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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 genuinely sick 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:



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- 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 reduce 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 the 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.



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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% - which 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 transparent to all staff and managers.

The AMS is, arguably, even more innovative. Many organisations struggle to adopt a sickness and absence process that 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.

The 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



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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. 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. This 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 people's 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.



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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 workshops - which are designed to give the line managers the confidence to deal with difficult issues using real life examples from within Airbus. By improving management capability in capacity planning and absence - the TSA and AMS initiatives are supported by fully informed individuals from all areas of the company. This ensures that the initiatives remain 'business as usual' regardless of future challenges.

Learnings

- Effective relationships with recognised trade unions can lead to agreement around workplace innovations such as TSA's which impact positively on both engagement and productivity, benefitting individual employees, the workforce generally and the company
- These approaches need to be developed with the involvement and understanding of the workforce; their ideas need to be sought and options developed



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- 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 implement such schemes effectively



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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



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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 to the company, and a target of 5 per cent annual productivity improvement has been exceeded, standing at over 8 per cent.

The plant in Congleton is widely recognised throughout Siemens for its productivity, innovation and extremely high levels of employee engagement, based on a culture where 'everybody counts, everybody deserves respect, and high levels of involvement at every level', which the company believes underpins extremely high levels of performance. The plant also 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.'



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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.

The '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 roadmap for employees. The strategy was developed and launched at a company offsite – 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', i.e. 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



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piece events such as the annual away-days and 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 business, has achieved multiple awards, and remains the best performing factory 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 underlying 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 and 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, including 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.



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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."



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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.

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 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 questions like 'what does it mean for me?', 'how will we know on a day to day basis what I'm contributing to 2020?' and 'what will success look like?' The big aim will need to be tangible."



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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 latest employee off-site meeting at the end of last year.

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 culture of respect and mutuality is seen as central to future success
- 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 dependent on success in horizontally integrating functions to ensure they work closely together in product development and customer responsiveness



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Putting employees first: JJ Churchill

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

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 radial aero-engine exhaust valves to Armstrong-Siddeley for iconic products such 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 own son, the current managing director Andrew in 2002.

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



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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 forms 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, reflected in an employee survey which showed that a high percentage of staff had 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



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profitable long-term growth potential, and is committed to improving overall factory efficiency 'using our cash to maximum effect'.

The company attaches great importance to its values, which were created by its Consultation Forum with input from all employees. Behaviours illustrating the values were written by individual staff. "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 alignment right 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 consistently positive responses to a variety of questions, including high scores for:

- Understanding 'what is required of me at work'
- Having access to the 'required tools and equipment available to do my work right first time'
- 'Someone in the company cares about me as an individual'
- 'My suggestions and opinions are valued within the company'
- 'I have the freedom to do what I do best every day at work'



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Absence levels have been reduced substantially, from 6.4 per cent to under 2 per cent. This has been achieved through:

- An emphasis on employee wellbeing - including a healthcare scheme for all staff which funds optical, dental, physio, chiro and specialist consultation as well as any necessary scans to speed-up the process of diagnosis
- 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 drive for 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 also visited the Cummins plant to get a better understanding of where the products they produce are used in engine assembly. As Andrew Churchill stressed, "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 leader visibility throughout the plant, and timetables daily shop-floor walks by the senior team. When he first took the reins of the business, Andrew organised three, two-day bespoke training courses



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to help develop this common vision; the board and heads of departments similarly undertook development sessions, looking at the different individual drivers, different responses to pressures, and helping them to break down silos. 50 per cent of KPI assessment is set against individuals demonstrating these values.

The company 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, whilst the Consultation Forum with employee representatives covering issues not collectively bargained, meet 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, 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" Andrew notes.

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



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reward for ideas that are adopted, and in the past have included ideas such as 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 they've got a problem."

Learnings

- In an increasingly challenging market, the company believes that an 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 at the heart of the business and a 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 both company successes and challenges, and are able to develop and own solutions, such as driving down waste and improving quality



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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 originally being privately owned, a takeover by a US company in 1998, a management buyout in 2001, a secondary MBO in 2007, followed by control by a private equity group in 2012, with finally 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 long term perspective with regards to 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" he noted.

However, the acquisition by Amphenol has bought stability, and a renewed emphasis on long term planning and investment. Amphenol, while placing major financial



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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 (SIG) programme since September 2014, to improve both organisation and performance across the company. 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, 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), the same proportion agreeing or strongly agreeing that they felt involved in future plans that affected them, and 69 per cent believed that communication between senior leaders and employees was good. 70 per cent of employees agreed they had the opportunity to discuss their development with their immediate manager, and a smaller number felt that their appraisal assisted them with their future development.



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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 appropriately 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, 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.



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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,



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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' and '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, catch-ups with individuals and with teams. Mechanisms for listening to the workforce are also being considered, including revamping the works council.



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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.

Learnings

- 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.

About Sharing in Growth

SIG 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



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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.



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Preparing for future business challenges by enhancing workforce skills and capabilities: BAE Systems' Military Air & Information business

BAE Systems Military Air & Information (MA&I) business is a world leader in the design, manufacture and support of combat and trainer aircraft. With customers across the globe, it is also the principle supplier to the UK MOD for its combat and fast jet training aircraft and their in-service support. BAE Systems' sites at Warton and Samlesbury (together known as Warton Unit), Lancashire, represent the UK Centre of Excellence for military aircraft manufacture. They are home to the production of Eurofighter Typhoon and the UK's major contribution to the Lockheed Martin led F-35 Lightning II, the world's largest defence programme. The sites also undertake, together with BAE Systems' site at Brough, East Yorkshire, the manufacture of the Hawk jet trainer.

BAE Systems' MA&I business employs approximately 13,500 employees across over 20 sites around the UK with c10,000 employed at Warton and Samlesbury. The principle trade union across the MA&I business is Unite.

The UK defence industry is undergoing significant change, in part in response to the government's recent Strategic Defence and Security Review, but BAE Systems' MA&I division has been moving from primarily meeting the requirements of the UK MOD to becoming a business increasingly focussed on securing international business in what is an extremely competitive global market. It is therefore developing a more 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.



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Due to the pace that the external market is evolving, new technologies and ways of working are being adopted and deployed across the multiple manufacturing platforms, and the organisation recognises that to maintain its leading class status, it needs to be able to respond to business opportunities by adopting and deploying new capabilities in an agile but cost effective manner.

The existing 'Manufacturing System' (people, process, technology, facilities etc.) are not necessarily aligned to meet the challenges of tomorrow and beyond, it recognises that investment is required in not only plant and equipment but in developing a fit for purpose culture with effective and appropriately skilled people.

The desire to compete in a global market place is increasing pressure on the company to improve productivity, find more effective ways of working, and to better use the skills and knowledge of the workforce.

In 2008 at the Warton Unit, discussions took place 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 shop floor employees. The progression scheme enabled productivity improvements that had previously been held back by 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



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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 and involvement with continuous improvement activities, working on the principle that those doing the jobs were best placed to understand what they entailed.

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.

The company has continued its focus on embedding a culture of lifelong learning, continuous improvement, 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 and engagement.

'Inspire and develop people to drive success' is central to BAE Systems' company strategy. This is evident in the Military Air business with the planned opening of its £15 million state-of-the-art Training Academy at the Samlesbury site in September 2016, which will coincide with the annual intake of c140 apprentices.



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Dave Holmes, MA&I Manufacturing Operations Director, said: "I am extremely proud of our apprenticeship programme and the role it plays in ensuring we continue to develop world-class skills to create world-class technology."

The academy will accommodate more than 200 apprentices at any one time and it will also be a hub for training for all employees throughout their careers. Investment in new technologies such as augmented reality and 3D printing along with learning programmes inclusive of Lean Principles and 6 Sigma mean that BAE Systems will have 'factory ready' apprentices, entering their second year out on the shop floor more prepared and effectively deploying the required technical skills and mind-set.

Recognising that their first line supervisors have over 2,500 team members to engage with, in 2015 a learning programme for supervisors was introduced. The Senior Operations Management wanted to ensure the consistency of approach and create a new standard in people management. This approach would remove frustration caused by inconsistency in interpreting and deploying company mandated policies and procedures, but also provide a consistent toolset that would enable invigoration of team members in a consistent way. This approach would therefore un-tap latent talent and skills at all levels and further aiding MA&I's drive for improved efficiency, safety and cost across all its operational activities.

The nine month programme has been awarded NVQ accreditation, which has proved attractive to many supervisors who may have progressed internally with no formal qualifications since completing their apprenticeship. The introduction of the programme has infected the organisation with a different culture and energy that



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generates continuous improvement both in terms of the tangible production deliverables and in encouraging networking, sharing experiences and storytelling and a feel good factor in achieving success with an externally recognised qualification.

To date over 100 supervisors have attended the programme, which has now been extended across the BAE Systems enterprise.

Matt Heritage, Operations Manager, said: “Engagement, relationship building, influencing and effective networking, are all behaviours I have witnessed from the alumni of the supervisor development programme. These behaviours, coupled to the knowledge and skills around lean principles and policy deployment learned through the programme, bring manifest improvement in team performance. Improved utilisation of the team, flexibility and productivity. These improvements are measurable and there is a tangible link between the performance of the leader and that of the team.”

Continuing to improve skills is central to the Manufacturing Operations function. A new Aspiring Leaders programme is under development which 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 eight people qualifying as NVQ assessors.



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The MA&I business 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. A detailed programme of engagement with union representatives at every level up to the MA&I Board, including offsite meetings, sustains this approach.

For both parties, a significant gain has been the improved relationship between employees, unions and managers, higher levels of engagement, and a more co-operative way of working, which has been sustained.

Building an aircraft takes time, expertise and watertight processes, but it also takes people. Effective employee relations and employee engagement have provided the essential underpinning, which has been particularly relevant to the transfer of Hawk trainer aircraft production from the Brough Site in Yorkshire to the Warton Unit in Lancashire.

Hawk construction is a 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, integrating them with the Lancashire workforce and transferring plant and equipment became a priority.

A major engagement with both the trade unions and the workforce at Brough was undertaken. An agreement was reached that as well as the transfer of the production facilities, around 70 Brough staff would transfer to Warton to bring their knowledge



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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 hands-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 was always going to be a challenge, moving a product with a 30-year history from its home site with a legacy workforce. Huge engagement effort was invested by teams and managers at all three sites, so that employees could see that the way forward was going to secure a longer future for Hawk, and for highly skilled jobs.

"Because we painstakingly worked through every single angle with our employees and their representatives, we have been able to safeguard jobs in Brough 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 recruiting 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."



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Warton Site Trade union representative 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 trade union representatives in employee relations problem solving and a focus on increasing trust through building effective relationships. 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 matters. 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 F-35 aircraft; for example the 2013 cost per unit for the F-35 aircraft will be reduced by 48 per cent by 2017. This will be achieved by 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 Dave Holmes, MA&I Manufacturing Operations Director.



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The next four years will see F-35 build rates rise from one unit per week to one unit every working day.

Employees working on the F-35 programme have set up a 'People Enabler Group', with a focus on implementing employee suggestions such as workplace improvements, social events, photography competitions, changes to amenity areas which have involved the employees painting these areas in colour schemes they have chosen, and comfy seating. Proposals identified for 2016 range from more best practice visits outside Samlesbury, to improved shop floor displays, to basic CPR training.

A recent Pulse survey across the F-35 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 communicating 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.

Learnings

- 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



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- Highly charged strategic decisions 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 flight trials – to be celebrated



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Trusting employees: scheduled based working at BAE Systems Maritime - Naval Ships

BAE Systems' 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. This comes 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, the Naval Ships business operated a plethora of inflexible agreements, rules and governing arrangements, and traditional practices that the company



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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 Systems' 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.



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The schedule based working project

Under schedule based working (SBW), outputs – i.e. delivery of the product to a specified schedule – are measured, as opposed to inputs – i.e. 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



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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 SBW

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



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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 in-house LEAN learning academy, were similarly supported in



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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.

Outcome

Since October 2013 schedule based working has been progressively rolled out as a series of pilots across the three manufacturing shops in the 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, SBW has been the driver of an unprecedented increase in productivity across the pilot areas. These increases result from the required schedule being



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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 to poor performance or poor attendance, experienced team members supporting development of apprentices by giving up their own time in spite of the weekly targets 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 (not just management) challenging the efficiency



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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.

Learnings

- 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 Systems 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



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- 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
- 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 and real input, 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