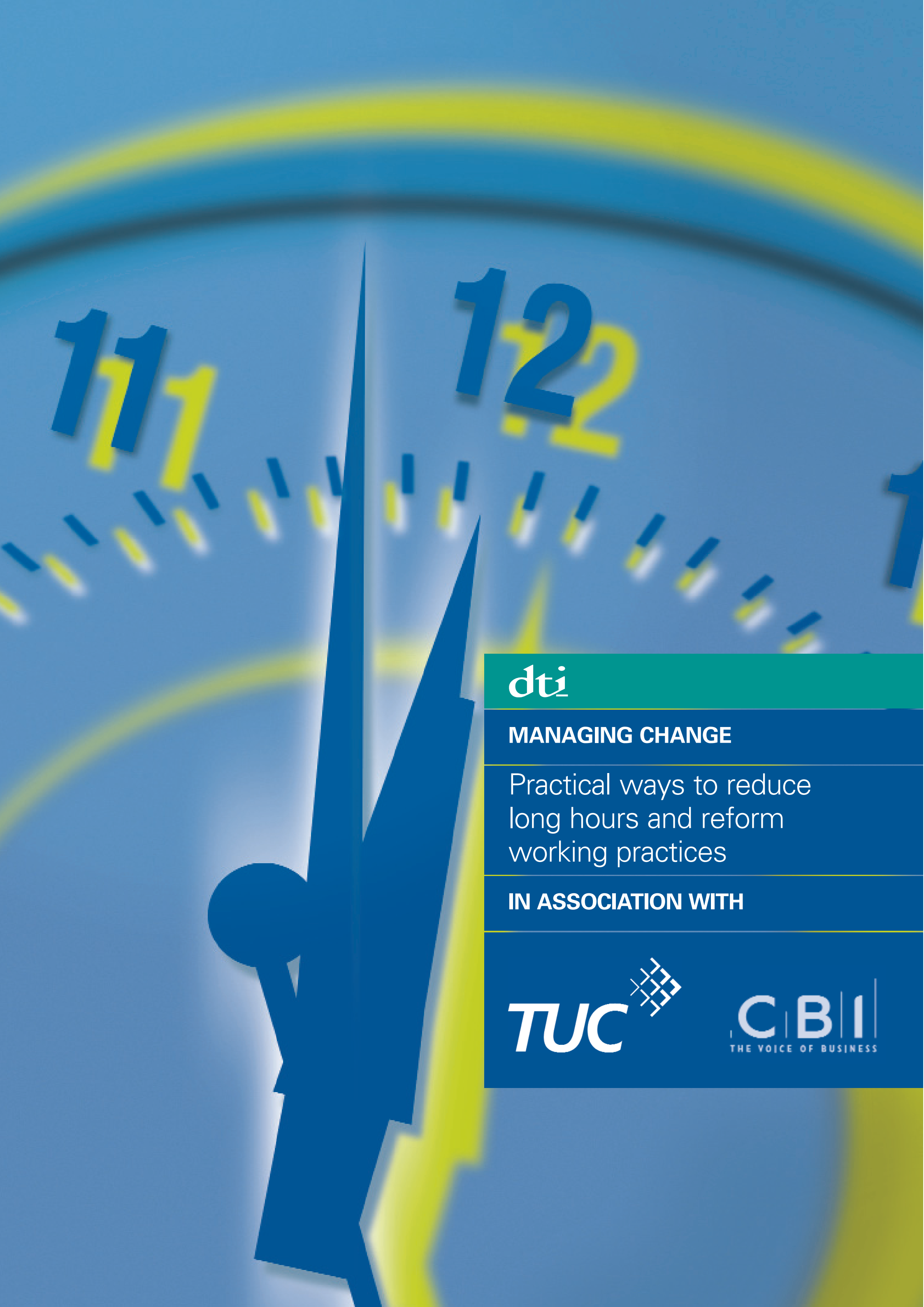


dti

MANAGING CHANGE

Practical ways to reduce long hours and reform working practices

IN ASSOCIATION WITH

TUC

CBI THE VOICE OF BUSINESS

The DTI drives our ambition of 'prosperity for all' by working to create the best environment for business success in the UK. We help people and companies become more productive by promoting enterprise, innovation and creativity.

We champion UK business at home and abroad. We invest heavily in world-class science and technology. We protect the rights of working people and consumers. And we stand up for fair and open markets in the UK, Europe and the world.

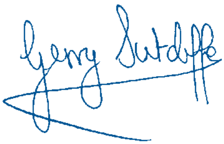
Foreword

This report clearly demonstrates that tackling long hours and reforming working patterns can be good for businesses, individuals and families, improving work-life balance as well as having a positive impact on the bottom line.

One of the key lessons to emerge from the report is that businesses need to make sure they have the trust of their workforce and their active input when considering and introducing changes. A management style that empowers people rather than controls them will facilitate change and make it work in the longer term.

Some of the changes described here did not happen overnight and there were problems along the way. But these businesses stuck with it and everyone was able to see real benefits at the end of the day.

I would like to thank everyone involved in producing this report. It makes stimulating reading as well as providing practical guidance to help others bring about positive change.



Gerry Sutcliffe
Minister for Employment Relations and Consumer Affairs

We welcome the opportunity to work on this project. Maximising company performance by modernising working patterns is a key issue for UK firms. The companies included in the case studies in this report demonstrate the benefits to employers – and employees – of addressing the issue.

These case studies demonstrate the valuable lessons learned from involving employees in developing new patterns of work – and the considerable benefits to be gained.

Each has rolled out an innovative programme of flexible working patterns to help improve productivity and allow employees to achieve a better work-life balance. Initiatives such as banking hours and employee credit time are working well – helping to raise productivity and reduce absenteeism in the workplace.

We hope companies will draw inspiration from these case studies. The changes achieved have improved business performance and employee satisfaction, and are at the heart of a high-performance workplace.

John Cridland

John Cridland
Deputy Director-General - CBI

This is a timely project that shows employers, employees and their trade unions at their best, cooperating to establish new working patterns that help both to ensure business success and give employees more flexibility over their working patterns.

In each of the cases in this report change has been motivated by hard-headed business concerns. There is a clear business case for reorganising working patterns away from over-reliance on long hours. Long hours reduce labour productivity and lower the quality of work due to the onset of fatigue. Long-hours businesses are also hampered by the ill-health associated with working excessive hours, by increased labour turnover, and by a constrained recruitment pool. Long hours also squeeze out the possibility of education, training and lifelong learning. In short, long hours are a poor substitute for good work organisation.

Working people increasingly want more choice and control over their patterns of work. The case studies in this report demonstrate a variety of ways in which working time can be made more flexible.

Many of the UK companies that still rely on long working hours on a regular basis are looking for road maps for change. The TUC is happy to be able to work together with the Government and the CBI to help find ways to move forward.

Brendan Barber

Brendan Barber
General Secretary, TUC

Introduction

One of the biggest strengths underpinning the UK's labour market is the high level of flexible working patterns which enable employers to meet variable customer demands and give employees the flexibility they need for a better work-life balance. Employers have introduced part-time working, flexitime, job-sharing and annualised hours to help meet fluctuating demand and at the same time improve levels of business productivity. Despite this, working long hours continues to be an issue for some individuals and firms. There is evidence that regularly working long hours is associated with fatigue and this may affect performance. Whilst many firms have introduced initiatives to accommodate employees' wish for better work-life balance, more can be done to address the long-hours culture where it exists.

It is against this background that the DTI set up this partnership project to identify and share good practice on how firms can manage change to improve working patterns and address long hours. The aim was to give companies the opportunity to showcase the work they have done in this area to help other companies seeking to implement similar change programmes. The companies and unions that took part cover a wide variety of business sectors and regions in the UK and demonstrate how different companies facing a range of economic and operational issues have successfully introduced change.

Overview

A series of nine master classes were held between July 2004 and June 2005. In each one, business 'champions' – including Rolls-Royce, PricewaterhouseCoopers, the former British Nuclear Fuels Ltd at Sellafield and the Welsh manufacturing SME Excel Assemblies - shared with other employers their rationale for and experiences of introducing new ways of working, reducing hours while striving to maintain and in many cases increase operational efficiency.

Master classes were held in a range of different locations across the country and across different business sectors. The contributions from each of the business champions have been written up as case studies which are included in summary form in this report and, in a more detailed format, on the DTI website at: http://www.dti.gov.uk/er/work_time_regs/index.htm#long. These case studies show how it is possible to increase productivity whilst moving away from routinely working long hours. Many of the following case studies demonstrate 'win-win' situations, with employers achieving business efficiencies and employees achieving greater autonomy over their working lives.

Each provides a fascinating insight into the business thinking behind managing working practices, and while no two companies embarked on a programme of change in the same way, it was clear that none of the case studies was about change for its own sake. Whether it was a drive to increase efficiency and cut unit costs better to compete in the global economy; a need to transform organisational culture and working practices in a changing industry; a desire to improve employees' work-life balance; or a need to find ways of attracting and retaining new talent: each business champion was clear about the reasons for embarking on change.

The case studies describe a variety of techniques that have been used to implement change including: a move to annualised hours, introduction of flexible working and lean manufacturing. No one-size-fits-all – but along with the diversity of approaches described during the master classes there was a remarkable degree of agreement amongst employers, unions and employees about the key ingredients for successful change. These have been encapsulated in the 'top tips' section of the report and will be of interest to firms of all sizes and in all sectors.

What stands out from these case studies is that there is a need for demonstrable leadership from the top of the organisation and a clear business rationale for the changes planned. Despite the fact that some of the changes led to dramatic improvements none of them happened overnight. Each business champion highlighted the need to involve employees in every step of the process; where unions were recognised this often involved an effective partnership approach.

Effective communication was crucial and in some cases additional resources were available to help individuals adapt to the change. Most of the business champions encountered some opposition along the way but effective planning and a clear business rationale ensured that they saw tangible results. What underpins all the case studies and a word used most often by the business champions is trust – trust between employer, union and employees.

Top Tips

What follows is a summary of the lessons and tips for success that our business champions generously shared during the master classes. It is not necessarily an exhaustive list, and many of the themes recurred regularly throughout the course of the project. Its aim is to pull together the learning from the project as a whole into ten essentials - things that firms seeking to manage change in this area need to consider to be successful. After each tip we have identified particular case studies you might want to look at for more detail - this is not to say that they are the only case studies that demonstrate the point being made, but the aim is simply to signpost you quickly to the studies that might be of particular interest.

The case studies can be found both in this booklet in summary form or in a more detailed format at: http://www.dti.gov.uk/er/work_time_regs/index.htm#long.

1. A strong **business rationale** based on improving business performance and raising employee satisfaction is essential.

   Case Studies: BT Eversheds

2. **Effective employee involvement** will deliver appreciation of the need for change and the willingness to embrace it.

   Case Studies: Rolls-Royce BI Worldwide

3. **Vision and leadership** - visible commitment from senior leaders and line managers will drive the change agenda throughout the organisation.

   Case Studies: Accenture PricewaterhouseCoopers

4. **Improving employee relations is key.** Productivity improvements are achieved when employee relations are based on mutual trust and respect.

   Case Studies: Westinghouse Unilever Foods UK - Purfleet

5. **Empowerment** - maximising employee input is vital to driving continuous improvements in productivity at team level.

   Case Studies: Unilever Foods UK – Norwich BI Worldwide

6. **Training** is frequently a major contributing factor to successful change initiatives and improved business performance usually pays back any investment in new skills.

   Case Studies: BNG Sellafield site Excel Assemblies

7. **Reward** - using criteria which reward employees for innovation and the quality and quantity of work produced, rather than for the hours they put in reinforces the business case for implementing change.

   Case Studies: Land Rover Rolls-Royce

8. **Measuring, monitoring and evaluating** enables employers and employees to review and test the new practices to ensure they are meeting the needs of the business and employees.

   Case Studies: Exel Perkin Elmer

9. **There is no one-size-fits-all model** - changing working practices involves realigning culture and people management practices in a way that improves business performance and enhances the quality of employees' working lives.

   Case Studies: Accenture Perkin Elmer

The following section contains the case studies that were presented during the master class sessions – whilst all were very different, reflecting the diversity of approaches used by our business champions, they have been written up in a similar format starting with some background to the firm and its change programme, details of the changes made and the impact of these changes, and then a brief description of the issues raised during the change process. For more detailed versions of each of the case studies and to capture a flavour of the debate raised at each of the master class sessions go to: http://www.dti.gov.uk/er/work_time_regs/index.htm#long.

BT

"We empower people to make decisions for themselves, and decisions about the quality of delivery are agreed with individuals."

"In an organisation where 75 per cent of people work flexibly we have broken the presenteeism culture."

BT, through using a variety of approaches to flexible working has developed an "anytime, anywhere" approach to working that allows many employees to control both the location and hours they work. BT estimates this has earned them £5-6m in saved productive time and in an organisation where 75% of staff work flexibly they have broken any 'presenteeism' culture.

Background

BT is one of the world's leading providers of communications solutions serving customers in Europe, the Americas and Asia Pacific. Principal activities include networked IT services, local, national and international telecommunications services, and higher-value broadband and internet products and services. In the UK BT serves over 20 million business and residential customers and employs around 100,000 people, making it one of the UK's largest employers.

What changes were made?

BT first introduced homeworking in the early 80s.
The organisation now has around 73,000 staff working flexibly – whether they are homeworkers, nomadic workers or on annualised hours. The company has many different forms of flexible working.

It has developed an "anytime, anywhere" approach to working that allows many employees to control the hours and location of their working day.

This approach has been driven by a move to an output- or outcome-based performance management system which measures not how much or how people work but what they deliver.

It is underpinned by a range of enabling technology that allows people to create a 'virtual office' on the move. It has also been based on the establishment of trust-based working relationships.

"We empower people to make decisions for themselves, and decisions about the quality of delivery are agreed with individuals," said Caroline Waters, Director of People Networks. "We hope this will help us prevent the slip into the kind of very intensified jobs which are almost dehumanised."

Job design – looking at the size and complexity of individual roles - has been crucial in ensuring that employees have good work-life balance and can stay in control of their working time.

"In an organisation where 75 per cent of people work flexibly we have broken the presenteeism culture," Caroline said. "It is not about whether you are seen to be there or not, because most people actually aren't - if your manager is in Edinburgh, why does it matter if you turn up to the office in London? It is what you are seen to deliver and that is a major step forward in managing the cultural change."

What was the impact?

BT retained 99 per cent of its women employees who went on maternity leave last year. That retention rate leads to an estimated annual saving of £5m in terms of the cost of recruiting and training replacement staff.

- BT estimates homeworking earns the company an extra £5-6m in terms of productive time saved.

- All the available measures point to a happier, more engaged workforce. BT claims, in the last 18 months, to have reduced stress-related absence by 25 per cent in its Customer Contact Centres and sickness absence costs related to reportable accidents by 63 per cent.

- There are less tangible benefits too: "Creativity has gone through the roof," said Caroline. BT measures this in two ways: the number of new ideas it implements, and the reduction in time from product development to people actually being able to use the services.

What issues arose?

To avoid a backlash from people being refused the opportunity to work flexibly, BT introduced a self-selection system. "If people say I would like to be a flexible worker they go through a checklist about personal traits and the type of roles they do. If they can't tick all of those boxes, then they deselect themselves. You haven't got that Bob's-doing-it-why-can't-I thing," explained Peter Knowles of BT Workstyle Group.

BT was aware that it needed to build a "sense of permission", both for people to feel in control of their working time, and also for them to 'switch off' from working. It ran a communications campaign called "It's Okay", using real-life case studies to help people get used to this way of working.

Land Rover

Land Rover first made changes to working time patterns whilst owned by BMW – however, after being operational for a few years it became clear that a number of refinements were required. Acquisition by Ford Motor Company provided the opportunity to make a number of amendments that made the system more predictable and user-friendly for both employees and the company. Although many companies operate 'work-time corridors' what makes Land Rover's scheme different is that individual employees have the ability to take time off work outside normal shutdown periods.

Background

Many continental companies operated flexible working time patterns that increased their competitiveness throughout the latter part of the last decade. In the UK, Land Rover was the first automotive company to introduce such a scheme to improve its competitiveness. In short, such systems match production patterns with demand.

What changes were made?

The car industry typically has peaks and troughs in demand during any year with peak working requirements preceding new vehicle registration milestones. When 1 August was the start of the registration year automotive companies experienced high demand for their products in the months leading up to August. Typically, over 30% of all new vehicles were registered during August. A significant drop in demand followed this peak. This demand pattern meant that employees were required to work overtime and additional shifts at certain times of the year, incurring significant overtime costs for the company, whilst at other times of the year there was limited product demand and the company did not require as many employees at work at any one time.

This led to the introduction by BMW of the Collective Working Time Flexibility (CWTF) scheme - a quasi-annualised hours system, based on a 'working time corridor' of plus or minus 200 hours per year.

The company could call on employees to work extra hours in addition to their basic 37 per week. These additional hours were then 'banked' and were paid out the following year at their basic rate of pay or could be taken as time off. The company also had the ability to 'stand down' employees that were not required without pay. In these circumstances employees' accounts would go into 'negative' hours to be used at a later date.

"The CWTF scheme as originally established was not popular with employees," said Sue Treharne, Jaguar Land Rover Diversity Manager. "For example, although there was a total cap of 200 hours, there was no limit to the individual periods of time employees could be asked to work extra hours or stood down without pay. This made it difficult for employees to plan their finances."

When Land Rover was sold by BMW in 2000, the company took the opportunity to make the system more predictable for employees. The revisions made to CWTF mean that:

- Employees can only be asked to work an additional 10 hours' per week of production for a maximum of six weeks, followed by at least a four-week break.
- Minimum four weeks' notice of additional working.
- Employees can be stood down, but continue to be paid.
- A Reduced Hours Account (RHA) was introduced for all negotiated groups. While employees work a 37-hour week, they are paid for 36. That unpaid hour is banked, up to a maximum of 52 per year, and can be used to take time off outside of official factory shutdown periods.

To communicate the changes Land Rover stopped the lines to give a two-hour joint presentation to both day and night shifts on what the changes meant for them personally.

In 2003 further refinements were made to the system; these changes were negotiated with the company's signatory unions. Employees now have the opportunity at the start of the RHA year to convert banked hours to cash and attract a 10% premium, or can save the accrued hours in a Life-Style Account which can be used to retire early.

What was the impact?

- Improved flexibility in meeting production with demand.
- Maintained production capacity at 37 hours per week although employees work time is 36 hours per week.
- Employees highly value time off that RHA provides in addition to their normal vacation. RHA time-off hours are used outside of the company's shutdown periods.

What issues arose?

Although employees value RHA, it continues to prove challenging to manage the scheduling of time off. Not surprisingly, there are peak demand periods for leave that cannot always be satisfied.
The company has continued to work with the unions that represent employees to identify ways in which RHA leave minimises disruption and cost for the company to improve its competitive position.

Accenture

Accenture is moving away from the traditional 'work hard, play hard' culture in their sector by a mixture of better resource management, removal of paid overtime, revision of flexible working options and implementing a Time Off in Lieu (TOIL) system . The use of strong leadership messages and careful monitoring of working hours are changing the culture of the organisation.

Background

Accenture is a global management consulting, technology services and outsourcing company with 110,000 employees in 48 countries, 10,000 of them in the UK. Clients include 84 of the Fortune Global 100 and two thirds of the Fortune Global 500.

"Line managers were very, very clear about the messages to be delivered to employees and that they should be supporting work-life balance and flexible working requests."

"People are feeling the difference."

Accenture's focus on working hours and work-life balance began about 18 months ago. Its traditional culture was one of long hours and a macho 'work hard, play hard' philosophy which was increasingly at odds with its new strategic delivery model and with the climate created by the Working Time Regulations. The company was moving towards a more intelligent use of its workforce, bringing in specialist expertise on projects to troubleshoot particular problems, rather than relying on consultants as Jack of all trades.

In an increasingly competitive marketplace, all its major rivals had abolished overtime payments. It had also noticed a shift in expectations among graduate recruits, with work-life balance higher up the list of priorities.

What changes were made?

Accenture's first step was to initiate a programme of cultural and behavioural change across the UK practice, spearheaded by its 'people advocates', a cross-section of very senior partners and managers who put their name to key initiatives and drive change messages down through the business.

The right to opt out of the maximum 48-hour week under the Working Time Regulations was removed from the induction pack to send out a clear message about long hours working.

Accenture also removed paid overtime. Despite a “fair bit of push back when that happened” this has now been accepted. The impact was softened by the roll-out of a new Total Reward Strategy, which helped change employees’ focus from basic salary to the overall remuneration package.

Other changes included making it a disciplinary offence for employees not to complete their time records accurately: under-recording was often a problem on large projects or those under financial pressure.

A new flexible working policy was revised and re-communicated and a TOIL system introduced.

Those involved in project planning and bidding were given training in resource management, to ensure the demands they were placing on project staff were realistic and appropriate.

This was backed up with line manager training, so that “line managers were very, very clear about the messages to be delivered to employees and that they should be supporting work-life balance and flexible working requests.”

Accenture monitors and measures the implementation of these policies through its global employee surveys, leadership surveys (which form part of senior management appraisals), team success surveys and internal project audit procedures.

What was the impact?

- Accenture’s global people survey has shown increased satisfaction with work-life balance – "people are feeling the difference," HR Manager Sarah Hinchcliffe said.
- It also shows an increase in commitment levels, with people saying they see themselves working with Accenture for longer periods than previously.
- Retention is up, and exit data is generally positive, with work-life balance policies getting a good airing in that process.

What issues arose?

“We are still living with long-term projects which have been taken on with the old delivery model,” said Sarah.“It is quite difficult to shift ways of working that have developed on those projects in line with our new strategy and approach.”

There is a lack of consistency across projects due to line manager discretion, and under-recording of hours is still taking place. A working group is currently looking at the redesign of the TOIL policy so there is less discretion at project level – this should establish an element of consistency across the business.

Failing to ‘buy in' to work-life balance policies can also impact on the performance ratings of line managers. Every manager is compared with others in their peer group and ratings can be downgraded because of a focus on presenteeism. This can affect their performance rating and remuneration for two years.

PricewaterhouseCoopers

"If people feel in control, they will be more positive about their environment and their work."

PricewaterhouseCoopers work within a business sector where long hours are to a certain extent inevitable – but have found that through the introduction of a variety of work-life balance initiatives they have been able to give people more control over where, when and how they work. As a result satisfaction scores for staff's work-life balance have increased by 30%.

Background

PricewaterhouseCoopers' diversity team instigated a work-life balance project in 1999 after research among its employees post-merger found that 60 per cent were dissatisfied with their work-life balance.

"That really was a shock to us," said Sarah Churchman, Director of Student Recruitment and Diversity, "and something we are still seeking to address and build upon. We are not there yet, but things have improved quite considerably."

Added to this was a recognition of the demographic trends, such as an ageing population, that would make competition for the best graduates ever more fierce. PwC recruits about 1,000 graduates a year, more than any other private-sector employer.

What changes were made?

PwC Lifestyle was launched in 2001. This was an intranet site providing access to the different resources the firm was offering to help employees deal with their own work-life balance issues.

These included:

- Information on flexible working policies supported by the organisation.
- Guidance about how to put forward a business case for flexible working to the manager.
- Access to employee networks dealing with particular work-life balance issues.

PwC supports a wide range of flexible arrangements including annual days, reduced days, reduced hours, flexible working and home-based working as well as extended leave career breaks. A business partnership with Voluntary Service Overseas (VSO) also allows staff to commit to VSO without taking themselves out of the earning pool and their careers for two years.

What was the impact?

- The company's quarterly qualitative and quantitative staff surveys show 70 per cent of people now feel satisfied with their work-life balance (up from 40 per cent before the policy was introduced).
- There is also a good response rate to requests to work flexibly – 92 per cent of the 248 requests so far have been approved.
- Currently, 183 people are on career breaks.
- There is a 92 per cent return rate of employees who take maternity leave, up from 40 per cent before 1998.

PwC has found that people working flexibly are no less productive in terms of their chargeable utilisation levels than those on traditional patterns.

The work-life balance programme is now about to go into a third phase, focusing more on health and the prevention of stress-related illness.

What issues arose?

Professional services are renowned for their macho, long-hours culture - something PwC does not attempt to deny. Behind the PwC agenda is a recognition that most employees do not want to work part time, but they do want greater control over where, when and how they work.

"If people feel in control, they will be more positive about their environment and their work," said Sarah.

It was seen as vital to the success of its initiatives that senior management demonstrate its commitment to the issue. So senior role models who work reduced hours, including partners, were profiled on the intranet.

In 2003, when the right to request flexible working came in, the company made a conscious decision to apply its policy not only to parents of young children but to all staff.

Feedback from those who have taken up flexible options has been that you need to be in a position where you are performing well and are confident in your ability and contribution before attempting to change your working patterns.

Other lessons they have learned are:

- Adjust workloads appropriately to fit the new hours.
- Ensure the support of colleagues and line manager.
- Gain the trust of clients and colleagues.
- Manage and organise your time efficiently – and improve your delegation skills.
- Use technology effectively.

Eversheds

"I think the journey will continue and have more of a positive impact in the next two to three years."

Facing increasing competition for the best graduates, Eversheds developed a range of different flexible working policies to attract and retain talent within the firm. Despite the target-driven culture of the business, as employees and clients have seen the benefits of better work-life balance, attitudes to long working hours are changing.

Background

Eversheds is an international law firm with 3,900 UK employees in 10 offices across England and Wales. It advises over 65 of the FTSE 100 and over 75 of the Fortune 500. It has a young age profile and a wide range of staff from fee-earning professionals and support employees to call centre staff dealing with high-volume work in debt recovery, property and mortgages. Conscious of the fierce competition for its growing graduate intake, and recognising the importance of long-term demographic changes that would make that competition even more fierce, Eversheds created an Attracting and Retaining Talent (ART) working group with top-level involvement.

The ART group started to examine and benchmark its performance on staff retention and career management against that of its competitors. It also conducted a staff attitude survey. From the results of this research, it saw a need to address work-life balance issues within the firm.

What changes were made?

Eversheds' Lifestyle Policy was launched in September 2002 with a 12-month pilot. It was launched with a fanfare on the company intranet and via a letter from the managing partner, in which he talked about "aiming to attract and retain the best people…improving our people-centred policies …and influencing our own work-life balance."

Anyone in the firm is eligible to apply for flexible working. But they must demonstrate, through a rigorous application process, that the change would have either a positive or neutral effect on the business and clients.

The Lifestyle policy stipulates that managers should "put considerable emphasis on current job performance when evaluating a request for a new working arrangement" – a requirement about which Steve Bolton, Human Resources Consultant had some reservations. He said "I have known in previous cases where staff have had domestic issues, trying to balance everything has had an adverse effect on performance. Putting something in place to help that has had a positive effect on performance."

Flexible working arrangements are reviewed every six months.

Types of flexible working included are:

- Annualised/monthly hours
- Career breaks
- Fixed-term working
- Bandwidth model (according to business need, employees agree to extend or decrease working time temporarily, and balance this out at some other time)
- Jobsharing
- Part-time work
- Reduced hours
- Remote working
- Sabbatical leave
- Self-rostered teams
- Shiftworking
- Zero hours.

What was the impact?

- By September 2004, 348 women and 40 men had taken up a flexible working option. Over 100 fee-earners are now working such patterns.
- For the last two years Eversheds has been included in the top 100 firms to work for in the Sunday Times annual listing.
- And the turnover of legally qualified call centre staff is down from 45 per cent annually in September 2003 to 35 per cent.

"I think the journey will continue and have more of a positive impact in the next two to three years," Steve concluded.

What issues arose?

Eversheds has a highly structured emphasis on client relationships. "The client is king or queen…when they make the call they want an answer straight away. My personal view is that this can create the long-hours culture," Steve said.

Fee-earners are target-driven, both in financial and hours terms and internal competition is fierce. These factors led to a macho, 'start-early-finish-late' environment.

Not surprisingly given this culture, the response of partners to the Lifestyle Policy was at first hostile, and the young professionals did not take it seriously. As more people, including some clients, have seen the business and personal benefits, attitudes have changed. Even senior staff are choosing to work from home occasionally or leave the office at 4.30 on a Friday.

Excel

(Electronics) Assemblies Ltd

"What we had to do was get a stable plan with the right processes in place so there would not be any more overtime. Lean manufacturing tools and techniques helped us get where we wanted to be."

"You go into our business today and ask anybody - they will tell you how much we made yesterday. It is powerful for people in the business to know if they are doing the right thing."

Excel Assemblies had undergone a period of rapid growth but firefighting had become a way of life for the business, which was in danger of going under. Focusing on processes has enabled the business to banish both the blame culture and the need for overtime. Employees now have more control over their daily lives and the company is more profitable and adaptable than before.

Background

Excel Assemblies supplies outsourced manufacturing facilities and resource to a range of clients in the rail systems, defence, medical and aerospace industries. It currently has 85 employees at its Port Talbot site. Excel Assemblies was founded in 1987 and underwent rapid growth throughout the late 80s. By 1990 it had expanded from the two founders to 120 people. "Firefighting was a way of life – everything was an emergency," said founder and Chief Executive John Bosworth.

The company suffered high absenteeism rates and overtime was out of control – costing 15 to 20 per cent of output every month.

"We were investing in things just to try and contain problems. My customers were leaving. That meant we were going to go bust."

What changes were made?

In 1995 the company moved to Port Talbot with a brand new workforce of 40. It took on 3i as an investor and began to talk about growing the business.

"We knew we had to come up with a new business plan. We had heard about something called Policy Deployment from the Wales Quality Centre – it sounded interesting," says John.

"It was a new paradigm for us because we had a heavy blame culture. When we started to focus on process, it started to feel right. We didn't talk about what went wrong and who did it, but what went wrong and how did the process let them down."

The directors started writing a vision document for the business and its culture. Key elements of that vision included:

- To operate with speed and agility.
- To make coaching a way of life.
- To challenge without fear.
- To foster a can-do attitude.
- To have all members salaried.

A key element in achieving this vision was to banish the overtime culture. "What we had to do was get a stable plan with the right processes in place so there would not be any more overtime. Lean manufacturing tools and techniques helped us get where we wanted to be."

Having reduced the need for extra hours, Excel Assemblies offered all of its workers a monthly salary in place of hourly wages, with a 20 per cent increase to allow for the loss of overtime pay.

What was the impact?

- Today Excel employs 85 people but manufactures far more than it ever did with 120.

- The company has seen huge changes in its markets since 2001, and the fact that it has been able to build a track record in new industries so fast is because employees are highly adaptable.

- People have more control over their daily lives and more job satisfaction. Teams' understanding of process techniques allows them to self-manage to a large extent.

- The company now invests heavily in training – averaging 310 hours per week, or 17 per cent of payroll in learning from NVQ level 2s, IPC 620, through to lean techniques and coaching.

"You go into our business today and ask anybody - they will tell you how much we made yesterday. It is powerful for people in the business to know if they are doing the right thing."

What issues arose?

John described how employees went through the classic 'transformation curve', with feelings of shock followed by denial, blame and uncertainty. Communication, trust and education were the key factors that helped overcome the resistance to change.

Perkin Elmer Llantrisant

"We are there and involved in everything. That doesn't happen overnight – we built a relationship over time, built it on trust."

The Perkin Elmer site in Llantrisant was facing increasingly stiff competition and needed to move up the value chain to survive – but was hampered by having to pay high levels of overtime and by employees' resistance to change. Eliminating waste and developing a new vision for the site have had a £1 million impact on their bottom line.

Background

Perkin Elmer is a global organisation operating in 125 countries with 10,700 employees, producing specialist equipment. This case study concerns one small site in South Wales of 88 employees, which makes hi-tech measuring and analytical instruments. The Llantrisant plant faced stiff competition both from within the huge Perkin Elmer conglomerate, and externally. Unable to compete with low-cost operations in, for example, China, it was being forced to "skill up and move up the value chain and do something different for the customer," Jacqueline Royall, Vice President Supply Chain, said.

But that value-added service was non-existent when Jacqueline was parachuted in during 2001.

"We were paying overtime like you wouldn't believe. There was no profit, the customers were exasperated and cancelling orders; they didn't want to know," she recalled.

"Extreme overtime was a way of life. The employees had got used to it but it was not good for the workforce, the customers or the shareholder."

The average age of employees was 41; average service was 13 years. Many people had never worked anywhere else and they were highly resistant to change.

What changes were made?

One of Jacqueline's first moves was to bring in facilitators from management training company Dale Carnegie to run a four-day workshop for key managers, supervisors and employees, including Amicus reps.

The real importance of this training was to enable people to articulate that they wanted change, and discuss what that change meant for individuals.

"What did we think was important about how we worked together? We came up with about 10 things and voted on them and the most important four were commitment, honesty, teamwork and trust."

Some tough times followed. Most of the management team either left of their own accord or were invited to leave.

Eliminating waste was the key to reducing overtime at Llantrisant. This meant "cleaning up the data, using it effectively, not wasting time," said Jacqueline.

She produced a 'value stream map' which helped to identify which parts of the manufacturing process added the most value to the product and which were a waste of resources.

Through training and development, her priority was to help employees understand the difference between what causes something to go wrong and the effects – allowing them to focus on sustainable improvements and to move away from the blame culture that stifles effective problem-solving.

The Llantrisant business model now revolves around leadership and people development. "If you only do one thing, it should be the people development," Jacqueline said.

What was the impact?

- The changes had a £1million impact on Llantrisant's bottom line.
- Over $1.2 million was saved through the elimination of waste, such as:
  - 99 per cent improvement in overdue instruments.
  - 27 per cent reduction in the hours required to make one instrument.
  - 89 per cent improvement in customer backlogs.
  - 125 per cent improvement in schedule adherence.

This enabled the Llantrisant plant to bring in four new products with a third less workforce.

What issues arose?

"In the middle of the change process, it is like a dark and noisy tunnel," Jacqueline explained. "Everyone is saying: 'Let's go back'." The challenge for leadership is "to stay with it and be strong, and it is difficult because you doubt yourself - but suddenly you shoot out the other side. Things start to change very quickly."

After about a year, the changes started to show results. It was important to celebrate the successes loud and often – to 'over-communicate' them.

Carl Holder, Amicus shop steward at Perkin Elmer, said unions also had a responsibility to send out a positive message about change. "We are there and involved in everything. That doesn't happen overnight – we built a relationship over time, built it on trust."

Exel

"Sent a clear message to the business that it had to engage with and contribute to the project, be part of it, and have ownership of it right down the line from sector head to transport managers to organisational supervisors."

Exel had the task of getting ready to meet the new Working Time Regulations for mobile workers with potentially huge implications for both employees and customers. By examining processes and engaging each site in the process, it managed to comply with the new regulations whilst at the same time maintaining its relationships with employees, increasing customer confidence and providing the company with a standardised approach for dealing with any other regulatory changes.

Background

Exel, a global supply chain management company operating in eight business sectors and at 350 sites, knew the Road Transport (Working Time) Directive was the biggest issue to face the transport industry for decades.

The new limits on shift lengths, night work and weekly hours would affect operational flexibility, vehicle utilisation and driver productivity, and have huge knock-on effects in terms of costs and customer relationships. These issues were particularly challenging against the then current background of driver shortages, highly unionised industrial relations and pressure from fuel prices. Exel negotiate with T&GWU, URTU, Amicus and USDAW.

What changes were introduced?

Exel set up a central project team to lead and deliver the change management process. The team had full-time management resource and executive sponsorship which, according to project manager Ian Cooper, "sent a clear message to the business that it had to engage with and contribute to the project, be part of it, and have ownership of it right down the line from sector head to transport managers to organisational supervisors."

Each of the company's 350 sites carried out standardised impact assessments for the directive and response plans to become compliant and commercially protected by March

2005. Because of the uncertainty around the final content of the directive, Exel based its assessments on a worst-case scenario: a 48-hour average week with no flexibility, a 10-hour nightshift and no opt-out.

The assessments, based on a standardised document to ensure a standardised process, focused on:

- Labour issues – how would changes to working practices, pay agreements and salary levels affect relations with employees and unions?
- Relationships with customers – what was the nature of the contract? Was it an open or closed book? If closed book, did it have clauses that protected Exel in the eventuality of legislative change?
- Other relationships – e.g. unions, suppliers of agency labour - how were they engaging with this issue?
- Recruitment climate - what issues were sites facing at local level? What did that do to increase or decrease the risks associated with working time?
- Labour agreements – how flexible were local agreements to accommodate changes to working practices or changes the customer might need to make to operations in order to accommodate the directive? Were pay rates competitive in the labour market at the 48-hour level?

It was estimated that the total cost to the business of compliance potentially represented millions of pounds. This had to be passed on to the customer or offset by increasing operational efficiency or reducing overheads.

Key3 Partners were brought in to help the company collect and analyse data on driver activity, networks and routes, optimal shift patterns and terms and conditions of employees. This helped Exel come up with solutions for tightening up operations, reducing downtime, and changing the culture to less reliance on overtime, such as moving from hourly pay with overtime premia to salary.

What was the impact?

- Only four sites failed to reach the March 2005 deadline for being compliant with the Directive and therefore commercially protected. The costs of compliance were either passed on to customers or offset by reduced driver wages as a result of loss of overtime.
- The company maintained its relationships with its employees and stakeholders – indeed customer confidence was increased by Exel's proven ability to plan for and mitigate long-term issues.
- The project has also given the company a standardised approach for dealing with other regulatory changes in the pipeline.

What issues arose?

Communication, education and involvement were key to engaging and achieving the buy-in of employees and customers, and securing the necessary changes to contracts, working practices and pay agreements.

Rolls-Royce

"Cost leadership is a huge driver that every single employee is actively and heavily involved in."

"When people don't turn up, we are finding the teams themselves, without the need for formal discipline, are starting to resolve those issues between themselves."

Rolls-Royce developed both a new factory and working culture at Inchinnan. In partnership with its unions a new all-inclusive pay and benefits package was developed to drive and incentivise performance – without the need for overtime.

Background

Rolls-Royce's state-of-the-art factory at Inchinnan in the west of Scotland is to provide the model on which the company plans to set up four new plants in England. Rolls-Royce needed to secure a 30 per cent productivity increase in order to justify its £85million investment in Inchinnan.

While the company has 34 per cent of global market share, the industry-wide challenges caused by the explosion of low cost airlines and the effects of 9/11 have brought a change in strategy. Product development and quality must now be hitched to a single-minded drive to reduce unit costs and increase output.

"Cost leadership is a huge driver that every single employee is actively and heavily involved in," said Head of Human Resources Ann Davie.

What changes were made?

Out of extensive negotiations between senior management and its trade unions, Amicus and the GMB, came a "Statement of 16 Principles" - the platform on which to build a new working culture. These 16 principles have expanded over time to almost 50, but among the most important are:

- A competitive pay structure based on performance rather than hours.
- Putting cost-consciousness at the centre of all activities.
- Constantly challenging and improving productivity levels.
- Flexibility in response to customer demand.

Through its partnership forum, Working Together, Rolls-Royce produced an all-inclusive pay and benefits package designed to drive and incentivise performance. This includes:

- A competitive monthly salary above the market rate.
- No overtime payments or shift premia.
- A complete, any-hours flexibility payment.
- Multi-skilling.
- Single status.

The pay structure has been designed to stabilise workers' effort and output as far as possible, in the knowledge that whatever their shift or whatever their hours, there will be no extra money available.

"Our business is based on a 37-hour week whether you are on the shopfloor, a manager or a planner. We do not want our people to work beyond 37 hours but we recognise that is not always possible. We had to ensure we had the flexibility from our employees to think differently, to deliver their commitments as promised," Ann said.

What was the impact?

- Overtime has been reduced from around 3 per cent to around 0.5 per cent.
- Teams are starting to take greater control of their own workloads, putting forward their own short-term recovery plans to maintain output.
- The average wage has gone up 23 per cent since May 2002. A three-year pay deal was based on achieving a 30 per cent productivity increase. The site has already triggered three productivity milestone payments which have been consolidated into salaries.

What issues arose?

Partnership between management and unions has been crucial to achieving culture change. This ensures employees have a clear understanding of the links between their own inputs and bottom-line results, and the self-managing teams are given the information, tools and resources to meet their commitments.

But there have been pockets of resistance to the changes – even though employees have been paid for their flexibility, sometimes they do not want to live up to those commitments.

"When people don't turn up, we are finding the teams themselves, without the need for formal discipline, are starting to resolve those issues between themselves," said Amicus works convenor John Neillie.

British Nuclear Group

Sellafield site

"We wanted to give people the opportunity to think of better, more efficient ways of doing things."

The BNG Sellafield site introduced a system of annualised hours to deal with the ingrained high overtime culture. By adopting a partnership approach with the unions the company has been able to reduce working hours, resulting in millions of pounds saved through reductions in overtime pay.

Background

The British nuclear industry has undergone major change over the past few years. British Nuclear Group (BNG), formerly British Nuclear Fuels Ltd (BNFL), no longer owns sites such as Sellafield, but runs them as a contractor for the recently-formed Nuclear Decommissioning Authority.

This contract will come up for re-tender every three to five years. BNG recognised the need to become more flexible, competitive and customer-focused to be sure of retaining the business in future years.

What changes were made?

In 1999 BNFL agreed with its unions - GMB, TGWU, Amicus, Prospect and its staff union - a package of radical changes to working practices, hours and employee benefits, including annualised hours, known as the New Contract.

It was designed to help the company deal with an ingrained high-overtime, long-hours culture. Overtime was running at an average of 10-15 per cent, and in some cases 40 per cent above contracted hours.

"An element had crept into BNFL where some people would work their week around the overtime so the work got done during overtime rather than during contractual hours," said Employee Relations Manager Barry Mann. "We wanted to give people the opportunity to think of better, more efficient ways of doing things."

Under the annualised hours system the company pays each employee, at a rate of time and a quarter, for a fixed number of extra or 'banked' hours according to their position, from 30 to 100. Employees can be called upon to work these hours when there is a real, unforeseen business need.

Added flexibility comes from the widespread use of 'credit time'. This allows managers to work out arrangements within teams to meet both individual and organisational needs, often without the need to resort to banked hours, with the chance to take hours off in lieu.

What was the impact?

Despite the initial costs of the new contract, it has saved "millions of pounds" per year, according to Barry, through reductions in overtime and shift pay. It has helped BNG move to a position where no overtime has been paid for the last five years. In terms of output targets, the last three years have been the organisation's best on record.

What issues arose?

The partnership approach between management and unions was crucial to securing acceptance of the new contract. Nevertheless, the loss of overtime and the introduction of annualised hours initially engendered scepticism.

There were fears, for example, that management might store up banked hours through the year and then force employees to work them all before the cut-off date. Managers, meanwhile, were worried that employees might use all their banked hours as quickly as possible and then hold the company to ransom if further manpower were needed.

BNG senior management countered such concerns by promising to minimise the use of banked hours and review the circumstances each time they were used.

However, the organisation has to a certain extent been a "victim of its own success in minimising the use of banked hours," Barry said.

"One of the problems we face now is that in some areas banked hours have become untouchable and we are looking at ways to change that."

Credit time is now monitored so the company does not build up large credit-time debts, and to allow HR to tackle long-hours hot spots.

Unilever Foods UK

Purfleet

"People wanted to try to get things operating well rather than constantly focusing on the next overtime opportunity."

Unilever's site in Purfleet was becoming increasingly vulnerable to both external and internal competitors, with spiralling labour costs and low productivity. Introducing annualised hours, abolishing overtime and moving to seven-day continuous shift working have hugely increased employees' leisure time and seen dramatic improvements in operational efficiency.

Background

Unilever Foods UK at Purfleet in Essex is the world's largest spreads factory. Some 300 employees run a 24-hour, seven-day operation that produces around a million tubs per day of brands such as Flora, Stork and Bertolli.

In the late 1980s, an overtime culture that led to chronic overmanning, spiralling labour costs and low productivity had left Purfleet the poor relation of Unilever's highly efficient Dutch and German operations – a position that left it perilously vulnerable to both external and internal competitors.

What changes were made?

Following 18 months' negotiations with its unions, TGWU, EETPU and Amicus, Purfleet introduced a New Look Employment contract, the main elements of which were:

- Seven-day continuous shift working.
- A system of annualised hours.
- The abolition of overtime pay.

Every employee was contracted to work 1779 hours in a year. About 1700 of these hours were accounted for by rostered shifts, leaving a bank of 75-80 for training, meetings and other activities. The company could also ask workers to supply up to 282 additional paid hours, called 'Committed Hours', for contingencies such as short-term sickness, poor efficiency or plant failure.

What was the impact?

- The changes led to dramatic improvements in operational efficiency - from around 40 to 50 per cent in the first year, climbing to a peak of around 70 per cent by 2000. Productivity per head is now higher than in any other Unilever spreads factory.

- The cultural shift away to a more problem-solving, teamworking approach was dramatic. "People wanted to try to get things operating well rather than constantly focusing on the next overtime opportunity," said site HR manager Nicky Clements.

- Absenteeism has halved since the changes to about 2 per cent - below the industry average.

- Despite the 30-35 per cent increase in wages that accompanied New Look Employment, total labour costs did not rise because of huge reductions in overtime pay.

- Benefits to the employee include higher levels of basic pay, all of which is pensionable. They have also seen a huge increase in leisure time: four 12-hour shifts are followed in winter by a five-day break and in summer by a three-day break, and there are three rostered holidays – two of 12 days and one of 18.

What issues arose?

Practical problems arose from employees' initial lack of trust in the annualised hours system and how it would affect their leisure time. Many were difficult to contact which meant the system relied on a committed few who were called in disproportionately.

Consequently, the company decided to split each shift into three standby groups. Standby times were rostered into shift patterns so people knew when they were likely to be called in. The company promised they could only be called in once during a three-day break or twice in a five-day break, and that they would have at least 36 hours break between calls.

Unilever Foods UK

Norwich

"I tried to engage with as many employees as possible, not just the trade union representatives, to bring it alive by showing them different options for how the rosters could be organised, what time off they would get."

Production at the Unilever Foods site at Norwich is highly seasonal – but with no flexibility to match labour to demand it found that it was paying high levels of overtime during peak periods. Annualised hours and operating on a 'job and finish' basis have reduced working hours, increased efficiency and fostered a better working culture

Background

The historic Colman's of Norwich factory, now part of Unilever, still makes the famous mustard brand, though there are 300 different units in production at the site, which also houses Britvic's soft drinks operation.

Before 1993, when annualised hours were introduced, the factory was dominated by demarcation, a complex grading system, and a high overtime culture among hourly paid workers.

Production was highly seasonal but there was no flexibility to match labour to fluctuations in demand - some employees clocked up over 70 hours a week during peak times.

What changes were made?

An annualised hours package was introduced to the factory, unit by unit, in 1994 following a trial in one unit. All employees are contracted to work 1900 hours per year: 1732 of these are rostered hours, which are scheduled for the whole year in advance, and the remaining 168 paid hours are held in reserve, to cover increases in demand or to make up for poor performance.

Managers made clear that their aim was not to use reserve hours if possible.

There are no bookable holidays - time off is rostered in one or two-week blocks, though employees are free to swap their weeks off.

The factory operates on a 'job and finish' basis - if a team reaches its production target inside the rostered hours, it can go home.

Though overtime was effectively abolished, the new scheme saw an initial increase in the wages bill of 6 or 7 per cent. Salaries were raised to attract people to the scheme, with management believing the productivity gains would offset this cost increase.

What was the impact?

- Attitudinal change – people realised they could influence their own environment and improve their work-life balance.
- Reduction in stress.
- Greater team spirit.
- Absence dropped to 2.5 per cent.
- Operating efficiency rose from 55 per cent to 85 per cent.
- Waste fell from 5 per cent to 2.5 per cent.
- Teams started setting their own roster patterns and calling their own reserve hours, freeing managers for more strategic work.

The end of the "What's in it for me?" culture – employees came in voluntarily for meetings during their weeks off and contributed improvement ideas despite the ending of 'points win prizes' schemes. The dry foods unit was able to rapidly respond to an increase in demand for its main products from 75m to 100m sachets per year.

What issues arose?

There was scepticism and distrust among employees about the abolition of overtime and the introduction of reserve hours and how this would affect them. Andy (Manufacturing Excellence Manager) said: "I tried to engage with as many employees as possible, not just the trade union representatives, to bring it alive by showing them different options for how the rosters could be organised, what time off they would get."

The operators' union, GMB, accepted the deal almost immediately, although the engineers' union, Amicus, who had most to lose in terms of overtime pay, were more resistant and rejected it several times initially.

BI Worldwide

BI Worldwide has managed completely to transform the culture of their company from one where morale was low, turnover high and people worked incredibly long hours to one where staff are fully involved in developing company strategy. This new culture has reduced hours worked and increased retention and profits.

Background

BI Worldwide is a US-owned communications and motivation company. Its UK operation is based in Milton Keynes and employs 110 staff. The company operates in a very tough market characterised by narrow margins, exacting time pressures and incredibly demanding clients.

"One of the first things he did was to engage literally everybody in the company – to start to lay the foundations for change. People don't mind giving their all if they feel they have had a say in it."

"People are living it – it's becoming instinctive."

This contributed to a high-pressured, long-hours working environment and low levels of staff morale. While the business was delivering strategies to clients to incentivise, reward and ultimately retain its employees, it was failing to do this in its own operation and employee turnover was around 60 per cent.

Partly due to the events of 9/11, 2001-02 saw a drop in total revenue of 46 per cent; 2002-03 a further 16 per cent, and 2003-04 3 per cent.

What changes were made?

A new Managing Director (MD) was brought in to run the UK operation last April and a change programme was quickly put in place.

But communications between management and employees were very poor. "Because the business founders and previous owners had been successful, any mention of change met with resistance. It had always worked this way so there was no need to change it. You would just keep your mouth shut sometimes," said Richard Johnson Creative Studio Manager

Rather than sweeping in with a 'new broom' approach, the new MD made it his first step to ask employees what they thought of the company and the changes needed.

"With such low morale and motivation, productivity is going to slide, no matter how many hours people work," said Karen Collins, HR Director. "One of the first things he did was to engage literally everybody in the company – to start to lay the foundations for change. People don't mind giving their all if they feel they have had a say in it."

It introduced a five-year plan defining its vision, mission and strategy, subject to annual reviews. Of seven strategic initiatives included, one was a clear focus on the business's people. This plan was based on a series of SWOT (Strengths, Weaknesses, Opportunities, Threats) analyses carried out by every team in the company.

The changes introduced focused on four core areas:

- Improving internal communications – including informal end-of-week roundups, people forums and weekly bulletins from the MD.
- Improving performance management - with the initial aim of examining and identifying the precise links between how long people were working and how well. Were they doing things over and above their role? Or were they under-performing, despite their long hours in the office?
- Increased empowerment – along with the introduction of flexible working hours, Time Off in Lieu (TOIL) and the option to buy more holiday.
- Improved measurements/planning – to streamline processes and which included quarterly reviews of the hours worked.

What was the impact?

- 21 per cent increase in turnover.
- Over 9.5 per cent rise in gross profit – including a rise of 45 per cent gross profit in its events business.
- Company now has 50 per cent more work than in the previous year.
- Employee turnover has fallen from 60 per cent to 29 per cent.
- Increase in the number of employees receiving training has risen from 25 per cent to 84 per cent.
- Company now in a position to go for IiP assessment.

What issues arose?

"The culture had been so grim and everybody was too frightened to say if they felt overworked. They just resigned as soon as they possibly could." explains Karen.

While some managers were reluctant to acknowledge stress as a legitimate issue, the culture of the company is such that it can now be discussed openly, though confidentially, and HR is empowered, if the individual agrees, to approach his or her line manager to try to resolve any issues.

The change of culture did not sit easily with everybody but peer pressure is eroding the 'old-school' culture and as Karen pointed out ''people are living it – it's becoming instinctive''.

Westinghouse

British Nuclear Group, Springfields site

The BNG Springfields site is going through a massive long-term change programme. To find ways of coping with these challenges it developed a partnership approach with the unions to develop new attitudes and behaviours – including reducing overtime by moving towards annualised hours. The impact on workplace culture has been enormous and flexible working has now become the norm.

Background

Westinghouse's Springfields fuel and chemical manufacturing site is going through massive long-term change. In addition to the closure of two of its main product lines by 2008, ownership of the site passed to the Nuclear Decommissioning Authority from 1 April 2005.

Manpower will reduce from a peak of over 4000 to approximately 600 in 2008. Meanwhile the company must focus on future business and streamlining business support activities to ensure a profitable business beyond 2008.

What were the changes?

The introduction of annualised hours as part of a new BNG-wide contract focused on moving away from a high-overtime culture where workers saw overtime as a legitimate way to boost their earnings. There were no effective controls and the process was not managed.

However, Westinghouse's first major challenge was to tackle its confrontational employee relations. The company hired a team of consultants to examine relationships between the trade unions - TGWU, Amicus, Prospect and GMB - and management. It also invited a team of occupational psychologists into the business to look at how employee attitudes and behaviours were inhibiting change and preventing the business from becoming an efficient, high-performing organisation. What new attitudes and behaviours, supported by technical skills, did it need to go forward?

The next consideration was how it could use the new emphasis on partnership and communication to bring about changes in working practices, and find ways of improving efficiency, while ensuring employees bought into that change.

In 1999 BNG replaced paid overtime with an annualised hours system which provided eligible employees with a fixed number of hours according to their position, paid at the rate of time and a quarter which they could be called upon to work if necessary. There was a commitment from management that the hours would be utilised only to meet genuine business needs. Flexible working was also introduced.

The purpose of the changes was to encourage employees to complete work within standard hours as far as possible.

What was the impact?

- Westinghouse now has a highly skilled workforce and flexible working has become the norm.

- There is a new focus on work-life balance. This is vital in a company where 25 per cent of absence is caused by stress-related problems.
- Employees enjoy a regular income each month, and if they take on new skills they get further pensionable reward as part of the deal.

- The impact on workplace culture has been enormous, and is helping Westinghouse cope with the many challenges it faces. Not only has the partnership approach brought improved performance among the work teams but it also enabled the organisation to help employees cope with and become involved in the change process.

What issues arose?

The introduction of the new system threatened the good employee relations Westinghouse had tried so hard to create. Eventually, however, site managers and unions agreed:

- A joint objective to keep the use of annualised hours as low as possible and to look at how to work smarter and more flexibly.
- A focus on flexibility by rewarding the acquisition of extra 'Skillsets'.
- The involvement of employees in changing working practices to maximise the use of company time and plant.
- Empowering workers to think and act for themselves, as long as they were suitably qualified and experienced.

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