

HIGH ROAD TO WORK ORGANISATION

CASE STUDY

Apple Computing



IPC

Abstract

The company encountered both considerable competitive pressures and ongoing change in the market place, which demanded appropriate responses. An Agreement was reached between the company and the trade union, SIPTU to tackle change and activities undertaken included benchmarking of partnership/learning practices building on established internal expertise in training/learning. Employee empowerment followed involving training and networking, which promoted internal mobility and expertise; training needs were identified at business, local, organisational and personal levels and the development of 'change champions' took place. There was a concentration on business awareness and the original more formal partnership /work structures have now matured to a point where involvement and empowerment are part of the fabric of the organisation. There has followed also a willingness to network externally and to play an active role in fostering external networking arrangements. Progress on partnership and change has also been linked to reward structures.

HI-RES Case Study: Apple Computing

Sector

IT

Key Words

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Abstract

'Good Practice' Case Study: Apple Computing

Sector

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1. Background Information

Apple Computer Ltd is located in Holyhill in Cork. Opened in 1980 the Cork operation was Apple's first plant outside of the United States of America. During the 1990s the computer industry took a downturn, which adversely affected the Apple Corporation internationally, and in 1998, a major restructuring programme took place in Cork. This restructuring translated into a different focus for the activities of the Cork plant and a reduction in the work force from approximately 1900 employees to 450 employees through a process of voluntary redundancies and early retirement ensued at the time with SIPTU fully consulted throughout the retrenchment. From this point onward Apple in Cork began initially to consolidate its position and then to expand into new areas creating new employment opportunities in the process. These new areas included a Customer Call Centre, which was opened in Dec '99 employing approximately 300 people. Other areas that experienced enlargement included the functions of customer service, software testing, finance, and logistics. A new e-commerce division was also created. Apple now employs approximately 1000 people in Cork.

2. Drivers for Change

The following issues were central: -

- The industrial relations scenario in the earlier '90s saw a number of referrals to third parties and a trust environment did not prevail
- Involvement in a EU ADAPT project during the 90s helped the organisation and its employees explore change by examining external innovations based on partnership principles
- An attitude analysis allowed employees to express their opinions on the whole Apple operation and pointed to ways in which the employees might become more involved in the Company's future.
- It became recognised in the '90s that training and development were central to any progress
- The demands of the industry itself and in particular the need to cope with shorter cycle times in the market place and more sophisticated customer aspirations indicated a need for enhanced and ongoing flexibility
- The overall social and economic climate in Ireland during the '90s was favourable to change initiatives based on partnership approaches. At a National level a series of Agreements were negotiated between the Social Partners and Government that greatly encouraged and facilitated joint efforts in the work place. This national climate acted as a stimulus to local initiatives.

3. Characteristics and Process of Change

It was agreed, early on in the process, that a partnership approach would be central to any efforts to cope with change and the Trade Union, SIPTU, became in effect a partner in the process of continuous improvement. Initial partnership meetings were facilitated by external expertise available through Agencies such as the Irish Productivity Centre (IPC). It was important in the early stages in particular to allow the trust environment to develop away from the conflictual climate that can be generated at times in the collective bargaining arena. A feature of the trust building was the access given to financial

information relating to the Company's performance and in effect a learning experience was generated allowing all parties to come to appreciate the competitive demands, which existed for the organisation. It was agreed that ten 'change champions' would be appointed and trained within the organisation and the trade union, SIPTU, fully participated in this training effort - this involvement again strengthened trust building. Business awareness training was provided throughout the operation and it may be significant to note that the decision to make continuous training central to all change activities derived in part from the strong training and developmental tradition at Apple in Cork fostered over many years. A partnership Group, comprising six management and six trade union representatives, co-ordinated the overall approach at the outset and agreed how best training needs ought be tackled. In more recent times the need for a high profile Partnership Forum may have receded somewhat as the partnership process has in effect percolated throughout the organisation and centralised action is no longer always required. A unique feature of the initiative overall was demonstrated in 1999 when a 'partnership bonus' or dividend was paid in recognition of the new climate which had been created.

4. Obstacles to Change

The following is a summary of certain obstacles encountered, some of which may be typical in an initiative of this nature:

- In situations where the dominant form of relationship has been adversarial i.e. based on confrontational industrial relations practices, a climate lacking in trust is created. Such an environment is not conducive to joint efforts between management and employees.

- A fear factor can exist in organisations and in geographical areas where there has been a history of redundancy. Concerns over possible job losses can encourage inflexibility and attitudes, which support the status quo.

- Employees may not always fully appreciate the prevailing business environment and related market place pressures in which their organisation has to operate and may consequently view any unilateral attempts at change as simply being a management driven effort to enhance productivity.

- Where change is contemplated employees may wish to put a 'price' on that change and therefore introduce a negotiable element into the equation; such a scenario has to be anticipated within the overall change strategy.

5. Risk Analysis

The commitment of both the Management and Trade Union representatives to the overall change process at the outset meant, to a degree, that the risk factors were reduced, if not removed from the equation. A number of negative possibilities were inherent, which the overall expertise of the change process overcame; such might not always be the case in other organisations. Among such risks were:

- The possibility that a significant number of employees might not have embraced the partnership /training ethos

- The chance that market pressures might have dictated more radical change in a manner that the emerging partnership process might not have coped with. The positive business climate in Ireland in the middle and later '90s was a favourable backdrop to events as was the series of National Partnership Agreements, which pertained.

- The early participation in an EU supported ADAPT Project, helped the Management, Union and employees form a vision of change which was an important driver. Such an opportunity with its supporting funding may not have been available as a catalyst and a risk could arise where the lack of a funding impetus halted innovation

6. Benefits of Change

The acknowledged benefits include:

- Positive relationships have been established at the Company allowing for a partnership ethos to prevail in tackling business and personal issues.
- Performance levels have improved and the number of referrals to third parties has been reduced.
- The learning environment in the organisation has been enhanced and a 'best practice' approach to Human Resource Development now prevails. Employees are encouraged to identify needs at local and workplace levels and to participate in designing appropriate solutions. All training undertaken is now formally evaluated.
- The Company, the Union and the employees have come to appreciate the value of external networking and now participate on a regular basis in external projects so that relevant external experience can be understood and absorbed.

Future Trends, Opportunities and Constraints

The positive climate within Apple Ltd created over the last number of years through the experience of being involved in a major change process has created the capacity for the Company to cope with demands placed upon it by the external market driven environment. The positive climate, favourable workplace relationships and partnership ethos, will also assure that the Cork Plant will be a serious contender for possible new product ranges that might evolve.

The volatile nature of the industry market place and the global nature of its operations inevitably means that progress at one location i.e. in Cork, may not impinge upon or be a major factor in overall world trends. Changes in global strategies as a result of market trends could result in outcomes that have not yet been foreseen. In a 'worse- case' scenario such developments might adversely affect Cork but nevertheless the capacity now exists to cope with most change. As the favourable environment of the National Partnership scene underpinned the Apple initiative in the '90s any regression in Ireland towards a more confrontational industrial relations style could arguably affect relationship patterns. Such possibilities are purely speculative and in any event the resilience of the present system would resist such developments at local level.

Conclusions

The following set of conclusions can be derived from the Apple Ltd experience of change:

- *Change requires stability in the overall employee relationship patterns.*
- *The commitment of Management and Union(s) to a shared strategy of fostering change is essential.*
- *Training and Learning are essential to success within the change process. Training needs ought be tackled at workplace level and joint solutions identified and implemented.*

- *It is important that employees understand the financial and industry environment in which their organisation operates and with business awareness training playing a vital part.*
- *While partnership projects may be useful in stimulating initial action, the longer term strategy should be to get a partnership approach embedded in the organisation as part of its everyday fabric of activity.*
- *Where possible consideration ought be given to linking progress on partnership to reward so tangible outcomes can be recognised. It is equally important that due recognition is afforded by management to the partnership contribution to the achievements of business objectives.*

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