Improving manufacturing productivity through employee engagement - a report for the Business Productivity Leadership Group

Nita Clarke OBE, Director - IPA

Preface

Following the recession of 2008, and a long period of stagnation, the UK economy has finally returned to growth and is outpacing most of our European neighbours. However, despite this modest growth and a strong jobs recovery, there is growing concern over our flat-lining productivity.

The figures are stark: Productivity grew at an average of 2.9 per cent over the thirty years from 1988 – 2008 before slumping with the recession. However, unlike the trend following previous downturns, productivity has stagnated for the last seven years. It has remains below the peak reached in 2008 and is now 15 per cent below the pre-crisis trend. After making up ground on fellow developed countries, the productivity gap is starting to open up again.

In response to this challenge, in the autumn of 2015 the Chair of the UKCES, Sir Charlie Mayfield, asked a group of senior business leaders to look in detail at how the productivity gap might be addressed, across major sectors of the economy. Nigel Whitehead, Group Managing Director, Programmes & Support at BAE Systems agreed as part of this business productivity leadership group to convene a working group to look specifically at how productivity in the manufacturing sector might be improved through more effective employee engagement, looking at the experience of a range of organisations in high end manufacturing, particularly but not exclusively in the aerospace sector. The working group includes members from UKCES, IPA, ADS, TUC, BAE Systems and Airbus.

This report has been compiled with their help and support.

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CONTENTS

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Introduction

Productivity is a crucial measure of the health of our economy. It is a vital determinant of wages – strong and growing productivity means employers can afford wage increases. As the economist Paul Krugman pointed out: 'productivity isn't everything – but in the long run it's almost everything. A country's ability to improve its standard of living over time depends almost entirely on its ability to raise its output per worker.' Increasing productivity in low-wage occupations such as retail, cleaning and care will be particularly important given the introduction of the National Living Wage in April 2106. It is also vital if we are to compete internationally in the 'global race'. And in the context of sharply reduced public spending, increasing productivity in the public sector will be absolutely vital.

But why has productivity stalled? Of course investment in new and effective plant, machinery and processes is vital, as is having an effective market and growth strategy. Companies trying to run their business with a mainframe computer will not match the productivity of those using the cloud. Steam driven cotton weaving looms are unlikely to match the output of the serried ranks of weaving robots on show in China. The market for a new twin-tub washing machine featuring a mangle is likely to be limited (despite the current nostalgia for all things retro).

But there is compelling evidence that what happens on a day-to-day basis in the workplace – where the rubber hits the road - is an absolutely crucial determinant of effective productivity. Put simply, too many employees find their abilities and skills under-utilised at work; they may be working extremely hard, but ineffective business organisation and processes means much of this effort is wasted. Too many employers don't listen to their staff; just one in two employees say their manager is good at seeking their views and only one in three say they allow employees to influence decision making. Too often managers are not up to scratch and organisations fail to explain their purpose to staff, meaning they find it unsurprisingly hard to motivate them.

Resistance to change is endemic across organisations, and many employees characterise their organisations as low trust. Very few organisations really listen to their employees and consequently have little idea about life on the ground, and fail to invite or follow up on employees' ideas about product or process improvement. Many employees report that their skills and abilities are under-utilised at work.

Our low productivity is not because of lack of effort on the shop floor. The proportion of UK employees who think they work very hard is one of the highest in Europe and in rising. And working longer hours does not improve output per hour – indeed it may diminish it if hours get excessive and employees slow down through burn out and stress. Remember, the galley slaves that helped Rome win its empire could only work at full tilt for a limited amount of time.

A recent survey of over 7,000 employees by the Smith Institute found that:

- 9 out of 10 employees said they were familiar with the term 'productivity' and think it is 'important'
- But half say they are less productive than two years ago, and 68 per cent say they're working harder
- Most see higher productivity resulting in fewer staff, less job security and harder work

- Employees say that managers need to value quality and measure what's important and not just what's easiest to count
- Although 1 in 3 are worried that technology will threaten their employment, 8 out of 10 see technology as necessary and want to embrace it
- The problem is 76 per cent say their employer doesn't consult them on introducing new technology
- The majority of managers don't listen to employee suggestions to improve productivity – most think only short-term
- Employees want better management and a fair deal for productivity gains – better pay, a better work-life balance, and more training

According to these figures the proportion of employees working less smartly than two years before (more effort for the same of less productivity) was around a quarter. In contrast the proportion saying they were working more smartly was as low as 13 per cent. So the front line is experiencing the productivity gap first hand.

There isn't a CFO in the land who would accept a situation where cash was flying out the door because a company's IT regularly performed at a third of its capacity. So it is curious that we as a country accept the fact that according to every survey, only about a third of our workforce is actively engaged at work, without recognising that solving this engagement gap could be a major contributor to improving performance, and helping to solve the productivity puzzle.

A recent survey of thousands of employees across 20 countries found the UK had the third lowest levels of engagement, 10 per cent behind the global average (ORC, 2014). A study published in 2012 and endorsed by leading business leaders in a letter to the Times, suggested that if the UK was able to raise engagement levels at work up to the level of that experienced in the Netherlands, it would be worth at extra £26 billion a year to UK GDP (Engage for Success).What a waste of people's potential, what a loss of productivity and what a cost to the nation.

Employee engagement, according to the Institute of Employment Studies, is 'a positive attitude held by the employee towards the organisation and its values. An engaged employee is aware of the business context, and works with colleagues to improve performance within the job for the benefit of the organisation.' There are at least 50 other definitions, but whatever the formula, effective employee engagement places unleashing the commitment, enthusiasm, skills and abilities of employees at the heart of organisational success – with processes and procedures aligned to that approach, rather than getting in the way.

As Nigel Whitehead, Group Managing Director, Programmes & Support at BAE Systems puts it: 'It's not that people are our best asset – it's that at the end of the day they are any organisation's only asset. Engaging employees in the mission and purpose of the company, and really empowering them to do the job as effectively as possible, lies at the heart of successful organisations, and as importantly is at the heart of sustainable business success.

'Improving employee engagement may therefore offer a significant part of the answer, and part of the solution, to the productivity puzzle.'

This report looks first at the link between employee engagement and productivity. It then examines some of the explanations of the productivity puzzle in the UK, and whether they provide an answer severally or collectively.

It looks at the role of the workforce, particularly the front line, in making productivity improvements. We focus on manufacturing, particularly but not exclusively, the aerospace industry. We look at some examples of how to improve individual and collective performance, by understanding what makes people at work tick, and how to unleash that latent power for the benefit of the organisation, examining in depth the experience of six organisations which are grappling on a daily basis with achieving significant productivity improvements at the same time as reacting to technological and market changes. Their stories are not unique, but their experiences offer some real insights into how all the plates can be kept spinning successfully.

We also look at how the power of employee engagement is a fundamental driver of one of UK manufacturing's success stories – the automotive industry. Britain's car makers are some of the country's productive employees, each generating £100,000 a year in added value. Productivity in the UK car industry has risen by 35pc since 2010 and is now twice the national average of £46,000, and better than the wider manufacturing sector's figure of £62,000. Through sustained and significant investment and advanced production techniques, and with a highly engaged workforce, three cars roll off the UK's production lines every minute, according to new data from industry body the Society of Motor Manufacturers. Indeed, British manufacturers made more cars in 2015 than any year since 2005. Production increased 3.9 per cent on 2014, with output at 1,587,677 overtaking pre-recession levels for the first time.

As the automotive industry demonstrates, there has been a growing recognition in recent years that the company's workforce essentially determines the effectiveness of capital investment in plant and production facilities. Because however good capital equipment may be, if the people who run the machines or man the production lines, are either not motivated to make them work at optimum capacity or are hamstrung by processes or procedures which undermine effectiveness of operation, that capital investment will go to waste. And the considerable amounts being spent on paying those staff is going to waste too.

The report looks at the evidence of the importance of effectively engaging employees to deliver modern ways of working (sometimes called high performance working), and at some of the steps that organisations need to take to make these a reality on the ground. It looks at some of the characteristics of an engaged organisation, and some enablers which organisations might use as lenses to evaluate their own engagement strategies.

As the statistics and the companies featured in this report demonstrate, taking engagement seriously is not a 'pink and fluffy' issue, best left to HR and the communications department to 'try harder'. The evidence is clear: engagement is a bottom line issue, because it is the key route to raising performance.

But it is also about future-proofing companies and organisations, by enabling the creation of a workforce that is agile, confident with change, resilient and collaborative. And it is fundamental to becoming an employer of choice, particularly in industries in search of scarce skills, because it has employee's wellbeing at its heart.

As Nigel Whitehead puts it: 'unleashing the power of our people at work is a fundamental underpinning of BAE Systems' commercial strategy going forward. This is not a nice to do. It is a must have for success in the 21st century and that is why we are investing considerable resources in creating a new culture across the company, where employees are empowered to deliver at their best, which benefits them as individuals, benefits the company and benefits UK plc.'

Employee engagement and productivity

There is longstanding and increasing evidence of the link between engagement and productivity – on an individual and an organisational level. The recent Workplace Employment Relations Study demonstrated that when managers report higher levels of both productivity and financial performance relative to their peers, employee engagement levels are also higher. There is a strong relationship between engagement and both employee advocacy and customer satisfaction and loyalty. In a massive survey of over 23,000 business units, Gallup found that those with engagement scores in the highest quartile were 18 per cent more productive than those in the lowest quartile (Harter et al, 2012).

And the costs of disengaged employees are equally high. To take just one area, according to a recent study by a leading health and safety expert, Dr Dominic Cooper, engaged employees are five times less likely to be involved in an accident, and the costs of disengaged employees are about six times more for an incident than for an engaged employee.

In the NHS studies have shown that employee engagement can literally be a case of life and death. The more engaged a workfo4rce is, the better the outcomes for patients; the difference between an average and a good trust on engagement would be equivalent to around a 5 per cent decrease in absenteeism or turnover, or about a 4 per cent decrease in patient mortality.

Disengaged employees take more time off, and leave more frequently, and high levels of employee absenteeism and of turnover are often indicators of a disengaged workforce.

Disengagement also translates into bad news for the employer brand. We live in an era of instantaneous and overwhelming transparency thanks to social media and employees' willingness to record their views of their employer on sites such as Glassdoor. A study by the Harvard Business Review published in March 2016 found that with a candidate-driven market becoming the worldwide norm, concerns among potential applicants for posts about job security, dysfunctional teams and poor leadership were three key factors contributing most to a bad reputation as a place to work. Nearly half of those surveyed ruled out joining a firm that showed those characteristic, regardless of the pay increase. A 10 per cent raise would only entice just over a quarter to join such a company. As a result, a company with 10,000 members of staff could be spending up to £5.3 million in additional wages to make up for a perceived bad reputation – in other words £3,282 per hire.

Engaged employees are more innovative; they seek to continuously improve processes, look for new ways of adding value to their work and are more likely to suggest and follow through on new ideas. In 2007 Gallup found that 59 per cent of the more engaged employees said that work brings out their most creative ideas, compared to just 3 per cent of the less engaged (Kruger and Killham, 2007).

UK business leaders have identified the desire and ability of employees to innovate as vital to the success of their businesses as they meet growing global and domestic competitive challenges - alongside agility, confidence and resilience in the face of change, all characteristic of engaged employees. No wonder therefore that the CBI has identified engaging employees as a top priority for members for the past few years.

Further evidence on the importance of engagement to performance, productivity and the bottom line can be found at www.engageforsuccess.org.

The context for concern

British manufacturing faces growing and ferocious competitive pressures as the international economy becomes truly global. Whatever the year on year variations, many UK companies are experiencing a perfect storm of external and internal challenges, including the impact of new techniques and technologies, ever more demanding customers, complex supply chains, and accessing the skilled workforce they need.

Unfortunately, our stubbornly low levels of productivity mean much of UK industry is facing these challenges with one hand tied behind its back. The figures are stark:

- Historically UK labour productivity has grown by around 2 per cent a year, but since the 2008/9 recession it has stagnated.
- In the third quarter of 2015, productivity was just 0.7 per cent above the level of over 7 years earlier (the pre-recession peak level)
- Within the G7 the UK is ranked sixth, with Germany top and Japan bottom.
- In 2014 UK productivity was 18 percentage points behind the rest of the G7 average – the widest productivity gap since at least 1991 when the data series began.

The Office for National Statistics has called this lengthy period of stagnation in productivity 'unprecedented in the post war period.'

Prior to the 2008/9 recession, productivity in both manufacturing and services – two key sectors for our economy – had risen every year from 1997 to 2007. At the end of 2008 and early 2009 it fell sharply as a result of steep declines in output. As the UK exited from recession, productivity in both sectors began to recover, with manufacturing in particular seeing good growth. Following a fall in

2012, productivity in manufacturing grew again in 2015, but has since gone back into negative territory in 2015 (the pattern in services was the reverse).

Much of the economic growth we have seen has been attained by increases in the total number of hours worked in the country, instead of increases in productivity. The UK did not see unemployment fall off a cliff following the recession, as was the experience in other G7 nations, where it remains stubbornly high. Indeed the numbers in work in the UK currently stands at a record high, with a large decline in the numbers unemployed. However, this means we are working slightly harder to produce the same amount of goods and services than we were in 2007, and considerably harder than if productivity growth had continued on its pre-crisis trend.

This weakness in productivity translated into stagnation in wages and living standards for a number of years after the recession technically ended in 2009. Indeed, productivity levels in the UK have recovered more slowly than among our competitors since the recession.

Data from the Organisation for Economic Cooperation and Development (OECD) shows that one hour's work in the UK generated US$50.5 of output in 2014. The UK ranked 18th out of 34 OECD countries in terms of GDP per hour worked. However, when 17 western European countries were compared, the UK ranked only 15th. Gross domestic product (GDP) per hour worked was $62 or more in Belgium, the Netherlands, France and Germany (and more than $67 in the US). Productivity in those four European countries is between 23 and 32 per cent higher than in the UK (OECD 2015a). There is therefore plenty of scope for the UK to make productivity gains, although closing the gap between it and other European countries will take many years.

Unsurprisingly, therefore, solving the productivity puzzle, which is so dominating company and policy makers' conversation, has become a major national challenge, as the government recognised with the publication of its productivity plan, Fixing the Foundations: creating a more prosperous nation (10 July 2015).

And it is not as if the world is standing still to allow us the luxury of time to ponder this conundrum. Whatever the day to fluctuations, not only are market competition and customer demands increasing, including in high value sectors such as aerospace, but advances in technology and information including digitisation and robotification, the potential revolution of big data, and the impact of new manufacturing techniques such as 3D printing, are combining to tear up much of the old rule book. Traditional dominance in the field is no guarantee of future success when markets and customers become more demanding, or when a transformative technology comes along as the history of firms such as Kodak and Nokia demonstrates.

Hunting the Snark

Many reasons are advanced for this productivity gap, among them lack of access to finance for investment particularly in the SME sector, as a result of belt tightening by banks after the 2008 crash, structural labour market changes, including shifts to greater self-employment and part-time working, a shift overall in the economy to less productive jobs, not enough world-class businesses able to compete on the international stage, a failure to ensure a supply of the right skills in the existing and emergent workforce and so on.

But the facts tell a different story. For example, between 2007 and 2014 the proportion of the workforce with at least a level 4 qualification (equivalent to an undergraduate degree) rose by more than 8 percentage points: over 40 per cent of workers are now educated to this level or above. There have been increases in the proportion of workers with level 2 and level 3 qualifications and the proportion of the workforce with only lower level or without qualifications has fallen from 9 per cent to 5.1 per cent over the same period. However it is true that there is a skills mismatch, with almost one in three workers either over or underqualified for their jobs. According to ONS figures one in 6 workers is 'over educated', with a significant proportion of university graduates in non-degree level work, while 15.1 per cent are under-educated for their job. At the same time workers who are overqualified for their jobs earn on average more than other workers in similar jobs, suggesting that employers find there more educated workers to be particularly productive. (Guardian 18 March 2016) A third of respondents to the 2015 UKCES employer skills survey reported that they had at least one employee who had both qualifications and skills which were more advanced than those needed for their job – equating to 2 million employees, or 7 per cent of the workforce

And although it is true that there has been a rise in self-employment and part-time working, between 2007 and 2014 the share of the total workforce accounted for by the self- employed increased by only 1.8 per cent; the shift into part time working is even smaller. Even taken together these factors can only explain a small fraction of a variation in productivity. Shifts in the age structure of the working population do not explain the gap either. In the last seven years the proportion of the workforce that is under 25 – who might be assumed to be inexperienced and therefore less productive, has actually decreased.

And even if a plunge in economic activity can certainly be attributed to the 2008 financial crisis, that does not of itself explain why the UK economy has been so slow to throw its effects off – much slower than other countries who experienced the same near death financial shock. By 2014 productivity in the UK was 15 per cent below the level that would have been expected if pre-crash trends had been maintained; for the rest of the G7 that gap was only 5 per cent.

The productivity gap between the UK and higher performing OECD countries is not down to the mix of activity within the economy – in other words the UK is not biased towards low-productivity sectors nor have we have not shifted to less productive jobs. Rather it is down to lower productivity within key sections of the economy, including manufacturing. We have known this for a while. Matched plant studies in the 1990s and 2000s, for example, found a big gap in productivity between plants in the UK and similar ones in continental Europe, which was attributed to firms in the UK having less efficient machinery and equipment and to UK workers being less technically skilled. According to the OECD, gross value added per hour worked (GVA) in manufacturing stood at 72.1 in Belgium, 61.0 in France, 66.1 in Germany and 67.9 in the Netherlands in 2013. In the UK it was 44.4.

At the same time, it's important to recognise that the UK has world class businesses – indeed our car industry is among the most productive in the world, a head scratching fact for those of us old enough to remember the nadir of UK car industry in the 1970s. It is just that while we have a good share in the top quartile of international measurements of good management, we have a long tail reaching well into the bottom quartile too (source World Management Survey 2004-2008)

Of course, you have to be clear exactly what it is you are measuring in calculating productivity. Across much of manufacturing industry, for example, the output of a factory or plant can be measured fairly accurately, as can the number of hours of work that went into producing that output. Even here, though, problems can arise when trying to measure changes in productivity. It is relatively easy to do so when a plant increases the quantity of its output, without any change in quality. However, an increase in *quality*, with no change in *quantity*, also represents an improvement in productivity, but this is harder to measure. In other words, we have not been measuring intangibles, which may well be skewing some of the findings.

Employee engagement – the missing link

Nevertheless, none of these explanations, or a combination thereof, come close to providing a satisfactory explanation to the productivity puzzle. So, in the spirit of Arthur Conan Doyle: 'Once you eliminate the impossible, whatever remains, no matter how improbable, must be the truth.'

What is left is the shop floor, or the production line, where the rubber actually hits the road. It is noticeable that very few of these explanation look at the actual experience of manufacturing a product – be it a fan blade, a rotor engine, an automotive component or a naval vessel - where 'productivity' actually happens. Nor do they look at the effectiveness of the supportive and back office functions, such as design, or research and development, or supply and delivery, that enables the right piece of metal, for example, to be welded to another, efficiently, effectively, expeditiously, according to the plan, on budget (or preferably below) and delivered to the customer on time.

In most of these analyses, productivity is an abstraction, a formula, in which the people doing the work are simply a component, the labour cost on the balance sheet, of no more or less significance than capital investment. Insofar as people working in the industry concerned are mentioned at all, it is in terms of possible skills gaps, or over (or under) qualifications. One has to wonder, how many of these analysts have actually visited a factory, or walked along a production line?

We have known for a long while that a bundle of workplace and shop floor practices and strategies, when implemented effectively, can help to raise performance. But we also know that these high performance work practices are not widespread, and where companies do try to implement them, it tends not to be a co-ordinated strategic approach, but a set of individual initiatives that do not add up to the more than the sum of their parts. The list includes:

- Effective use of existing workforce skills and timely access to learning and development opportunities for the workforce.
- Effective management at every level – strategic (company-wide), middle managers and front line supervisors.
- Effective workforce planning and policies, including a business plan, training assessment and plans, effective performance reviews, diversity and inclusion strategies.
- Fair pay and reward strategies, including bonus schemes; talent management
- Autonomy, task variety and discretion and flexible working, for individual employees, team working and consultation with the workforce.

Take up of these practices across manufacturing is virtually static, however and most of them are more honoured in the breach than the observance. According to UKCES, the proportion of employers adopting one or more of these practices in 2015 was broadly similar to the proportions in 2013. 12 per cent of employers in the survey adopted sufficient of these practices to be classified as HPW employers; but just 15 per cent of those with 5-24 members of staff were so designated as opposed to 66 per cent of establishments with 250 or more employees. The most commonly adopted policies related to planning (work shadowing, equal opportunities policies annual performance review and business plan – the least frequently adopted related to workplace organisation, with 16 per cent reporting some form of employee consultation, 11 per cent reporting consultation with trade unions and 11 per cent creating teams to work on projects.

There is evidence of a voice deficit in particular in UK workplaces. Evidence from WERS shows that just one employee in two (52 per cent) says that managers are good or very good at seeking their views. Fewer still – just one in three (32 per cent) – say that managers are good or very good at allowing employees to influence decision making. But if employers are to benefit from the expertise and experience, the ideas and innovation of their employees, they need to allow and indeed encourage them to speak up. According to the Smith Institute report just 14 per cent of employees thought management always listened to employee suggestions for improving productivity, while 26 per cent though they never listened. As a respondent put it: ‘Our management do not listen to staff. Very, very simple, inexpensive and quick fixes would make a huge difference to productivity, but they just don’t seem to care.’

International comparators suggest that poor management is an important factor hindering UK competitiveness; research suggests the UK has a long tail of poor performing firms with weak management capability (Bloom and van Reenan 2010). Reasons include few managers with the relevant qualifications, particularly people management skills; managers not knowing how to improve firm performance. We also know managers tend to over-estimate how well managed their own firm is: survey evidence shows that managers rate their own performance more highly than their employees do (Bloom and van Reenan, 2006). CIPD research in 2013 showed that 31 per cent of employees do not trust senior management; only half of employees think management can be relied on to keep their promises. A study from the Smith Institute found that better management of staff was one of the key areas where employees themselves thought productivity could be improved.

High performance working strategies can be effective – but it all depends where and how they land. It is a fact that culture eats strategy for breakfast. So if the ground is not fertile, if the workforce is disengaged and un-cooperative, new approaches and initiatives, even those with the best possible motives are likely to fall on stony ground. Most workplaces have a litany of initiatives that have failed, consigned to the corporate dustbin, only to be replaced by another 'shot from the top' in short order. Evidence shows that the majority of LEAN initiatives fail, because they are introduced without the understanding or the consent of the workforce, grafted on to an existing inimical culture.

Engaging employees means developing a workplace culture that enables and encourages employees voluntarily to give of their best at work, to be receptive to new approaches, to trust their employer, their manager and their co-workers. It also rests on a foundation of demonstrable concern for the wellbeing of employees, an essential underpinning for sustaining productivity and performance over the longer term.

As our case studies show, where this happens – including in organisations with previously dysfunctional cultures – such a change can be transformative of workplace relations and of performance.

They also demonstrate the importance of engagement in making change safe and palatable for the workforce and enabling innovation among the workforce, particularly in tradition and long established workplaces.

While changing the culture from a hierarchical and bureaucratic model to one of front line empowerment can be a major organisational and cultural challenge, and takes sustained effort and considerable time, these organisation demonstrate how powerful it can be when leaders believe that given effective management and sufficient support and training, the front line can be the key drivers for improving performance and productivity through owning the problems.

Starting anew: Rolls Royce, Tyne and Wear

Rolls Royce's new £100 million advanced aerospace disc manufacturing facility in Washington Tyne and Wear was officially opened in June 2014, and became fully operational in 2015.

The greenfield facility currently employs around 100 skilled employees. In addition a new plant is being constructed on an adjacent site, the full Campus will employ a total of 290 – 300 employees by the end of 2018. All of these employees have transferred from Rolls Royce's long established Pallion site in Sunderland (where around 250 people are still employed). It is anticipated that Pallion will close by the end of 2018, with the opportunity for those employees who wish to transfer to do so.

At the conception stage, the project team took the key decision that the opening of the greenfield site offered a unique opportunity to establish a new, engaging and high performance culture as a part of the overall operation of the plant. 'We decided we needed to transfer the skills and knowledge of the workforce, whilst ensuring the transfer of the positive elements of the North East culture,' explained HR manager Jo Flint.

'We therefore decided to work with employees at Pallion who indicated at the beginning that they were eager to transfer, to set up the vision, the values and the behaviour for Washington, to bring that into the plant as part of the set up. In other cases of new build in Rolls Royce we have essentially transferred staff often on their old terms and conditions and with the pre-existing culture, and then tried to bring in change, which is hard to do.'

An initial team of 20 Pallion employees of all grades were recruited to help scope out the new way of working in 2013; when these team roles were advertised within Pallion and individuals invited to register interest, there was a considerable response, and further teams were subsequently established. Key to the selection were positive behaviours and attitudes in the first instance – 'we believe in selecting for behaviours and training for skills', says Jo.

The set up teams undertook design workshops, walk-in sessions and engaged across the workforce on a wide range of issues including process mapping, learning and development; once the new facility was under construction, progress was tracked via a live web feed. This approach facilitated a major opportunity for dialogue among all staff. 'In effect the teams developed, and owned the process of creating the factory standards; it really did become "our factory".

Nevertheless, the development of the new site took place against a background of uncertainty about the future and 'anxiety and upset' among the existing workforce at Pallion, a facility which has operated for 60 years and about which both workforce and the local community felt considerable pride, exacerbated by the long time scale in carrying through the project, first mooted in 2009. There were also substantive concerns from the workforce about 'deskilling', given that production at Washington relies on high-tech equipment and robotics. 'Are we going from using our hands to make something to simple pushing the green button,' as one team member said. 'What's the role of the line manager in the new set up?' asked another. Changes in terms and conditions for Washington staff included increasing the working week from 37 to 40 hours, the introduction of a working time account, and an end to demarcation, all of which were negotiated with UNITE and agreed by the workforce in 2012.. Among the 300 potential transferees 'some felt excited, others were annoyed by the changes in terms and conditions and others were just fearful of something new.'

It was acknowledged that engaging the workforce was a substantial challenge at Pallion, a production facility no longer fit for purpose with a cell-based rather than integrated way of operating, and long-established working practices. However the start up team worked to ensure that the Pallion workforce did not feel 'like Cinderellas, left behind', but were included in the 'buzz' around the new development.

In fact, in conjunction with the Washington site opening Pallion itself experienced significant changes in culture and improved production as the workforce 'upped its game' in a friendly rivalry with 'our younger brother'.

At the heart of the new approach at Washington is a clear expression of the vision and values, and a deep understanding of the cultural journey that has been required from the former Pallion approach. ‘It was vital to understand the DNA. If we understand what we were like, and we know where we want to get to, we can chart the journey, so everyone knows their role and their responsibility and we can monitor our progress,’ said Jo.

The Washington leadership have been explicit about the scope of the culture change in seven key areas:

Strategy: from ‘catching up, fire-fighting and survival to fight another week’, to focussing on ‘proactive, forward planning and continuous improvement, increasing quality and overall process efficiency.

Structures: from ‘hierarchical structure and union based demarcation with fixed roles operating in silos’ to a ‘highly flexible, multi-skilled workforce with clearly defined roles, accountabilities and effective team working’.

Systems: from ‘outdated technologies, ineffective processes and poor working environment hindering productivity and competitiveness’ to a ‘state of the art facility, efficient businesses processes, improved technology and working practices drive “right first time” operation’.

Style: from a ‘command and control management style which combined with a lack of trust creates low levels of individual responsibility and accountability’ to ‘ the leadership embrace a high performance culture and consistently demonstrate new behaviours and principles to empower others’.

Staff: from a ‘strong sense of “them and us” and negative perceptions of change meaning little buy in and employee involvement’ to ‘people are engaged, motivated and enthusiastic about what they do –collaboration replaces conflict to create high performing teams’.

Skills: from skills building based primarily on specific role, process, machine – technical rather than behavioural’ to ‘learning system in place to ensure right complement of skills and competencies to deliver manufacturing strategy.

Shared values: from ‘shared values exist at a corporate level but do not underpin ways of working on site’ to ‘clear shared values shape how people act and behave together to implement business strategy and achieve the vision.’

The new culture has been brought to life by ‘the UK discs way’, a set of positive behaviours identified by the UK Discs team, together with an explicit recognition of ‘what we don’t want to see in UK discs’.

The core vision is: ‘leading the way in disc manufacturing’ , underpinned by the values of: pride in all we do; simpler, faster, better; develop great people; unlocking potential; customer drives all we do; a great and safe place to work; right first time, every time; and trust, respect and value each other. Emphasis is placed on training and development, with regular, structured development discussions.

There is a clear sense of accountability across every role with clear plant KPIs; individuals are rewarded through the alignment of KPI metrics to bonus metrics.

The trajectory is talked through constantly with the workforce, through a high degree of involvement and participation, including regular communications and weekly team briefs attended by everyone in the building, communicating progress and successes.

Production leaders are highly experienced, and rotate with their shifts, enabling ongoing dialogue, including with the four working team leaders; each of these were selected based on their behaviours. Maintenance staff are part of the team. The onus is placed on teams and shifts to troubleshoot and problem solve; 'this is your factory and you know what works'. 'We've never been asked before to own the process, and it takes some time to become acclimatised to being pro-active,' said team leader Colin Howe.

The teams have become highly skilled in the analysis and use of data. 'This is a data rich environment now. We are in control and there's no knee-jerk reaction; the team has an equal say in understanding the problem and fixing issues,' said production leader Ian Flint. 'There are no shrinking violets here because everyone takes responsibility. I's be worried if people go quiet; we actively encourage team members to speak out.

Relationships with trade union representatives on site are also positive. 'There is a close working relationship because succeeding here is as important for the employees as for the company,' said shop steward Tony Reilly.

The leadership at Washington is explicit in their belief that employee engagement drives improving plant performance, including transformed quality, right first time manufacturing and predictable flow to customers. This has enabled more agility to respond to customer requirements, with zero arrears, a reduction in inventory, major productivity improvements and cost reductions. The team is confident that the new culture will embed in the new adjacent manufacturing facility as it comes on stream.

The performance figures demonstrate the productivity gains already achieved, with zero arrears to customers and a reduction in inventory targets:

- 2015 QTR 1 Standard Hours 1500 per week with productivity of 86 per cent
- 2015 QTR 3 Standard Hours 1800 per week with productivity of 99 per cent
- 2016 QTR 1 Standard Hours 2100 per week with productivity target of 104 per cent for the year.

<u>Learnings</u>

- Establishing a new workplace culture needs the collaboration of the entire workforce, to develop the new approach and then to agree the values and behaviours that all stakeholders will adhere to.

- There are advantages in seizing the opportunity of a new site to establish the culture before operation, rather than move the existing culture and then try and change it.
- It is vital not to forget the engagement of the workforce that is being 'left behind'
- The scope of the culture change needs to be explicit and integrated – ie changing management styles alone will not be sufficient; structures matter too, and silos will need to be broken down and systems amended.
- Continuous feedback, involvement and participation from employees is needed to ensure the trajectory is being maintained and that trust levels remain high.
- Engagement through communications at every level and visibility of leaders is critical, to ensure everyone understands and is aligned with the mission and the strategy.
- Engagement leads to employee confidence in the mission and in their ability to fulfil it. Confidence leads to agility and innovation among the workforce that spurs future success.

Putting employees first - JJ Churchill

JJ Churchill is a family owned, precision engineering company, employing around 120 people and based in Market Bosworth, Leicestershire.

Founded by Walter Churchill on Christmas Day 1937, Churchill Components*,* as the company was originally known, was based in Coventry and supplied machined parts such as exhaust values for radial aero-engines to Armstrong-Siddeley including for such iconic products as the Merlin engine.

After being blitzed out of Coventry in 1941, the company re-located to Market Bosworth and following the loss of Walter Churchill during the air defence of Malta in 1942, the company was taken on by his wife Joyce. Having worked closely with Sir Frank Whittle in the 1930s, the transition to gas turbine work was a natural step and compressor blades became a core product from the mid-40s. The company has remained in the ownership of the Churchill family, with Walter's son James being succeeded by his son, the current managing director Andrew in 2002, a move that ensured that the company was not sold but remained with the family.

The company is a first tier supplier of precision, technology driven components to original equipment manufacturers (OEMs) in the aerospace, defence, industrial and power generation sectors, including Rolls-Royce, Cummins, BAE Systems and Siemens, and is looking to expand into the civil nuclear sector. It works closely with customers to focus on specific customised products, as well as volume sales; examples include developmental blades for the Airbus A350 Trent engine and the JSF, through to Industrial RB211 production volumes and legacy demand for the Tornado RB199.

The company is extremely proud of its heritage, which it commemorates on site, with photographs, and a memorial, and which it celebrates as a key underpinning of its drive for quality and innovation and its desire to be an employer of choice. Likewise it plays an important role in the local community, reflective of the high number of local residents employed at the plant and the presence of several generations of the same family within the workforce. A strong egalitarian atmosphere pervades the plant, alongside a commitment to quality and customer service; observers remark on the 'friendliness' of the culture, and the company scores highly on the question in the employee survey 'I have a close friend within the company'.

As a family-owned company, its vision is for long-term profitable growth for all stakeholders. It explicitly places its employees at the centre of the stakeholder nexus, believing that if employees are treated well, and provided with stimulating and rewarding work, performance and productivity benefits will follow. 'People do things for people,' as Andrew Churchill puts it. 'We put employees first because they make the fundamental difference.' It places the health and safety of employees as a key priority, and delivers above average pay and benefits for above average performance. Customers, suppliers and the local community are other key stakeholders, along with the family shareholders; dividends, if taken are modest, with profits ploughed back into the business. The company looks to develop business opportunities with profitable long-term growth potential, and is committed to improving overall factory efficiency 'using our cash to maximum effect'.

The company places a great deal of emphasis on and attaches great importance to its values, which were created by its Consultation Forum with all employees' input. Behaviours illustrating the values were written by individual employees. 'You cannot beat the powerful effect of an employee quoting directly from the values statement, and saying "I wrote that", says Andrew Churchill.

The values define the culture 'and what it is to work at JJC' and describe 'the attitudes and behaviours that we encourage and expect'.

There is widespread alignment across the company to the mission, the values, and the behaviours that accompany them; the employee survey shows a very high positive response to the question 'my job plays a key role in delivering the company goals, mission or purpose.'

The annual employee engagement survey shows positive responses to questions around understanding 'what is required of me at work' and access to the 'required tools and equipment available to do my work right first time.' Positive scores are also achieved to the question 'someone in the company cares about me as an individual' and 'my suggestions and opinions are values within the company', and to the question 'I have the freedom to do what I do best every day at work.'

Absence levels have been reduced substantially, from 6.4 per cent to under 2 per cent, through a combined emphasis on employee wellbeing (including a healthcare scheme for all employees which funds all optical, dental, physio, chiro and specialist consultation as well as any necessary scans to speed-up the process of diagnosis, and the introduction of improved performance management, with a structured process for managing absence which helps line managers work through the 'capability' and 'competence' routes and support employees accordingly.

Based on the survey results, the company has identified employee recognition and continuing to develop employees as areas for action.

Additionally, it is placing a renewed emphasis on quality and eliminating waste, after the survey suggested a drop in the perceived importance of quality to the business: the Quality Department has been strengthened, and a zero tolerance approach declared towards 'quality apathy', as well as an ongoing emphasis on continuous improvement. Weekly team briefings now focus on quality across all shifts on the shop floor around the local KPI Boards. A group of shop floor employees visited the Cummins plant 'to get a better understanding of where the products we produce are used in engine assembly.' As Andrew Churchill emphasises: 'our brand and our future will depend upon our ability to be the best at what we do.'

The company believes strongly in the importance of leaders' visibility throughout the plant, and timetables daily shop-floor walks by the senior team. In the early days of his taking up the reins, Andrew Churchill organised three, two-day bespoke training courses to help develop this common vision; the board and heads of departments similarly undertook development sessions, looking at the different individual drivers and different responses to pressures, and helping to break down silos. 50 per cent of KPI assessment is against individuals demonstrating the values.

It devotes substantial resources to a rigorous communication approach, with key meetings, such as the union/management meeting to negotiate all the issues governed by the collective bargaining agreement, scheduled well in advance; the Consultation Forum with employee representatives covering issues not collectively bargained, meets quarterly.

All employees are briefed quarterly, with Andrew Churchill holding sessions with 20 employees, across the course of a week, where issues such as current business and sales performance, quarterly results, other business developments such as quality, updates on projects, and issues not covered by collective bargaining, such as the employee survey results, are presented and discussed. Continuous improvement activities are highlighted with photographic evidence of changes in shop floor layout and design and other changes delivered through CI. 'You have to pick the channel of communication well, to fit the characters involved. A megaphone just won't do.'

Cell meetings involving all operators on all shifts are held weekly, spread throughout the week, looking at performance against KPIs and enabling monthly company updates cascaded by team leaders. A suggestion scheme brings a small financial reward for ideas that are adopted: these have included re-orienting a staircase to ensure better access on the shop floor.

Core to sustaining this culture is a belief in open discussion across the company. As Andrew Churchill says: 'You can't put a price on knowing your employees feel comfortable in saying: "I've got a problem".'

<u>Learnings</u>

- In an increasingly challenging market, the company believes that its emphasis on engaging the hearts and minds as well as the skills of its employees enables it to respond with agility to new market opportunities and new product developments, particularly in the areas of specialised customised products, and to take full advantage of highly technologically demanding projects.
- Its explicit recognition that employees are the heart of the business and the key asset has enabled the company to maintain an even keel through market dislocations.
- Constant communication with the workforce ensures that all employees are kept up to date with success and with challenges, and are able to develop and own solutions, such as driving down waste and improving quality.

Trusting employees - scheduled based working (SBW) at BAE maritime naval ships

BAE's Maritime Naval Ships business has faced an increasing challenge in recent years to both reduce its cost base and improve the quality and capability of its products as its major client, the Ministry of Defence, has sought to deal with the consequences of a greatly reduced procurement budget and political pressure to deliver more for less.

The company has recognised that to deliver the improvements in productivity to meet the customer demand, a fundamental culture change away from a traditional manufacturing and delivery model is needed, towards one that puts modern employment practices, and the commitment and ingenuity of all its workforce at the centre of its operation.

A highly engaged workforce is a precondition for the kind of culture change the company was seeking, but is not sufficient in and of itself. Looking at evidence from high end manufacturing, it became clear that the key ingredient in delivering the performance improvements being sought was unlocking the capacity of the workforce itself to develop and own the changes – to unleash the skills and motivation of front line staff to deliver the improvements in both processes and efficiency that were required.

Traditionally, BAE Systems Naval Ships operated a plethora of inflexible agreements, rules and governing arrangements, and traditional practices that the company recognised were not aligned to either a productivity or high performance agenda, or an 'employer of choice' philosophy. 'Pride in the past was impeding future change,' according to a senior manager. A strong and representative union presence worked to safeguard practices which were seen as valuable for employees, and as integral to the 'unwritten contract' with staff.

Evidence from the company's employee opinion surveys suggested that the traditional way of working within the two yards (Scotstoun and Govan), had led to a disengaged workforce, that did not feel comfortable with change, had varying levels of trust in senior leaders and managers, did not feel recognised or valued for the work they did, and felt that honest, two way communications within the company was poor.

The Scotstoun and Govan shipyards are currently building three offshore patrol vessels (OPVs) under contract to the MoD. This Programme was recognised as a key enabler to introducing and demonstrating the effectiveness of business change initiatives in increasing productivity and maximising efficiency and in doing so reducing the potential cost of future Programmes. In particular, the inevitable delays that would occur in programmes, as design, planning, material delivery and other issues were ironed out 'on the job', needed to be handled and overcome in a different way, so as to minimise their impact and enable the overall delivery time table to be maintained. . This demonstration of more effective performance would be critical in BAE's bid to secure the design and build contract for thirteen state of the art Type 26 Frigates, a major contract which would ensure the long term future of the yards and the workforce.

The schedule based working project

Under schedule based working, outputs – ie delivery of the product to a specified schedule – are measured, as opposed to inputs – ie number of hours worked. The aim of SBW is to empower teams to work flexibly and to self-determine how their stretching weekly workload is delivered; it also incentivises innovation, since if the team can find innovative solutions and process improvements within the overall quality framework, this enables them to complete the schedule faster and so benefit through a shorter working week. It gives teams the autonomy, empowerment and capability to determine improvements in their working environment, to generate and implement ideas and improvements and to have complete ownership and flexibility over the hours they work and the way in which they ensure the schedule is delivered.

Through this empowerment, motivated and developed employees drive waste and inefficiencies out of the working environment, identify process improvement opportunities and create a culture of co-operation and team work that rewards the team for their level of output, rather than their attendance, thus aligning the incentive for the individual (reward) with the objectives of the company (performance).

Clearly such a fundamental change has major ramifications for job roles and working arrangements not just for the front line team members, but also for first line supervisors and their managers and leaders, who need new skills to manage and ensure delivery in this environment. 'It's a fundamental move away from a command and control instructional style, where the management hierarchy treats the front line staff as children, to one based on enabling, support and coaching,' explained a supervisor.

For more senior managers, in operations but also in the delivery and support functions such as engineering, planning, supply and logistics, SBW demands new ways of ensuring accountability for the production of outputs. Fundamentally, this style of management is based on trust, clarity of roles and responsibilities and expectations, and effective working together across separate functions. In fact, as the ramifications of introducing SBW became clear, on site leaders recognised an overall site-wide cultural change was needed, which would see all the managerial levels of all the functions working together in a different way with the sole focus of enabling front line employees to deliver.

Introducing Schedule Based Working

A fundamental change in working arrangements embodied in SBW could not be brought in overnight. It was vital to have the support of senior managers in all the relevant functions that would be impacted– operations, supply, engineering and so on. Neither could it be imposed on employees, since its success was conditional on their owning the new way of working. And the production requirements of different work units – demands on product throughput, shift patterns, etc – meant that while the principle of measuring output rather than input would remain constant, the actual working patterns resulting would be different – no one size would fit all.

Discussions therefore began with all relevant stakeholders in Scotstoun, and in particular with the trade union convenors, over an eighteen month period, with a view to bringing in a pilot SBW project firstly in the Scotstoun pipe shop (which had some experience of LEAN techniques) then in the sheet metal shop, since these were relatively self-contained (though vital) operational units. This early discussion with the union convenors, and the commitment to pilot the project, were vital in gaining the confidence and the support of the workforce concerned and fundamental to its success.

The unions (Unite and GMB) in maritime Naval Ships have a strong tradition of working positively with the company to secure the future of the shipyards. 'Building ships runs through the lifeblood of the Clyde. But we know the business is changing, and the pressures to cut costs because of overseas competition and the demands of the MoD. Our deep concern is to preserve this business so our children and grandchildren can have a future here,' explained Scotstoun convenor Duncan McPhee.

With the trade union agreement, an intensive programme of preparation of the pipe shop work employees for SBW was undertaken, including an off-site day at the St Mirren football ground, enabling a deep understanding of the principles and practices – and what people could expect. Discussions were 'robust and penetrating', with employees pushing for full exploration of the implications of what was being proposed. This programme of preparation has been the benchmark employed across all subsequent pilots.

First line managers and supervisors, several of whom had already attended courses run by the inhouse LEAN learning academy, were similarly supported in understanding their new roles, in supporting and coaching teams and individuals in performance, and in moving away from a 'command and control' style to one of setting clear goals, assisting problem solving for the team and ensuring regular feedback.

Employees from support functions who were directly supporting the pilot areas were included in the preparation, including detailed planning, maintenance, quality coaching, supply chain, human resources and engineering.

Equally critical was the unambiguous support for developing and trialling SBW from senior leaders in maritime naval ships; who sent a clear message that the project was seen as integral both to the cultural change that was desired, but also to achieving the savings needed

<u>Outcome</u>

Since October 2013 Schedule Based Working has been progressively rolled out as a series of pilots across the three manufacturing shops in our Scotstoun facility and in two areas of the Fabrication facility in Govan. The plan is to introduce these working arrangements across all of the Fabrication facility in 2016 and then progressively through the rest of the Govan Production facilities.

The impact of introducing this new way of working has been significant with benefits being realised both by the company and also by the employees involved. For example, schedule based working has been the driver of an unprecedented increase in productivity across the pilot areas. These increases result from the required schedule being based upon a 17 per cent performance improvement target when compared with pre-pilot performance levels. In the Pipe Shop facility this level of output increase has been achieved every week since October 2013 without the team ever needing to complete a full 37 hour week.

Perhaps of more significance however is that this productivity improvement has been supported by evidence of significant behavioural change, demonstrating an increase in discretionary effort and employee motivation. The examples are numerous but include the team willingly approaching each other to agree how they can support the delivery of each other's activities, self-regulation within the team with regards poor performance or poor attendance, experienced team members supporting development of apprentices by giving up their own time in spite of the weekly target being completed as well as the generation of continuous improvement ideas and innovations allowing for improved process efficiency.

This way of working gives the employees within the business more trust, empowerment and autonomy than has ever been given before. They have control over their working environment and more importantly their work life balance.

There is clear evidence, both anecdotal and data driven, that trust between the team members and the management has significantly improved. This has been demonstrated through the team taking ownership to determine who amongst them works extra hours to complete the schedule in order to allow others to finish the working week early, and the team, and not just management, challenging the efficiency and processes of supporting areas to ensure the drumbeat of productivity is maintained.

The areas in which schedule based working has been embedded have also seen a significant change in leadership styles where the operator becomes the focal point of the structure, facilitating his/her effective operation becomes the priority, and the leadership style is characterised as that of coaching and mentoring as opposed to traditional command and control. This approach enables those closest to the task to become more empowered and responsible for making the decisions that best effect the successful completion of the task.

<u>Learnings</u>

- There is strong underlying belief – which is growing across the business as more and more employees and managers become aware of the potential of SBW – that BAE employees have the solution to many productivity challenges and the key task of the overall operation is to unleash this potential and creativity through empowering and trusting the workforce.
- Critical to its successful implementation at Scotstoun was the period spent discussing the possible introduction of SBW as a pilot in clearly defined areas of the business with the trade unions and then with the employees themselves, answering questions, developing joint solutions and ensuring all parties understood that the project was a pilot.
- Following agreement on the shape of the pilot, the effective induction of team members into SBW before the programme started was similarly vital.

- The ability of first and second line managers to support teams in SBW ways of working specifically, and not just a broad understanding of effective people management, has been critical to its success.
- The effective bringing together of functions including engineering, manufacturing, supply, logistics and planning to ensure the right flow of materials has similarly been crucial.
- So has a communal determination to break down traditional silos between departments and function to ensure that the focus is on enabling the front line to deliver.
- Support from the leadership at all levels for the new way of working has underpinned its success - and this sustained support will be the critical determinant of the future successful roll out of SBW
- Rolling out the new way of working to the Govan site has necessitated the same strategies for successful introduction, ensuring that employees and managers do not feel the new way of working is being imposed on them, but have a sense of ownership of and a real input into, the new way of working. It is also requiring new ways of co-ordinating functions on a daily basis.
- There is therefore no predetermined template for introducing this way of working. The principles of mutual benefit, clear outputs, joint problem solving in a trust based culture, and the changes in management style needed will be common, but the key to successful front line empowerment is development and ownership, by and commitment from, all the stakeholders.

Wellbeing, engagement and productivity - Airbus

Airbus UK is a wholly owned subsidiary of Airbus SAS which produces wings for the Airbus aircraft family. It has two main sites responsible for the design and manufacture of the high-technology wings for all Airbus models as well as overall design and supply of the fuel system. The company employs around 10,000 people at two sites: Filton, where the engineering and design activity takes place along with some manufacturing, and Broughton where other major wing component manufacturing and all wing assembly takes place.

The senior management and trade unions have developed two innovations related to improving attendance and increasing engagement at both sites. The Time Savings Accounts (TSA) and Absence Management System (AMS) have both contributed to improved attendance rates and enhanced capacity planning capability. For example, sickness rates have reduced from above 5% to circa 3% in a short space of time whilst maintaining the principle that "people will be off sick genuinely and we should treat employees properly". Both schemes also demonstrate to staff that the company has a strong interest in their wellbeing, an essential factor in sustained employee engagement.

Both managers and staff have found benefits with TSA; the latter by having an "excellent tool to manage capacity" and the latter by being able to bank additional hours worked to gain extra holidays.

The purpose of TSA was to provide staff with the following opportunities:

- To increase their annual holiday entitlement following the implementation of a 2 week summer shutdown
- To have a phased rundown prior to the agreed retirement date
- To protect them in the event of a downturn

It was also designed to improve the organisation's flexibility and protect the business and employees through difficult times. All staff were provided with a detailed handbook outlining the background, general principles, payment/conversion rates, rules plus a comprehensive list of questions and answers. All of the questions and answers were, for example, approached from both the organisation and the staff perspectives. The idea, which originated from Germany, was introduced on a voluntary basis and has been used by approximately 70% of all staff to date. The majority of this use is to achieve the one week additional holiday allowed by the scheme.

Although it is not a large percentage of the overall use of TSA, the opportunity is there for staff to leave Airbus prior to their agreed retirement date by up to one year or to reduced their hours prior to retirement while still receiving basic pay. Hours can be banked in an "End of Career Account". Similarly, banked hours can be built up in a "Downturn Account" which could avoid redundancies if Airbus faced serious headcount challenges. It is not surprising, however, that staff tended to initially focus primarily on this latter option when the scheme was first communicated to them. Despite attempts to communicate thoroughly, some staff reached their own conclusions about what the scheme was designed for – "people tend to read what they want to read and jump to conclusions" – but the decision to make it voluntary made a huge difference in the perceptions of staff.

Airbus are fully supportive that "staff use it to their advantage" but the business benefits are considerable. For example, its introduction "increases the company levels of adaptability by up to 7.5% - this means that up to 300 jobs will be protected in Broughton alone in the event of a short term downturn". Moreover, it helps Broughton to achieve targets – "if we add this to existing levels of adaptability ……. we start to achieve our targets of 30%". There are some complexities to running the TSA system but the rules are intentionally simple. All staff have been trained to use the system which is totally transparent to all staff and managers.

The AMS is, arguably, even more innovative. Many organisations struggle to adopt a sickness and absence process that genuinely allows them to "support people in their hour of need". The answer to how Airbus has achieved this lies not just in the process itself, but in the meticulous manner in which it was thought-through and introduced. Initially, around 144 ideas were gathered from all of the staff in Broughton on how to improve general attendance. After risk and feasibility assessments, these were reduced to 15 options that were presented formally to the trade union representatives. After three months of joint weekly meetings, the current system was agreed.

This system requires every member of staff to call a designated number to report their first day of sickness. At this point, the line manager receives a text and an email to notify them that the member of staff is sick. As it was pointed out, "that's enough for now at that point". The line manager will, however call the staff member and note that a return to work interview will need to be scheduled when the person is fit to return. The key innovation is that, on the fourth day of sickness, the member of staff is obliged to call the Occupational Health team to give them an update and a potential return to work date. Under the previous notification system, Occupational Health were rarely involved and only at a late stage in the process. This could mean that this process "could drag on through their lack of intervention".

If, on the fourth day of sickness, a return date cannot be established, a triage call will be arranged with the Occupational Health advisor. The advisor's first priority is to help and offer support and it is felt that it is the idea stage for their involvement to commence as they "can build on existing information". Naturally, a formal process exists if a member of staff becomes "non-compliant" but the early involvement of Occupational Health, who are there to "ensure fairness at all times" has made a considerable improvement – for example, very few people get to Stage 2 of the process. The shows that, as well as genuinely helping people, the system and process provides a real deterrent to those who might feign illness. It was noted that "putting people into the system can help to educate and provide life guidance – it focuses peoples' minds". Line managers are also fully involved in the process.

The Occupational Health team provides all types of nurses, doctors (although not full-time), physios, staff support, a mental health nurse, a consultant psychiatrist and a well-being advisor. They also have arrangements with other organisations if staff need highly specialised treatment. This level of support is appreciated by staff and there were over 25,000 interactions in 2015. For example, 500 staff used staff support and 1500 were treated by the physios. Many staff used to believe that Occupational Health "were on their side" but are now more informed about their priority of fairness. The trade union representatives are also supportive of Occupational Health's role and regard themselves as "custodians of the policy".

The early involvement of Occupational Health presents an opportunity for preventative action that can have a significant effect on an individual's health and well-being. 90% of issues referred to Occupational Health are dealt with by the nursing team and a great deal of work is applied to phasing a person's return to work and trying to ensure that they can be found a job that matches their current capabilities. This process is aided by a clear definition of what "fit to work" means, a definition that was established during the initial consultation meetings.

Supporting both the TSA and AMS processes is a programme of training for line managers that aims to embed the knowledge gained during the workshops. These workshops use real life experiences from within Airbus and are designed to give the line managers "the confidence to deal with difficult issues". By improving management capability in capacity planning and absence – "making sure the messages sink in" - the TSA and AMS initiatives are supported by fully informed individuals from all areas of Airbus. This will ensure that the initiatives remain "business as usual" regardless of future challenges.

<u>Learnings</u>

- Effective relationships with recognised trade unions can lead to agreement around workplace innovations such as time savings accounts which impact positively on both engagement and productivity, benefitting both individual employees, the workforce generally and the company.

- These approaches need to be developed jointly, with the involvement and understanding of the workforce; their ideas need to be sought and options developed.
- The proactive involvement of occupational health services is a strong indicator of employer concern over staff wellbeing, a central factor in sustainable employee engagement..
- Line managers need support and training in how to operate such schemes effectively,

Upskilling the workforce - Working Practice Change in BAE Systems’ Military Aircraft and Information division

BAE Systems Ltd’s Military Aircraft and Information (MAI) division is one of the world’s leading manufacturing and support providers of military aircraft, and has historically been the principle supplier to the UK government. BAE Systems’ site at Warton and Samlesbury (Warton Unit), Lancashire, represents the UK Centre of Excellence for military aircraft manufacture, and is the home of production for the Eurofighter Typhoon and the UK’s input to the Lockheed Martin Joint Strike Fighter, the F35 Lighting II, as well as production of the Hawk aircraft, formerly located at Brough.

BAE Systems’ MAI business employs approximately 16,000 employees over various sites with 12,000 employed at Warton and Samlesbury; the principle trade union is Unite.

The UK defence industry is undergoing significant changes, in part in response to the government’s recent Strategic Defence and Security Review, but BAE Systems’ MAI division is also moving from primarily meeting the requirements of the UK military aircraft market to competing in a global market. It is therefore developing an export-led, through-life support and service approach. This has had, and is having, a major impact on the workforce and the way it works.

BAE Systems had over a number of years attempted to build a continuous improvement culture at Warton Unit, using lean methodologies common to manufacturing. The desire to compete in a global market place increased pressure on the company to improve productivity, to find more effective ways of working, and to better use the skills and knowledge of the workforce. However, industrial relations at the Unit had been through a challenging period, and several attempts to change the culture to support continuous improvement and come to an agreement with the trade unions over changes to working practices for production employees, had failed. Poor relations between the workforce, trade union and management, had led to certain parts of the workforce withdrawing their goodwill and not contributing to improvement initiatives. Negotiations had stalled over issues to do with skills, demarcation, multi-skilling and pay.

In 2008 new discussions began between the managers and unions. Managers accepted that it was necessary to restore trust between employees and managers in order to create the environment for employee engagement - the key to unleashing the full potential of the workforce and gaining their participation in continuous improvement and efforts to reduce costs. The trade union wanted to secure progression opportunities for the front line employees and greater parity with other groups of employees at the site. As the union convenor, Phil Entwistle said, “There was a culture change, where people began to see that they weren’t maximising the potential of the skilled population on the shop floor, by giving them more roles and responsibilities.”

Employees and managers were aware that productivity improvements were being held back by the clear demarcation between trades. Production flows were often halted as one trade waited for another to complete their task before the first could continue with theirs. The management were also aware of the tacit knowledge and informal skills of the workforce that were not being used to their fullest potential.

Key to improving engagement was the more effective use of skills. Working on the principle that those doing the jobs were best placed to understand what they entailed, the shop stewards worked with employees to map their skills. The result of this was a series of skills portfolios, detailing all the tasks carried out by each trade. Each employee was then given an individual portfolio plan, which identified the additional skills from another trade that would help to improve the process on which they worked. Employees were given a choice to opt into the new scheme, and considerable work was undertaken by the shop stewards and managers to fully explain how the scheme would work, and what the consequences of taking on additional skills would be. By the beginning of the second year, 100 per cent of the front line workforce had signed up to the scheme.

Empowering and allowing teams to solve problems and design solutions was an important principle of the new way of working. The work stations were redesigned so that the work of team members was balanced and all had an opportunity to use their skills. This also helped ensure that people were working ‘smarter, not harder’. Joint union/management committees were also set up to review the use of portfolio skills in each area which helped maintain the collaborative approach to the implementation and development of Working Practice Change.

By widening the skills of the front line workforce and creating more flexibility in their deployment, and by engaging the workforce in continuous improvement, BAE Systems has seen significant improvements in productivity. Over the first two years of the scheme the employee hours required to complete one unit of the Eurofighter reduced by almost 20 per cent. The workforce also identified many millions of pounds worth of cost savings.

Employees felt more respected and valued, which in turn improved the quality of the relationships between employees and managers. As Phil Entwistle said, “I think the days when people come into work, clock-on, take their brain out, and do the same thing all day, clock-off, and put their brain in, are gone.” There are other signs that the wellbeing of the workforce has improved, including declining accident rates, and fewer discipline and grievance cases. The Warton Unit has faced a number of challenges over the last few years, including several consultations on redundancy, but change has been managed effectively, with no deterioration in the management-union relationship or impact on morale.

For both parties, a significant gain has been the improved relationship between employees, unions and managers, higher levels of engagement, and a more cooperative way of working, which has been sustained, and has provided the essential underpinning for recent developments across the two sites, in particular the transfer of production of the Hawk trainer aircraft from Brough on Humberside.

The decision to rationalise the production footprint for Hawk was taken in the light of a challenging market for the aircraft. However, the decision to close the majority of Hawk production at Brough, and move it to Warton and Samlesbury co-incided with a major order for 22 new aircraft from Saudi Arabia in August 2012, which meant a major investment in production of the aircraft, at Samlesbury, where the wings were to be produced, and Warton, where assembly would take place.

Hawk construction is a highly skilled, hands on process, less automated than other aircraft production by the nature of the aircraft. As a result, transferring the skills of the Brough workforce became a priority, and integrating them with the Lancashire workforce, as well as transferring plant and equipment.

A major engagement with both the trade unions and the workforce at Brough was undertaken, to mitigate the inevitable dismay at the plant at its major downgrading, and to ensure continuity. Agreement was reached that as well as the transfer of the production facilities, around 70 Brough staff would transfer to Warton, to bring their learning and to support the development of skills. Equipment was transferred from Brough with the full involvement of the local workforce. Strong and effective efforts were made to integrate the teams at Warton, with social events and football tournaments, and a hand-on, highly engaging management style established at every level to such good effect that the first Hawk to go through the final assembly process at Warton made its maiden test flight in September 2015.

As Andy Leahy, DIT&S operations director and Warton site director puts it: ’the transfer of HAWK production from Brough to Lancashire could have been a car crash. If the huge engagement effort had not been put it by teams and managers at all three sites, so that employees could see that this way forward did secure the future for Hawk, and for highly skilled jobs, the natural resentment from Brough colleagues could have completely undermined our plans.

‘Instead, because we worked through every single angle painstakingly, with our employees and their representatives, we have been able to safeguard jobs in Hull and Warton and scale up production to meet new orders. In fact, it quickly became difficult to tell from which site an individual employee hailed! Hawk is now a major success story, and that is down to the culture of involvement we have created.

‘Another key factor has been choosing managers at every level who have people skills, can motivate and involve their teams, and are comfortable with a participatory culture, rather than the old command and control methods.’

Trade union convenor Paul Fleming concurs:’ the way a very difficult transfer was carried out meant the company kept the confidence of employees; their engagement is clear to see as everyone celebrates the roll out and test flights of Hawk. It has been a tremendous collaborative effort, and an example of how working together we can secure highly skilled jobs for generations to come.'

The engagement has been sustained with support and training for line managers and representatives in problem solving; this has enabled more issues to be dealt with at front line level, enabling union representatives and managers to focus on strategic issues rather than day to day grievances. A detailed programme of engagement with union representatives at every level up to the MAI Board, including offsite meetings, sustains this approach.

As a result, major pressures on cost and lead times in the Hawk construction are being met by the workforce.

Sustained engagement is also enabling the company to meet the substantial cost and delivery pressures for the Typhoon and F35 aircraft; for example the 2012/13 cost base for the F35 aircraft will be reduced by 48 per cent by 2017, through utilising the full range of skills and expertise of the workforce as well as the introduction of new technologies and production techniques. 'We will meet our targets by harnessing the innovation, the enthusiasm and the energy of our workforce,' explained David Holmes, MAI manufacturing operations director.

The company has focussed on embedding the new culture of collaboration and partnership, with a wide range of support for leaders and managers in the new ways of working, as well as a renewed emphasis on communication. A People Enabler Group has been set up, with a focus on implementing employee suggestions for social events as well as workplace improvement; proposals identified for 2016 range from more best practice visits outside Samlesbury, to improved shop floor displays, to basic CPR training.

Continuing to improve skills is also central. A new Aspiring Leaders programme is under development; this will identify a talent pipeline of capable, trained and qualified individuals who can become first line leaders from across the manufacturing function. The site has also developed an NVQ in Business Improvement Techniques for front line staff; these include effective team working, problem solving, safety, project management and value stream mapping. By April 2014 the programme had already resulted in more than £700,000 in savings; by June 2015 42 people had gained the qualification, including 8 people qualifying as NVQ assessors.

A recent Pulse survey across the F35 workforce indicated very high levels of trust in senior management (89 per cent) with 93 per cent stating that 'my immediate supervisor does a good job in communication why important changes are made.' The same survey indicated that employees want to see more efficient work process and better access to the resources they need to do their jobs, and these have been identified for particular focus in 2016.

<u>Learnings</u>

- Developing a strong partnership with employee representatives enables a cultural shift from demarcation and silo working to a flexible and agile workforce confident in the company strategy and mission and committed to its success.

- A mutual gains agenda is critical in establishing trust
- Highly charged strategic decision such as site run downs can be carried through provided the engagement with representatives and the workforce is timely, authentic, sustained and meaningful.
- Sustaining the new culture is key; this required strong support for an engaging management style across all functions.
- Establishing strong team working and esprit de corps is also vital, with opportunities for significant successes – such as the Hawk trials – to be celebrated.

Taking employees through change - Amphenol Invotec

Amphenol Invotec is a leading European player in the production of complex PCBs, operating from facilities in Tamworth and Telford. 200 skilled staff are employed in the Tamworth operation and a further 50 in Telford.

The company has been through a succession of different owners in recent years, from being originally privately owned, through a takeover by a US company in 1998, then a management buyout in 2001, a secondary MBO in 2007, followed by control by a private equity group in 2012, with Amphenol acquiring the company in February 2015. Throughout this period the company has operated in a highly competitive environment, with customers' demands for cost reductions having a major impact.

The uncertainty associated with these changes in ownership and in the cultural styles associated with the different senior teams is recognised to have had a major impact on the company and its workforce. For example, according to Managing Director Tim Tatton, the private equity owners inevitably did not have the same longer term perspective as regards training and investment as the current owners, so that although LEAN and continuous improvement techniques were introduced, they failed at the time to embed. 'For a long time survival dominated our world.'

However, the acquisition by Amphenol has bought a new stability, and a renewed emphasis on long term planning and investment. Amphenol, while placing major financial parameters on the Tamworth operation has nevertheless encouraged a more independent, devolved culture with local decision making.

The company has been working with the Sharing in Growth programme *see below* to improve both organisation and performance across the company, since September 2014. As Tim Tatton explained 'it will provide us with ongoing tailor-made training and development support based on world class standards of performance in all areas of our business, from strategy through to implementation.' A four year continuous sustainable improvement programme aims to further enhance service levels and competitive ability, using world class standards of performance as the benchmark to develop lean operations, manufacturing processes, purchasing, cost modelling and leadership. The SIG aims and objectives and approach have been briefed out to staff.

There is a strong desire to raise levels of employee engagement and involvement to provide the cultural underpinning of the new approach – and a recognition of the work that needs to be done. Results from the employee survey carried out in December 2014 (which secured a 72 per cent response) indicated that employees felt increasingly that their views were listened to (60 per cent) which the same proportion agreeing or strongly agreeing that they felt involved in future plans that affected them; 69 per cent believed that communication between senior leaders and employees was good. 70 per cent of employee agreed they had the opportunity to discuss their development with their immediate manager; at the same time a smaller number felt that their appraisal assisted them with their future development.

Reflecting the recent uncertainty, the December 2015 results indicated some ongoing engagement challenges, including communications with the workforce, and improving line manager/front relations beyond pockets of excellence, to make behaviours more consistent, and to ensure line managers have the people skills to treat people as and develop them as individuals.

Working with SIG, the company launched a new vision and values statement in summer 2015, which highlighted the mission critical need to 'develop and empower our people to drive our mission and values.' The values and behaviours needed have been identified as:

- Passionate about our business, our product and our service
- Act with honesty, professionalism and integrity
- Accountable: 'if it's to be, it's up to me'
- Trust by open and transparent communication
- Committed to innovation and change
- Set challenging goals, achieve results, and celebrate what we do
- Continually improve irrespective of prior achievements
- We are a proud team

The company has recognised that key to delivering this culture change has been a leadership development programme, including focussing on improving communication, and finding the right balance between trust and control. Working together, including offsite sessions, the leadership has agreed a set of Teamship Rules to lead behaviour change from the top, and a commitment to communicate and embed these changes in the business.

Teamship rules include:

- A professional image and presentable at all times; be an Invotec ambassador
- Respect, for your place of work, your colleagues and other departments and their contributions; be on time, prepared and considerate
- Ownership and commitment: own your role and responsibilities, commit to success in what we do, who are and the people we work with
- Unity and teamwork across the organisation: one team striving for the same results; when results are not achieved address in private and constructively.

- Delight: spend more waking hours at work than outside; enjoy it
- Tell: communicate to your team, tell them what is happening and feedback key messages
- Encourage across all levels: celebrate successes, praise on positives and be supportive and inclusive
- Active participant: be present, don't just turn up, get involved and say your piece
- Make it happen: complete actions committed to, and don't commit if unachievable.

The leadership have committed to modelling these behaviours and to being visible within the plant.

In order to make these behaviours real, the team have identified strengths and weaknesses of existing behaviours on the' control, order, protect' versus the 'align, create enable/encourage' scale (COP to ACE), and is developing strategies to move towards an ACE approach.

It is recognised that this represents a cultural change which will have to be visible at all levels and consistently carried through. As Tim Tatton said: 'We will have to show that we really mean this change, that we're not just saying it. That is going to be a challenge, because it will mean changes in behaviour all round, and we will all have to hold each other to account.' Tim believes that a 'blame culture' can easily take hold when leaders and managers are under pressure, which leads to a lack of collegiate behaviour and undermines trust across the organisation. Additionally, as with many organisations, there is a legacy of initiatives being started and then 'fizzling out': 'our people have to know we mean it and we will follow through.'

The leadership also believes that the workforce represents a repository of knowledge and information which is an untapped resource that can play a vital role in improving quality and performance, dealing with production bottlenecks, and satisfying customer demands, providing a tradition of risk aversion can be overcome and more cross functional working secured.

To support this cultural change, a fundamental review of internal communications is underway, looking at the benefits of different strategies, including the best use of team meetings and kick-off events, catch002Dups with individuals and with teams. Mechanisms for listening to the workforce are also being considered, including revamping the works council.

Tim is confident that taken together, these cultural changes will build on the strengths of the company and its workforce, securing the future for future generations.

<u>Learnings</u>

- Understanding the current cultural DNA is the critical first step in instituting change
- Clarity around the values and behaviours that will deliver the mission – and plans to make these real
- The importance of a strong leadership driven narrative, particularly in times of significant change – i.e. changes in company ownership – to inform staff and keep them on board
- Leadership development and training to ensure the top team understands and buys into the new behaviours.

- Support for line managers in developing people skills
- Effective cascading of information.

Sharing in Growth is a government backed programme designed to enhance the competitive capabilities of companies within the UK aerospace supply chain, helping them to tackle barriers to growth, boost exports and create jobs within the UK's high value manufacturing sector.

SIG is backed by £50 million from the Government Regional Growth Fund and £10 million of in kind support from Rolls Royce. The programme, for which there is a rigorous approval process, is aimed primarily at companies with a turnover of more than £10 million, which have the financial and managerial resources necessary for a long term commitment; currently around 40 aerospace supplies have been approved on to the programme.

People at the heart of driving success - Siemens drive technology manufacturing, Congleton

The award winning Siemens Motion Control Plant in Congleton began in 1971 as a warehouse and switchboard workshop; the facility now manufactures in excess of 1.3 million motor drives each year, employs over 500 people and exports 98 per cent of its products to 78 countries. It has its own junior factory, a business within a business for apprentices to develop the full range of skills to run British factories of the future. Over 90 per cent of employees have individually implemented some improvement and a target of 5 per cent annual productivity improvement has been exceeded, standing at over 8 per cent.

It is widely recognised throughout Siemens both for its productivity, innovation and its extremely high levels of employee engagement, based on a culture where 'everybody counts and everybody deserves respect, and high levels of involvement at every level', which the company believes underpins extremely high levels of performance. The plant has strong ties to the local community.

In 2014 the plant won the EFQM Excellence Prize for Leading with Vision, Inspiration and Integrity and Developing Organisational Capabilities. EFQM described the culture as inspirational, and commented that the factory had risen to meet the challenge of remaining cost competitive while delivering quality products on time every time 'by creating an agile innovative organisation with a zero defect culture, that has enabled it to compete not just on quality but also on price, with anyone, anywhere.'

Congleton has a highly engaged, motivated workforce, that has huge pride in the history and success of the plant over the years, and a strong identification with the 'all in it together, pulling together' approach that underpinned Strategy 2015, which was developed in response to the acknowledged market threats post 2008. Difficult decisions at the time included moving to a four day week, with a resulting 20 per cent reduction in pay, and then a 20 per cent workforce reduction; however, trust and engagement within the plant was maintained; engagement scores barely dipped, and 60 per cent of those who left subsequently rejoined as the market improved.

This all hands to the pump approach created a very strong culture of pride and a sense of communal ownership of the plant's success which permeates the whole operation. The relative simplicity of the story – improving performance and productivity to secure the future of the plant – was both a source of inspiration and a road map for employees. The strategy was developed and launched at a whole company off site – an annual event – and was visually recreated in graphic form, and then reproduced across the factory. It helped generate confidence in the overall strategy, enabling individual employees to have a clear line of sight between their day to day job and the aspirations of the company.

A strong family atmosphere permeates the plant, with strong respect for every individual, and an implicit understanding of 'how we do things around here' – ie the values and behaviours expected from everyone. The approach of 'humility but confident' leadership is reflected in most departments and management levels of the plant. The visibility of the leadership – both within the plant on a daily basis and in set piece events such as the annual away-days as well as in team briefs etc – and the fact that employees know from experience they can speak out, engenders a strong level of horizontal and vertical trust. Innovation is not seen as a threat, but as a positive contributor towards future success.

This culture is acknowledged to be the bedrock for operational success – such that the factory is known and recognised throughout the Siemens world, has achieved multiple awards, and remains the best performing in the motion control sector.

The new 2020 strategy builds on the successes achieved by its predecessor, but brings in some important new elements. The underpinning theme is to make the plant even more cutting edge in its product range, and more customer centric, with the emphasis on bespoke products developed with the customer, who will have more visibility on site, and a quicker, leaner more flexible operation on the ground. The new strategy will require more individual employee ownership of problem solving and innovation, and a flexible and agile approach to working arrangements. It will also need more cross functional working across departments and functions, ie R&D, manufacturing and customer service. It will include cutting edge elements such as co-botics and the i-factory. However the concerns for cost, quality, delivery and safety remain central to the plant ethos.

Ten strategic themes have been identified to deliver the vision: 'together as a great team we deliver unrivalled innovation and value for our customers'. These themes have a programme of focussed activity to ensure that targets are reached: advanced supplier relationships, enhanced logistics, advanced manufacturing, integrated digital enterprise, organisational transformation, ensuring sustainability, product of the future, customer value enhancement, develop with agility, integrated location.

As the new strategy recognises, 'it is the engagement and understanding of our strategy by all employees that will ensure its success'.

In particular, the current leadership have identified that while there is trust and openness, and an understanding of lean techniques and principles, the management style still retains strong elements of paternalism and hierarchy. "The challenge is to move to one of front line empowerment," as

Managing Director Andrew Peters put it, so that employees at all levels can bring all their skills and experience to bear and take greater responsibility to develop and improve future products and processes.

The leadership believe that a cultural shift to empowerment, whereby employees take proactive ownership of working practices and improvements, rather than waiting for instructions from managers, will be key to implementing the 2020 strategy, delivering more agility, speed, efficiency and quality. The factory is therefore looking at operational changes such as scheduled based working and self-managed teams. It will also ensure that more front line staff have the opportunity to visit external customer operations to see the impact of the parts they produce.

Obviously such a culture change will impact on all levels of the organisation, requiring a different approach from the front line, changing the working style of front line managers from instruction to coaching for example, and requiring more senior managers to work together across functions and to take a more strategic approach.

The leadership recognises that there is a challenge to the ethos in moving from a 'burning platform' to a more confident, outward looking culture. Maintaining the very high levels of emotional and practical engagement that the 2015 journey to safety embodied will require a deeper understanding across the workforce of the steps needed to secure the market opportunities, and a high level of confidence in their own abilities to effect change. As Andrew Peters says, 'individual employees will need to be able to answer the questions: "what does it mean for me. How will we know on day to day basis I'm contributing to 2020? What will success look like?" The big aim will need to be tangible.'

The successful approach of visualising the 2015 journey is therefore being replicated with a new graphic for the 2020 strategy, which was launched at the off-site, all employee away-day at the end of last year.

It is also recognised that moving to self-management will require addressing concerns and uncertainties among the workforce, and having answers to questions such as: 'isn't that what managers are paid for?' 'I want to do my job well, but how much responsibility are they expecting?' 'Is it still going to be OK to fail?'

Learnings

- A very strong strategic narrative about the factory's past present and future underpins employee engagement at Congleton, and although it is being updated to reflect the new elements in the 2020 strategy the continuity of the underpinning culture of respect and mutuality is seen as central to future success.
- At the same time, there is considerable effort to reassure the workforce that the strong cultural foundations of trust, honesty and mutual respect and regard remain strong and fundamental to the success of 2020.
- Effective communication with, and listening to, the workforce remains central to the engagement journey. The team is looking at how the traditional ways of communication can

be supplemented through the means of social media on site, as well as improving visual displays of operational success.

- The leadership recognise that the updated approach with the emphasis on team and individual empowerment will need to be supported through explanation and reassurance, and training and development support both for the front line and managers in the new ways of working.
- It is also dependent on success in horizontally integrating functions to ensure they work closely together in product development and customer responsiveness.

The automotive sector in the UK – a people based success story

The evidence from the automotive sector demonstrates that a people focused approach combined with cutting edge technology leads to world beating productivity. A revitalised British car industry is the shining star in the UK's economic resurgence, and once again it's a major player on the world scene. Last year, British automotive plants manufactured more than 1.52 million vehicles and 2.39 million engines, and they're on target to build more than two million cars a year by 2017. The momentum shows no signs of slowing up, as already this year Jaguar Land Rover, Honda, BMW, Nissan, Toyota and Chinese brand Chery have all announced major new investment in the UK.

People engagement is at the heart of the revival of the UK car industry – the most productive in the world, as this series of articles in the motoring magazine Auto Express (July 2015 – January 2016), demonstrate.

British car manufacturing: the bad old days

Britain's car industry has always been a key part of our business; indeed, in the fifties we were the biggest exporter of vehicles in the world. So it's hard to believe that in the late seventies and eighties we were on a fast track to self-destruction. Back then we had an inefficient, strike-riddled industry run by bad managers and disillusioned workers, which was highlighted by the inept and crumbling British Leyland empire.

When it was formed in 1968 after a merger between the British Motor Corporation and the Leyland Motor Corporation, British Leyland was meant to become a global motoring super-power, producing cars, trucks and vans. It brought together some of the most famous names in motoring including Austin, Morris, MG, Jaguar, Wolseley, Rover and Triumph, alongside commercial brands such as Leyland, AEC, Albion, Guy and Scammell.

However, it turned into a recipe for disaster, and despite being renamed as BL in 1978, the writing was on the wall. The UK's biggest car firm was slowly dismantled over the next decade, before finally ending in 1986. BL's demise was mirrored by a slump that affected the whole UK car industry, and in 1982 auto production hit a record low of 900,000 – and 120,000 of those were kit cars sent to Iran.

The seeds of recovery

The seeds for a very slow transformation were sown in the mid-eighties, when Japanese manufacturer Nissan laid the foundation of a new factory in Sunderland, while Toyota and Honda also started UK production in the years that followed. A major setback occurred in 2006, when the car industry here hit a new low with the collapse of MG Rover – resulting not only in the loss of 6,000 jobs, but also one of the most famous names in motoring. That's all in the past now, though, and it's in stark contrast with the situation today, and a booming, vibrant industry that's now one of the powerhouses of the motoring world.

The UK has more than 30 vehicle manufacturers, in excess of 2,350 component firms supplying parts, and is home to no fewer than eight Formula One racing teams. It employs upwards of 770,000 workers and the industry generates an annual turnover in excess of £64 billion, making it the largest sector for UK exports and earning £27 billion a year in revenue.

A multi-national effort

It's been an amazing comeback, and one that's ironically indebted to a clutch of overseas companies who still believed in the UK as a great car-making nation – and in the potential of a group of famous but dying British automotive brands.

Most importantly, the foreign investors from Germany, Japan, India, America and Malaysia were all willing to invest heavily to revitalise the British car industry. It was the initial belief of those Japanese car giants Nissan, Toyota and Honda that threw the lifeline to reinvent it and pull it back from the brink.

The Japanese gave UK workers the chance to prove that they were a match for anyone in the world – and it was a chance the Brits keenly grabbed with both hands. The result? A new breed of automotive worker, not only ultra-efficient, but innovative and self-motivated, too – people who have consistently proved themselves against the very best in the world, and won.

The 'can do' attitude of the British automotive worker was quickly noted by the rest of the global car industry, which consistently backed them with major investment. And alongside the workers has been a new generation of smart and dynamic British managers, who together are proving a formidable combination.

Great British car brands rejuvenated

In recent years, British car plants have been victors in major battles against other factories located around the world to win contracts for new models that have safeguarded the future of thousands of jobs and created many, many new ones. Nissan's Sunderland plant has gone from manufacturing a few thousand models annually in the late eighties to over 500,000 a year today – that's more than the entire Italian car industry.

And the past decade has seen great British brands resurrected and brought back to the top of the motoring tree. MINI is once again the world's most famous and successful small premium car, and Rolls-Royce has re-established itself as the ultimate name in motoring. They may now both be owned and bankrolled by BMW, but the cars are designed, engineered and built by workers in the UK, who've earned on merit every penny of the multi-million-pound investments from Germany.

Bentley have regained their position as two of the most desirable luxury car brands in the world. Bentley is also owned by a German giant, Volkswagen, but it remains a vibrant company with its heart and soul in the UK and its British workforce. Likewise, Aston Martin's two main shareholders may be based in Dubai and Italy, but the engineers, designers and workers who've delivered its revival are all based at its Gaydon headquarters in Warwickshire.

Land Rover and Jaguar faced an uncertain future when they were bought by Indian conglomerate Tata from Ford in 2008, just as the world's economy went into meltdown. At the time, they had to lay off 2,000 workers. Today, JLR has been transformed into Britain's biggest car company, and it's taken on over 15,000 workers in recent years to now employ more than 30,000.

Land Rover has strengthened its place as the leading manufacturer of four-wheel-drive vehicles on the planet, thanks to Tata's commitment and investment, but more importantly to the skills of its highly motivated workforce. Meanwhile, Jaguar is fast becoming a force to be reckoned with, on the back of world-class models such as the XF, XJ and F-Type. The XE compact executive has just gone on sale, and the sporty F-Pace SUV is waiting in the wings.

Aside from the obvious motoring giants, small niche UK sports car manufacturers such as Morgan and Lotus continue to defy the odds by simply surviving in the cut-throat world of modern motoring.

The future looks bright

British car manufacturers still face a tough road ahead in an ever-changing and increasingly competitive industry, but we've earned the respect of the rest of the automotive world as a genuine player with world-class workers, engineers and designers. Over the next few months, Auto Express will be celebrating the remarkable comeback in a special series of articles that'll tell the inspirational stories of the companies and workers who have put the Great back in the British car industry.

Nissan

When Nissan set up a manufacturing outpost in Sunderland in 1986, the company had no idea of the seismic effect it would have on British industry. That particular area of the North East was a barren wasteland, with dying coal mining and ship building industries that had thrown thousands of workers on to the scrapheap.

Nissan took a step into the unknown, starting from nothing to build its first plant outside Japan with only 22 workers, in a region with no experience of auto manufacturing. In the first year of production, it built only 5,139 cars; today, the factory makes more than 10,000 a week and over half a million a year. In fact, the plant has now built 8,208,995 vehicles – and counting – since 1986.

Sunderland is the shining symbol of the resurgence of the British car industry. It's proven UK workers can match and beat the best in the world. The factory has become a lifeline for the North East of England, employing a 6,700-strong workforce of ex-miners and ship builders, alongside a generation of new, young workers who've been saved from the prospect of a life on the dole. And the Sunderland factory means even more to the British car components industry, where it's estimated to be responsible for a further 27,000 jobs.

Sunderland's seen non-stop growth for the past 29 years, and the frenetic pace shows no signs of slowing. This year, the plant is creating hundreds more jobs to build the new premium Infiniti Q30 and QX30. Once again, winning the £250million investment for the new car was thanks to the Sunderland workforce, who beat off competition from other Nissan plants around the world.

The formula for success on Wearside has been world-class quality and the constant shattering of production targets – and it's convinced Nissan to invest nearly £4billion in the plant. It's also why the company decided to build a state-of-the-art battery facility there, and to produce its cutting-edge Leaf electric car alongside its best-selling Qashqai and Juke on the factory lines.

Here, no one stands still – and every second counts, with a new car rolling out the door every 31 seconds. Kevin Fitzpatrick, the man now running the Nissan plant, epitomises the 'can-do' attitude of the Sunderland workforce, because he was one of the original 22 supervisors hired back in the mid-1980s.

On his way to the top, he's experienced first-hand the opportunities that have been offered by Nissan at Sunderland – opportunities he's grabbed. Kevin was a 25-year-old production engineer working at a depressed Newcastle mining equipment firm when he spotted the advert for supervisors with Nissan.

He recalls: "I wasn't impressed with my career prospects, there was no future in mining and I needed a change. But when I applied for one of the Nissan jobs, I didn't think I'd actually get it – I just thought I'd chuck my hat in the ring."

However, Kevin beat hundreds of other applicants to get one of the coveted jobs, and within two weeks he was in Japan for eight weeks' intensive training. "I'd never been abroad – only to Scotland," he says. "Going to Japan and working in a massive car plant was a huge cultural shock."

Kevin's never looked back, although he happily admits that he didn't envisage being boss of the entire operation. "I never imagined ending up running Sunderland," he tells us. "I never thought I'd get to be a plant manager, never mind be the boss. I've surprised myself."

But as with many members of the Sunderland workforce, Kevin was a quick learner, and he found that hard work is rewarded with regular promotions – in his case, all the way to the top. He says the formula is simple: "You need energy and the right attitude to work at Sunderland.

"We never relax, and you have to be able to work under relentless pressure. It's not utopia; it's a fast, hard-working environment, and there is tough competition from factories around the world for every new car we win for Sunderland. But this plant has earned every new model by hard work."

Kevin has no doubt that Nissan has been crucial to the resurgence of the North East as an industrial region: "Nissan came here when we were at rock bottom. The mining and ship building industries had died. It was pretty brutal what happened here. It was desperate back in 1986; there were no jobs and no real future.

Nissan has been massively important to the region, it's helped give pride back to the people." It's been a lifeline for entire families, with fathers and sons such as Shaun and Thomas Clark working side-by-side. Shaun, 45, was one of the first production workers as a 17-year-old trainee maintenance technician in 1986. And he has no doubt what Nissan has meant to his family and the region.

He says: "Without Nissan, the North East would've been a disaster, a ghost town. The company's meant everything for me and my family. It was hard to get a job back in 1986, so I jumped at the chance. You're always pushed, and this place never stands still – you have to graft."

Shaun, who's worked his way up to be a maintenance team leader, was delighted when his son Thomas decided to take an apprenticeship at Nissan: "I had no reservations when he got a job; this is a good place to work. He has a real future."

Thomas, who's just completed his first year at college of a five-year apprenticeship as a trainee maintenance technician, like his dad before him, feels Nissan offers the prospect of a career with real opportunities. "I've always liked fixing things and I didn't want to go to university," he explains. "I wanted a job where I could be hands-on, so an apprenticeship seemed the right way to go."

He's now started working at the factory, and he's looking forward to the challenge. "There are plenty of opportunities with Nissan to progress and climb the ladder, and you get job security," he says.

Alan Bintcliffe, 52, is another worker who's benefited from the Nissan jobs lifeline, joining in 1987 after leaving the Coldstream Guards. He started on the line building the original Bluebird, and says he's seen constant changes ever since. Alan is now a Kaizen supervisor – the Japanese word for continuous improvement – and he confirms that Sunderland is always pushing the boundaries.

Through the Kaizen system, workers come up with constant ideas and innovations to make life more efficient and less physically demanding on the production lines. These are ideas that can save the business a few thousand pounds or millions of pounds in efficiency improvements.

As Alan explains: "We never rest on our laurels. We have 'where we want to be' targets that keep pushing us. This place stretches you every day, but it's provided me and my family with an excellent lifestyle."

Sunderland's ability to consistently hit the toughest targets has seen the plant produce 500,000 cars a year for three consecutive years, and makes it the most productive car plant in the UK. The Angel of the North statue may be the gateway to the North East, but Nissan's Sunderland factory is the heart and lifeblood of the region – and one of the UK's greatest-ever industrial success stories.

Toyota

Twenty five years ago, the rural calm of two small Derbyshire villages was shattered by news that Toyota was to build its biggest factory in Europe on their doorstep.

One of the residents, John Lemmon, still vividly recalls the first meeting held in the Burnaston Village Hall when a huge number of people turned up to protest that it was going to have to be transferred to the local church. He tells us: "Everyone was opposed to the Toyota factory. We were all apprehensive about having a huge car plant on our doorstep. For a small rural community, it was the worst scenario possible."

John, a local councillor at the time, was one of the first people elected on to a Community Liaison Committee set up by Toyota to address the fears of local residents. And he is now happy to concede that Toyota has not only been a perfect neighbour, but has made a significant contribution to a host of local community projects, from schools and churches to cub and scout troops and the local leisure centre.

"From individual cases of Toyota double glazing the home of a local resident who was being affected by dust from the original building site, to improving the roads, power and water supplies to the area, it's gone way beyond what you would expect," John explains.

He also recognises the major contribution Toyota has made to employment, telling us: "South Derbyshire was a community dominated by a mining industry that was dying. The area was becoming a very depressing place, but Toyota has turned it into a thriving area where unemployment is lower than the national average."

Today, the Burnaston factory is one of the top plants in the brand's global empire, plus it's a vital cog in the local Derbyshire economy, employing 3,000 workers.

Toyota is celebrating 50 years in the UK this year and over three million sales, alongside 25 years at Burnaston, where it has now built nearly 3.8 million cars.

The manufacturer has invested over £2.1billion in its UK operation and created over 3,500 jobs – with 500 at its engine plant on Deeside, Clwyd, plus thousands more at 200 British companies in the UK component industry.

One of the workers who symbolises what Toyota has meant to the area is Wayne Smith. He lives only five minutes away from the factory and joined as a maintenance team member 23 years ago.

Wayne has no doubt that Toyota has drastically changed his life as he has risen through the ranks and is now a senior engineer at the plant. “At Toyota I saw the chance of a better future for me and my family,” he says. “I have been offered a constant challenge to improve myself and I’ve achieved much more than I thought.”

That includes a degree in manufacturing engineering at the age of 50 after Toyota paid for him to go to university. “I really relished that challenge,” adds Wayne. “I was studying at the same time as my son, and it was a big personal achievement when I got my degree.”

In 2015, a vibrant Burnaston builds three of Toyota’s most important models – the Auris hatchback and a hybrid version, alongside the Avensis family car – after the latest £100million of new investment.

The plant’s deputy managing director, Tony Walker, is another Brit who has worked his way to a senior position at Burnaston, and he’s proud of how the site is now competitive with Toyota factories around the world.

He reveals that this year, during the launch of the new Auris and Avensis models, the plant recorded zero defects in a Toyota quality audit, but quickly adds: “We can’t afford to rest on our laurels.”

Walker believes the plant’s success is down to its constant investment in improving its workforce’s skills, telling us: “We have some of the world’s most highly skilled car workers, and we use their talents to the maximum.”

Walker, a veteran of the car business who experienced the strike-ridden days of the old British industry in his early years, is proud of the fact that Burnaston has never had a strike since it was opened 25 years ago. “We work together to resolve issues and our workers’ ability to solve problems is fundamental because we are measured against the best in the world at Toyota,” he adds.

Walker says that more investment will be made in the next few years when Toyota brings in new, leaner production systems, and that more money will help guarantee a long-term future for the Burnaston site.

A final reminder of just how committed Toyota is to the local community is a scheme it has launched to help local homeless and jobless youngsters get back on their feet. The company has linked up with youth charity the YMCA’s branch in nearby Derby to develop an 18-week work experience programme with the aim of getting them a job.

Mitch Geere, 22, explains that Toyota and the YMCA have given him “a new opportunity” and the real hope of a job at the end of the course. “The course at Toyota is helping build up my confidence and making me more determined to get a job,” he adds.

“I’d lost my job, broken up with my girlfriend and had no family in the area. Everything had gone pear-shaped and I could have ended up on the streets. But now I feel as if I have a future.”

So while Toyota's arrival in Derbyshire may have been viewed as a blot on the landscape 25 years ago, there is little doubt today that it's seen as a shining beacon and an integral part of the local community.

BMW Mini

Reinventing the world's most famous small car should have been a major gamble for BMW, but the little British car that captivated the world first time round has proven an even bigger phenomenon in its second coming.

The Mini name was the one good thing BMW salvaged from its ill-fated purchase of the Rover Group, yet the German giant still needed to start from scratch in 2000.

BMW has transformed Mini from cheap and cheerful basic transport to the world's first premium small car and one of the biggest success stories of the last decade. Nearly 1,000 MINIs roll off the Oxford production line every day, and more than three million have been sold in just 14 years since BMW relaunched the brand in 2001.

MINI has also become one of the UK's greatest export successes, clocking up over £30billion worth of sales to 110 countries around the world, with 80 per cent of the cars built at Oxford being shipped abroad.
To put that figure into perspective, it took the original Mini nearly 45 years to clock up 5.3 million sales, so the new version is already well on the way to overtaking it and sealing its place in motoring's hall of fame.

The MINI revolution has not come cheap, though. BMW has invested nearly £2billion in the brand to develop a new range of models and transform the ageing Oxford plant into a state-of-the-art, hi-tech factory.
The investment has not only benefited BMW, but also British workers, as more than 4,000 are now employed at Oxford with 800 more at the brand's Swindon facility and 800 making engines at its plant at Birmingham. Plus, thousands more jobs have been created in the UK components industry – supplying parts for MINI.

But for one worker, Mick Fisher, the brand is extra special. Mick started working on the original Mini in 1965 at the old Longbridge plant in the West Midlands, and he now plies his trade on the new MINI and will celebrate 50 years' service in September. The 67-year-old said: "Mini has been the dominant part of my life. It was the first car I worked on as an apprentice and the first car I owned; I paid £500 for a second-hand one.
My wife and I used to go on holiday to Cornwall in that car, and she still drives a new MINI 5dr today. The MINI has given us a very good living – it's like part of the family."

Mick said he has seen some remarkable changes from his early days working on the classic Mini: "The old factory was a dark and dire place to work. We used to work in a pit in the ground; it's a very different story today.

"The big difference is the technology; it's made the job on production lines much less physical and less stressful." Despite the dramatic changes, Mick told us one thing hasn't changed: "It's always been different from any other car in the world, it has its own image, but the new one is very much a premium small car with all the gizmos."

Mick now works as a project supervisor and is an inspiration to young workers like 21-year-old apprentice Zach Hollis. Zach joined MINI after three years in the army and is on a four-year maintenance apprenticeship. He sees the chance to grow with MINI and is clearly ambitious; when asked what his goal was, he said: "I'd like to go all the way and become the plant director; I want to get as far as I can. "MINI also offers job security and means I can plan for the future; coming here was the best decision I made."

And the brand is very much in the genes for 27-year-old Hannah Crowder, who is the fourth generation of her family to work at the Oxford plant. Her great grandfather, Norman, was a superintendent, her grandfather, Derek, worked at Oxford for 42 years and her father, Alan, was an inspector. Plus, she even met her husband, Alan, on the job.

But Hannah admitted that when her dad suggested applying for an apprenticeship at Oxford, she was unimpressed: "I didn't want to work in a car factory. I thought it would be a dirty and boring place to work, but Dad persuaded me to check it out and I'm glad he did.

"This is just the coolest place to work in the world, it has a real buzz about it and the MINI is a truly awesome car. My mum has just ordered the new five-door version that I've been doing the logistics for, so it's safe to say that the car is very much part of our family."
And in 10 years, Hannah has made her dad proud. After starting as a business apprentice, she has not only qualified but also achieved a degree in Business Management and is now a manager in logistics, making sure vital components arrive on to the production line bang on time.

"I love working here, the people are great and there's a real sense of teamwork; everyone's aim is to ensure the cars leave the line as perfect as possible," Hannah added. "The MINI has become my life, and I'm happy to keep up the family tradition; I think I will always work here."

And the amazing MINI continues to clock up new records: in the first four months of 2015, it passed 100,000 sales for the first time – putting it on course for record annual sales.

BMW's marriage to Rover may have ended in disaster and divorce, but its partnership with MINI appears to be a match made in heaven, and one that has reignited Mini Mania all over the world.
Rolls Royce

Record sales, a factory working flat-out to meet demand... it's hard to believe Rolls-Royce was dead and buried just 17 years ago! When BMW bought the Rolls-Royce name in 1998 for £50million, it acquired the most famous name in motoring and nothing else.

There was no factory, no workforce, Rolls-Royce was homeless and car-less, and its previous headquarters in Crewe, Cheshire, had been sold, along with Bentley, to the Volkswagen Group. And even the Rolls-Royce name was a faded apology of its former glories – tarnished by years of neglect, it was the motoring equivalent of an aristocrat ending up as a down and out.

So Rolls-Royce started again, and in just over a decade has achieved a motoring miracle, turning a field in the West Sussex countryside into a business that is once again the pinnacle of motoring.

Today, everywhere you look at Rolls-Royce's state-of-the-art factory in Goodwood there is a buzz of activity and anticipation. The workforce has grown from a handful of people in 2000 to a 1,500-strong team of highly skilled workers, while a sensational line-up of models helped the brand achieve record sales of 4,063 cars in 2014.

And that model line-up is about to be extended by two new versions: the Dawn convertible and a "high-bodied vehicle" (Rolls-Royce for SUV) that's set to be the most controversial model in Rolls' 100-year-plus history. Chief executive Torsten Müller-Otvös believes the new models will not only secure the long-term future of the brand, but take it into a new era of success never seen before.

He says that Rolls-Royce has surpassed even BMW's expectations: "The firm has never enjoyed the level of successes we have achieved in the last few years. The relaunch of Rolls-Royce has been achieved in an unbelievable manner that has brought together the legacy, history and the value of the brand."

Müller-Otvös is clear about what the brand's biggest achievements are: "We have made Rolls-Royce relevant to traditional customers but also attracted a new younger generation of buyers all over the world. We have modernised the brand, but also made it cool, modern luxury." He also reveals that the youngest Rolls customer is just 28 years old, and the average age has dropped from 53 to 45.

Central to this success story for Müller-Otvös is the Goodwood factory and its workforce. "It is an unbelievable car plant with an unbelievably skilled workforce," he says. "That has been even more important than BMW thought; it is the perfect location." And he gave a categorical assurance that this would remain the only location where Rolls-Royce cars would be produced, adding: "Every Rolls-Royce needs to be built at Goodwood. It is the heart of the brand. Unlike other manufacturers, we will not be building another plant anywhere else in the world."

Müller-Otvös explains that the decision to build a new Technology and Logistics Centre a few miles down the road in Bognor Regis (which opens in 2016) was the latest confirmation of Rolls-Royce's commitment to the UK.

It's a commitment backed by nearly £200million worth of investment that has created 1,500 jobs at Goodwood and thousands more in the UK components industry.
For workers like 23-year-old Sam Evans, it has literally changed his prospects and given him the very real chance of a job for life. Sam was a disillusioned 18-year-old working for the Co-op when a friend working at Rolls-Royce told him it was the place to get a job with a future. With the confidence of youth, Sam walked into Rolls-Royce reception the next day and asked for a job. He was politely told to follow the correct channels, and six months later he was hired as a production associate.

Over the following three years, Sam's progress has been almost as spectacular as the brand's own rise, including travelling the globe and recently meeting the Prime Minister. He's about to complete a three-year apprenticeship in the firm's woodshop that will see him become a fully fledged craftsman, helping to produce the exquisite interiors that are such an integral part of every Rolls-Royce.

Sam admits it's been "the best apprenticeship in the world", adding: "It's a great challenge every day creating something beautiful and seeing it go from start to finish."

For 37-year-old Jonathan Peedell, manager of production interior trim wood, the journey to Rolls-Royce has been a bit different. He started out as an electrical apprentice with the Rover Group, working on the Rover 600 and 800. Jonathan rose through the ranks with Rover, becoming the assembly maintenance manager at the Cowley plant near Oxford, where he gained great experience, but also went through the pain of the motor industry when he had to oversee 850 fellow workers losing their jobs in 2009. He also learnt everything about mass car production, where a car rolled off the lines every 68 seconds – a far cry from the hand-built artistry he now enjoys at Rolls-Royce.

But it was when BMW took over Rover that Jonathan was given the chance to transform his career and his education with a manufacturing degree, and then be selected to join Rolls-Royce in the woodshop. He admits he was expecting a slower and easier pace of life: "I had no idea what went into the wood craftsmanship of building a Rolls-Royce – the detail and intricacy. It was six months before I really appreciated how complicated it was to work in wood.

"At Rolls-Royce it's all about hand skills. You can't get a robot to do what we do. I quickly realised you need the detail only a human being can give."
Jonathan has also been shocked by the level of contact he has with Rolls-Royce customers in the woodshop. "I love the link with the customers and the intricate detail needed to give them exactly what they want. I enjoy every single day. I get great satisfaction from my job."

And that's perhaps the secret of this reborn brand: the workforce gets as much satisfaction from building a new Rolls-Royce as the lucky buyers get from owning one.

Jaguar Land Rover

As Hollywood blockbusters go, the story of the car company that was on the verge of collapse less than 10 years ago, yet today is one of the automotive world's big success stories, could well break box office records.

Records are something Jaguar Land Rover knows quite a bit about, with 2015 the company's biggest ever year for sales, boosted by a range of award-winning models such as the Jaguar XE and Range Rover Evoque.

But it could have been so different. In 2008 the firm was on its knees before Tata, an Indian company better known for its steel and tea businesses, stepped in and bought British brands Jaguar and Land Rover. It then put in charge Dr Ralf Speth, a German who'd previously worked at BMW. "I knew the company was more or less bankrupt, I knew we only really had one chance, one opportunity. We couldn't choose to do just this or that, we had to be the 'and' company to do everything," he says.

"We had to develop a very special strategy that meant we could simultaneously restructure, update processes, and make us leaner – and prepare us for the future.

"This was done and totally supported by Ratan [Tata] – without Ratan we wouldn't even exist any more. He invested and also gave us the freedom to design our own destiny – that shows how visionary Ratan really is."

That investment has worked for Tata, because JLR has repaid its debt to the company and is now profitable and growing. Over the past five years, it's employed more than 20,000 people (and is the UK's biggest employer of engineering graduates), while Speth expects the company to go past the 40,000 employee mark this year.

Sales have also doubled in the past five years, with a similar return expected by the end of the decade. "We don't want to grow for the sake of growth," says Speth. "We have to grow because that's the best way to be successful.

"It's about creating exciting products that are innovative in terms of things like infotainment systems and electronic chassis systems, so we can deliver something very special – that's more important than the fight for the last figure."

There may be stability now among a growing workforce, with manufacturing plants going strong in Solihull, Castle Bromwich and Wolverhampton in the West Midlands, and Halewood on Merseyside, plus engineering and design facilities in Whitley near Coventry and Gaydon, Warks, but how do workers react to Speth and his team?

"Some of our people have seen so many ups and downs, and seen so many different leadership teams, that they're happy for an opportunity to see the company go upwards," he says.

Getting the right staff on board has long been a problem for British industry and Speth is particularly proud of how JLR has solved that problem by engaging with young people and giving them an opportunity to train. "We have nearly 8,900 in education, we train people. We have around 300,000 pupils visit our plants and engineering centres to bring these guys closer to the technology."

The next step is a bespoke campus – the National Automotive Innovation Centre – which Speth describes as "a centre of excellence bringing government, academia, suppliers and manufacturers together".

However, the reaction to JLR's announcement that it will begin to build cars at a new plant in Slovakia, as well as at an existing facility in Austria, hasn't been greeted with universal cheer – but Speth is convinced that people within the organisation are supportive. "The workers know that we can't produce only in the UK," he says. "They know that BMW, Mercedes-Benz and everyone have hundreds of plants and they have the right mix to support and make their own country stronger. For every three to four jobs abroad, you create one in the UK to manage it."

The company's 'Leap 4.5' plan has also come under scrutiny with its drive for greater efficiency, but Speth says that's just good business sense, with JLR trying to be as lean as possible, especially after a downturn that was reported in the second quarter of 2015.

"I'm optimistic that we've come back on track," he says. "We have solidity and we will continue to invest. But if you have grown over five years in the way we have grown, then there's also time to take one step back to see if we've grown in the right way. It's not about cost-cutting, it's about increasing value in the business."

Honda

No car plant sums up the precarious nature of the car industry better than Honda's Swindon factory.The Wiltshire site has experienced a rollercoaster ride of highs and lows: production once topped 250,000 in a year, it stopped building cars for four months in 2008 because of the global recession, and it's now back up to 120,000.

Swindon has also see-sawed from hiring to firing, from a peak workforce of 5,500 to the current 3,200, and there have been genuine fears about its future.

But the plant and its workers have always bounced back stronger, and last year Honda highlighted its commitment with a further investment of £200million in its only European car plant. The latest investment in new advanced production technologies will make the factory the global hub for the vital all-new Civic model, due in 2017.

Toshiaki Mikoshiba, president of Honda Europe, is in no doubt of the importance of the site. He says: "The investment sends a clear message to our associates and suppliers of the strategic importance that Honda places on producing cars at Swindon."

The message has been a welcome relief to workers at the plant like Pete and Romula Soane. They met working together on the production lines, where Pete was Romula's boss, and are now married – Romula is expecting their first baby, too. Pete, 29, admits it took time for romance to blossom in the high-pressure environment. "I was her team leader and I enjoyed being the boss, but it changes now when we get home!" he jokes.

Pete says it's a good place to work. He reflects: "I worked in a dead-end job before I came to Swindon, but you have real career prospects here, and Honda is a good employer – it has looked after us in the tough times." He adds that the latest investment has removed "a lot of the uncertainty" over the long-term future of the plant.

Romula, 32, says working on the line is hard work, but Honda is good at recognising and rewarding it. She went to Italy last year as part of a team representing the factory in a competition for new ideas developed by Honda workers from around the world.

She agrees that the recent investment has provided more security, adding: “People are a lot more confident about their jobs and the long-term future now.”

The factory is crucial to many families, like 29-year-old Kerrie Greening and her identical twin Lowes Marsh – their two uncles also work at the plant. Kerrie says working at Honda has literally changed her life: “When I came I was shy and lacked confidence, but now I am presenting in front of workers from all over the world in my job as an EU co-ordinator.”

She works in the plant’s environmental regulations compliance team, which looks at environmental issues, such as the effect of new regulations on components, and making sure no nasty chemicals are used in the car parts.

Kerrie persuaded her twin Lowes to apply for a job with Honda when she was made redundant, and Lowes says it worked out perfectly because Honda has given her a real opportunity. She works alongside her sister – they sit opposite each other – and she loves her job.

“No day is the same. We are always doing something different and challenging, and I love the complexity of the job,” explains Lowes. “And it’s very positive at the plant after the latest investment.”

Honda has invested over £2.2billion at Swindon since 1985, with the firm receiving no financial support from the Government, unlike the majority of UK car makers.

Jason Smith, the plant director, who worked his way to the top after starting as an accountant, says the latest investment is a well-deserved reward for the efforts of the workforce. “We’ve gone through some tough times, during which we have consistently demonstrated our resilience. The workforce is hugely committed and we have shown great flexibility in adapting to situations,” he says.

The investment has shown Honda’s commitment to Swindon and that’s great news for all the workers. We are all focused on making this a successful plant with a long-term future, producing cars for all around the world.”

But the factory’s future will always depend on Honda developing new cars that motorists buy in big numbers –something it has not done in recent years, despite having earned a great name for reliability.

Last year saw the biggest product offensive by Honda for over a decade, with every model replaced or updated to give the brand the newest line-up in the car industry.

A new Jazz, the all-new HR-V in the fast-growing crossover sector, the Civic Type R, an updated CR-V, the return of the legendary NSX supercar and an all-new Civic in 2017 are plenty of reasons for optimism.

Phil Crossman, Honda's UK managing director, is the man responsible for hitting the sales targets that will keep Swindon working flat out: "We had fallen off the radar of some customers, but our new models mean we are right back on the shopping list. We now have the newest model line-up in the business and everyone is very confident."

Phil says the response from dealers and the public has been phenomenal: "We can sell every HR-V we've got and the Civic Type R is sold out until next February. We are approaching 2016 with a lot of confidence and excitement."

Honda's advertising slogan for the new Civic Type R – "R you ready?" – seems to appropriately sum up this new-found belief in a brand that is back on track, and with a much more secure future in Swindon.

Moving forward on engagement

The challenge of shifting workplace culture can feel like facing a mountain to climb.

Often organisations find it difficult to know where to start in improving their engagement. One approach is to base the improvement strategy around an employee opinion or engagement survey, mining the results for actions, focussing on areas where the scores are lowest.

Although surveys are a helpful tool, the danger is that surveys become the strategy; cascading results and tasking managers to 'get those scores up' can result in teaching to the test, and to a set of un-coordinated transactional activities which do not add up to a strategic approach, and which do not address the fundamentals.

The examples of our case studies and previous studies on developing effective engagement suggest that as a first step, asking the following questions throughout the organisation can lead to a better understanding at board level of your engagement challenges, as a pre-condition for moving forward:

- What does engagement mean to us and what are we hoping to achieve through improving engagement
- Why is it important for our organisation – what do we risk by not improving engagement?
- Where are we currently?
- What measures are we going implement to move the dial?
- How will we measure progress? What are the metrics and changes we really need to see?
- Who is going to make it happen organisationally?

Four enablers of engagement

Many organisations have found helpful to examine their current practices through the lenses of four key enablers of engagement identified in the 2009 report Engaging for Success - a strategic narrative, engaging managers, employee voice and trust and integrity.

A strong story:

The strategic narrative is about having 'a strong, transparent and explicit organisational culture which gives employees a line of sight between their job and the vision and aims of their organisation.' Evidence shows that it is vital that leaders of an organisation both tell the story, and live the values embodied in it. Employees need to find meaning and purpose in their work. They need to see how their individual graft and toil contributes to something greater, something that they can buy in to and believe in. Otherwise work becomes merely contractual and transactional – you come to work and do what you're told just because you have to.

Engaging Managers:

Line managers at every level who are able to management people effectively are absolutely crucial to employee engagement. We identified the importance of having engaging managers who offer clarity, appreciation of employees' effort and contribution, who treat their people as individuals and who ensure that work is organised efficiently and effectively so that employees feel they are valued, and equipped and supported to do their job. As Dame Carol Black's work has shown, dysfunctional relations between individuals and their line manager are the biggest contributor to workplace stress, itself a major contributor to ill health absence.

Employee Voice:

Listening to employees is central to effective employee engagement. Engaging for Success defined voice as 'employees' views are sought out; they are listened to and see that their opinions count and make a difference. They speak out and challenge when appropriate. A strong sense of listening and responsiveness permeates the organisation, enabled by effective communication.' (MacLeod and Clarke, 2009)

Integrity and trust:

The fourth enabler of engagement is integrity. This is defined as "a belief among employees that the organisation lives its values, and that espoused behavioural norms are adhered to, resulting in trust and a sense of integrity" (MacLeod and Clarke, 2009). WERS shows that just one in two employees (50 per cent) agree/strongly agree that managers keep their promises. Only slightly more (58 per cent) agree/strongly agree that managers deal with employees honestly.

Further advice and support in undertaking the employee engagement journey, including tips and examples, is available via the Engage for Success website: www.engageforsuccess.org