



High Performance Wales

*Real experience real success:
high performance working in practice*



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The Wales Management Council aims to inspire, motivate and drive change in the perception, delivery, take-up and funding of management and leadership development in Wales.

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Llywodraeth Cynulliad Cymru
Welsh Assembly Government

WALES MANAGEMENT COUNCIL

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High Performance Workplaces get the most from every part of a business, and in particular from its people, by creating a valued, diverse and involved workforce. It's not about size or sector - any business can adopt the key characteristics of a high performance workplace to motivate staff and in turn raise productivity.

DTI: Maximising Potential: High Performance Workplaces, 2004



Cyngor Rheolaeth Cymru
Wales Management Council



FOREWORD

The title of this report – High Performance Wales – is an aspiration and a challenge.

High Performance Wales is how we need to see ourselves and how the world needs to see us.

Wales faces a challenge to develop companies and organisations that foster innovation, add value, and deliver products and services that will compete with the best in the world.

There is a growing body of evidence that high performance working practices are one of the ways in which organisations in any sector can rise to that challenge.

We want to explore and demonstrate where and how high performance working has contributed to the success of companies in Wales.

We have talked at length to a cross section of organisations in the construction, education, food, public agency, housing, science equipment, furniture and automotive sectors, to hear their stories and learn the lessons of their success.

We hope that the ways in which high performance working practices have changed the face of these companies will inspire everyone to create a High Performance Wales.

Wales Management Council

January 2005



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INTRODUCTION

In November 2003 the Engineering Employers' Federation (EEF) and the Chartered Institute of Personnel and Development (CIPD) published a joint report *Maximising employee potential and business performance – the role of high performance working*. The report contained two case studies. One was of the UK aerospace industry as a whole. The other was a company in Wales. That company was Ina Bearing Company Limited in Llanelli.

The report speaks of Ina Bearing as a company “seeking to compete through developing the capability to deliver higher value added products. There has been a planned and sustained focus on continuous improvement, cost reduction, and, as an integral component of the process, a sustained attempt to upskill the workforce.”

Ina Bearing are not alone.

High Performance Working (HPW) is becoming an increasingly important part of the national economic development agenda:

- HPW is currently an integral part of two Welsh Assembly Government strategies: *Wales for Innovation and Partnership at Work*.
- The importance of HPW is recognised in Wales by National Council-ELWa, and figured prominently as a theme of conferences in Wales in 2002 and 2003.
- In other parts of UK the DTI promote HPW as a key way of achieving best practice in business.

However, no research has been conducted to explore the impact of high performance working practices in a range of Welsh organisations.

No guidelines have been developed, based on the experience of companies in Wales, to help others explore the benefits and begin the implementation of high performance working practices.

There is no integrated strategy or action plan to encourage businesses and organisations in Wales to implement high performance working practices.

In 2004 the Wales Management Council decided to address this problem and invited John Stevens, formerly Director of Development and Public Policy for the CIPD, working with Professor David Ashton of the University of Leicester, to find and interview a selection of companies across Wales where the adoption of high performance work practices had made a real impact on their own performance, and from these exemplars to draw out lessons and guidelines for others.

This is their report which contains a unique cross-section of the first hand experience of companies in the construction, motor component, education, food, housing, manufacturing and public sectors, and tells challenging stories about the ways in which they have increased productivity, added value, demonstrated real innovation, achieved greater levels of customer satisfaction, increased turnover and profitably, all with the passionate support of an energised and motivated workforce.

We believe the lessons in this report are not just about high performance working, but about ways in which Wales can become a high performance country.

HIGH PERFORMANCE WORKING – THE WAY AHEAD

An endorsement by the case study organisations

Running businesses is hard work for chief executives and middle managers alike. It is also a challenge and a responsibility. No-one takes that responsibility lightly, but we know that we cannot simply play safe and avoid change.

Because the future is uncertain, to survive and prosper we have to change. And it is increasingly clear that the changes ahead are not a natural extension of what we have done before. They are going to require the full-hearted commitment, involvement and intellectual contribution of all the people we employ.

High performance working is a convenient label for a whole range of changes we have made within our different organisations. It is no more than this. We are all travelling in different ways, in different industries, but with a common objective: to engage the talents of the people in our organisations so that we can change with the times and put our organisations at the leading edge within our industries. Our organisations have been successful, though some have come back from the edge of an abyss. So far. We do not know what is round the corner. But we know we are better equipped to deal with whatever we face.

This publication describes what we have done. We know that such a document would have been helpful to us at an earlier stage as we thought our way through organisational change. We have gained by our involvement in this project. We hope that others will find it helpful as they consider where their organisation is going, and how to involve their people.

One word of warning: it is easy to start down the performance improvement path and then see your effort wasted and your initiative running into the sand if you do not look at all aspects of performance and take into account the views of your people. Try to make sure that your change programme covers all the necessary angles. This booklet should help. If you are successful, you will soon know because you will find talent and potential and real help right across your organisation.

Anthony Davies	<i>Anthony A. Davies</i>
John Griffiths	<i>Coleg Sir Gâr</i>
Peter Saunders	<i>Halo Foods</i>
Duncan Chittenden	<i>Land Registry</i>
Peter Hurley	<i>Orangebox</i>
Geraint Phillips	<i>PerkinElmer</i>
Paul Hayes	<i>Meritor HVBS</i>
Tony Whittaker	<i>United Welsh Housing Association</i>

ACKNOWLEDGEMENTS

This report has been the result of collaboration between a wide range of people to whom we extend grateful thanks.

We acknowledge the contribution of the managers and staff of all the organisations who provided case study material, and gave generously of their time in discussions and in reviewing drafts.

The case studies have been identified by a number of routes. Two are National Training Award winners. Some have gained awards in other competitions. Others have been suggested by some of the people listed below:

Richard Andrews, Rhondda Cynon Taf CC
Kevin Barry, Land Registry
Bernard Capaldi, SEMTA
Alison Court, UK Skills
Dawn Davies, Anthony A Davies Ltd
Duncan Gardner, Lantra Sector Skills Council
Chris Hughes, Welsh Assembly Government
Gwawr Hughes, Skillset Sector Skills Council
Stephen Jones, Welsh Development Agency
Sandra Loton-Jones, Lantra Sector Skills Council
Alan Martin
Barrie Oxtoby, Society of Motor Manufacturers and Traders Industry Forum
Wyn Pritchard, Construction Industry Training Board
Les Richard, Orangebox
Peter Richards, ACAS Wales
Ray Ricketts, Mid-Wales Manufacturing Group
Sue Rowlands
Robert Stevens, Involvement and Participation Association
Cheryl Tallet, Meritor HVBS
Robin Williams, Halo Foods
Denise Wilson, Welsh Development Agency

Professor David Ashton was the project adviser. He is the founder of the Centre for Labour Market Studies at the University of Leicester, Emeritus Professor at Leicester and Honorary Professor at the University of Cardiff. David has researched and written extensively on high performance working, and is the author, together with Johnny Sung, of *Supporting workplace learning for high performance working* published by the International Labour Office. Recent studies include lessons from abroad on workforce development for ELWa, and consultancies for Shell, the ILO, World Bank, EU, UK government departments, the Royal Bank of Trinidad and Tobago, and the Ministry of Labour and Department of Trade and Industry in South Africa.

John Stevens led the project and wrote this report. John has a background in economic development and people management and development. He has been involved through the Chartered Institute of Personnel and Development and the International Federation of Training and Development Organisations in developing thinking on high performance working, and worked with the Wales Management Council and ELWa to organise a policy seminar on this subject in Wales in 2002. He is an honorary visiting fellow at the University of Leicester Centre for Labour Market Studies.

EXECUTIVE SUMMARY

High performance working has been defined in a number of ways. We have sought to synthesise various approaches in the following:

High performance work practices promote high levels of adaptability, flexibility and involvement and enable people at all levels within organisations to participate in the development of processes, products and services. They involve the promotion of teamworking, and learning and practices that move away from the tradition of 'command and control', to achieve constant incremental improvement and step changes in performance.

There is no doubt that this does represent a new way to manage for most organisations. Although none of the case study organisations talk about high performance working as such, it is clear that our case study organisations have consciously decided that their survival and success will depend on their ability to manage in this way. They see what they are doing as a way to run their organisations successfully and to continue to do so. This is evident from the highlighted high performance work features found in each:

- **Anthony A Davies**

A vision of the possibilities for performance improvement achieved by engaging people's involvement. Process improvement proposals worked through by a staff group. An 'innovation day' held to encourage creative thinking about the future of the firm.

- **Coleg Sir Gâr**

A vision of a high performance farm, network and learning facility. People given space to use their initiative in a traditional educational organisation. Learning recycling, from farm to college to the network and back again.

- **Halo Foods**

A strategy that maintains competitiveness by increasing added value through the efforts and enhanced capability of all staff. The integration of technical advance with people development. Continuing reliance on teamworking and effective leadership with innovation and self and team management skills.

- **Land Registry**

Organisational changes to streamline processes, focus responsibilities, raise skill levels and release talents. Managers who could see that the problems were as much cultural as organisational. Recruitment of people whose attitudes and aptitudes match the needs of high performance work practices.

- **Meritor HVBS**

Skill enhancement, particularly of management and self management skills using competence frameworks. Teamworking skills and experience used on improvement projects. Linking learning, involvement and performance management.

● **Orangebox**

A strategy that relies on constant re-invention of manufacturing capability. Engagement and development of existing talent and initiative in production improvement. Increasing use of cross-departmental projects to tackle wider issues.

● **PerkinElmer**

A vision and values worked through by managers and supervisors. Engagement of everyone in the regeneration and establishment of a continuous improvement culture in the plant. Learning as a basis for change.

● **United Welsh Housing Association**

The linking of better employment relations with better performance. Using staff experience to improved customer service. Focusing management development on the cascading of a partnership culture.

The first conclusion from these case studies is that **high performance work practices have been adopted because they contribute to organisational objectives**. The decision to introduce teamworking, to involve people in redesigning the processes they use or to devolve decision-making has to be seen as a better way of working – a better way to delight customers. Among the other practices and behaviours observed are:

- people moving work between teams and individuals to get the job done
- talent spotting by staff to enable people to move between jobs
- operatives learning management and technical skills
- vigorous suggestion schemes
- project working on performance issues
- greater use of discretion by operational staff
- management skills developed to encourage staff involvement

The second conclusion is that, as anyone who has tried to implement change in an organisation will have found it's not that easy. The report distinguishes between performance and enabling practices. **Performance practices** are the things, like teamworking, what you want people to do differently. **Enabling practices** are ones that managers need to put in place to make sure that people are motivated and equipped to change the way they work. Some of the case study organisations found out from prior experience that, to be successful, **performance and enabling practices need to be integrated**.

Enabling practices take a number of forms including communications, reward, learning and performance management. They have to build and ensure a sufficient level of trust and motivation, otherwise change will not gain momentum. It should not be assumed that trust exists. Equally, it should not be assumed that people will be reluctant to change. What most people want is to be part of - to have some ownership of - a process in which they have confidence and that provides sufficient support to enable them to change.

Also, to do things differently, jobs need to change and the people doing them need to learn to change. Learning, ownership and performance management need to be integrated and robust. A 'sheep dip' training course is not enough.

Working in a high performance work organisation is different. It requires different skills and behaviours. It is helpful to define the new capabilities or competences needed. In particular, this is the case with the role and skills of managers, who need to encourage, empower, facilitate and coach, as well as monitor, guide and even control change.

The case study organisations are found in a variety of industry sectors. Some were faced with the immediate need to change. Others were no less clear about the need for change but were not faced with an absolute deadline. But all felt an imperative need to change in order to prosper. Their **chief executives provided an impetus for change** and influenced the climate of trust that determined whether people were willing to change and learn. However, the changes described here were in some cases led by other people and supported by other change leaders who grasped the moment to make a contribution and to further their personal development. **Although many change leaders were not themselves managers, all managers in key positions had to be change leaders.**

So, should your organisation take the high performance work approach? Fundamentally, the answer has to do with the business strategy you want to follow. It also depends on your vision of the contribution people could or need to make to the future of the organisation. Don't be put off by the apparent complexity of the achievements of the case study organisations; all change looks complex when viewed from the outside and it is not usually necessary to change the whole organisation in one go. As they say in Meritor HVBS, 'keep it simple, make it ours, make it happen'.

To get started, those considering the high performance approach need to answer three questions :

- **why** - to be sure that their organisation would benefit?
- **what** needs to be done in terms of performance and enabling practices?
- **who** will lead and champion change at all levels within the organisation, bearing in mind that as change progresses, change leaders need to be found across the organisation.

RATIONALE AND KEY LESSONS

The Welsh economy used to be heavily dependent on the availability of raw materials including coal and slate, on the production of food including mutton and milk, and mass-produced commodities such as steel. In the 1980s, as some of the traditional industries declined, a new generation of industry, particularly the volume manufacture of electronic goods, provided employment. But by the mid-1990s, the cost advantage of these industries was being eroded and it became clear that the future had to lie elsewhere.

One of the characteristics of major parts of the 'old' Welsh economy was its reliance on manual work. For some time this has been changing. The growth of services including professional services has been notable. Now it is evident that the future of the Welsh economy will depend on its ability to engage the enterprise, intelligence and creativity of its people in all our industries, traditional and 'new'. It will be important to be able to innovate and 'add value' more effectively than has been the case in the past, and to be able at least to match the progress other countries are making in this respect.

New forms of industry will start up. New investment will arrive as multinational companies see the quality of skills available in Wales. However, a key issue has to do with employment in existing organisations. To what extent can they make better use of the potential of their staff? To what extent can they release talent in order to better satisfy customers, improve performance, secure employment and contribute to the raising of living standards in Wales?

There is much interest in high performance working (HPW) in the UK. In Wales the subject has been highlighted in a number of seminars and conferences and in this, the Wales Management Council has played a leadership role. The growing interest in high performance working practices in Wales, is evident in the Welsh Assembly Government's *Wales for Innovation and Partnership at Work* action plans.

In order to explore this issue, the Wales Management Council has commissioned a study of the use of high performance work practices in Welsh organisations. The following report sets out the results of the study. The organisations involved in the study are pacesetters. They are not unique and they have in many cases learned how to do what they have by learning from the example of others.

The Study – what they did and how they did it

The case study organisations were chosen because they were using or were seeking to use high performance work practices. These were defined as promoting high levels of adaptability, flexibility and involvement, and enabling people at all levels within organisations to participate in the development of processes, products and services. They have to do with the promotion of teamworking and learning and practices that move away from the tradition of 'command and control' to achieve constant incremental improvement and step changes in performance.

The eight case study organisations have made considerable progress in the use of HPW practices. They are a mix of private and public sector and small and large organisations in which employees use manual and non-manual skills.

As the case studies show, compared to the days before they changed, the following practices and behaviours are found in the organisations visited:

- people moving work between teams and individuals to get the job done
- talent spotting by staff to enable people to move between jobs
- operatives learning management and technical skills
- active suggestion schemes
- working hours flexed to suit production and staff
- cell-based organisation
- project working on performance issues
- greater use of discretion by operational staff
- management skills developed to encourage staff involvement
- processes redesigned by the people working in them
- holding an 'innovation' day

As a result, organisations have:

- ✓ avoided close-down and secured employment
- ✓ increased job satisfaction
- ✓ enabled people to move into higher skilled jobs
- ✓ cut costs
- ✓ moved up in the performance league tables
- ✓ moved up market
- ✓ won national competitions

As can be seen, the organisations chosen as case studies have no special advantages. Many organisations in Wales in the public and private sectors face similar challenges. However, while many have tried to change, others will have tried and failed. The case study organisations themselves have made mistakes, made false starts and begun again before finding a formula that works. But when success was achieved, as it was remarkably quickly in 'turn-round' situations in some of the organisations, three factors were found:

- a change leader and leaders, providing an impetus for change
- a vision of the way that people could contribute to the organisation and a way to release their talent
- a way to turn this vision into reality.

The following is a summary of the lessons that may be learned from the experiences of the case study companies. It starts however, as the case study organisations started, with the reasons for change. HPW practices are clearly seen as a means to an end and not an end in themselves, although the organisations would claim that the values that underlie HPW - having to do with the development of trust, skills and self realisation among staff - are ones that they consider important in their own right.

Why change?

The reasons for change were varied and related to the markets in which they were involved. They were not simple. Three of the case study organisations, themselves part of larger organisations, were driven to make changes by circumstance. They were in danger of extinction because their performance was particularly poor. Their survival instinct helped to make change acceptable.

Five of the case study organisations were not immediately threatened but were positively motivated by a prospect of a better future based on the fuller engagement of the energies and potential of their staff.

All the organisations and their parent organisations are at the leading edge in their sectors with product and service strategies that aim to keep them there. Their positive perception of the way this can be done by engaging the potential of their people provides an 'open-ended' prospect of continuing benefit rather than the diminishing returns of a purely cost-based approach.

None of the organisations thought what they were trying to do was to 'apply high performance work practices'. They did not feel the need to put a label on their activities in this way. Leaders evidently felt that if their people were more involved, their problems could be resolved; that many of their people had the capacity to make a greater contribution.

Visioning change

Some organisations, for instance the **Land Registry**, set out a clear-cut vision for the next few years and showed how this fitted with both the needs of the organisation and the needs of employees.

For **Halo**, being at the leading edge in its part of the food industry is an over-riding objective, enduring down through the years, rather than a rationale for change at any one point in time. The emphasis has been on promoting flexibility and continuing, if slow, change, but that commercial and technical opportunities may require radical changes in short order.

The same is true of **Anthony A Davies**. This building company is pushing at the bounds of performance improvement. Its commitment to learning and multi-skilling is clear, as is the contract of trust it has with its staff. Its involvement of staff in process improvement is, for this sector, visionary and is starting to get across the idea that participation in this industry in the future will be as much about management as about traditional construction skills.

Rather like **Orangebox**, they have a chief executive who delights in surprising people and trying to get them to think 'out of the box'.

For those organisations that faced a bleak future if they could not cut costs – they were all parts of much larger organisations that could move the work elsewhere, the initial vision was one of action in the hope of survival. Here metrics were used to set specific targets within specific timescales. The vision proved and, having found a successful formula, the organisations could see just how much more could be achieved. Success breeds success.

Generally, employees responded readily to the need to change. They actually liked the 'wind of change' and as the **Land Registry** found, the organisation's vision matched their own vision about the sort of organisation for which they would like to work.

In the four organisations that recognised trade unions, the unions were supportive of change and in one case, **United Welsh Housing Association**, were central to the development of the vision of the way in which change could be accomplished.

Some of the organisations, for instance **Meritor HVBS**, had been through a series of change initiatives over many years that had simply not delivered for either management or staff. They were still ready to 'have another go'.

But where did the 'visions that worked' come from? The answer is complex. In some cases, they came out of the experience leaders had in other organisations and the development of their own theoretical framework of operational and people management and development through academic activities. In **PerkinElmer**, the leader was engaged in an MBA course and change management was linked to this development process. In **Coleg Sir Gâr**, lateral thinking and an entrepreneurial eye enabled a cost centre to be turned into a learning centre by grasping opportunities for funding and setting people free to make their own future as long as this contributed to the college's growth as a learning centre.

Leaders also saw that they needed to recruit people with the right experience and to network and encourage networking with likeminded organisations. Opportunities to visit other organisations, for instance through the Inside Welsh Industry scheme, were mentioned.

Making it work

Within an over-all objective to engage the skills of their staff, the case study organisations set about making change. They defined what were evidently two sets of practices:

- **performance practices:** what staff need to do, defined in terms of the way that their job and skills and behaviours needed to change

and behind this

- **enabling practices:** what the organisation needed to do to develop trust, share the vision, support learning, and acknowledge and reward achievement.

All this did not happen at one point in time and no case study organisations set out their total strategy in a single document. But effectively, they created a coherent approach to change. Had any one element been wrong, the changes would not have worked as well as they did. Indeed, a number of case study organisations really started to move ahead when they put the missing elements – often the right enabling practices – into the change formula. In the case of the **Land Registry**, what had been missing in previous change processes had been something to get sign-on from employees and break down the interdepartmental barriers. What had been missing at **Meritor HVBS** was integrated on and off-the-job learning, coaching and appraisal in the context of a changed job description. Without this, learning did not turn into action.

The case study organisations largely used their own resources to tackle change. Colleges were involved for off and on-the-job-learning. Consultants were used by large organisations to create back-up materials but managers always fronted discussions and other activities in-house. The organisations did not have spare capacity; they were tightly managed but as **Anthony A Davies** found, as they went through each stage in the organisation's development, they had to make the space to devote time to change.

The **performance practices** varied considerably, as can be seen from the list on page 2. They can be conveniently divided into on- and off-the-job practices.

- *On-the-job*

Flexibility of hours, work loads and activities, team-working, cell-based work organisation, skills and knowledge development and associated behaviours and management skills can be seen in a number of the case studies.

Making discretionary decisions - how to prioritise, how to innovate, how to solve problems, who to speak to in up-stream and down-stream departments, when to stop the line.

How to react to an evident adjacent workload problem - within a framework of targets and operational schedules - was a major challenge for people who, as in the case of the **Land Registry**, had previously operated mechanically, waiting for work to arrive and damning management's incompetence when it didn't.

In **Coleg Sir Gâr**, the Dairy Development Centre had considerable freedom to develop within a framework of objectives, much as any go-ahead small firm would do so, with people working together but also specialising in particular aspects of the work.

United Welsh Housing Association reviewed and revised service procedures within teams. It also encouraged staff to solve problems creatively, having primary regard to the needs of clients.

Meritor HVBS has encouraged the taking of responsibility within teams for housekeeping, safety and performance issues, and has provided the training and development necessary for this.

However, freedom to contribute on-the-job cannot be separated from wider involvement. Very soon, people who are focusing on the effectiveness of their own or their team's activities, want to get involved more widely, if nothing else because their own activities impinge on and are affected by the behaviours of others.

● *Off-the-job*

Off-the-job activities also open-up new horizons for employees. Often this has to do with the redesign of processes. Sometimes these activities were handled within departments - see **Meritor HVBS**' machining shop and **Anthony A Davies**' joinery shop process redesign - and sometimes on an inter-departmental basis - see **Orangebox** environmental task force. **Halo's** use of a Staff Council, as much as a way to develop the capability of staff as for a focus for consultation, is another example. **PerkinElmer's** change agents specifically stepped outside their usual organisational role to lead projects elsewhere in the organisation. Use of workshops as part of their change process by the **Land Registry** opened-up opportunities for greater inter-departmental contact and co-operation.

Enabling practices make changes in performance practices possible. They make sure that, as far as possible people are willing to change and willing to learn and that what people really do changes.

The starting point is **trust and the identification of individuals and teams with change processes**. For Halo, trust had developed over many years in the main factory and developed as it was earned at the more recently acquired Newport factory. At **Halo** and **Orangebox**, trust was very much associated with the reputation and behaviour of the chief executive.

Persuading people that it is in their own best interest to learn how to do things differently is part of the challenge. The **Land Registry's** 'It's up to Me' programme helped by showing people what was needed of them if the organisation was to be successful. It also demonstrated that what the organisation wanted from its staff was broadly aligned with what they wanted from employment. These communications processes needed to be sophisticated if the messages are to do more than fly over people's heads.

At **UWHA**, the relationship between a senior manager and the UNISON representatives, backed by the chief executive, made it possible to introduce options-based consultation procedures to handle changes that could affect terms and conditions, and legitimised wider changes. At **Meritor HVBS** and the **Land Registry** too, the unions were instrumental in creating an atmosphere in which major change was inevitable and unopposed and processes that enabled relationships to be managed effectively. **PerkinElmer's** town hall meetings, **Halo's** Staff Council and **Anthony A Davies'** monthly staff meetings similarly provided channels for communication and exploration of new ideas.

However, accepting change in a general sense is one thing and welcoming and contributing to it is quite another. Some people like to get involved, partly because this gives them more scope to use their initiative and creativity than their own routine job; they become leaders or superstars in their own right. It also provides an opportunity to use the store of information they have about the way things work and the things that go wrong. From the organisations' point of view, this use of 'brains as well as hands' provides a huge bonus.

The case studies show that major change can be made very quickly and can be sustained. Positive elements in work culture come to the surface given half a chance. People are most willing to be involved in change processes that look, off-the-job, at system changes and redesign. As **Orangebox** shows, they like to be involved in projects that deliver a positive and visible improvement to the environment or the introduction of a new product.

The more difficult challenge has to do with changing the way 'I' do things, day-to-day. Here the issue can be the key to sustainable change and continuous improvement, so it has to be faced. Case study organisations have adopted a multi-pronged approach. To be blunt, in some cases there have been changes in personnel and people have left, particularly among the ranks of managers. In other cases, change has been encouraged by providing courses and workshops and using coaching and mentoring as well as by routine appraisal. At the top level, for instance in the **Land Registry**, the chief executive took on a coaching role with management colleagues and the next tier of managers and they all led the 'It's up to Me' campaign to gain commitment.

At other levels it might be thought that organisations would have had difficulty getting the balance right between control and empowerment – empowerment might go to people's heads. In practice, the reverse was true; it was difficult to inject greater use of discretion and flexibility into jobs when people had been used to a tightly controlled role. There appear to be two problems: greater discretion creates stress, even though organisations seek to encourage participation and create a 'no blame' culture; and being more flexible can mean doing things that belong to another job. People know that their own self-esteem depends on their being able to do their own job and they are sensitive about others offering help, even when they need it. So, they are also wary about offering to help themselves: about interfering. They are also concerned that by offering help to other people, they can get behind with their own work.

Many people were wary of change. Some were more reticent than others and needed to be almost dragged along. The laggards retained their doubts for a long time and this made it very important to maintain impetus and neutralise their negativity. But most joined in enthusiastically when they saw that progress was being made and that they could be really involved in the changes; indeed, that they could lead change in areas where they could best use their expertise.

It is obvious that all this has required significant change in the attitudes and behaviours of people at work. As a consequence, organisations have realised the importance of attitudes to work and **recruitment practices have been amended** to make sure that new comers are likely to bring with them enthusiasm for work and change. Induction has been carefully designed to make sure that

newcomers know how important values and behaviours are to the organisation's success. Many of the case study organisations have also a policy of talent spotting so that they can move people within the organisation to fill jobs for which they are particularly suited, opening-up new career opportunities. **Orangebox** used project working as a way to spot talent when people worked with others on issues of cross-departmental importance.

Learning is a particularly important enabling practice. Doing different things and doing things differently only works if people are enabled to learn. In the past, too many organisations have identified what needs to be done differently but not caused people to learn how to do it effectively. The **Meritor HVBS** and **Land Registry** case studies demonstrate this very clearly. There are again two parts to the equation:

- **identifying what needs to be learned** and how it can be learned

and

- **performance management** to make sure that, as a result, things have been learned and are done differently

What needs to be learned varies from case to case but there are recurring themes. First, generally, there are technical and systems skills elements in any job. As technology and systems change and multi-skilling requires the extension of skills, so the technical capability required changes. This has always been done, more or less well.

There are also capabilities that relate to the way people work, that have often proved more difficult to learn because they relate to 'the way we do things here' and the culture of the job. These capabilities particularly relate to the development of high performance work practices. They are seen in different ways in development programmes in a number of the case studies. They include:

- understanding how to delight customers and suppliers, internal and external
- understanding the business as a whole, not just your silo
- understanding how to get people, teams and organisations to work effectively together, balancing empowerment and control, handling complexity and pressure
- process and work flow analysis skills
- project management skills
- problem solving skills
- communications skills
- learning and coaching skills, understanding and knowing how to acquire and manage information

Acquiring these capabilities requires more than 'a course'. There may be an off-the-job element, particularly to learn from a theoretical stand-point. But as the **Meritor HVBS** case study explains, the key to effective learning in these cases is the use of a number of mutually reinforcing learning processes that may include off-the-job learning and practice and then application on-the-job with access to facilitators and coaches at all stages. Gradually learning takes place, speed of application increases, competence is acquired and practice becomes part of the normal course of the job.

The other element in the learning equation is **performance management and reward**.

Performance management provides a constant check on delivery against specification. In high performance work places, people increasingly have decision-making capacity themselves but the

organisation needs to measure progress at all points and to ensure that change takes place and learning is applied. Performance management may be represented by a traditional supervisor checking and less traditional coaching. But, as at **PerkinElmer**, this can be a team activity, with teams monitoring the skills progression of their own members. Annual and more frequent appraisals and development discussions form part of the same group of processes. Performance management and learning processes are mutually supportive.

Celebrating success is the reward for much hard work and achievement. It is hugely important to the maintenance of morale, motivation and trust. Two of the case study organisations explicitly used pay as a motivator. Others used a range of rewards from 'a night on the town' to participation in national competitions and the recognition this provides.

Leading change

In all cases chief executives led and provided the impetus for change; they had to be sure that there was sufficient trust to sustain change. Although some senior managers had been leading change for a considerable time, not all stayed the course. Some new senior managers led change. Some people who had come through the middle management ranks saw the need to 'break the management mould'.

It is clear from the case studies that managers, including supervisory managers, had the greatest skill change to make, needing to amend the attitudes and behaviours that had been their stock in trade for many years and to do it with everyone's eyes upon them. At **Meritor HVBS**, they needed to continue to enforce the disciplines of the output plan and performance management, but they also had to become coaches and, most alarming, change agents. However, there were always people who wanted to see the managers change and were champions of change waiting within the wider workforce. There were always key people who could see the potential for change and were ready to back the vision.

There were also other people waiting (though they only realised this when the opportunity arose) in the wider workforce to respond to the challenge of change. The **PerkinElmer** case study shows how they recruited people to create a vision of change, used a Dale Carnegie personal effectiveness course to focus people's minds on individual development, and then recruited change agents from those in the staff who were interested in taking on this role.

The case studies that follow show that leaders are special people and that there are more of them around than we would think.

ANTHONY A DAVIES LTD

SEARCHING FOR SOLUTIONS

FACT FILE

Industry: building and joinery
Employment: 50
Location: Abergavenny

Anthony A Davies is one of the most experienced builders in South-Wales, dealing with renovations of listed buildings, old farm buildings, new build and small factory projects. They have over 50 employees and work in close co-operation with a close group of sub-contractors. They handle contracts worth from a few pounds to multi-millions of pounds.

The firm began in 1980 when Anthony, a joiner by trade, went into business on his own account. They have negotiated their way through the rapids of organisational growth in a market in which demand fluctuates wildly, continued to train apprentices throughout, and have increasingly sought to engage staff in the management of the business.

They have created the space necessary to invest in people and have Investors in People accreditation. They enable their staff to invest their time in business improvement and innovation.

High performance working ingredients

- A vision of the possibilities for performance improvement achieved by engaging people's involvement
- Process improvement proposals worked through by a staff group
- An 'innovation day' held to encourage creative thinking about the future of the firm

Getting going

Anthony Davies started like so many employers in the building industry, working on his own, working all the hours he could and trying never to turn down a job. He was successful and established a good name locally. The business grew into a small firm of builders and a joinery shop. Anthony was a convinced trainer. He took on apprentices starting in 1985. He was also committed to high quality work, no short cuts, and the satisfaction of his customers. The word got round.

By the end of the 1980s Anthony knew that, while the business was growing rapidly, like a snowball racing down hill, it was not under control. More work was generating more cash but less profit. He had a choice: he could simply put his head down and be carried along, or try to manage differently. Anthony was, perhaps unusually for the industry, a reader of management books; his awareness of the need to 'do things differently' had been growing and he decided to do something about it.

The answer had to do with clearer financial management, accounting for and allocating overheads properly, and identifying break-even points. Anthony worked with carefully picked consultants to develop the firm's first business plan. A workshop manager was also hired to oversee the joinery shop. Time and again, ways have had to be found to create space for strategic management by devolving decision-making and developing middle management.

In the 1990s the firm continued to grow. Responding to 1994 changes in tax arrangements for self employed workers in the construction industry they took into employment additional employees. Taking on the learning responsibility for so many more employees required more than a passing attention to training. A training champion was appointed.

The building industry is bedevilled with training problems. Too few people receive formal training and too many drift in and out. So employers who are committed to training face a constant battle to find people who are competent. For Anthony, who wanted to look further forward and prepare for the next round of expansion, the problem was compounded. He wanted competent people but was also trying to work through the complexities of growth and the different challenges of managing a medium-sized business.

Being the managing director of a growing firm at this stage in this development is a lonely position. You know you want growth and you know how to find the customers, but you don't know how to manage the business. You don't know how to ensure that sales growth leads to profits growth. Through Business in the Community he identified a mentor, someone in a senior position in an engineering company who could talk through his plans with him.

Part of the answer was clear to Anthony. It had to do with integrity and values. It had to do with a customer service culture, with safe working conditions, with paying bills promptly, with caring for his staff. He realised that embedding these practices and values in the firm required continuous training and assessment. So induction training and annual skills assessments within teams were introduced. To gain flexibility, multi-skilling was supported and employees encouraged to train each other. Currently twelve employees have been on 'train the trainer' courses.

Breaking the mould

All this might be thought to be a rather visionary approach within the building industry: visionary but not entirely surprising. What sets the Anthony Davies' approach apart from the rest is the level of engagement of staff in management activities. At the base line, each month all staff who can do so take part in a Monday morning meeting to hear how the business is doing. The idea for the meetings came from the Investors in People accreditation process when the firm went through this in 2000.

But Anthony wants more. He feels instinctively that part of the answer is the improvement of systems and processes and that doing this requires that the people who operate the systems and processes are involved in and committed to any such changes. All this is consistent with the HPW approach, of course, but it also asks some important questions about the nature of HPW and work in the building industry.

It might be thought that builders and joiners, operating often without direct supervision have discretion and the opportunity to improve the way the job is done. However, in general, outputs are closely specified and methods are determined by custom and practice. Although methods analysis has been applied on large contracts and economies of scale are possible in these circumstances, there seems to have been little application of these techniques in smaller firms and on smaller jobs.

So, what has Anthony done to move ahead? He is experimenting. The first experiment concerns the joinery shop. Here 10 staff work on a range of products. They take on apprentices and older workers with some experience in woodworking who want to progress. Applicants for apprenticeships take aptitude tests, but motivation is thought to be a more important characteristic than manual dexterity. The challenge for the joinery shop was to find a better way to organise workflow.

A project was initiated. Three half-day sessions in the training room were organised for the joinery staff and a consultant identified through the Construction Industry Training Board. The result was a proposal for greater specialisation within the shop. Experience working on a flow line basis for large batch size production led to the design of a new general system, with people doing that which they are most able to do. The new system is not without its weaknesses. Staff like being able to take a job through from job card to finish and know that under the new system there will have to be even greater interdependence. But, whatever the result, they have been involved and have thought systematically for the first time, in most cases, about the interaction of production systems and efficiency.

The second experiment has to do with supervisory managers within the firm. For them, a new development process is planned. Six half-day sessions have been arranged in conjunction with Welsh Forest Industries. It is not that these managers have not received appropriate training before – they have – but the sessions will concentrate on people management and development, motivation and site management. As part of the course, each supervisor will carry out a project concerned with site management related to the company more widely than their everyday work.

The third experiment has to do with innovation. In September 2003, for the first time, anyone who could get there was invited into the training room for 'blue sky' thinking – an 'innovation day'. For 'practical people' this was a real shock. Debate was interesting. It showed how conventionally most people think. But it achieved something by breaking people out of their comfort zone and getting them thinking that the organisation could not stand still. It has to change. Fifteen staff with various skills, labourers, delivery drivers, site agents, painters, apprentices, some who had just joined the company and some who had been with the company a number of years took part, as well as the directors who had been talking about innovation for quite some time but didn't have a clue how to encourage and develop it.

Innovation exercises have now also been carried out at site agent/foreman meetings. Discussion is usually stimulated by problems that have been encountered by the group since the previous meeting. For instance, brainstorming ideas that could reduce delays at later stages has resulted in much closer attention to decision making on finish details at the front end of projects.

Other ideas put forward at the meetings include setting out pro-forma agendas for pre-contract meetings with architects, expansion of activities to include mechanical and electrical services, possibly by acquisition, and ways of improving cash flow. Innovation is now on the agenda of meetings at all levels.

The future of people involvement in a building firm

In many other industries it would be possible to find exemplars in the use of high performance work practices. Anthony Davies may be one of a limited proportion of building firms seeking to move in this direction. Anthony is alive to the help provided from a number of directions by organisations helping improve the construction skills base. But his concern is more ambitious. He wants to know how other firms in other countries are tackling process management issues and involving their people in this. He is convinced that there are answers to be found and thus a better way to serve customers.

COLEG SIR GÂR

FROM COST CENTRE TO SELLING POINT

FACT FILE

Industry: Further Education
Employment: 30 at Gelli Aur
Location: Gelli Aur

Coleg Sir Gâr is a provider of further and higher education across a wide variety of subjects, from the sciences to multi-media. It has 16,000 students and operates from five campuses including one at Gelli Aur, Carmarthenshire. At Gelli Aur there is a college farm, offering agriculture and countryside management courses at a number of levels.

In the mid 1990s student numbers were low. The farm was no more efficient than other farms in the surrounding area. But did that matter; as it was only used for teaching? You can't expect a college to be a farming exemplar, can you?

In a few years, the situation reversed. Not only is the development farm, like the teaching, first class, but it has become a centre of excellence because the staff have been given the freedom to make it so.

High performance working ingredients

- A vision of a high performance farm, network and learning facility.
- People given space to use their initiative in a traditional educational organisation.
- Learning recycling, from farm to college to the network and back again.

From administration to enterprise

For almost all farmers, dairy farming is a hands-on activity. You learn the practical part on-the-job in a farm. The theory is just as important but needs facilities that can be used for teaching any subject. So, as one of a number of agricultural colleges Coleg Sir Gâr had its own farm, a farm that had been starved for cash in a financial environment in which, like so many technical subjects, it had to fight for limited resources. It was a cost centre as far as the college was concerned.

The Principal, aware that external funds could be secured if the college could find ways to develop partnerships with outside public bodies, set up a new department, Enterprise Services and engaged a Director of Enterprise. The new Director was an agriculture graduate, had lectured at the Welsh Agricultural College, and had been Head of Agriculture at Coleg Sir Gâr since 1994. And one of the problems he faced was what to do with the farm.

If there was to be a dairy farm at the college, he decided, it had to be the 'best' farm. It had to become a centre of excellence carrying out development work and identifying and demonstrating best practice and it had to be solidly linked to the industry.

In 1997, EU funding and support from the Welsh Office was obtained to build a new dairy unit. Four herds were established under one roof to compare performance and costs using different management regimes. Subsequently, the two poorest regimes were abandoned and the other two retained on a long term basis for demonstration purposes. Then as interest in diversification in the land industries grew, further funding was obtained to renovate a barn and turn it into what became the farm diversification and resource centre. The centre provided information and signposting for those who wanted to evaluate options for diversification, an issue of importance in Wales where about half the farms have moved down this route. It also fed back information into the college about aspects of diversification that could help to improve the curriculum.

So far, the developments had been college-centred. In 2001 the opportunity arose to bid for further funding to become 'the' Welsh Dairy Development Centre for dairy farming. There were already centres for beef and lamb meat and for organic farming. To put the proposal together, the farm hired John Griffiths, an agricultural graduate who had worked for the Milk Marketing Board providing consultancy help and subsequently the National Westminster bank appraising budgets for farmers seeking loans.

Creating a learning centre

In 2002, with John as its manager, the Dairy Development Centre started up, funded from Europe and from the Welsh Assembly Government. As a development centre it had a number of roles: teaching, research and networking. It had to identify eight dairy demonstration farms throughout Wales and work with them to organise a total of sixteen events each year. It also had to advise dairy farmers about the setting up of discussion groups: groups that meet to discuss key issues from the economics of milk production to herd health plans.

The Centre acts as a knowledge hub, organising events on issues as diverse as husbandry, establishing co-operatives, building design and technology, and pneumonia and ventilation. It also hosts six open days a year. Gelli Aur now has a third herd using a robotic milking system. With labour costs being squeezed, robotics, with cows having access to milkers as and when they like, rather than at set times each day, is becoming more attractive. With such a system, the only labour needed is, theoretically, for feeding cleaning and management.

If you want data and an economic appraisal of the robotic system, ask at the Centre. Many people do at each open day. At these, visitors range from tourists and an outer group of farmers who occasionally visit Gelli Aur, to members of a farmer consultative group who work closely with the Centre, exchanging dairy farming information on a regular basis. The Centre organises one visit overseas each year, and Welsh dairy farmers have been to Germany in 2002 and Poland in 2003 for the purposes of making international comparisons. In addition, this year has seen a visit to Gelli Aur by farmers from Tuscany and the 2004 European Dairy Farmers Congress was held here too.

Again, that which is learned at the Centre including robotics data analysis and experience is recycled into the college curriculum. Farmers who have visited Gelli Aur, and their sons and daughters who want to be farmers, become familiar with the Centre and the college, which now provides about 70 per cent of the relevant student places in Wales.

Having set up the Centre, John Griffiths is now concentrating on marketing the Centre's activities, focussing on increasing farmer involvement. Over time, the staff have learned, largely on-the-job, sometimes coached by John, how to provide a range of services and how to work with the government bodies that fund the Centre's activities. They have taken individual ownership of different centre activities including the demonstration farm activities and the Centre's dairy benchmarking programme. They work closely with Lantra the Sector Skills Council for the industry.

Beyond robotics

Agriculture has always been well served by its infrastructure. Farmers may only now be getting better at working with one another and marketing co-operatively but the industry's advisory services have been well used.

The case study shows how a college can provide an opportunity for innovative working that also creates added value in a number of ways for the college itself.

The discussion groups are proving that dairy farmers can learn by self-help.

But the Centre's leading edge activities show how, given the opportunity, people will take-up and run facilities that have a real impact on learning and performance through networking in the sector.

For Coleg Sir Gâr, enterprise is taking-off. They offer a wide range of services including training on and off-the-job, technology resource centres and design services.

High quality teaching and high performance work practices clearly go together.

HALO FOODS

MOVING UP THE VALUE CHAIN

FACT FILE

Industry: food manufacture
Employment: 450
Location: Tywyn, Newport and Dolgellau

Halo Foods is a private company making specialist snack bars for growth markets. It is positioned at the leading edge in the markets it serves and is determined to stay there.

The company has grown from four to 450 people in just under thirty years with the commitment of its staff being the bedrock of its success. The company now manufactures 200 million bars every year.

Halo is a producer for leading brands and is acknowledged as an innovation centre, developing new products. But the market is not standing still. For the future, the further development of technical and management skills throughout the organisation will be crucial.

High performance working ingredients

- A strategy that maintains competitiveness by increasing added value through the efforts and enhanced capability of all staff.
- The integration of technical advance with people development.
- Continuing reliance on teamworking and effective leadership with innovation and self and team management skills.

Riding the roller coaster

Snack bars produced by the company were first sold as health foods in the 1980s when that market was in its early phase of development. As the market developed, the company had a roller-coaster ride. It passed through a period of independence as Holgates Honey Farm, then through a period of ownership by Rowntree, and then by Nestle when Rowntree was taken-over. In response to a set-back caused by the collapse of a major customer, Nestle wanted cuts and then more cuts and, by 1991, had decided to close Holgates.

Most people would have given in and gone elsewhere, but the managing director, Peter Saunders, who had owned the company before its sale to Rowntree, became aware that the 100 staff believed that he would not let them down. So, he bought the company back. With the same staff, he began the struggle to rebuild the company. They developed a 'lite' snack bar – low calorie, low fat with the 'indulgent' taste of conventional confectionery. The newly named 'Halo' bar took off and led the way in this new market.

The major retailers stocked and sold the award-winning Halo bars. But Halo Foods, as the company was re-named, did not have deep enough pockets to keep its bar ahead of those who copied it. The company adopted a new strategy of developing and producing all types of high quality nutrition bars for the 'own brand' market. Indeed, Halo already made 'lite' bars for some of the major brands.

The business grew and in 2001 bought an ailing food factory in Newport to provide additional snack bar production capacity. This brought a new challenge: introducing the Halo culture into a very different working environment.

Making the business work

The production of snack bars may appear to be simple – mixing ingredients, shaping and cutting and then wrapping them. But the reality is complex, getting multiple ingredients together at the right time to make many different bars for delivery ‘just-in-time’ to highly demanding customers.

Manufacture involves specialists in product development and process engineering, as well as production managers and operatives, supported by considerable talent in associated service and administration. There are stages in the processes that still require considerable experience and judgement and are not simply machine-paced. But some jobs would be recognised by anyone who has seen chocolates being mass produced: inspecting, testing and packing are all essential operations and require staff to keep their wits about them while doing routine jobs. Maintaining the commitment and concentration of staff in such roles can be a challenge but is essential to the maintenance of high quality standards.

Halo has been treading a course from cottage industry to efficient factory production. Since then, it has further transformed into a highly technical manufacturing complex. A section leader describes the change from simply ‘watching to see that everything is alright’ to timesheet-based, business system monitored, just-in-time delivery. For the section leader, moving people round so as to vary the things they do, to maintain interest in the job and minimise the danger of repetitive strain injuries makes the job more complex and more skilled, but more stressful. Similar changes can be seen at all levels as all jobs have become more professional.

Increasingly people are becoming NVQ qualified and encouraged to develop their careers within the organisation. Aptitude testing is starting to be used, for instance in selecting people to develop IT skills. A kitchen operative is contemplating the development of his knowledge about crystal structure tests for chocolate. Learning has become systematised; appraisal processes are now 10 years old.

In the Newport factory, production volumes are higher and automation is proceeding apace. Here, building technical and production management skills has gone hand in hand with production needs. New assistant section leader and technical operator jobs have been introduced and staff capabilities developed accordingly. When they took-over the failing Newport plant, they found people who had so little training that they regarded the requirement to train as an affront. They asked what they were doing wrong. Now supervisory management capabilities are being developed using a mix of on and off-the-job learning following an Institute of Leadership and Management curriculum in specially tailored training programmes in conjunction with local training providers.

The next phase of development

Halo has what would be regarded as a paternalistic culture with the role of top management as leaders and carers for staff, creating a sense of direction and trust. But Halo is also growing fast and the culture is evolving. For some time relationships could be personal with everyone having access to Peter Saunders, who still knows almost everyone by name. However, Peter has long seen the inevitability of change. As one element in this, the firm now has a small but influential HR department. The HR manager uses a wide network of contacts including membership of the Engineering Employers’ Federation to look for good practice in the management and development of people.

A Staff Council has been introduced as a more formal means of communication. People funnel their questions through their representatives and 'they are eager to know the outcome as soon as you come out'. The Staff Council has organised a visit to the Newport plant and has spawned a Health and Safety Forum. All this might be thought to be a nod in the direction of industrial democracy; Peter sees it as part of the development of the total capability of the organisation to grow, change and move further up-market. In people terms, 'over-capability' will provide flexibility and enable the organisation to consider more options for development.

Management responsibilities have changed, with the appointment of new manufacturing and supply chain directors. All this recognises that relationships, change programmes, learning and technical and systems innovations have had to become more formalised and will need to be owned by the whole staff rather than being the province of top management. Peter Saunders and his managers view the commitment they have been able to engender as a key component of success. They need people who can work flexibly, consistently and effectively and who are not afraid to change and to learn.

Central to the engagement of people in a burgeoning high performance organisation are the capabilities of managers and particularly section leaders. Soft skills development is central to this, as is growing inter-departmental involvement. Staff will need to be more involved in performance monitoring and improvement, using new techniques and cross departmental project working, looking outward to other organisations to find and evaluate what works for them.

The Future – even more of the same?

The food industry is increasingly competitive. While lead times and costs are being cut at Halo, there is the threat of competition from even lower cost producers around the world. Halo is clear that it does not want to compete with the lowest cost producers in low value markets. They want to continue to be the preferred partner of leading brands making high value products. They may need to further automate where the volume of production makes this viable. At the same time, they will need to further develop their expertise as manufacturers of 'hard to produce' products and shorter-run value added bars. Both developments will have similar effects: they will need even more people at all levels who are technically proficient and able to contribute to the effective management of the business.

Management of the supply chain, operations management and scheduling will become even more important. Team working, product development, changeover and continuous improvement skills will receive an even stronger focus.

The process of acquiring these skills started almost as soon as the organisation was born. The skills are being developed organically but faster than the pace dictated by necessity.

LAND REGISTRY

MODERNISING IN THE PUBLIC SECTOR

FACT FILE

Industry: Government department
Employment: 300
Location: Swansea

Land Registry is a government department, executive agency and trading fund. Established in 1862, it has been building-up a register of land and property ownership to facilitate purchases and sales and as a source of information on ownership.

Doing this in a speedy, accurate and cost effective way lies at the heart of Land Registry's 10-year strategic plan. Engaging and enthusing its staff has been Land Registry's challenge.

The Swansea Office in 2000 was an under-performing office within an otherwise successful organisation. Today, with its 300 employees, it is one of the most productive offices in the top 25%. Moreover, it is preparing for a future requiring higher skills, more self-management, greater flexibility on the part of employees and even greater focus on the specific needs of customers.

High performance working ingredients

- Organisational changes to streamline processes, focus responsibilities, raise skill levels and release talents.
- Managers who could see that the problems were as much cultural as organisational.
- Recruitment of people whose attitudes and aptitudes match the needs of high performance work practices.

The turn-around challenge

It might be expected that most Land Registry offices look after the needs of their local area. In part this is true but many offices serve customers in other areas. Swansea Office, for instance, deals with many London registrations.

Most of the properties in London and the large cities are now registered. So, for these areas, most transactions have to do with simple transfers of registered property rather than complex first registrations. Registration has also been computerised and increasingly enquiries about particular properties can be made 'on-line' at www.landregisteronline.gov.uk. Land Registry aims to provide the world's best service for guaranteeing ownership of land and facilitating property transactions.

Successive governments have sought to improve the efficiency of public bodies. Performance targets are used to lower the cost and improve the accuracy and speed of transactions. The present government's emphasis on modernisation embraces all this and has put its realisation at the heart of its programme.

For its part, Land Registry at national level has not been slow to stimulate change. Computerisation has been led from the centre. So too has organisational change. From the division of work so that

individual cases would move through specialised departments, transferring from in-basket to in-basket over a period of weeks, experiments were carried out with teams carrying out all the activities. The experience of the pilot projects was communicated through Land Registry so that local offices could implement the ideas.

In Swansea work began to be re-organised in the mid-1990s but even by 2000 teamworking was not fully embraced, the expected improvements in performance had not materialised and costs of processing were among the highest in the organisation. It's not that people wanted to fail, but no one appeared to be able to make the changes work in Swansea. People were resistant to change and with insufficient investment in management skills, managers were not equipped to drive change through.

The future was bleak. In the future, computerisation would simplify the transfer of land so that a higher proportion of the work would comprise complex first registration and other cases - Swansea would find it difficult to cope. It was suggested that the organisation was in a state of 'learned helplessness' but events have shown that in reality they were waiting for the opportunity to shine.

Setting people free

In 1999 Duncan Chittenden arrived as area manager. Duncan had a background in the RAF and operational and personnel management in financial services. He had undertaken management development courses at Cranfield and the Civil Service College. To some of the existing managers who had been battling to achieve change his arrival seemed 'a breath - almost a gale - of fresh air'.

Chittenden's contribution was to see how to tap into the latent potential of the organisation and engage the energies of its people in that change. He could see how the personal development and prospects of staff could be linked to a process of performance improvement and cultural change. And staff were ready to change; a union representative says that, at the time, morale was 'going south'.

It was clear, that the change could not be allowed to work through slowly. Time out to consider what to do could not be allowed to affect performance in the interim. Swansea Office was not alone in this; while they needed to improve efficiency to match the best, the best were also getting better. The targets were moving ever upward.

The change process focused on the engagement of individuals at all levels. An internal project board masterminded a series of staff surveys and conferences. Senior management team away-days and line management training and coaching to improve performance management and the development of soft skills were all resourced in-house. Training initially focused on senior management team development, so they could understand and lead the changes, building middle management skills so that they could lead change and create an atmosphere in which employees could have confidence in an open appraisal process, and team building and development. Service to customers was always at the centre of the process.

Personal development plans, based on Land Registry's national core competence framework provided the opportunity to discuss knowledge, skills and 'most importantly' attitudes. The framework bands nine competences in five main performance areas:

- *Delivering results:* planning and organising the workload; and dealing effectively with/managing change
- *Effective teamwork:* contributing to the team's performance; and building and leading a team

- *Knowledge and experience*: acquiring and applying technical/specialist knowledge
- *Providing a quality service*: meeting customers' needs; and anticipating problems and achieving solutions
- *Personal effectiveness*: communicating effectively; and showing initiative; and determination

Each of these competences can be demonstrated at four levels from entry to senior management level.

A production management group monitored progress and between April 2000 and April 2001 performance improved by just over 30 per cent. But surveys showed that while people were working more efficiently, the change was only 'skin-deep'.

To emphasise the importance of individual engagement, from April 2001 the change process used the slogan 'It's up to Me'. Recognising that change had to come from within, Chittenden, with the support of his senior management team, led in the development of a framework of key performance indicators, key players and visual representations of 'what was' and 'what the organisation and its people wanted'. A strategic plan was created using a balanced scorecard approach. Consultants worked with some of the internal change agents in developing materials but did not work directly with the rest of the staff.

Change took time; people needed room to think things through and develop the skills and confidence to work in different ways and, particularly, to change the way they related to other people and other departments. Over time, those most eager to be involved in the changes emerged, took on lead roles (e.g. team training representative, team duty officer, team customer liaison officer) and influenced others. Twenty-three workshops for staff at all levels were held in twenty months; they took an interactive workbook approach, including self-assessment tools and simple models for feedback, communications and career management. Central to the process were discussions around a 'document wall' describing the performance problem, setting out the results of customer and staff surveys and describing a vision for the future. Senior managers talked their staff through the logic of 'the wall'.

The scale of change

Team working was now working. It had started with teams being self-managed, bringing together people so that each contributed their own specialist role. But it became clear that the teams needed someone to play the team leader role and that multi-skilling, combined operations would provide greater flexibility and fewer processing delays - one pair of hands instead of seven. Computerisation helped as paper-keeping and other processes could be streamlined, leaving employees to make the more important and interesting decisions. The time taken to process a case was brought down significantly.

The scale of the improvement achieved can be seen from the following figures:

	2000	2004
Cost per unit	£25.41	£17.83
Speed of service	75% cases completed in 5 weeks	86% cases completed in 3 weeks
Accuracy % free from error	98.46	98.71

For those unfamiliar with the process, it is difficult to describe the totality of the change achieved. However, it is clear that most employees have welcomed what has been done. Some people's jobs have changed out of all recognition in a little over five years. The extents of registered titles used to be outlined in red, painted on plans by hand. The people who did this now let the computer do the work while they have become multi-skilled technicians, processing cases from start to finish.

People now have the confidence to approach managers, and not just their own managers, with ideas. The 'I do my job and mind my own business' mentality has gone and departmental isolation and mutual criticism has ended. The Swansea suggestion scheme generates in the region of 15 suggestions per month. People look for feed back from internal and external customers. Teams help each other. People can move from team to team to get wider experience. Team leaders look to the career development needs of team members, so they can move into, for instance, specialist training, computer systems and p.a. roles.

Together with computerisation, the development of the activities undertaken at Swansea Office has upgraded the work undertaken and in the space of two years, eighty promotions resulted. People are hungry for more. They find the work exacting. Frustrations (apart from a small number who yearn for 'the old days') generally seem to relate to aspirations to do more and have to do with formal elements and structures, for instance, the levels at which discretion can be applied.

Continuing improvement

Swansea sees the need to continue to raise expectations and aspirations, to build capabilities, to manage initiatives and, always, to develop a culture that enables the organisation to take advantage of 'whatever challenges our future brings'.

The office uses Investors in People as a performance improvement tool, checking where they are and looking for areas for improvement. They completed their post-recognition review in 2003. Together with Land Registry, Wales Office and a number of other public sector organisations including the DVLA, Prison Service, Inland Revenue, the Job Centre and the South Wales Police, they have formed what is called the Public Sector Group. Initially this had to do with sourcing purchases from efficient Welsh suppliers, but it developed into a forum in which middle managers could discuss matters of mutual interest, principally relating to the management and development of people. Visits are arranged to share information and presentations are made to members of the group on subjects where a member has particular expertise.

Finally, recognising that in the future the positive attitudes and aptitudes of new recruits and their initial development would be very important to the office's success, recruitment has become more focused using the national core competence framework and the 'It's up to Me' materials form the basis for induction. No-one wants to slip back.

MERITOR HEAVY VEHICLE BRAKING SYSTEMS

ENDING INITIATIVITIS

FACT FILE

Industry: Motor component manufacture
Employment: 650
Location: Cwmbran

Meritor HVBS, based in Cwmbran, designs, develops and manufactures some of the most advanced heavy vehicle braking systems in the world. Supplying many of the premium truck manufacturers across Europe, the site has annual sales of over £100m and productivity almost 50 per cent above the average of sites across the world.

Recent years have seen intense competitor pricing pressures resulting in the constant requirement to reduce prices and costs.

The site has had a history of improvement initiatives in order to keep biting away at costs and to continuously improve its processes. However, until recently, progress has been slow and spasmodic: small steps forward followed by fallow periods.

The answer had less to do with what was done than how it was done. Change, it is now clear, has to be learned, facilitated, practised, performed and appreciated. 'Getting people off-the-job for a training course' is not enough.

High performance working ingredients

- Skill enhancement, particularly of management and self management skills using competence frameworks
- Teamworking skills and experience used on improvement projects
- Linking learning, involvement and performance management

Managing sustainable change

Until 1999, the Cwmbran plant was part of Lucas Varsity. During the 1980s and '90s, the plant went through a variety of change management and training programmes including quality circles and total quality but, as is so often the case, the programmes appeared to have more substance than results.

It was then acquired by Meritor, a US-based multinational that, in turn, merged with Arvin to form ArvinMeritor in 2000. At this time, the site was making losses running into millions of pounds; if it could not find a process to permanently reduce costs the business would be relocated to a country where costs were lower. The scale of the task facing the business was so great that no one individual could implement the changes required to turn the site around. It needed the effort and focus of the entire work force.

With this in mind the management and the site trade unions, Amicus and the TGWU, had to find a way to work together in order to give the plant the best possible shot at survival and success. Nobody wanted to see the plant close. The plant had undergone some automation, but with its wide

range of precision components, it had not eliminated the need for engineering craft skills, and with its complex manufacturing processes it still needed highly professional production operatives to make the system work.

A Site Steering Committee was set up. The Steering Committee included senior members of the management team, members of the Continuous Improvement team and trade union representatives. It held together the process of change, ensuring that focus and direction was maintained. But also, crucially, it legitimised and generated trust in the process of change. Trust built slowly. It has been said that 'in 2000, no manager would have been allowed on the shop-floor with a camera; by 2003 that was possible; but now production operatives will use the camera to help plan process improvements'.

Under new ownership, there had been changes at the top. They now had a senior Director who wanted radical change. Most members of the relatively young management team had come up through the Lucas system; they had been through crises before, had cracked down on costs, tightened discipline and weathered the storm. However the crisis facing the site this time was so great, a new approach from the management was needed. The change wasn't sudden or dramatic; it was more like a slow revolution in management style and behaviour. Effectively they decided to stop managing the workforce and decided to manage 'with' the workforce.

They had to go 'lean' and they had to lose jobs: the plant shrank from 1200 employees in 2000 to the 650 that are currently employed. But while hard decisions had to be made – in particular, managers who could not change had to go – the new management style had more to do with engendering keenness than meanness.

Taking a different direction

Paul Hayes joined the site in 1998 from the Panasonic plant in Cwmbran where he had been a Production Manager for five years. During his time at Panasonic he learned the basics of production management including process flow, housekeeping and discipline. Most importantly, he worked within a culture that always strived to improve its processes. At Meritor HVBS he initially served for three years as a Production Manager. The training and knowledge gained at Panasonic proved invaluable when Cwmbran introduced a lean manufacturing program called the ArvinMeritor Performance System and Paul was appointed the Site Continuous Improvement Leader (SCIL).

ArvinMeritor had developed its own 'in-house' approaches to training in continuous improvement and lean manufacturing. These corporate courses and materials addressed a range of issues and skills including waste reduction, 'pull' manufacturing systems, management behaviour, staff involvement and people management and development but they did not address methods of learning. Getting the full benefits of change and the issue of sustainability were still an issue for the individual plant.

It was in this context that a new training process developed at the Cwmbran site was piloted in 2001. First, to develop a greater understanding of the benefits of their fuller involvement, all employees were taken through a teamwork development course. All employees became a member of a team on their specific process. Second, all employees were taken through a course on waste management. This was held over three days with the objective of giving and embedding the necessary analytical and project management skills to identify and eliminate waste within the process.

The first day was conducted in traditional classroom style. The second and third days were spent implementing the previous day's learning on a practical problem on the process. Facilitators from the continuous improvement team delivered the first stage and guided people through the second stage.

When the off-the-job training had been completed, the facilitators supported the teams as they identified and eliminated waste within the process. To help, the facilitators had access to an ArvinMeritor database of best practice examples gathered from all over the world.

The facilitators had to learn quickly. They had all come from the shop floor, which gave them an insight into the issues and problems faced by the shop-floor employees. This gave them credibility. If they had come from the shop floor and learned the improvement and implementation process, then so could anyone else. To improve their training skills, the company sponsored the facilitators to attend a Chartered Institute of Personnel and Development course in training practice at the local college. All the facilitators responded by achieving distinctions for their coursework. The facilitators are learning all the time and have their own support and back-up from corporate level.

At the same time, all those in leadership roles were going through their own development process. Managers needed to change their management style from that of the traditional supervisor, enforcing rules and procedures and chasing progress, to one of leading, coaching and developing the teams. As with all change processes this is a difficult and lengthy task, but was essential to the success of a sustainable continuous improvement system. Trade union representatives, as leaders, went through the same process.

An ArvinMeritor framework of leadership capabilities was used. This was called 'White Shirt': the idea originated in Limeira, Brazil, where the framework had been developed so people would know management were doing what they said they would. In Brazil, each production operator was given a white shirt. If there was a problem on their machine that resulted in their shirt getting dirty the leader had to work with the production operator to resolve the problem. When the problem was resolved this would be symbolised by the issue of a clean white shirt. Managers dared not allow that shirt to be similarly dirtied. At Cwmbran the framework, covering nine issues including respect, involvement, teamworking and the development of talent, was amended by the Steering Committee to include personal development. Its success as the basis for culture change has been considerable although there is still some way to go. Managers are still occasionally being chided for not being 'white shirt'.

The expertise needed to tackle a visionary project of this kind – a culture change – was provided by the two-strong HR department but the strength of the project was its ownership by the Steering Committee and, gradually, by those in leadership roles throughout the plant. A ten-level competence-based road map for leadership is now being trialed at Cwmbran for ArvinMeritor.

Management initiative devolved

The new approach to the implementation of continuous improvement helped the site achieve a turning point in its fortunes. People took more pride in their process and great improvements were made in housekeeping and safety. Through increased involvement and team working, quality and delivery performance has improved.

Teams measure their own progress and capability using a five level, twenty-element framework that describes work unit excellence. The framework has been developed at corporate level by ArvinMeritor, using international best practice. One of the key units is ideas implementation. Improvement ideas from the shop-floor teams are currently increasing at about 25 per cent per year. Over 2,500 ideas have been documented in the first six months of 2004. Of these, over 70 per cent have been implemented, many by the team that originated them. Total savings across the site through all the various team activities and other site improvement initiatives run into millions of pounds each year.

An example of the sort of change that is being led from the shop floor occurred within one of the machining teams. The team machines a range of components that are assembled into a variety of brakes. Traditionally, parts would be made for stock. Machine scheduling was done on complex computerised spreadsheets, and a list of requirements handed daily to the team. This system required the stock to be counted and checked almost daily, to confirm which stock levels were getting low. Even when stock levels were high, machines were still scheduled to produce more parts, 'just-in-case' the process encountered a problem. However, this style of production is costly and inefficient, and can cause more problems that it actually solves.

Having undertaken a training course, the machining team were encouraged to work with the Continuous Improvement facilitators and production managers to develop a new process based on a pull system: to set up the machining process so that it only makes what the customer has consumed. The team were involved with the stock calculations, quantity per container calculations, and the layout of the cell. The team now no longer receives a schedule from the management. A visual signal, in this case a metal label, indicates that a container of parts has just been consumed and this acts as the trigger for the team to machine another container of parts. The process is 'just-in-time' and is far more cost effective and efficient than the scheduling system previously used.

The new system also gives the team a level of ownership not previously seen at the site. If the assembly process has a problem and does not consume the machined component, then the signal to produce more machined parts is not sent. If this happens, the machinist has the authority to stop running his machine and do something more constructive with his time.

And, the future?

There seems to be much that can still be done to develop and draw on the capability of those involved in production. For years, factories such as that at Cwmbran tried to control and remove discretion from the shop-floor. This only worked up to a point. Meritor HVBS at Cwmbran has shown how a factory can come back from the brink by engaging the minds of its production workers. It is not possible to say where this process will end. However, there are clear opportunities to further involve production staff in layout, work scheduling and production engineering decisions and to integrate back through to design engineering in order to improve design for manufacture. The potential is shown by the success of the facilitators drawn from the ranks of production staff. What we seem to be seeing is the convergence of design, production and craft skills. Already the implications for the development of the next generation of engineering talent at Cwmbran are being thought through.

ORANGETBOX

MOVING-ON FROM HIGH EFFICIENCY

FACT FILE

Industry: contract seating manufacturer
Employment: 140
Location: Hengoed

Orangetbox has been benchmarked as the most efficient contract seating manufacturer in the UK, but knows that the future requires even greater attention to performance improvement.

Using specialisation, developing management systems and matching loyalty to the firm with loyalty to the workforce, has been a successful formula, but moving-on up the performance curve will require an even greater engagement of minds, as well as hearts.

Orangetbox has a string of awards for efficiency including 'Best SME UK' from the Cranfield School of Management in 1999. Flexibility provides it with a unique selling point, able to provide customers what they want when they want it. Making further steps in improvement in operational effectiveness will require ever greater involvement of employees.

High performance working ingredients

- A strategy that relies on constant re-invention of operational capability.
- Engagement and development of existing talent and initiative in productivity improvement.
- Increasing use of cross-departmental projects to tackle wider opportunities.

From command and control to

Turning an organisation around is not easy. Changing its culture is even more difficult. When in 1994 Peter Hurley arrived at Giroflex from the engineering industry, he had an apparently simple remit: to make it sufficiently efficient to make an adequate return for its parent company Steelcase. The question 'how' was left to him to decide, but the expectation was that he would use tried and trusted methods and squeeze the assets, including the people.

A rocky road was travelled as the organisation transformed from an integrated manufacturing and assembly unit to what is largely an assembly unit with limited component manufacture. In 1998, a management buy-out enabled the management team to row their own canoe and implement significant organisational changes. Between 1998 and 2003, turnover doubled to £16million. In 2002, the company re-branded itself as 'Orangetbox'. Orangetbox makes its own PU foam mouldings; this apart, it is a design and build operation. The organisation now assembles its own products, largely made to order soft seating and special ergonomically designed task chairs for the high end market. It also assembles and sells Giroflex seating and sells Dietiker products under license.

Quality and flexibility mark out the success of the Orangetbox operation. An expanding team of eight make up research and development. An in-house ergonomist provides a tailor-made service to customers. Service engineers provide after sales service and refurbishment so that customers can

change the seats and backs of 'task' chairs rather than replacing the whole chair – a significant advantage for large customers and a unique selling point.

Orangebox is a people-based operation in which machines and space enable a multitude of components to be assembled. Hengoed has a slick agile supply chain holding stock of runner (constant use in 'lean' speak) products and ensuring supply of seating in virtually any fabric or leather covering within one week. Although CNC machinery contributes to efficient fabric cutting, virtually all the assembly jobs depend on hands, eyes, brains, jigs and organisation.

Flexibility so that large and urgent orders can be accommodated in what is usually a tight production schedule is enormously important. So is the need to flex production up and down. Flexibility also enables the co-ordination and consolidation of deliveries to different parts of the UK. It is important that vehicles are fully utilised and a range of sizes of trailers have been designed to maximise carrying capacity and minimise damage in transit. The requirement for flexibility cuts both ways: in hot weather employees asked for production to be started at 6.30 am so that they could have the afternoon off and avoid working through the heat of the day.

Command and control, using people as if they were machines to be turned on to do something simple and repetitive and turned off or out when the job is over, just seemed unacceptable to Peter Hurley. Commercially it seemed wrong given the need for flexibility and co-operation among the workforce. People could not be expected to leave their brains at the door. Orangebox has many people who are very experienced in doing their own jobs and can see how their jobs could be done better and who would scrutinise the bright ideas of managers brought forward. The real challenge was to get people involved in the running of the business.

Being a people business

The village of Hengoed used to rely on coal for much of its employment. Orangebox, with its 140 employees, has created a community of its own with a fiercely loyal workforce. A number of employees joined Amicus, the engineering union, in 2003 and Orangebox signed a recognition agreement. Relations with the union have proved mutually beneficial; the union provides independent advice for employees so they know what is going on in other comparable organisations. Union members have also been supportive of the works council that has proved a useful sounding board for employee opinions.

There are two main ways in which Orangebox has sought to involve people in management activities: by developing management capability in relation to their own jobs in their own teams and by involvement in project working away from the job. Great strides have been made in both areas but it is clear that involvement in managing the job better and widening its scope, rather than changing the process or being involved in a cross-departmental project, is more difficult to achieve. People do not feel comfortable moving outside their own jobs and find it easier to 'go hell for leather' to finish an urgent job than they do to record their activities and analyse what is going right and what is going wrong.

Those involved in making soft furniture are multi-skilled and, while people prefer to keep to their trade, sewers and cutters will multi-task when necessary. All operators achieve at least NVQ level 2. At first people were suspicious about assessment and qualifications but now have a sense of pride in what they have achieved. People have been involved in '5S' activities to improve housekeeping and other practices on the shop floor. Some have been involved in 6 Sigma activities to improve process quality. In 2000 they tackled costs through a plant-wide analysis and suggestion scheme, 'Cost Quest', that ran successfully for two years, taking suggestions from individuals and then from teams of employees.

Staff as managers

Spotting talent is important - people are encouraged to take external courses and some who started on the shop floor have moved on into managerial, technical & team leader positions. So is looking for exemplars of good performance. It is often easier to improve on someone else's good idea than to think something up starting with a blank sheet of paper. Realising that some employees had talent for process design, Orangebox sent a small team of their assembly operatives to Giroflex in Switzerland to get ideas to help improve efficiency on one of the production lines in Hengoed. Returning, they set up a larger team to redesign the line. They experimented and videoed a number of approaches, finally designing parallel lines so the seat, back and base could be assembled and then united with the complex geometrical mechanism being assembled alongside. A four-minute cycle time was promised and achieved. The new operatives were trained on the new lines. 'Now the Swiss come to Hengoed to see how we do it'.

Orangebox lays heavy emphasis on quality improvement through out its supply chain. They have worked on this within the plant and with its suppliers in conjunction with the Lean Enterprise Research Centre at Cardiff University as well as networking with South Wales Innovative Modern Management through the Purchasing and Materials Manager. Having applied a comprehensive measurement system they identified gaps in supplier capability and run free workshops on subjects including continuous improvement, environmental management, value stream mapping, and business continuity. A web site was established to improve internal & external communication, and more recently supply chain performance objectives and measures have been customised following SWOT and PEST analysis. Since 1998 sales have doubled, product variety has grown considerably, service and quality has improved year on year, and stock turn has gone from 8 to 24.

The environmental workshops for the top 20 suppliers named 'Chrysalis' followed on from the activities of an internal environmental task force. The team was led by the HR Manager and aimed to improve the environment within the plant as part of the EU-funded South Wales SENVA (Supplier ENVIRONMENTAL Assessment) programme that helped small businesses to identify opportunities to minimise waste and meet the environmental needs of customers. Having identified a number of priority areas to tackle, team members each took on the leadership of activity relating to a particular issue; for instance, someone from accounts looked at recycling, and someone from the shop-floor led a project aimed at replacing a solvent-based adhesive used to stick fabrics to chair backs with a water-based one.

The latter problem was not easily resolved. The solvent-based adhesive was technically ideal: it had high bond strength but dried only when heat was applied, allowing the fabric to be positioned carefully on the sculpted chair-back. The adhesive group nearly gave up many times but in the end they managed to find the right adhesive and a way to position the cloth and to bring it into full contact with the chair-back. The latter involved a new 'drawstring' design for the fabric covers that has now been more widely applied. Quite apart from the environmental advantages of the new system, there was a reduction of cloth used in the covers (net of the cost of the drawstrings), lower adhesive costs and no need to heat or store them while they cured. In addition, the process was much more efficient and staff costs were reduced.

The annual savings resulting from this one project were as follows:

Net savings from the use of drawstrings to fix covers	£ 6445
Change to water-based adhesive	£18590
Energy savings	£ 4500
Net labour savings	£33107
Space savings	£ 5124
Total savings	£67766

A follow-up project improving the nesting of fabrics during cutting has realised similar savings. Five out of the seven environmental projects were successful. The operator who had been team leader on the adhesive project has changed jobs and moved into the Orangebox quality team. The organisation also won the 1999 Wales Environment Award for the 'Best Environmental Team'. The exercise has brought people closer together across the organisation. It enabled people to learn new skills, particularly in project management and team working. It put them in a position in which they had to make discretionary decisions in the context of organisational objectives. The initiative shows that by giving people responsibilities that take them right out of their normal remit, they respond positively and creatively.

Moving on

Orangebox is very professionally led and recently clarified its vision, values and vital few indicators enabling the business to focus on key activities. This is measured through a simple traffic light system so that all can easily and quickly determine how they are performing.

Orangebox has moved a long way towards making the transition from medium-sized business, 'jolly along' but vulnerable to change and the high expectations of a parent company, to a leading edge operator. However, Peter Hurley and his team recognise that the challenges ahead are considerable. There is more to do to release talent in the business. The challenge is to develop consistently higher levels of professionalism in all areas, so people think about performance analysis and improvement all the time and not just when they are engaged in a special project.

PERKINELMER

DEVELOPING PEOPLE, DEVELOPING COMPETITIVENESS

FACT FILE

Industry: Life and analytical science equipment manufacture
Employment: 84
Location: Llantrisant

PerkinElmer at Llantrisant is part of the PerkinElmer group with headquarters in the USA. The group is a technology leader in life and analytical sciences, optoelectronics and fluid sciences. The plant assembles high technology instruments, a mix of low volume products, often designed to specific customer requirements, with a wide range of accessories, consumables and service parts available. The complexity of its products is reflected in the fact that they have, on average, 500 components.

Modern manufacturing has to be 'lean' with high efficiency, low stocks and supplies arriving 'just-in-time'. Organisations that cannot do this, particularly those that are part of multi-national groups, do not last long. Llantrisant, as recently as 2001, with high labour costs, was such a 'lame dog' plant.

Only three years later Llantrisant is more than competitive. It is winning new business but still wants to improve. It has won a string of awards including the Accelerate Wales Award 2004 for 'the greatest improvement in performance of a lead company' working with key suppliers in its supply chain.

High performance working ingredients

- A vision and values worked through by managers and supervisors.
- Engagement of everyone in the regeneration and establishment of a continuous improvement culture in the plant.
- Learning as a basis for change.

You would not want to start here

The Llantrisant plant assembles sub-assemblies and finished goods from bought-in components. It employs 84 people. Supplier costs make up eighty per cent of site costs.

In November 2001, the US Corporate Vice President of Operations described the plant as 'the worst of all our manufacturing facilities'. It was then not financially viable. Six months later he described it as 'one of our best'. What had happened had actually been part of a long-term development begun much earlier and is on-going today.

The plant had been the subject of change programmes since 1999 with key people being trained in Six Sigma and 'lean' manufacturing techniques, but the results had been disappointing. Inefficiencies continued as the thirty-year old command and control culture enabled departmentalism to continue, waste and over-stocking to abound, and supply chain deficiencies to act as a drag net on the improvement of performance. No real improvements in quality, cost and delivery had been achieved.

The arrival at the plant of Jacqueline Royall as Operations Director started a process that effectively changed the culture or at least enabled staff at all levels to work together as equal partners. Jacqui could see that the failure to improve performance related, in part, to the perception of assembly staff that 'lean' and Six Sigma programmes were a black box, not owned and inaccessible to operators. It was also clear that parts and sub-assembly data were inaccurate, so production control and scheduling was not effective, nor were efforts to analyse work and stock flows. At the heart of the matter was the commitment of assembly staff. As long as they felt they were the butt of everyone else's decisions – design and development, sales, process engineering, production management, purchasing – and did not own the process, there would be no motivation to improve performance or to make sure that parts data were accurate.

In early 2001, SWOT analysis by a group of managers and supervisors uncovered many of the root causes of the problems, and argued that until the leaders within the plant understood their role in the development of a different culture, 'lean' and Six Sigma could not start to deliver business results by eliminating waste and improving quality.

Starting by believing they had to improve

Simply getting the message that improvement would be vital was not easy. It started with what was to become known as 'Town Hall' meetings, held monthly thereafter. The managers argued that things could be different; Llantrisant could be 'better than all the rest' but only if, as a plant, it had 'one vision' of the future.

Of course, it did not start that way. Some of those who should have been leaders left fairly quickly. Others who wanted to but could not change also left. It was realised that ownership of change was an issue for the plant as a whole. They had to 'move up a gear' and did it by involving a group of 23 people at all levels, including all the functional leaders reporting to the Operations Director, who wanted to develop their understanding of what was required, to share the values and to develop their contribution to change. This group went through the Dale Carnegie personal effectiveness process, re-started the focus on 'lean', started the breaking-down of 'silo' thinking and oversaw the plant's achievement of the IIP award. They also saw that, moving up another gear, the plant needed to move away from reliance on initiatives and embed change through continuous improvement. They argued that there should be a more limited number of ten shop floor 'change agents' who would lead and co-ordinate the continuous improvement activities.

Llantrisant had always been a trade unionised plant. The union representatives could have been ignored – they had never been involved before. They were used to 'another bright idea' from management soaring high and falling back to earth. They could have been cynical. Overtime was virtually guaranteed as parts shortages and looming deadlines drove excessive weekend working. But the union representatives knew people wanted to move forward. Some wanted to simply do their job while others wanted to be more involved. But no-one wanted to lose their job and they all wanted to do their job better. They agreed to limit working to a five-day week, cutting unit costs and pay at a stroke. For their part, union representatives gained a voice, 'can talk openly' with management and their members and have the satisfaction of seeing the plant working 'smarter not harder'. As ever, there are those who did not want to change and hark back to the old days, but the union representatives see no alternative to change if jobs are to be maintained.

By mid 2002, huge changes had taken place. 'Pull' systems had been introduced on the shop floor, building on cleaned-up scheduling and inventory data.

Developing the business from within

The success of the development processes, organisational and personal, at Llantrisant are illustrated by the story of one of the change agents, Geraint Evans. Geraint was an engineering apprentice with

PerkinElmer when the plant made, as well as assembled, many of its products. His interest in performance was stimulated by a Dale Carnegie personal effectiveness course run in twelve two hour evening sessions. He had also taken an SA Partners 'lean champion' course so that he could train others in lean techniques. This competence and project-based course covered the need for lean manufacturing, approaches to lean, lean techniques and training techniques. Geraint was himself coached by his own cell leader who had undertaken his own pre-session course in facilitation.

As part of the course, Geraint introduced a 'pull' production system in the optics shop in which he worked. He analysed the quantities of different types of components moving through the shop, stock usage and showed how inventories could be reduced so that production could be 'just-in-time'. He was then interested, when the opportunity arose, to take up a challenge to be one of the ten change agents.

The change agents worked outside their normal functional areas. Geraint led a project that aimed to reduce costs in a software area. PerkinElmer computer-based products go out with dedicated software and commissioning discs for installation by service engineers. Over time, waves of technology change had led to a physical spreading of the software area. The project managed to cut floor space by 50 percent and eliminated considerable amounts of obsolete stock while maintaining quality and delivery.

In tackling this new role, Geraint was supported by a consultant from the Society of Motor Manufacturers and Traders Industry Forum, a body set up primarily to help car component companies apply 'lean' techniques. The Forum provided higher level 'lean' training and also training in leadership and project management. The training was competence-based, using a spiders' web competence chart to monitor progress. In parallel, Geraint was taking his Six Sigma green belt developing further his process housekeeping skills. The change agents also achieved NVQ level 3 in Business Improvement as part of their development.

All this has whetted Geraint's appetite for process engineering and he is making a transition from his shop floor job into a full time job supporting performance improvement.

Stepping-up another gear

The evolution from an inefficient shop floor that was, in a sense, at the beck and call of everyone else, to one that generates performance improvement in a very short space of time is startling, but it is not the end of the story. Assembly is now a key player in product development. They work closely with research and development and suppliers, contributing particularly on issues affecting manufacturability. The expertise of those involved in final test is recognised by their involvement with service engineers tackling tough user problems.

Assembly is seen to be much more than a matter of manual dexterity. Technical competences are learned on-the-job and teams chart their development, from the rudiments through to the ability to pass them on to others. At least as important is the ability to participate in the management of assembly and here if a new hand is needed, they tend to come through the despatch department where their 'lean' and Six Sigma' competences are developed.

More is to come. Plans are under way to reposition assembly, removing functional boundaries to make clear the plant's total focus on assembly, support for assembly and service to the customer. The plant aims to be the best site within the group for new products and to work in, the easiest to do business with, to develop processes others can learn from, and to develop all its people as business leaders.

UNITED WELSH HOUSING ASSOCIATION

PARTNERS IN HOUSING

FACT FILE

Industry: Housing
Employment: 300
Location: Caerphilly

The United Welsh Housing Association provides over 3,500 homes for people in twelve local authority areas across South East Wales. These include homes for 600 older people and 500 for people needing additional support.

United Welsh's ambition is to be the provider of choice, not the provider of last choice. As such, they wanted to engage all the energy and ideas of the people they employ.

Option-based partnership was the mechanism chosen by management and UNISON to facilitate change.

High performance working ingredients

- The linking of better employment relations with better performance.
- Using staff experience to improved customer service.
- Focusing management development on the cascading of a partnership culture

Why partnership?

It's not that employment relations were ever bad at United Welsh Housing Association; they were typical of many organisations on the fringe of the public sector: some union members, following local authority negotiations in setting terms and conditions, and having an administrative culture that neither engaged nor antagonised employees. They could have gone on as they had and even now no-one would be complaining. But they wanted to do better than this.

Centrally, United Welsh have marketing, building and administrative services functions but the largest number of employees work on the periphery of the organisation, looking out to tenants, managing the housing stock, managing relations with customers and managing repairs and maintenance.

Drawing on his experience in community working and counselling, the corporate services director, Gareth Hexter, believed that more could be achieved if only the organisation could tap into the knowledge and potential of employees. A management discussion on the quality of customer services and the need for staff to adopt more flexible working practices created the opportunity for culture change.

It was realised that these changes could only be made through negotiation with UNISON, a process that had in the past been time consuming and had often resulted in compromise changes that only partly achieved the advantages originally perceived. The misfit between what was wanted and what happened often occurred because the changes were defined by managers at least one level removed from the interface with customers.

Fortunately, the deficiencies of negotiation arrangements in these circumstances were also evident to the senior UNISON representatives, David Williams and Chris Rutson. They could see that the process led to sub-optimal outcomes for employees. They were ready to champion the 'right' change and reacted positively in initial discussions with managers.

At this point managers, however, nearly 'blew it'. Having seen a presentation on partnership working and the availability of public funding through the Partnership Fund, they presented a proposal for a partnership agreement to the UNISON representatives. In doing so, they effectively demonstrated a lack of understanding of the nature of partnership. It could not be a one-sided arrangement. Had it not been for the concerns already in the minds of the UNISON representatives, discussions could have ended at that time.

In the event, conversations opened-up the subject of involvement and empowerment, culture change and business needs. Union members backed a Partnership Fund application, which in turn brought-in a facilitator from the Involvement and Participation Association. A staff conference held in late 2001 led to workshop discussion and the formation of a Partnership Steering Group to oversee the partnership project. The workshop discussions also led to a breaking-down of barriers across the organisation, vertically, up and down management chains, and horizontally, between departments.

Consultation and involvement paying its way

A staff survey was held in early 2002 to ascertain the views of staff. The existing Joint Negotiating Committee, consisting of management and union representatives, was reconstituted as the Partnership Group at the end of 2002, and a Partnership Code of Conduct, describing the sorts of behaviours and activities that were to be encouraged around the organisation, was issued in early 2003.

From this point, management development focused on the embedding of partnership values, empowering management style and behaviours in everyday relations, performance management and appraisals. Workshops were arranged for managers to ensure that everyone consciously developed appropriate skills. These skills fitted with the preferred behaviours of some but not all managers.

Already working parties of staff had tackled key business problems and one group of housing officers had reviewed arrears policy. As a result, the number of standard letters used for this process had been reduced from 50 to eight. A traffic light approach was adopted with fewer but clearer stages in the process and greater opportunity for housing officers to use their discretion in tailoring solutions to individual situations. A presentation of these proposals was made to senior management before the ideas were adopted.

The involvement of staff in working parties and the application of judgement based on experience has resulted in significant improvements in key performance indicators:

	2002	2003	2004
Rent lost due to empty properties as a % of total rent	2.1%	1.1%	0.9%
Average turn around of empty properties in days	29	26	12
Net rent outstanding as a % of total rent	2.8%	2.2%	2.1%

Staff share the responsibility for achieving performance improvement targets. They also share experience and good practice. Inevitably, mistakes are made but a 'no-blame' culture ensures that

people learn as a result. Success is also celebrated by team events. Recruitment practices have been changed to make sure that new staff have the sorts of attitudes that would fit with the proactive, teamworking, approach to work and relationships now found at United Welsh.

United Welsh describe consultation as a process providing constructive tension. It puts a spotlight on issues and enables them to be examined exhaustively, seen from all sides rather than having particular ideas having partisan support. However, the organisation has not moved into a state of perpetual consultation. The Steering Group meets every two months.

The heart of the new arrangements is the concept of 'options-based consultation'. This looks at issues in the round and suggests a number of possible solutions for discussion. Options may be placed on the table by managers or by employees. Both can add to the list of options provided. Either can put items on the Partnership Group agenda. Pros and cons are discussed and options are refined. But in the end, everyone agrees, managers have to decide what to do. Partly this recognises of the facts of business life but it also reflects the leadership provided by top management in the development of the new relationship within the organisation.

Empowerment in the context of United Welsh's activities means that anything can be challenged constructively. It does not mean that things can be changed unilaterally. The consultation process enabled all sides of a proposal for a new office in Cardiff to be examined. As a result, staff rallied behind the proposal which would provide a service for the convenience of customers but meant that some staff would have to travel considerably further to work. Consultation has resulted in the integration of responsive repairs staff and housing 'customer service' teams. The repairs staff had previously been located within a department that focused on building and development. It has also resulted in more flexible shift working and the alignment of the previously different working at one of the organisation's hostels.

The Involvement and Participation Association carried out a further staff survey on behalf of the organisation at the start of 2004. The IPA concluded that the survey results were 'an exceptional achievement for the Association'. Eighty-five percent of staff said that they felt proud to work for the Association and ninety-seven percent of staff agreed that high performance and continuous improvement is important to the Association. Staff say that United Welsh gives more responsibility and discretion to staff, involves them more, and allows them to 'see things through' so they do not find that decisions have to be 'referred upstairs'.

These indicators of the quality of the workplace culture developed at United Welsh led to its being recognised by the Wales Management Council in its Best Managed Workplaces in Wales survey in 2003, and by the Financial Times as the '5th Best Workplace in the UK' in 2004. United Welsh are willing to share their experience and have received visits from a number of commercial organisations.

The future

United Welsh works in a rapidly changing world and seeks to respond positively and flexibly to Welsh Assembly Government initiatives and strategies. The partnership culture will be further embedded through the introduction of core competencies and reinforced by a leadership development programme involving all senior managers. By optimising the creativity and commitment of staff, United Welsh will be able to achieve its ambition of being the provider of choice.

MOVING AHEAD

Getting to grips with high performance working

Some organisations in Wales are already seeking to move down the high performance route. What does your organisation plan to do? It is not an easy route. Before starting out it is important to ask whether it is the right route for you.

■ **Why?** is the most important question.

The reason for using an HPW approach may relate to specific performance improvements or it may have to do with the creation of capability in anticipation of the need to up-skill. It may have to do with cost cutting but HPW has the greatest potential for organisations seeking to constantly improve quality and added value. But the reason, 'the vision', should be strategic, and it should be as clear as possible, capable of being explained to staff so that they know why their work is changing.

It is important to be clear:

- *what greater creativity, innovation and involvement in process improvement your people would achieve in terms of customer delight and comparison with best benchmark competitors, or the equivalent in the case of a public sector organisation*
- *whether the future for your organisation is bound up with the creation of more value at more points by more people in your organisation and its supply chain, rather than by cutting input costs*

■ **What** changes does your organisation need to make?

This is a more complex issue than it may seem. As can be seen from some of the case studies, it is all too easy to make a false start and see a lot of effort run into the sand. It is necessary to make an integrated and coherent approach to change, linking changes in work organisation, skills and behaviours - *performance practices* - with *enabling practices* that build trust and willingness to change.

In particular, consider:

- *what do you want people to do differently?*

How should their jobs change? To what extent will they need to be more responsible for making changes themselves?

- *what involvement do you want people to have?*

What involvement do you want people to have in projects that have to do with the development of processes more generally, to improve the cost base, or to improve customer satisfaction in their teams, departments or between departments?

- *what needs to be done to ensure that people own these changes?*

Will ownership grow as a matter of course as change progresses or are special activities necessary to generate real commitment?

- *how will people learn to do things differently or do different things?*

Can you describe the knowledge, skills, behaviours and know-how - the capabilities - people require? Who has the necessary knowledge and who can teach whom? Do you need to go outside the organisation for help? Can you find outside help from people who really understand your business and what you are trying to do? You are very unlikely to want a standard 'off-the-shelf' package. If off-the-job learning is necessary, can it be linked to near-to-the-job and on-the-job practice? Do managers and passers-on of skills know how to coach? Can you integrate job and capability change so that the process is effective?

- *do you know what your people want?*

Do you know what your people want from their jobs in terms of trust, security, job satisfaction, willingness to change, reward and recognition? Is it possible to reconcile these things with what the organisation needs from them? If necessary, do you have a plan to establish a sufficient threshold level of trust before moving forward?

- *how are you going to measure success?*

What difference would your customers see? How would you celebrate success, step by step, so as to maintain motivation and momentum? Nothing succeeds like success.

■ **Who** is going to take the lead?

Leadership is needed at a number of levels but it starts at the top. By example the chief executive sets the standard for behaviour and direction. Fairly early, those who are change leaders need to be identified and enrolled. The key managers need to be 'on song' passing on the vision and instigating change. They will not all be part of the management team. In an organisation in which trade unions are recognised, the union representatives will need to be involved and their support and leadership engaged.

Ask:

- *are you sure what leadership is and what leadership characteristics are needed in different roles?*
- *who are the people who want to change and how to establish an alliance with them? Can you engage these people in the change processes, in leading projects and in motivating others?*
- *are the right people in the right leadership roles? Where not, what needs to be done about this?*

Getting started

From the above, it might be thought that moving towards high performance working is complex and time consuming. It is. But it ought not to be daunting.

In effect, some organisations, both private and public sector, have no choice but to change. The only way they will survive and meet their objectives in the public sector and stay in business in the private sector is to involve their people more. Other businesses could be so much more effective but while their survival is not threatened they sense that they could do so much better. Most will have in mind organisations that they would like to match and exceed in terms of success.

It is not necessary to complete a transformation in one step. None of the case study organisations have done this. Start by an analysis of strengths and weaknesses, opportunities and costs. Pick off one or two priority areas for action and make sure that what you do is effective. Integrate what you do on all fronts and make sure the initiative is owned by the people and particularly the leaders involved. Then move on, stage by stage.

Getting help

● Reading

Reading about this subject may provide a starting point.

For a thorough exploration of this subject, try *'Supporting workplace learning for high performance working'* by Professor David Ashton and Johnny Sung, International Labour Office, Geneva, ISBN 92-2-112801-6. This book and a series of case studies carried out for the ILO and the International Federation of Training and Development Organisations can be viewed on the ILO web site at www.ilo.org. The easy way in is via Google searching for ILO and high performance working.

The Chartered Institute of Personnel and Development and the Engineering Employers Federation have published a useful guide: *'Maximising employee potential and business performance – the role of high performance working'*, ISBN 1 903461 29 4. The booklet can be viewed on the CIPD web site at www.cipd.co.uk.

The Involvement and Participation Association has a useful comparison of different approaches to the concept of high performance working which can be accessed on their web site at www.partnership-at-work.com.

Look also at *'Partnership at work – business improvement through employee involvement'*, published by the Welsh Assembly Government, www.wales.gov.uk, a series of short descriptions of change processes.

Inside Welsh Industry, www.iwi.org.uk, provides the opportunity to visit organisations that demonstrate a range of approaches to performance improvement including aspects of high performance working such as team working, flexible working and people issues. IWV also publishes a quarterly *'Update'*.

The Department of Trade and Industry publishes a short introduction to high performance working in its *'Achieving best practice in your business'* series. The booklet is called *'Maximising potential: High Performance Workplaces'* and is available free of charge from www.dti.gov.uk/publications.

● Advice

Advice is offered by a range of public and private organisations. Depending on your industry and objectives, some public agencies may also provide financial assistance for organisations seeking to improve performance. Some of the case study organisations featured in this publication have found this help invaluable but have been very discriminating in its use. They have been careful to define what they want to do and to choose consultants with whom they can work effectively. Consultants need to understand what the organisation is trying to do and how to act as a support for, rather than as a substitute for, internal champions of change. You might start by contacting Business Eye on 08457 96 97 98, www.busesseye.org.uk, or ACAS Wales on 029 2076 2636, or their Helpline 08457 474747, www.acas.org.uk.

APPENDIX I

The case for high performance working.

In July 2002 the DTI produced a discussion paper entitled *High Performance Workplaces – The role of employee involvement in a modern economy*. The following is an extract:

The Government believes productivity can be boosted by firms and employees working together to build high performance workplaces. The characteristics of high performance workplaces are high levels of adaptability, flexibility and involvement by both employees and employers. High performance workplaces are achieved by a wide variety of means – initiatives to offer employees greater incentives, investment in skills, and improving the working environment. Information and consultation can be one of the ingredients of a modern, high performance workplace. Supporting the efforts of managers and workforces to achieve high performance is a priority for the Government's second term.

The potential contribution of high performance workplaces to improving our productivity is a theme of a number of recent reports and studies. For example the Engineering Employer's Federation report on US and UK manufacturing productivity (*Catching up with Uncle Sam*, December 2001) concluded that US experience provides convincing evidence that new workplace practices have been a contributing factor to productivity growth in the US manufacturing sector, and that there is a clear link between the use of such practices and productivity and profitability in UK manufacturing.

The CBI/TUC submission to the Productivity Initiative (*The UK Productivity Challenge*, October 2001) stated: "research evidence suggests that new forms of work organisation, effective management and leadership, a culture that encourages innovation, employee involvement and employee deployment tailored to organisational needs are all necessary conditions for adaptable, high performance workplaces ... A central feature in the mix is the adoption of an inclusive management style that encourages workers at all levels of the organisation to contribute. Management leadership and employee involvement are complementary features of the high performance/high commitment model."

More recently, a joint CIPD/EEF report *Maximising employee potential and business performance – the role of High Performance Working*, published in 2003, explores the characteristics of a high performance working organisation in more detail and the benefits it brings:

While HPW clearly involves using HR practices and policies to boost company performance, there is not a definitive list of practices that it involves. However, HPW practices tend to focus on employee autonomy and involvement in decision making, support for employee performance, rewards for employee performance and the sharing of knowledge and information. Part of HPW's strength derives from its flexibility to incorporate different practices to meet the varying needs of individual organisations.

A CIPD study by the Institute of Work Psychology at Sheffield University .. shows that in a sample of 100 manufacturing companies based in the UK, HPW practices accounted for around a fifth of the variation in profitability and productivity between firms.

HPW has slowly but steadily diffused through the UK aerospace industry and there is evidence of a clear link between HPW and sales and value-added per employee. Aerospace firms with a greater number of HPW practices also had more lean production systems in place and a higher training spend.

HPW practices are considered to improve company performance through the three causal routes of:

- increasing employee skills and abilities;
- promoting positive attitudes/increasing motivation;
- providing employees with expanded responsibilities so that they can make full use of their skills and abilities.

In December 2003 the DTI published its *Innovation Report – Competing in the global economy – the innovation challenge*. The section in Chapter 2 on high performance workplaces gives further weight to the arguments in earlier reports:

Evidence shows there is a clear link between innovation and high performing workplaces, where good managers inspire their employees and create a workplace culture in which new ideas are encouraged and rewarded. In turn, employees who are motivated and valued can play a vital role in contributing to the success of the business. The 1998 Workplace Employee Relations Survey identified fifteen key workplace practices. Those businesses that displayed four or more of these practices were more productive than those that did not. These included fully or semi-autonomous team working, single status for managers and employees, team briefings with feedback, non-managerial approach to problem-solving, and family friendly policies. The results show, however, that only 14% of workplaces had a majority (eight or more) of these practices in place, and 29% adopted three or less. This is not sufficient if we are going to achieve a competitive advantage through workplace innovation.

Team working, involvement in decision-making and extensive communications are all particularly important characteristics of high performance workplaces. Organisations can get a bigger performance boost from working with their employees than from a 'command and control' approach to management. A 1990s study carried out by the Employee Participation and Organisational Change Programme into the impact of employee participation reforms in eight countries found that 94% of workplaces that had delegated tasks to groups of workers saw an improvement in quality and 58% saw an improvement in output. These research findings illustrate the impact of work organisation and workplace culture on innovation. Furthermore, the high trust relationships that allow workers to have a say in the way work is organised are vital to the successful implementation of new technologies and processes. For innovation to flourish, work must be organised in a way that enables new skills and employees' knowledge to be fully utilised and to create a culture of continuous innovation.

Further emphasis on the relationship between high performance and productivity was provided in the findings of the Work and Enterprise Panel of Inquiry published in 2003 under the title *The Missing Link – From Productivity to Performance* from which the following is a key extract:

Productivity needs to be seen as a part of a broader performance picture in companies and not as an end in itself.....We settled on five areas that capture the range of factors that business needs to manage across, and that affect performance – the High Performance Index

- Customers and markets
- Shareholders and governance systems (including finance and investment)
- Stakeholders (suppliers, customers and people, but also community and CSR objectives)
- Human resource practices
- Creativity and innovation in management.

What drives high performance?

The productivity issue is not one of efficiency. It is one of effectiveness.....In the 21st century the goal must be to create higher productivity through smarter work, rather than harder work. While further investment in plant and equipment will provide benefits depending on the type of organisation, the key to unlocking performance is the manner in which people are led, managed and engaged around the High Performance Index.

The key factor to executing the High Performance Index is the contribution of people. 'Managing the spaces in between', or integrating the five areas, can only be achieved by a workforce that sees the big picture and is enabled and motivated to act, with middle managers able to translate strategy into workforce goals.

APPENDIX 2

High Performance Working Practices

The CIPD/EEF report, *Maximising employee potential and business performance – the role of High Performance Working* published in 2003, provides the following complementary lists of high performance working practices, and an overall assessment of what HPW means in practice:

<ul style="list-style-type: none"> ● Appropriate selection and recruitment processes ● Comprehensive induction programmes ● Sophisticated and wide coverage of training ● Coherent performance management systems ● Flexibility of workforce skills ● Job variety and responsibility ● Teamworking ● Frequent and comprehensive communication with employees ● Use of quality improvement teams ● Harmonised terms and conditions ● Market competitive pay ● Use of rewards related to individual and/or group performance ● Policies to achieve an appropriate work-life balance. 	<ul style="list-style-type: none"> ● Realistic job previews ● Psychometric tests for selection ● Well-developed induction training ● Provision of extensive training for experienced employees ● Regular appraisals ● Regular feedback on performance from many sources ● Individual performance-related pay ● Profit-related bonuses ● Flexible job descriptions ● Multi-skilling ● Presence of work improvement teams ● Presence of problem-solving groups ● Information provided on firm's business plan ● Information provided on firm's performance targets ● No compulsory redundancies ● Avoidance of voluntary redundancies ● Commitment to single status ● Harmonised holiday entitlement.
<p>Other research has extended these lists to more than 30 practices, but there is no definitive list. All practices can be categorised into four dimensions:</p> <ul style="list-style-type: none"> ● Employee autonomy and involvement in decision making ● Training, development and support for employee performance ● Rewards for performance ● Sharing of information and knowledge. 	
<p>These underlying dimensions are achieved by introducing sets or bundles of practices, rather than one particular practice on its own. The end result is a new way of organising production that breaks with the tradition of 'command and control'. A High Performance Workplace encourages the development of workers' skills and taps into their emotional capital and tacit knowledge in order to enhance organisational performance. In addition to developing technical skills and multi-skilling, the need for ongoing problem solving, communication and team-working requires the continuous exercise of discretion and day-to-day learning by employees. This environment of flexibility and continuous learning is at the heart of the performance impact of the HPW approach.</p>	

APPENDIX 3

High Performance Working in Wales 2002 - 2004

a. *Wales Management Council*

The Wales Management Council's involvement with high performance working began with a policy seminar in 2002, in conjunction with CIPD. The seminar was attended by senior figures in the public and private sector, and keynote presentations were made by Dr Jo Pious (Director of SPRING, the Singapore government's productivity unit) and Grace Yow (National Semi-Conductor, Singapore) on the promotion and impact of high performance working practices in Singapore.

This was followed by Sgiliau Cymru 2002, chaired by our Chairman, Ian Rees, at which high performance working was a key theme.

In January 2003 National Council-ELWa issued a market intelligence report promoting high performance working.

Professor David Ashton, from Leicester University, the leading exponent of high performance working in UK, attended a Wales Management Council dinner in February 2003, and in subsequent months spoke at an ELWa conference on Workplace Learning, and at Sgiliau Cymru 2003.

During 2003 we prepared an action plan to drive up awareness and implementation of high performance working practices, see Appendix 3.

b. *Wales for Innovation*

The Welsh Assembly Government's action plan for innovation, *Wales for Innovation*, launched in 2003, identifies the "promotion of high performance working as a means to increase innovation and innovative thinking in organisations" and states that "workplace initiatives which engage all employees effectively will be encouraged, since there is now good evidence that companies with partnership-based approaches to employee participation achieve better competitive performance Management leadership and employee involvement and complementary features of adaptable, high performance workplaces."

c. *Partnership at Work*

The Welsh Assembly Government's action plan for business improvement through employee involvement, *Partnership at Work*, also launched in 2003, states that a key action is "to strengthen support to organisations in developing new or existing partnership arrangements which improve business performance and increase job satisfaction" is to "strengthen and broaden the campaign to introduce and embed High Performance Working Practices in companies throughout Wales."

d. *Best practice examples*

The CIPD/EEF report, *Maximising employee potential and business performance – the role of High Performance Working*, published in 2003, the best practice example of a company "moving to HPW", is a Welsh company, Ina Bearing in Llanelli, who were the winners of the Western Mail Business Award for Training and Development in 2002.

APPENDIX 4

An Action Plan for High Performance Working in Wales

The Wales Management Council proposed this Action Plan in 2003. This report represents action on items 2, 4, 6, 7, and the beginning of 10. Numbers are for reference only, and are not intended to suggest priorities.

1. Steering Group

Set up and fund a cross-sector steering group to plan, implement, stimulate and review HPW activity across Wales.

2. Research

A research project to establish the breadth and depth of high performance working practices in Wales, and how we measure up to business excellence models in other parts of the world, plus secondary research to tap into best practice and best thinking from elsewhere in UK and overseas.

3. Diagnostic

Develop a diagnostic tool, for self-administration, to help companies and organisations identify where they stand in relation to high performance working best practice.

4. Publicity

Disseminate information throughout Wales, to all sectors, about what high performance working is, the benefits it brings, and best practice examples.

5. Education

A programme of seminars, workshops, consultancy and mentoring with the same aim as in 3.

6. Publishing

A programme of self-help leaflets and booklets, in print and on the web, as an integral part of the publicity and education agenda.

7. Exemplar companies

Identify companies that are already leading exponents of high performance working, and link them to 3 and 4 above.

8. HPW Champions

Find, commission, and fund "HPW champions" who will be permanent (not occasional) missionaries for the cause, and lead much of the activity in 4 above.

9. Pilot projects

Find and fund a small number of companies, where HPW is unknown, to introduce HPW practices, monitor the results, and become exemplars (see above).

10. Best practice networking

Set up a mechanism for networking across all sectors, public and private, to explore, discuss and disseminate best practice in HPW, with emphasis on the public and private sector learning from each other, and explore joint working with other organisations, e.g. ILO, CIPD, EEF, who have high performance working at the top of their own action agenda.



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