

My name is John Ward. I am a retired Company Director and my company was a Registered Training Organisation with the Australian National Training Authority. I have spent most of my Working life in contracts governed by the common law. Ultimately those contracts meant one worked long hours with no overtime, nor had the benefits of the protection of the Industrial Commission. One of my employers in the Oil industry took the view that everything such as shift allowance and overtime was all included in the salary package.

The previous Government held the view that productivity would improve if workers were stripped of penalty rates and shift allowance and returned to the master servant relationship.

The facts are that under such a regime people will only do enough to stay out of trouble, and become estranged from the employer. When that happens the organisation suffers. Productivity increases when workers are committed to the future of their organisation, because they are treated like human beings. Not just a number.

The terms of reference of this committee are implying that productivity will fall and that a break out of pattern bargaining will plunge the country into turmoil and industrial strife. Below is an outline of the enterprise bargaining process that I ran successfully for six years before John Howard launched his union busting campaign. My company, Workplace Transformations Ltd worked with employers, employees and unions to establish agreements that linked wage increase to the productivity of their company and on the way opened the eyes of the management to the failure of management systems that generally led to 40% of budget savings. All of that good work was put in jeopardy by John Howard's blind hatred of unions and his narrow view of how to run a business.

I strongly believe that that removal of AWA's and in their place a system of enterprise bargaining as outlined below will put our country back on the curve of increasing international competitiveness we were on before John Howard pulled all the structures we had built apart. It took him almost nine years to do it and it will be another eight or nine years to repair the damage he has done!!!

THE WORKPLACE IMPROVEMENT PROCESS

BACKGROUND

Up until now the focus of reform has been on labour-force performance, education and training.

We have experienced the introduction of Structural Efficiency Principles (SEP) and the Second Tier Agreements which led to a range of trade-offs e.g. morning tea breaks, wash-up times etc which most people now regard as a nonsense exercise that yielded no significant productivity gains.

We then had Award Restructuring; it started off on the right foot but became a rationalisation exercise which continued into Workplace Reform and more and

more job shedding. Cut the numbers to cut the costs had become the order of the day and only recently has there been a call to reconsider this approach, by the guru of downsizing, Mr Steven Roach, who was chief forecaster for the US Federal Reserve in the 1970s, admitted in May last year that he got it wrong; Tactics of open-ended downsizing and real wage compression are ultimately recipes for industrial extinction.

The pressure was to get runs on the board quickly. The downsized restructuring delivered immediate cost cutting, but questionable long term opportunities for productive improvement. Downsizing has turned out to be expensive in the long run. Organisations lost their best staff first. People were not focussed on their work; they put in 60% because they had to, instead of 90% or 100% because they wanted to. We lost the trust and commitment of most survivors.

Change has been introduced without adequate preparation and we've seen the resultant backlash, or, change was introduced too timidly, or in a piecemeal fashion, allowing the bureaucrats to regroup, defeat new initiatives and return to the Status Quo.

We've seen people introducing customer-focused schemes, employee-involvement schemes, profit-sharing, gain-sharing, flatter management structures, benchmarking, team-based approach, value-added management, total quality management, continuous improvement or just-in-time etc, hoping to achieve the magic quick-fix that would satisfy our appetite for fads. It's been a bit like selecting one or two dishes from a Chinese menu of organisational change. It has been refreshing to note the key findings of a recent study by the Massachusetts Institute of Technology [MIT, see below] indicating that most successful organisations use all the above as an integrated strategy to achieve international competitiveness.

Organisations that have become internationally competitive can demonstrate the following key similarities as the foundation of productive performance:

- Focus on simultaneous improvement of cost, quality and delivery. Closer links to customers.
- Closer relationships with suppliers.
- The effective use of technology for strategic advantage.
- Less hierarchical and less compartmentalised organisations for greater flexibility.
- Human resource policies that promote continuous learning, team-work, participation and flexibility.

The six responses are mutually reinforcing. Indeed they form a single integrated strategy. The specific changes in business aims and methods, internal organisation and supplier relations that characterise better industrial practice cannot be treated as individual items on a list from which firms can pick and choose at will.

What distinguishes Best in Class firms from others in industry is that they see the various innovations not as independent solutions but rather as a coherent package of changes.

Successful implementation typically requires a change in company culture that encourages and supports participation, team-work and decision making at lower levels of the organisation.

Most recent workplace change strategies rely on a structured approach using training needs analysis, leadership training, team building, work organisation, job redesign and skills analysis as phases in a major project focused on long-term return on investment.

This misses the essential point. Major gains can only be made when management systems and management practices that impact on the effectiveness and efficiency of the enterprise are revised to ensure dynamic and constant change. This leads to the development of a philosophy of real continuous improvement.

The dynamic approach to workplace transformation ensures an immediate return on investment (of both time and money) because it is a process that incorporates all of the skills involved in the old approach and applies them day-by-day at the workplace in a process of continuous improvement, through the establishment of real teams across the workplace.

Much more emphasis is placed on, on-the-job training, adult learning principles through hands-on, learning-by-doing rather than classroom training and by acknowledging worker's real knowledge, experience and judgement. Potential problems that impact on workers are identified by workers and dealt with before they become barriers to smooth operation. They are eliminated at the roots and work quality improves as a result.

Human behaviour is essentially adaptive. We adapt to the environment in which we find ourselves. In organisations, the cultural environment to which we adapt, for good or ill, is largely established by top management.

So, whether the CEO and other top managers are aware of it or not, they create and help perpetuate the environment to which everyone else in the organisation will adapt. Getting it right means taking the systems view, focusing on processes and their improvement, and all the other practices that naturally fall out of the systems view. Any other approach that is not consistent with such ideas will help explain mediocre performance on the part of the organisation and unhappiness on the part of employees.

After World War 11, most Japanese companies had to start literally from the ground up. The concepts, thinking, quality systems and tools that are widely used in Japan today, represent qualitative improvement on the teachings of Dr W. E. Deming and J. M. Juran.

Dr. Deming would say that if you stress quality, profits will take care of themselves. But if you stress profits, quality will not take care of itself. Put differently, when quality goes up, productivity and profits go up and costs come down. When you put profit first, quality and productivity come down, costs go up, and, ultimately, profits decline. We are all worse off. He described the focus on quality as a chain reaction.

To build quality workplaces around the concept of continually developing the capabilities of all employees we must create an appropriate workplace culture.

This means providing people with the information and skills to maximise their full potential. Unless both employer and employee (as individuals or teams) can readily identify clear benefits from any proposed change there will be neither incentive nor commitment to new performance goals and standards.

If we want people to work with us, we must be prepared to give them the facts. If the business situation is explained and the process is made relevant to them, people readily accept that change is not only required, but that it is essential to their own future success.

When the Management and Workforce understand that most of the problems which occur in business are caused directly by breakdowns in the management systems and that there is no mileage in blaming "someone - anyone", they become committed to doing something about the problems which limit their capacity.

THE CONSULTATIVE COMMITTEE

Because of the importance of maximising the involvement of all employees and to ensure that change is smoothly implemented, a Consultative Committee must be set up and trained during the early stages of the process.

The Consultative Committee normally consists of representative numbers from management, unions and work groups. Every department, group and level must be represented on the Consultative Committee. It is vital that all participants develop a genuine feeling of ownership of the entire process and are aware of the possibility that, if not kept openly informed, the workforce may believe that the Committee has become just another set of "bosses".

The Consultative Committee is the forum for the discussion, planning, communication and implementation of change. Managers with decision making

powers within the organisation must be members so that appropriate on-the-spot- decisions can be made.

Training must be provided to give the Committee understanding of the process and their role in it.

Training will be focussed on the following areas:

- * Work organisation
- * Competency Based Training Using "Skills Master"
- * Productivity Improvement Measurement
- * Setting up and training Work Improvement Teams
- * Quality and waste management

THE NEED FOR A CONSTITUTION

The parties should agree to develop a charter which clearly states the role and responsibilities of the Consultative Committee. Issues raised by the employer, employees and their unions consistent with the objectives of workplace transformation shall be processed through the Consultative Committee and shall include:

- * Productivity, planning and material flow.
- * Product, service expansion and new markets.
- * Equipment utilisation and capacities.
- * Work Organisation and Job Classifications .
- * Skills, competency based training, career path planning, retraining and the involvement of external training assistance.
- * Accreditation for skills acquired.
- * Introduction of new systems, programs and procedures.
- * Quality, waste and loss control.

TRAINING TEAM LEADERS

The traditional supervisor is business results oriented; operates as a planner, passer- on of instructions (teller), controller and an evaluator of year-end performance. The old supervisory role needs to be replaced by that of a team leader. A team leader's role is one of a teacher, coach, facilitator and a developer of real teams.

Team leader skills and accountabilities that will increase are: Planning, organising resources, training, team development, counselling and motivating others, using people skills.

Responsibilities that will decrease are: Direct job control, giving directions, checking work against standards and looking over shoulders.

Accountabilities that will become shared are: Quality, cost, team performance, housekeeping, safety, Work Improvement and decision making.

The move towards empowering employees places another demand on the supervisor.
It is a truism that one can delegate authority but cannot delegate responsibility.

Frontline managers are responsible for the effective accomplishment of the assigned work.

When empowering succeeds its results are enviable. It succeeds, in part, when frontline managers and senior managers learn how to balance authority and accountability.

Frontline managers who understand empowering employees as a process know that they retain accountability for their decisions, but must hold those whom they have empowered, accountable as well. They further understand that empowering others requires a degree of letting go of traditional, individual power in exchange for a new, collective power where each party to the action accepts the authority and accountability commensurate with their role in the specific situation at hand. It is this challenge which faces frontline managers, as they must balance which power to retain and which to share, which accountabilities to retain and which to allocate on others.

Transitioning Into New Roles

The final challenge to line frontline managers concerns the transition into new roles. As suggested above, front line employees are being asked to accept additional responsibility for doing what heretofore has been "management work." Frontline managers and managers are being asked to forfeit the roles of subject matter expert and authority figure and replace them with the roles of coach, mentor and partner.

This requires that self-worth and perceived worth to others be divorced from the traditional behaviours of coordination, command and control. Frontline managers can only make this transition if they are competent, confident and motivated.

Competence presumes that they know what new skills and knowledge these roles require and that they are given the opportunity to develop them sufficiently. Confidence stems from the belief that one can perform the tasks required at the level needed to be successful. Motivation results from knowing what is necessary, believing one can do it, and both understanding and valuing the consequences associated with success.

The biggest unknown facing frontline managers and managers in a downsizing organization are in the area of consequences. These key people must believe that the organization values them and will provide rewards for the successful accomplishment of the difficult tasks they face.

At this point, the front line frontline managers and managers look to the executive level of the organization for clues as to what the future may hold. They evaluate the probability that they will receive their due and make their decisions accordingly. The ultimate key to organizational success remains, as it always has, in the hands of its leaders. No matter how competent and dedicated the employees and their line management, the future success of the organization is in the hands of the few, those who pilot their organizational ship through society's turbulent waters.

This is achieved by putting frontline managers and workplace members through a Continuous Improvement Facilitator program which helps them develop and deliver structured on-the-job training focuses on the skills that teams will need to achieve the new ways of working.

Unless these changes in roles, behaviours and attitudes are achieved by all the parties, the potential productive improvement and benefits for each person in the organisation will simply not happen. We will have changed the titles within the old control system and retained all the restrictions that that entails and be pretending we have changed to something new and different, the outcomes will reveal no change at all.

WORK IMPROVEMENT TEAMS

Work Improvement Teams (WITs) are natural semi autonomous work groups empowered to resolve work organisation or quality concerns (barriers to productivity) related to their own work or work environment. They consist of two or more people who must co-ordinate their efforts on a daily basis to reach their common goal.

The emphasis is on a "hands-on", practical and "let us get on with it" approach. They often call for expert assistance from people across the organisation and therefore sometimes operate as a cross functional work group.

WITs are part of an integrated network of teams that support the operation of a truly consultative workplace. WITs refer matters to Consultative Committees (usually "Systems Problems") by making recommendations for change supported by justifications arrived at through consultation other WITs and expert opinion across the organisation.

Work Improvement Teams are responsible for:

- * Monitoring overall process performance
- * Scheduling and controlling the quality of their own work
- * Allocating tasks to their group members
- * Solving problems and improving work processes
- * Identifying and selecting their own performance measurements
- * Conducting their own productive improvement evaluation
- * Monitoring trends in their performance

- * Selecting new members for their team
- * Conducting training and assessment according to CBT requirements
- * Co-operating with other groups.

Work Improvement Teams also identify limitations that adversely impact on productivity, quality and efficiency in their area of operation.

This information is used to improve work organisation by making immediate changes and on-going improvements to the management systems or by re-defining job functions. This effectively prevents the re-occurrence of barriers to productivity and broadens and enhances job content to meet the future needs of the organisation and the career path of the individual.

Both Federal and State Governments are enacting environmental and personal safety laws. During the process of re-defining and re-designing jobs, people will take into account the Environmental Protection, OH&S and other legislation which impacts on the way jobs are or should be performed.

Three day workshops will be needed for all the members of a team to fully understand the basic tools that they will be using.

These tools are:

- Productive Improvement Monitoring System (PIMS)
- Skills Master
- Concern Analysis
- Listing Barriers to Productivity
- Identifying the "Price of Non Conformance"

Failing to Transfer True Power to Employees

For an organisation to reach high performance however, employees must be given vastly greater levels of authority. While terms like self-directed and self managed teams strike terror in the hearts of many self centred mid-managers, these are required for the survival of organisations in the new knowledge-based economy.

Major gains in quality and productivity most often result from teams of people pooling their skills, talents and detailed knowledge. With training, teams often tackle complex and chronic problems and come up with effective, permanent solutions.

The energy that comes from people working together productively can sustain enthusiasm and support even through difficult times.

When the spirit of team work enters an organisation, people at all levels begin to find they are working together towards one goal. The "them and us" syndrome can disappear. Then, and only then, is anything possible.

PRODUCTIVE IMPROVEMENT MONITORING SYSTEM (PIMS)

If current measuring systems within the organisation are inadequate and inaccurate then the extent of the productive improvement and other benefits may go unrecognised.

Organisations profit and grow as long as managements can retain a team of dedicated and motivated individuals whose pay is linked to the overall performance system. For a firm to be successful this must be implemented from the shareholder (who invests capital) all the way through to the shop floor (who invest time and effort).

Effective productivity measurement requires the development of an index that identifies the contribution of each factor of production and then tracks and combines them. The index also needs to be clearly understood and relevant to the team so that it will be constantly used to achieve productive outcomes. Each team will develop several performance measurement ratios that capture the essence of its mission.

The productivity "score" produces an index that measures progress towards agreed goals in a way that everyone can understand. From this, teams/departments can conduct regular weekly briefings to determine how they are doing and adjust their processes and behaviours accordingly.

SKILLS MASTER

The development of skills-based career paths is an outcome of the Skills Analysis process. Such career paths are based on the identification of appropriate skills and skill levels to overcome identified causes of barriers to productivity.

Following identification of the skill-based job changes, a Skills and Training Analysis using Skills Master will be undertaken.

This analysis is based on CBT inventory which includes both skills inherent in current jobs and those required to perform redesigned jobs. Thus, the survey material reflects not only the skills currently required by Awards, Agreements and Industry Standards, but also those necessary to perform new tasks and functions identified by the team or Consultative Committee problem solving.

The aim of Skills Master is to ensure that meaningful reports are provided, detailing the following:

- Current skill deficiencies within existing classifications so that short term, immediate training can be delivered.
- Skill gaps on the basis of redesigned jobs, enabling future training to be programmed.
- A basis on which each person can assess his/her own position in respect of Awards and identify the skills necessary for career path advancement.
- Training needs required by individual employees.
- Development of specific training modules for on-the-job training through in-house curriculum development.

All training and competency recommendations must be in accordance with the National Training Board "National Competency Standards".

ENTERPRISE AGREEMENT

In conjunction with all of the above activities, the parties establish enterprise bargaining guidelines and use the outcomes of the Consultative Committee and Work Improvement Team problem solving as the basis for developing and implementing an Enterprise Bargaining Agreement (EBA).

Improvements in understanding, awareness and attitudes at all levels are necessary for the continued viability of any industry.

These improvements include an understanding of the need for efficient service delivery processes and an end to an adversarial approach to industrial relations where it exists.

This requires a commitment from the parties to consult on all matters of significance for best practice workplace reform. Issues to be addressed by consultative committees should include, but not be limited to:

- The introduction of skill-related career paths, development of national competency standards and related training measures, including the provision of vocational training
- Flexible working time arrangements i.e., spread of hours, RDO's, time off in lieu
- Productivity agreements based on achievement of agreed targets
- Performance indicators and appropriate reward systems based on productivity once it is achieved not before.
- Training arrangements
- Occupational health and safety and effective work care programs
- Equal employment opportunities
- Information sharing and participation in decision-making
- The operation of work team system arrangements and performance monitoring

COMMON THREADS

The common threads running through the philosophies of practitioners like

W. Edwards Deming, Dr. J. M. Juran, Australia's Professors Fred Emery and Bill Ford and a range of other notables are their inherent respect for human beings, an emphasis on quality leadership, the need to develop people and teams measurement systems that people can work with, just a plain commonsense approach that acknowledges that most people want to do a good job and will if they have the right training, environment, materials and equipment. They raise the issue of moving from a command and control structure where the directive is achieve the objective at any cost to a co-operative model where we ask, at what cost?

SUMMARY

No specialist teams are developed to look at work organisation, job re-design or training needs analysis etc. On the contrary, it is vital that actual working teams are given the skills, responsibility and authority to implement change and to measure their own work so that real returns on investment and effort are realised almost immediately or in the early stages of the process.

This is not a long term cultural or attitude change project. It is the introduction of a genuine continuous improvement process generated from the bottom up and led from the very top.

KEY POINTS TO REMEMBER

- There are no quick fixes, no easy road to world class quality and productivity. We are all in this together. No organisation, no individual can achieve what is required on their own. We will only survive and prosper if we co-operate to achieve our mutual goals.
- It will be hard work, probably harder than anything we've ever done. A lot of managers will find it almost impossible to shift from their old paradigms, to give up controls and authorities that essentially define them as a person - the one in charge.

On the other hand, a lot of workers will be threatened by new responsibilities, new ways of thinking and having to develop new skills.

Union officials, too, are grappling with enormous changes in the way they go about their business. Someone once said "When the paradigm shifts, everyone goes back to zero". Well, now that it has shifted, we have to learn new ways of working together.

- Do measure everything that is important to your purpose. Remember, we usually choose what is easy to measure rather than what is important. Our aim is to reduce variation in everything we do.
- Don't expect that we'll trust each other in the short term it has taken us many years of worsening relationships, beating each other over the head,

lying, cheating and conniving to build up the lack of trust we have today. Relationships aren't rebuilt overnight.

- You will not be able to achieve the necessary changes from within the boundaries of your existing paradigm. A lot of managers, after reading this and examining the literature, will try to create change while maintaining the existing hierarchical structure i.e. introducing change from the top down, using Traditional Human Resource Strategies. This will not be embraced by the workforce because "it won't be our stuff, it'll be their stuff"
- Initially the process must be generated by an outside facilitator. This is because an outsider is not part of the old paradigm ("the way we do things around here"). Paradigm shifts are invariably created by the introduction of new ideas from outside people who are too "naïve" to know that what is being proposed can't be done.
- Don't fall into the trap of scrimping on time and money by training internal HR facilitators and a few key groups. Invariably, you will have to go back and recover lost ground to rebuild real teams. Do train the Work Improvement Teams as a complete self-managing group!
- If only a few of the work group receive training then they will be perceived by the rest of the workers as being the new "them".
- Accept that a lot of effort must be put in up front to demonstrate and gain commitment from all parties. The CEO must be leading the change and demonstrate unflagging commitment to achieve the new workplace objectives. If you don't have that commitment from the person at the top or he or she is surrounded by managers who can block or deflect the process to protect their power or position, then you will be wasting your time. You would be better served finding a new organisation to grow with than waiting for this one to die.

"THE OUTCOMES OF THIS PROCESS WILL ONLY BE AS GOOD AS THE INTENT OF THE PEOPLE AT THE TOP."

W. Edwards Deming

John Ward