



BUILDING BUSINESS PERFORMANCE

KiwiRail Mechanical Services

The Partnership Resource Centre has helped turn around troubled staff-management relationships at KiwiRail's Lower Hutt workshops and, as a result, helped lift business performance.

- Improved productivity
- Serious workplace disputes cut to zero
- Improved workplace trust
- Reduced legal bills

FLAGSHIP PROJECT

The flagship project of the partnership between management at KiwiRail's Lower Hutt workshops and the Rail and Maritime Transport Union is the rebuilds of the rail operator's DX mainline locomotives.

Before PRC involvement, relationships between managers and workers in the rebuild teams were tense, there was no or little trust, and operational decisions were often delayed while minor disputes waited to be settled. This led to increased non-productive time, adding cost and time to each rebuild.

After working with the PRC, average rebuild times were cut by more than 6 percent – a reduction of 500-man hours per locomotive equal to a saving of \$15,000 per locomotive. More savings are expected.

Factors behind the improvements include:

- design changes,
- process improvement and
- better teamwork, the direct result of improved working relationships.



For the first 18 months, the PRC worked with the rebuild teams focusing on management – union delegate relationships, not on the production teams themselves. The next stage is to focus on the DX production teams. This is expected to bring further productivity gains.



THE TURNAROUND

KiwiRail's mechanical workshops were an 'old school' workplace.

'Us and them' attitudes dominated management and worker interactions, resulting in what both groups admit was a "rocky relationship".

Lawyers were often quickly brought in to help settle relatively minor disputes.

"If you go back a couple of years, it was pretty tumultuous," says Workshops Operations Manager Mike Smith. "And pretty confrontational," adds Rail and Maritime Transport Union Branch Secretary Terry Duffy.

Duffy and Smith say that in this environment there was a lot of emotion being brought to the table. The help offered by the Partnership Resource Centre gave the union and management a set of tools that took the emotion out of the equation, replacing it with fact-based analysis. Delegates and managers were trained in problem solving techniques which provided tools and a framework on how to constructively and cooperatively solve problems.

"It's about communication and trust," says Duffy. "Being a bit more open."

The RMTU represents 179 staff (mostly trades assistants, fitters, fitter welders, fitter electrical, coach builders, boiler makers, painters, storemen, team leaders and planners) of the 200 employed at the workshops.

The turnaround began in early 2008 when a dispute was referred to the Mediation Service. The service recommended workshop management and the union investigate putting their relationship on a new path using the services of the Partnership Resource Centre.

"We can now see each other's perspectives," Smith says.

He describes the partnership as one where "We are there for each other's success.

"Early on in the process we asked the questions: What are we here for? What do we have to do to be successful? Otherwise there will be no one here.

"If workers are going to invest their commitment in the business, they need to understand the business."



An example of the spirit of cooperation at the workshops, Smith says, was the way the union helped distribute and encourage participation in a KiwiRail staff engagement survey.

“Previously something like this would have been seen as a company thing.”

Duffy says that during the “12 to 18 months we have had the partnership, I’ve seen a noticeable improvement in the relationship with management. Things have improved vastly and workers are now willing to put in that extra effort.”

Managers are now providing workers with more information on the business such as work flows, customers and costs. This, he says, gives the workers a much better understanding of what

management wants, or the reasoning behind any proposed changes.

“It means company decisions are not immediately seen as a dig at the workers.”

One contentious issue is outsourcing. Duffy says workers rightly see this as a threat to their jobs, but now when proposals come up, they at least understand the factors driving them.

He says there’s also a new understanding that consultation doesn’t mean necessarily changing what managers are going to do. “It’s a two-way thing.”

“Previously we used to have never-ending consultation – things used to go back and forward, getting nowhere.”



MEASUREMENT

Smith says participating in the partnership has resulted in a “tangible improvement in relationships” while not imposing any new costs on the business. “They’re what you’d have anyway.”

Eventually this will show up in the numbers, he says.

“We believe the relationship foundation that we are building is setting the business up for the long haul. The results are coming through in our loco project and component builds. As we continue to work together further results will come.”



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BEFORE PARTNERSHIP	AFTER PARTNERSHIP
Poor quality communication, and resulting distrust, hamper productivity improvements	Evidence of improved productivity emerging from improved relationships
Disputes needing outside intervention were frequent. Over a one year period the workshops had half a dozen serious escalating disputes, personal grievances and an Employment Relations Authority hearing	In the 12 months to the end of July 2009, there have been no escalated disputes, personal grievances and no Employment Relations Authority hearings
'Us and them' attitudes between management and staff	Management and unions strive to find common ground as a basis for a partnership
Because of poor relationships, disputes were settled by lawyers	Disputes resolved face to face
Both sides spent substantial sums of money on legal support and advice	Legal bills virtually non-existent other than for occasional advice on employment issues
Business information not readily shared and made available by management	Managers are upfront with workers to encourage understanding and trust
Management worked around the union	Management works with the union
Negative, confrontational workplace	Improved trust

PARTNERSHIP RESOURCE CENTRE

What is the PRC?

Workplace partnerships programmes increase productivity, innovation and efficiency by helping create constructive relationships between employers and workers.

The Partnership Resource Centre assists businesses and unions to identify long-term mutual interests and put in place programmes that ensure the businesses and their workers thrive.

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For more information

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