



How good is your business really?

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, and 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 understood that 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 builds for Rolls Royce, we have essentially transferred staff, often on their old terms, with the pre-existing culture and only then tried to bring in change, which is very hard to do."



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An initial team of 20 Pallion employees of all grades were recruited to help scope out the new ways 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.

The teams undertook design workshops, walk-in sessions and engaged 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 backdrop of uncertainty about the future and 'anxiety and upset' among the existing workforce and local community at Pallion, where the factory is considered a great source of pride.

There were also concerns from the workforce around 'deskilling', given that production at Washington would rely on high-tech equipment and robotics. "Are we going from using our hands to make something to simply pushing the green button" one team member asked. "What's the role of the line manager in the new set up?" asked another.



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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 'left behind', but were included in the 'excitement around the new development. In fact, in conjunction with the Washington site launch, Pallion itself underwent significant changes in culture and improved production as the workforce 'upped its game' in a friendly rivalry with 'their '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 evolved 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:



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- 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 that 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 'a leadership that embraces 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 resulting in 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'



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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; trust, respect and valuing 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 which selected based on their behaviours. Maintenance staff are also part of the team.

The onus is placed on teams and shifts to troubleshoot and problem solve. "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



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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’d 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 improvements in 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



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Learnings

- 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 – i.e. 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