

The Workplace Challenge Project

case study of Vynide Midland

The Workplace Challenge Project is intended to improve poor shopfloor relations in South Africa and thus promote growth and development. It aims to facilitate constructive dialogue between labour and management, enhance capacity, and improve the economic and competitive performance of companies as producers and employers. To participate, companies must set up a bipartite committee which appoints a consultant (subsidised by the project) who assists them in organising workplace change to their mutual benefit.

The first industry to start the project was the plastics conversion sector in 1997. Four companies completed the first phase of the project and signed up for a second phase, which ended in November 1999. As the first project, the plastics sector has provided many lessons for all the stakeholders involved. These lessons have been written up in two project reports that are available from Nedlac. This article looks at one of the most successful companies in the plastics project – things that it did right and problems it still faces.

The Vynide Midlands factory

Vynide's Midland factory near Sasolburg produces vinyl products for stationery and furniture. The low cost of transport for these goods means that it now faces competition from cheaper imports.

As part of the larger Vynide company

The Workplace Challenge Project aims to improve shopfloor relations in South Africa and thus promote growth and development. David Dickinson evaluates the implementation of the project at Vynide Midland and concludes that while there is cause for celebration, parties still need to tackle potential stumbling blocks.

(which has its main factory in Somerset West), many policies are determined at a company level. This adds an additional level of decision-making over policies which often come from Vynide's own parent company, Polifin. It also restricts management's ability to determine policies appropriate to the specific needs of the factory.

The factory is situated in Polifin's large Midland complex. Much of the industry in this complex is capital intensive. This has a number of implications. The imposed Polifin incentive scheme is inappropriate to Vynide's production which is less capital intensive. Workers are also paid

differently because Polifin falls under the Chemical Industries Bargaining Council whereas other Vynide workers fall under the Metals and Engineering Industries Bargaining Council. The result has been some loss of skilled workers who have left Vynide for other companies in the complex.

There are, however, also benefits from the factory's location. For example, the SACWU president works from an office on the main site. On a number of occasions he has valuably intervened to assist project processes.

Restructuring background

In 1992 management established a joint forum with the unions. It attempted to deal with issues such as personal loans, transport, and housing policy - but with little success. In 1997 a consulting company carried out a retrenchment exercise to cut costs. With hindsight, the main effect of this was a loss of skills, which have since had to be replaced.

The workforce was originally unionised by SACWU. In 1989, CEPPWAWU (then CWIU) organised on-site and approximately one quarter of Vynide shopfloor workers are currently members. A small number of workers, primarily artisans, are members of the Mine Workers Union (MWU). With some upward mobility of the African workforce, both SACWU and CEPPWAWU (as well as the MWU) organise a number of staff members.

In February 1999 Polifin announced its intention to sell the company. Negotiations with a number of buyers were conducted through a merchant bank. When the sale might occur, and what this would mean for the company and its employees, had not been resolved by November 1999.

End of Phase One.

The Midland site did not embark on the first phase of the Workplace Challenge

until mid-1998. The project consultant focused on challenging management culture. Management, in particular the new factory manager, trained 'natural workplace teams' on the shopfloor.

The existing forum was reconstituted as the decision-making forum (DMF) to include representatives of the three unions, management, supervisors, and the natural workplace teams. The DMF was given 'full decision-making authority over issues of workplace governance'.

The DMF rapidly resolved some 'burning issues', such as housing policy and personal loans. Some initial gains in productivity were also recorded but these were not sustained. With the exception of the factory manager, few managers embraced the project.

A number of shopstewards supported the project but increasingly found themselves ill equipped to deal with the issues involved. At the December 1998 meeting of the DMF, these representatives told the factory manager they needed further training to continue engaging with the project.

Phase Two

Although funding for Phase Two of the project was available in early 1999, it was not until June 1999 that the project was re-launched. This delay was due to re-running the 'long lead-in' experienced by all companies in Phase One of the project. Vynide Midlands repeated this long 'lead-in' after deciding to choose a new consultant. This involved the drawn-out process of contacting all approved consultants, short-listing candidates, scheduling presentations, and making a selection.

The new consultant began by developing a detailed project plan with the DMF. This was followed by a day of training for the DMF, including all natural



The plastics conversion sector was the first industry to implement Workplace Challenge.

team leaders. The training used a simulated game to explore concepts of teamwork, productivity, and problem-solving. This training was then repeated with all the natural workplace teams. Thus, the entire workforce of the factory was directly exposed to some of the concepts involved in the process.

The consultant also held another training session with all supervisory level management. He encountered a high level of resistance to change from supervisory level management, and took this to the factory manager. The factory manager and the consultant then called a second 'showdown' meeting with supervisory staff where the factory manager made clear the importance of actively participating in the process of change.

After the initial input, the consultant maintained a regular presence at the factory – attending DMF meetings and discussing progress with the natural workplace teams on the shopfloor.

Towards the end of Phase Two, a half-day meeting for supervisory, middle and top management was held with the consultant. They evaluated the current state of the project to determine how management would continue with the project when the formal Workplace Challenge Project ended.

Successes

The project at Vynide Midland was showing considerable success. This was evident in terms of shopfloor relationships (despite uncertainties caused by the announcement that the company is going to be sold) and through a range of quantifiable measures. Over a two-year period there had been sustained improvements in the utilisation of some key machines, lower 'cost of quality', lower absenteeism, and an increase in 'on time orders'.

A large number of factors explain the success of the project. The most important

are:

- The sequenced and escalated levels of intervention directed in a broadly consistent manner.
- The emergence, by Phase Two, of commitment from a critical mass of key managers in the factory (in addition to the company's MD).
- The willingness of top management, in particular the factory manager, to intervene directly in support of the project.
- Project champions in both management and labour understanding the project and explaining it, at times robustly, to their own constituency.

Intervention

While the earlier intervention in Phase One of the project did not have a dramatic impact, it put a platform in place from which further change could be developed. This was in contrast to the earlier consultant intervention which, while achieving short-term financial gains, had put the company into a weaker position in terms of achieving sustained development.

Workers and management treated the arrival of a third consultant with some scepticism, suspecting that this was another 'flavour-of-the-month'. The national and tri-partite nature of the project helped to provide credibility with the workforce but less so with supervisory management.

Over time the consultant was, however, successful in re-kindling interest in the process and convincing key individuals in both management and labour that the project could be beneficial.

The re-start of the project provided some advantages. For example, parties considered their past experience and then made changes to the composition of the DMF

The DMF as established in 1998 had four representatives from management and another four from the supervisory level. A key weakness with DMF meetings was that management and supervisory staff dominated. Since these individuals have much opportunity to put forward their opinions in other forums (such as the daily production meetings), the DMF meetings added little value.

On the other hand, worker leaders had far less opportunity to raise their perspective on problems in a co-operative environment.

Recognising this, parties took advantage of re-launching the DMF and changed its constitution, reducing the total representation of managers and supervisors to four in total. This meant that workers, with ten team representatives and two shopstewards from each union, far outnumbered management on the forum. However, managers felt that the danger of this numerical superiority being abused was far outweighed by the benefits of a forum that provided space for worker representatives to raise problems and discuss solutions.

Management support

While managers had seen Phase One of the project as the factory manager's project, a number of other key managers, including the operations manager and the production manager, became actively involved in the project during Phase Two. This appears to have been based on the realisation, facilitated by the new consultant, that the project was a viable vehicle for improving the productivity of the factory and the quality of their own work.

Grasping this opportunity was, of course, only possible because they had confidence in their abilities to thrive in this new environment. Where managers'

power was based less on ability, but more on their control of knowledge, such embracing of the project was less evident.

The extension of support within key management has been valuable in two ways:

- It sent a clear signal to the whole of management that this was the direction that the company was going to take.
- It helped the project reach much deeper and more directly into management structures. This increased management's understanding of the project and provided mentoring, encouragement and support to lower levels of management who often struggled with the changes.

Top management

Despite the critical mass of support for the project among management, some managers remained opposed to the implications of change. Other managers, while genuinely attempting to change, found this process difficult.

In both these situations, the factory manager's willingness to intervene directly was important. This intervention was carried out by:

- re-deploying management members as appropriate;
- re-deploying workers or lower level management to remove them from antagonistic situations;
- re-organising lines of accountability to defuse antagonistic relationships between individuals.

Thus, the factory manager removed obstacles that would have otherwise blocked progress through a combination of:

- directly dealing with those refusing to change; and
- defusing conflicts among those who were changing but were experiencing problems.

Workplace champions

The success of the Workplace Challenge depended on the emergence of champions in both management and labour.

What is noticeable at the Midland factory is that these champions participated in the formal structures of the project and also proactively promoted the process within their own constituencies. This was most visible during meetings where I observed representatives of both labour and management bringing their own 'side' to order when inappropriate topics were introduced or unconstructive criticism was made.

This was a far more effective way of maintaining the project's focus than through enforcing the formally-agreed constitution.

In carrying out this process, champions of both sides took responsibility for the project. This led parties to recognise that there were, within both stakeholder groups, people who were adopting a new style of working and people who were refusing to change. This forced champions to think strategically about how they could persuade members of their own constituency to support the project and how they could build alliances to isolate individuals who refused to change.

Management's approach to its own constituency has been outlined above. The approach of worker leaders was greatly empowered by a clear linkage between the project and progress. That is, they linked the project to the need for more democratic and transparent ways of working.

This was clearly an attractive idea to the workforce. Whether this linkage can be maintained rests, however, on the project proving in tangible terms that it will benefit workers.

Potential stumbling blocks

Two important potential stumbling blocks can be identified from experience gained at other factories in the Workplace Challenge Project – the need for tangible delivery and the need for greater involvement in decision-making.

Tangible delivery

While worker leaders saw the project as beneficial in terms of improving working relationships and developing skills, they were aware that two tangible benefits were at stake. These were:

- The hope that, if successful, the project would minimise job losses when the company is sold.
- Improvements in workers' standard of living through the project.

The question of job security remained contingent on future decisions by the parent company and any new owner. The question of workers receiving some substantive benefit from the process had stalled by November 1999 – the end of the project.

The existing Polifin incentive scheme is inappropriate and management feels that it would be unfair to unilaterally impose a new scheme before a new owner takes over. To date the issue has been fudged by rewarding workers for the considerable effort and success achieved with braals and T-shirts.

The danger is that retrenchments occur as a result of the sale and there is a failure to implement a viable incentive scheme. If this happens, no matter how much worker representatives support the project, workers will mandate them to withdraw from the project.

Problem-solving

Managers championing the project made strenuous efforts to ensure that workers and their representatives could bring

problems forward and engage in problem-solving. As mentioned earlier, parties restructured the DMF to prioritise worker participation in problem-solving.

However, the morning meetings of the natural workplace teams were seen as the prime site for problem-solving. If morning meetings are not to become routine sessions in which the day's work is logged (as is often the case), more intervention is required in terms of:

- training shopfloor and team leader;
- nurturing front-line supervisors to support this process.

It is clear that many workers are 'hungry' for further training. Without this the project will not be able to maintain momentum.

Much of the current gains are based on enthusiasm. This enthusiasm needs to be entrenched through the benefits discussed above. It also needs to be taken forward. This will only be possible if workers are provided with the skills and the environment to engage critically with the work processes that they operate.

Summary

Vynide's Midland factory provides a clear success story for the Workplace Challenge Project. The measures of success powerfully demonstrate that focusing on shopfloor relationships can be to the benefit of participating companies.

There is genuine cause for celebration. However, it is also important that champions at Midland look ahead and, in the light of other companies' experience, anticipate what stumbling blocks may lie ahead. ★

David Dickinson is a PhD candidate at the Judge Institute of Management Studies, Cambridge University, UK, researching the Workplace Challenge.