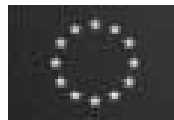


HIGH ROAD TO WORK ORGANISATION

CASE STUDY

Tegral Metal Forming Ltd



Tegral NWO Team

1998

Abstract

This case illustrates how a small engineering company working in both a traditional technological and industrial relations environment in Ireland undertook a radical approach in changing its work practices and payment arrangements through a process based on partnership. The particular learning points associated with this case are:

- The need to anticipate early the likely emergence of competitive pressures.
- How planned legislation at European and/or National levels, e.g. The Working Time Act, can play a part in bringing about change.
- How a joint approach towards change can be initiated and managed.
- The importance of benchmarking.
- How networking, through, for example, participation in EU or other supported group projects can accelerate learning.
- How change projects need to generate their own momentum and time frames and how, as a result, significant early progress may not always be possible.
- The importance of 'key players' in any initiative as they need to lend credibility and weight to the process.
- The importance of appropriate learning and in particular the need for all the actors to understand the prevailing business culture.
- The necessity to establish a framework for partnership arrangements that will act as a focal point for a change initiative.

HI-RES Case Study: Tegral Metal Forming Ltd

Sector

Metal Industry

Key Words

Benchmarking; Partnership; Linking rewards to change; Learning Strategies; Role of key players; Partnership structures.

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1. Background Information

Tegral Metal Forming Ltd (TMF) has been part of the international ETEX Group since 1988 but was originally established in 1977 as a subsidiary of Cement Roadstone Holdings. ETEX has an annual turnover of some 2.1 billion euro and employs around 22,000 people over 34 countries.

TMF is based in the town of Athy in Co. Kildare in the Republic of Ireland and is involved in cold steel roll forming; serving local markets for steel roofing, cladding and flooring products in the building, industrial and agricultural sectors. Demand is seasonal and the company employs on average some 85 persons.

Manufacturing and clerical staff are members of the trade union - SIPTU; craft personnel are represented by T.E.E.U.; while management, technical and external sales personnel are not affiliated to any trade union.

2. Drivers for Change

In the period around 1996/1997 the Company became aware of the need for change which included the following:

- Proliferations of competitors with lower overheads were entering the market.
- The Working Time Act was mooted in Ireland and in the EU generally and the prevailing overtime culture at TMF could not be sustained in the longer term within the organisation once the legislation came into effect.
- Recognition had emerged that the company needed to be more customer focused.
- A 'partnership ethos' prevailed in Ireland in the '90s due the series of National Agreements, which had been successfully negotiated on economic and social matters between the Government and the Social Partners. This ethos led a number of organisations such as TMF towards exploring partnership arrangements within their own organisations.
- Internationally respected approaches to organisational change, such as World Class Manufacturing (WCM) and Continuous Improvement (CI), were being adopted in organisation worldwide and such approaches would have been well known within an international Group such as ETEX of which TMF was a part.
- A new generation of employees in Ireland, as elsewhere, had differing aspirations and expectations for and from work and these had to be respected

3. Characteristics and Process of Change

It was recognised at the outset that a totally adversarial climate of Industrial Relations - which was the norm in Irish organisations - was not conducive to establishing a framework for change and consequently it was necessary to try to create some forum for a partnership dialogue.

The vehicle that catalysed the initiative at the outset was participation on a joint basis in a National New Work Organisation Programme (NWO), which commenced in 1997 organised by the Irish Productivity Centre (IPC) with support from the Social Partners, The Irish Government and the EU. This backdrop ensured the availability of initial facilitation and of support learning not the least of which was the opportunity to link with other organisations simultaneously grappling with change. This was an important benchmarking and learning experience, which also allowed the joint Tegral group, which participated in the NWO project to develop a climate of trust among themselves.

The initiative enjoyed the full support of senior management and SIPTU and this helped contain and overcome individual opposition to change, which was prevalent among a minority of employees. A Steering Group of TMF employees was created early on with representatives from throughout the operation and membership of this Group has remained more or less constant over recent years; this forum has proved to be a vital focal point for change and those involved are recognised as key players having the confidence and respect of their peers. In addition to the Steering Group, an umbrella structure was also created involving senior management e.g. the TMF Managing Director, and external senior Union personnel; this forum serves as a monitor and allows the Steering Group refer any major 'crisis' issues to it that might otherwise swamp progress. This umbrella Group lies at the 'fault-line' so-to speak between conventional industrial relations and partnership in the organisation.

It was agreed early on that progress would be pragmatic; it was recognised that change was necessary but agreed that the benefits of any change would have to be shared. The underlying plan was to adapt elements of an appropriate World Class Manufacturing (WCM) or Continuous Improvement Strategy (CI) to TMF requirements. In particular it was agreed to take into account and examine the shifting nature of client demand that led to seasonal requirements and the linked overtime arrangements, which prevailed. The overtime culture could not be sustained in the longer term and in any event the working time arrangements would no longer be tenable under the Working Time Acts. During the early years of the operation of the Steering Group a new plant manager was appointed at TMF and he joined the Group. This appointment was pivotal in that the individual involved fully embraced the partnership ethos being created and became himself a catalyst in the change process. Among the activities carried out by the Steering Group have been :

- A diagnostic of activities at TMF, which helped identify priorities.
- The formation of task teams.
- The arrangements for ongoing training of task teams in subjects such as problem solving, conduct of meetings and business literacy.
- Co-ordination of the conduct of an attitude survey.
- Dialogue with external bodies and individuals, which included frank exchanges with the Managing Director of a client company.
- Participation in external networking activities.
- Sharing the TMF experience externally.

The Steering Group and the task teams were assisted as necessary by external facilitation, which included, on occasion, trade union designated experts. This process further strengthened the credibility of the initiative. Tasks examined by teams included - 'Reward & Remuneration'; 'Scrap'; Production Planning'; 'Customer Complaints' and 'Information Technology'.

4. Obstacles to Change

The obstacles encountered at TMF could be said to be typical for an organisation attempting such a initiative and included:

- Individual employees happy with the 'status quo' were opposed to change and their potential influence had to be carefully monitored and their views countered.
- Arrangements had to be made whereby those not wishing to adopt new work practices could be accommodated; such persons included supervisory personnel whose style was not necessarily conducive to a more empowered workforce.
- Where personnel changed through natural wastage and turnover, care was necessary so that new staff understood the ethos being created. Personnel coming from a different culture, for example, need time to adapt to a more empowered environment.
- A leading Personnel Manager left the company at the latter stages of the initiative to avail of an external opportunity and this development had also to be absorbed. Although carried out successfully, in this instance, such changes have the capacity to disrupt.
- There was a degree of anxiety at the outset in management circles that early results were not forthcoming but it was later agreed that an 'incubation' period was necessary during which the overall process needed to become established. The pressure to show early results could place undue pressure on a change process and in the extreme could lead to the abandonment of an otherwise sound initiative.

5. Risk Analysis

In the TMF case, as with many others change initiatives, it was clear from the outset that a number of 'key actors' in both management and union positions had to play a vital part in supporting the initiative and had to be seen overtly to play a lead role. While it is to the great credit of such actors that they played this role a similar role might not always be adopted and this could lead to a lack of credibility. Throughout the initiative the Company has availed of external facilitation which has been provided in part through subsidised arrangements; in other circumstances such support might have to be brought in at the Company's own expense and this could act as a barrier. Similarly the TMF experience has been greatly enhanced by networking and the networking opportunities e.g. the original NWO Programme and a current Skillnet, of which TMF is a member. Such opportunities have been underpinned by finance from the Irish Government and the EU and this facility will not always be to hand. Such concerns are unlikely to concern TMF as it could be argued that a critical 'velocity' has now been reached which is likely to sustain the progress to-date. Of greater concern might be the possible longer-term corporate strategy of the parent ETEX as TMF is a fairly unique member of the ETEX family. In the most extreme scenario however the progress created at TMF and the dynamic climate now prevailing has enhanced its competitiveness and flexibility thus making it a viable business entity under whatever guise.

6. Benefits of Change

A significant number of benefits have flowed from the initiative to-date:

- The company is now more competitive and cost effective as measured by conventional yardsticks.

- Communications have improved dramatically.
- Conventional collective bargaining while continuing to exist is no longer the primary conduit of dialogue.
- Quality in its total sense of service to the customer has been fully recognised.
- Team working has been introduced throughout the manufacturing operation.
- A new Reward system has been designed and implemented based on Key Performance Indicators in production agreed at task team and Steering Group levels.

Conclusions

Significant progress has been made at TMF in recent years and the following learning points can be gleaned. Additionally a number of factors appear central to the future of the change process and these are also alluded to:

- The partnership approach underpinned the initiative and this along with the roles played by the key actors has been central to success. In turn partnership has greatly facilitated communications, which TMF personnel perceive as having improved dramatically.
- The availability, initially at least, of external facilitation along with the opportunity to participate in external networking greatly accelerated the learning process. In the future it is likely that TMF will continue to play a part in networking externally..
- To date the initiatives have been largely confined to the manufacturing area and TMF are now seeking to introduce similar approaches to the sales and administrative activities. It is an interesting question as to whether these activities might have been included at the outset but it is difficult to come to any firm conclusions here since it could well be argued that an early attempt to introduce change on a wide canvas might have faltered.
- There is a need to accelerate the actions taken on recommendations made through teams and through the Steering Group. Those involved in making suggestions can be frustrated if their ideas do not appear to receive early attention.
- The concept of an umbrella Monitoring Group along with an operational Steering Group has worked well and provided a framework for the partnership process to operate.
- There is the need to realise that planned change comes over time and will rarely result in dramatic outcomes, this understanding has now been absorbed at TMF.
- For its sister company on site -Tegral Building Products Ltd - it is probable that the TMF experience will prove a valuable learning opportunity and trends already indicate that the overall success of the TMF initiative is already been considered within the wider ETEX family.
- The longer term future of TMF may not be determined locally but will rely on the strategic policy of the ETEX group and on related factors such as, exchange rates, technical developments in metal fabrication, and trends in Irish agricultural and manufacturing. However the buoyant and co-operative climate now created at TMF as a result of the partnership/change process complemented by relevant learning and benchmarking augur well for continued investment in the plant and for job security.

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