitude. He would aim to discover a passion, regardless of its relevance to IT

and if that passion was in evidence he believed they could bring it to bear on their work, to provide great customer service. Despite the emphasis on the need to hire experienced employees early on, Dominic clearly takes a lot of pride in the way Peer 1 developed a track-record of taking young recruits and building their careers. In particular, he recalls one man who’d left school with no qualifications but who proved so willing to learn, that the company took him on and watched his career develop through a series of promotions. It was his attitude and his passion that got him hired and enabled him to flourish.

Equally important in building the right culture was empowering employees to effectively communicate amongst themselves. Wary as to how the different business units within an organisation can easily become their own “fiefdoms”, Dominic instead wanted management to work in a collaborative fashion, to achieve the best results for the business. In enabling this holistic approach, the executive team would engage in lengthy bonding exercises, going away together for a week, getting to know one another as people. As Dominic explains, “you can’t have growth without conflict” and the result was that management felt comfortable enough with each other to have difficult conversations when necessary, in order to help each other and progress the business.

Like Rackspace, Peer 1 went from strength to strength. The business was acquired in January 2013 by Cogeco Cable in a deal worth an estimated \$650M. The UK business was a huge contributor to the success of the organisation, guided by the values and culture that Dominic and senior management strived to create. Beyond the obvious financial success however, he most values “having an impact. Hiring great people and seeing them flourish, working with directors in a company and having an impact on them, so that they can have an impact on the whole of their organisation”. This he reflects in his current work as a consultant and as a Non-Exec on the board of numerous IT companies. His focus on people and enabling them to be better workers is the crux behind his success.