

INDUSTRY

at its

BEST

Compiled by
Bert Reynolds

June 1991

Published by
Industrial Pioneer Publications
16 Adrian Croft, Birmingham B13 9YF

“The key issue is whether we industrialists take on a large enough commitment. I believe it is for us to commit ourselves clearly, not only in creating wealth - vital as that is - but also to play our part in creating a new society throughout the world.

“There is little virtue in running a very successful factory or business if our nation does not develop a society which is stable and which is just.

“In this task it is vital that we work together with politicians and with leaders of trade unions. It is also crucial that we involve every man and woman in the affairs of our company and the affairs of our country so that participation does not just become a mere political catch-word or a struggle for power, but is real.”

Neville Cooper, Chairman, The Top Management Partnership, London.

“If the new Europe is to prosper, working together must start with the Council of Ministers and permeate the nations and institutions including trade unions and employers. Working together is the most powerful tool for prosperity there is, and of all the tools I have made in my career, this is the one that would give me greatest satisfaction to complete.”

Bill Jordan, President, Amalgamated Engineering Union.

CONTENTS

| | Page |
|---|------|
| INTRODUCTION | 7 |
| FROM DOWNWARD SPIRAL TO QUALITY AND GROWTH Ian Sloss, Director Manufacturing and Personnel, SP Tyres UK Ltd. | 9 |
| THERE MUST BE A BETTER WAY Albert Benbow, Works Convenor, SU Fuel Systems Ltd. | 12 |
| LLANWERN STEEL MEN SHOW THE WORLD An account of the dramatic events at British Steel Corporation, Llanwern, South Wales. | 15 |
| GERMAN INDUSTRIALIST POINTS TO THE FUTURE Friedrich Schock, Managing Director, Schöck & Co., Schorndorf, Germany. | 20 |
| MILITANT PEACEMAKER Malcolm Jack, Shop Steward, Austin Rover Group Ltd. Member Amalgamated Engineering Union, National Committee . | 23 |
| OUR COMPETITIVE EDGE IS THE WORKFORCE Jim Brown, Director Midlands Region, Advisory, Conciliation & Arbitration Service. | 26 |
| A REAL EUROPEAN COMPANY Jean Fayet, President and General Manager, Siemens Automotive SA, Toulouse, France. | 29 |
| NEW CHALLENGES AND NEW OPPORTUNITIES FOR THE COMPONENTS INDUSTRY. David Owen, Chairman, Rubery Owen Holdings Ltd., Darlaston. Vice-President, Society of Motor Manufacturers & Traders. | 32 |

| | Page |
|---|------|
| WHO PRACTISES ETHICS? Stanley Kiaer, Director, The Institute of Business, Ethics. | 35 |
| A NEW FACTORY CULTURE Tony Lane, Industrial Relations Manager: Graham Gould, Works Convenor, Hardy Spicer Ltd. | 37 |
| A SHOP FLOOR VIEW ON QUALITY AND HUMAN RELATIONS Rudy Gayle, Shop Steward, Austin Rover Group Ltd. Longbridge, Birmingham. | 39 |
| BUILDING EMPLOYER WITH NEW PRIORITIES Gottfried Anliker, Chairman, Anliker Construction Company, Lucerne, Switzerland. | 41 |
| EUROPEAN COLLABORATION- Key to Airbus success | 44 |
| BUILDING TRUST COMES FIRST Tom Ramsay, former Business Planning Manager, BHP Limited, Australia. | 48 |
| HUMAN BEINGS HAVE FAILINGS AND FEELINGS Jim McMillan, former Branch Secretary, National Union of Mineworkers, Hem Heath Colliery, Stoke-on-Trent. | 50 |
| WHY MANAGEMENT BUYOUTS WORK WELL Tony Stacey, Investment Director, Investors In Industry, 3i plc. | 52 |
| INDIAN INDUSTRY - WORKERS AND MANAGEMENT RE-TRAIN TOGETHER. Niketu Iralu, Director, Moral Re-Armament Conference Centre, Panchgani, India. | 54 |
| SMALL BUSINESSES LEAD RECOVERY IN THE BLACK COUNTRY Bill Woodhouse, Director, Sandwell Enterprise Ltd. | 56 |

DEVELOPING QUALITY IN PEOPLE AND PRODUCTS

David Thomas, Personnel Director, Lydmet Ltd. Lydney.

GIVING STATUS TO THE ENGINEER

Collin Lawson, Managing Director, Synchronomatic
Controls Ltd. West Bromwich.

TRADE UNIONS IN THE 1990's

Bob Scarth, Coventry Trade Unionist.

INTRODUCTION

Revolutionary changes are taking place in industry and the pace of change, worldwide, will continue unabated. It is a challenge which calls for the best that our manufacturing and service industries can give. As we survey the world scene we see far-reaching reforms in the USSR and Eastern Europe, accompanied by dire problems; the challenge of 1992 and the single European market, the rise of the newly industrialised countries, and the urgent needs of the Third World.

This book is a contribution to the change that is urgently needed in British industry if we are to play our part effectively in these developments. It is based on a series of conferences and discussions sponsored by The Industrial Pioneer, held in Birmingham, Bristol, Falkirk and at Tirley Garth in Cheshire. Contributors from France, Germany, Switzerland, Poland, Australia and India as well as the UK took part.

While many encouraging developments have taken place in Britain since the devastating recession of the early 1980's, clearly we have failed to measure up to the advance made by other industrial countries. Our huge trade deficit in manufacturing with consequent loss of the resources that industry provides, is evidence of this. Hard lessons have been learned from the advance of the Japanese and today Germany has the strongest industrial base in Europe.

The key to their success lies in the commitment of employers, trade unions, financial institutions and government in the process of investment, research and development, education and training, quality and perception of world needs.

However, the emphasis in these Industrial Pioneer conferences was less on economics and the advance of technology, and more on change in people's attitudes, relationships and motivation. Getting the preconditions

right whereby industry can develop all the talent, inventiveness and innovation that is available but to a great extent dormant in our country. Examples show that the individual person or group of people with vision and commitment can initiate change with far reaching consequences.

New and forward-looking proposals are being made by the trade unions to bring about change and remove injustice. The adversarial approach is replaced by progressive partnerships which bring mutual benefit through productivity, flexibility, training and security of employment.

Can employers, trade unionists, the financial institutions and government work together in overcoming the inhibitions of the past? A recent policy statement by the TUC calls for such consensus and cooperation with the aim of improving industry's performance. It is a matter of building an industrial base commensurate with the needs of the 1990's. Such cooperation calls for wider perceptions and the building of trust.

In this book, managers and trade unionists describe how this is being achieved in their companies. Clearly the moral criteria in making policy is a key element. People relate how real advance has been made through applying the principles of their faith and belief. Further, that by taking time to listen and search for God's guided action, they find new perspectives and seemingly intractable problems are being overcome.

As the barriers come down between East and West, unprecedented opportunities for industry are opening up. British industry at its best can meet the challenge not only in Europe but in assisting those countries where the need for growth and development is greatest.

Bert Reynolds, Publisher, 'The Industrial Pioneer'.

FROM DOWNWARD SPIRAL TO QUALITY AND GROWTH

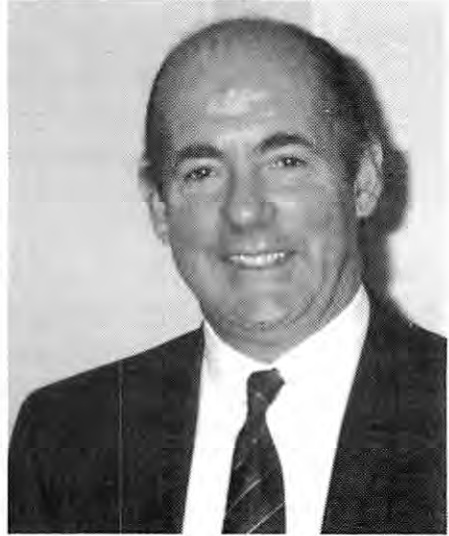
**Ian Sloss,
Director Manufacturing and
Personnel, SP Tyres UK Ltd.**

The remarkable story of the turn-round of Dunlop was related by Mr. Sloss. "1988 marked the centenary of Dunlop's invention of the first pneumatic tyre that worked for practical use. Fort Dunlop was built in 1917, but the first Japanese tyre factory was built by Dunlop at Kobe in Japan in 1909.

"In 1985 the huge Sumitomo Electrical Company bought the failing Dunlop operation in Europe. In the UK they formed the SP Tyres company run by British directors with Japanese advisers. Why did Dunlop fail? Complacency, slow reaction to change, emphasis on costs and not on quality, bureaucratic management - really management by remote control from London, compromising principles, peace at any price and a complete lack of awareness of what the customer wanted."

The changes which made the com-

pany successful were then outlined. "The Japanese don't work any harder but their conditions are way ahead of ours.



Ian Sloss

Japanese management is very much about people - that's the key. They have a very high level of employee involvement. They manage in detail and get involved on the shop floor by example. In the UK we have one main fault - we do not work together very well as a team. At SP Tyres this is something we have tried to remedy with very good results."

The main points where change took place were :-

Leadership - Absolutely key. You've got to have strong leadership committed to getting people to respond and be involved.

Organisation - We have a very clear organisation run by managers with a limited span of control of the number of people they control and motivate.

Communication - This is something never done before. There is a monthly team briefing with information spreading down from the board room to the shop floor. Three times a year board members meet groups of shop floor workers for question and answer sessions. Information can only flow freely when the barriers are down. Communication is not merely through the spoken or written word, but through the right attitudes and our whole style of behaviour. We are aware that there is still room for improvement. For example, our attempt to introduce quality circles failed, but now with the right attitudes we believe it will succeed.

Training - We do more training than ever before, but we do not

invest money in training. It is a great fallacy that you have to spend millions on training. Most of it is done by management themselves - often in areas outside their own occupational expertise. You may find a production engineer training others in quality concepts.

Environment - We spend a lot of money and time ensuring that conditions are all the time getting better. Cleaning is done by the people themselves. It's a matter of pride in the job.

Job Security - After years of cut-backs and insecurity because of threatened closures, we give security of employment.

Status - This is the big bugbear in the UK. We have removed all status differentials. In 1980 we had seven different dining rooms. Within six months of the new style management we had one. We wear the same uniform, have the same car parks, same pension scheme, same toilets and so on. It must be said that some visitors who come to see what has happened, decide they are not going to change - *that's too*

big a price to pay!

Harmonisation - Before you can negotiate you have to get harmonisation with all the trade unions around the table and make sure they are all enjoying the same conditions. This we are doing. The new company had to deal with 11 negotiating groups. This has been reduced to three. No matter how many trade unions, the aim is to have one negotiating group.

Planning - We are continually making improvements and have spent about £60 million over the last five to six years. This is reflected in performance. My job is to control and reduce costs.

Profit Sharing - 10% of our profits are shared with all our employees. That started two years ago and we have paid out from profits ever since.

Quality - This is the key to the whole operation. Two years ago we embarked on a Total Quality programme. Previously the objective was profit, now it is TQ with

the objective of satisfying internal and external customers. We are saying to everyone of our 2,500 employees - you have all the customers to satisfy, both the outside customer and the person next in line to whom you supply that component or service. TQ gives you better planning and it automatically gives you better productivity because everybody is doing their job properly. Since 1984 productivity has doubled.

Growth - By following these principles you get growth as the industry gets bigger. With a third fewer workers since 1984, the company's market share in all products has increased.

Mr. Sloss concluded "We were on the negative spiral that this country has been on for a long time. The good news is that we are coming out of it on a positive spiral. You can only do these things when attitudes are right. Then you can make the best use of production techniques and new technology to improve quality and increase output."

THERE MUST BE A BETTER WAY!

**Albert Benbow, Works Con-
venor, SU Fuel Systems Ltd.**

"There must be a better way!" was the conclusion reached by Albert Benbow when, after years of bitter disputes, the plant was scheduled for closure under Austin Rover's new corporate plan to pull the company 'back from the brink'.

"We were the worst factory in the group for industrial relations." said Albert, "Over a period of three years we lost nine months pay due to one dispute or another including the 13 week strike over the battle to maintain the skilled man's pay differential."

Production of carburettors had fallen from 32,000 a week to 8,000 and the workforce was cut back accordingly. Those that were left were under no illusions that the factory would close.

"At this crucial time," Albert continued, "I was invited to take part in meetings arranged by The

Industrial Pioneer. There I met trade unionists and managers who had taken on a new commitment to bring about change and to reverse the serious decline in British manufacturing industry. This process of change they said began with a change in attitudes and taking on the fight for what is right - not who is right."



Albert Benbow

The crunch point at the factory came with the arrival of a new personnel manager, Bill Rodger, to wind up the company and organise the redundancy package. Albert put the question to Mr. Rodger, "What must we do to survive?" The reply came, "I'll have to think about that." Two days later he said to Albert and his colleagues, "If you really

want this factory to survive, you will have to change your attitudes, your ideas, your methods of working and accept complete mobility within the plant."

This was a total revolution for Albert and his shop stewards who had always stood for one person one job within one section. They decided to accept the challenge. "First of all we had to convince the workforce individually of the need for change.

"If they did not accept change," Albert explained, "that would be the greatest threat to our jobs. Over a period of three to four years with all the unions working together, and with continuous consultation with management - who also had to change their attitudes and be seen much more on the shop floor - we turned the factory round.

"It was a matter of building new relationships based on honesty and trust. Flexibility was unbelievable. Not only did people find they were able to carry out different jobs but actually enjoyed doing more difficult jobs. It was amazing what was

achieved through this teamwork in meeting customers' requirements.

"We consistently achieved maximum bonus - something rarely done in other car plants. New investment in high technology poured in for the new car range and we are now supplying new customers."

SU became known as 'The jewel in the crown' of the Rover group in their recovery programme. The general manager told Albert, "What you have achieved is a revolution long overdue in our industry." The challenge that Albert now sees is that of constant vigilance and improvement, but more important, to convince new managers of the reality of the changes and ensure that no more barriers are put in place.

Subsequent developments show that the company, now known as SU Automotive, not only supply Rover with all fueling and lubrication oil pump requirements for the K series engine, but have secured a £20 million order from Ford. The contract, to supply fuel rails for the new Zeta engine from 1992 for five years, was won against

competition from France and Germany. It will mean a £3 million new investment at the plant and 21 new jobs.

(The story of the survival and turn-round of SU is illustrated in The Industrial Pioneer video, 'From Ironbridge to Longbridge')

LLANWERN STEEL MEN SHOW THE WORLD

The rebirth of the British steel industry began in South Wales, at the Llanwern steel plant. It is a story of the survival and turn-round of the plant from being the British Steel Corporation's biggest loss maker to one with a world record breaking performance.

In 1978/79, BSC embarked on a strategy to close all its loss-making plants. Twelve plants, involving the loss of 100,000 jobs, were closed. By 1980 the corporation's losses were of the order of £1.8 billion and the next plant due for closure was the giant Llanwern strip mill where over 9,000 people were employed.

At this critical time, during the 1980 national steel strike, a team of people from the trade unions and management emerged to usher in the urgently needed changes to save the works. Among that team was one man who could be described as a catalyst. His name was Gwilym Jenkins, a branch secretary of the

Iron & Steel Trades Confederation (ISTC).

Foreseeing the threat of closure at Llanwern and the implications for the whole of the South Wales steel industry, Jenkins took an initiative which was to have far reaching consequences. With the help of friends, a meeting was arranged with a Member of Parliament who was also a Parliamentary Private Secretary, to discuss the situation. A series of meetings followed in which members of the Llanwern Works Council and the ISTC full-time official took part. The government thus became aware of the fears of the Llanwern steel workers and their plans to save the industry.

It was during week 10 of the national steel strike that a sales manager came to the picket line at Llanwern and urged Jenkins and his colleagues to get back to work, adding, "The customers are disappearing fast, if you don't believe me, come in and look at the order book." Jenkins was sceptical about the manager's remarks, but as a computer operator responsible for

processing customers orders, he checked the books for himself. "When I saw that the normal stream of orders had dwindled to a mere trickle, I was devastated" he said. BSC's customers had in fact been transferring their orders for steel to suppliers in France, Holland, Germany and Japan.

The seriousness of this situation called for a fresh approach. Instead of blaming management, or the trade unions or anyone else, Jenkins conferred with trade union friends, who, in contrast to his own fear and worry, believed that resolution of the problem was possible. It was a matter of faith and belief they said, that God had a plan for the future of the industry and that in a time of quiet, guidance about next steps to take could become evident. "I went home to think about it and in fact to pray about that empty order book" he said.

It was while at home watching a television programme about the steel strike that Jenkins had a clear thought to 'phone a man who appeared on the screen. The man's name was Harold Williams, a steel stockholder, who at that time was

President of the CBI for Wales. He was highly critical of the trade unions and was totally disillusioned with BSC's performance and took every opportunity to say so.

When he received the 'phone call asking for his help in resolving the steel strike and regaining customers for Llanwern, he was 'amazed that a trade unionist with colleagues picketing his warehouse should have the gall to expect him to discuss business, when, because of their action, his company was heading for bankruptcy'. Nevertheless he was intrigued by a trade unionist so concerned for the survival of his works that out of sheer curiosity he responded to an invitation to a working dinner to discuss the situation.

"Until I attended that working dinner" said Williams to Gwilym Jenkins afterwards, "I couldn't have cared less whether the steel industry in South Wales lived or died because I was so totally sick of the whole scene. "However I must admit that I was impressed with the statesmanship of the trade union speakers that I heard from British

Leyland and from BSC. Therefore I will do something. I will give a dinner to which I will invite six of my friends who are leading customers of BSC, if you will invite the appropriate management and trade union representatives from BSC Llanwern. We the customers will tell the Llanwern people why we don't buy their steel anymore and they can tell us why we should. Let's talk about that."

This dinner went ahead at the beginning of June 1980. The keynote address was given by the Employee Director from the Llanwern steel works, David Williams. "Faced with the threat of closure" he said, "We the trade unions at Llanwern are prepared to accept our share of the blame for what has gone wrong in the past. To survive in the future we are prepared to accept our share of responsibility in helping to achieve customer satisfaction in the critical areas of quality, reliability, delivery, service and price." The customers responded to this historic statement with equal directness. "It is true" their principal spokesman said, "that we the customers had become thoroughly

disillusioned with BSC's poor performance, and today we are importing up to 70% of our steel; but it is also true that we are amazed by the new attitudes we have heard expressed here tonight. Provided these new attitudes can be converted into improved performance at Llanwern then we will be again placing orders there for our steel."

Meanwhile at Llanwern the "Slimline" survival package was being implemented as a matter of urgency. "Slimline" was architected, monitored and managed by Peter Allen, the Operations Director for the Strip Mill Products Group of BSC together with his management team. However, "Slimline" would never have worked but for the deep involvement and commitment of the trade unions led by John Foley, the South Wales Divisional Officer of the ISTC, and the workforce as a whole. John Foley was ably supported by David Williams (already referred to), Peter McKim, chairman of the Llanwern Trade Union Committee, David James, also of the ISTC, and representatives of the AEU and EETPU.

Speaking of Peter Allen's readiness to pursue a policy of total disclosure of information, John Foley said at the time, "Peter Allen tells us everything, and more importantly, we believe him." Of Stephen Best, the then Personnel Manager at Llanwern and now Plant Director, John Foley said, "He was a man we learned to trust completely."

"Slimline" was drastic. It involved a 50% reduction in manning levels, albeit with generous severance pay. Likewise all demarcation was scrapped and it was agreed that any employee could perform any job provided that person had the skill to do so.

Without any new capital investment or new technology, productivity rose from 10 hours per tonne of steel to 3.7 MHPT - a world record at the time. Commenting on the climate of cooperation that made this whole exercise possible, Bill Harrison, the then Plant Director said, "It is a fact that we in management also had to change our attitudes and working practices in order to create the spirit of team-

work that was needed throughout the plant."

Sir Ian MacGregor, then chairman of BSC, was reported to be so impressed by the changes that he not only reprieved Llanwern from closure but made it 'the standard for restructuring the whole corporation'.

Customers became convinced and orders began to flow to BSC. Among these was Richard Rawlins, Executive Director of the National Association of Steel Stockholders. Mr. Rawlins wrote to all his members saying 'something remarkable is happening at Llanwern and you would be well advised to look into it'.

Since that time, great advances have been made in new investment, new technology and competitiveness. For the year 1990, BSC, now British Steel plc, reported a profit of £733 million on sales of £5.1 billion.

Multi-million pound investment in Continuous Casting took the European and then the world record for twin strand casting (88,000 tonnes

of slab in 14 days non-stop operation). A new hot dip galvanising line has been built and commissioned at a cost of £60 million.

A key element in this success is the on-going consultation between senior managers and trade union leaders with official and unofficial channels always open. More detailed financial information than ever before in the British steel industry has been given out. The aim

is to settle problems before they grow out of proportion. There are disagreements, there are arguments, but there is trust between management and men, and in ten years there has not been one day's strike.

Visitors from many countries come to Llanwern. Not only are they interested in one of the world's most efficient steelplants, but in the spirit and determination to succeed which is evident there.



Top: left to right - Peter Mc Kim, John Foley . Bottom: left to right - David James, David Williams, Gwilym Jenkins. Trade unionists who helped to save Llanwern.

GERMAN INDUSTRIALIST POINTS TO THE FUTURE

**Friedrich Schock, Managing
Director, Schock & Co.,
Schorndorf, Germany.**

This plastics company has close ties with Carron Phoenix of Falkirk. An industrial conference took place at Falkirk on the theme 'Industry's Positive Role in Shaping Scotland's Future'. Friedrich Schock said :

"As an entrepreneur and industrialist responsible day-in and day-out for the company, I find that innovation is of great importance. Unless we in Europe find new ways of approach to the market of tomorrow with new products and new technology we will definitely lose the battle.

"To me industry and industrial life is like a pyramid. The base is the underlying purpose which makes real and lasting progress. Then we have investment and motivation. Today a company cannot say 'we are manufacturing everything we can sell'. To explain - in our company in Germany we must meet

environmental commitments costing at least five million Deutsche-marks in accordance with government legislation and this will go on increasing, for example, with regard to pollution of the air.



Friedrich and Margaret Schock

"1992 will mean we lose business to other European countries. Investment therefore must be not only on new machinery but on new products. We must also take account of a significant difference in wage levels. For example in Turkey, wages are one tenth of German wages. In Falkirk our friends are already more cost competitive than we are in Germany.

"Innovation is mainly based on people - individual people and it

has a lot to do with vocational training i.e. skills. A study I have made shows that unemployment throughout the world is nearly parallel with lack of professional skills training. In German companies at least 5% of the workforce are apprentices with a three year apprenticeship. Skilled people can immediately find work, though perhaps with some flexibility regarding housing.

"To return to the pyramid. Innovation requires motivation and motivation is what managers need for today and tomorrow. Many young managers I see, very often have little motivation outside of personal taxation and getting more pay. Motivation needs inspiration and this is where my wife Margaret is a great help. Whether you are a trade Union secretary or official, or a manager/entrepreneur like myself, unless we find the way to the deeper roots of real creativity, we won't be able to meet the challenges of tomorrow.

"My father and his two brothers started the company after the first world war. They had real motiva-

tion (1) to manufacture good products. (2) to bring work to people and (3) to make this their Christian commitment. The managers of tomorrow have wider responsibilities - to be more responsible for society as a whole, for the environment, and especially to their workers. For example, responsibility towards our 1000 workers means for me that I meet the works council at least four times a year at all four of our factories. Altogether 16 meetings. There we have the elected representatives who are given all the information available based on the principle of absolute honesty. This is a very important means of getting the trust of your workers.

"Then in Germany, by law, we have the Advisory Board. This consists of 1/3 workers representatives, and 2/3 owners and management. The Board meets 4 times a year and makes all the decisions on key issues. For example, what kind of investment we should make and matters concerning the opening or closing of factories or departments. After 40 years of practical industrial experience I can say that the positive side of German Co-Deter-

mination law is overwhelmingly bigger than the negative side.

"In Germany we have a 37 hour week and six weeks holiday with full pay. In addition there's two weeks of national holidays. We have on average 7% of the workforce on sick leave. As a consequence it is a very difficult task to match all these costs year by

year by finding new products and new markets.

"In conclusion, I believe that we managers have to find a higher level of thinking and behaviour if we are to meet the challenges of tomorrow. For me morality and ethics is not an artificial side-line, it's fundamental to running a successful business."

MILITANT PEACEMAKER

**Malcolm Jack, Shop Steward,
Austin Rover Group Ltd. Mem-
ber, Amalgamated Engineering
Union, National Committee**

*Militant for what is right not who is
right could well sum up the motiva-
tion of Malcolm Jack.*



Malcolm Jack

In the 1970's nearly one quarter of all British car production was lost through industrial action of one kind or another. In the words of Michael Edwardes (later Sir Michael) who took over as chairman of the company, "It was an industry torn apart by industrial relations disputes.

Productivity was low. . . quality was low and market share was declining at an alarming rate."

Malcolm Jack's involvement in this situation stemmed from his belief as a communist engineering worker, that the capitalist system was the source of all our ills and that the answer lay in the principle of Marxism. He recalls the occasion when the unions were locked in a bitter struggle with management. "The company lost control and the factory became unmanageable. A long period of decline and even chaos set in and management seemed powerless to stop it."

As he surveyed this scene, he reached a conclusion that the outcome would inevitably be the destruction of factories and jobs with the workers and their families suffering the most. "I saw all that I had fought for and where it had led us. It wasn't the sort of world I wanted to bring my kids up in."

The turning point came when the shop stewards called a mass meeting to get backing for a strike. Malcolm Jack was not a shop stew-

ard at that time. He recalls, "I knew that the proper disputes procedure hadn't been carried out." It was not the effect on the company that worried him but the credibility of the trade union. He and a couple of friends decided to challenge the leadership. At a mass meeting of 5,000 workers he made an appeal not to strike until the proper procedure had been followed. When this was put to the meeting it was carried - as he expected. "The men hadn't been consulted and they were really uptight about it."

That evening he was interviewed on television and the next morning the Birmingham Post carried the headline 'Malcolm The Peacemaker'. The stand he had taken brought threats and intimidation from his former comrades but he stood firm and his fellow workers were glad that someone had finally challenged the hardcore of the union leadership. At that time a prolonged strike could well have closed the factory for ever. In fact the future of the company was in the balance. Over a period of five years some £1,489 million had to be injected into the industry to offset losses and

modernise the plants. Such was the urgency for new attitudes and acceptance of far-reaching changes by everyone in the industry.

From this point on Malcolm Jack was looking for a better way. It was by more than coincidence that he was invited to take part in meetings arranged by the Industrial Pioneer newspaper. He relates, "These men from the trade unions and management believed that the problems of unemployment and industrial decline must be tackled by regenerating the manufacturing base of the country." It would mean changing the battlefield mentality of both management and trade unions through policies of consultation and co-operation. "When I looked at my own works it all made sense. Either we could all disappear down a black hole of conflict or rebuild for the future. I decided to play my part and give the leadership that was clearly needed."

Soon after this he was elected a shop steward and in due course became a member of the policy-making body of the 800,000 strong Amalgamated Engineering Union

where he has served for the last 10 years. On the future of the trade unions he says that they must still defend jobs, wages and conditions but wage demands must take account of the company's viability or the members jobs in that firm will be put in jeopardy. In his day-to-day work on the shop floor he believes in solving problems before getting into formal talks. "You can often resolve matters over the telephone. That way it's not so abrasive and people don't feel that they have to be seen taking a particular position."

Today, because of enormous investment in new technology, a new model range and the commit-

ment to quality, the industry is in a competitive position. But how do you create a motivated workforce to match the unprecedented challenges which industry faces in the 1990's? Malcolm Jack's priorities for the future lie in quality of leadership, overcoming cynicism and bitterness and getting people to accept responsibility.

"It means", he says, "adequate consultation with workers about matters that affect them and treating everyone with dignity and respect. If politicians and managers can harness absolute honesty and absolute trust, that would make a terrific contribution not only to industry but in creating a better world."

OUR COMPETITIVE EDGE IS THE WORKFORCE

Jim Brown, Director Midlands Region, Advisory, Conciliation and Arbitration Service. (ACAS)

"The more successful companies go out and tell the workforce the good news and the bad news and what's got to be done. They are actually involving their people more and more. For example before purchasing new equipment they will say 'Let's go and see it together'. Shop stewards from the Felixstowe docks went with management to Rotterdam to see how the work was carried out. They returned saying 'Let's see if we can beat them' and they are working together to beat them. But there are only a few such examples. This country has an industrial and commercial mountain to climb; so far we are only in the foothills."

Mr. Brown outlined various management techniques that successful companies are integrating into their production systems. " 'Just in Time': 'Total Quality Management' 'Quality Circles': 'Zero Defects' and

'Right First Time'. 'Just in Time' technique obviates the need for supplies to be held at the point of production. It is more than a philosophy, it's a very useful system which needs careful co-ordination with a committed workforce and management team. It's something of a culture shock for our people who have always built up stocks.



Jim Brown

"In Japan, Toyota have a policy whereby no plant is more than 30 minutes delivery time from the supplier. In the UK suppliers are locating near to assembly plants. 'Total Quality Management' is applicable right across the whole of industry and commerce in this country. It is designed to get rejects out of the system. For example in

the textile industry before operators work on an item to give it added value, they must first be satisfied that the item is up to the required standard.

"All these techniques depend on getting 'the people aspect' of the equation right. In this country we come back to the need for training, multi-skilling and the right organisational structures.

"Training is the critical area, and employers must do more. The demographic trend, which means a reduction in school leavers, is forcing companies to change their policies. The Manufacturing, Science and Finance (MSF) trade union is now entering into agreements with employers about the future training of their workforce. Although part of collective bargaining, more often than not there is no money attached to it. It's a gesture of faith for the future.

"ACAS is a free government service working jointly with industry in these areas. If a company or a union come to us with a question, we try to help them to develop a solution

within their capacity to introduce and maintain themselves. Part of our organisation is the ACAS Work Research Unit which looks at the effective management of change, employee involvement, quality of life and work structures, work hours and annual hours. For example - how do you fix working hours against new technology? You now find employers pulling back to a fixed core of workers and employing others as required to cover peaks and troughs.

"At the end of the day, manpower is the only real asset we have got. Years ago if a company or a country adopted a certain technology, it took competitors a long time to pick up that technology and adapt it for their use. Today if you go for a highly advanced integrated manufacturing system your competitor can also buy and install it in a matter of months and your competitive edge is lost. The only competitive edge you have got is your people and you have to do as much as you can with those. If every other organisation throughout the world had the ability to get the same finance and the same tech-

nology and you don't use your manpower by involving them, you've got a problem coming."

Finally, Mr. Brown urged everyone to look more closely at what is

happening as we approach 1992. The Single Market, Employee Rights and the Social Charter are all areas that companies must tackle. It is all part of the future of Europe.

A REAL EUROPEAN COMPANY

Jean Fayet, President and General Manager, Siemens Automotive SA, Toulouse, France.

Addressing a conference in Birmingham, Jean Fayet told of the problems his company faced in the highly competitive electronics engine management systems industry and of the new partnership between Bendix and Siemens of Germany.



Jean Fayet

"It is a very high-tech industry which needs a lot of experience to reach success. Every three years you need a new product and that means a high level of investment, research and development. Bosch is a world

wide competitor who controls 40% of the market, so it means that you have to match Bosch in quality and service. Fortunately there is a lot of growth - 30% each year. Car makers are changing everywhere from carburetors to fuel injection. In Germany you find they are buying German products and the French too are buying German products because of the lack of French products."

In order to survive, the company of which Jean Fayet was chairman, had to join with Siemens, who also faced serious problems. He told the conference of the difficulties he had to face in sharing responsibility with his German colleagues.

"We were about equal in turnover and in world-wide positions. I was told 'Don't worry, you will keep your authority and your strong position in the world.' But when the time came, the German company took the lead in everything.' I said 'No way will I accept that'. However, I realised that my company had a serious weakness in these negotiations - our management team did not have a very good understanding

between each other.

"I spent a lot of time talking to the managers with the purpose of bringing them together and getting them to forget their bitterness towards each other. I addressed myself to their consciences and said 'Be careful, with the right attitude you can help in the difficult situation we are in.' I think they understood my message.

"It was evident that our differences with the Germans over who should lead could not go on, and eventually we were given the authority to lead both the French and German parts. It meant a change of attitude on my part. I found it tough having to share all my decisions with others before implementing them. But after a few months it brought some advantages, for example, not going too fast. My German colleagues are, shall I say, more natural, they keep me a bit more stable and now we have a good understanding. With all our problems we realise that we have no other choice but to succeed together and now we are a real European company."

Mr. Fayet then spoke about a new

management style which stressed personal involvement in the company. "Previously the situation was based on the authority of the leader. Today we have a new structure with a project leader at each level. Instead of a vertical organisation, we have people responsible for each project. The project leader takes the order and negotiates the cost, deals with the engineering people, quality, purchasing and so on. It is no longer a one man show with me leading everything.

"Human behaviour must give its best inside the company. Communication is the key word. People who manage must agree and decide how we can do better together. I have set up a committee of management where we share all the decisions. Each week we have a team meeting where all the facts are presented. There are no more secrets. Every department has a newsletter giving information on profits, markets and so on, so that everyone is involved. In addition we have a quarterly meeting with all 250 managers where we talk freely. They ask questions on any subject and we try to answer them

not hiding anything."

Lack of spirit in the company was being overcome. Mr. Fayet, who had spent 30 years in the industry, said that the moral approach was the key. Truth starts with management. They had asked their people for their views on the company, and discovered 'there was quite a discrepancy between what we thought we were and the way we were perceived'. He defined the company's task as, "A world-wide endeavour, nationally based, working in a family spirit continuously to improve quality so as to satisfy customers' needs, and harmonising this with the wishes of our personnel, suppliers and shareholders."

Mr. Fayet paid tribute to the Japanese and said how much he had learned from them at the Caux international conferences. They won because they were better. They have become a model to be studied. He was a new convert to the "Total

Quality' concept but saw this as a new era in which everyone was involved in the pursuit of excellence.

"All employees can express themselves. They can write in the newsletter or see me personally or write to me and get a response and we set aside a day for open discussion." Mr. Fayet added that workers are responsible for the running and maintenance of their machines and that a great number of suggestions for improvements come up. Another feature is the encouragement of employees to start up their own businesses and become suppliers to the company.

He concluded by stressing the importance of all members of the European Community acting together. "As we face the prospect of an integrated Europe, East as well as West, Britain has much to contribute in building the new European spirit."

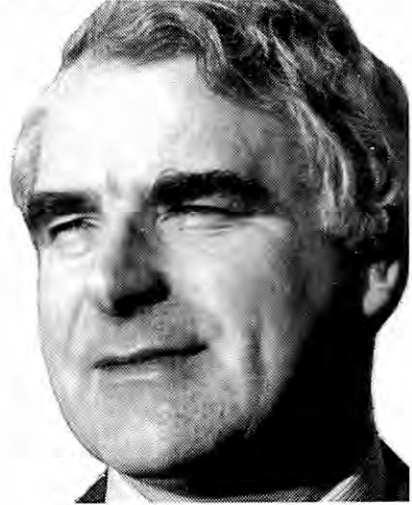
NEW CHALLENGES AND
NEW OPPORTUNITIES
FOR THE COMPONENTS
INDUSTRY

**David Owen, Chairman, Rubery
Owen Holdings Ltd.: Vice
President, Society of Motor
Manufacturers and Traders:
President, European Component
Group (CLEPA)**

"Coming from the components industry I see recent developments, particularly with regard to Japanese investment in Britain, as new opportunities for our industry. Toyota building their car assembly plant in Derbyshire, Nissan extending their manufacturing capacity in the North East to 200,000 cars a year and Honda becoming a shareholder in Rover as well as expanding their manufacturing capacity in this country. Consequently the Japanese will be buying components throughout Europe and this will take investment forward and enable component companies to expand.

"In Britain a challenge we face is the balance of trade deficit in the

vehicle industry - some £6 billion, whereas France and Germany have a positive trade balance in cars and vehicles.



David Owen

"All that we have heard today about the right technology, the right quality and the right communication is of the greatest importance for future development. So too is the crucial need to develop the right attitudes and relationships with these new people.

"In the private sector of industry we have problems; too few really good managers and too little money. If you have to borrow money at 15% you may well decide against investing in real assets which make

you competitive and in training people. I do not wish to apportion blame. I am here to try to develop our markets, our businesses and our employment. Over the last few years the undergirding strength of our economy has grown enormously and I believe that strength is still there.

"Inflation is the real enemy. If you are a worker and a member of a trade union, you see inflation eating away at your real standard of living. This leads to conflict. Management fear the additional cost of wage settlements and try to keep them down. Trade unionists try to maintain the living standards they think they should have by pushing up wage levels. While these negotiations are difficult, we must not get into a 'them and us' syndrome.

"We must sit down and communicate on a basis of honesty and trust showing where we are trying to take our companies, and work to get everyone to share that vision with us. At the end of the day if we can get a settlement to be self-financing, eliminate bad practices and improve productivity, we can

then move forward together."

Mr. Owen was asked if the British content in the manufacturing of cars by the Japanese in this country would be substantially increased and will Nissan establish design, research and engineering facilities here?

He replied, "We have been discussing the setting up of these facilities in Britain and I'm sure we shall see a response. The agreement of 60% local content in Japanese manufacture will eventually become 80% . It's a matter of getting the quality right and being competitive with other countries. If we meet these conditions we shall see this development both with the Japanese and the Americans. It must be remembered that in all these developments we must no longer see Britain as an island, but work together with each other in Europe and in the wider world."

(As a result of their dedication to quality, car component manufacturers have subsequently been rewarded with multi-million pound orders by Nissan. A target of 177

European suppliers has been set with 120 in the UK. The company will spend some £600 million a year by 1992 on sourcing compo-

nents in Europe and their expansion programme includes facilities for engineering, design and research.)

WHO PRACTISES ETHICS?

Stanley Kiaer, Director, The Institute of Business Ethics



Stanley Kiaer

The Institute of Business Ethics was launched in 1986 by the then Lord Mayor of London, Alderman Sir Alan Davis GBE. In his inaugural address he said, "Good business and good ethics should go hand in hand. Whether we play our full and rightful role in the world as a nation may depend on the moral sense of our people and on whether we do everything to enhance it."

Stanley Kiaer, spoke about the work of the Institute. "We try not to give an instant answer to ethical problems. We look at issues which busi-

ness may be too busy to consider. One of these was stressed by Sir Terence Beckett when he was Director General of the CBI. He called for companies to articulate their company philosophy and bring up to date their codes of practice.

"We decided to send out a survey to different companies, to enquire whether they had a code of practice. About half of them did. We then prepared a guide for businessmen on the drafting and use of codes of business ethics. This was something both academic and practical and we sold 700 copies. To my mind that is 700 companies who are now seriously considering how to give those who work for them a sense of purpose, how to encourage good behaviour and protect against exploitation.

"Another concern is the need to protect young people when they go into a firm, and train them in what is right and what is wrong because they no longer necessarily learn this at school. A young person I know started as a management trainee with a company. One day he was asked by one of the directors to

falsify some returns he had to give to a government department. He was a person of integrity but he was young and he wavered. Fortunately he had a relative who was senior in another firm, whom he could talk it over with. His advice was, 'Don't touch it with a barge pole' and he didn't. Three months later he was told that his future with the company was not what had been envisaged and he should find something else. In the event he found a very good job. We have held conferences on 'Business and Society', 'The approach of the Faiths', 'Takeovers', 'Personal Debt' and we have commissioned Tom Burke, Director of the Green Alliance to do a study on 'Ethics, Environment

and the Company.'

"The Institute is no substitute for personal belief or integrity, but our aim is that integrity should reach the farthest corner of the boardroom and the shop floor. On one occasion, the matter of honesty was under discussion when Lord Caldecote, then Chairman of Investors in Industry, said 'A very useful criterion as to whether something you want to do is honest or not is, would you be happy to have it as headline news in the Daily Express?'. It's amazing how that clarifies people's minds.

"We started the Institute on the basis that 'it is better to light one candle than to curse the darkness'."

A NEW FACTORY CULTURE

Tony Lane, Industrial Relations Manager: Graham Gould, Works Convenor, Hardy Spicer Ltd.

This old established Birmingham based company, proved that with the right attitudes and the right investment, far reaching change was possible with their existing workforce on their own factory site. Hardy Spicer supplies the motor industry with constant velocity joints - a vital component in the automotive transmission. The company had run into serious problems and was facing international competition. Managing Director, David Makin, reported, "Our prices were not good and our quality was even worse. We had to do something dramatic to improve our performance. It was a matter of survival."

Tony Lane and Graham Gould, described how management and trade unions together fought to bring about the urgently needed changes. "We looked at the latest equipment all over the world, Japan,

Germany and the U.S.A. and decided we should plan to be five years ahead of our competitors - they are improving all the time", said Mr. Lane.

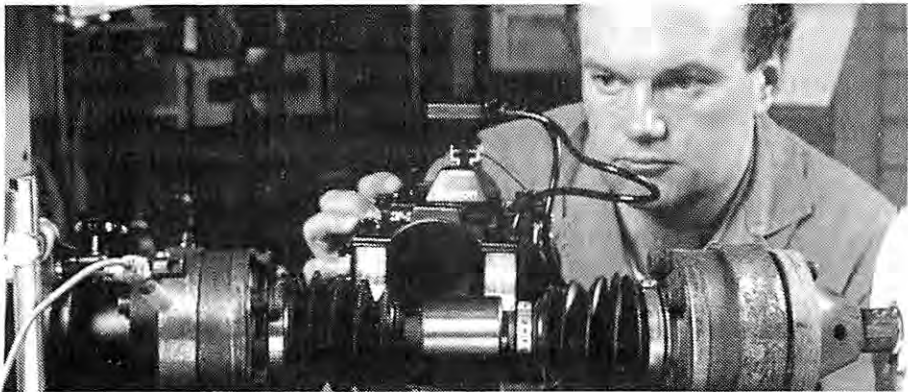
"Our greatest challenge was people. The commitment of the workforce was crucial in obtaining investment, some £30m to £40m by the parent company G.K.N. When I came to Hardy Spicer I looked for procedural agreements with the trade unions. There was only one and that had not been used. I asked the Works Convenor, Graham Gould about this and to my surprise he told me, 'Here we take pride in solving our problems within the company. You and I will have plenty of arguments and will not always see eye to eye, but we will try to solve our problems at base'. Problems were solved on a basis of trust, integrity, mutual understanding and flexibility", Tony Lane added.

Graham Gould and his trade union colleagues knew that many demands would be made on the workforce. Manning levels would be substantially reduced and an

intensive retraining of selected personnel would ensue. They looked at the high rate of unemployment and depression in the Midlands area at that time and decided to take a better way in the interests of everyone concerned. "At Hardy Spicer we have 1700 trade union members and although we have five trade unions, we speak to management as one trade union", said Graham Gould. "Our system of communication is most essential and it has not come about overnight. To achieve the changes it was a matter of convincing management that the workforce could take on the multi-skills needed to run the new flexible flow line". Management and unions together created a new culture which was

conducive to accepting radical technological change based on maximum participation and involvement. Space was made for the new layout within the existing factory site and the company embarked on a course of training costing £1.25 million. This was to take the workforce into the new era with machines working to incredible tolerances with the end product untouched by hand.

Tony Lane concluded "If the culture of the factory is right, if trade unions and management give strong and responsible leadership and you invest in people, you can change attitudes and you can succeed." Today Hardy Spicer is a successful company.



Quality Control - optical evaluation

A SHOP FLOOR VIEW ON QUALITY AND HUMAN RELATIONS

Rudy Gayle, Shop Steward, Rover Group, Longbridge.

As an assembly line worker on the Metro track, Rudy Gayle stressed the importance of quality and industrial relations and the contribution that industry can make in building the multicultural society in which we live and work.

"In the highly competitive world of the motor industry, quality is an all important factor and it concerns everyone of us. If we do not produce the quality the customer demands we shall soon be out of business. Quality means pride in the job, but it goes much deeper than one would imagine.

"The team leader or facilitator, as far as the worker in his area is concerned is management. We fit the components as the vehicle moves along the track and if at any point there is bad relations between the managers and the track worker, then quality becomes affected. To

ensure quality, management and workers must work together with understanding and decide what is the best way forward.



Rudy Gayle

"People do not go to work only for wages, that's an incentive, but we are investing our lives in the company and therefore we should have a say in matters that affect us. I am talking about the day-to-day decisions in which, given the opportunity, we can make a valuable, perhaps a vital contribution.

"Again there is much to be done in terms of equal opportunities in the multi-cultural society in which we live and work. 'Equal Opportunity' is embodied in the company's

policy, but the question must be asked - what value, in practice, is being placed on the creative contribution that each individual or group can make?

"No one seems to take on board whether people from different cultures are allowed to take more

responsibility and make their best contribution. I try to minimise difference of colour and build a multicultural society that works. There is a need for this awareness among managers and trade unions.

In the pursuit of 'Total Quality' all these factors should be taken into account."

BUILDING EMPLOYER WITH NEW PRIORITIES

**Gottfried Anliker, Chairman
Anliker Construction Company,
Lucerne, Switzerland.**

Speaking at an industrial conference in Scotland, Gottfried Anliker said: "The answer to the problems of our age lies within us - not outside us." As a young man he worked hard for success, believing that money would solve most problems and bring influence.



Gottfried Anliker

"When I was out for my own advantage I had the bitter experience of being on a collision course with other people. Without noticing it I treated my workers and staff, partners and customers, as objects

of my egoistic interests. The result was, I became bored, burnt out and empty, having to take pills to be fit and more pills to sleep. I spent a lot of time 'being in' with people, becoming respected and not missing anything. Yet I missed the essential which makes life worth living.

"One day some friends challenged me about my motives and my life style, which led to a turn-round in me of 180 degrees. I was fascinated by the idea of living to remake the world instead of only for my own success. For me the challenge was to be honest with my wife, my business, and my tax accounts .

"It cost me a lot of money to put things right but through honesty I have found undreamed-of creative powers liberated in me which were formally blocked by a bad conscience. I am no idealist who wants to sacrifice his enterprise to utopian aims, but my experience is that clean moral principles in business go well with economic efficiency. Honesty creates trust and simplicity. Every man needs success, but making money for its own sake can never deeply satisfy. As soon as we

serve others through our work, we find enjoyment and satisfaction and bring into play the law of provision."

How have these motives - putting people before profit and running an enterprise orientated towards customers, quality and service worked out in practice?

"For decades in our firm we have given priority to low-priced housing" said Anliker. "We refuse to speculate with our reserves of building land. If we had indulged in such speculation we could have made bigger profits than by building houses ourselves. It's true that our profit margin is smaller, but the income of the firm has increased through a higher turnover and today we employ 1000 people.

"Caring for the social needs of our fellow workers adequately is the sensible thing for employers to do. For 25 years we have paid half of our profits into the personnel fund. Today we have a very generous and solidly founded pension fund. We make a gift of SF 10,000 to employees who want to buy a house. We have excellent relations with the trade unions, and the Works

Council meets monthly when managers are there to give answers to questions.

"In this time of constant change and upheaval in values, the new technologies are bringing change in our methods of production and in society itself. Through these modern technologies there lies unimagined opportunities for humanity. What is decisive is what we make out of these opportunities. We are not only the bearers of our fate, we are just as much the creators of our destiny. From this point of view I do not see myself as an owner of our firm but as a temporary steward of it.

"To sum up, the key for me is to have a daily time of inner quiet to get guidance from the highest wisdom on what needs to be done. There are no limits if we use all our creative gifts to serve others. But it is not enough to be a good employer, or to achieve good economic results and good social conditions. We must train leadership which helps to develop and build the new world everyone is longing for".

Mr. Anliker reiterates his belief that the point of work is to serve and this brings fulfilment. This he

says is what Christ meant with his challenge 'Seek ye first the Kingdom of God and His righteousness and all these things will be added

unto you'. Anliker's experience is that these laws function in economic life too. He has travelled widely to pass on his convictions.

EUROPEAN COLLABORATION- KEY TO AIRBUS SUCCESS

This is an abridged account of the resurrection of the Airbus, illustrating that people with knowledge, commitment and understanding of what is possible, can be the persuaders in bringing about change in the policies of governments.

One of the outstanding examples of pan-European industrial cooperation is that of the revival and success of the Airbus. Twenty-five years ago, plans for its design and construction had been shelved. Britain had withdrawn from the international consortium and France and Germany agreed that the project was impossible without international cooperation.

Today Air Industrie comprising France, Germany, Britain and Spain is the most important manufacturer of commercial aircraft after Boeing. By July 1990, 607 airliners had been delivered, while by September 1990 there were a further 1,505 firm orders. More than 90 airlines have either bought or

ordered Airbuses. In terms of employment, some 50,000 highly skilled workers across Europe are engaged on this enterprise.

The French have always considered the Airbus project to be fundamentally French and although their government had decided against building it, one man at senior level had a deep conviction that Airbus was the aeroplane to build.

This vision and commitment was that of Henri Ziegler, known today as the father of the European aerospace industry. After World War II he was asked to draw up plans for the relaunching of France's aircraft industry. In his report he wrote, "No European country and especially not France, has the means or economic infrastructure to compete with the two superpowers. Our future therefore lies in European cooperation."

This controversial conclusion met with fierce opposition both from his government and French aircraft engineers who believed that France was quite capable of making aeroplanes on their own. Ziegler

persisted with his ideas of European cooperation and while he was Managing Director of Breguet - Aviation, 'Breguet-Atlantique', the military aeroplane was built. It involved twelve European countries and met with considerable success. But his great interest lay in a large capacity wide body civil airliner and around 1964 the idea of Airbus was born.

An international consortium was set up comprising France, Britain and Germany to advise on the best design, but differences over capacity and investment led to Britain's withdrawal and the project was dead.

It was not until 1968 when Ziegler became head of Sud-Aviation with a commitment to complete Concorde that he was able to put into effect his long-held belief that Airbus was the aeroplane to build. He opened negotiations with the Germans, English and Spanish and eventually the plane was manufactured by Airbus Industrie, a consortium under German chairmanship with directors and managers from participating countries.

Many problems and tensions had to be overcome and some have yet to be resolved, but this model of European cooperation can best be summed up in the words of Henri Ziegler: "In the aerospace industry, it is no longer a question of creating Europe, that has happened already."

While many reports have been written about the success of Airbus and the way in which international cooperation has been achieved, less is known about the important part played by a group of ordinary workers, technicians and trade union activists. It was the conviction of these men at Hawker Siddeley, where the Airbus wing was being designed, that led to the formation of an international lobbying group for the revival of the Airbus. The group adopted the name 'Action Committee for European Aerospace' (ACEA). In its widest context their aim was to press for European collaboration and for the British aerospace industry to become again a pace-setting force in our national life.

In pursuit of these aims, numerous

meetings with ministers and MP's took place at Westminster and a delegation went to Toulouse at their own expense to join with their counterparts in the French aircraft industry. On arrival in Toulouse, the initial welcome by French aircraft workers was warm enough but before any real teamwork could be embarked upon, a bridge-building operation had to take place. The Frenchmen's charges of British arrogance and superiority unless answered, threatened to abruptly end any hopes of collaboration.

It was a decisive moment. Either the British could walk out and catch the next train home or honestly assess what had been said by the Frenchmen. In the event, apologies were made and the competence and skill of the French in building aircraft was readily acknowledged. New relationships were forged and a basis for working together as equal partners developed from this encounter.

The spokesman for the British delegation reporting this meeting said: "When we apologised for our past attitudes and assured the

French we were going to change our ways and work as equal partners in these great aerospace ventures, they were astonished to hear an Englishman admit he had been wrong. The bitterness seemed to evaporate; they grinned, thanked us for what we had said and we got down to business. From that moment on, cooperation and friendship could never have been warmer. In the course of time this friendship has played an important part in the Airbus revival."

In continuing their collaborative efforts, the action group argued that without Airbus, Europe would be out of the world market for supplying major airliners and that the USA would be the dominant supplier perhaps for decades to come.

A meeting with Henri Ziegler brought reassurance that he would do everything in his power to defend Airbus and he urged the action group to continue their campaign to influence the British government.

An Action Committee delegation then went to Hatfield to see Sir Harry Broadhurst, head of Hawker

Siddeley Aviation, and as a result he committed his company to playing its part, initially with its own money at stake. This was to be a further important turning point in the outcome to build Airbus. In evaluating the role that the action group played, the magazine

'Flight International' wrote "When eventually the memorandum of understanding to build the A300 Airbus was signed in London by Britain, France and Germany, it could surely be said that few had done more than ACEA to bring about the revival."



European Airbus

BUILDING TRUST COMES FIRST

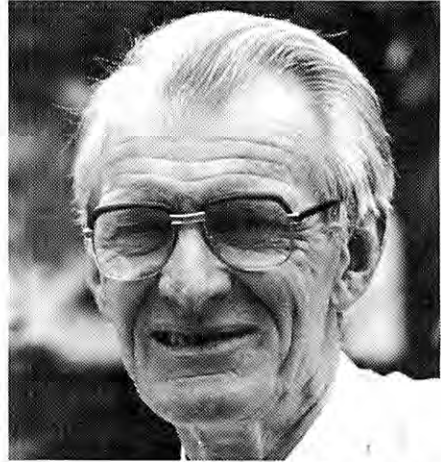
Tom Ramsay, former Business Planning Manager, BHP Limited, Australia.

"When BHP, Australia's largest company, discovered the oil field in the Bass Strait, I was one of a team who had to work out how to calculate the crude oil price. A method was agreed by the industry and the Government, but for the first year BHP had to depend on another company to analyse the oil.

"At the end of that year we set up our own laboratories, and our chemists found they didn't agree with the other company's analysis. Unfortunately, if we accepted the new figures it would have meant a drop in the price of crude oil for BHP.

"I had the job of recommending to management how we should deal with this. Some in the company agreed with me that we should act on the basis of what was right, others thought it silly to question

the earlier analysis because it would cost us money. After some six months of research and debate, a letter was prepared which would have perpetuated the wrong method.



Tom Ramsay

"I wasn't happy with it, but I didn't see what more I could do. I took the letter home and showed it to my wife Elizabeth. While she didn't understand all the technical aspects, she said she thought the letter was devious. That rang a bell with me. I thought, yes that's true. I went back to my boss, and said 'I'm not happy with this letter, I think it's devious. He replied 'Yes I suppose you're right, it is devious.' He passed the message on and eventually I had to go to Sir James McNeil, the

managing director, to explain the issues involved. When I did so a senior manager pointed out that to put it right would cost the company ten million dollars over the next five years. Sir James looked at him over the top of his glasses and said 'I'm more interested in the good name of BHP than in ten million dollars'.

"The result was that Sir Ian McLennan, the chairman, told us to set up a meeting with the other company and work out what was right. 'I don't want any deception in this matter' he said. As a result we changed the formula, forfeiting the ten million dollars. But then Sir James went further and said, 'I don't want any come backs over this. I

want to make a refund where we have inadvertently overcharged people'.

"He persuaded our partners that we should make refunds to our customers totalling 1.1 million dollars each. I had the job of taking them the cheques. One customer told me that he was in desperate financial straits and this cheque would save him from bankruptcy.

"A friend of mine in the other company said afterwards, 'We could never understand why you raised this - we realised it was going to cost you money, but', he added, 'I now think it was worth every cent because of the trust that's been created between us'."

HUMAN BEINGS HAVE FAILINGS AND FEELINGS

Jim McMillan, former Branch Secretary, National Union of Mineworkers, Hem Heath colliery, Stoke-on-Trent.

"Speakers here today have made one thing clear in my mind. It is an indictment against management and the trade unions that we are so far apart. For my part I have always been a man who pursued a vendetta against management for the way they acted against the workers. Today I have seen a new vision. I think trade unionists have failed badly along the way. It is now time for a new approach."

Speaking with conviction about the low morale of the miners, not only in his area Stoke-on-Trent, but in the whole of Britain, he said, "I wish I could have brought representatives of British Coal to this meeting today. They would have seen a new picture, a new light on how we could get on together in a constructive way to rebuild our industry. All workers on the factory floor and in the mine have failings

but they also have feelings and this is a challenge to be met if we are to find the best way forward."



Jim McMillan

The industry faced great changes and challenges - quality and the environmental problems of burning fossil fuels, new investment in open-cast mining or deep mining, and the importation of coal for the electricity industry.

Having spent 38 years in the mines Jim McMillan expressed his amazement when he heard managers from other industries describing the far reaching changes which had brought management and their workforce together in making a success of their industries. "We

were brought up in the wrong school" he said. "We always kept our distance, no social contacts and a confrontational stance on every issue. Any consultation apart from health and safety was always on the part of management not mine.

"I must add there are exceptions. With some managers you could talk about anything. They could walk away and rely on everything being done properly without any

orders being given. My conclusion is, there is a need for training on the part of management and the trade unions on the skills of managing people and human relations. I recall a play being put on at our miners' club. It was 'Keir Hardie - The man they could not buy', that gave the answer for me. We need the Christian approach which gives the wider view. Without that you have lost your way. It's a matter of the head and the heart."

WHY MANAGEMENT BUYOUTS WORK WELL

Tony Stacey, Investment Director, Investors in Industry, 3i.

Mr. Stacey explained the importance of venture capital and investment to the industrial scene. "If you are a growing business and want to invest in a new product or even in training people, instead of waiting for sufficient profits to be generated, you can come to 3i and ask us to invest money in your business.

Venture capital is looking for businesses that grow quickly and have a higher rate of return. It follows that we also expect a higher rate of return because of the risk involved.

"One of the most successful ventures is the management buyout. During the recession many companies looked for a way to get rid of non-core activities and management buyouts proved to be an answer to the problem. We reckon that only 1 in 16 management buyouts fail compared to 50% of all start ups.



Tony Stacey

"There are two main reasons for their success. One is motivation - the management's motivation of the workforce has made them successful. An example of this was the buyout of Premier Brands Cadbury. £100m was paid for that. It sounds a great deal of money to find but managers don't have to find nearly that amount. Venture capital houses like 3i are keen to put up the necessary money.

"Communication is a lot better. The new managers often know the former managers and have had dealings with them. Now at last when decisions are made at the sharp end instead of being made in

London, Dusseldorf or Tokyo, they work. These buyouts have benefited the West Midlands by keeping investment, employment and job opportunities in this region."

Asked about investment in the EC and now in Eastern European countries, Mr. Stacey said that 3i

have opened offices in France, Spain, Italy and Germany. "We are looking carefully at Eastern Europe. People have great aspirations to improve their living standards. We shall see a lot of competition from them in five years time and their people will work for lower wages, at least in the short term."

INDIAN WORKERS AND MANAGEMENT RE-TRAIN TOGETHER

Niketu Iralu, Director, Moral Re-Armament Conference Centre, Asia Plateau, India.

Asia Plateau is situated in Panchgani in the Western Ghats of Maharashtra. Since 1973 some 135 companies have participated in the industrial seminars which have the theme 'Creative Leadership for Industry and National Development'.

Niketu Iralu, speaking in Birmingham said: "I am very impressed by the questions you are asking here and trying to answer. If a powerful society like yours can solve problems on the right basis with the right motives, that will benefit all of us. At our seminars which take six days at a time, we try to help each person to make a start by listening to the inner voice. (Mahatma Gandhi taught people to listen to the inner voice)

"One company sending delegations to Asia Plateau is India's biggest truck making firm TATA, employ-

ing 30,000 people. A man named Sarosh Ghandy who is head of the company, decided to launch a programme for his organisation to be exposed to our ideas.



Niketu Iralu

"At the inauguration of a seminar for his personnel officers he said 'These seminars for Moral Re-armament help us to face the truth about ourselves. Ladies and gentlemen, I am afraid to face the truth about myself, but I see that unless we do face the truth, we may make the best trucks in India and Asia but we will become irrelevant to the social, economic and human problems of a poor country like India'.

"Another industrialist came together with his brother. They de-

cided to be honest about company profits and to terminate their Swiss bank accounts. A trade unionist from Bajaj Auto's came with management after a seven month lock-out in their company. He found that change was the key to new thinking about the lock-out. 'I have decided never to tell a lie or go along with anything that is not completely truthful - maybe we will then have the right approach to the lock-out and to other problems we face' he said.

"In a country like India we have to deal with the human element at that level, then we can go on to other technical and economic matters which are important but will not work unless, for example, people like the industrialist decided to be honest about company profits."

Similar seminars are being initiated by TELCO in Jamshedpur on the theme 'Human Relations at Work' and by the Auto Division of Hindustan Motors in West Bengal. One participant from Hindustan Motors said "The cross-section which sat through the programme was unique. Right from the ex-Vice President to shop floor workers, we all deliberated together. This has never happened before."

Niketu Iralu concluded "May I say that if you from both sides of industry face the truth about yourselves and your industry and what it is meant to do for the world, then it will be relevant to our needs as well. Because of our numbers and our problems we need help. I am grateful to be here sharing this very interesting search."

SMALL BUSINESSES LEAD RECOVERY IN THE BLACK COUNTRY

**Bill Woodhouse, Director,
Sandwell Enterprise Ltd.**



Bill Woodhouse

The years of the recession in manufacturing industry left immense problems in its wake. In the Sandwell area, which lies at the heart of the Black Country, over 46,000 jobs were lost and the area suffered tremendous dereliction. No green belt, no greenfield sites and numerous empty factories unsuitable for modern production, all meant great difficulties in attracting investment and creating new jobs

Bill Woodhouse, who worked with Cadbury for many years on industrial relations and project management, was involved in the company's modernisation programme. Eventually, with the impact of new technology and displacement of workers he found himself looking for another job. It was at this point that Cadbury offered him the opportunity to go out into the community and help in creating jobs at Sandwell. He accepted the challenge.

Mr. Woodhouse started Sandwell Enterprise Ltd. and later in a partnership between industry and local government, Sandwell Chamber of Industry and Commerce was formed. It quickly became apparent that the big industries are employing fewer and fewer people and that recovery and regeneration lay in starting small industries. With a team of ten people including bankers, accountants, marketing experts, salesmen and personnel, they concentrate on training unemployed people who want to go into business. "Its no use going into business unless you have training," said Mr. Woodhouse. "We offer

detailed counselling services and assist those who want to become self-employed, with funding. Bankers very often will listen but say they cannot help and it is true that while many start-ups prosper there is a high percentage of failures.

"Big companies have been persuaded to put money into a loan fund and in one year 59 new businesses have been financed in this way. Over 600 companies have joined the Chamber of Industry and Commerce and while 70% of them employ less than 10 people," Mr. Woodhouse observes, "this is basically where new jobs are going to come from. Another factor is that many companies are shedding everything that is not 'mainstream activity' with the result that more suppliers are needed as well as maintenance and service people." On this basis he reckons to have helped create about 4,000 jobs in the last four years.

As for the future, his team are involved in motivating young people to put their future into manufacturing industry. There is a vital job of education and persuasion needed to overcome the old image of factory life and present a new and exciting future which is attractive for both boys and girls setting out on their careers. One initiative being taken is the showing of a new video to some 34,000 school children aimed at changing attitudes towards industry.

Another need that is being looked at is that of a scheme to help the disabled - 'a neglected section of the community' to start their own businesses. Also the many unemployed single mothers on high-rise estates are being helped through a 'Job Bank'. "I hope I have been able to demonstrate that with a will and a partnership between industry and local government, jobs can be created," says Mr. Woodhouse.

DEVELOPING QUALITY IN PEOPLE AND PRODUCTS

David Thomas, Personnel Director, Lydmet Ltd. Lydney.

"Changes in attitude, and a vast improvement in relationships between management and the shop floor were key elements in our recovery." Lydmet is a leading company in the car components industry.

Speaking in Bristol at a conference on the theme, 'Meeting the Challenge of the 1990's', he continued, "How can we make such changes the norm for all British manufacturing and how can we develop in the nation a culture of co-operation between government, employers and trade unions? "

Lydmet had worked hard at getting it right in their foundry which supplies camshafts made to meet the highest specifications demanded by both British and continental car manufacturers. They had invested in the best automotive technology, their foundry being the first in Britain and the second in Europe to

introduce a computer controlled unit.



David Thomas

"But quality production depended on more than good systems," said David Thomas. "What mattered was how the systems were used to the best effect by the co-operation of all concerned. The same is true with industrial relations. Since 1978 we have not lost a day in strikes. We have committees which give participation to the shop stewards, but most important is the style of leadership and relationships. Solutions did not come easily, but had to be achieved by hard work and persuasion"

The policy at Lydmet is to develop their own people to their highest

level of competence. "We grow our own" says David Thomas.

Recent developments show that Lydmet, in competition with Eur-

opean manufacturers, have secured an order from Ford to make camshafts for their new Zeta engine. New facilities will be built and 125 new jobs created.

GIVING STATUS TO THE ENGINEER

Collin Lawson, Managing Director, Synchronomatic Controls Ltd. West Bromwich.

"Having had the opportunity and the privilege of living in Germany for over 10 years and learning the language, I found I was able to live and think in German and understand how people feel. If we intend to take our business to another country we are at a disadvantage if we cannot converse with people in their own language.

"It is very important to encourage our young people to go into industry and they must be given status. Young people in Germany are encouraged to become engineers. In this country it could be - aim to be a 'yuppie' - go to the City and make a fortune. To be an engineer in this country could mean that you repair washing machines or design the most complex machinery. This is not so on the continent and this is a very important point. In Germany if you are an engineer, that is a respected profession, the same as

the medical or legal profession. If you are a technician you have a certificate to prove that you are qualified to do a certain job.



Collin Lawson

"Germany did not get to its position of economic strength that we see today without first training its people in the running of the country right from the highest academic level to the workers. They have an understanding of what it means to work hard, be disciplined and achieve not only personal prosperity but prosperity for the community and the country.

"Sadly in this country training is inadequate. Often when I apply for an electronics technician I get a reply from people who say they have taken a course on the subject.

When interviewed I often find they have a very vague understanding of electronics, yet you are expected to pay them £20,000 a year.

"Those responsible for training, in universities, technical colleges and schools must sit down with industrialists and decide on the type of training that is needed. It is imperative that we are consulted. My own company is involved in training in co-operation with local colleges. We train people where we have the expertise.

"In Germany it is very common to see managers on the shop floor. In the UK many managers think they can communicate through memoranda. To be seen greeting a worker would be lowering themselves let alone putting on a boiler suit. In my business no one knows from day to day how I will turn up - whether it's a suit or jeans or shirt all depends on what is happening that day. I get involved in all aspects of the company from repairing machines to meeting sales representatives.

"Nevertheless it is difficult to overcome 'them and us' attitudes and if

you give some an inch they will take a mile. I do not see the company as a means of making money for myself. I try to instil into everyone that their future is in the company and if they work hard and the company succeeds then that is their success too and they can achieve a good standard of living. This way I get through to them and the message also reaches their wives and parents whose attitudes are also important.

"If we are going to build the Europe we all want to see, we must understand what 1992 means. Barriers down, yes, but it's more how we think and how we feel. Imagine the power that 360 million people will have - greater than the USA. As an industrial nation we should not rely on Japan for investment and employment. Employers and trade unions must fight to save our industries. But I think of the Third World countries who have nowhere to go. We also have a responsibility to them.

"What is Britain's role in Europe? We have to change our attitudes or be disadvantaged. Many of our

leaders are afraid of the Social Charter. Their fears are unfounded. Germany does not have a socialist government but to a certain extent

the charter already applies. Now is the time to play our part and be influential in shaping the future of the new Europe.”

TRADE UNIONS IN THE 1990's

Bob Scarth, a Coventry trade union and Labour Party activist with over 40 years experience in the movement.

"Trade Unionism at its best must be visionary, yet practical, tackling today's problems in the light of tomorrow's needs. Trade unionists are no less concerned about quality, motivation and the pressure of world competition than employers and governments. Everyone suffers if the enterprises go down. As catalysts for change we should be wholeheartedly involved in shaping the 1990's, taking joint responsibility with management for technological change, innovation, training and employment. Our aim should be to feed, clothe and house all humankind in a healthy and secure environment."

Bob Scarth discussed these issues with people from many countries at the Caux Industrial Conference in Switzerland, sponsored by Moral Re-armament, where he chaired an international trade union forum. "For many participants at the Caux



Bob Scarth

Conference the priorities became evident when Francis Blanchard, former Director General of the ILO (International Labour Organisation) and now advisor to the Secretary General of the UN, outlined his concerns for people in the developing countries. 'In the past, he said, growth was seen as the essential yardstick, today it is no longer an objective in itself but a means to obtain a higher level of material and spiritual development. My fear shared by many experts is the tendency towards 'twin track' societies where a rich and highly qualified elite leave millions of men and women excluded. My hope is that rich countries who justifiably pursue short-term policies to maintain their standard of living, will increase their efforts to respond to

the needs of everyone and preserve the threatened environment'.

"The crippling effect of debt was expressed by Dr. P.K. Kamunanwire, UN Ambassador of Uganda. The African Continent alone owed the international institutions 245 billion dollars and this is closely linked with the battle to alleviate poverty and unemployment in both developing and industrialised countries.

"The urgent needs of Eastern Europe where people now have freedom to rebuild their economies and establish free trade unions were expressed by two Polish women members of the Lodz Solidarity Committee. Massive unemployment is fast becoming a major issue. Poland has desperate problems of worn-out machinery, often dangerous working conditions and mediocre leadership. They called for outside help in training workers and especially supervisors and managers in leadership skills. Given such backing with teamwork and new levels of investment and motivation, in the spirit of what they had learned at Caux, they felt

sure their people would create industries turning out best quality goods at competitive prices.

"By contrast, Japanese delegates from the Kintetsu Workers Union, spoke of their ability to maintain high outputs of quality products despite labour shortages. Two key factors were, a not always uncritical partnership of unions, workers and management, and the tremendous leadership talent being constantly tapped by the company.

In the wider context of Japanese industry there is growing concern about quality of life. The Japanese Private Sector Trade Union Confederation (JPTUC-RENGO) has undertaken a study on how to mould the nation's future course and deal with the problems involved through the medium of its think tank RIALS (Research Institute for Advancement of Living Standards). Their three main points are (1) Realisation of living to the level of advanced countries (2) Pursuit of family happiness and (3) Employment security. Associated with these are issues of long working hours and spiralling land prices which force

urban workers to live far from their places of work with consequent impact on family life.

In a wider survey of the roll of trade unions, Bob Scarth relates the aspirations and achievements of trade unionists in more of the advanced industrial countries.

"In Australia, the Australian Council of Trades Unions (ACTU) has over recent years worked out agreements with their Government and major employers which prove that it is possible to fight unemployment and inflation simultaneously. Through the Accord the ACTU is closely involved in improvements in productivity and competitiveness which is conducive to growth and wealth creation. Moderation in wage claims has brought lower unit labour costs whereby benefits accrue in other forms, e.g. Medicare, superannuation, taxation, training and the social wage. The Accord was not achieved without difficulties, but it works. It aids the economy and the dialogue continues to make progress. It may well be a pattern for other countries to emulate.

"From South Africa a trade union leader representing the Confederation of South African Trade Unions (COSATU) expressed his views at the 1990 British Trades Union Congress. "Our trade unions are already thinking and planning for the South Africa of the future when Apartheid is dead and we have a democratic multi-racial society. This country, which we love, has enormous potential in resources and industry to contribute in meeting the needs of the people of Africa in the coming decades."

COSATU, he says, aims for change in structure and attitudes which will bring alleviation to the utter poverty of 80% of the population. A crucial issue is that of training black people and for recognition of their skills. The Government has set up a working group with trade union representation to amend the Labour Relations Act, and 1991 will see a restructuring of training boards.

"In the European Community, historic developments are taking place. The ETUC (European Trades Union Congress) is actively pursuing issues of concern to working peo-

ple. Foremost is 1992 and the integration of the EC with a Single Market. Making a reality of the social dimension through the Social Charter is high on the agenda. The impact of structural change, takeovers and mergers, health and safety, qualifications and training, industrial democracy, women at work, freedom of movement and race equality are all matters for concern.

"In Britain these issues are under discussion, and the TUC's Special Review Body is making recommendations on policy, organisation and structure. One of the greatest challenges we face is that of changing the attitudes of government, employers and unions in the face of growing world competition

and new manufacturing and management techniques. Clearly we must set aside our prejudices and preconceptions, listen to each other and find new ways of developing consultative partnerships between all concerned with promoting industry at its best.

"Trade unions have not only to safeguard the welfare of the people in a changing society, but with their special skills and insights, must be initiators of change. We look for the right leadership from all who shape the future and we are prepared to give leadership ourselves. On this basis, with a world perspective dedicated to human rights and equality of opportunity, trade unions have a vital role to play in the 1990's and beyond."

Cover design - Bill Cameron-Johnson
Screening of photographs - Schaflin (Liverpool)
Layout and typesetting - Greenhill Press (Sheffield)
Printing - Ashlock (Stowmarket)

Videos referring to Llanwern and SU are available from the publisher