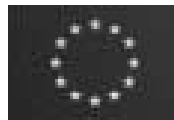


HIGH ROAD TO WORK ORGANISATION

CASE STUDY

KINGSPAN BUILDING PRODUCTS LTD



IRISH PRODUCTIVITY CENTRE - IPC

2001

Abstract

Having attempted, with limited success, to embrace a comprehensive change programme in the '90s through participation in a national New Work Organisation Programme (NWO), Kingspan has now embarked on what might be described as a second phase of progress on change based on a formal agreement between the management and union which underpins a partnership approach and profit sharing.

HI-RES Case Study: KINGSPAN BUILDING PRODUCTS

Sector

Manufacturing – Building Materials

Key Words

A partnership approach to change; continuity of supply; profit share; formal agreements; role of unions.

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Abstract

'Good Practice' Case Study: Kingspan Building Products Ltd

Sector

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1. Background Information

During the '90s, Kingspan Building Products Limited, a publicly quoted company operating in the North East of Ireland, producing high quality insulated panels and ancillaries, - participated in a national programme on change - *'New Work Organisation'* which was co-ordinated by the Irish Productivity centre (IPC) with Irish Government and EU support. This involvement had limited success but appeared to create a base for further progress once the adversarial climate, which was prevalent in the company, abated. On the 7th February 2001 the company and its trade union SIPTU concluded a fundamental Partnership Agreement, which laid the foundation for tackling change through a partnership approach.

The impetus for this Agreement came in part from the National scenario in Ireland whereby a strategy for change through partnership has been negotiated on an ongoing basis in an evolving series of Agreements at National level; the latest of these is *'The Programme for Prosperity and Fairness'*.

2. Drivers for Change

Within Kingspan there is a pressing need to promote competitiveness, which includes the requirement to secure continuity of supply along with ongoing improvements in quality and efficiency. There is a view among employees that they wish to be regarded as stakeholders in the organisation with a desire to influence major decisions that affect the company and by implication their working lives and futures. Allied to the conducive national climate, these factors acted as a stimulus to action. Furthermore there existed a strong legacy from the earlier involvement in the National 'NWO programme' which had demonstrated the potential for constructive change during the late '90s.

3. Characteristics and Process of Change

Based on a supportive climate a set of joint objectives were formulated in the Kingspan Agreement to underpin the change process:

- To create partnership based on trust involving openness, consultation and participation between management, workers and their representatives aimed at enhancing the company's competitiveness and growth and securing the business for the future.
- To develop a culture and procedures that strengthens partnership and allows problems and disputes to be resolved fairly.
- To improve customer focus through continuous innovation, flexibility and joint involvement anticipating the needs of existing and potential customers and adapting to a changing market place.
- To develop new products and services and increase market share.
- To provide fair reward and recognition for all our people and to give them the opportunity to share in the profit of the company.
- To develop the full potential of people to enable growth of the individual and of the business.

To assist the change process in line with these objectives a Joint Partnership Development Group has been created comprising twelve members (six nominated by

management, six by the Union) along with two external members in an advisory capacity - the local Union Branch Secretary and an Employers Association (IBEC) nominee. This Forum is underpinned by a conventional set of procedural arrangements and has the following roles and responsibilities:

- a) Steering and Monitoring partnership by
 - Confirming issues to be tackled outside of partnership,
 - Agreeing priorities within partnership,
 - Setting up working groups as necessary,
 - Agreeing annual priorities,
 - Being flexible in the overall approach.
- b) Setting up arrangements to monitor joint training.
- c) Providing a forum whereby the Union, i.e. SIPTU, involvement can be harnessed on any major strategic issues facing the company.
- d) Communicating developments so as to ensure awareness among employees and management.

In progressing change through partnership, it was recognised that a fundamental role still existed for collective bargaining and related decision making arenas and a series of issues to be handled outside the partnership process were listed as follows: annual and other leave entitlements, conditions of employment, discipline, dispute resolution, facilities for shop stewards, grievance handling; pensions, salaries and wages, sick pay, agreements on industrial relations and group business decisions

The overall approach adopted could be based on 'World Class' principles and a particular paragraph from the Partnership Agreement states:

'Flexibility requires the involvement of all employees throughout the organisation in all things deemed necessary to support full co-operation with continuous improvement, team working, and the introduction of World Class Manufacturing /New Work Organisation.

Under the principles of World Class Manufacturing /New Work Organisation both the company and its employees continually pursue an environment in which all employees will actively seek to improve the capacity, quality, safety and factors which influence the security, social needs and general well-being of all employees'

A further commitment on the management side underlines the opportunity to train so as to acquire additional skills and this is in turn linked to a 'promotion from within' policy.

Continuity of Supply is of such importance that, external to the partnership arrangements; it forms the subject of stand-alone agreements between the management, employees and Union.

A further complementary Agreement on reward exists and is significant in that it promotes and instigates an agreed system of Profit Sharing linked to the achievement of budgeted targets.

4. Obstacles to Change

There were no major obstacles to the change process other than the predictable concerns expressed by certain workers over their perceptions as to how the inevitable changes

might affect them personally. It is possible that unforeseen or drastic external events in the marketplace allied with competitive pressures could create difficult challenges at which time, the robust or other nature of the current arrangements would be tested. It is unlikely however, that any regression to previous working arrangements would in any way alleviate the impact of such events and it is open to the parties at intervals to deal with unforeseen obstacles through a re-negotiation of some terms of the Agreement(s) should they prove contentious.

5. Risk Analysis

While the implementation of the overall approach has gone ahead, there is an inevitable risk associated with the complexity of the arrangements which depend on the integration of what are, in effect, a series of overlapping Agreements associated to a sustainable external market climate and the continuity of a National climate favouring partnership initiatives. Early success however could underpin the approach and the collective Agreements are robust in their nature and probably capable of absorbing some adversity as occurs.

6. Benefits of Change

The comprehensive set of negotiated Agreements has created a partnership ethos within which competitiveness has been fostered and sustained. The partnership mechanisms are functioning, business objectives are being met and a foundation is being created allowing continuing change based on flexibility. Workers are also realising their aim to be regarded as stakeholders in the enterprise

Conclusions

A comprehensive programme of change under circumstances such as those encountered at Kingspan Building Products Ltd might require as demonstrated at Kingspan:

- A set of linked agreements between the parties that together provides a platform for action.
- A meaningful partnership programme linked to a profit sharing mechanism even if such a mechanism is separately negotiated.
- A supportive external environment, locally and nationally.
- Previous experience of change programmes that allowed exposure of key players to the implications and potential of change.

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