

## Positive Benefits of Partnership

### For Fisher and Paykel

- Movement from negotiating with 13 unions to one
- Productivity gains over many years
- A motivated and empowered workforce and a constructive union presence
- Staff willing to initiate improvements, undertake necessary change, and provide extra effort when called upon

*An open respectful relationship that enables us to get our business needs discussed and understood so we can move forward together as quickly as we can.*

HR Manager

### For EPMU members

- Above average wages and conditions
- Understanding of the business and their own contribution to it
- Pride in being associated with part of a good company making good products
- Recognised work-related qualifications

*There is a good structure here for listening to and hearing each other. The managers get good morale by working with the people at their level. We are aware of how real and close global competition is to us. We have a real pride in working for F&P. The name means something: a lifetime job and being well looked after. We do innovation that takes on the world.*

Staff member

### For the EPMU

- A living and workable example of what genuine partnership can deliver
- Involvement at a number of levels throughout the company
- Delegate development
- Skills-based pay

*Most of the guys focus on making the business function better rather than wasting energy on picky fights over entitlements or claims.*

Convenor

The full version of this case study shows some of the challenges Fisher and Paykel and the EPMU will face as they develop their partnership and possible ways of addressing these.

The Partnership Resource Centre publishes case studies and other publications to promote best practice and share experience in partnership approaches.

To find out more about Partnership at Fisher & Paykel and other examples of workplace partnership in action, visit our website at <http://www.dol.govt.nz/services/partnershipresourcecentre/index.asp>

Printed copies are available from the Partnership Resource Centre, PO Box 8705, Wellington ph 04-931-6066.



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Department of Labour  
TE TARI MAHI



# FISHER AND PAYKEL WITH THE EPMU

## A PARTNERSHIP CASE STUDY



**Fisher & Paykel Appliances Ltd (F&P) and the Engineering, Printing and Manufacturing Union (EPMU) have built a mature and highly developed model of partnership over many years.**

**The Company (both managers and staff) and the Union have found some very effective ways of doing business and working together to create a successful and healthy workplace that people enjoy being a part of.**

**At Fisher & Paykel, partnership is part of the company's architecture, not an add-on. It is integrated into management structures and operational processes which ensure it is an integral part of every day business.**

*The Union and management view it as our people and our business. We don't want the mind-set of 'you and them', but 'I and we.'*

Agreed statement between a Manager and a Convenor of delegates

*If the partnership has to change, both parties need to change, and get better, together. We can't afford for one party to fall behind.*

Staff member

### The Partners

#### Fisher and Paykel Appliances

The focus of this case study is on Fisher and Paykel's Auckland based manufacturing operations which are currently part of Fisher & Paykel Appliances Ltd. The F&P Group earned revenue exceeded \$1 billion for the first time in the 2004/05 financial year. F&P also has manufacturing operations in Australia and the US. Overseas sales account for over 75% of the company's revenue making F&P a truly international company.

#### The Engineering, Printing and Manufacturing Union

The EPMU is the largest private sector union in New Zealand, with around 50,000 members in ten industries. It has over 1400 members and 29 delegates out of a total workforce of 3300 across the Fisher and Paykel Auckland and Dunedin plants. Each plant has a nearly full time convenor of delegates and a number of area delegates. There is also a full time Chair of Convenors paid for by the company.

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### The Building Blocks of Modern Partnership at Fisher & Paykel

For Fisher and Paykel, its relationship with the union is viewed as a source of competitive advantage where:

- staff interests are properly taken care of
- transaction costs associated with managing employment agreements are rationalised and
- genuine consultation with staff and unions ensures high levels of commitment to and successful adoption of change.

“ *Changing the company from one where people are told what to do, to one where people know what to do and want to do it.* ”

Manager

### How the EPMU and Fisher & Paykel put partnership into practice

#### The composite agreement

The negotiation of a single composite agreement in the late 1980's provided the parties with their foundation



for modern partnership. The agreement has evolved over the years to comprehensively capture all wage classifications, conditions, skill development arrangements and other matters which codify processes for managing change or disagreement.

#### Processes for partnership in action in the Refrigeration Plant

Weekly meetings of Operations and HR Managers, a trainer, convenor of delegates which look at health and safety issues, team leader development, recruitment, production performance, issues and impacts, and training help to build ownership at a local level.

“ *We have formal reviews of partnership and so on but F&P really works by doing it on a daily basis. We don't save up issues for a meeting or for the negotiations, we get on with it, we live it. How we can do it better permeates every aspect of our business. We always ask the Union what we can do better, what we need to achieve.* ”

Manager

There is a Monthly Attendance Committee made up of the Area Manager, a team leader, and HR advisor and a delegate which approves payment (or non-payment) for unplanned absences. The aim is to turn people who may be regular 'offenders' around.

For instance one employee was regularly absent. A proactive investigation into what was stopping him from coming to work revealed he had poor vision and couldn't see small screw holes clearly, especially after several days of straining his eyes. The Company provided him with glasses. Six months later he had become a foreman.



“ *Delegates here need to go the extra yard. It's not just two positions arguing against each other. There is no room for 'positional' here. At the end of the day helping to make the company work better is all about job security.* ”

Convenor

There are also twice weekly 10 minute 'mini-company' meetings to provide yet another forum for two-way company-staff communication.

#### Dealing with differences

The company wanted to shorten the 3-week Christmas shutdown to meet customer demands in other markets. They approached the union but in the words of one delegate "didn't really put up a proper business case." The 'poor' business case was voted down. The next year, managers developed a stronger business case and involved shop floor staff in small groups to come up with options.

Together they worked out a solution that provided for a shorter shutdown in return for an extra week's leave. Everyone was satisfied.

The historical practice of a 5 minute wash-up time at the end of the day for all production staff was costing the company \$150,000 per month. After deliberations with members, the Union worked out a solution involving a swap between the wash-up time and an extra 2.5 days leave per year (equivalent to the wash-up time over a year). This win-win also delivered additional savings on wasted plastic to the company.

The company needed to increase production by 200 dryer units per day to cope with demand. A brief was given to a leader of 60 staff in the dryer production area. Together the leader and the workers came up with a solution that involved them working on both sides of the production line enabling them to double production. The only cost associated with this redesign was \$400 for new rubber mats to stop people from slipping.