Appendix 2:

Case study in the production sector

1. The organization

Location	4 sites
Employees	80–100 per site
Structure	Run as a division of a large multinational
Timeframe	2001
General features	Dangerous, dirty work; significant problems on all sites in respect to: attendance punctuality teamwork (lack of) high level of conflict poor cooperation on OH&S matters poor housekeeping work attitudes poor (leaving work station without authority, laziness)
Economic base	1. Better than previous years due to considerable downsizing but still under threat. High labour cost

	2. If improvement does not continue, could close down
Union	One union – very strong, 100 per cent membership on all sites. Very antagonistic towards management

2. Background to performance management implementation

2.1 Whereas the company had downsized and reduced labour costs significantly, they were still not making money. Labour cost was a significant factor in this with record overtime being worked, mostly due to the level of absenteeism.

2.2 Because of the high wage rates and double-time overtime, employees could take days off even after they used up their sick leave, and then make the money back by working 'extra' when their colleague was away.

2.3 The senior management decided something needed to be done to address these issues. They decided that they would introduce a performance management model, implement it (after training) and then sack all those employees who did not shape up.

2.4 Their decision to seek some assistance with the training led to us becoming involved. It was during the design of that training that the company realized that their strategy, whilst a good one, had four problems:

- **i** ensuring ownership of the managers and supervisors who had to implement it;
- **ii** moving straight from performance feedback sessions to dismissal would not wash in the industrial courts;
- **iii** they had no plan for ensuring consistency across one site (let alone across the four sites);
- **iv** continuity of the system into the future.

2.5 We all realized that the union would resist the system if it could be shown to be inconsistent and/or unfair from a process viewpoint, and that designing the process simply for exit purposes was not going to be enough to sustain the system.

3. Designing the approach

3.1 The company was quick to grasp the need for a coaching approach if 2.4 (i) and (ii) were to be dealt with effectively.

3.2 They agreed to the need to utilize the first part of the training with the managers to gain some input from them about what was needed to deliver a successful performance management/feedback system. They also agreed that the system would be driven more towards an on the job coaching approach which in turn would lead to formal off the job feedback sessions, rather than jumping straight into the formal sessions and meting out punishment.

3.3 They accepted a need to develop performance criteria with descriptions of both desirable and undesirable behaviour to assist with the consistency issue. We also implanted a Human Resources person into the process to provide consistency and give some guidance/advice where necessary, and we were available for one-to-one sessions with those managers who required some help.

3.4 Clarity of expectations, early intervention and regular feedback became the basis of the approach. Training was provided in interpersonal skills to assist negotiation/conflict management situations and managers developed a protocol for workplace intervention (GIDAY, as set out in Chapter 4).

4. Implementation

4.1 The company felt there was no time for consultation with employees in general. They consulted with the union about what was going to be done and why, and briefed employees as to what would occur and when, and the consequences that could flaw the process.

4.2 We went out of our way to spend some time with the union leaders who were tough to deal with; very conscious of looking after their members, and 'smart'. The message we sent was that this process was fair and appropriate in the circumstances. Employees would have an opportunity to change/improve (they would get better training and development) and the company could not afford 'not' to do it. Whilst the leadership never said so, the clear impression was that they watched carefully what went on and, provided people were treated fairly, they would not object. This is important as it mirrors our experience with

95 per cent of the employee representatives we deal with. (The other 5 per cent will be discussed in a separate book!)

4.3 This decision to 'no consult' at length was based on a belief that:

- **i** they could not afford to wait;
- **ii** the workplace consultation would deliver little that would change things – the good employees would support the process as a great idea and the non-performers would try and destroy it;
- **iii** the faster we moved after the training, the more likely it would get traction with the managers.

4.4 The 'roll-out' occurred over the next six to eight weeks and generally went smoothly. The unions took the company to the Industrial Commission (court) seeking to have the process put aside as it had not been agreed with the unions. The commission said it was quite within the prerogative of management to provide feedback to employees any time they wished. Provided that employees had a right of reply, such a process could be used as part of the disciplinary process where employees' conduct/behaviour was inconsistent with their contract of employment.

4.5 The process continued to be implemented over 2001/2 and still operates today.

5. Evaluation of results

5.1 To facilitate the evolution of the performance feedback and coaching system, we worked with the senior management group to identify the objectives of the project and how we would measure the extent of its success.

Immediate impact

5.2 A number of employees (8–10) who were given negative feedback about their performance and/or conduct, complained bitterly that it was not fair as no one had ever spoken to them about these alleged problems previously. The company could not now use these performance standards/criteria they were seeing for the first time to discipline them (or indeed sack them).

Note: The company had directly agreed to treat the first formal feedback session as a 'benchmark review' as we had suggested during the redesign stage. Obviously their message had not been received by some employees.

5.3 This reaction was seen as positive. In a roundabout way, they were accepting that the codes/standards could and would be used in the future to address underperformance and/or poor behaviour.

5.4 A small number of poor performing employees (6–7) sought early retirement on the basis that they were not prepared to work under this sort of scrutiny.

5.5 A few employees were eventually sacked and the decisions were held up in the commission.

5.6 A number of managers were found to be incapable of performance managing their crews and were moved on – some to different jobs, some out of the company.

Medium term

5.7 We made contact with the company at the time of preparing this case study and were advised that the process continues on, intact. It had, in their view, been extremely successful on three of the four sites and the unsuccessful site has now been closed down.

5.8 Changes in management and the failure to review/revise the programme had caused some drop-off in quality, but the system lives on and still works remarkably well.

6. The lessons

6.1 The system/approach should have been applied/introduced for the managers themselves first. They would have understood it a lot better and those that were not up to it or not committed could have been replaced before we started with the operators.

6.2 Support of the CEO by physical presence at training sessions and inclusion of the performance feedback programme in weekly/monthly reports were very powerful in mustering 'political' and 'resource' support for the project.

6.3 We developed a good working relationship with the management team.[1]

6.4 From our side, we changed a programme with a short-term performance management focus concentrating on underperformance and poor conduct, to a programme that has set the scene for the next five years plus, in terms of continuous improvement through continuous

development of their people. They still achieved their short-term goals and 'managed out' some people who should have been removed years ago. But more importantly, they have set up a process to improve the performance of all of their people on an ongoing basis. They have said to us a number of times that it was our influence that changed the direction and the results of the company.

6.5 The other considerable impact from our side was the design and development of the training – turning it into a participative learning process from what could otherwise easily have been a 'stand and deliver' presentation of dos and don'ts. It is a point worth making that when you are dealing with employees who work hard for 8, 10, 12 hours per day (and we mean *hard*), who are consistently on the move and moving from task to task, the training/learning has to be highly participative or you will lose them.

6.6 More time should have been spent on spelling out the performance criteria to go with the standards. (In their environment they do not believe greater employee consultation would have helped at all.)

NOTE

1. All consultants get attacked from time to time in terms of value for money and the extent to which they add value to the organization (versus rehashing what is already known and presenting the most obvious solutions). This exercise was a great partnership story. The senior management team from the CEO downwards participated in the 'coaching' training programme. They added wonderful local colour to the 'fishbowls' and role-play cases that we had the managers/supervisors work through. The partnership concept went as far as including performance management in weekly reports and linking the programmes' activities to day-to-day reporting on results. As a consequence, we can see how we dramatically improved absenteeism, punctuality and safety performance (lost time incidents fell drastically over the next two years).