

WORKPLACE PRODUCTIVITY PROJECTS

EVALUATION REPORT

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Strategic Research and Evaluation Unit

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1 EXECUTIVE SUMMARY

Purpose

The primary objective of the Workplace Productivity Projects (the projects) was to gain a better understanding of what interventions were successful in inducing firms to introduce high performance workplace practices.

The projects involved the Department of Labour (the Department) working in partnership with firms, industry and union groups to trial different approaches to improving productivity in the workplace.

Cabinet adopted the Workplace Productivity Agenda (WPA) in November 2004 in response to the Workplace Productivity Working Group Report.¹ The WPA is a programme designed to foster productivity development at the workplace. A tripartite approach was taken in the development of the programme and its implementation, with activities being delivered through business, training and union networks as well as government agencies.

Partnership

A partnership approach was to be taken with industry trusted advisors already working in the area of productivity with their own established networks.

The projects were expected to involve assessment of the needs of individual workplaces by a business consultant, followed by the development and implementation of an action programme for change. Small to medium sized workplaces would be targeted.

The intention was to undertake demonstration projects so that workplaces could gain an understanding of what was required to introduce practices that would raise productivity. A flexible, learning approach would be taken for these experimental projects.

Five partnership agreements were established between private sector 'trusted partners' and the government during 2007 and 2008. The intent of these partnerships was to achieve a shared responsibility between government and industry, training and union groups (the 'trusted partners') for improving workplace productivity; gain a better understanding of what was needed to assist firms to introduce high performance workplace practices; and explore possible roles for government and other parties in raising workplace productivity.

The five entities that entered into a partnership agreement with government were:

- Industry Training Federation (ITF)
- Employers and Manufacturers Association (Central) (EMA)
- Engineering, Printing and Manufacturing Union (EPMU) and Dairy Workers Union (DWU)
- NZ Master Contractors (NZMC)
- Chamber of Commerce and Industry of Northland (NCoC).

¹ POL Min (04) 28/5.5 refers

Approaches

Each partner set up a steering group to oversee the process and develop individualised objectives and approaches. Four of the five partners hired lead consultants and one managed the process using internal resources.

Each partner developed a slightly different approach to how they identified and assessed if workplaces were 'ready, willing and had the capacity to make changes.' The majority used their partner networks to identify potential workplaces. The lead consultants then took on the primary role of assessing the readiness of the selected workplaces.

Twenty-eight workplaces participated in the projects across four of the five partnerships – one partnership only got to the stage where potential workplaces were identified.

The majority of participating workplaces went through an initial assessment by consultants to identify their needs and possible areas for improvement.

There was a range of consultancy expertise, styles, and models. The workplace assessment process highlighted areas the consultants believed needed to be addressed and this became the basis for their approach with each workplace.

Areas identified for change and improvement included strategic and operational planning; management capability and leadership skills; organising and understanding workflow; and workplace culture and communication.

Workplace Outcomes

There was some form of improvement across all twenty-eight workplaces. These improvements ranged from those which impacted across the entire workplace, to relatively isolated and minor ones. Improvements included increased worker participation, increased knowledge and skills, and improved business planning and work processes.

Twenty of these workplaces saw moderate to considerable improvement to their work culture and processes. Being involved in the project raised awareness and facilitated a change in how managers and employees approached improvement. This change also triggered the development of more effective leadership skills in individuals.

Managers and workers within this group of workplaces began to see the value and impact of good communication actively encouraging participation; taking time to effectively plan; and asking the 'why' questions. A small group of these workplaces had already started to change how they operated, and involvement in the project provided further evidence of the value of operating within a continuous improvement model.

Managers in the twenty workplaces were confident they were on the right path and there was a clear message that the benefits already experienced, and anticipated for the future, committed them to continuous improvement. Over half of this group decided to continue to fund the business consultants after the project because of the significant value they contributed to their business. The consultants played a significant role in creating changes in approaches to productivity improvements.

Managers and workers needed to see the direct value and relevancy of the consultants' assistance for their business to effect change. The projects allowed consultants time to develop a good solid relationship with managers and workers, which was crucial for understanding their needs and tailoring assistance accordingly.

Other factors also influenced the change process in workplaces. Often it was a combination of activities working together that influenced individuals to change their behaviour and build commitment to participate in the improvement process. These activities included networking with other workplaces; seeing the benefit of the change made within the project timeframe; and building on existing knowledge to improve productivity.

The common thread across all twenty workplaces was a relatively good culture to start with. Management were generally ready, willing and had the capacity to make changes – including the willingness to contribute both time and money to the process. Also there was usually a positive employer-employee relationship that the consultancy approach could build on. Managers were prepared to fully engage with the process for a number of reasons, including a realisation they had to change; reinforcement of their prior commitment to continuous improvement; or seeing the direct value to their workplace.

Being involved in the project did not facilitate a change for at least eight workplaces. The changes being introduced (or recommended for introduction) were not recognised as contributing to continuous improvement within the business. Management and workers did not consider the process to be significantly valuable to them personally and thought it would introduce only minor improvements to workplace efficiencies and culture.

These eight workplaces all lacked a good culture to start with. Management was generally not ready and willing nor did they have the capacity to make changes. They were also unwilling to consistently contribute the necessary resources to support the project. At the majority of these workplaces strained employer-employee relationships made it difficult for consultants to work effectively.

Partnership outcomes

The intent of the WPA partnerships was to achieve a shared responsibility between government and trusted industry advisors for improving workplace productivity; to gain a better understanding of what was needed to assist firms to introduce high performance workplace practices; and to explore possible roles for government and other parties in raising workplace productivity.

Four of the partners (ITF, EMA, EPMU/DWU and NZMC) demonstrated that participation in the project increased their understanding of, and commitment to, workplace productivity issues. These partners had either developed practical tools and materials to support their members to improve productivity, or intended to publish case studies to share lessons learned.

There were examples where these partnerships created innovative thinking and initiatives. An ITO within the ITF project introduced an investment fund model to enable other workplaces to access a business consultant. NZMC had developed their thinking beyond their own contractors; targeting the wider supply chain within industries to demonstrate the benefits of participating in productivity initiatives.

Though the approach trialled in these partnerships did not always work for all participating workplaces, useful lessons can be drawn for the future, including the importance of employer-employee relationships in any productivity initiative; management commitment; and tailoring the approach to the specific needs of the workplace.

One of the objectives of the WPA was to explore possible roles for government in raising workplace productivity. There was a list of generic operating principles in each partner's contract but these had not been specifically discussed.

Departmental staff sometimes found the partnership approach challenging as it was not always clear what the roles and responsibilities were for each partner. It would be valuable to make these requirements explicit at the beginning of the projects.

There was tension in balancing government financial accountability and the partnership accountability of shared responsibility. Too much focus on government accountability can potentially hinder partnerships that require a degree of flexibility and trust but too much focus on the relationship can lead to a lack of accountability.

Lessons

Readiness of the workplace to change was a necessity. Readiness for these projects was reflected by the existence of a positive culture with relatively good employer-employee relations and a committed management. Some workplaces needed more preparation, while others were already practising some form of continuous productivity improvements. A better understanding by all stakeholders of the different levels of readiness in the targeted companies or industry sector will help with targeting the right assistance.

Committed and innovative leadership throughout an organisation is critical to effect change and create a culture for achieving continuous improvement. Productivity improvement is dependent on the people who work (at all levels) in the organisation and in many workplaces people issues need to be addressed first for productivity initiatives to take root. Continuous improvement will be difficult if the leadership skills of key managers and workers are not able to be focused on productivity improvement (or developed where they are nascent or non-existent).

Direct tailored assistance is an effective approach to enable workplaces to appreciate the value of continuous improvement and trigger participation. Managers and workers need to see the direct value of the projects for them before they are prepared to commit to participating and investing further.

The government seed funding – delivered through the trusted partners – had a considerable impact on workplaces as it gave them the opportunity to experience the positive benefits of employing business consultants. Once the value of an investment in productivity had been realised many of the participating workplaces purchased additional consultancy assistance from their own resources. The successful workplace models from the WPA productivity project will be able to provide compelling examples for demonstrating and promoting to others the value of investing in productivity initiatives.

The partnership model demonstrated the constructive role government can play in supporting industry, training and union groups to take on a major responsibility for improving workplace productivity. Developing partnerships with the emphasis on both positive outcomes and learning from the experience, is an example of government taking an innovative and creative approach to a complex problem. These initiatives would not have happened without the leadership, facilitation and funding role of government. There are potentially valuable lessons to be learned from government continuing to work with partners to support and monitor the next phase of dissemination of the results and learnings from the pilot WPA project.

Although the partnership model approach is effective, improvements to the process could be made. Responsibilities and implications when working in partnership with government need to be made explicit. The importance of strong and supportive project management processes for any partnerships established (implemented by both members of the partnership) should also be emphasised. Open communication and good relationships are also key factors in good project accountability.

For some partners working to government accountability requirements appeared to be challenging. A better understanding of the implications of this way of working would be valuable and gaining this needs to be factored into the partnership's planning and reflected in project documentation.

The experience of the current WPA project (as well as the information provided by ongoing monitoring of the outcomes being achieved by the participating workplaces) should enable a realistic assessment to be made of how much government resourcing is required to support or encourage future productivity initiatives.

2 INTRODUCTION

Purpose

The primary objective of the Workplace Productivity Projects (the projects) was to gain a better understanding of what interventions were successful in inducing firms to introduce high performance workplace practices.

The projects involved the Department of Labour (the Department) working in partnership with firms, industry and union groups to trial different approaches to improving productivity in the workplace.

This report describes how government worked with the different partners and workplaces; assesses what worked, what did not and why for the projects; refers to outcomes achieved; discusses the partnership objectives and challenges; identifies lessons for supporting workplaces to improve productivity; and lessons for partnerships attempting to encourage shared responsibility and innovation.

Background

Cabinet adopted the Workplace Productivity Agenda (WPA) in November 2004 in response to the Workplace Productivity Working Group Report.² The WPA is a programme designed to foster productivity development at the workplace. A tripartite approach was taken in the development of the programme and its implementation, with activities being delivered through business, training and union networks as well as government agencies.

*Workplace productivity refers to how efficiently and effectively a workplace can turn its inputs, such as labour and capital, into outputs, such as products and services.*³

The overall objectives of the WPA include:

- awareness and uptake of excellent work practices
- shared responsibility among firms, industry and union groups and government for improving workplace productivity
- agreement about the most appropriate roles and responsibilities of different parties.

The WPA work focused on seven drivers of workplace productivity:

1. Creating a productive workplace
2. Organising work
3. Building leadership and management capability
4. Networking and collaboration
5. Measuring what matters
6. Encouraging innovation and use of technology

² POL Min (04) 28/5.5 refers

³ The Workplace Productivity Challenge – Report of the Workplace Productivity Working Group

7. Investing in people and skills.

Appendix One contains further information about the WPA Seven Drivers of Productivity.

Initially the WPA focused on research, raising awareness and the development of a self-assessment productivity tool kit designed for owners and managers of small to medium sized businesses.⁴ Issues that the early WPA research work identified included:

- the need for assistance to be specialised and targeted at the workplace via established networks
- uncertainty among managers and workplaces about what improving productivity involves
- a lack of expertise among 'trusted advisers'/business consultants
- the investment made in innovation in infrastructure and science and technology needs to be equalled by investment in the 'people' side of organisations
- the need for a greater sharing of decision-making across the workplace, away from the prevailing New Zealand management style of 'command and control'
- workplace change can only take place over the long term.

Implementation

An evaluation of the early WPA 'raising awareness' work indicated that participants found the workshops, case studies and tool kit useful but the activities had had little impact on changing behaviour. In response to this evaluation the WPA shifted its focus to the implementation of workplace-based activities.

The Workplace Productivity Projects (the projects) were established to trial ideas raised in the early phases of the WPA work. These ideas included:

- building on existing networks to identify firms and diffuse lessons
- working with firms that were ready, willing and had the capacity to make changes
- tailoring assistance to individual workplaces.

A partnership approach was to be taken with industry trusted advisors already working in the area of productivity with their own established networks.

The projects were expected to involve assessment of the needs of individual workplaces by a business consultant, followed by the development and implementation of an action programme for change. Small to medium sized workplaces would be targeted.

The intention was to undertake demonstration projects so that workplaces could gain an understanding of what was required to introduce practices that would raise productivity. A flexible, learning approach would be taken for these experimental projects.

Evaluation methodology

The Strategic Research and Evaluation Unit within the Department undertook the evaluation of the projects over one year, from June 2008 to June 2009, to accommodate the different partners' timelines.

⁴ One way the tool kit was disseminated to businesses was through a series of workshops on workplace productivity run by Chambers of Commerce. A series of case studies around workplace best practice has also been generated as an awareness-raising activity.

The purpose of the evaluation was to identify what worked in each of the partnerships and workplaces, and the overall lessons on how to improve productivity at the workplace.

Evaluation objectives

1. Assess what worked and what did not in each partnership, including:
 - the development of the project proposal
 - the funding agreement between the Department and each partner
 - the steering group
 - identifying consultants to work with workplaces
 - identifying workplaces.
2. Assess what worked and what did not at the workplace, including:
 - consultant's workplace assessment
 - consultant's engagement with the workplace
 - changes to productivity and their sustainability.
3. Identify key lessons for the five partnerships and overall lessons on how to improve productivity at the workplace.

Evaluation approach

The evaluation adopted a 'utilisation' focus to facilitate the sharing of lessons throughout the project. Utilisation-focused evaluation designs the whole approach from beginning to end based on the intended use by the intended users.⁵ Evaluation methods were chosen to facilitate the timely sharing of information throughout the process.

Relationships were established across all partners, and the following took place.

- Each of the five partners was given an opportunity to comment on the evaluation plan in the development phase and raise any issues or make suggestions. Over the course of the evaluation, evaluators visited each partner to allow these discussions to occur face to face.
- The evaluators attended the three workplace networking meetings and the project-wide consultant's workshop to observe first hand what the issues were. This also provided an opportunity for any concerns about the evaluation to be raised.
- Initial findings and lessons specific to each partner were presented to them for discussion. This approach aimed to engage each partner in the evaluation process and develop a fuller understanding of the findings.

Evaluation methods

A range of primarily qualitative methods were used for the evaluation, including:

- Reviews of relevant documents such as partner project proposals, funding agreements and consultants' reports (where available).
- Key partner interviews with:

⁵ Patton, Michael (2002) Utilization-focused Evaluation Checklist www.wmich.edu/evalctr/checklists

- the members of each partners' steering group – this included the Departmental staff involved and a number of other stakeholders who participated in each steering group
- a range of partner members who were directly involved: such as Industry Training Organisations (ITOs) for the Industry Training Federation (ITF) project, and union organisers for the Engineering, Printing and Manufacturing Union (EPMU) and the Dairy Workers Union (DWU) project
- the lead consultants appointed, and all 13 consultants that worked directly with workplaces.
- Workplace case studies, which involved visiting twenty-seven of the twenty-eight participating workplaces⁶ and interviewing management and employees (an average of four interviews per workplace). These visits included tours of the workplaces to observe any changes made as a result of the projects.
- Participation and observation at three workplace networking meetings and one project-wide consultants' workshop.

Analysis

Data analysis was divided into the following:

- What happened at the workplace: for each of the four successful partners the workplace and consultant's data was summarised into a matrix under the following headings:
 - consultant's approach
 - workplace response to consultant
 - changes made to workplace
 - difference these changes had on workplace
 - sustainability of changes.
- A presentation and discussion of the initial findings was given to the same four partners; three of these presentations included a summary version of the matrix described above to illustrate how the findings were obtained.
- A presentation and discussion of the overall evaluation findings was given to Departmental policy staff.

The five partners that participated in the project are identified in the evaluation findings. Individual workplaces are not identified, and the evaluation findings are written to ensure confidentiality is maintained.

The WPA Seven Drivers of Productivity (see Appendix One) provided a useful framework when designing the workplace interview guides. The questions asked were based upon the drivers but did not specifically refer to them.

Report structure

The report is divided into the following sections:

Chapter Two outlines what the Workplace Productivity Projects (the projects) actually were under two parts — the partnership agreements and the actual projects at the workplace.

⁶ One workplace was unavailable for the case study visit.

Chapter Three assesses the success of the projects at the workplace and discusses what worked, what did not work and why.

Chapter Four assesses the success of the partnerships, followed by a general assessment of the challenges of working in them.

Chapter Five identifies lessons to assist workplaces to introduce high performance productivity practices; and discusses lessons for government partnerships to encourage shared responsibility and innovation.

3 PROJECT OBJECTIVES AND APPROACH

The purpose of this chapter is to outline what the Workplace Productivity Projects (the projects) were about – their intent, who was involved, how they were set up, managed, and delivered at the workplace. This chapter discusses the projects in two parts:

1. The partnership agreements — the specific project objectives and approach (delivery mechanisms) for each partnership, workplace selection and assessment for readiness.
2. The workplace projects — the initial consultant’s assessment and areas identified for change and improvements.

Partnership agreements

Five partnership agreements were established between private sector ‘trusted partners’ and the government during 2007 and 2008. The intent of these partnerships was to achieve a shared responsibility between government and industry, training and union groups (the ‘trusted partners’) for improving workplace productivity; gain a better understanding of what was needed to assist firms to introduce high performance workplace practices; and explore possible roles for government and other parties in raising workplace productivity.

The generic approach was for the partners to work with their networks and identify workplaces that were ‘ready, willing and had the capacity to make changes’ to improve their productivity. They would then employ business consultants to work with the workplaces for specific periods of time to facilitate productivity improvements.

The five entities that entered into a partnership agreement with government were:

- Industry Training Federation (ITF)
- Employers and Manufacturers Association (Central) (EMA)
- Engineering, Printing and Manufacturing Union (EPMU) and Dairy Workers Union (DWU)
- NZ Master Contractors (NZMC)
- Chamber of Commerce and Industry of Northland (NCoC).

Appendix Two contains a brief description of each partner.

Objectives and approaches

The Department worked with each partner to develop individualised objectives and approaches, based on the generic approach of using business consultants at the workplace to achieve them.

Each partner set up their own steering group to oversee the process, comprising people from the Department, their own organisation and other relevant partner stakeholders.

Four of the five partnerships hired a lead consultant to help develop and manage the individualised approach. Their role included selecting workplaces and other consultants and providing overall project management. The NCoC approach differed as it did not hire a lead consultant but managed the project internally. The intention was that once the workplaces were selected, appropriate external consultants could be chosen. Table 1 below outlines the project objectives and approach for each partner.

Partner	Project Objectives and Approach
Industry Training Federation (ITF)	<p>To improve the ability of ITOs to assist workplaces to raise productivity:</p> <p>Two consultants would work with each workplace – a relationship/leadership consultant and a technical lean⁷ consultant. Each workplace was given around nine days of consultancy time.</p>
Employers and Manufacturers Association (Central) (EMA)	<p>To illustrate to a wide group of manufacturers how productivity and skill development can be translated into cost effective and practical ways to improve business processes and organisational structures that improve the success of the workplace:</p> <p>Three consultants would work with each workplace – a technical lean consultant, a business finance/costing consultant (also the lead consultant) and a business planning/administration consultant. Each workplace would receive a detailed assessment from all three consultants. Each consultant was given five days to undertake the assessment and provide a written report for each workplace outlining recommendations for changes to improve productivity. The majority of the consultancy hours would be used in the assessment phase. Workplaces would need to self-fund any recommendations for improvement. A small amount of funding (one or two days of consultancy time) would be made available to help support workplaces to implement these improvements if required.</p>
Engineering, Printing and Manufacturing Union (EPMU) and Dairy Workers Union (DWU)	<p>To build employer/worker/union partnerships in manufacturing and service enterprises that improve productivity by jointly managing the change process and implementing practical high performance work practices and tools:</p> <p>One technical, lean consultant (with support from the lead consultant) would work with workers, management and union delegates to manage a change process. Each workplace was given 15 days of consultancy time.</p>
NZ Master Contractors (NZMC)	<p>To work with a small number of labour contractors in the horticulture and viticulture industries to trial interventions to improve their productivity and their attractiveness to employees:</p> <p>Use four types of consultancy approaches with the contractors:</p> <p>Business Excellence Framework (an accountancy-based model to review business capability based on inputs and outputs).</p> <p>Management Framework (focusing on strategic and business planning) which involved working with workplaces as a group, with follow up one on one assistance.</p> <p>Project based approach which identified and worked on specific projects.</p> <p>Development of tools and templates to support specific contractors.</p> <p>Each contractor was given 9 days of consultancy time.</p>

⁷ A general term to describe systems (most commonly found in manufacturing) that identify and eliminate all waste - including product, wasted time and effort. 'Waste' is anything that does not directly contribute to creating value for the customer or end user of the service.

Partner	Project Objectives and Approach
Chamber of Commerce and Industry of Northland (NCoC)	To build sustainable and thriving workplaces in the Northland region through raising productivity: Work with up to five workplaces that formed part of a supply chain in the Northland region. The workplaces were to be selected and assessed using the internal resources of the partner. The next phase would employ appropriate consultants to work with the workplaces based on the needs identified in the initial assessment process.

A funding agreement between the Department and each partner was drawn up and a contract signed. Funding was allocated based on the approach proposed by each partner and reflected the project size and number and expertise of the consultants involved. The contracts included a range of principles that would underpin their working relationship (see Appendix Three).

Workplace selection and assessment for readiness

Each partner took a slightly different approach as to how they identified and assessed if workplaces were 'ready, willing and had the capacity to make changes':

- The ITF put forward an initial selection of potential ITO workplaces. The lead consultant then visited each CEO to gauge the level of management commitment to the process, willingness to contribute resources (both managers' and workers' time), and readiness. Eight workplaces were selected initially but one pulled out early in the process due to unexpected financial pressures. Seven workplaces were eventually selected.
- The EPMU and DWU union organisers selected potential workplaces. Criteria included the need for the workplace to be heavily unionised; a good working relationship between the unions and management; and demonstrated management commitment to working with the union on productivity issues. The lead consultant then visited each potential workplace to assess their level of readiness. Seven workplaces were eventually selected.
- The NZMC primarily used their own networks to select potential contractors to participate. Twelve contractors initially started the project and went through a baseline assessment to establish how they were operating. This process revealed that one contractor was unsuitable due to lack of business viability. Eleven contractors were eventually selected.
- The EMA project used the lead consultant's networks to select workplaces based on prior knowledge of the companies' suitability. Initially four workplaces were selected, but one was eliminated due to concern about management commitment and ability to change. Three workplaces were eventually selected.
- The NCoC used its existing networks and the Department's Labour Market Knowledge Manager to identify suitable workplaces. Initially the local boat building industry was identified as a possible supply chain but was not pursued because of concerns that the industry was already receiving government support via NZ Trade and Enterprise (NZTE). A group of four other potential supply chain workplaces were then identified and this list was narrowed down to one final supply chain. However, the project had not progressed beyond this selection phase at the time of the evaluation.

A total of twenty-eight workplaces participated in the projects across four of the five partnerships. These workplaces represented a range of industries: printing, manufacturing, apparel, forestry, horticulture and viticulture. A variety of small to medium sized workplaces were selected. For example, a husband and wife contracting

partnership whose employee numbers varied seasonally, and a factory employing more than 350 workers.

Workplace locations included rural and urban areas across New Zealand with the majority in the three main centres of Wellington, Auckland and Christchurch. (See Table 2 below.)

Table 2: Number of workplaces selected, location and industry

Partner	Number of workplaces	Location and industry
Industry Training Federation (ITF)	7	Across NZ 4 x Printing 2 x Apparel 1 x Forestry
Employers and Manufacturers Association (Central) (EMA)	3	Wellington 3 x Manufacturers
Engineering, Printing and Manufacturing Union (EPMU) and Dairy Workers Union (DWU)	7	Across NZ 5 x Manufacturing 1 x Packaging 1 x Electrical
NZ Master Contractors (NZMC)	11	Bay of Plenty: 3 x kiwi fruit contractors Hawkes Bay: 4 x apple contractors Marlborough: 4 x viticulture contractors
Chamber of Commerce and Industry of Northland (NCoC)	<i>Proposed 5</i>	<i>Proposed</i> viticulture supply chain in Northland (at time of the evaluation report): 1 x winery (grower, producer, restaurant, tourism destination) and 4 within this supply chain: 3 x grower 1 x supplier of horticulture products to growers

The lead consultants (from the ITF, EMA ,EPMU/DWU, and NZMC projects) used their existing networks to identify other consultants to work with their selected workplaces. Seventeen consultants were hired to work with the twenty-eight workplaces.

Use of WPA seven drivers of productivity within the consultancy approach

The partners and their lead consultants were free to incorporate and adapt the WPA seven drivers of workplace productivity into their approach as they saw fit. The Department encouraged each group to develop an approach appropriate for their industry or group.

In general, the WPA seven drivers were not used directly as most consultants had developed their own approach for improving workplace productivity. They were familiar with the seven drivers but considered them of limited use because, although they were a good starting point for workplace productivity assessment, they did not provide an integrated holistic view of how a business operates.

However, the NZMC project did adapt and incorporate the WPA seven drivers into their approach. They were condensed into three areas — process, people and product — as an appropriate way of assessing what productivity meant to their industry contractors (see Appendix One).

Workplace projects

Initial assessment

The majority of workplaces went through an initial assessment by consultants to identify their needs and possible areas for improvement. Some consultants used their own individual assessment tools and others used those developed by the partners. A Workplace Productivity Assessment Tool (WPAT) was developed by some ITF consultants as part of their assessment and funded separately by the Department so it could be used more generally (see Appendix Four).

The time spent on initial assessments at each workplace varied significantly according to the consultants' style and expertise. Some consultants developed a more defined and structured approach to their work while others were less prescriptive.

For example, three consultants took fifteen days to undertake a detailed assessment for one EMA workplace which compares to one consultant who instead focused on teaching company staff the tools to assess their own needs (and to implement suitable actions).

The assessment process generally included:

- interviewing managers and workers, and facilitating workplace discussions to identify issues
- analysing data provided by the workplace and observing how it operated.

Common areas of improvement identified by the consultant's assessments

The consultants' assessments highlighted a range of issues they believed needed to change if productivity was to be improved. These issues provided the basis for their work across all of the projects.

- Strategic and operational planning, including:
 - clearly defined goals and effective business planning
 - indicators to measure performance against
 - knowledge about what it costs to produce services and how much to realistically charge for these services
 - awareness of customer needs and levels of customer satisfaction.
- Management capability and leadership skills including:
 - improving communication within the workplace
 - effective delegation of responsibility
 - performance tools to manage and motivate staff participation.

- Application of 'lean' principles and improving work processes and organising workflow
- Teamwork and collaboration in the work process.

Summary

The government entered into five private sector partnership agreements to achieve shared responsibility between government and industry trusted advisors for improving workplace productivity; gain a better understanding of what was needed to assist firms to introduce high performance workplace practices; and explore possible roles for government and other parties in raising workplace productivity.

Each partner set up a steering group to oversee the process and develop individualised objectives and approaches. Four of the five partners hired lead consultants and one managed the process using internal resources.

Each partner developed a slightly different approach to how they identified and assessed if workplaces were 'ready, willing and had the capacity to make changes.' The majority used their partner networks to identify potential workplaces. The lead consultants then took on the primary role of assessing the readiness of the selected workplaces.

Twenty-eight workplaces participated in the projects across four of the five partnerships – one partnership only got to the stage where potential workplaces were identified.

The majority of participating workplaces went through an initial assessment by consultants to identify their needs and possible areas for improvement.

There was a range of consultancy expertise, styles, and models. The workplace assessment process highlighted areas the consultants believed needed to be addressed and this became the basis for their approach with each workplace.

Areas identified for change and improvement included strategic and operational planning; management capability and leadership skills; organising and understanding workflow; and workplace culture and communication.

Chapter Three assesses the success of these projects at the workplace; what worked and what did not work and why.

4 PROJECTS AT THE WORKPLACE

This chapter discusses the success or otherwise of the projects at the workplace. The chapter is divided into two parts: what worked and why, and what did not work and why, for the twenty-eight workplaces working with the project business consultants to improve their productivity. Some individual case studies are included.

What worked and why?

A range of changes was made across the twenty-eight different workplaces that participated. Every workplace made some changes: these varied from considerable changes right across the workplace; to relatively isolated and minor changes focused on one part of the workplace.

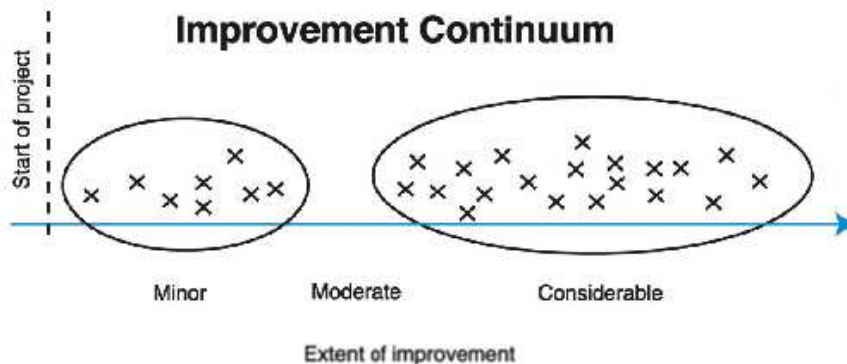
These changes are summarised below:

- Communications processes within the workplace:
 - Regular structured meetings.
 - Processes to increase staff participation in problem-solving and the improvement process, eg, 'root cause analysis' and 'value stream mapping' tools to help employees and management identify where and why problems occur and how best to fix them.
 - Development of workplace target materials to inform staff of progress, which included visuals to track defects and productivity improvements.
- Organisational processes within the workplace:
 - Tidying up and better organising of work flow, including introducing the lean Five S's approach (Sort, Set, Shine, Standard and Sustain), and identifying and eliminating 'waste' in workplace processes.
 - Documenting systems and processes, such as introducing shift handover sheets; induction for new staff; and machinery operating information.
 - Introducing management tools to help human resources processes, such as performance management tools, and daily task sheets for supervisors.
 - Strategic and business planning, such as goal development; financial reporting and budgeting; developing costing models; and introducing new software to support business operations.

Impact on improvements to productivity

The impact of the projects ranged from minor to considerable improvements to workplace productivity. The diagram below broadly positions the twenty-eight⁸ workplaces on the continuum and illustrates that improvements to workplace productivity were prevalent in the majority.

⁸ Only twenty-seven of the twenty-eight workplaces had an evaluation visit, due to one workplace being unavailable. This workplace is still included in the overall analysis, as their consultant provided information on the impact of the project.



The above diagram – “Improvement Continuum” - shows the extent to which companies had achieved productivity improvements over the course of the projects. For twenty workplaces, management and employees experienced moderate to considerable improvements in their culture and work processes. Some examples are as follows.

- Increased worker participation: workers actively involved in improving processes and ensuring better quality of product; improved communication with management; increased delegation of responsibility; and the introduction of training tools.
- Increased knowledge and skills across the workplace for both management and employees: people working ‘smarter not harder’; reduction in overtime; decreased workplace stress; better work-life balance.
- Improved business planning: better understanding of how to effectively plan and operate the business; better understanding around costings and margins resulting in more cost effective decisions being made; increased cash flow from being able to manage processes more effectively.
- Improved work processes: by better organising the work flow and increasing efficiencies; eliminating waste in processes; more cooperation among workers along the work process; decreases in defects; increases in quality and efficiency; reductions in the time taken to complete jobs.

In the remaining eight workplaces, management and employees could only see slight and often isolated improvements to workplace efficiency and culture. This group will be discussed further under the section ‘What did not work and why?’

Workplaces that experienced significant improvement

Management and employees in the twenty workplaces that saw moderate to considerable improvements to workplace productivity were confident they were on the right path and there was a clear message that the benefits already experienced, and anticipated for the future, meant they were committed to the continuous improvement model.

The projects encouraged clear communication throughout the organisations; supported employee participation; and allowed time for better planning and development of

systems and processes that could significantly improve productivity and profitability. At the time of the evaluation, changes in some workplaces had already resulted in considerable improvements to their productivity and profitability.

Management and employees drew on metaphors such as 'a light went on' and 'something clicked' as they began to see the value in meaningful communication, and taking time to sit back, reflect and ask questions about why their company operations were having a negative impact on productivity .

The light switch was turned on for us about the changes we had to make to remain globally competitive. Probably the most important development is that the mindset of our staff has changed as well. Managing Director

Everyone looks at things differently. We now hardly ever send out bad quality product. Logistics Manager

...we seem to have a hell of a lot more time, and all of a sudden our focus isn't on trying to find a piece of paper in the office, it's on our employees. Contractor

I feel a bit guilty in a way, because I should know all about productivity. I have been in the manufacturing environment for years, I've done an MBA and I have certainly done performance measurements and so on... it has taken time for us to grasp and register the concepts. General Manager

These personal insights into new ways of thinking and working to improve workplace productivity came at different stages of the project timeline for different individuals. For some it was almost at the beginning of being involved when everything appeared to 'click.' For others the insights came over time, with some describing the initial period as a state of confusion or being on a steep learning curve.

A small group of managers and employees in the workplaces had some previous experience of the concepts and had already begun to change how they approached improvement to productivity. But involvement in the project provided further evidence of the value of operating within a continuous improvement model.

The common thread across all twenty workplaces was that management could see the value of productivity improvement and adapted their approach accordingly. In some workplaces a few managers had begun to alter their approach but change had not yet occurred throughout the whole workplace. At the other end of the continuum there was an example where the majority of the workforce, from chief executive to shop floor staff, had changed their approach to productivity.

Workplace Example 1:

A medium sized printing company producing a range of packaging material for clients. The company had been around for many years and had a reasonably good reputation in the industry. It had not paid much formal attention to productivity improvements and had problems with waste, re-work and delivery times. The company had new managers, and the project timing was ideal for providing them with the knowledge and sound framework necessary for lifting the performance of the much greater effectiveness in meeting production deadlines

e company.

The company derived real value from the consultancy in terms of higher quality production, greater efficiency, and better motivated employees and management who jointly owned the quality improvement process. The major benefits to the company were:

- better quality work, less re-work and improved customer satisfaction
- a more motivated staff and greater sense of management/worker partnership
- a more rational use of capital and greater efficiency using existing machinery
- greater company strength through the current recession.

Being involved in the project has had a significant impact on the whole culture of the workplace with individuals (owner, managers, and employees) describing a mind shift in how they approach productivity improvements, and how they now see the value in such things as reflection and analysis, communication, and participation.

The project showed us the importance of planning. Personally it has given me the confidence to communicate on the same level as management and consultants, and made me want to work better and smarter. Machine Operator

The consultant's approach and style resonated well with everyone across the workplace and was a significant factor in the success of the project. Their approach was a very systematic and tightly structured targeting of both shop floor workers and management, with a focus on teaching them the tools and processes necessary to identify and pursue opportunities themselves.

As a consultant I don't go into the company with the attitude that they are wrong. Consultants should never do that; the challenge is to go in and give them enough information and skills to see what needs to be done. Then you facilitate them fixing it, but they actually own it. Consultant

We knew the theory behind all of this but anyone can just learn this stuff... the hardest thing is implementing it – that is where everyone goes wrong. But the consultant has been good at facilitating it all for us. General Manager

Workplace Example 2:

A contractor in the Bay of Plenty who provided labour for pruning and picking work in the kiwifruit orchard. The contractor (his wife was also an important partner in the operation) was originally an orchard worker and ran a large group of workers. Until he participated in the productivity project he had also been doing manual orchard work in order to derive an ongoing income. The contractor had a limited understanding of how to run a business. Both partners were under an enormous amount of stress due to business inefficiencies and poor quality working conditions.

The project concentrated on building up the company's business knowledge and administrative effectiveness. The immediate result was an increase in productivity and a dramatic change for the better in the working conditions of the contractor and his wife. Benefits to the contractor were:

- treating the company as a business, resulting in major improvements in efficiency and effectiveness
- better administrative organisation, with the owners deriving profit from operating the business and not from having to work in orchards themselves
- establishment of quality partnerships with growers
- being able to invest in staff development.

Respondents from a small group of workplaces commented they believed the project helped them remain viable in the current economic downturn and enabled them to be

more efficient. One managing director from the manufacturing sector believes that the knowledge gained from the project reduced the need for further redundancies (or 'saved' at least six jobs).

Some managers in the twenty workplaces found it hard to articulate any tangible dollar improvements to their bottom line at the time of the evaluation visits, but this did not diminish their enthusiasm for the project. Their focus was on the positive impact the project had on such things as improved participation and motivation of staff. Because of this positive impact the managers were confident they were on the right path and dollar improvements in productivity would follow.

We have not yet got the gains we want, but we have the strength to talk about this with enthusiasm because of the feedback we have got and the participation – we know it is going to work. Owner of a printing company that had invested around \$100,000 (over a year) of its own resources as a result of the initial investment provided by the project.

Business consultant effect significant

The business consultants played a significant role in changing the way twenty of the workplaces approached productivity improvement. The discipline of having an independent business consultant coming in on a regular basis assisted them to put time aside solely to focus on improving the business. It also helped with communication throughout the workplace as the business consultant often acted as a facilitator to get everyone talking to each other.

The consultant pointed us in the right direction and certainly acted as an initiator for the whole process, it wouldn't have happened without the consultant. General Manager

The general manager from one manufacturing workplace participating in the EPMU/DWU project echoed the comments of a number of respondents about consultants. He maintained that regular visits by the external consultant kept them on the right track. The impartiality of an independent consultant was also important to management.

It was a systematic process but a lot of it is empowerment and by having the consultant coming and going, he could go down to the shop floor and make suggestions that weren't being taken the wrong way because he is independent. General Manager

The ability of the consultants to build rapport and good relationships was crucial, particularly for those workplaces where new concepts were being introduced. Clear communication was also important for enabling areas of confusion or concern to be worked through.

Initially the consultant talked about benchmarking and business flow on the factory floor. I asked them to map the business flow as I thought this was too big and complex for us. The consultant then realised it was too complex to map at this stage. Sales Manager

Three of the partner projects were designed so that the external consultants were able to attend workplaces over a period of time and be flexible with the timeframes and demands of each workplace.⁹ This was particularly important for the NZMC project as the

⁹ The EMA project approach was different in that the first stage involved an in-depth assessment of each workplace that was done relatively quickly over a couple of weeks.

consultants were given the flexibility to work with contractors outside of busy seasonal periods.

In one workplace the associate ITO and the business consultant introduced the Competitive Manufacturing Initiative¹⁰ training into the workplace.

Management considered this approach perfect for their needs, as they had always wanted this type of formal training with a 'hands on' focus. The onsite training included understanding and identifying waste, problem solving and leadership training.

Feedback from across from the shop floor was positive, with many of the workers describing a shift in their thinking around productivity improvement.

It's amazing how all of a sudden your brain clicks on because someone pressed the right button. Team Leader

Direct value encouraged participation

The workplaces that benefited most from the projects were those where the managers and workers could see the direct value of the consultant's assistance, and its relevance for themselves and the business. Tailoring the assistance to the workplace was critical.

There were numerous examples across the twenty workplaces of individuals (both managers and employees) committing to, and actively participating in, the process once they saw the direct value of the project to them and their work.

The project allowed us to explain what we do to others [in our workplace] giving managers insights into what we do and our frustrations. Any good operator would get it, I have been waiting for this in our industry. Machine Operator

What I ask for is actually getting done, management have actually listened, before they didn't, even if it was just small things, it makes a huge difference. Supervisor

Over half of the twenty workplaces decided to continue to fund the external consultant after the project funding expired as they could see the significant direct value this input generated for their business.

Managers in this group acknowledged that without direct experience it would be a challenge to convince others of the value of the process. The initial government funding was seen as an important factor for participation, with many managers commenting that they would not have been able or willing to invest the funds themselves. Once they began to see the direct value of the process for their business they were prepared to invest further by paying for the external consultant directly.

I would have paid for the consultant for their entire time because of the difference it's made to our business...I don't know how you sell that though, as we only knew that in hindsight. Owner

The project was viewed by the twenty workplaces as an extremely positive government initiative. For some it was the first time they had benefited from any type of government programme assistance and they welcomed this support for New Zealand businesses.

¹⁰ The Competitive Manufacturing Initiative is run by a range of ITOs. It includes a formal training aspect and uses a systematic approach to producing high quality goods for the least cost with the least waste.

Business has been hard for a long time, so to get any help from the government to improve it, has got to be a win win ... if governments can get behind business today... just do the maths of what it would cost if businesses failed in New Zealand. General Manager

Other factors influenced the change process

The external assistance offered by the business consultant(s) played a significant role in influencing individuals to change their behaviour, but it was not the only factor. Often it was a combination of different activities working together that influenced a behavioural change.

These activities included:

- networking with other workplaces
- seeing the benefit of the change made within the project timeframe
- building on existing knowledge on how to improve workplace productivity.

Networking with other workplaces

The projects provided opportunities for workplaces to actively network. The impact was significant for a number of managers and employees in this group. Both the ITF and the EPMU/DWU projects held workplace networking meetings. There were also opportunities to visit other workplaces, with consultants sometimes taking people to 'high performing' workplaces to show them what was possible. In the NZMC project one consultant used a mixture of group and one on one workshops so that contractors had the opportunity to work together to learn about what it means to improve productivity.

Many of the managers and employees found the networking opportunities motivating. The experience reassured them they were on the right track and highlighted areas they needed to focus on. For some it enabled a fuller understanding of what they were trying to do at their own workplace by having a day away to focus, listen and reflect. In a number of cases it sparked a sense of friendly competition between workplaces, particularly if there was a sense that some were achieving better than others.

Seeing the benefit of the changes made within the project timeframe

The majority of these workplaces could see some benefit from changes made as a result of the project, which triggered their ongoing support. For example, introducing regular structured meetings or improving the efficiency of a work process, helped build manager and worker commitment and enthusiasm. This also provided a fuller understanding of what the project was trying to achieve and how it could be applied to their workplace.

One Production Manager in a apparel company had begun to see changes in some of his employees, who were, as a result of the project, now taking the initiative and suggesting improvements. This demonstrated to him the importance of changing the culture to improve production. He talked about how one employee had recently suggested an improvement to how a machine operated that would save \$2000 per day.

I have been thinking about [that improvement suggested by the employee] for years, now I have a worker telling me that and its fantastic. A lot of people have grabbed hold of the project already and they haven't even started the next stage of training yet. Production Manager

Notably, it appeared to many managers that the most significant benefits came from making the smallest changes. For example, creating better communication processes

such as listening to staff and involving them in shared decision making. One manager reported seeing significant improvements once they began to increase communication with all staff. Management had begun to tell their workers more about the workplace; its objectives, profitability and general condition. As a result, staff were more interested and engaged in the future of the workplace.

That's fantastic...now these guys have a vested interest because they can see it, that's really had a significant impact, and it's so simple. Sales Manager

Building on existing knowledge on how to improve workplace productivity

A small number of the workplaces involved had already started on the path of continuous improvement, and participating in the project built on and reinforced their existing knowledge.

For example, two workplaces had been through Enterprise Training¹¹ where they were introduced to lean manufacturing concepts. Their staff believed this prior training helped them take advantage of the projects and build on what they had already created.

Workplace readiness critical

The common thread with all twenty workplaces was a relatively good workplace culture to start with. Management was generally ready and open to engaging with the process, and willing and able to contribute resources — including managers' and workers' time for working on productivity issues. And there was a generally positive employer-employee relationship present that the consultancy approach could build on.

Reasons given for why this group of managers and workers were ready included that they:

- realised the need to change
- were already on the path of continuous improvement and the project reinforced this
- didn't think they needed to change, but once they saw the value became willing participants.

What did not work and why?

Being involved in the project did not facilitate a change in how productivity improvement was approached for at least eight workplaces. The changes introduced as a result of the projects were not seen to be part of the overall approach of continuous improvement.

Management and workers in these workplaces described the process as not being significantly valuable to them and only saw minor improvements to workplace efficiencies and culture. Managers and workers in this group focused primarily on the inadequacies of the approach and the consultants. Over half the managers in this group of workplaces had concerns about the approach and skills of the business consultant and could not see the value in what was trying to be achieved. A few managers commented that because the project was 'free' it wasn't valued as highly.

¹¹ NZ Trade and Enterprise runs The Lean Business programme and currently includes a seminar for senior company managers to help them understand the principles and benefits of applying lean business systems and the importance of leadership to success. The programme also offers up to \$10,000 to help businesses engage a consultant to provide initial staff training and develop a plan for implementing lean business systems - this funding needs to be matched by the company.

There were examples of individual staff within these eight workplaces experiencing a sudden or growing awareness of the important leadership role they and others played in continuously improving productivity. However, unlike the previous group of twenty workplaces, this awareness was not consistently reflected at higher management level. For example, the factory manager in one of these eight workplaces personally found the project a huge learning curve and realised in hindsight that staff needed more support from management to implement the project properly.

A number of individual union delegates talked about the value they got out of participating, despite the fact that overall the project did not gain commitment from their management. One union delegate found that the project opened his eyes to the positive role unions could play in workplace productivity improvements.

The training we do receive as delegates is mostly around dispute resolution and how to negotiate and all that kind of stuff. So I actually leapt at the chance to be able to be in a room with management without all the normal union baggage, and have a common goal to work towards. Union Delegate

Challenging to facilitate change when workplaces were not ready

One common thread across all eight workplaces was the lack of a good workplace culture to start with. Management was usually not ready and willing nor had the capacity to make changes and was less willing to consistently contribute the necessary resources (such as manager and employee time) to support the project.

Reasons given for why management were less willing to engage included that they didn't think they needed to change, and saw no value in the project for themselves. The majority of these workplaces did not have a positive employer-employee relationship, which made it difficult for the consultants to work effectively with management and workers.

Management needed to support it from the start. They supported the initiative of doing it, but I think we are still coming at it from different sides, so I don't think they bought into it fully. Union Delegate

When the workplace culture was not good to start with it made the whole process more challenging, particularly if the consultant's approach did not specifically address these issues. The evaluation found that the lean technical consultancy approach was not as effective in a workplace where there were existing culture problems that needed addressing.

In the box below a relationship consultant talks about the differences in consultancy approaches:

My approach would be more about building a relationship and getting people talking to each other; then out of that comes a range of initiatives about how to fix workplace problems in terms of production. The lean consultant is much more about the work processes, how do we improve the work processes, and what changes have to occur as a result of changing the work process. Relationship Consultant

The EPMU/DWU project provides a useful comparison of the differences between working with workplaces with different cultures. Seven workplaces participated in the EPMU/DWU project and a lean approach was used in all. In three of these workplaces management and workers were critical of the approach. They were concerned that the consultants did

not understand what the issues were. These workplaces had existing 'us and them' attitudes between management and workers.

The same lean consultancy approach was more effective in the other four EPMU/DWU workplaces. The common thread for them was a very good culture prior to the project.

Workplace Example 3:

The project only facilitated minor improvements in one manufacturing company. Barriers to success included pre-existing strained employer-employee relationships; particular resentment and suspicion on the shop floor towards productivity initiatives; and a lack of consistent management support for the project.

The project involved introducing lean manufacturing which focused on the seven wastes model. The project was introduced through the union and the consultants took a worker-centred approach to actively involve them in the process. Neither management nor workers thought that the lean approach taken by the consultants was particularly relevant for them. The company had previously worked with other consultants to introduce continuous improvement models, including lean programmes that encouraged employee participation, with limited success. But one successful improvement had created suspicion from the shop floor towards productivity projects, because even though the part of the business that had been worked on in the productivity improvement initiative became the 'best performer' in the company's international operation, it had recently been disestablished and relocated to Australia.

Active management support waned during the project. Though the international corporation gave initial support, it was difficult for the consultants to build employee commitment as there were redundancies and cost-cutting in the New Zealand operations because of the downturn. After six weeks the plant manager recommended the project be discontinued. Although there was some evidence of positive change in workers he did not think there was any data-based evidence to justify continuing the project.

The existing strained relationships between employers and workers impacted on the project. Some workers were wary of participating without knowing what was in it for them, and wanted better links between improvements to efficiencies and worker benefits. From the plant manager's perspective, employee involvement was critical to improving productivity, but the 'what's in it for me' attitude present throughout the project was challenging. He thinks the collective bargaining process and collaboration on continuous improvement should be quite separate.

Reflections on the project from management, union and workers on what worked and what didn't, included the need for more time upfront defining objectives for the project, defining roles and responsibilities, and aligning everyone's expectations.

We still think the project is valid, but the execution went wrong...let's debrief it, find out what went wrong, how can we make it better, and try again. Union Delegate

There were also two workplaces within the 'limited improvement' group of companies where management were not necessarily critical of the approach or the consultant. But they either didn't have the capability to participate fully and/or the consultant wasn't able to engage with them effectively. Both these workplaces made only isolated changes.

Projects trigger for potential change

Managers and workers in the eight workplaces showing poor progress had opportunities to reflect on what did and didn't work in the evaluation visits and at the EPMU/DWU networking meeting. As a result of this process of reflection, a number of managers acknowledged they could have played a more active role in supporting the project. It has triggered a shift in their thinking and next time they could potentially play a more effective role in the improvement process.

It was all negative... we didn't gel as a group and we have got to take a boot up the bum for it. We should have been brave enough to embrace it a bit more. Operations Manager

Change not always recognised by consultants

Consultants working within workplaces did not always recognise when a shift had occurred in how managers and workers approached productivity improvement. For example, in at least four workplaces (within the group of twenty where improvements were either moderate or considerable), consultants were concerned that managers and workers did not fully appreciate or understand what was being recommended. Whereas the individuals within these workplaces already viewed themselves as 'getting it.' The difference in perception was that the consultants were basing their judgement on how many of their recommendations were actioned, rather than how the workplace was approaching productivity improvements overall.

There was a difference in how one contractor and business consultant viewed the project. The contractor described the process as a 'self discovery' which had resulted in a major shift in thinking around what it meant to improve his business. Whereas the consultant saw this contractor as a 'work in progress.' The consultant thought there had been some progress but also a lot of 'dead ends,' with some initial suggestions being unsuitable, and the contractor often struggling to meet the goals set in the project.

Productivity difficult to easily define and measure

A universal understanding of what productivity meant was elusive for participants across the partnerships. The concept of productivity improvement was also described as unhelpful 'Wellington speak' that was not particularly relevant at the workplace level. Various consultants translated the concept into workplace language such as, 'looking at ways to work smarter not harder,' or 'taking hassles out of your daily tasks.' The ability to measure productivity improvements for the project was identified as an issue in all the projects.

Managers and workers generally found it hard to define the impact the project had on their productivity as it was difficult to quantify, and hard to separate from other impacts on their business.

Nothing is in isolation, you make changes, but the outside environment also changes [the dollar goes up, value of material increases] so it is hard to measure it...There is no way to quantify that exactly, but the better run more companies are, the more productive they will be. Managing Director

Consultants also highlighted the challenges in identifying and measuring productivity improvements. Often workplaces were not at the stage of developing indicators because they were not set up functionally and this made it difficult to come up with relevant measurements. It was also difficult to accurately measure return on investment because of the intangible nature of training, and involving employees in decision-making.

Summary

There was some form of improvement across all twenty-eight workplaces. These improvements ranged from those which had an impact across the entire workplace, to relatively isolated and minor ones. Improvements included increased worker participation, increased knowledge and skills, and improved business planning and work processes.

Twenty of these workplaces saw moderate to considerable improvement to their work culture and processes. Being involved in the project raised awareness and facilitated a change in how managers and employees approached improvement. This change also triggered the development of more effective leadership skills in individuals.

Managers and workers within this group of workplaces began to see the value and impact of good communication actively encouraging participation; taking time to effectively plan; and asking the 'why' questions. A small group of these workplaces had already started to change how they operated, and involvement in the project provided further evidence of the value of operating within a continuous improvement model.

Management in the twenty workplaces was confident they were on the right path and there was a clear message that the benefits already experienced, and anticipated for the future, committed them to continuous improvement. Over half of this group decided to continue to fund the business consultants after the project because of the significant value they contributed to their business. The consultants played a significant role in creating changes in approaches to productivity improvements.

Managers and workers needed to see the direct value and relevancy of the consultants' assistance for their business to effect change. The projects allowed consultants time to develop a good solid relationship with managers and workers, which was crucial for understanding their needs and tailoring assistance accordingly.

Other factors also influenced the change process in workplaces. Often it was a combination of activities working together that influenced individuals to change their behaviour and build commitment to participate in the improvement process. These activities included networking with other workplaces; seeing the benefit of the change made within the project timeframe; and building on existing knowledge to improve productivity.

The common thread across all twenty workplaces was a relatively good culture to start with. Management were generally ready, willing and had the capacity to make changes – including the willingness to contribute both time and money to the process. Also there was usually a positive employer-employee relationship that the consultancy approach could build on. Managers were prepared to fully engage with the process for a number of reasons, including a realisation they had to change; reinforcement of their prior commitment to continuous improvement; or seeing the direct value to their workplace.

Being involved in the project did not facilitate a change for at least eight workplaces. The changes being introduced (or recommended for introduction) were not recognised as contributing to continuous improvement within the business. Management and workers did not consider the process to be significantly valuable to them personally and thought it would introduce only minor improvements to workplace efficiencies and culture.

These eight workplaces all lacked a good culture to start with. Management was generally not ready and willing nor did they have the capacity to make changes. They were also unwilling to consistently contribute the necessary resources to support the project. At the majority of these workplaces strained employer-employee relationships made it difficult for consultants to work effectively.

5 PARTNERSHIP OUTCOMES AND CHALLENGES

This chapter assesses the success or otherwise of the partnerships, followed by a general assessment of the challenges of working in partnership with government.

The intent of the WPA partnerships was to achieve shared responsibility between government and trusted industry advisors for improving workplace productivity; gain a better understanding of what was needed to assist firms to introduce high performance workplace practices; and explore possible roles for government and other parties in raising workplace productivity.

A focus of these partnerships was learning in an experimental and flexible way. Each partner organisation developed its own specific project objectives and approaches for improving workplace productivity.

Partnership objectives and outcomes

Industry Training Federation (ITF)

Project Objective: To improve the ability of Industry Training Organisations (ITOs) to assist workplaces to raise productivity.

Project Outcome: Involvement in the project gave ITF and other members of the project steering group the chance to experience what it actually means for ITOs to be working with firms on productivity issues. The process strengthened ITF's links to the Department and other relevant agencies and enabled a wider, more strategic focus.

The project provided valuable crystallisation of thinking. It promoted concrete strategic thinking and discussion about what it actually means for ITOs to work with business on productivity, and what policy changes are needed to make it happen. ITF policy spokesperson

As a result of the project, a resource has been developed by the ITF to support ITOs working with firms on building productivity. These booklets were recently distributed to all ITOs at an ITF Conference.¹²

An investment funding model has been introduced by one ITO. This innovative initiative is an outcome from the projects that clearly demonstrates achievement of the overall partnership intent of shared responsibility. The investment fund is for workplaces to employ business consultants to assist them to improve their productivity. Workplaces that sign up for the fund agree to pay back the money after two years so the resources can be passed on to other companies. Five companies have signed up initially.

Employers and Manufacturers Association (Central)(EMA)

Project objective: To illustrate to a wide group of manufacturers how productivity and skill development can be translated into cost effective and practical ways to improve business processes and organisational structures that improve the success of the workplace.

Project outcome: The EMA developed an understanding about the type of support their employer members needed, particularly those which were owner operated. EMA were

¹² Building Business Productivity: Lessons for Industry Training Organisations, ITF and DoL 2009

given the flexibility and responsibility to try an approach which they hoped would motivate their members to see the value of investing in continuous improvement.

However, the approach taken did not always motivate workplaces to invest fully in the consultants' recommendations for improvement. All three workplaces received a detailed written assessment with recommendations for changes to improve productivity. Just having written assessments (without participation in an improvement process) made it difficult for workplaces to develop a successful relationship with the consultant. This was particularly an issue when what was being recommended was not perceived as being aligned with the needs of the individual workplace.

For example, at one workplace the owner seemed unwilling to participate in the productivity initiative. Having had the responsibility for major management decisions in the company for many years made it difficult for him to accept advice from an external consultant about different ways of running the business.

It is often about forming a relationship of trust with the person running the business. Even if the consultant has the technical knowledge, if they don't develop trusting relationships then they are not going to achieve results. Labour Market Knowledge Manager involved in an EMA project

EMA intended to detail the lessons learned across the whole WPA project and incorporate them into their website in order to provide information to their members about productivity improvement.

Engineering, Printing and Manufacturing Union (EPMU) and Dairy Workers Union (DWU)

Project objective: To build employer/worker/union partnerships in manufacturing and service enterprises that improve productivity by jointly managing the change process and implementing practical high performance work practices and applying tools that contribute to productivity growth.

Project outcome: The project improved employer/worker/union productivity-based partnerships in four of the seven workplaces that participated. The project did not necessarily improve productivity partnerships in the other three workplaces. Project success was hindered in the latter workplaces because they were not ready for a 'lean manufacturing' productivity initiative. Management was not ready to fully participate and the employer-employee relationships were not conducive to progress on the productivity front. There was an 'us and them' culture.

The evaluation interviews and an EPMU/DWU project networking meeting enabled useful reflection for all workplaces around the challenges and lessons of the projects. Managers and workers in all seven participating workplaces supported unions being actively involved in improving productivity. Even in the three workplaces where the approach did not have great success, the focus was still on how could they improve the implementation of this type of collaborative project in order to increase productivity (for example, by ensuring management played a more active role in supporting the project). The EPMU/DWU intend to publish the experiences of the participating workplaces as case studies so those experiences can be shared, and workers, unions and companies can learn from the project findings.

New Zealand Master Contractors (NZMC)

Project objective: To work with a small number of labour contractors in the horticulture and viticulture industries to trial interventions to improve productivity and enhance the attractiveness of the industry to employees.

Project outcome: The NZMC tested a range of approaches to improving productivity in three regions to learn as much as possible about which approaches work and which do not. One of the approaches trialed was not as successful as the others. Reasons for this included that the workplaces selected were not ready to engage, and the assistance offered was not suited to their needs.

As an outcome from the project the NZMC developed a potential productivity programme that includes templates and coaching material developed in the projects, and provides options for delivery of workshops and 'one-on-one' sessions. The NZMC focus is wider than just the contractors. It is planning to target stakeholders such as growers and other businesses operating in the sector with its programme.

Recently NZMC presented the key benefits of the workplace productivity project at the National Horticultural Conference. The focus of the conference was on improving productivity in this primary sector. NZMC saw this as an opportunity to target the wider supply chain within the industry and demonstrate the benefits to everyone of improving their productivity. Other contracting industries, such as the forestry sector, were identified as potentially being interested in investing in this type of project, as the tools and materials could be easily transferred.

Chamber of Commerce and Industry of Northland (NCoC)

Project objective: To build sustainable and thriving workplaces in the Northland region through raising productivity.

Project outcome: At the time of the evaluation report, the NCoC partnership had only completed phase one of the project. A number of issues led to this result: problems managing the project due to internal capability and capacity difficulties that impacted on the partnership process; a lack of effective communication to clarify roles and responsibilities within the partnership; and the decision by the Chamber not to hire a lead consultant at the beginning of the project to help develop the approach to, and manage, the project.

The NCoC approach was to internally manage the first phase of identifying appropriate workplaces to participate. The second phase would have been to select appropriate consultants to work with the selected workplaces. NCoC and the Department saw value in this approach as it would match the consultant expertise with actual workplace need. From the Department's perspective, additional value could have been gained from the development of expertise within the NCoC, and the project outcomes had the potential to be different from other partnerships because of NCoC's regional perspective and supply chain focus.

The project's focus on a supply chain¹³ imposed an additional constraint as it was an unfamiliar concept for the partner and it took time to fully understand the ramifications

¹³ The approach proposed was to work with up to five workplaces that formed part of a supply chain in the Northland region.

of the concept. Furthermore, identifying suitable Northland workplaces that fitted within the project concept was also challenging and time consuming.

In late 2008, concerns about internal capability and capacity were highlighted as part of the evaluation process. The Department then took a more active role to support the partner. At its suggestion NCoC brought in an external consultant to complete phase one and help develop a proposal for phase two. The phase one report was submitted in June 2009, along with a proposal for the next phase that identified one winery and four associated supply chain workplaces. At the time of the evaluation report it was unclear if phase two would continue due to personnel changes and resourcing problems.

Lack of effective communication to clarify roles and responsibilities within the partnership may also have affected its success. Prior to the evaluation process highlighting these concerns, there was an earlier indication that the partner may have needed more support.

Although the project leader (NCoC) did not think help was required, the Department acknowledges that it could have played a more active role in supporting the partnership and particularly the person leading the project.

Distance also played a part in hindering effective and consistent face-to-face communication between the Department and the partner. In addition, changes in the departmental staff managing the partnership could have contributed to uncertainty on the part of the partner.

The project steering group contained the potential expertise to support the project leader, but was not adequately informed about what help was required. In hindsight, the steering group members thought they could have played a more active role in obtaining information from both the project leader and the Department and in contributing further to project development.

This example raises issues around government agencies working with partners that may not have the immediate capability or capacity to develop and manage such a project and the responsibilities government has in ensuring partners are adequately supported throughout the process.

Partnership challenges

Selecting workplaces

Selecting workplaces was relatively easy for ITF, EPMU/DWU and NZMC as they had strong network connections to help identify appropriate workplaces. Examples are as follows.

- ITOs in the ITF had already established solid relationships with workplaces. Their lead consultant found the ITOs pre-selection allowed the project to move faster than cold calling without the help of a 'trusted partner.'
- EPMU/DWU was able to use union organisers who had in-depth knowledge about the culture of workplaces. These organisers put forward workplaces across the country that, from their perspective, historically had good working relationships with the unions and would be willing to participate in a productivity initiative sponsored by them.
- NZMC used a combination of networks for accessing appropriate contractor workplaces (including a Department of Labour Market Knowledge Manager who had established contractor networks). Contractors already associated with the NZMC put

themselves forward and recommended others they thought would benefit from the project.

- The EMA and the NCoC found selecting appropriate workplaces more challenging as their respective organisations did not have established, direct links into individual firms. The EMA acknowledged that their role does not allow for strong relationships to be built with workplaces. They have a more superficial relationship with them, compared to industry groups like ITOs who have a specific training relationship. NCoC found it difficult to identify appropriate workplaces within a supply chain and found that building up its networks was a necessary first step.

Assessing readiness of workplaces

The challenge for each partner was assessing whether the workplaces selected for the project were ready, willing and had the capacity to make changes. In four partnerships the lead consultants took on the primary assessment role. The quality (and from that perspective, the success) of the assessments varied depending on the consultant's skill and experience and the match of consultant to workplace.

At a project-wide partnership workshop¹⁴ the consultants discussed the challenge of making an external assessment – without having an in-depth understanding of the conditions in the company – to judge whether a workplace was ready to participate in a productivity development project. One recommendation was to formalise the commitment of workplaces by gaining agreement in the form of a Memorandum of Understanding (MoU) between the company and the project 'owner.'

The ITF project developed a list of possible criteria for ITOs to identify if businesses were 'ready' to participate in a productivity initiative:

- Management is committed to the process

- Employer-employee relationships within the business support a genuine 'whole-of-business' approach to raising productivity

- The business is willing and able to contribute resources – including managers' and workers' time – to working on productivity issues

- The business is genuinely in a position to change the way it works in order to promote productivity.

Building Business Productivity: Lessons for Industry Training Organisations

A small proportion of all selected workplaces were not ready to effectively participate in the productivity initiative. Management was generally not ready and willing and had only a limited capacity to make significant changes. There was also a reluctance to consistently contribute the necessary resources (such as manager and employee time) to support the project. In the majority of these workplaces a positive employer-employee relationship was absent.

These 'unready' workplaces (eight in total) were spread across four of the partners:

- ITF: one out of seven workplaces selected
- EMA: one out of three workplaces selected
- EPMU/DWU: three out of seven workplaces selected
- NZMC: three out of eleven workplaces selected

¹⁴ 30 October 2008 Workplace Productivity Partnership Project Workshop

Working in partnership

The intent of the WPA was to explore possible roles for government and other parties in raising workplace productivity. Taking the partnership approach was a way to engage with different groups and encourage collaborative working relationships which value shared ownership and support innovative thinking. The Department sometimes found this way of working challenging, as it was not always clear what these partnerships should look like in practice, and what the roles and responsibilities of each partner were.

A list of generic principles such as mutual trust, goodwill, and the importance of the relationship were included in each partner's contract. (See Appendix Three.) However, these principles were not explicitly discussed upfront nor built into the working relationships with the partners.

There was minimal discussion between the Department and partners of the implications of working in partnership. This lack of understanding became apparent to the Department when projects did not go as intended.

There were also instances where the Department had concerns about partners not operating within the partnership principles, such as ignoring the 'early warning, no surprises' approach. For example, the Department observed one partner taking action they thought their project steering group had not agreed to, but found it difficult to address this without damaging the relationship.

In hindsight, the Department could see that discussing upfront how these projects were going to work in practice was an essential part of the process. There may also have been value in having an explicit separate agreement between partners and the Department that explicitly outlined the roles and responsibilities of each.

Balancing government accountability

These projects were intended to be experimental and take a flexible, learning approach. There was potential tension, however, between the project objectives and partner accountability requirements and the government's wider financial accountabilities.

As the projects progressed, balancing the tension of working within government financial accountability frameworks and an accountability framework based on principles such as mutual trust, goodwill and the importance of relationships, appeared to become increasingly challenging for the Department.

Initially, the Department did not appoint an overall project manager who could focus on ensuring that contractual and financial obligations were adhered to. Rather, the focus of departmental staff appeared to be more on developing, supporting and maintaining the relationships with the five partners. As a result there were examples of reporting not being consistently delivered nor followed up by the Department. When it was realised there was a risk in not having a tighter accountability process, an overall project manager was brought in.

Departmental staff involved in the project acknowledge the importance of having both a relationship and financial accountability focus when working in a government/private sector partnership. Too much focus on accountability can hinder development of an effective partnership aimed at supporting innovation while too much focus on the relationship can lead to problems around accountability. Departmental staff believe that working within a partnership model requires a degree of flexibility and trust. This can be

difficult when working within the context of the Public Finance Act and the Official Information Act.

One of the project steering groups commented on the challenge of balancing government accountability with sharing responsibility in a partnership. They thought it important for government to let the partner take the responsibility for making a success of the partnership productivity project, and to respect the skills of the partner organisation and not interfere too much, but rather 'trust them to do it.' Although partnership with government was challenging, any issues should be resolved because of the importance of working together in the pursuit of improved productivity.

Summary

The intent of the WPA partnerships was to achieve a shared responsibility between government and trusted industry advisors for improving workplace productivity; to gain a better understanding of what was needed to assist firms to introduce high performance workplace practices; and to explore possible roles for government and other parties in raising workplace productivity.

Four of the partners (ITF, EMA, EPMU/DWU and NZMC) demonstrated that participation in the project increased their understanding of, and commitment to, workplace productivity issues. These partners had either developed practical tools and materials to support their members to improve productivity, or intended to publish case studies to share lessons learned.

There were examples where these partnerships created innovative thinking and initiatives. An ITO within the ITF project introduced an investment fund model to enable other workplaces to access a business consultant. NZMC had developed their thinking beyond their own contractors; targeting the wider supply chain within industries to demonstrate the benefits of participating in productivity initiatives.

Though the approach trialled in these partnerships did not always work for all participating workplaces, useful lessons can be drawn for the future, including the importance of employer-employee relationships in any productivity initiative; management commitment; and tailoring the approach to the specific needs of the workplace.

One of the objectives of the WPA was to explore possible roles for government in raising workplace productivity. There was a list of generic operating principles in each partner's contract but these had not been specifically discussed.

Departmental staff sometimes found the partnership approach challenging as it was not always clear what the roles and responsibilities were for each partner. It would be valuable to make these requirements explicit at the beginning of the projects.

There was tension in balancing government financial accountability and the partnership accountability of shared responsibility. Too much focus on government accountability can potentially hinder partnerships that require a degree of flexibility and trust but too much focus on the relationship can lead to a lack of accountability.

6 LESSONS

This chapter identifies lessons from the WPA projects that would assist workplaces to introduce high performance productivity practices; and discusses lessons for government partnerships to encourage shared responsibility and innovation.

Key lessons

1. Readiness of the workplaces to change is a necessity. Being ready means that management are prepared to actively support the process for change. A positive workplace culture is also needed with good employer-employee relationships.
2. Developing leadership skills throughout the workplace opens up the potential to create a shift in culture towards achieving continuous improvement.
3. Managers and workers need to see the direct value of improvements in productivity in order to continue with the projects. Once benefits are experienced as being sustainable, workplaces commit themselves to continuous improvement.
4. The partnership model is a key factor in helping many of the project workplaces discover and implement productivity initiatives. It also demonstrates the constructive role that government can play in supporting firms, industry and union groups to share responsibility and encourage innovation.
5. The projects demonstrate that although a partnership model is an effective one for government, improvements to the process could be made to increase its effectiveness. There are responsibilities and implications when working in partnership with government that need to be made explicit at the outset.

Understanding the readiness of workplaces

The intention of the projects was to select workplaces that were 'ready, willing and had the capacity to change.' There were different understandings of what 'ready' actually meant to all participants in the projects, including partners, consultants and workplaces.

Workplaces need to be ready to actually address productivity otherwise it is unlikely they will make any sustainable improvements. Readiness for the project is reflected in the positive culture of the workplaces, management preparedness to commit, and relatively good employer-employee relations.

There is a difference between a workplace perceiving they are ready and actually being ready. All of the twenty-eight workplaces selected for the projects believed they were ready. In reality a small proportion of these workplaces were not. Sometimes key management members were not willing to actively support the project, or strained employer-employee relationships acted as a barrier to attempts to improve productivity. Such workplaces needed more preparation to at least recognise, and then resolve, potential barriers prior to implementing any productivity intervention programmes.

There is also a difference in consultants' and partners' assessments of readiness. Not all groups had an in-depth understanding of what was required, nor did they prioritise a positive culture and management commitment as critical factors for introducing change. The workplaces selected by the partners differed in their understanding of readiness.

Better understanding of the different levels of readiness helps with targeting the right assistance. There was a group of workplaces that were not ready for the assistance of a

business consultant, and needed more preparation. Preparation did not necessarily involve a planned intervention though, as some workplaces became ready when they realised the need to change in order to increase productivity.

Another group of workplaces were generally ready for the assistance being offered. Within this 'ready' group, a few workplaces were already practicing continuous productivity improvement and were well on track to make the changes they needed to make to achieve significant improvements in productivity.

Leadership underpins productivity improvement

Leadership throughout an organisation is a critical component of the change process. Those individual managers and workers who developed insights and skills for personal leadership gained considerably from the productivity projects. They understood the value of identifying new opportunities and knew how to inspire others and work as part of a team.

The WPA project demonstrated that unlocking, encouraging and developing leadership throughout an organisation makes a key contribution to productivity improvement. The WPA Seven Drivers of Productivity identify that building leadership is indeed critical and cuts across all other workplace productivity drivers.¹⁵

Without innovative and influential leaders at every level of a workplace it is difficult to successfully develop and implement productivity initiatives around any of the other key drivers such as organising work. Continuous improvement will not happen if individual managers and workers are unwilling to actively participate in the process on a sustained basis. Willing individual employees can not do it alone. No matter how strong their leadership qualities are, they need to be supported by both top and middle managers.

There is no single way to develop leadership skills at the workplace, as it is not a linear process. Skills were developed by being part of the productivity improvement process, and it was clear that insights into new ways of thinking and working come at different times for different people during the various projects. Triggers such as networking with other workplaces, or seeing the benefits of change played a role in helping individuals develop an understanding of the significance of leadership skills, and the contribution they could make, to productivity improvement in their workplaces.

The business consultants employed on the projects played a significant part in helping build a culture of individual leadership. Some consultants explicitly acknowledged the importance of focusing on developing individual leadership skills as part of the process. In other consultancy approaches these skills, though not a direct focus, were developed as an outcome of their assistance.

The projects demonstrated and reinforced to all project participants (partners, consultants, managers, and workers) that workplace productivity is fundamentally a people issue and to a lesser extent a technical one. Productivity can be improved by providing a receptive and skilled group of employees (both management and workers) with a range of technical skills that can be applied to redress productivity issues. But the people issues need to be addressed first in order to effectively improve productivity.

The projects also demonstrated that positive personal relationships across the workplace made an important contribution to the success of the productivity initiatives for the small

¹⁵ See Appendix Three: WPA Seven Drivers of Productivity

to medium companies that participated in the WPA project. Good and supportive relationships between a business consultant and individuals in the workplace are also vital. If relationships between the various actors who contribute to productivity improvement are not productive and valued there is likely to be a potential barrier to effecting change.

Relevance of WPA Seven Drivers of Productivity

It was unclear from the evaluation how all of the WPA drivers interplayed with each other, as the projects generally focused on three drivers: building leadership and management capability; creating productive workplace cultures; and organising work. This raises questions about whether some drivers need to have a higher priority than others, if they establish a foundation for the other drivers or if some are irrelevant for small to medium workplaces.

Revisiting these same workplaces will explore if concentration on the initial three WPA drivers actually leads, in the end, to a greater focus on the remaining four drivers: investing in people and skills; encouraging innovation; use of technology; and measuring what matters. There would be value in investigating if and how small to medium workplaces develop more formal and objective measures for productivity improvement or content themselves with less tangible judgements about the extent to which they have increased their productivity.

Seeing the benefits encourages participation

Many managers and employees need to be able to see the direct benefits of the projects before they are prepared to commit to participating and investing further in productivity improvement initiatives. These benefits did not, at least initially, have to be tangible improvements to their bottom line. Improvements to intangible values such as workplace culture, worker participation and employer-employee relations had a considerable influence on the enthusiasm of management, in particular, to participate in the project and to maintain a sustained drive for productivity improvement.

Direct assistance plays important role

The project demonstrated that direct assistance (in this case, consultant assistance) was a vital step in workplaces appreciating the value of continuous improvement and triggering their participation in the project. Even though workplaces had identified that they needed to improve productivity, with many managers knowing the theories underpinning productivity development, they did not understand how – or they did not feel they had the resources of time or funds – to make the necessary changes in practice. Awareness-raising initiatives or off-site training, with no follow up on how to actually apply what was learned, appears to have had only a limited impact on improving productivity.

The project demonstrated that a targeted programme is an effective approach for embedding productivity improvements in small to medium workplaces. Programmes should be based on tangible workplace improvement initiatives which are assisted by appropriate consultants and involve both management and employees participating in and taking ownership of productivity improvement processes.

Workplaces that experienced considerable positive effects from the project have shown that they will develop their productivity further by their adoption of a continuous

improvement approach. It would be valuable for the Department to revisit these workplaces in the future (for example, after one year) to explore the longer term impact of the projects on productivity improvement and the extent to which the productivity initiatives have been enhanced and/or sustained.

As part of the project, government provided seed funding which gave workplaces the opportunity to experience the positive benefits of employing a business consultant. This funding facilitated a range of interventions that had a considerable impact on workplace productivity. Some workplaces commented that prior to the project they could not have afforded a consultant and that they were so busy coping with day-to-day issues that organising productivity improvements was too difficult to contemplate.

On the other hand some workplaces in the project didn't know how to initiate productivity improvements as they had not been exposed to the range of tools and processes that could be brought to bear on productivity improvement. Although it would have been clear to most businesses that improvements in productivity would, in all likelihood, make a positive difference to profitability, it was clear that this had not been a sufficiently strong incentive to convince most of the workplaces involved – prior to the advent of the WPA project – of the value of making a conscious effort to improve their productivity.

One future challenge is how to promote the benefits of productivity improvements to workplaces to help them overcome their resource concerns, their concerns about the observable initial costs (and often intangible, at least initially, benefits) to the point that they are prepared to invest in productivity improvement without having to be 'induced' to do so by the offer of government assistance.¹⁶ The projects demonstrated the key role that other workplaces and industry and union groups can potentially play, as they have established networks, credibility, and speak the same language. Therefore, they may be better able to promote the value of investing in productivity initiatives (such as the value of employing business consultants or participating in training) than by an awareness campaign run by the government.

The projects did, however, demonstrate the direct positive impact that the government seed funding and a partnership approach can have on embedding productivity improvement into a range of New Zealand workplaces.

Partnership model effective for complex issues

Improving productivity at the workplace is a complex process; there is no 'silver bullet.' The partnership model (particularly where the partner had direct and well-developed relations with their clients) was a key factor in helping many of the project workplaces get involved with productivity initiatives. These public/private partnerships also demonstrated the constructive role that government can play in supporting trusted industry partners to share responsibility for productivity improvement and to encourage innovative approaches to achieving this.

Government institutions often find it difficult to work effectively in complex areas where there are no clear rules to follow to guarantee success. Often, complex problems require

¹⁶ Two barriers identified by the Workplace Productivity Challenge (WPWG) to introducing productivity improvement practices for workplaces were high information costs and costs outweighing benefits.

innovative and creative approaches that require flexibility; government bodies may not be able to provide the solution, but can remove barriers to facilitate new interactions.¹⁷

The partnership model underpinning the projects is an example of government taking an innovative and creative approach to a complex problem and instigating shared responsibility between themselves and trusted industry partners. These initiatives would not have happened without the leadership, facilitation, and funding role of government. The partnership organisations would have had difficulty driving these initiatives without some form of support.

The challenge now is disseminating the lessons learned in a way that leads to positive change being adopted more widely at the workplace. There are potentially valuable lessons to be learned from government continuing to work within the partnership model, to support and monitor these WPA initiatives into the next phase of dissemination.

Questions that will need to be focused upon in any future activity surrounding dissemination of learnings and encouragement of productivity initiatives would include:

- What has been the wider demonstration effect of using websites, productivity booklets, case studies, investment fund models, and productivity programmes?
- Have these tools and initiatives led to workplaces actually making positive changes?
- What lessons have been learned for the dissemination process and the future role of government in supporting workplaces to improve their productivity?

Partnership process could be improved

The projects demonstrated that although a partnership model is effective for government with trusted industry partners, improvements could be made to the process.

There are responsibilities and implications when working in partnership with government that need to be made explicit. Roles and responsibilities need to be fully discussed at the outset, with time spent translating what they mean in practice. The process for dealing with concerns about the operation of the partnership should also be explained.

Connected to these roles and responsibilities is the importance of active project management processes for partnerships. Open communication and good relationships are key to ensuring project accountability.

The scale of the resources needed for initiating similar types of productivity projects need to be taken into consideration when entering into these types of partnerships. The government's potential partners are unlikely to be able to put together resource packages for a WPA type of project without some form of assistance. The resources provided by the government for employing consultants was key to the success of the WPA project and instrumental in helping the trusted partners develop the capacity to deliver the projects as they did.

One way for government to genuinely support shared responsibility, innovation and commitment in the partnership model is to explicitly support learning as a valuable outcome. The shift is not to avoid accountability, rather to make learning a focus of meaningful accountability.¹⁸

¹⁷ Westley, F; Zimmerman, B; Patton, M (2007) 'Getting to Maybe' Vintage Canada Edition.

¹⁸ Westley, F; Zimmerman, B; Patton, M (2007) 'Getting to Maybe' Vintage Canada Edition.

In the event the projects succeeded in making learning a focus of project accountability, but this was challenging as the projects and participants operated within the wider government financial accountability system. Tensions may have been easier to manage if roles and responsibilities were more explicit, so that everyone knew exactly what working in a government partnership meant, including being realistic about the wider government environment they had to operate within.

Summary

Readiness of the workplace to change was a necessity. Readiness for these projects was reflected by the existence of a positive culture with relatively good employer-employee relations and a committed management. Some workplaces needed more preparation, while others were already practising some form of continuous productivity improvements. A better understanding by all stakeholders of the different levels of readiness in the targeted companies or industry sector, will help with targeting the right assistance.

Committed and innovative leadership throughout an organisation is critical to effect change and create a culture for achieving continuous improvement. Productivity improvement is dependent on the people who work (at all levels) in the organisation and in many workplaces people issues need to be addressed first for productivity initiatives to take root. Continuous improvement will be difficult if the leadership skills of key managers and workers are not able to be focused on productivity improvement (or developed where they are nascent or non-existent).

Direct tailored assistance is an effective approach to enable workplaces to appreciate the value of continuous improvement and trigger participation. Managers and workers need to see the direct value of the projects before they are prepared to commit to participating and investing further.

The government seed funding – delivered through the trusted partners – had a considerable impact on workplaces as it gave them the opportunity to experience the positive benefits of employing business consultants. Once the value of an investment in productivity had been realised many of the participating workplaces purchased additional consultancy assistance from their own resources. The successful workplace models from the WPA productivity project will be able to provide compelling examples for demonstrating and promoting to others the value of investing in productivity initiatives.

The partnership model demonstrated the constructive role government can play in supporting industry, training and union groups to take on a major responsibility for improving workplace productivity. Developing partnerships with the emphasis on both positive outcomes and learning from the experience, is an example of government taking an innovative and creative approach to a complex problem. These initiatives would not have happened without the leadership, facilitation and funding role of government. There are potentially valuable lessons to be learned from government continuing to work with partners to support and monitor the next phase of dissemination of the results and learnings from the pilot WPA project.

Although the partnership model approach is effective, improvements to the process could be made. Responsibilities and implications when working in partnership with government need to be made explicit. The importance of strong and supportive project management processes for any partnerships established (implemented by both members

of the partnership) should also be emphasised. Open communication and good relationships are also key factors in good project accountability.

For some partners working to government accountability requirements appeared to be challenging. A better understanding of the implications of this way of working would be valuable and this needs to be factored into the partnership's planning and reflected in project documentation.

The experience of the current WPA project (as well as the information provided by ongoing monitoring of the outcomes being achieved by the participating workplaces) should enable a realistic assessment to be made of how much government resourcing is required to support or encourage/promote future productivity initiatives.

APPENDIX ONE: SEVEN DRIVERS OF WORKPLACE PRODUCTIVITY

The Workplace Productivity Working Group (WPWG) report of the WPA identified seven drivers of productivity. Improvements could be made using any of these drivers, depending on the priorities facing a particular workplace. The drivers were seen as being complementary to each other so that changes in one area reinforced changes in another.

Building leadership and management

Leadership and management capabilities were identified as key drivers of workplace capability and performance that cut across all of the other workplace productivity drivers. If there is a lack of strong leadership and/or management in a workplace, it will be difficult to successfully develop and implement initiatives around the other main productivity drivers. Leadership capability relates to an individual or a team's ability to identify new opportunities and inspire others to pursue those opportunities. Leaders are found at every level of an organisation and a productive workplace will have leadership depth. Managerial capability includes the strategic ability to adapt to a change environment, management and organisational skills, people and communication skills, information acquisition and learning process.

Creating productive workplace cultures

High performance workplaces are founded on a strong workplace culture in which motivated and engaged employees are willing to 'go the extra mile.' Workplaces can cultivate such an environment by fostering some significant cultural attributes such as acknowledging the contribution of individuals, rewarding participation and good ideas, developing healthy and respectful relationships in the workplace and promoting a sense of shared goals and values.

Encouraging innovation and use of technology

Innovation is a key part of raising workplace productivity. Creating new products or services or just doing things better are vital ways to achieve workplace growth. The knowledge and skills of employees at all levels provide a platform for further innovation and the ability to adopt and adapt ideas from elsewhere. The ability of a workplace to innovate depends on a variety of internal and external factors, including organizational culture, how work is organised, a shared vision and strategy within the workplace and the impact of such issues in the wider economic and regulatory environment.

Investing in people and skills

People and skills are a key driver of workplace productivity. More skilled workers can improve the output of a workplace in a number of ways. They may be able to undertake tasks more quickly and with fewer mistakes; allow more skilled tasks or technologies to be undertaken; require less supervision and perform more complex tasks and carry more responsibility; and process and communicate information more effectively. A skilled workforce can lead to more innovative behavior and can enable the use of higher levels of technology, which in turn leads to higher productivity.

Organising work

Workplace organisation is concerned with ensuring that all activities of the workplace are efficient and effective in adding value. Changes in workplace organisation that increase efficiency and effectiveness can thus contribute to productivity. Workplace organisation involves the workplace's overall strategy, its structure and hierarchy, the processes involved in decision-making and production, its employment relationships and reward structures. Effective workplace organisation occurs when all these components are reinforcing and aligned to the goals of the workplace.

Networking and collaborating

The use of networks and collaboration with other workplaces can reduce the costs of doing business and enhance workplace productivity. An important source of productivity is spill-ins of new knowledge and technology created elsewhere. Workplaces may rely on each other for technology transfer and learn from each other things such as manufacturing methods, modes of organisation, marketing or product design.

Measuring what matters

An important tool in increasing workplace productivity is the ability to measure productivity and the success of a workplace's strategies in enhancing its performance. Both internal and external measures can be used. Performance measures generally address the efficiency and effectiveness of a workplace's actions, the impact of its action on its performance and its performance relative to its plans. Measurement practices need to be tailored to provide effective information for a business to make good productivity decisions.

APPENDIX TWO: WORKPLACE PRODUCTIVITY PROJECT PARTNERS

1. Industry Training Federation (ITF) is a voluntary membership-based organisation, representing all of New Zealand's 39 Industry Training Organisations to government and working with agencies and sector groups to improve the policy for and delivery of industry skill development and workplace learning.
2. Employers' and Manufacturers' Association (Central) (EMA) is a member-owned and managed organisation that represents business and employer interests in all matters affecting enterprise operations.
3. Engineering, Printing and Manufacturers Union (EPMU) is a democratic union representing fifty thousand working New Zealanders across eleven industries. New Zealand Dairy Workers Union (DWU) is a democratic organisation representing 7000 dairy workers in the dairy industry.
4. New Zealand Master Contractors (NZMC) has been formed by the horticulture and viticulture contracting industry to provide employers with a reliable, skilled and professional labour force and help improve sustainability and productivity in the horticulture, viticulture and seasonal industries.
5. The Chamber of Commerce and Industry of Northland Incorporated (NCoC) is a non-political, non-profit organisation that represents the full spectrum of business interests, both small and large, in Northland – retailing, service, manufacturing exporters, importers and other organisations. The NCoC is a member of, and is acting as, agent for the Northland Labour Market Forum (NLMF), which has representation from a wide range of central government agencies and Enterprise Northland.

APPENDIX THREE: PRINCIPLES FOR EACH PARTNERSHIP

Within each contract signed between the partner and Department the following principles were outlined for the working relationship.

- We have shared aims and goals, and recognise that there are real benefits in working together towards them;
- We are committed to working together now and in the future with trust and goodwill;
- We agree that, given our shared aims, goals and commitment to trust and goodwill, our relationship with regard to this project is one of collegiality with shared responsibility for outcomes;
- We recognise the need for good communication and information sharing. For example, this means that whenever either party requests information related to the services, from the other, the information will be provided as soon as reasonably practicable;
- We will have realistic expectations of results to be achieved;
- We recognise that we will not always agree on all issues at all times, but that when there is any disagreement, both of us will work constructively and openly with the other to achieve as speedy a resolution, and at as low a level, as possible;
- We will operate an 'early warning, no surprises' policy in respect of areas of mutual interest;
- We agree that the Department is entitled to reasonably monitor the provision of the services to ensure they are being delivered in accordance with this Agreement; and
- We agree that if any additional work is required, or changes to this Agreement are required, both parties will work together to agree the scope of that work and the scope of the changes required to this Agreement.

APPENDIX FOUR: WORKPLACE PRODUCTIVITY ASSESSMENT TOOL (WPAT) ASSESSMENT QUESTIONS

WPAT areas of questions included background company information such as:

- staff numbers and demographic profile
- structure of work hours
- pay conditions
- recruitment and retention
- training.

Question areas were around the eight key variables of

1. Strategic focus reflected in company and product thinking.
2. Staff are clear about what they are doing and why.
3. Staff are equipped for the job.
4. Leadership is valued and is at all company levels.
5. There is a positive working culture.
6. Workplace relationships are constructive.
7. Rewards and working conditions are working well.
8. There is a staff performance development culture.