



Eurofound

Work organisation and innovation in Ireland

Case study: SAICA Pack Ashbourne

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Background to the organisation

Employing 92 full-time staff, SAICA Pack Ashbourne was founded in 1981 through a joint venture between Union Camp and Kerry Co-op. Based in Ashbourne, County Meath, Ireland, the plant produces paper and cardboard boxes for various uses in such industries as food and pharmaceuticals. Initially, it was intended that the plant produce all the paper packaging used by Kerry Co-op for its butter and cheese products. In the following years, the plant grew its capacity and client base, gaining around 15% of the Irish market. The plant has several machines, the chief one being the board-making machine.

In 1998 the plant was sold to International Paper, a large North American paper company with a range of interests in the paper and board industry. For the 10 years following this acquisition SAICA Pack Ashbourne received no investment. Consequently, the company's production quality and capacity, and employee motivation, deteriorated significantly. The plant faced the threat of closure in 2010.

In September 2006, Spanish-owned company SAICA bought the plant in Ashbourne and renamed it SAICA Pack Ashbourne. This acquisition was part of the overall acquisition that SAICA made of all International Paper's operations in the UK and Ireland. Present in several European countries, SAICA has its headquarters in Zaragoza, Spain. Its activities cover paper production, recycling and packaging production.

In 2010 a new plant manager was appointed. The plant was facing considerable challenges. Following the difficult previous years, the plant was dealing with constant conflict between management and trade unions, with four or five industrial tribunals going on at the same time. The work climate was, in the words of the plant manager, characterised by 'real friction and lack of trust between management and employees'. The new plant manager was not at all satisfied with the levels of leadership, management or processes in place. The productivity level of the plant's equipment was also very low: maintenance problems meant that the equipment performed in the bottom quartile of what would be expected for that type of equipment.

Unexpected problems would often arise, with their associated costs. According to the plant manager, there was a 'constant fire fighting climate'. And because of a lack of appropriate sales processes, client expectations were not being met, leading to a high degree of dissatisfaction. One of the company's biggest clients withdrew its business in 2008. In 2010, two major customers contacted the plant manager to say that they were withdrawing their business because of the poor quality and service. When the plant manager tried to negotiate, promising an improved service, both clients said that they had received similar promises on previous occasions. However, the plant did finally succeed in keeping them.

The situation was so poor that the closure of the plant was becoming a real possibility.

A plan was drawn up to grow the plant production volume from 37 million m² to 50 million m². It was assumed that if the plant could reach the 50 million m² target with the existing cost base, it could become a sustainably profitable business. This was the basic plan that management put to the union representatives. The plan required a renegotiation of wages and hours, with some pay reductions for managers and administration personnel and extended working hours for the shop floor operators. That negotiation was successful and agreement was carried by only two votes in a ballot. This enabled the company to secure the 92 jobs in the plant for the foreseeable future.

The plant is still operating and is making a profit. Last year it paid a bonus to all employees. This year, 2013, will be difficult because the price of paper is going up and the market is getting more competitive. Overall, there is excess production capacity: cardboard boxes are coming to Ireland from the UK as well from such lower-cost producers as Canada, Egypt, South Africa and Turkey.

Nature of the innovation

‘Management is too important to leave to managers alone’

‘Management is too important to leave to managers alone.’ This is a phrase that is often used to describe the reasons for the collaborative approach that the plant manager says must exist between management and employees if the business is to be successful. ‘Everyone needs to be involved in the improvement of the business, it is all our livelihoods, not just the managers.’

To support the plan for business growth, in 2010 the plant manager initiated a transformation management process. The starting point was the creation of the Joint Union Management Steering Group (JUMSG). From the start, this process entailed the direct involvement and support of the Ideas Institute of the Services, Industrial, Professional and Technical Union (SIPTU), which – as the SIPTU website says – seeks ‘to identify ways in which new thinking and new services can be introduced into the workplace for the benefit of employees and the enterprise as a whole’.

The JUMSG is composed of 12 members, 6 managers (including the plant manager), 2 union representatives and 4 shop floor employees. The JUMSG meets every three weeks. An agenda is proposed for each meeting and the minutes are published and made available to all personnel. The role of this body has evolved since its creation.

The main first task that the JUMSG defined for itself was to create a presentation outlining the joint vision of management and union for the company’s future. The text from a presentation slide, shown below, outlines the main elements of the joint vision.

JUMSG Joint Vision

We at SAICA Ashbourne will strive to be the No. 1 corrugated facility in Ireland by:

1. becoming the market leader in quality and service;
2. growing our business profitably;
3. providing job security;
4. having pride in our workplace.

We will achieve this through:

- structured teamwork and continuous improvement;
- good working relationships where people are valued, informed and rewarded;
- training and development of our people;
- having a safe, clean and environmentally aware facility.

We believe by achieving this vision we will secure all our futures.

In parallel, the JUMSG also took responsibility for conducting a ballot to approve an extension of working time by 30 minutes per day, five days per week, for plant operators.

In line with the joint vision, the JUMSG focused its efforts from the start on teamworking and continuous improvement. In order to develop the skills in these areas, the JUMSG put together a training plan targeting all the plant employees.

This training was planned in collaboration with the Ideas Institute, which was also responsible for delivering the training. The training plan received funding from FÁS – the national Training and Employment Authority. Over a period of 18 months, all employees at the plant attended a six-day training course on teamworking, problem-solving tools and techniques. The objective was to equip everyone with the skills that would allow them to get involved in a productive teamworking approach. The first group to go through the training was the JUMSG.

At the end of the training process, all participants had to take an exam that allowed them to receive an accreditation. This formal recognition process included the presentation of a framed award.

At the same time, the company sent a group of managers, operators, supervisors and sales people to another SAICA plant in Edinburgh, Scotland. SAICA considers its Edinburgh plant the best operation in the UK and Ireland: visiting it allowed the Ashbourne team to benchmark their own performance and see what is required to make a plant work well.

SAICA also restructured the plant's management team to flatten the structure. Managers were given the training and support to adapt to a new involved way of working. In parallel, it defined a new communications plan, one based on regular business updates made to all employees. Every three months, the plant manager makes a presentation to the employee body on the current situation of the plant: what is going well, what progress has been made, and what needs to be improved, providing up-to-date information about competitors and the market in general.

Another innovation SAICA introduced was in project management. The company introduced a project management methodology to allow employees to develop projects, thereby improving production efficiency and working conditions in general. This approach also allowed operators and managers to be involved together in dealing with the issues identified. The objective was to have a team-focused approach to solve problems, and to change the prevalent thinking that employees should be focused only on executing tasks rather than also dealing with work processes. Previously, employees did only as they were instructed. A shift was made to give them ownership in taking decisions and being involved in solving problems that previously were left to managers. Now, operators are involved: first, in ensuring the machine's efficient performance, and then looking for robust processes and solutions to long-standing problems. Such an approach requires that the appropriate business and teamworking infrastructure be provided. This approach focuses on the process of managing the business, rather than on simply getting something done.

SAICA also launched the so-called OGSM approach within the management team. OGSM – objectives, goals, strategy and measures – is a methodology to allow managers to improve their business process management, and so drive the activity of the whole workforce to achieve a set of business results.

The JUMSG is the support body for the innovative Continuous Improvement Teams (CITs). The CITs are teams that analyse the performance of the machinery and what needs to be done to improve it. For each piece of machinery, the crews from both shifts, the supervisors and the cell engineer meet every third week to discuss how the machine is being run and its periods of downtime over the past month. They then seek to look at the situation in a different way: they categorise the problems, prioritise what needs to be fixed and discuss how it can be improved. Before this collaborative approach was implemented, the remedies adopted would be mainly led by management and would not necessarily fix the problem in the best possible way.

Daily machine operating meetings feed into the CITs. Managers and the staff who operate the machinery review what they did over the previous 24 hours and review the plan for the following 24 hours. When bigger issues come out of these meetings the JUMSG reviews them and may decide to put forward a CIT to address these issues.

This infrastructure of innovative approaches is still evolving. In the near future, the plant management plans to give more training to the JUMSG and all employees in terms of problem-solving and how to deal with data, to allow them to give more and better support to the CITs.

Process of implementing the innovation

From the start, these innovations were implemented with the direct involvement of the plant's two trade union representatives – one from SIPTU and the other from the Technical, Electrical and Engineering Union (TEEU). Both representatives are members of the JUMSG. In addition, SIPTU'S Ideas Institute, through Tony Murphy, supported the introduction of these innovations.

In itself, the creation of the JUMSG was an innovation and an important first step in introducing the other innovations. The role of the JUMSG has evolved over time, assuming both a decision-making and a consultative dimension. For example, when the Managing Director presents the quarterly results to all employees at the plant, the JUMSG looks at the presentation beforehand and makes recommendations on its content. But the JUMSG also makes big decisions regarding projects considered a priority. The JUMSG project subcommittee is now trying to develop a process to look at the plant's project needs coming from within the factory, control their development and decide what is critical to the business.

Opening a dialogue and launching collaboration between management and employees was clearly the first objective of the initiative to transform the workplace. Previously, all decisions were left to managers and workers were not involved. However, the people who operate the plant machinery know exactly the problems they are facing. It was therefore decided that management and staff work together to find the best solutions. Moreover, before the launch of the programme, communication between management and employees was very poor. Now employees get involved in analysing problems and proposing solutions; this proves to be a much more successful approach, with economic benefits for the company and its employees.

One example is an ongoing project involving the improvement of a piece of machinery: whereas previously employees would leave it to managers to take care of this, they are now involved in the process – going out, finding prices for components, ordering them and then completing the project.

The two trade union representatives took the course in teamworking twice. First, they took it as members of the JUMSG; then they did it as part of the team allocated to their particular machine. Having taken the course, employees meet at 08.45 in front of the machine. If there is a problem, the team meets again at 09.30 to analyse the problem and find a solution and documents the process. Close to each machine there is a board where the results of the analysis are displayed so that other colleagues working with the same machine are informed of the issue. This documentation is in addition to the recording of the problem in the plant's computer system. The information is removed from the board only when the problem is entirely resolved and everyone has had the chance to read, understand and contribute to it.

The training group (which includes one of the trade union representatives) developed a training plan for the entire workforce, machine by machine, identifying the various training requirements for 2013–2014. For each individual, a list outlines the training they have to take; out of 20 types of training some may have four to take. The training sessions are

scheduled in the calendar, which can be consulted in the public drive on the plant's computer network. Also available is information regarding the training that each individual has already completed and the training they are still due to attend. All employees have gone through the same six days of training over an 18-month period.

The training plan also included sections on machine operation; whenever any new technology is introduced, the training group organises the training related to it.

At the end of the training, employees took an exam. One of the key parts of the training was the concept of brainstorming and the use of tools and techniques related to 'the five whys'. In the plant, no one had ever asked 'Why? Why? Why?' After the training, staff understood the importance of asking 'the five whys' and of using a fishbone diagram, because that allowed them to get to the root cause of an issue. Understanding the root cause in most instances makes life easier for employees; when people could see that the intention was not to make their working life harder but rather to do things in smarter ways, they were interested.

Safety is also a very important issue in the plant. Therefore, training was put in place and procedures adopted to prevent accidents from occurring. Good results have been achieved in terms of safety: no time has been lost to accidents in almost three years.

There were salary reductions for clerical staff and management. For production staff, working time increased by 30 minutes per day across two shifts. It is foreseen that these working time increases and salary cuts will be valid for a period of two years, ending in September 2013.

According to one of the trade union representatives, the social climate in the plant changed significantly after the new plant manager was appointed. Under this manager everybody became more equal: 'at the end of the day managers have to make the decisions but everybody's opinion counts, and anybody can approach anybody else. There's no reasons for anyone to be afraid to talk, because everybody is heard no matter what opinion they may have, which might be right or wrong. Before, people would be afraid to express their opinions because they were afraid they could be making a mistake.'

According to the trade union representatives, prior to the creation of the JUMSG no forum or space existed in which managers and employees could discuss problems. The prevailing attitude was that managers knew best and told employees what to do. Then the culture changed to a collaborative one, which implies that both parties have a different understanding of the same problem and the best solution will come from combining both perspectives. The training undertaken with SIPTU was critical in enabling this cultural shift from confrontation to collaboration. It was a hard change to implement: some staff had to leave the business to flatten structures and others had to change their management style of 30 years.

According to the trade union representatives, an important outcome of the training was the sense of ownership that was given to employees. Employees gained an understanding that they had to be involved in addressing problems in the business; the alternative would be the closure of the plant, which obviously they wanted to avoid.

According to the managers, this sense of ownership allowed people to work in a different way. Management adopted the attitude: 'You tell us what the problem with the machine is. Let's put a process in place: we allocate the time, you build the process. We don't want to tell you what the process is; you know the machine. We'll give you the tools, we'll spend the money, but you come up with the improvement and the process to look after your machine.' An example of this is the Total Productive Maintenance pilot machine. This was run and managed by the team of operators, who were allocated

the time and asked to inspect the machine and say what needed to be cleaned. The team then took charge of having the machine cleaned. In some cases, managers did not even have to do any of the paperwork because employees were given the opportunity to use their skills and so did that work as well.

Managers mentioned that recent visitors to the plant commented on the difference they could observe in employees' attitude. According to these visitors, the plant now feels like a completely different plant from how it was a few years previously. Visitors also say that they can feel a sense of pride in the workforce.

One manager said that every day there is the opportunity to learn something new, noting that on the day of the interview he had learned something new by talking to two operators. He also said that if an operator wants to try something different, management should give them the opportunity to do so: if it works and is good for the business, that is good news; but if it does not work, then nothing has been lost.

The company is planning the next phase of training, which will include training on technical areas such as single-minute exchange of die, programmable logic controllers and total productive maintenance, three methodologies for using machinery in the best and most efficient way.

Reactions and challenges

The plant manager took the model and ideas of the very successful model plants in Edinburgh and Warrenpoint and transferred them to SAICA Ashbourne. At the beginning, staff in the plant did not believe that SAICA Ashbourne could achieve the same productivity figures as the Edinburgh plant. But finally they saw that productivity could improve considerably. Although there is still a long way to go, all staff came to understand that it is possible to do things in a different way and with better results.

SAICA received positive comments from the British Retail Consortium (BRC), an auditing body. BRC commented that it was very positive how much work and progress had been achieved in SAICA Ashbourne in such a short time. SAICA has also received several positive comments from visitors and suppliers.

The company still has some pressing problems that need to be addressed, like quality production and waste reduction. In addition, the building infrastructure is failing in some places and investment needs to be made in the plant, to keep it sustainable.

The plant manager believes that the Ashbourne plant has a tremendous future because it is built in a large site with space to expand. The shape of the plant is also considered to be ideal for a corrugated plant. In addition, the location is excellent because it sits in the middle of motorways running to the north, south and west of Ireland. Compared with Edinburgh, which is taken as the model, the Ashbourne plant is still behind by maybe 10 years. The role of management, according to the plant manager, is to keep preaching 'This is where we are, this is where we need to go' and then to give employees the resources to do so. He says he thinks that if there is still a problem in the plant, that it is not with the shop floor workers but rather with management and leadership. This is stated in a very open way at the same time, he also says that hard work is being carried out to develop management capability within the plant.

A critical element in this transformation strategy was the quality of the training that was delivered. Some managers and many employees were sceptical before the training started. But when they saw that this time the training was different, being delivered by a trade union trainer, they realised that it was a worthwhile experience and investment.

Impact on employees

According to the employees, the first key impact of the measures taken was that they made their jobs secure. Before SAICA launched the transformation process, the plant was at risk of being closed down. Hence, the turnaround was a very important goal to achieve. The factory returned to profitability and has now improved its customer satisfaction levels. Everybody recognises that there is still a lot to improve, but the plant is definitely on the right track with a sustainable, long-term business strategy.

Another consequence was that employees received bonuses for the plant returning to profitability so they share the success.

Overall, employees' attitudes and commitment have changed as a result of the innovations introduced. According to the employee representatives, staff are now more motivated and – although some are more enthusiastic than others – a change can be observed in everyone. Before, staff were fearful and reluctant to participate in the training, being concerned that this would mean more work for the same pay. Finally, however, staff understood that this was about working smarter, and letting the machines do the work.

In terms of quality of life for employees, there has been a temporary downturn. They are now working an extra 30 minutes per day, now three days per week. However, employee representatives see this as an investment and hope that workers will be able to reap the benefits when a certain production volume is reached and working time is adjusted to the previous standards.

Another important benefit for all employees is the opportunity they have been given to develop their skills. Employees have received training in such soft skills as teamworking and problem-solving and they have had the opportunity to apply this training on the job. Employees have also received training in technical skills related to the machines they work with, again being able to apply this training in their daily work. An example is the machine calibration tests that operators now do every month.

Another relevant impact is that training has now become a priority in the plant; it is assumed that there is a need to make a continued effort in this regard. Therefore SAICA is now looking into what it calls 'phase two' of the training. Having trained all staff over a period of more than two years, SAICA is currently producing the plan to address the next set of training needs and priorities. This work is being done by the sub-group of the JUMSG that deals with this topic.

Another important benefit for employees is that safety conditions improved significantly as a result of the transformation. The company invested in analysing the safety procedures and introduced changes to make them more effective. One example of this is the daily checking of the safety buttons on the corrugator machine. This means that, when there is an urgent need to push a particular button for security or emergency reasons, operators know exactly where that button is and also that it is working properly. A change in mentality and attitude has also taken place regarding safety. In the past, safety was regarded as the responsibility of management. Now, it is regarded as everyone's responsibility, one shared between management and employees, because taking responsibility improves one's own safety. Management considers safety as the number one priority, taking precedence over quality, downtime and performance. One example of the adoption of new safety procedures is the use of a behavioural safety observation programme.

Another change, according to the employee representatives, is that employees feel that their voice is heard and valued as a consequence of the innovations introduced. With the creation of the JUMSG, employees have started to see that now there is a body to which they can express their opinions, one that will listen to them and will provide feedback and follow up suggestions that are made.

Building trust was an essential step in making these changes happen. The management team began by sharing the overall situation, including both good and bad news, with the rest of the workforce. They do not want to hide anything. This is why the minutes of the JUMSG meetings are regularly published on the communication boards close to the machines.

Impact on the organisation

The training provided, and the new organisational processes put in place, allowed a new level of employee participation across the plant. Now all employees work together as a team to achieve the best for the plant. That is probably the biggest cultural change that has happened, according to both managers and employee representatives.

The company is now in a better position than it was in 2010. The machines are producing more, because their productivity has been increased; the production volume has increased by more than 20%, although the same number of people are employed. This has been achieved through teamworking and the redesign of the work processes. Maintenance downtime has also improved with machine reliability now being higher. It does need to be noted, however, that the machines' productivity level three years ago was too low – in the lowest quartile, in fact – so there was an easy opportunity to raise it to the current levels. From now on, it is going to be more difficult to produce similar increases, and that is where the teamworking training will prove invaluable.

The transport cost of the company's products is very expensive. Therefore, it is extremely important for the plant to optimise the amount of product put in each lorry when delivering to clients. Significant improvements have been made in this respect. In addition, the age and the levels of stock held at the plant have been significantly reduced.

Collecting money from clients after products are delivered on time is a critical business measure. The level of overdue payments owed has dropped significantly. Delivering orders on time to clients is the basis for any successful business. This measure has improved significantly, with on-time delivery now running consistently at about 96%.

Conclusions

SAICA Pack Ashbourne went through a significant transformation process over the last two and a half years. This transformation was the initiative of the newly appointed plant manager, with a high level of involvement on the part of the plant employee representatives and the direct support of SIPTU's Ideas Institute. The Joint Union Management Steering Group played a central role.

Over a period of almost two years, all the plant employees were trained in teamworking, problem-solving, project management and other technical areas. New communication processes were implemented and Continuous Improvement Teams were put in place. Progressively, employees started to take ownership of the larger projects in the plant. Motivation and collaboration improved significantly.

The transformation that took place meant that managers and employees started to collaborate in analysing the issues they were facing and in finding solutions. Previously, managers were not used to discussing problems and solutions with employees; they would make decisions and ask employees to execute them. Employees are now much more involved and satisfied with their work environment.

In parallel, business management processes were put in place to enable greater efficiency in several respects: order delivery reliability, stocks levels, cost production, machine maintenance and machine downtime. The company is now able to measure its efficiency and there is a continuous effort to keep everyone in the plant informed about these results.

Customer satisfaction levels also improved, contributing to a successful business model.

As a result of this transformation, the plant is now making a profit and the threat of closure that existed in the recent past has been overcome.

The main benefit to employees was that they secured their jobs. Both managers and employees had to make sacrifices, either by having their salaries reduced or by working some extra time, but these efforts are considered an investment with the benefits expected to be reaped in the near future.

Manuel Ortigão, Eurofound