



SAICA Pack, Ireland: The Importance of Leadership in Driving and Sustaining Direct Participation

Acknowledgements

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Overview

With certain similarities to the FSW Coatings and Kirchhoff examples, this case study describes an intervention by the IDEAS institute that led to the introduction of direct participation throughout the production process, driven by union-management collaboration. Unlike the previous examples however, the momentum of change was not sustained despite significant initial achievements due to changes in key personnel. The SAICA case is therefore of particular interest to BroadVoice, illustrating the vulnerability of workplace partnership and workplace innovation in a voluntarist system of industrial relations, as discussed in previous chapters (Dobbins & Dundon, 2016; Roche & Teague, 2013).

Background

SAICA Pack, based in Ashbourne, County Meath, Ireland, produces paper and cardboard boxes for various industries such as food and pharmaceuticals, employing 92 full-time staff at the time of the 2013 case study. Union membership was divided between SIPTU and the Technical, Electrical and Engineering Union (TEEU).

In September 2006, Spanish-owned company SAICA bought the plant in Ashbourne and renamed it SAICA Pack Ashbourne. SAICA has its headquarters in Zaragoza, Spain, and is present in several European countries. Its activities cover paper production, recycling and packaging production.

After a decade of underinvestment by its previous owners, the plant was facing considerable challenges including constant conflict between management and trade unions. The work climate was characterised by "real friction and lack of trust between management and employees". The productivity level of the plant's equipment was also very low: maintenance problems meant that the equipment performed in the bottom quartile of what would be expected in its category. Unexpected problems would often arise, and according to the plant manager, there was a "constant firefighting climate". The company's production quality, capacity and employee

¹ <https://www.eurofound.europa.eu/en/publications/2013/work-organisation-and-innovation-ireland-case-study-saica-pack-ashbourne>

motivation deteriorated significantly, and client expectations were not being met. In 2008 the plant lost one of its most important customers and by 2010 the plant faced the threat of closure.

In that same year a new plant manager, Malcolm Reid, was appointed with a brief to turn the site around – or to close it. A plan was drawn up to grow the plant's production volume from 37 million m² to 50 million m², at which point it might be deemed profitable given the existing cost base.

The plan, put to the union representatives by management, required a renegotiation of wages and hours with some pay reductions for managers and administration personnel, and extended working hours for shop floor operators. That negotiation was successful and the agreement was carried by only two votes in a ballot. This enabled the company to secure the 92 jobs in the plant for the immediate future.

The Journey towards Transformation

In 2011, Tony Murphy from the IDEAS institute was contacted by SIPTU's regional official John Regan to discuss the problems at SAICA. John facilitated Tony's introduction to Malcolm Reed, resulting in an invitation to explore possible assistance aimed at improving operational performance and quality alongside employee engagement and morale. Tony travelled to Ashbourne to present a proposal to the entire workforce gathered in the company's canteen, outlining a proposed roadmap as well as sharing the institute's experiences of working with other companies experiencing comparable challenges. The proposal was then submitted to a secret ballot of the workforce, resulting in a decision to proceed but by only a narrow margin.

Under Tony's guidance, the transformation involved the creation of the Joint Union Management Steering Group (JUMSG), which played a central role in driving and implementing workplace innovation initiatives. The direct involvement of the plant's two trade union representatives – one from SIPTU and the other from TEEU – was central to the establishment of the JUMSG, opening dialogue and launching active collaboration between management and employees. The JUMSG excluded adversarial industrial relations or HR issues from its agenda, focusing instead on collaboration and working together to make the plant more competitive.

The JUMSG provided a practical, jointly agreed structure which helped to create a supportive atmosphere, to build trust and to encourage working together constructively. The aim was to enable use of the full range of knowledge, skills, and life experiences of the entire workforce based on win-win outcomes.

All JUMSG members took part in a formal 6 day teamwork training course together, designed to foster a non-adversarial, cooperative environment. The training course, accredited by Quality Qualifications Ireland and the Department of Education, concluded with all participants receiving formal qualifications. Key components of the training included:

- The importance of team working skills in achieving sustainable organisational change.
- Building trust amongst participants as a prelude to establishing a collaborative workplace culture.
- Conducting a gap analysis to assist in developing a jointly-agreed strategic vision for the future.
- Learning and applying problem-solving techniques collaboratively.
- Putting together a joint presentation outlining the vision and the plan for transformation, which was then shown to the entire workforce.

The training enabled JUMSG members to work together in a new, positive, and constructive way, leading to significant improvements in motivation and collaboration among employees, and enhancing overall performance and engagement. Following the success of the JUMSG course, the entire workforce subsequently went through the training programme over a period of 18 months, including a reluctant key influencer who initially resisted but was eventually won round.

Workplace innovation at SAICA Pack

Over time, the JUMSG evolved to assume both decision-making and consultative roles. It became the support body for the innovative Continuous Improvement Teams (CITs) that were established to enhance employee engagement and collaboration. The CITs began by analysing the performance of the machinery and what was needed to improve it. For each piece of machinery, the crews from both shifts, the supervisors and the cell engineer met every third week to discuss how the machine was being run and its periods of downtime over the past month. They then sought to look at the situation in a different way: they categorised the problems, prioritised what needed to be fixed and discussed how it can be improved. Close to each machine there was a board where the results of the analysis were displayed so that other colleagues working with the same machine were informed of the issue. Before this collaborative approach was implemented, the remedies adopted would be mainly led by management and would not necessarily fix the problem in the best possible way.

Through the CITs, employees progressively took ownership of larger projects within the plant, leading to significant improvements in motivation and collaboration as well as performance. The company introduced a project management methodology to allow employees to develop projects to improve production efficiency and working conditions in general. This approach also allowed operators and managers to collaborate in dealing with the issues identified. Drawing on lessons from the courses delivered by Tony, the objective was to have a team-focused approach to problem solving, and to change the prevalent thinking that employees should be focused only on executing tasks rather than also dealing with work processes.

SAICA Pack Ashbourne also restructured the plant's management team to flatten the organisational structure. Managers were given training and support to adapt to new ways of working based on delegation. According to one union representative, it was a challenging process for managers: some had to leave the business to enable the flatter structure whilst others had to change the management style that they had practiced for up to 30 years.

In parallel, plant management defined a new communications plan, one based on regular business updates shared with all employees. Every three months, the plant manager made a presentation to the employee body on the current situation of the plant: what is going well, what progress has been made, and what needs to be improved, providing up-to-date information about competitors and the market in general. Prior to each quarterly meeting, the JUMSG would review and recommend content for the Managing Director's presentations to employees.

Impact

The workplace innovation initiatives at SAICA Pack resulted in enhanced employee engagement, improved problem-solving capabilities, and better overall performance.

According to one of the trade union representatives, the social climate in the plant changed significantly. Everybody became more equal:

“At the end of the day, managers have to make the decisions but everybody’s opinion counts, and anybody can approach anybody else. There’s no reason for anyone to be afraid to talk, because everybody is heard no matter what opinion they may have, which might be right or wrong. Before, people would be afraid to express their opinions because they were afraid they could be making a mistake.”

The union representative said that prior to the creation of the JUMSG, no forum or space existed in which managers and employees could discuss problems together. The prevailing attitude was that managers knew best and told employees what to do. Then the culture changed to a collaborative one: both parties may have a different understanding of the same problem, and that the best solution will come from combining both perspectives. The training undertaken with SIPTU was critical in enabling this cultural shift from confrontation to collaboration.

According to managers, enabling employees to develop a sense of ownership unleashed new skills and creativity: ‘You tell us what the problem with the machine is. Let’s put a process in place: we allocate the time; you build the process. We don’t want to tell you what the process is; you know the machine.’

By 2013 the company was in a better financial position than in 2010, largely due to higher productivity and reduced costs. The production volume increased by more than 20% with the same number of people employed. Maintenance downtime improved from a very low point, though there was concern that following these quick wins, future improvements would be more challenging. Teamworking was seen as the key to further progress. In 2012 SAICA Pack paid a bonus to all its employees.

Afterword

In 2013 Malcolm Reid, the plant manager appointed in 2010, was promoted to a more senior position elsewhere in the company, having turned the Ashbourne plant around. His successor ended contact with IDEAS. SIPTU’s officer John Regan, a strong advocate of the IDEAS approach, also left his post at around this time. Whilst the plant continues in operation to the present time thanks to the transformation led by Malcolm and Tony from 2010, the momentum of change established in the plant faded.

For Tony, SAICA Pack illustrates the vulnerability of even the most positive workforce transformations to changes of key personnel. He stresses need for continuous engagement from both union officials and management to sustain the momentum of improvement and change.

In short, workplace innovation is not a one-off hit.