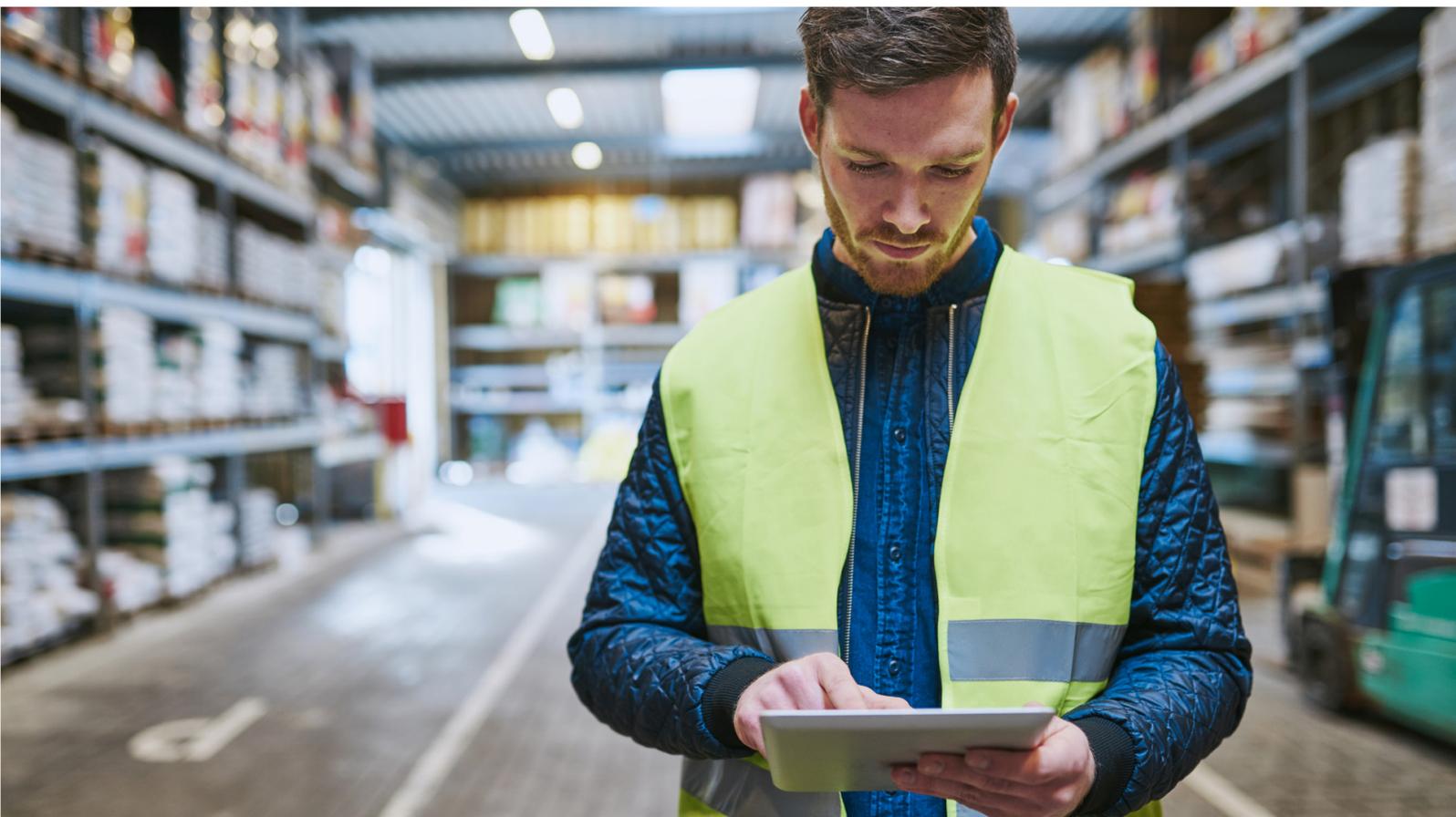


Blue Collar UK Productivity

A bespoke research perspective from UK shift workers and managers on productivity

June 2017



Productivity in the UK



The state of UK productivity is the foundation of many arguments between business and government, but never more so with the UK's imminent departure from the European Union. The consensus amongst all leading economists and market participants is that the UK needs to lift its game. The challenge facing a post-Brexit United Kingdom is that

productivity has stagnated, a significant issue that has hampered the UK's economic recovery ever since the 2009 downturn. In fact, the Office for National Statistics (ONS) reports¹ that output per hour worked and output per job is barely higher than in 2007. This slowdown in UK productivity is the most significant of the G7 member countries.

So what, or where, is the problem?

To help understand the sentiment behind the fundamental drivers of UK productivity, we recently commissioned a study into UK companies, surveying 250 bosses and 250 shift workers. The purpose was to get their thoughts on productivity. Our study focused on businesses and employees representative of 'blue collar' industries, where employees work shift patterns rather than contracted hours.

We shared our findings with some of our key clients, and have captured their thoughts on the issue of productivity, and shared some of their advice.



Deafblind's head office manage a large team of 200 staff and volunteers who provide practical solutions and human support to deafblind individuals. As a charity, they are subject to strong pressure to make the most efficient use of resources possible, which means ensuring that the staff and volunteers involved can make the greatest possible difference to peoples' lives.



Mactaggart and Mickel have been building homes since 1925. As a family-owned group of companies employing some 500 people, the core business is in creating high quality homes, from contemporary apartments to traditional family houses, with developments underway across central Scotland.



McLaren Automotive is a British manufacturer of luxury, high-performance sports and super cars, located at the McLaren Technology Centre (MTC) in Woking, Surrey.

The key highlights were as follows.

¹ <https://www.ons.gov.uk/news/news/ukproductivityreturnstoitspredownturnlevel>

Productivity is important, but we don't track it...

We found that whilst 82% of managers recognise that productivity is important for their business, a third of them do not actually track productivity.

When asked how productive they think their business is, only a third responded with very productive. This is in stark contrast to the 87% of managers and 75% of workers who feel that they have high levels of productivity at work.

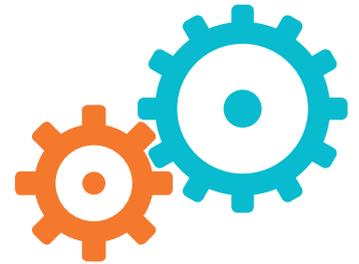
There is therefore a large disconnect between worker and business productivity – where is this lost input going and what is stopping it from reaching the end output of the business results as a whole? Are business processes getting in the way?

Helen Meadows, Director of HR and Business Support at DeafBlind UK, suspects that this could be due to poor communications. “Typically, individuals and teams are aware of their own efforts and the impact of this effort, but the risk is that this occurs in isolation. At DeafBlind, we are continuously looking at how well

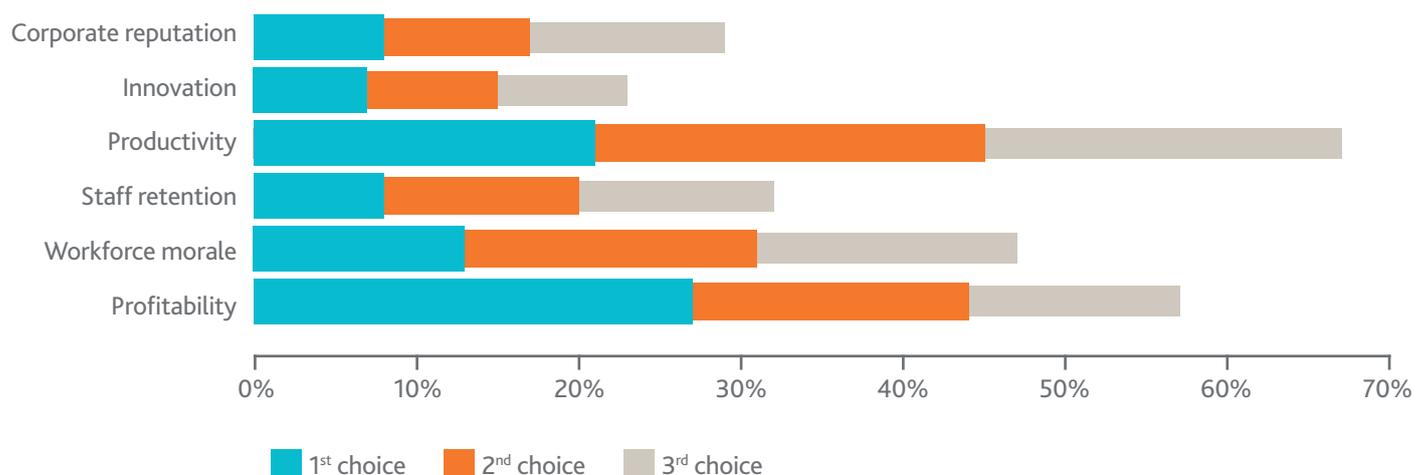
the organisation communicates internally, and ensuring that employees have the ‘big picture’”.

Defining productivity is often the challenge, given that it can be interpreted in different ways depending on where you sit in the business, or indeed the type of business you are in. At leading car manufacturer McLaren Automotive, Head of Operations, Mark Leonard, defines productivity at a very fundamental level - the number of cars made over a given time period.

For leading Scottish home builder, Mactaggart and Mickel Group, Group Finance Director Paul McAninch sees a similar theme, in that productivity is not the cornerstone of their focus but the ultimate outcome. There are, literally, a number of building blocks that drive the performance that leads to better productivity. Commenting on some of the survey’s findings, Paul wonders whether there is “too much complexity in business, with companies losing sight of what is important”.



How do managers measure business performance? Top 3 choices:



Motivational techniques

Nine out of ten managers feel that they motivate their employees to improve productivity, with 60% responding that saying 'thank you' motivates their team. However, when surveyed, employees had a rather different opinion with over 40% of UK workers stating that their organisation has no real way of motivating the workforce.

With motivation by managers widely thought to be a huge driver of employee productivity, this shows a huge disconnect between managers and employees. This is clearly something that organisations need to re-evaluate and assess how they are communicating to their employees.

DeafBlind believe that the role of management in recognition of people is a primary driver of staff engagement and retention. According to Helen Meadows, "all employees want to hear about what is being done, about successes, and to hear about their role in the context of a growing organisation".

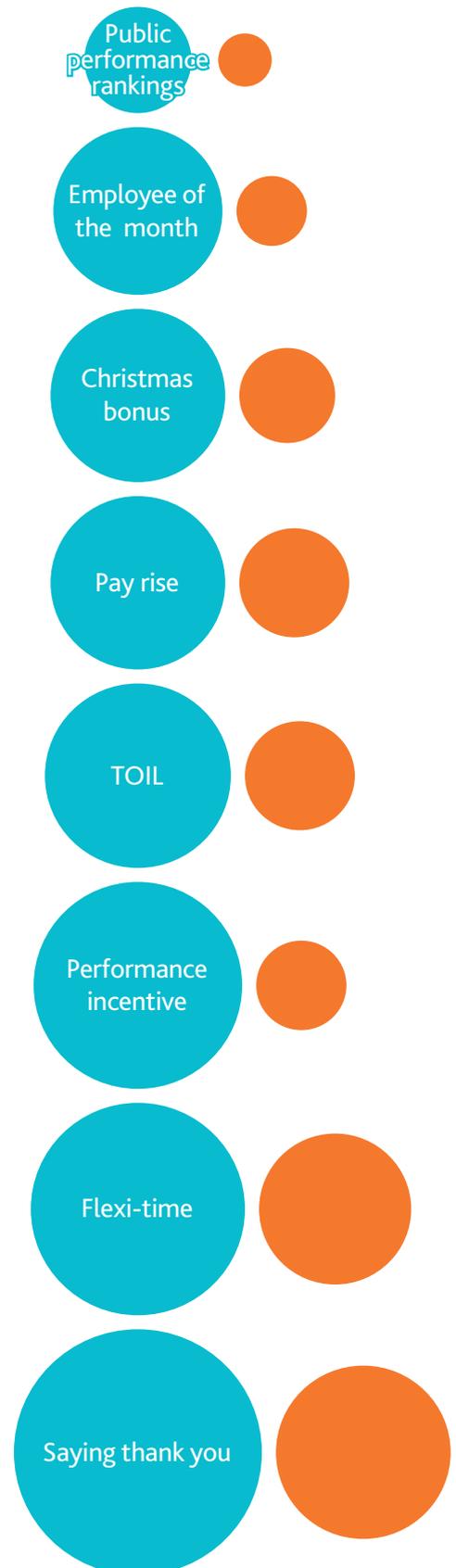
McLaren Automotive cites training as key to employee productivity. "In specialist manufacturing, the cycle times on specific tasks are much longer than in, say, higher volume manufacturing" says Mark Leonard. "A complex product has higher complexity and requires higher technological know-how. To tackle this, you either need to recruit in employees with higher skills levels, or invest in your people".

Flexi-time and flexible working practices appear to have a material impact. Many employees increasingly see incentives as less about pay or private health cover, and more about work-life balance by having, for example, the flexibility to manage childcare. Mactaggart & Mickel aspire to empower their employees to make decisions on what flexi time suits themselves as individuals.

Furthermore, Paul McAninch sees that "flexitime has been key for employee recruitment, employee engagement and staff retention".

What does your employer do to make you feel motivated?

● Bosses ● Workers



Bad management

The disconnect between employers and employees is highlighted once again when respondents were asked about causes of lost productivity. A third of employees cited talking to colleagues, whilst 51% of managers gave this reason when asked about their team's behaviour. Interestingly 27% of employees said nothing at all, but management took a different view with 44% blaming tea and smoking breaks.

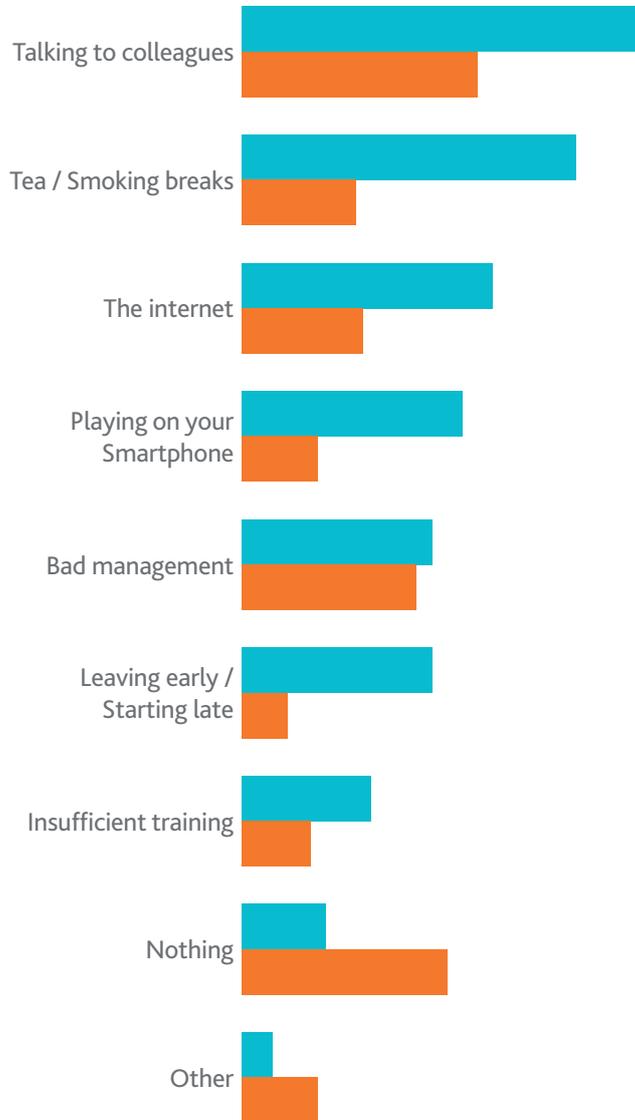
Perhaps most tellingly of all, 23% of employees stated bad management as a cause of unproductivity, and 25% of managers agreed with this.

The correlation between employee and managers citing bad management suggests that organisations need to address management styles and ensure that employees are receiving the support they need to carry out their jobs efficiently and to the highest quality.

Mactaggart & Mickel has for some time regarded its management ethos as focusing on empowerment and collaboration, rather than 'command-control' or top-down management. In construction, a successful project requires getting the right information to the right people at the right time. Their approach is to move away from functional silos to 'working hubs', where the project lead will vary according to where they are at in the process. Leadership and the team-oriented culture enables autonomy.

What causes you to be unproductive at work?

■ Bosses ■ Workers



Lose track of time?

Do you ever feel you waste time at work? Well, you wouldn't be alone... Two thirds of all employees responded that they wasted at least an hour a day at work. However, managers felt that over three quarters of employees wasted up to two hours a day. This links back to a potential cause of lost productivity and could be where the reported bad management is coming into force.

However, Helen Meadows argues that quite often, talk is work. "The informal conversations often drive productivity in people that share a common aim and purpose. Informal communications is the oil that binds people together, and helps to foster a team spirit for employees dealing with difficult issues".



Shift pattern vs Productivity

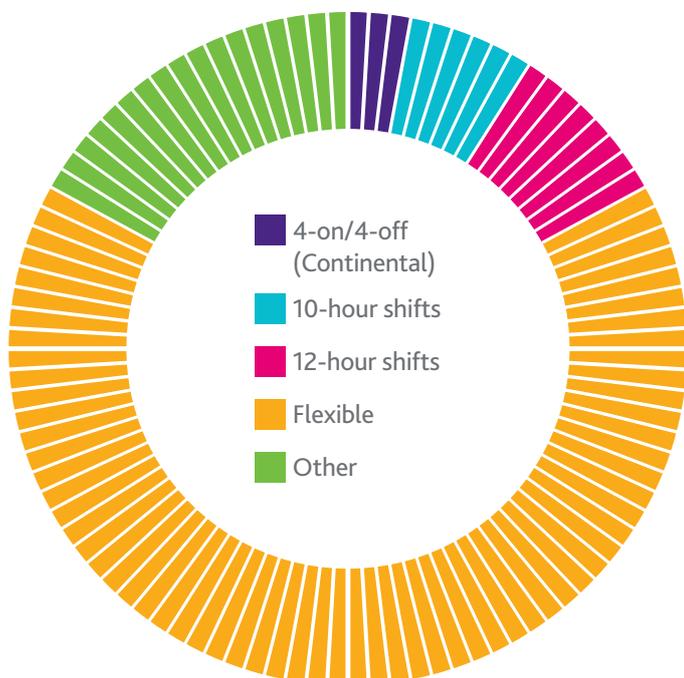
We were pleasantly surprised to learn that two thirds of respondents work flexible shift patterns, with only 3% on the traditional 4-on/4-off continental pattern.

Over 80% of employees were happy with their shift patterns but this still leaves a missing link between shift patterns and productivity. It would appear that shift patterns, and being satisfied with them, do not positively impact on productivity levels. Employees are not asking themselves, or being challenged by management, on how can they get the most out of their time and how can they become more productive.

The challenge for operational staff is that, quite often, there is less room for flexibility. At McLaren Automotive, being one minute late could mean a car gets missed.

For DeafBlind, employee shift patterns reflect their customer base – who often require flexibility in their care. "As an employer", Helen explains, "you need to be respectful of your employee welfare, especially as this is key to delivering an effective, and productive, service". The challenges notwithstanding, the opportunities are clear.

At Mactaggart & Mickel, Flexi-time has led to less 'presenteeism', and has been a big incentive for new employees. "Employees see incentives as less about pay or private health cover" explains Paul McAninch, "and more about work-life balance by having, for example, the flexibility to manage childcare".



What kind of shift pattern are you on?

Conclusions

Our report highlights some key challenges that impact the ability of 'blue collar' organisations to maximise their productivity. The data would appear to highlight some real disconnects between management and employees – with both camps apparently laying blame with one another. However, in analysing our findings in collaboration with a cross-industry panel of experts, some key themes emerge on how best-practice British companies are tackling the challenges of lifting performance, and are focusing on productivity in a challenging economy.

In essence, productivity really does sit at the employee level.

We conclude that improving productivity means that the focus needs to be on your culture, on empowering your people, and being clear in your communications.

People get motivated when they feel that they have meaningful influence on decisions.

People want to join DeafBlind so that they can have a positive impact in society, and to make a difference. At McLaren Automotive, the culture is very much focused on creating the right environment for its people to succeed, and the business takes a bottom-up approach on this. The same principles apply at Mactaggart and Mickel too: Flat hierarchies where and when possible, promoting shared responsibility for decision making – means employees have a greater sense of pride and a real sense of achievement.

How you treat failures is key.

Failure should be about continuous improvement, rather than encouraging a blame culture. For McLaren Automotive, the pressure of building a world-class premium product is that the mantra is 'get it right first time'. But this doesn't mean that mistakes are tolerated, and the same applies to all the featured organisations. Instead, it is about building resilience into people.

Flexibility and work life balance.

The report findings suggest that flexibility in the blue-collar workplace is not just 'management talk'; British employees have taken this option up. Flexi-time has been a big incentive for new employees, who see incentives as less about pay and more about work/life balance. Mactaggart and Mickel empower their employees to make decisions on what flexi time suits them based on core hours, promoting the use of technology to support this (such as Skype to manage project meetings). Flexitime has also been key for staff retention. But there are constraints. Employees in difficult environments have restrictions on working hours, and therefore on their work/life balance. This is where the role of management is key.

Get the right people, and train them well.

It may be a well-worn cliché, but people really are your greatest asset. However, the right employee culture will help drive both staff retention and your ability to attract new people and, ultimately, productivity. Even though there is a huge shortage of resource in the Scottish construction labour market, Mactaggart & Mickel do not compromise on the calibre of resource that they hire. The recruitment process is robust, primarily because the business recognises that the cost of recruitment is far outweighed by the cost of hiring the wrong people. Whether it is for new people, or the existing team, training is key to future productivity. You either need to recruit in employees with higher skills levels, or invest in your people. The latter often requires real investment – for McLaren this is a training school with a 6 week programme. Productivity is a combination of employee training and their support, and then taking a considered approach on whether they are actually delivering.

The role of management.

McLaren sees its operational management as really being responsible for the 'clarity of focus', and in overseeing the right behaviours. Mactaggart & Mickel has for some time regarded its management ethos as focusing on empowerment and collaboration rather than 'command-control' management. DeafBlind see the role of management as enabling, rather than enforcing, its employees to do their job. In summary, Management sets the tone for the organisational culture, which is, as Paul McAninch concludes, "not just a huge differentiator in hiring and keeping the right people, but also represents a huge competitive advantage in maximising our shareholder value".

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