

Building High Performance Workplaces

The Union Approach

A handbook for union members



published by

THE CENTRE FOR **HIGH**
PERFORMANCE WORK



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Preface

This handbook looks at high performance workplaces (HPWs); what they are, why they are important, and how they can be built with the help of a strong union. In the process it explores how core union values such as worker participation, upskilling and lifelong learning, job security, decent wages, collective bargaining, fairness, unity and solidarity can create the best environment for improving business performance.

The handbook can be used as a practical tool by organisers, delegates and members, as it contains a set of guidelines on how to engage with employers to build HPW in New Zealand workplaces.

To accompany the handbook, the Engineering, Printing and Manufacturing Union (EPMU) and the Dairy Workers Union (DWU), in conjunction with the Council of Trade Unions' Workplace Productivity Education Project (WPEP), have developed a one-day training course for union members in the manufacturing industry. This course may be run on your worksite or at a location in your town or city. It also offers the chance for the union to facilitate an initial meeting with management at your site to help you embark on the road to building HPW at your workplace. The course also has Employment Related Education Leave (EREL) approval, which means eligible workers can take paid leave to attend the course.

This handbook has been written by the EPMU and the DWU, with assistance from Max Ogden, a former ACTU specialist officer in work organisation, skills and industry training, who has been very active in the international social and technical systems (STS) network. The handbook has been printed with WPEP funding.

Introduction

Improving productivity and workplace performance is increasingly seen as one of the most effective ways to lift the competitiveness of New Zealand companies, to raise wages and to boost the strength of the New Zealand economy.

But when we hear the words “productivity improvement” we usually think of job losses and cost-cutting or team-building and bonus schemes. They usually result in us working harder with no extra gain or satisfaction. Improving productivity is about improving the value of the business and the work we do. It’s about working smarter, not harder. This is why we call it High Performance Work.

This handbook aims to provide union members with some practical steps to make positive changes in the workplace. The approach outlined in this handbook can benefit you by:

- Improving employment security.
- Creating more satisfying work.
- Improving living standards.
- Providing rewards for contributions.
- Creating healthier, safer, cleaner and tidier workplaces.
- Strengthening union membership.

This approach means a drive to improve productivity will work for workers as well as for business. Crucial to achieving this is making sure workers have a voice in the decisions about their work. Unions are opposed to the command and control way that many managers operate and are putting forward more worker-friendly alternatives. Workers have tremendous knowledge and insights about their job, their place of work and their industry which is often left untapped, and we want to change that. We want to see more and more high performance workplaces (HPWs) in New Zealand that provide the best quality working life for members. High Performance Workplaces are characterised by improving productivity, good employment relations and high levels of worker involvement.



PART I

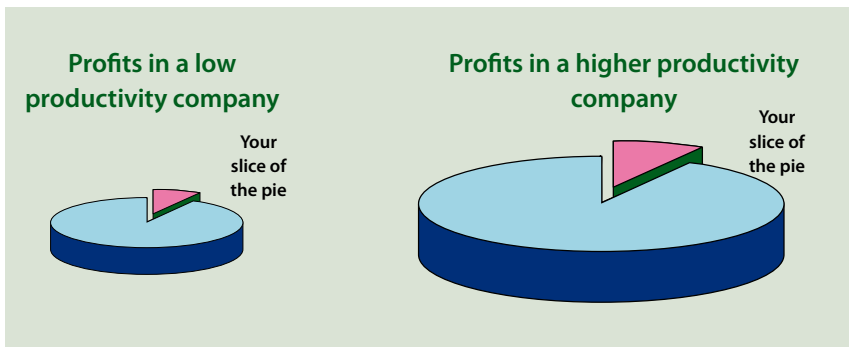
BUILDING THE CASE FOR HIGH PERFORMANCE

1: Why productivity matters

Unions don't often talk about working with employers to improve business performance, so here are some of the main reasons why unions think it's important:

Wages are too low in NZ

Most economists say one reason New Zealanders' wages lag behind those in Australia is our comparatively low productivity. To make matters worse, the cost of living keeps increasing and wage increases struggle to keep pace with those costs despite strong, union-led wage campaigns in recent years. If we want to really boost New Zealand wages then we need to work together to improve the value of what we do. It's about growing the size of the pie so our slice of the pie can grow too.



The world has got smaller

Globalisation is rapidly transforming the way that companies do business. For example, China can manufacture products more cheaply than New Zealand can because they generally have lower labour costs and produce goods in much higher volumes. More international competition means New Zealand businesses need to improve their performance and be more innovative than their competitors (who are often other branches of the same multi-national company) by being more knowledgeable and innovative, and producing goods of higher value.

Keeping Kiwis in jobs

Although unemployment is currently very low in New Zealand, the types of jobs people have are changing. For example, skilled manufacturing jobs are gradually declining and are being replaced by lower-skilled service industry jobs. Plant closures and redundancies cause pain and hardship to individuals and the wider community. By building more HPWs we increase the likelihood of companies staying in New Zealand and may even help create conditions that give them the confidence to increase investment in people, training and technology.

Having a good work environment is more than “a nice to have”

We spend approximately a third of our time at work, which means having a poor work environment can hugely impinge on our wellbeing. By taking a more progressive approach we can improve job quality and more successfully address a range of issues in the workplace that may cause conflict and tension: from hours of work to health and safety, from rewards and recognition to work organisation and work flow.

Workers are the difference

In the knowledge economy, which is the type of economy that New Zealand is striving for, it is workers and their skills that make a difference. If workers and their unions are not involved in initiatives to improve performance at their workplace then initiatives are much less likely to succeed. Workers will lose interest if they

don't have a real say in the changes the employer wants to introduce in the workplace and a share in the gains from positive change.

The proof of the pudding is in the eating

Research has shown that unionised workplaces tend to be more productive than non-unionised workplaces. So it makes sense for unions to discuss how business can create more wealth as well as how it can be shared more fairly.

Experience and research shows that unionised workplaces can be more productive workplaces. Research on worker involvement and unionisation by Black and Lynch (2001) found during the 1990s in the US manufacturing industry that:

- Unionisation plus high involvement resulted in 20% increase in productivity
- Non-Unionisation with low involvement meant there was no change to productivity

Black, S. E. and L. M. Lynch (2001). "How To Compete: The Impact Of Workplace Practices And Information Technology On Productivity." *The Review of Economics and Statistics* 83(3): 434-445.

Unions keeping up with the play

Employers will always be looking to increase productivity and profits irrespective of whether the union is on board or not. Put differently, if we don't come to the party then the party will carry on without us and we lose the opportunity to contribute to the change process! Not having input means we run the risk of members being disadvantaged by a drive to improve performance, the initiatives failing due to lack of buy-in and only the most powerful people in the company benefiting. So it is really important for us to come to the party and bring along our sound ideas of how to improve performance.

In addition, many union members expect their union to be able to engage

with the boss on business planning for the future. So not only are we meeting members' expectations and looking out for our members' best interests, we are also helping to secure better social and economic wellbeing for workers by redefining the role of work in New Zealand.

This future is one where unions are much more than bargaining argents and grievance administrators.

Union members are the most committed

Research tends to show that union members are concerned about the performance of the business they work for and want their union to work constructively with their employer to improve performance. Active unionists also have qualities that make them more likely to engage in HPW initiatives and want to make the business more successful. Union members tend to have longer service with their employer on average than management.

Rest assured, being involved in productivity doesn't mean the days of unions fighting for wage increases and improvements in conditions are over.

Working differently with employers does not mean paying less attention to workplace issues that really matter, like wages and conditions. Collective agreements will still be up for negotiation, and the union's job is still to advocate for members' interests.



2: High Performance Work

What makes HPW different?

HPW practices are an alternative to common management techniques that were designed for high volume, low cost production and services. Such techniques typically:

- Keep work as simple and as low skilled as possible.
- Ensure complete management control of every process.
- Squeeze more and more out of workers and the production process.
- Focus on the short term, not long term sustainability.

"In our scheme, we do not ask the initiative of our men. We do not want any initiative. All we want of them is to obey the orders we give them, do what we say, and do it quick."

F.W. Taylor

F.W. Taylor's theory of management, known as 'Taylorism', created a workplace culture that lacked initiative and innovation.

Managers: You're paid to do what I tell you to do.

Workers: I'll do exactly what you tell me to, and take no responsibility for the consequences.

These techniques discarded the human element; they failed to realise that workers perform better when they are respected and when they play a greater role in the success of a business.

High performance workplaces give workers a greater say in the way job responsibilities are carried out and increase your ability to contribute to the big decisions that affect you. This generally means your job should become more interesting, satisfying and varied.

High performance workplaces also value the role of the union. They recognise that the presence of a union is essential in giving workers an equal footing to participate in consultation and debate and that the union supports members and provides a check and balance where needed.

If workplaces want to achieve the dual goal of being a good business and also providing good quality jobs then high performance is the way to go. It is no longer just a nice addition.

Working smarter not harder

To be successful these days, companies need to differentiate themselves by offering higher value and more innovative products or services than their competitors. HPW delivers because value is added not by producing more of what is currently produced or making people work harder. Rather, HPW is about workers and their employers being innovative and improving the quality of products and services by improving business processes to make companies more competitive: it recognises that everyone who is engaged in the production process or in service delivery is directly involved in adding value to the end product.

Improved health, safety and wellbeing for workers

Greater worker wellbeing is another outcome of HPW. A productive workplace will put health and safety at the top of its business priorities. Often a natural outcome of process to improve productivity is making workplaces tidier, better organised and having more staff involvement. Improving health and safety also makes good economic sense for employers. Reducing workplace injuries means less time lost and can lead to reductions in ACC levies.

Wellbeing also addresses issues such as work/life balance and stress at work. The way HPW will be designed will help to develop less stressful workplaces and provide more flexible working hours.

Low Performance versus High Performance

Low Performance Work

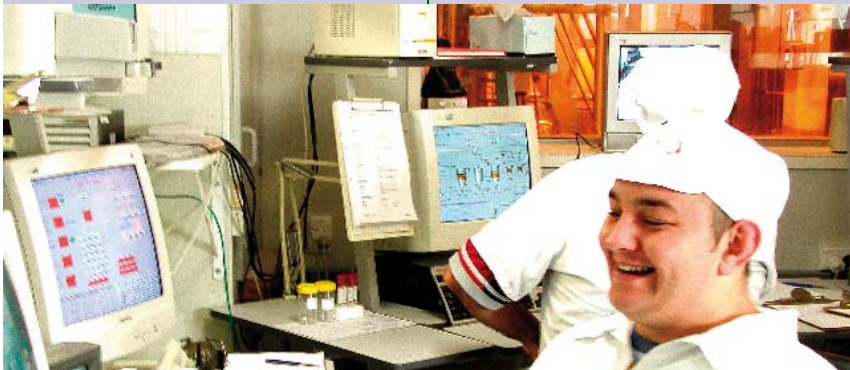
Designed for high volume and low cost production

- Compete on low labour costs
- Limited employment security: casualisation / limited training / low productivity
- Management prerogative: management have knowledge and decide how work is carried out
- Traditional demarcation of specific jobs and tasks
- Hierarchical structure
- Low base pay: individual incentives, performance pay
- Management focus on policing and supervision

High Performance Work

Ideal for low volume, highly innovative, niche production

- Compete on high quality
- Employment security: investment in training / high productivity
- Employees have knowledge/high participation in how work is carried out
- Broader jobs with development opportunities that require high skills and qualifications
- Flat organisational structure; direction towards self-management
- New pay systems: skill-based and knowledge-based reward systems, team-based incentives
- Management focus on support systems



All stakeholders benefit

HPW benefits all stakeholders: owners, managers, workers and customers. It's not about simply making more money for the boss!

Improving business performance through building HPW is going to benefit managers and shareholders, but the main motivation for unions is that through HPW we can:

- Increase income and other rewards.
- Enjoy more meaningful employment and a better work environment.
- Improve job security.

"Our union proposed high performance work to save our jobs and it worked - we're still here ten years later."

- Union delegate at Harley Davidson, Milwaukee

"The fact is businesses are going to have to improve their productivity one way or another. I'd rather be involved from the start and have a real say than have something imposed on us from above."

- Union delegate from a manufacturing firm, Porirua

"It is absolutely critical to get the culture right before attempting a high performance work programme because the whole thing relies on the hearts and minds of workers and employers alike if it's going to succeed."

- Union delegate from Fonterra

3: What are the ingredients for HPW?

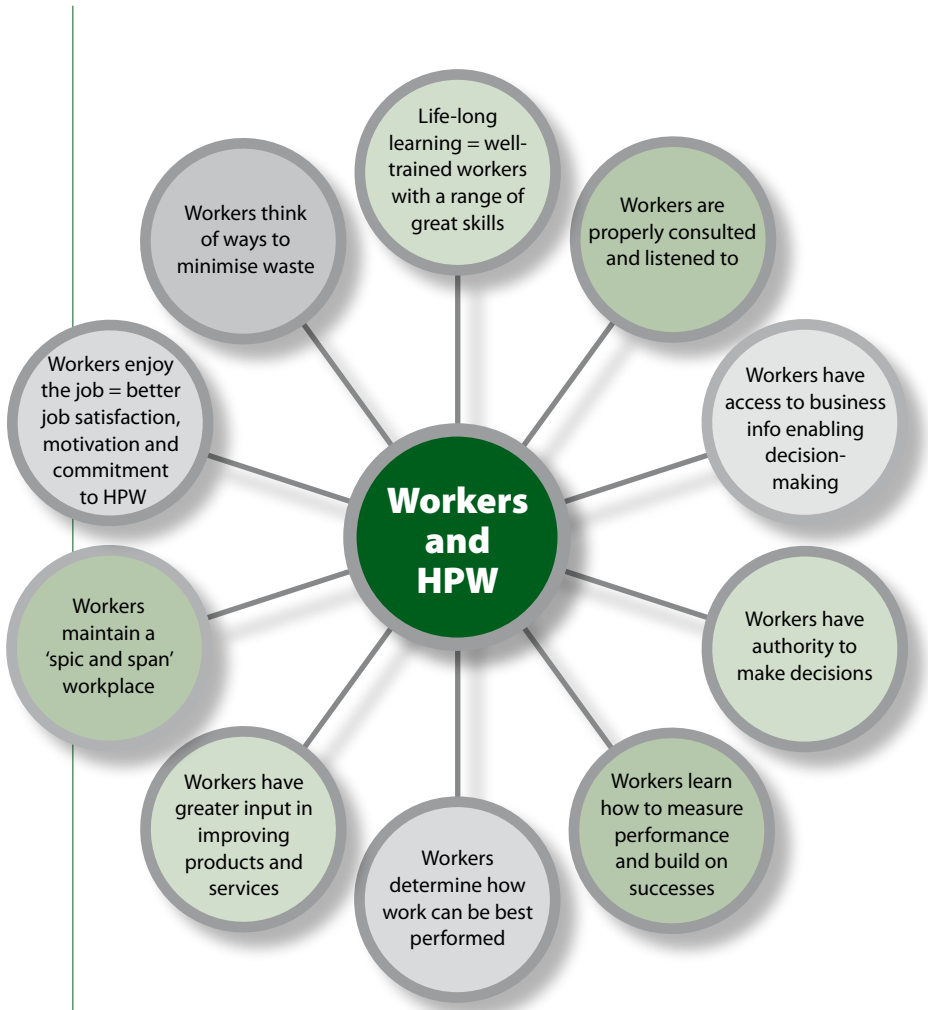
There are many factors to think about when building HPW. The Department of Labour's **Seven Drivers of Workplace Productivity** can be used as a framework to help guide you.

1. Building Leadership and Management Capability

Workers as well as managers can be leaders in the workplace. Creating resourceful and strong workplace leaders and channels for workers' voices is fundamental to HPW. The workforce can make a real difference in leading change to create efficient, cleaner and more successful businesses. This is because workers have an in-depth knowledge and understanding of their jobs and the plant and equipment they use.

HPW means having greater involvement in any decisions that affect you, which will give you increased control over your job and a say in the future of your worksite. The key to good decision-making is accurate business information. In a HPW workplace workers are asked to look for weaknesses and problems in current systems, to take ownership of these issues, to come up with viable solutions and then take steps to implement these solutions.





The illustration above shows just some of the ways workers can contribute to HPW.

How many times have you said: "if it were up to me I'd do this" or "no one ever listens"? Imagine having your ideas listened to and implemented and seeing the results – that's the opportunity HPW can offer.

Where are decisions made?

If your place decides to go ahead with HPW new groups and structures will need to be set up to give you the opportunity to express your views and contribute to decision-making. These may vary from workplace to workplace but will commonly include:

Teamwork

Teams are small groups of workers (often defined by the people who work in the same department or in the same area) who meet regularly to make decisions about everyday issues such as production requirements, work organisation, maintaining quality, scheduling, covering leave, working hours and meeting key performance indicators.

Inter-departmental meetings

These meetings involve leaders from different departments/shifts to address issues of work flow and to ensure that each department is moving in the same direction.

Joint HPW steering group

This is a group or committee of key people from management and the workforce who are appointed to be guardians of the project. They undertake planning, oversee implementation, evaluate and ensure any glitches in the journey towards high performance are resolved.

Consultative meetings

These meetings are used to share business information and to consult on the future direction of the business. They may also be used by the union for information sharing purposes or to discuss future union direction. The concept behind consultation is that neither party should have already made their minds up on an issue before hearing what the other party has to contribute.

Defining decision-making

Depending on the decision in question joint decision-making can be in the form of:

Ratification: an opportunity to vote on an issue after being given all the relevant information and discussion.

Joint consensus: people's input will have been heard and valued and as a result the entire group makes a decision which is supported by all participants.

Prior consultation: an opportunity for the party to express their views but exclusion from the final decision.

2. Creating Productive Workplace Cultures

For HPW to work well, the culture of the organisation may need to change. A HPW culture needs to be embedded amongst everyone, from the chief executive and senior management through to middle management, to the workers on the shop floor, so that even when people come and go the company sticks with it; it is a long-term commitment and in a medium-sized company the culture shift can take up to five years.

3. Encouraging Innovation and Technology

Innovation has two angles. One is about utilising research and developing or commercialising that research into new and improved products and services. The other angle is about finding the smartest way to carry out work so everything runs more efficiently. Innovation is often reliant on new machinery and technology that can help meet specific production requirements, reduce costs, waste and reworks, and increase volumes. Innovation is also dependent on workers, who can be the source of original ideas and are quite often the people who often turn bright ideas into a reality.

However, the introduction of new technology can prove to be a dilemma for unions because it can sometimes result in job losses or can completely alter the work that existing workers do. Often problems emerge when new technology is introduced because those who are required to use it are involved too late in the process and sometimes are not trained adequately. So it is really important that the need for new technology is fully evaluated so businesses get the right tools for the job with the lowest impact on workers. To do this evaluation properly, workers have to be consulted. Things to think about will include:

- Is it needed and is existing technology being operated at full capacity?
- How much will it increase output?
- What are the long term needs of the company?
- How will the technology be implemented?
- What training will staff need to use the new technology?
- What additional consequences might there be on workers?
- What processes need to be in place to deal with the change?

4. Investing in People and Skills

Achieving high quality, meeting customers' needs and building a culture of innovation require a workforce with a high level of technical skills, whilst devolving decision-making and using team-based work systems requires more generic skills such as leadership and communication.

The knowledge held by workers is key to the future survival and growth of New Zealand companies. This means companies should have a comprehensive training agenda to upskill and retain their current workforce.

Highly skilled workers:

- Think beyond their own job role.
- Have transferable skills.
- Adapt to new technologies.
- Have better confidence to work under minimum supervision.
- Are enthusiastic and want to continuously improve.
- Are more efficient and effective.

For workers, skills development and training translates into a better job with more career prospects and better pay scales.

5. Organising Work

Good work organisation includes good job design that promotes work/life balance, makes work more interesting and varied and means the time you spend at work is used much more efficiently. It should also make the most of people's skills and encourage more communication between staff and between managers and staff. This will make things flow more smoothly and reduce glitches and stoppages in the production process.

For this to happen, it's important for the people who actually do the work to determine how it is organised.

6. Networking and Collaborating

Learning from other people's experiences and applying them to your own situation is a great way to make your attempts to reach high performance run much more smoothly. Unions can provide a great network to other workers and workplaces and will be collecting information on what techniques and methods have the best success rates. There are also a lot of other networks and organisations out there who can help. So if you're looking for some extra guidance then contact your union, talk to other workers, get in touch with some of the organisations and look at some of the initiatives listed on the next page.

7. Measuring what Matters

To know whether new work practices are working you must monitor performance. Monitoring will often look at a range of measures that will give you a before and after picture. It may include measuring how people are feeling as well as how well systems are operating. There needs to be a lot of consideration into what Key Performance Indicators you are going to measure:

- Workers need to be involved in identifying what performance indicators are measured.
- Workers should be kept up to date on how they're improving through current visual indicators being displayed in common areas.
- Workers become responsible for updating information and deciding how to continuously improve.
- All measuring should be done in a transparent way.

Recognition and reward

Worker contributions need to be recognised. This is a tricky area of negotiations. If rewards are raised as the first item on the agenda then experience tells us that employers will get defensive and it could possibly derail further negotiations. So, one of the best times to broach the issue of rewards is when you discuss ways of measuring success and link these measures with a rewards mechanism.

And one more thing... change must be a package deal

None of the ingredients discussed in this chapter can create high performance in isolation: for example the issue of skill formation and training cannot be separated from how work is actually organised and how jobs are designed, or what technology is used, or how staff are managed. These need to be implemented as a package.



Taking the initiative

Workplace Productivity Education Project WPEP

The NZ Council of Trade Unions' Workplace Productivity Education Project is an initiative funded by the Department of Labour. It arises from a joint exercise on productivity involving business, union representatives and the Government. It is part of a broad series of actions and initiatives which, combined, are designed to improve productivity in New Zealand.

The project provides opportunities for workers to engage in discussion and education on productivity, addressing both the risks and benefits. Education programmes will be run throughout New Zealand in 2008.

Contact Sandy on 04 3851334 ext 847 or check out their website: <http://union.org.nz/workplaceproductivity>

Centre for High Performance Work: EPMU/ DWU

New for 2008 is a union centre dedicated to workplace change. The Centre is a joint Engineering, Printing and Manufacturing Union (EPMU) and Dairy Workers Union (DWU) initiative. It will offer a low-fee consultancy service for unionised workplaces. It provides assessments and tools, and facilitates the implementation of high performance practices. For more information visit www.chpw.co.nz

Competitive Manufacturing Initiative (CMI)

Competitive manufacturing can be defined as "producing goods at the highest quality, for the least cost, while creating the least waste".

The Competitive Manufacturing Initiative (CMI) is run by eight Industry Training Organisations (ITOs) who have collaborated with business and unions with an end goal of improving manufacturing performance and giving the manufacturing sector a future in New Zealand.

CMI trains workers in an array of best practice techniques that can help make manufacturing workplaces run better and be more productive. It ensures that the

people on the shop floor who do the work are equipped with a set of skills that helps them work smarter not harder. It offers NZQA qualifications at levels two, three and four which means that participation in the initiative will be formally recognised across the industry.

The initiative pushes for a major shift in the culture of the workplace and a long term commitment from employers. It highlights how important it is that businesses involve workers in making the manufacturing sector more competitive and moving towards a high wage, high skill and high productivity economy.

More information can be found by contacting your relevant ITO (contact details in Appendix 2).



4: High performance production techniques in manufacturing

Part of building HPW is implementing new techniques to improve efficiency and quality. These are normally introduced step-by-step and encourage workplaces to build on their achievements. The activities may become more challenging over time, because while at first you will get some quick hits the results will come less hard and fast as the focus changes from the medium to the long term.

For these improvements to be sustainable it is important that they are led and managed in a way that is consistent with HPW. Many attempts to change workplace practices are unsustainable because managers can't see how workplace culture and relationships shape business performance. So before implementing these competitive techniques you need to ensure that the foundations for HPW have been laid. Then you must consider what you want to achieve, and then select the appropriate tool for the job.

Below are some common HPW activities that you could be involved in at your worksite:

Housekeeping (5S)

Assessing the cleanliness, tidiness and health and safety of your worksite is a good place to start as it's something that everyone can get involved in and it can quickly deliver some real results. It also leads nicely on to the next problems to be tackled.

- **Shine:** Remove any unnecessary clutter and clean up the whole workplace so that tools, workspaces and walkways are always clean and tidy.
- **Sort:** Have clear systems for storing and organising tools and equipment so they are always at hand when you need them.

- **Set:** Rearrange your workstation so that whatever job you're doing can be done as efficiently as possible, therefore reducing the time it takes to do a task.
- **Standardise:** Consider how your work could be best integrated with the work of your colleagues.
- **Sustain:** Set standards that everyone must stick to. Take the time to maintain the new clean and tidy workplace and it will soon become normal behaviour. It's likely that you'll notice a big change in the number of health and safety problems at work too!

Many of these actions seem commonsense. You may have wanted to sort out untidiness and disorganisation, which disturb and frustrate your work, but haven't ever been given the time away from your normal duties to do so.

Reducing waste

Waste can be created through poor planning. Time can be wasted when people or machinery are left idle waiting for something else to be done before they can continue with their work, or if people have to move overly long distances to undertake a task. Too many products can be made that aren't sold. Money can be locked up by storing too much stock or product, rather than ordering as and when things are needed. Transporting goods around doesn't add any value so should be reduced as much as possible. Poor quality and defects mean materials get wasted.

You may have heard the word "lean" used when talking about waste reduction, especially in manufacturing operations. It is a favoured terminology of many employers. On occasions it can lead to more focus on cost reductions and squeezing out profits, rather than thinking about productivity in a more inclusive way.

By re-thinking how you do things in your workplace with the end goal of minimising waste a lot of money and time can be saved.

Just in Time (JIT)

A method that manages the amount of raw materials and parts that are ordered in or are made, so goods are only received as and when they are needed. This resolves the problem of locking up a lot of capital in storage that is not needed or being used.

Kanban

Kanban is a system which helps to enforce JIT by using systems that signal when it is time to introduce a new batch or parts and materials.

Kaizen

Is a team approach to change. It requires team members to brainstorm and share ideas to improve processes.

Process Flow Mapping

A method of creating a diagram that shows how a product is created. The 'map' will show where different processes cross over and where potential hold-up or faults can happen. This helps to re-organise work flows to prevent hold-ups.

Leading and Managing Change

Gets to the heart of the relationships required to see through change in a fair and sustainable way.

Teamwork

You may already work in teams, depending on your shift or task, but building high performance teamwork is also about giving workers the ability to make decisions and work more freely than you've done in the past. Teams that set their own goals react more effectively to demand, which increases flexibility and gets products and services to the customer faster. Teamwork harnesses knowledge, skills and experience of a cross section of the workforce.

Preventing Breakdowns

In plants where you have constant manufacturing and batch operations, breakdowns can cause massive hold-ups. A preventative approach means maintenance staff don't just respond to big problems as and when they happen. They are also given the opportunity to continuously assess machinery and can respond to any small problems, preventing unnecessary plant maintenance and

making sure the equipment is always available for use. This is often called Total Productive Maintenance or TPM.

Quick Changeover

This method requires teams to work together to set up a machine or production line quickly when a different product has to be made.

Continuous Improvement

Planning the change

Doing the change

Checking what happens after the change

Acting on what you find out

Visual Performance Management (VPM)

VPM involves communication through visual means - for example through labelling, signals or signs. They may apply to:

- Resources that may be needed.
- Places where tools are stored.
- Processes that are undertaken.
- Potential hazards.

VPM can be used to provide information about the success of production or service delivery processes - for example, how many items have been completed within in a given period of time, how many calls are waiting, or how many days a workplace has been accident-free.



5: Case Study

Fonterra and the New Zealand Dairy Workers Union (DWU)

Operational Excellence

Fonterra, the fourth largest producer of dairy products in the world, and the New Zealand Dairy Workers Union (DWU) have embarked on a joint initiative to create a high performing world class business. The project is called Operational Excellence. It was initiated by the DWU as a pilot in 1999 with the aim of enriching the work of its members and increasing their involvement in work organisation while building the competitiveness and long term viability of the company.

Although initial rollout was quite slow, Operational Excellence has now expanded into every Fonterra ingredient manufacturing site and is also being used in many parts of Fonterra's milk supply business. Operational Excellence has become central to Fonterra's business strategy and is gradually becoming a way of life for workers and the company. A parallel programme known as Maintenance Best Practice was jointly run by Fonterra and the EPMU, and is now part of the overall Operational Excellence programme.

Aims

The scheme aims to achieve a culture of continuous improvement through:

- Having a skilled motivated and involved workforce.
- Having a common approach to the way people work.
- Using the right tools to drive local, national and international improvement.
- Maintaining safe, clean and tidy plants.
- Gaining consistent, incremental productivity improvements.

Upskilling

Fonterra recognised that information and knowledge were the best tools for gaining a competitive edge and that knowledge had to be applied to all products and services along the supply chain. For this reason, Fonterra has been supportive of workplace training which has created new opportunities for workers. The employer has worked with the Dairy Manufacturing Industry

Training Organisation (NZITO) and has set up on-the-job training and assessments and developed learning packages for Fonterra workers.

DWU and Fonterra have had joint governance of Operational Excellence and both workers and management have sat on a national working party, site steering committees and taskforces. They also had an agreed vision, which was crucial, especially when the project began to challenge things like traditional job demarcation and the roles of supervisors. Having workers act as coaches has also been crucial for maintaining and sustaining staff buy-in.

Challenges

However, the scheme hasn't been perfect and there are some lessons that unions can learn from this project. One issue that has caused some debate has been how to measure and reward worker contributions. Unfortunately this issue wasn't raised at the beginning of the change process and key performance measurements weren't identified.

It is important that there is clear agreement from the start about:

- Whether there will be financial or other rewards.
- How reward systems will work.
- The role of the collective agreement.
- How improvements will be measured.
- How workers are involved in that measurement.

The DWU and Fonterra are now doing a lot of work on their bonus system. The system is based on Key Performance Indicators (KPIs) with Operational Excellence helping to determine the bonus.

Operational Excellence, like any other best practice project, requires sufficient staffing and resourcing to ensure the initiative runs effectively and keeps running over an extended time period. This means staff time is set aside for administering the initiative and there is sufficient capital available. Despite Fonterra's considerable financial commitment to the programme each year for the last three years, the DWU has still found it challenging to get the necessary resources and adequate levels of staffing required to coordinate the initiative throughout the company.

Results

Despite these challenges, the company now has fewer problems with the quality and consistency of its products and has therefore seen significant savings, making it more competitive in the global market. At the same time Operational Excellence has meant that the workforce is more motivated and better skilled, which has led to consistent productivity gains. The DWU has helped ensure worker participation and has influenced change to ensure the success of the dairy industry in New Zealand.



PART II

CONSIDERING HPW? THEN CONSIDER THIS...

So you have read the first section and you may have attended some union education about productivity. Most importantly, you and your workmates have decided that it is time to make some changes on your site and you think HPW has something to offer. But what do you do now? This section of the handbook will take you through a step-by-step process. It outlines the type of work environment that is necessary for building HPW and gives a framework on how to negotiate HPW with employers.

The union message to employers is clear: we understand the challenge and are willing and prepared to be engaged in genuine productivity initiatives, but there are some general conditions attached to this . . .

1: The Union-Employer Relationship

So, you may be thinking:

“HPW and worker participation is a good idea but the boss will never allow the union to get involved.”

The message unions want to convey to employers is that we are working towards a mutual goal of lifting performance. Better performance benefits each party in the following ways:

- Unions want to improve employment security and improve the living standards of their members.
- Employers want to reduce staff turnover, lower absenteeism, improve efficiency, be more competitive and increase their profits.

Our ability to contribute is totally dependent on the type of relationship we have with the employer. It's crucial that this relationship is conducted in good faith and built on trust. Although it may not necessarily be a relationship of mutual choice, it is one that both parties need to come to terms with if they want to meet the wants of both workers and their employers.

The challenge is to create:

- Mature and steady relationships.
- Openness and honesty.
- Commitment for the long term.

Needless to say, union involvement in creating HPW will be opposed by some employers – sometimes more strongly than is normal on traditional work issues. Signing up to HPW means management have to share some of their control with the workforce, which is a big change for a lot of employers. Making that change happen usually takes time and can't be rushed. Nevertheless, employers usually warm to the idea once the positive results of union engagement and worker participation become apparent.

More than a cost-cutting exercise

Unions also need to be sure that the employer is committed to genuinely improving productivity and not just cutting costs.

Employers have always argued that union demands cost them a great deal and put their business at risk. The reality is that many companies treat labour as a cost to be minimised rather than a valuable asset to be invested in. As a result they pursue strategies to increase profits by driving down wages and conditions rather than improving efficiency and planning for the future.

Such an approach can never be truly effective: it alienates workers, deterring them from contributing to the success of the business and it offers no incentive for management to use their workforce more efficiently. Conversely, pushing for better wages and conditions requires management to increase innovation and improve efficiency to recuperate any higher costs. It is, therefore, no accident that higher-waged countries also tend to be more productive!

Employers need to be continuously investing in their staff through training and

skill development, as well as in other areas of the business, to ensure they can compete in a knowledge-driven economy.

Agreeing to disagree

When employers and unions come together to build HPW it by no means says that either party should shy away from real points of disagreement or conflict. Even the most successful productivity improvement exercises unions have been involved in have included disagreements and disputes. But where this has happened, the overall relationship between the employer and the union has been strong enough to work through the major difficulties.

The key thing here is to make sure the HPW project keeps going. One issue should not derail the whole HPW process and destroy the co-operative union-employer relationship. The relationship has been likened to “boxing and dancing”:

- Dance together to achieve common objectives in relation to business performance.
- Box because it is not possible for a union and employer to always agree and the union needs to be able to properly represent its members.

There will be no loss in pay or conditions

Both the union and management assume a leadership role in HPW. Although this requires dedication to the HPW process it will not mean that unions compromise their independence or abandon their duty of representing their members. We will still fight for better wages and conditions and help to resolve grievances.

The role of management

Management will need to make a long-term commitment and get buy-in throughout the entire management structure. And remember, HPW is not just an issue of what workers and their unions can do. Management must have the capacity, wit and patience to genuinely work with the union and the workforce to make the necessary changes. Accepting union/worker involvement as a token gesture where no real decision-making is involved will simply not cut it.

New Zealand companies must improve their productivity to survive in the global economy and this is going to require managers to manage very differently.

What will HPW mean for organisers?

Being involved in HPW will be an extension to an organiser's current role. On a general level organisers will become more familiar with HPW and will promote its merits to employers and members. Organisers should also become facilitators and trainers, and should develop specialist knowledge about work organisation in their fields of work.

Although organisers will support members and oversee the changes that take place, they aren't expected to carry the full load of HPW because management and workers must take ownership – the success of HPW depends on it.

What will HPW mean for delegates and union leaders?

The delegate's role as a worker representative will not change, but delegates will also need to take on a level of ownership of HPW. Other natural workplace leaders may also find they can play an important role and share responsibilities, so that delegates aren't overwhelmed by the demands of HPW. HPW is most effective when delegates are given considerable time away from their normal duties or when delegates become full-time convenors of the HPW process.

New roles and responsibilities may include:

- Improving your knowledge of the HPW process and participating in training and education on HPW.
- Communicating with workers throughout the change process in order to build support for the new work system.
- Making sure workers know how they can contribute to HPW and improve the work process.
- Taking part in joint decision-making in the workplace.
- Helping to design new work systems.
- Identifying points of agreement between business and the union as well as looking out for any points of conflict.

- Responding to members' concerns.
- Participating in the development of the Terms of Engagement document.
- Assisting to develop joint business plans.
- Advocating for more and better resources to do the job and effectively implement HPW.
- Monitoring and reviewing the progress of HPW.
- Maintaining the independent identity of the union.



2: How do unions get involved in creating HPW?

If we are asked to

We must be prepared to co-operate with management when they seek our engagement in genuine initiatives,

or

If we are compelled to act

Unions must also be pro-active and not just wait to be asked. We can be confronted by incompetent management who are causing their business to go backwards, which can cost members their jobs. It's crucial for unions to intervene, even if the employer doesn't request it, because sometimes management is too important to be left to managers alone!

A union's mandate for deciding whether to be involved will be based on:

- ***Will it improve members' jobs and their living standards?***

This is about creating a better work/life balance, giving workers more transferable skills and career opportunities, increasing their earning potential, improving occupational health and safety, and making their workplaces better places to be.

- ***Does it have the potential to improve employment security?***

This is not so much about personal job security but about ensuring meaningful employment within the company and industry for many years to come.

- ***Will it improve union membership and collective action?***

And we should think twice if the answer is not a clear "yes".

3: Checklist – Criteria for Engagement

This checklist was created by union delegates as a guideline to help organisers and union members assess the union-employer relationship prior to engaging with management to form HPW. Decisions on engagement will still need to be decided on a case-by-case basis.

- **Is the site unionised and well organised?**
 - *Ideally the workforce should be at least 75% unionised.*
- **Are the members covered by a good collective agreement?**
 - *Does the agreement meet the union's minimum standards?*
 - *Does the agreement include important delegates' rights such as a delegate charter?*
- **Does the company respect workers and their union, and act towards them in a proper manner?**
 - *Are there many disputes, and what is the nature of those disputes?*
 - *Does the employer try to undermine union rights?*
- **Will members have a genuine input into decision-making?**
 - *Is it likely that the company will support and listen to innovative ideas that come from the workforce?*
- **Is it possible to gain truthful information on the state of the business?**
 - *Is the company willing to share financial information (in good times as well as bad) so the union can assess its overall health?*
 - *Is there potential to make a transition from low wage and low skill to high wage, high skill?*
- **Are members' skills recognised, or is there potential for them to be recognised?**
 - *Does the company offer training and training assessments?*
 - *Are workers' formal qualifications recognised?*
 - *Is the company willing to develop a skill-based pay matrix or is there already one in place?*

- **Is there potential for good communication and consultative processes at the site?**
 - *Are there already some consultative structures, such as health & safety committees?*
 - *Has the employer ever used a consultative committee as a token gesture where no real decision-making was devolved?*
- **If it is a multi-union site, are the unions committed to working together to improve productivity?**
 - *Have the different union officials and members discussed the possibility of building a high performance workplace?*
 - *Can the union officials commit their time and resources to implementing HPW?*
 - *Do the unions agree that HPW should be implemented?*



4: Negotiating the Terms of Engagement

If you and your organiser are satisfied that your worksite meets most of the criteria on the checklist then the next step is to formulate an agreement specifying the terms of engagement for workers, the management and the union.

Although this can be negotiated outside of your normal collective bargaining it should not be seen as a completely separate issue. It will be useful if you have clauses in your collective employment agreement that require, for example, investment in productivity, skills, consultation and health and safety that will help to uphold the important features that create HPW and underpin the notion of creating a productive workplace culture.

REMEMBER: Negotiating for change is only the start of the process. The implementation will require considerable time, resources and training. It will also need reviewing and amending to make sure it is meeting all the original objectives. There should be a great deal of attention paid to the implementation stage whilst you are formulating the terms of the agreement.

These terms of engagement will set out:

- 1: Intent and objectives of creating HPW.
- 2: Implementation of HPW.
- 3: Time and resources required.
- 4: Decision-making processes.
- 5: Agreement to share information.
- 6: Management responsibilities.
- 7: Training and skills requirements.
- 8: Consultation process for introducing new technology or machinery.
- 9: New work organisation provisions.
- 10: Occupational health and safety considerations.
- 11: Success measures and rewards for achievement.
- 12: Procedures for dealing with disputes.
- 13: Provisions for employment security.
- 14: Terms for using consultants.

STEP 1

Hold a Union Meeting

Conduct union meetings prior to negotiations to develop a union position. This could include a seminar for delegates and officials to familiarise themselves with industry strategies and agreements.

STEP 2

Sit at the negotiating table and ensure your agreement meets the following guidelines under each of the headings:

1: Intent and objectives of creating HPW

- *Set realistic goals that can be referred back to. This will help you evaluate the success of any changes that take place.*

2: Implementation of HPW

- *Think about the order in which changes should be made.*
- It is important to start small, with realistic targets and tasks that everyone can be involved in, such as addressing housekeeping.
- Tackling these small issues shows that management is serious and will lift morale at the site.
- You may want to select a pilot work area that is in need of the biggest facelift, so that everyone can witness the improvements and become more open to change.

3: Time and resources required

- *Agreement to work together is only the beginning. There needs to be a commitment to resources, people and training to administer the workplace changes.*
- Workers and management need to have time away from their normal jobs to carry out their new roles; especially workers who acquire roles as team leaders, facilitators and coaches. They will also need resources and equipment to support them in their roles.
- Consultative committee members will also require training to be able to deal with business-related issues and decision-making.
- Office and back-up resources need to be available to support people in their roles.

- Ploughing in time and resources may seem costly at the outset but can quickly lead to significant savings later on in the change process.
- Remember, your union will also be able to offer support and advice.

You will also need to set out a timeframe for completion of different parts of the project and possible trial periods. This could include creating a month-by-month plan for different stages of implementation. This part of the project will probably change considerably from the outset, so will need to be frequently reviewed and re-evaluated.

4: Decision-making processes

Deciding who makes what decisions in the workplace is at the very heart of HPW. By determining this at the outset you can see which areas still come under management prerogative and which areas can be influenced by workers. It is most likely that a consultative committee or joint working committee will provide the best forum for workers to have a voice.

A joint working committee can steer changes and should be consulted at each step when building HPW. The committee must include at least 50% workers (normally the elected delegates) and management representatives. It will be important for those union representatives to develop a union position on most issues prior to committee meetings.

Key questions for the committee to ask from the outset will be:

- Who will sit on the committee and how big should it be?
- What range of issues can the committee deal with?
- Who will chair/facilitate the meetings (preferably a union person or jointly chaired)?
- How will the committee operate and how frequently will it meet?
- How will the committee communicate its decisions?
- What additional training do committee members need to enable them to participate fully?

HPW also prescribes that more day-to-day decision-making should be devolved to the workforce. Having defined work teams enables a forum for such decisions to be made. Of course with more flexibility over how to manage your workload comes an added amount of responsibility. To begin with, mistakes may be made and those mistakes should be learnt from without workers being blamed or punished.

5: Agreement to share information

The ability of workers to make sensible decisions about improving productivity is entirely dependent on having up-to-date and accurate business information. This means management should share business facts and figures with the workforce so workers can make informed decisions. This information could be communicated through the consultative committee to the rest of the workforce.

6: Management responsibilities

- Committing to the time and resources required to see the project through.

The reason you need to set this out is because:

- Many management attempts to improve performance have been fragmented and half-hearted.
- To be successful, change must embrace the whole organisation so that all from top to bottom are aware of it.
- To truly create HPW, a whole package of changes and activities will need to be implemented.
- The culture of the organisation must change so that the elements that make up HPW become so embedded in the business that they don't change, even if there is new management.

- What happens if there is a change in management?

The reason you need to decide on this is because:

- Rapid turnover of top management allows change processes to be completely abandoned.

- Workers, and especially union delegates, usually stay much longer at their workplace and generally have a greater commitment to the long term success of the business.
- CEOs need to give full support and commit to seeing the process through.

The role of middle management

The reason you need to establish this is because:

- Higher performance workplaces do not need heavy middle management structures; the emphasis is on leadership at all levels of the organisation, particularly team driven decision-making.
- Middle management (particularly supervisors) can become a negative force if they're not brought into the process from the outset; they fear a loss of power and that their job may become obsolete.
- They need to be assured that their employment is safe and that they offer experience as trainers, coaches and facilitators.

7: Training and skills requirements

Participating in HPW will provide you with a variety of general skills and capabilities that are transferable in and outside of work.

You should experience some general training around HPW, perhaps from the union or from an independent consultant.

Those who work in facilitator roles or team leader roles will need to be trained to be able to perform their new responsibilities.

Up-skilling, retraining and planning career paths through NZQA qualifications is also important if the business you work for is serious about adding value. All workers should be able to access work-related training that will offer better career opportunities. Consider electing a Learning Representative who can become a training champion in your workplace.

LEARNING REPS

The Council of Trade Unions has started a project to set up Learning Representatives in worksites. Learning Representatives are elected by workers to help them get ahead with learning at work and encourage a collective approach to learning. The trained Learning Representative can advise co-workers on company training plans and, most importantly, promote training that will build a career for workers.

For more information contact learningreps@nzctu.org.nz or check the Learning Representatives website www.learningreps.org.nz

Education to help improve basic literacy and numeracy might really help productivity at your workplace, especially if you or other workers on your site have English as a second language. The government offers a range of funding to help your employer send you or your work mates to these literacy and numeracy training schemes.

If you work on a manufacturing site (dairy, food and related products, electricity supply, furniture, plastics and materials, printing, seafood, wood, and apparel or textile manufacturing) signing up to the Competitive Manufacturing Initiative (CMI) qualification programme may also be very useful (see page 22 for more details).

The following should be considered when you draw up a skills and training agenda:

- Is access to training fair and equitable and does it meet the skill needs at your worksite?
- Will there be site-specific training to support skill development?
- Can we deliver on-the-job training through buddy systems/ coaching?
- Is off-job training easy to access and well supported e.g. self-paced or computer-based?
- Is training budgeted for and do Learning Reps or a joint training/skill committee have a say in the process?

- After the completion of training will workers' competencies be assessed?
- How will assessments link to remuneration?
- Are there good incentives for workers to undertake training?
- Are differences between wages fair and transparent?

8: Consultation process for introducing new technology or machinery

Investing in new equipment is often essential for keeping businesses competitive. Initially the outlays may seem expensive, but in the long run returns on initial investments can be considerable.

Workers who are going to use the new technology must be involved in defining the tools they need to best do their work. Workers must help determine what technology, if any, is necessary and what technology is the most appropriate for the job at hand. Things to keep in mind when considering a new piece of equipment, machinery or technology include:

- Is the current equipment running at full capacity and are workers skilled enough to get the most out of the technology?
- Is there room for improvement without having to spend lots on new technology?
- What new equipment or machinery will best suit the task at hand?
- Does the new technology have a long life-span or will it become outdated quickly?
- Could it put some jobs at risk and, if so, does the cost outweigh the benefits?
- Will the new technology meet the needs of the company for years to come?
- Will workers need training to use the new equipment?
- Will new work systems need to be created so the technology fits in with other operations?
- Are there sufficient resources available to integrate the technology into the workplace?
- What will happen to workers if they are displaced by new machinery?

9: New work organisation provisions

Changing the way work is organised can have a tremendous affect on efficiency. It will also directly shape the work you do. But you need to ensure it changes your job for the better, not for the worse by:

- Increasing workers' skills and knowledge.
- Utilising workers' know-how and giving workers broader roles in decision-making.
- Providing sufficient time for teams to meet and determine how they carry out their tasks.
- Guaranteeing coaching assistance to teams.
- Making sure that as the team matures, and personnel gain skills, leadership is shared in a rotating nature, to avoid creating a 'supervisor' situation.
- Ensuring that as the traditional demarcation of jobs becomes less relevant that it is handled sensitively and workers who pick up new skills have their competencies recognised in skill-based pay.

10: Occupational health and safety considerations

The introduction of new work systems and technology may potentially create new hazards. These hazards should be assessed and managed as prescribed in the Health and Safety in Employment Act 1992 and its Amendments. A trained and elected Health and Safety Representative will be able to undertake these duties.

11: Success measures and rewards for achievement

To know whether the high performance activities that are being implemented are working you have to monitor performance. Monitoring will often look at a range of quantitative and qualitative measures that will give you a before and after picture. There needs to be a lot of consideration of what things you are going to measure:

- Workers need to be involved in identifying what performance indicators are measured.
- Workers should be kept up to date on how they're improving through current visual indicators being displayed in common areas.

- Workers become responsible for updating information and deciding how to continuously improve.
- All measuring should be done in a transparent way.

And as discussed on page 20, there must also be provisions to ensure that worker contributions are recognised and rewarded.

“We as members entered into a high performance workplace programme in good faith, on the verbal promise of some form of compensation. We upped our productivity by at least 100%, the company pleaded poverty at the next round of negotiations so we put our request for promised compensation on the back burner. One year later we tabled it at negotiations only to be told that we should have claimed for it in the previous year, more fool us. The trust has been broken.”

Delegate from manufacturing company, Porirua

Rewards don't have to be strictly financial either; they could, for example, involve additional leave provisions or other non-financial rewards. However, the objective of improving productivity is to improve value, and ultimately this must be reflected financially for workers.

The reward system should enhance the collective nature of teamwork and avoid showing favouritism. Unions recommend a **gain-sharing** system which is a bonus system on top of your normal pay in which **all** employees (including management) benefit from improvements in factors affecting the business which are **directly influenced** by the workforce. It should be developed and implemented through joint agreement between management and workers. The criteria should be based on impartial and realistic criteria, such as the performance indicators you decide to measure and link to rewards. Indicators should be easily measured.

Your organiser can provide you with more in-depth recommendations of how to establish a gain-sharing system at your worksite.

It is important to be cautious about bonus schemes – especially if they are based on individual efforts, unsafe practices or if they are

assessed on results that are outside your control.

In Appendix 1 there is an example of a good productivity bonus scheme at NZ Steel.

It is risky to link your pay increases explicitly with performance at the beginning, but as the company you work for increases its returns and improves performance then it makes sense that wages should rise to reflect the improved business performance.

12: Procedures for dealing with disputes

The key thing here is to draft a reasonable process that will be adhered to in the event of a dispute.

If it is a dispute that isn't directly related to the HPW programme then this should be dealt with in the common way as prescribed in your collective employment agreement. This type of dispute should, theoretically, not have a knock-on effect on running a HPW initiative.

If a disagreement is caused due to the HPW initiative then it is likely that it will involve the consultation committee in whatever shape or form this exists.

13: Provisions for employment security

There is a possibility that a by-product of improving productivity may lead to different jobs, fewer jobs in some areas or other forms of restructuring.

A negotiated agreement must ensure that:

- There is no employment loss directly due to the change process – not all jobs will remain or be the same as jobs change, skills disappear and new ones emerge.
- Where jobs do go, employment should continue (with suitable training) in other roles.
- There are provisions for voluntary redundancy.

14: Terms for using consultants

- Workers and management have joint say about which consultants to use.
- A consultant should match the objectives and ideals of the union.
- The consultant must operate as a trainer and facilitator.

During Fonterra and the Dairy Workers' Operational Excellence programme, the union was heavily involved in selecting the consultants who had the responsibility of rolling out the changes. The chosen consultant ran a programme that encouraged best practice and operational excellence in manufacturing-based companies. Worker participation was treated as a critical component of the initiative by these consultants.

5: Taking an Industry View

The evidence is fairly clear that world class companies usually emerge from an industry which is doing good things and co-operating. It is not very often that a world leading company simply emerges from nowhere on its own. It is no accident that most of the leading IT companies had their genesis in Silicon Valley in California, where a culture of learning from one another and exchanging personnel was taking place.

A programme to lift performance must therefore go beyond individual enterprises, because enterprises don't operate in isolation from the rest of the industry or sector they are a part of. Unions want to see a high-growth, high-skilled economy with good wages and work conditions. If unions are serious about this we need to have our own vision for industry and we also need to have input in creating world class industry policies.

To be internationally competitive an industry needs to improve innovation, skills, productivity and wages. Industry stakeholders, such as unions, employers, government departments and industry training organisations, need to work co-operatively towards these common goals and should be engaging with wider interest groups such as environmentalists, farmers, consumers, local communities and tertiary institutions. They also need to ensure that Government has a clear strategy for industry growth.

Unions and Industry Strategies

Unions are active in developing industry strategies. An example of this is the CTU's 2005 publication 'Your Job, Your Industry, Your Future'.

Unions are holding industry meetings for delegates and officials to exchange experiences and learn from activities at different workplaces and to work on pursuing the strategy. It is not unusual that due to this ongoing dialogue employees and particular union delegates will know more about what is happening across their industry than their managers do.

Unions are also engaging at the national industry level alongside business and Government and are increasingly being recognised as key players in industry development. For example, unions are contributing to a number of Government-directed industry stakeholder groups such as:

- The Manufacturing Advisory Group, which has been set up to help develop initiatives to support the manufacturing sector. It is being co-chaired by the EPMU and Business NZ.
- The Food and Beverage Task Force.
- The Timber Industry Strategy.

It is important for unions to pressure employers who don't work together to develop high standards for the industry. One really vital area is industry training. German research shows clearly that vocational training is far more effective when an employer association is involved than when employers go it alone. For one thing it means one company alone is not bearing the cost of training, only for others to poach the skilled employee to another company. Training also becomes deeper and richer when it operates across an industry.

Taking an Industry Approach during HPW Negotiations

So, throughout the negotiating stage you should think about the industry as well as the enterprise. This will include factors such as industry policies, market developments, industry training, industry-related research and development and Government policy on infrastructure provisions or environmental management that all influence the decisions that are made on your site. Any changes you make at your site are also likely to affect the suppliers and customers who are also part of your industry.

The Role of Industry Multi Employer Collective Agreement (MECA)

An industry MECA is an important document that guarantees a range of minimum employment standards across the industry. This means companies must compete on a level playing field which discourages cost-cutting and means employers must find alternative methods, such as creating HPW to stay ahead of their competitors. Although many employers consider this approach to bargaining as a threat, others welcome the approach as a way to ensure that they and their competitors are competing on equal terms without the threat of being undercut by another company's low wages or poor conditions.

6: Limitations of HPW

Before we start working towards HPW we need to make sure we are being realistic about exactly what we can achieve. Angus McConnell from the DWU put it this way:

"It's crucial not to have any false illusions about HPW; how to co-operate with employers on one hand to achieve a goal of a highly efficient and profitable business yet on the other hand maintaining the key aspects of unionism to protect and advance workers' wellbeing. HPW does not remove the old class contradiction of capital and labour, but it should place unions and workers in a better position to bargain for workplace influence and conditions"

Pursuing HPW is complex, it's unlikely to be smooth or easy and is often dependent on external forces that may be outside your or even your employer's control. For example, a situation could arise that could cause a factory to close no matter how efficient it is. This could be due to a downturn in the market you operate in, poor product design or new owners who have a different agenda.

It is important to remember that HPW can build a better future for workplaces but this is by no means guaranteed. We need to understand limitations and factor them into our expectations. Nevertheless, while there is nothing to lose by intervening to improve business performance, there's plenty to gain.

7: Conclusion

As union members we need to up-skill ourselves about HPWs. If we don't expand our knowledge and take the initiative on productivity we risk being held captive to initiatives led by consultants and employers, who don't always have workers' interests at heart.

Lifting productivity through HPW will be demanding, in some workplaces more than others. But as we have shown in this handbook, the relationship between management and unions is the most important ingredient in getting there. Where there is a strong union-employer working relationship HPW will be more straightforward. This requires both parties to come to the table and be 100% behind building HPW.

Please contact your union office for further assistance and advice on any performance-related issue at your workplace.



Appendices

Appendix 1:

Optimum Productivity Bonus Programme at New Zealand Steel

NZ Steel's Optimum scheme is a sound example of a productivity bonus scheme that rewards workers for their contributions to reducing waste.

The rewards are related to reducing the quantity of inputs. This is quite different to many schemes that concentrate on increased outputs and profitability. Measuring things by weight or quantity means they can't be affected by the external market, whereas the cost of materials and resources are dependable on the market conditions.

The measures have been designed by the workers in the different plants. There are ten plants and each set of measures is relevant to the main factors that affect production and quality in each plant.

Two plants where workers didn't get involved in the design of the Optimum scheme (due to scepticism) led to the measures being defined by the boss. This meant they were cost-related and were difficult for the workers to influence, so workers rarely received a bonus. This problem has since been rectified with greater worker participation.

NZ Steel has used its records from the 1999-2000 year as a benchmark to improve from. Since then some measures have been altered due to capital investments by the company, but these changes have to be agreed on by the committee and the plant affected. This means the company can't move the goal posts without consultation.

The scheme rewards workers with \$250-\$750 extra pay per month.

Bluescope Steel (the parent company) have also done an analysis on whether the scheme has led to increased profitability and in general, months where workers improved on measures correlated with months where profits went up.

Overall, Optimum is very popular. It encourages a continuous improvement culture on site and it wouldn't be possible without a collective approach.

Appendix 2: Additional Contacts

Competitive Manufacturing Initiative ITOs

APPAREL & TEXTILE ITO

Carpet, clothing & textile manufacturing, dry cleaning, laundry
Ph (03) 377 8443 or www.atito.org.nz

COMPETENZ

Food & beverage processing, engineering, refrigeration, heating, air conditioning, locksmithing, fire alarms & protection systems
0800 526 1800 or www.competenz.org.nz

FITEC

Planting, harvesting, wood processing, wood product manufacturing, furniture manufacturing, finishing, upholstery, bedding, steel furniture, retail, joinery
Ph (09) 356 7250 or www.fitec.org.nz

NZ ITO

Dairy manufacturing, research livestock improvement, meat processing, fell mongery
Ph (07) 839 7370 or www.nzito.co.nz

PLASTICS & MATERIALS PROCESSING ITO

Plastics production, glass container manufacturing, paint, ink & resin manufacturing, pharmaceutical manufacturing (excluding medicines)
Ph (09) 263 6098 or www.pampito.org.nz

PRINT NZ TRAINING Printing, binding, finishing, administration, carton making, graphic communication

Ph (04) 569 2804 or www.printnz.co.nz

SEAFOOD ITO Aquaculture, seafood processing & retailing, vessel operations
Ph (04) 385 4005 or www.sito.co.nz