



2

WHY SHARING KNOWLEDGE IS THE KEY TO WORKPLACE INNOVATION POWER THROUGH INFORMATION



3

A FRESH APPROACH IN THE WORKPLACE BUILDING MOMENTUM



5

LEADING THROUGH INNOVATION GAINING A COMPETITIVE EDGE



8

MANUFACTURING SUCCESS: HOW MILLIPORE IS GETTING IT RIGHT SUCCESS STORY

THE FUTURE OF MANUFACTURING

NATIONAL CENTRE FOR PARTNERSHIP AND PERFORMANCE

Tuesday, 23 October, 2007

Innovation the key to future success

Foreword by the Taoiseach Bertie Ahern TD

OUR workplaces are the beating heart of the economy, and nowhere more so than in the manufacturing sector.

It is particularly timely to acknowledge the major growth and investment that is continuing to take place in manufacturing plants up and down the country. The perception in some quarters that manufacturing is a declining activity is, quite simply, mistaken and I believe that such pessimism needs to be strongly challenged.

The fact of the matter is that manufacturing in Ireland, while remaining strong, is currently undergoing a series of fundamental changes. As a sector, its focus is evolving towards higher-skilled and higher value-added innovation-based activities. At the same time, our conventional understanding of what we mean by manufacturing is also changing.

In other words, the traditional line between manufacturing and other sectors has become blurred.

My Government will continue to put in place a range of policies and supports to help our workplaces meet these shifting conditions and circumstances. Our long-term

strategic objective is to foster a dynamic, inclusive and knowledge-based economy that is capable of sustaining competitiveness and maintaining social cohesion. We are well on the way to achieving that goal but, of course, significant challenges remain and we cannot afford to take our eye off the ball.

Challenges ahead

In particular, we must transform our workplaces into high-performance, high-quality places that are innovative, dynamic and capable of adapting to change; workplaces that are marked by the creative commitment of employers and employees alike.

Most importantly of all, however, we need workplaces that are characterised not only by their ability to create knowledge, but also by their capacity to share it.

In 2005, the Government adopted the National Workplace Strategy, our blueprint to transform Irish workplaces into workplaces of the future.

The strategy holds out a vision of what our workplaces should look like as we face into the rapidly-changing environment of the 21st Century. It contains a comprehensive

set of recommendations and action plans to make this vision a reality.

Policies and supports alone, however, will not be enough. To succeed in delivering our vision, some change of mindsets, of attitudes and of behaviours regarding our places of work will also be necessary. Employers, managers, trade union representatives and individual employees all have a part to play.

Partnership is crucial

In particular, I believe there is a growing shared understanding that securing a vibrant and prosperous future for manufacturing in Ireland will require the widespread development of flexible and adaptable workplaces, characterised by high levels of employee involvement and participation.

This supplement profiles a number of companies whose experiences closely reflect the challenges and opportunities facing the whole manufacturing sector in Ireland.

They also underline the critical contribution that workplace innovation, partnership and capacity to change have to play in transforming the sector.

Partnership is not a process



The Taoiseach Bertie Ahern TD

that is limited to the negotiation of national agreements every few years.

It is as relevant to a small indigenous services company as it is to a large multinational manufacturer. Now is the time to move partnership into every

National Centre for Partnership and Performance strongly suggests companies with progressive attitudes to communication, information and consultation, partnership, equality and diversity tend to have higher levels of

'Our workplaces are the beating heart of the economy and nowhere more so than in the manufacturing sector'

workplace in the country, whether in the public or private sector.

Employee empowerment and participation, creativity and diversity, learning and teamwork — these are the keys that will unlock the door to innovation in our workplaces and beyond.

Innovation required

For employers and managers, the business case is compelling. Research by the

profitability and productivity than companies that run their workplaces in the traditional way.

For employees, empowerment leads to a better quality of working life, greater job satisfaction and, in many cases, increased financial reward.

The workplace innovation agenda can be a win-win situation for us all. We should grasp the opportunities it presents with both hands. We have everything to gain.



Speakers at the recent Future of Manufacturing in Ireland conference in Dublin were (from left): Patrick Flood, professor of organisational behaviour at Dublin City University Business School; Dr Richard Lester, director of the Industrial Performance Centre at Massachusetts Institute of Technology; Lucy Fallon-Byrne, director, National Centre for Partnership and Performance (organisers of the conference); and Stephen Wood, research chair, Institute of Work Psychology and professor of employment relations, University of Sheffield Management School

Welcoming change

Manufacturing firms that embrace innovation will not only survive, but will also far exceed their competitors

DR Richard Lester, director of the Industrial Performance Centre at Massachusetts Institute of Technology, strongly disputes the argument that the West should give up on manufacturing, simply because other countries can supply lower labour costs.

Speaking at the National Centre for Partnership and Performance conference in June, he said: "Western consumers have not lost interest in manufactured goods and there are plenty of successful, profitable manufacturing firms to dispel the notion that American and European manufacturers can no longer compete in global markets."

He believes trying to compete with low-cost manufacturing economies (such as Asia) is pointless; instead the

West should focus its efforts on bringing about improvements in the way traditional work practices are carried out — in other words — innovate.

"The firms that continually develop innovative products, find new markets for them and improve on their production and delivery processes will not only survive, but prosper," he says. This applies to traditional sectors as much as high-tech industries.

Lester put forward an interesting debate on the blurring of the lines between manufacturing and services. "It is no longer clear whether we are talking about a service-enhanced product or a product-enhanced service."

He cited the Apple iPod success story to further illustrate this point — highlighting the fact that by outsourcing practically all of

the manufacturing to an army of suppliers, Apple could get on with what it does best — adding value to the product and, better still, bringing it to market faster.

"With the iTunes music downloading service, Apple found a creative and profitable way to combine its product with a value-added service," he said.

The Irish experience

Closer to home, Lester believes Ireland Inc is on the right track with its innovation strategy. Our low resistance to the adoption of new technologies is one of our strengths as much as our "own inventive prowess", he says.

"Critical to the entire process is the ability to attract financial capital with an appropriate appetite for risk and a workforce at all levels that is open to innovation," he added.

Crucially, on the subject of cost, Lester says innovation

does not require a large financial outlay — an important point in the Irish economy where 97pc of businesses are small to medium-sized enterprises (SMEs).

Similar to many myths in the marketplace surrounding manufacturing, there is the incorrect perception that innovation costs money. "Some kinds of innovative activity require upfront investment of a substantial nature, but others don't. Somebody spotting the opportunity to improve an efficiency can cost very little or nothing at all," he said.

Lester believes technology is a key facilitator of innovation, however he is quick to point out it is far from the only factor. "Often, on the process side, it's more about changes in the way work is organised. I do see technology as a facilitator, but almost always it requires

complementary changes to the way organisations work and the way people behave. Truly radical technological innovations require system-level and behavioural changes," he said.

Having knowledge about the entire value chain is another critical factor, according to Lester. Part of this involves helping employees to have a complete understanding of how what they do affects the overall process. People can only start to innovate if they understand this.

"These value chains manufacturers are participating in are complicated and almost always extend beyond the plant itself. We need to devote more time to understanding how each part works together," he said.

Collaboration is another essential factor: "Innovation is not the product of one person's actions, particularly in complex manufacturing industries where it happens as a result of many people collaborating together. You can prepare people to lead that process," he explained.

Lester believes there are two different processes within the innovative function: problem-solving (the one people are most familiar with); and before that the open-ended process of identifying what the problem is even before you know you have to solve it. Both of these allow companies to identify new niches in the market and new ways of working smarter.

"In an innovation-based economy, there is a need for continued investment in the upskilling and re-skilling of the workforce. This will increasingly be a competitive requirement for all parts of the manufacturing sector, from traditional activities such as paper pulp production to leading-edge software development," he said.

Facilitating open-ended collaboration is a skill set more companies need to recognise and encourage, according to Lester.

"Often the most creative ideas or insights come out of an open-ended conversation between people — they are interacting with each other. Companies that want to be innovative have to make room for this and reward people who are good at it. They are essential skills."

Bringing value home

Contrary to many headlines of late, the future of manufacturing in Ireland is bright as we leverage our expertise in this sector in exciting new ways.

NIALL BYRNE takes a closer look

THERE is a misleading feeling in the marketplace that manufacturing here has had its day, but a look at the key facts tells a very different story. Jobs in manufacturing actually rose by 2,400 in 2006 and manufacturing employs 221,000 directly, making up 10.7pc of the workforce, and a further 160,000 indirectly.

All in all, it means 18.5pc of the Irish workforce is sustained by manufacturing activity. Much of the confusion surrounding the sector stems from the fact that many participants in the debate have a limited view of what manufacturing is, often equating it solely with production.

As Joe Harford, chair of the government's High-Level Group on Manufacturing, points out, production is just one aspect of manufacturing.

In his view, and increasingly that of many others, it also encompasses research, design and development, services, sales and marketing and logistics.

The high-level group Harford chairs was established under the Towards 2016 national agreement to review the challenges facing the manufacturing sector and identify new measures to meet those challenges. Its final report is expected soon.

"You're seeing services increasing as a result of our manufacturing expertise. There have been massive increases in this area, which would have arisen because of the old traditional manufacturing," he says.

With globalisation marching ever forward, many opportunities exist for Irish firms to take advantage of the fragmented production processes of multinational firms and leverage expertise on the supply chain side of things.

"The reality is manufacturing is becoming more sophisticated. There's more and more automation coming into it and it is becoming increasingly effective and more efficient."

"If you look at what was being produced 30 years ago and what's being produced now, the difference is incredible," Harford notes.

There is no denying there are challenges to be faced, but thinking outside the box is the key to sustaining manufacturing. Apart from having a more rounded view of what manufacturing entails, we must also identify types of manufacturing that can give us competitive advantage, such as high-tech manufacturing in the biotechnology, pharmaceutical and ICT spheres.

Operations engaged in this type of manufacturing are more difficult to transplant to Asia than a factory making shower doors, for example. "There is a certain amount of outsourcing

going on where the lower-skilled manufacturing jobs are being outsourced to India and China. In Ireland, however, we're concentrating on the higher value-added end."

Harford says companies based here need to become indispensable to their head office and take on other roles. Innovation is key to this. Innovation is often talked about in terms of research and development, but it also applies to manufacturing.

"It's difficult for Ireland to be a leader in research because of the way multinational companies are structured and indeed to a large extent our low tax base mitigates against that because companies' big expenses are elsewhere."

"However, you do have a lot of companies now who are big in development and improving how their unit operations run. There's very good government support available to assist firms who want to innovate."



Joe Harford, chair of the Government's High-Level Group on Manufacturing

'We need a partnership approach that prioritises people — their learning, engagement, ideas and, in particular, their creativity and commitment'
Philip Kelly, assistant secretary general, Department of the Taoiseach, and deputy chair of the National Centre for Partnership and Performance

Sharing expertise: fuelling success

New ways of sharing knowledge and embracing innovation are critical if Irish manufacturing companies are to successfully adapt to a changing global economy. NIALL BYRNE reports

IT is universally acknowledged that a strong manufacturing sector is vital to the success of any economy. It is the springboard from which many of the activities central to a knowledge economy are launched.

"The future of manufacturing in Ireland depends on finding niches for ourselves to be unique and innovative," explains Lucy Fallon-Byrne, director, National Centre for Partnership and Performance (NCP). "Every company, whether it's a multinational, a small to medium-sized enterprise (SME) or a micro-business, and every workplace, whether it's a factory, a hospital or a civil service department, needs to become highly responsive and innovative."

"The key to innovation in the workplace is sharing knowledge. The manufacturing companies that will succeed in the years ahead will be the ones that can adapt to a changing global economy by sharing information and using it intelligently. The best companies are already doing this," says Fallon-Byrne.

Underpinning this approach to knowledge sharing is the concept of employee involvement and engagement in every aspect and at every level of the business.

Companies with a progressive approach that encourages high levels of employee participation and empowerment will get the most out of their most valuable asset: their people.

"All of the research suggests that high participative approaches are a key ingredient of improving the workplace environment," says Philip Kelly, assistant secretary general, Department of the Taoiseach, and deputy chair of the NCP.

Spreading the message that both employees and employers benefit from this type of approach is key to the work of the NCP, says Kelly. "There is an economic rationale for inclusion and participation. People stay longer in their employment, are happier in their work, are more innovative



Philip Kelly, assistant secretary general, Department of the Taoiseach, and deputy chair of the National Centre for Partnership and Performance

and have a better work-life experience. It's trying to highlight the mutual benefits of new ways of working to people and reaching firms, especially SMEs. Much of the workplace can be shaped by the people in it when given the right support. The Government is creating that environment for business," says Kelly.

Becoming innovative is as much about how work is organised as it is about how many new products can be brought to market, says Fallon-Byrne.

"To move up the value chain and create a more innovative manufacturing sector in Ireland, we really need to look at how we create and share knowledge in our workplaces. The biggest challenge now for manufacturing companies is how to foster and harness knowledge and new ideas. We need a partnership approach that prioritises people — their learning, engagement, ideas and, in particular, their creativity and commitment."

"All innovation, be it in the lab or the distribution department, hinges on our capacity to imbue a culture of partnership in the workplace. Employees at every level need to be involved and contributing to this process."

Reaping the rewards

The NCP has been engaged in research into this area since the centre was established in 2001. There are multiple examples of how a partnership approach — through progressive human resources practices and policies — has brought tangible benefits to companies, both here and abroad, encompassing higher productivity and profits, lower rates of absenteeism and greater staff retention.

Approaches adopted by successful manufacturing firms here, such as 'lean thinking' and 'Six Sigma', are built on the idea of empowering your employees on the ground to make decisions.

"Our research has shown that employee empowerment is the strongest of the levers you can pull to increase levels of performance and innovation. The spirit of employee engagement and involvement underpins lean manufacturing," says Fallon-Byrne.

The evidence stacks up: empowering your staff pays dividends. In order to empower employees, they must first be equipped with the knowledge to make the decisions that matter. This means educating and upskilling them on a

'The key to innovation in the workplace is sharing knowledge. The companies that will succeed in the years ahead will be the ones that can... share information and use it intelligently'

continuous basis.

Giving employees greater control over the day-to-day aspects of their job has other benefits. Overall, employees are happier and more productive in autonomous work environments.

"Partnership and empowerment are very good for workers' well-being. Stress levels are immediately reduced if you know that your boss believes in you and trusts you to do your job," says Fallon-Byrne.

The NCP is promoting the key practices that can help manufacturing companies move up the value chain. These include encouraging staff development where empowerment, consultation and information sharing play a major role; promoting education, as both formal and informal training enhances creativity and leads to new opportunities; and supporting diversity.

"It helps if you have a good mix of people in an organisation," says Fallon-Byrne. "That diversity is important, firstly to reflect the needs of customers, but also to create a dynamic approach to thinking that's not one dimensional."

While many Irish companies have already adopted these practices, much remains to be done. For example, recent NCP research has shown that indigenous firms need to significantly improve their levels of information and consultation.

There are also disparities in terms of training, with more senior people in organisations having more access to educational opportunities.

Diversity, flexible working and work-life balance policies also need to feature strongly in companies hoping to move forward. Says Fallon-Byrne: "There are a lot of companies in Ireland that can beat off the competition by means of their capacity for innovation and productivity."

"There are numerous examples of Irish manufacturing operations that are more efficient than those of lower-cost economies. The firms profiled in this supplement are doing this and leading the way in creating a vibrant and adaptive manufacturing sector."

"There is no reason why this can't be replicated throughout the country."



Lucy Fallon-Byrne, director, National Centre for Partnership and Performance

CASE STUDY



Gerry Kilcommins, vice-president of operations and general manager of Medtronic in Galway, who is also chairman of the western region of the American Chamber of Commerce in Ireland

At the leading edge

Medtronic has mastered the art of survival. JOHN KENNEDY discovers how

ACCORDING to Gerry Kilcommins, vice-president of Global Vascular Operations and general manager of Medtronic's Galway site, innovation is the lifeblood of the medical technology business.

Kilcommins' statement is not meant to sound brash. It is said in the matter-of-fact tone of a busy manager with ten other places to be during our conversation.

He lends credence to the statement by pointing out that 70pc of all products shipped out of the Galway site today were developed within the past two years.

Tracing its roots as far back as 1982, the Galway operation became part of Medtronic, the world leader in medical technology, in 1999 through acquisition.

The Galway site is a strategic Global Manufacturing Centre of Excellence and Technology Development Centre, supporting Medtronic's

manufacture the right type of products. Thus, the type of manufacturing the country targets is crucial."

Ireland is no longer considered a low-cost location. To be competitive, it is necessary for Ireland to move up the value chain in manufacturing, research and development (R&D), marketing and service functions, etc. Kilcommins says there are major pressures on medical technology companies such as Medtronic, on a global scale, to reduce the costs of products in light of global healthcare economic challenges.

"At Medtronic in Galway, we are committed to driving continuous improvement in productivity and innovation. We were one of the forerunners of medical technology R&D activity in this country and started R&D here in 1993 with a handful of engineers. Today we have around 100 scientists and engineers directly engaged, and another 250 people indirectly involved, in the research, development and commercialisation of new, leading-edge medical technology products."

"The business we are in is technology driven. Product life cycles are relatively short and what we learned fast and learned early was to execute well and deliver on time on commitments."

"Our sector is dynamic and unpredictably volatile, so flexibility is also a key attribute to have."

Most vital of all, says Kilcommins are people. "Medtronic's success in Galway is down to our great people. We are very committed to ensuring that on a day-to-day basis, innovative ideas from staff can be used to drive improvements throughout the business enterprise. Our objective is to leverage employee involvement in order to maximise performance and strive for excellence in an increasingly competitive environment."

Kilcommins, who is also chairman of the western region of the American Chamber of Commerce in Ireland, says it is vital for managers of multinationals in Ireland to focus on moving up the value chain.

"This requires an in-depth understanding of your company's challenges and leveraging our unique capabilities in Ireland — such as our expertise and skills, our execution capabilities, our 'can do' attitude and flexibility, our innovative strengths and Ireland's pro-business climate — to enhance the value we provide to corporates."

Kilcommins talks about the importance of balanced regional development in Ireland and welcomes the Government's commitment to accelerating some key road and rail infrastructure projects in the West and mid-west.

'We were one of the forerunners of medical technology R&D activity in this country'

Cardiovascular and Cardiac Rhythm Disease Management business divisions. The 300,000 sq ft facility sits on a 26-acre campus in Parkmore, situated just outside Galway city. Here, over 2,000 employees are committed to developing and manufacturing leading-edge products, used to treat conditions related to the heart and vascular system of the human body. Its key products are coronary stents (including drug eluting stents), peripheral stents, angioplasty balloons, stent delivery systems and therapy delivery systems. Coronary angioplasty balloons are used to re-open clogged arteries in the heart. Coronary stents are implanted in the previously blocked artery to keep the vessel propped open. Avoiding the physical and emotional trauma of open heart surgery, both balloons and stents can be used in what is known as minimally invasive surgery to treat heart disease.

"There's a lot talked and written right now about the cost of manufacturing in Ireland," explains Kilcommins. "No doubt, there are certain types of manufacturing that are not a good fit in the Ireland of today, but it's still a very attractive place in which to

In praise of partnership

Impressive research findings reveal the vital role High Performance Work Systems have on improving a company's profitability, staff retention and turnover, writes BERNICE MULLIGAN

IF Ireland attempts to compete in terms of labour costs with lower-wage countries, then we've lost the game completely, according to Patrick Flood, professor of organisational behaviour at Dublin City University Business School.

He strongly makes the case that we simply cannot compete against China and India when it comes to manufacturing in the more traditional sense of the word.

"What we need to do is develop knowledge-intensive products and services, which can't be easily found in low-wage economies and will therefore attract companies to Ireland," he says.

The organisational challenges facing Irish companies is something in which Flood is particularly interested. His latest research looks at the effects of partnership, human resources (HR) practices and diversity management on business.

To achieve this, he cites the importance of High Performance Work Systems (HPWS), a concept in organisational management he has



Patrick Flood, professor of organisational behaviour at Dublin City University Business School

been researching since 2004. His research has been funded by the NCP and the Equality Authority.

According to Cathal O'Regan, the NCP's head of workplace strategy, the concept of HPWS originally hails from the US.

He adds: "The research we commissioned looked initially at strategic HR management,

In 2006, Flood updated the research to include the impact of partnership and diversity management as well as HPWS on business. The report is due to be published by the NCP shortly. Once more, a very positive link has emerged.

According to Flood, partnership is defined as a set of interrelated management practices that improve engagement between management, employees and their representatives. "To measure it, we looked at four distinct elements within a business: the extent to which there is a high level of trust in the company between management and employees; the extent to which the employees are informed of the views and concerns of management and vice versa; and the extent to which workplace partnership is in place throughout the company," he explains.

In particular, Flood was interested in finding out the impact of partnership on the three key areas he had focused on in 2004: innovation, labour productivity and employee turnover.

"We did find independent effects for partnership on its own," he explains, when describing the outcome of the most recent research. "However, if partnership is coupled with HPWS, we found there were even stronger effects — you get real synergy. Our results showed that if you have a good HR base and develop a partnership philosophy and trust mentality in the company, then it really ramps up the impact on innovation, productivity and employee turnover."

According to Flood, the implementation of HPWS has

been driven by two factors. "The first one is the necessity to propel a company's growth and development. There are labour shortages in this country across all sectors, so companies need to invest in people. However, the second factor is employees themselves — if they want to be employable over 20 years, they need to look for extra training, not just for the job they are doing now but also for the job they will do in the future."

Upskilling, one of the key practices of HPWS, is essential, according to Flood, if Ireland is to move up the value chain in manufacturing and other sectors.

"Upskilling essentially comprises two things," he explains. "Firstly, it means on-the-job training. And secondly, the employee is trained, not just in narrow terms but also in broader business skills."



Cathal O'Regan, head of workplace strategy, National Centre for Partnership and Performance

It means the employee can move forward and avail of opportunities that might present themselves as the business grows and develops."

Propelling Irish business forward

"Indigenous Irish businesses can introduce HPWS in a variety of ways: by benchmarking themselves against the multinationals; by recruiting HR specialists with experience of HPWS; and, of course, they can also contact DCU Business School where we offer a range of executive education options," explains Professor Patrick Flood, when describing how Irish businesses can better prepare themselves for the knowledge economy of the future.

Another concern of Flood's is that Ireland Inc retains the multinationals that have set up a base here over the past number of years and have proven so successful.

"In terms of keeping the multinationals here, we need to ensure we continue to nurture the computer science, engineering, research and development and creative management skills that attracted them here in the first place," he advises.

"However, we also need to move up the value chain in terms of knowledge-intensive products and services. We can outperform many economies if we focus on the products and services required for the future digital economy rather than those produced in the past, which are easily copied and replicated. The service economy is still a huge growth area and we have strong customer-facing skills and abilities, which can be capitalised on."

Editorial & Design:
Whitespace Publishing
Group Ltd
e: info@whitespace.ie

NCP Co-ordinator:
Conor Leeson
t: 01 8146398;
e: conor@ncpp.ie

Sales: Shane Treanor
Know How Media
t: 01 6620710;
e: shane.treanor@knowhow.ie

© Whitespace Publishing
Group Ltd 2007

whitespace
Publishing Group

www.whitespace.ie

Published by: Independent
Newspapers Ireland Ltd

'We need managers and leaders with the ability to inspire and support people to think more creatively and work together in more collaborative ways'
Peter Cassells, chairman, National Centre for Partnership and Performance

On the cusp of innovation

The National Workplace Strategy provides the blueprint for what is arguably the most far-reaching undertaking ever seen by Ireland Inc regarding workplace change and will ensure we are positioned to reach new levels of economic growth



Dermot McCarthy, secretary general at the Department of the Taoiseach

IRELAND'S economic boom is lauded the world over as a shining example of how to get it right as world leaders in business continue to set up here and our indigenous business sector grows even stronger. However, it has long been recognised that maintaining and furthering this momentum cannot and will not happen without fundamental change to the structure of the Irish workplace — the very linchpin of Irish industry. "It is a case of adapt or die in many instances," says Dermot McCarthy, secretary general at the Department of the Taoiseach. "There is a huge level of change taking place in the Irish

economy and the workplace. Management need to be in touch with market conditions and continue to identify opportunities, while workers need to be alive to the changing skills profile they need in order to be productive. "The reality is both sides need each other if enterprises are to survive and prosper," he adds. It was for this very reason the National Workplace Strategy (NWS) came into being. A hugely comprehensive body of work, the NWS lays down the vision for the workplace of the future and represents the collective efforts of Government, the social partners, state agencies, employers and employees.

Lifelong learning
In launching the document, the Taoiseach outlined this workplace vision: "Regardless of whether they are in the public or private sector, these workplaces will be agile, customer-centred, knowledge intensive, responsive to employee needs, networked, highly involved and participatory, continually learning and proactively diverse." The overriding objective of the strategy is to create a climate — at national and organisational level — that is supportive of change and new forms of work organisation, which in turn will promote better quality of work, productivity and improved work-life balance.

to McCarthy. He believes part of the reason for this is companies recognising the valuable context the NWS creates for change. "Companies can be enormously helped if they are properly supported in doing

"The necessary engagement is taking place at a national level, but more needs to be done at local level," he says. He concedes some of the barriers to this may be fears amongst companies, particularly small to medium-sized

hoping we'll survive is pretty optimistic." **Strong skillsets** McCarthy highlights one salient point that is often overlooked when discussing future change — Ireland's unique advantage in having some of the most innovative companies with progressive knowledge and skillsets on the ground here now.

'Management need to be in touch with market conditions and continue to identify opportunities'

"We have these very advanced operations, with some of the leading-edge companies that have very sophisticated human resources (HR) practices." He says transferring this knowledge to all Irish workplaces is a challenge, however. "We have islands of world-class systems of HR engagement, but also lots of firms where the sorts of issues the National Workplace Strategy raises are not being actively addressed. "Whether they have bought in sufficiently is in question. That's why the work of the NCPP is so important — it is encouraging people to engage in these issues!"

The five strategic priorities of the National Workplace Strategy

- Commitment to workplace innovation
- Capacity for change
- Developing future skills
- Access to opportunities
- Quality of working life

Welcoming change
To achieve this, the strategy has identified five strategic priorities (see panel opposite) and 42 recommendations. Implementation of the NWS is being driven by the National Centre for Partnership and Performance. "There was a very positive response to the efforts to put the strategy together," according

the right thing. "That's where the strategy is a useful idea — it brings the key people together, which makes for a very positive environment." In terms of where to focus efforts right now to make the workplace vision a reality, McCarthy believes this needs to happen on the ground.

enterprises, about what change of this magnitude involves. "It's true there is a cost involved and also the fear that if you invest in training employees they might leave and work for somebody else. But there is also a cost and a risk in not going down this road and in a sense it may be more hidden. Sitting it out and



The manufacturing sector makes, and will continue to make, a significant contribution to employment growth, productivity, innovation, technological change and prosperity. That said, we know there are very real challenges facing manufacturing companies in Ireland. Their competitive advantage is no longer based on low costs, but on the skills and ingenuity of people. In the past, products manufactured here were designed elsewhere. In the future, companies will have to innovate and more of the ideas, designs, technology, new products and services will have to originate here. Innovation in companies, however, is no longer a closed activity undertaken by research and development specialists. It is increasingly an open and collaborative set of activities involving all employees, suppliers and customers. We need managers and leaders with the ability to inspire and support people to think more creatively and work together in more collaborative ways. This approach to innovation is not yet widespread among firms and organisations here. Building management and leadership capabilities in this area could be one of the keys to our future success in manufacturing. It is a challenge that must be addressed as part of the National Workplace Strategy and the Workplace Innovation Fund.

— Peter Cassells, chairman, National Centre for Partnership and Performance

The effects of empowerment on the workplace

- Increases individual, team and organisational learning, meaning empowered workers are more likely to share their knowledge and expertise
 - Increases employees' confidence or self-efficacy, helping them to be more competent, proficient, willing to experiment, engage in training and to offer ideas
 - Lowers employees' anxiety levels, helping them to better cope with the demands of their job
 - Empowered employees are more likely to understand where their jobs sit in the wider organisational picture.
- Source: The Institute of Work Psychology 22-Year Study

WHAT IS THE FUTURE OF MANUFACTURING IN IRELAND?



PRODUCTIVITY, innovation and employee commitment are key to the future of manufacturing. To secure this future, manufacturing companies will need to be characterised by non-discrimination, diversity and equality. Research commissioned by the Equality Authority and the National Centre for Partnership and Performance demonstrates the positive impact of equality and diversity strategies on productivity, innovation and employee commitment. Positive action, equality policies and diversity in senior management are found to enhance organisational performance. Manufacturing companies need to build a planned and systematic approach to workplace equality. The research highlights the importance of equality and diversity training for line managers and of integrating equality and diversity into all human resources (HR) policies and practices.

— Niall Crowley, chief executive, Equality Authority



THE biggest challenge for manufacturing companies now is how to generate new ideas and build a culture where knowledge is shared and captured. Learning is key to this process. It includes formal learning and training, but also on-the-job learning and shared learning in the workplace itself. Our research shows that high-performing organisations invest heavily in upskilling, but also adopt an approach which aims to build a culture of 'learning organisations'. There is an acknowledgment that the company needs to continuously strive to tap into the tacit knowledge of its workforce to create new opportunities, find new niches and ultimately develop new products and services. Learning is also vital to ensure employee well-being and improve the quality of working life.

— Professor Joyce O'Connor, chair, Digital Hub Development Agency



THE outlook for future economic growth is a positive one and does not include an end to the manufacturing sector here. Manufacturing output is more than two and a half times what it was 10 years ago. What we will see in future is a dynamic service economy, complemented by a strong manufacturing sector with very different types of investment and employment. Low-cost operations will be replaced by advanced manufacturing units that combine leading-edge technology and a highly skilled and educated workforce. This high added-value manufacturing will require massive investment in education and training combined with workplaces that are flexible, agile and open to continuous change.

— Michael McDonnell, director, Chartered Institute of Personnel and Development (CIPD) Ireland



THE One Step Up initiative aimed at upskilling people in employment encourages employers and employees to acquire the required skills and qualifications to meet the international standards needed for continuous economic growth and competitive advantage both now and in the future. We have a crucial role as detailed in Towards 2016 in providing specific company initiatives for employees in manufacturing. We anticipate that the wide range of company HR initiatives such as Excellence Through People, Management Development and specific programmes, together with the wide range of accredited programmes aimed at workers in the manufacturing sector, will enhance the strategic capacity for change at company and employee level and at the same time develop the skills, knowledge and motivation of employees.

— Rody Molloy, director general, FÁS



IT'S well known that Ireland Inc needs to compete at a different space along the value chain. The re-skilling of the Irish workforce is central to this. We need to equip people with 21st Century manufacturing skills including literacy and numeracy (as a baseline), information technology and problem solving. There is some resistance to change, partly because of a fear of returning to learning, the difficulty in finding the time to do this and a widespread lack of understanding the 'threat' we face in the medium term. We have to change mindsets to ensure we bring about the much-needed organisational change. Ireland Inc needs a new value proposition — upskilling the workforce is central to this. National College of Ireland is currently working in partnership with ICTU, SIPTU and FÁS to develop this idea. When we crack this code the future of manufacturing in Ireland will be very bright.

— Dr Paul Mooney, president, National College of Ireland

20x2
Labour Relations
Commission
urn 087370

via HCL

'Our approach is to promote a culture of partnership that permeates every aspect of an organisation'

Conor Leeson, head of communications, NCPP

'Open' campaign winning hearts and minds



The task of transforming Irish workplaces into high-performing, high-quality places of work is no mean feat, but it's one that has been taken on with gusto by the National Centre for Partnership and Performance through a new public awareness campaign

THE NCPP's 'Open' advertising campaign, which kicked off in June, is driving home one key message: every workplace in Ireland, regardless of size or sector, needs to become more open to innovation, creativity and change if we are to sustain competitiveness and improve the quality of working life for all.

"While our target audience is the entire workforce, we're particularly aiming to reach those with a more traditional mindset and open them up to new ideas about how they should be looking at their workplaces," says Conor Leeson, head of communications at the NCPP.

The centre is calling on employers, managers, employees and trade unions to be open to new ways of working and new ways of thinking, based on the simple premise that the levels of innovation and change in our workplaces are critical to Ireland's transition to a more dynamic, knowledge-based economy. The Open campaign is being promoted nationwide through a combination of TV, radio, outdoor and internet advertising. "We're trying to get people to think about their own individual workplaces and how they can help to make a difference," says Leeson.

The campaign also features a dedicated website — www.workplacestrategy.ie —

which has already registered 10,000 hits since its launch in mid-June.

"Everything on the site, including a series of nine fact sheets, has been written with the individual employer or employee in mind. We've tried to minimise the use of jargon, wherever possible, in order to make it as accessible to as many people as possible.

"We're trying to present the aims and objectives of the National Workplace Strategy in simple and straightforward terms and we hope people will see the site as a practical and informative one-stop shop for everything they need to know about workplace innovation and change."

Defining innovation

But what does workplace innovation actually mean? "In its simplest terms," says Leeson, "it's about new ways of doing old things in the workplace. It's about improving the quality of communication with employees and ensuring that such communication is a two-way process. That includes consulting with and listening to employees. It's also about bringing new ideas to problem-solving through openness, teamwork and encouraging and valuing employee feedback. Perhaps most importantly of all, it's about employers and managers developing inclusive and participative management capabilities."



Conor Leeson, head of communications, NCPP

'It's about developing inclusive and participative management capabilities'

Leeson is keen to point out that employers also have much to gain from building innovative workplaces. "We're not promoting these changes simply for the sake of change. There's a very strong business case for what we are trying to do as well. In fact, there is an abundance of national and international research evidence that suggests a strong link between enlightened human resources (HR) policies and practices and increases in productivity, turnover and staff retention."

Promoting greater levels of employee involvement and engagement should not be the sole preserve of HR departments either, says Leeson. "Our approach is to promote a culture of partnership that permeates every aspect of an organisation. This isn't about new structures and processes; it's about changing mindsets and attitudes. In addition, the shift to a partnership approach has to come from the very top — employees need to see that the CEO and the senior management team are committed to it as well."

Over the years, the NCPP has identified numerous case study examples of Irish companies, in both the private and public sector, that have actively and enthusiastically embraced an open approach to partnership and employee engagement. These are available for download on the

centre's own website at www.nccpp.ie, or on the National Workplace Strategy site.

And how has the campaign been received by the public to date? Very well, according to research conducted over the summer by IMS Millward Brown (see article below).

Says Leeson: "We were pretty happy to learn that, after the first burst of advertising, an impressive 40pc of respondents had heard of the National Workplace Strategy. We were even more satisfied that 90pc of these were able to correctly identify the strategy's main aims and objectives.

"Reaction to our adverts was particularly positive and we also gleaned some very interesting data on people's perceptions of their own working environments.

"All in all, it reinforces our view that while an awful lot has been achieved in a relatively short time frame, there is still a lot to be done to promote the workplace-innovation agenda."

With this in mind, the NCPP is planning a workplace poster campaign before the end of the year, the aim of which, according to Leeson, is to "bring the campaign's key messages off the airwaves and into individual workplaces."

In the battle for the hearts and minds of Ireland's employers and employees, the NCPP may just be gaining the upper hand.

Investment in workplace innovation gets boost

There is a lot more to innovation than just R&D, writes SORCHA CORCORAN



Liam O'Donohue, head of client management development at Enterprise Ireland

EIGHT companies have been approved for funding, or are close to being approved, under the Workplace Innovation Fund (WIF), announced by the Taoiseach Bertie Ahern TD in January this year. They come from a variety of sectors, including agricultural machinery, packaging, digital media, medical devices and life sciences — demonstrating how the need for such support spans all business areas, and how manufacturing is becoming more high end.

A joint initiative between the NCPP and Enterprise Ireland (EI), the WIF provides up to €6m over a three-year period for supporting workplace innovation. Individual companies can access up to €150,000 under the programme. Those that have been approved so far range in size from 20 to 93 employees.

The rationale behind this initiative is that Ireland Inc needs its indigenous exporting companies to succeed, says Liam O'Donohue, head of client management development at EI. "It has become more and more evident from our experience in 32 countries that innovation capability is the factor determining whether companies succeed.

"Companies from other countries push how innovative they are when selling their products. It's critically important Irish exporters do the same."

As defined by the NCPP, workplace innovation is about finding new ways of doing things in the workplace such as team working, decision making, problem solving and upskilling. It is about the design and adoption of new practices, new structures, new relationships and ideas in the development of products and services as well as operations and processes.

The WIF aims to support small and medium-sized enterprises (SMEs) that are committed to workplace innovation and developing the

role of employee participation and involvement as enablers of change and productivity improvements.

One of the things that makes WIF different is that it doesn't cover research and development (R&D), says O'Donohue.

"It's about the company itself and how things are done at all levels. It deals with the company's normal response when a new client comes in, for example, or when a new competitor arrives on the market. How agile is that company in such situations? Workplace innovation can be at a high level, for example, a particular business model or the use of technology that breaks the mould, or further down where employees look at making a set of production processes more efficient or find a new way to solve customers' problems," O'Donohue explains.

"It's important SMEs see innovation is not concerned with financial resources, it's about employees and their managers working together in the face of competition to service the market and its customers."

An important point to note about the WIF is its flexibility.

"For a small growing company, it can include, for example, establishing a human resources process, such as ongoing employee development, as well as a broader brush approach for a larger company, such as how management involves all employees in the generation of new ideas, says O'Donohue. Initiatives supported under the WIF include activities aimed at both management and employees of eligible companies. Companies may avail of pre-consultancy support to assist them assess their requirements and to help with the preparation of the application. "This front-end support helps companies to establish whether they should apply and, if it is appropriate for them, how to structure their application," O'Donohue adds.

Once an organisation works out roughly how much its workplace innovation-led project is going to cost and the application is approved, EI agrees to co-fund it. The company pays upfront and then later claims a percentage back — usually 40-50pc of the total, although EI has funded up to 70pc of a project, according to O'Donohue. Each project is examined on a case-by-case basis.

The Workplace Innovation Fund — what activities are eligible?

- Building strategic capacity for change — developing management's vision for employee involvement and participation: initiatives like open and engaging management styles and processes that engage employees and facilitate open communication
- Working in partnership — enhancing the capacity for change among employees: team working, employee relations, communication, employee financial involvement
- Building employee commitment and loyalty to a better workplace: prioritisation of learning, flexible arrangements for the development of skills, knowledge and motivation of individuals and groups of employees
- Provision of greater levels of flexibility: worker well-being and health; work-life balance and quality of work for employers and employees
- Introducing new human resources processes to support the business: recruitment, performance management and staff retention.

Workers want greater workplace involvement

New market research commissioned by the NCPP suggests that Irish employees would like greater levels of participation in the workplace

MORE than 40pc of Irish employees would prefer if their workplaces had a stronger culture of partnership and employee involvement, according to new figures from the NCPP.

The research findings also show that almost a quarter of workers believe the organisations they work for are 'way behind the times' on issues relating to workplace change and innovation.

On a more positive note, 64pc of employees believe the organisations they work for are open to new ways of working and new ways of thinking, while 63pc say they are good at informing and communicating with them.

In addition, 58pc of workers feel their organisations are good at consulting with their employees, while 56pc believe their employers value the feedback they receive from their people.

The results are drawn from market research commissioned by the NCPP into employees' perceptions of their work culture.

The research was conducted by Millward Brown IMS in July and August of this year, involving a sample of almost 600 adult respondents in full-time, part-time and self employment.

Reacting to the findings, Lucy Fallon-Byrne, director of the NCPP, said: "The fact that 60pc of respondents have generally positive views of their working environment is very encouraging.

"It suggests that the message is finally getting through to employers that employee involvement and engagement is the way forward.

"It is also quite clear, however, that much remains to be done to persuade others of the benefits of partnership, change and innovation in our workplaces."

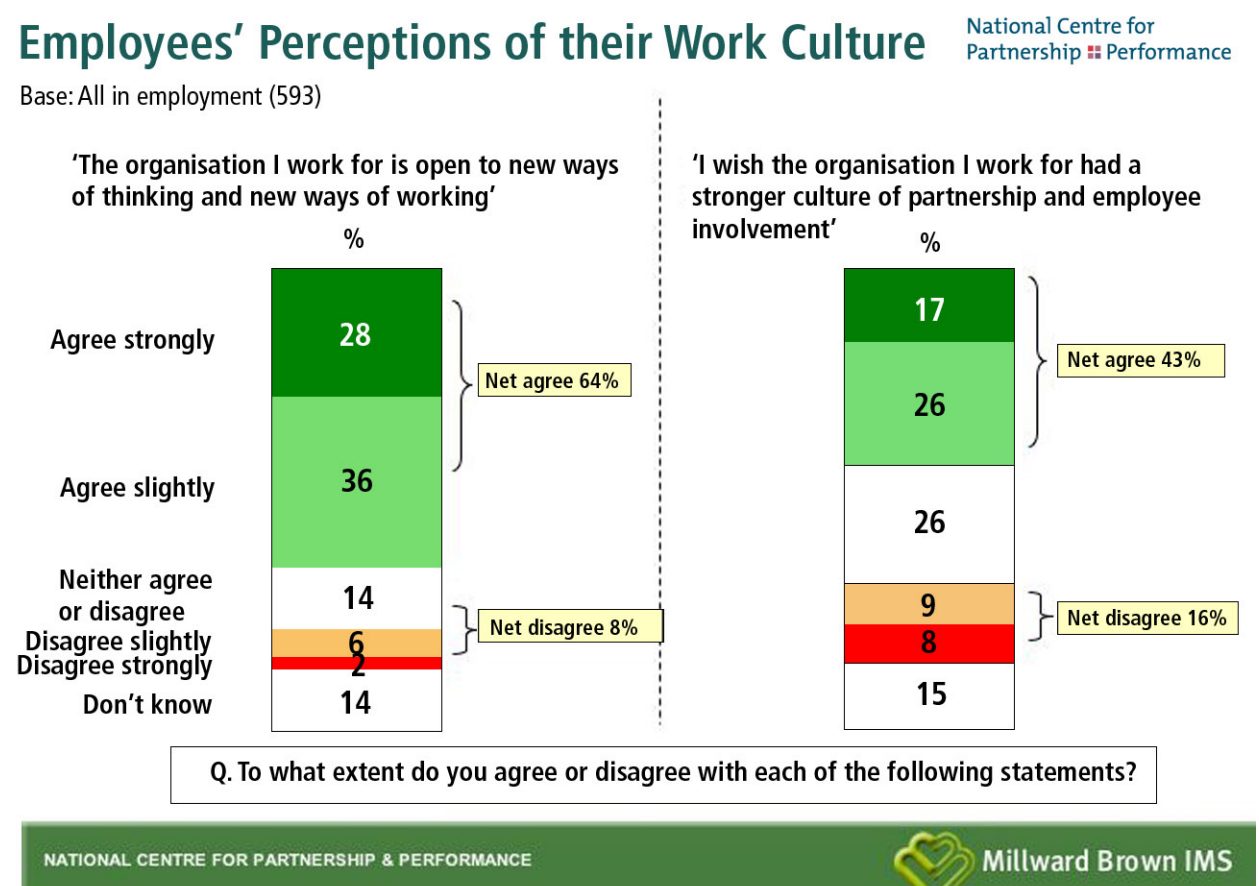
'Much remains to be done to persuade others of the benefits of partnership, change and innovation in our workplaces'

The NCPP is currently overseeing a major public awareness campaign in support of the National Workplace Strategy, the Government's blueprint to transform Irish workplaces into workplaces of the future.

Promoting greater levels of openness to workplace partnership, change, innovation and learning, the campaign is running across television, radio, internet and outdoor media.

The new National Workplace Strategy website — www.workplacestrategy.ie — has received more than 10,000 hits since its re-launch in June.

After the campaign's first burst of advertising in June-July 2007, Millward Brown IMS found that 40pc of respondents were aware of the National Workplace Strategy, of whom almost 90pc were able to correctly identify its main objectives.



'If we are to compete, we have to compete in the future and not on cost'
Brian Cogan, executive director, Forfás

Innovating enterprises

As Irish businesses compete in a more global marketplace and fend off increasing international competition, efforts are being made to ensure multinationals remain here. LINDA DALY reports

THE Government has recognised the need to stimulate workplace change and innovation and has developed a strategy that, when fully adopted and completed, could see Ireland Inc continue to flourish and become a leading international player in innovation.

The National Workplace Strategy (NWS) focuses on stimulating such workplace innovation and recognises the critical role workplace partnership can play in creating a knowledge-based economy. It is the Government's blueprint to transform Irish workplaces into 'workplaces of the future', according to Minister for Labour Affairs Billy Kelleher TD.

"The strategy identifies the need for greater innovation in products and processes, but also the need for more organisational innovation and related improvements in internal workplace cultures. It also highlights the need for improvements in organisational culture, which will facilitate the delivery of higher-quality services in private, public, community and voluntary sectors," he says.

Kelleher believes the five strategic priority areas identified in the NWS — commitment to workplace innovation; capacity for change; developing future skills; access to opportunities; and quality of working life — are vitally important. He says significant progress has been made across the five areas and expects this work to continue over the next 12 months.

"We have reached an important juncture, where the messages and objectives agreed and adopted at national level by the Government and the social partners are now to be targeted at workplace level, across the public and private sectors. The new Workplace Innovation Fund, totalling €9m over a three-year period, will play an important role in supporting this process," he says.

Launched at the beginning of



Minister for Labour Affairs Billy Kelleher TD

'The Government is expected to invest some €70m this year in upskilling those in employment'

2007, the Workplace Innovation Fund has three strands. Firstly, it makes funding available, through Enterprise Ireland, to companies that want to

improve their competitiveness and productivity through the development of new ways of working. Secondly, it provides grants to IBEC, the ICTU and the Construction Industry Federation for projects that enhance social-partner capacity. Thirdly, it is funding a public awareness campaign, overseen by the National Centre for Partnership and Performance (NCPP), to promote openness to innovation, change and partnership across all of Ireland's workplaces.

Kelleher says the traditional view of innovation as mainly taking place in a lab must be replaced by a more broadly based and holistic concept of innovation.

Important company-level innovation is often incremental and built on the day-to-day expertise or customer knowledge of employees, he believes.

"What provides many companies with an edge is the changes employees can bring to service and product innovation. For most companies,

innovation is about introducing non-technical adjustments that may cost little — yet can have a large customer impact."

Kelleher cites some examples of where Ireland can stimulate innovation capacity: through developing early-stage entrepreneurial thinking and risk taking, providing a pathway to the commercialisation of intellectual property, efficient regulatory practices and policies and the creation of markets for innovation products and processes.

Along with capital investment and a conducive legal framework, the Government must equip itself with the best education, training and entrepreneurial supports, he adds.

Ireland's goal to become a leader in innovation is already making headway. The Government recently appointed Michael Aherne TD as Minister of State for Innovation Policy and Sean Haughey TD as Minister of State for Lifelong Learning. It committed €8.2bn under the National Development Plan 2007-2013 to implement the Strategy for Science, Technology and Innovation and has made skills investments under the One Step Up banner and other enterprise training initiatives by FÁS.

The creation of the Management Development Council, Leadership 4 Growth programme and Upskilling Co-ordination Group are all part of the process. Indeed, the Government is expected to invest some €70m this year in upskilling those in employment, compared with an investment of €8m in 2004.

The next 12 months will see the Department of Enterprise, Trade and Employment progressing issues such as how to improve career guidance supports for those in employment; recognition of prior learning; developing methods of accreditation outside the formal learning environment; and increased targeting of the low skilled through the analysis of sectoral and occupational groupings.

The future of high-end manufacturing

Despite recent setbacks in Irish manufacturing, the sector remains buoyant and output continues to rise as the challenge turns to finding a niche in high-end areas while also upskilling employees

LAST year, Forfás, the national enterprise policy advisory body, published a report that looked at the changing nature of manufacturing and services in Ireland. It put Ireland in an international context, reporting that the trends in the Irish economy closely mirrored those in other developed countries. Despite concerns, manufacturing continues to contribute greatly to Ireland's economic success, the report found.

In fact, manufacturing output has been growing steadily since the start of the new millennium and increased by 28pc in volume terms from 2000 to 2005, notes Brian Cogan, executive director, Forfás. The sector spends almost €25bn a year on wages and with Irish suppliers. It accounts for almost 30pc of corporation tax.

Cogan acknowledges that employment in manufacturing has decreased by 31,000 jobs since 2000, but says the number of firms here has remained stable and some sectors have experienced employment growth. Employment in the medical devices sector is up by 79pc and chemicals has increased by 27pc since 1995, for example.

"Over the last five years or so we've lost 30,000 manufacturing jobs in Ireland. If you look at it from the point of view of output, however, you see a different story. Manufacturing output has grown by 28pc. While we were shedding jobs, we were actually increasing output. Productivity in the sector has gone up significantly in the past 10 years."

"If you look across the developed world to see the trends in the manufacturing sector, employment is down and output is up. What we're seeing happening in Ireland is no different as to what we're seeing happening in the rest of the developed world."

Cogan says one of the main



'No economy can get away from the reality that increasingly in the future, skills will be one of the key differentiators of competitive advantage'

challenges facing Ireland is to develop specialisation in the sectors that yield the greatest possible value add and, secondly, to produce those goods with the greatest efficiency.

It is those high-end manufacturing sectors that are going to be successful in the future, he adds. "They're more knowledge intensive, more capital intensive and more skills intensive. They tend to be more automotive, use more leading-edge technologies, have more advanced production processes and invest

more in research and development (R&D). They're also taking advantage of global best practice and supply chain management."

Innovation and R&D have long been viewed as vital components for the future competitiveness of the manufacturing sector here. Says Cogan: "I know it's a cliché at this stage, but it's a fact. If we are to compete, we have to compete in the future and not on cost. That's why we put more emphasis on R&D."

The National Skills Strategy is set to secure the future competitive advantage of businesses in Ireland. Clear long-term objectives have been set for education and training requirements. It has been recommended that 93pc of the Irish labour force should have qualifications at or above Leaving Cert level by 2020 and that 48pc should have a third or fourth-level qualification by then. The strategy calls for an additional 500,000 people within the workforce to be upskilled. "I don't think any economy can get away from the reality that, increasingly in the future, skills will be one of the key differentiators of competitive advantage. That's why you're seeing in the National Skills Strategy the emphasis on upskilling our workforce."

Cogan believes businesses themselves will have a huge role to play in sustaining the competitiveness of Ireland's manufacturing sector and that a new kind of partnership will be the way forward.

"When you're in such a competitive global economy, there is a real need for organisations to be operating as teams. One of the reasons for our great success in Ireland over the years is because of the partnership process at social level. I think the challenge for us over the next decade is to have similar levels of partnership at firm level. Management must support continuous learning for staff; must be open to new ideas; must be prepared to award high performance by staff and to share the gains within companies. Equally, people who work in companies must be open to change."

Despite the challenges being faced by the sector, Cogan is confident that manufacturing will remain a key part of the Irish economy. "Manufacturing will continue to be important to Ireland in terms of its contribution to the economy."

CASE STUDY

A perfect union

Multinationals such as Hewlett-Packard are moving from a supply-driven model to a demand-driven one through employer-employee innovation, as MARIE BORAN discovers

THERE is a general mood of optimism as Lionel Alexander, vice-president of Hewlett-Packard Manufacturing, discusses the future of the manufacturing sector in Ireland.

This sector continues to play a huge role in the Irish economy, he says with conviction. "You only have to look to statistics in the last quarter of manufacturing exports out of Ireland to see that the numbers continue to rise."

It is true that the landscape is very different to what it was 10 or 15 years ago, with many low-level manufacturing activities moving to less-developed economies in Asia and eastern Europe, but this is a natural step in the evolution of any sector, according to Alexander.

"Like everything else, the manufacturing sector has started to transform and this leads to correction, which is the normal position for any business model that is economy or customer-related. "For companies here in Ireland, when this correction does happen, you try to rebalance by taking lower-value activities to emerging countries and then you see a higher value-added

'If leadership is willing to take risks and everyone in an organisation displays full transparency, then the perfect partnership can be achieved'

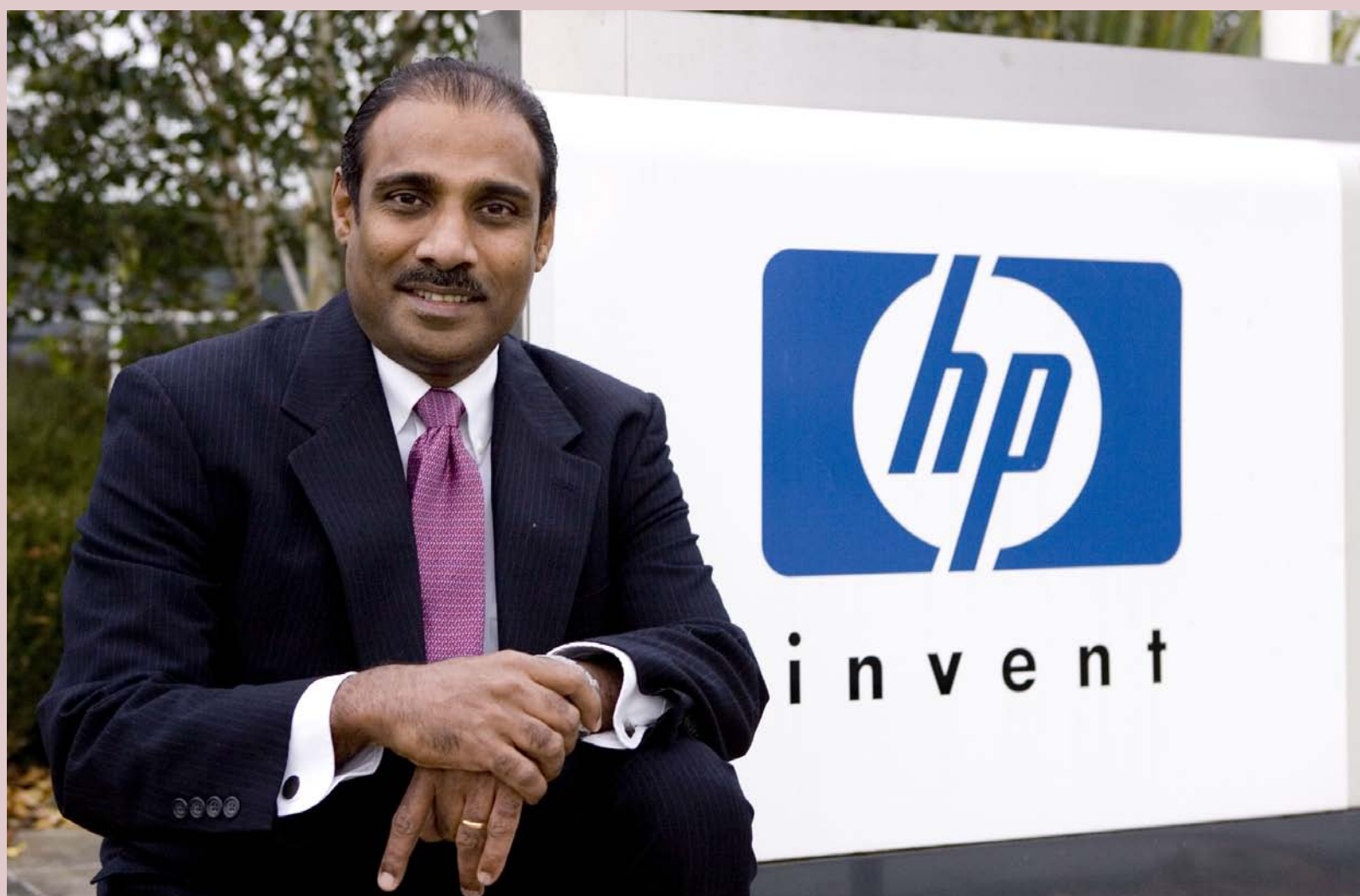
transformation as part of this correction."

For HP this meant, in essence, rethinking their supply chain model by adopting the Chevron model. The supply chain changed from the traditional supply-driven model to a demand-driven one, focusing on the customers' needs, says Alexander.

To this end, HP invested €21.4m in its Dublin Inkjet Manufacturing Operation (DIMO) in Leixlip, Co Kildare, in 2004 to establish a strategic research and development (R&D) centre.

This centre, as part of HP's manufacturing arm, works on developing new generations of inkjet technology, a move the Minister for Enterprise, Trade and Employment described as a "significant high-value high-end project for Ireland".

R&D combined with a redesigned supply chain is not enough, however, if your staff is not being encouraged to progress through innovation and further education. "We manage our talent very well by putting them into development programmes. We move our resources across the organisation," says Alexander.



Lionel Alexander, vice-president of Hewlett-Packard Manufacturing

If you think moving resources literally means taking someone out of one job and placing them in a completely new area, then you're right.

"I have rotated my own staff within the last 12 months to different jobs, already probably twice in the last 18 months."

HP's employer-employee innovation involves, according to Alexander, picking your talent, managing your talent and,

finally, challenging them in multiple different roles, as long as the infrastructure is there for those employees to develop.

HP also invests quite significantly in education for its staff.

"It is vital to interest people in doing PhD and master's degrees, so we have a comprehensive programme that coaches people into extending their educational value, but at the same time placing them on

on-the-job rotation."

This involvement in furthering and challenging employees is what partnership is all about for HP Manufacturing: it is a way to reach a common goal and drive mutual benefits to enable an organisation to move to the next level, affirms Alexander.

"A partnership is actually about leveraging significantly with each other to optimise each others' capabilities, so that you actually strengthen

your position as an organisation in terms of being a keen competitive contributor to the customer at the end of the day," he explains.

Partnership, he says, is one of the key drivers for change in a manufacturing organisation and involves something Alexander is not afraid of: taking risks.

If leadership is willing to take risks and everyone in an organisation displays full transparency, then the

perfect partnership can be achieved, he says.

The big question, however, is whether Ireland can guarantee manufacturing multinationals are here to stay.

"Companies have to transform. Some that existed 10 or 15 years ago don't exist anymore because they chose not to transform themselves in line with a competitive landscape and multinationals are no different," says Alexander.

'Workplace learning is a distinctive organisational competence and must be valued by all'

Edna Jordan, head of Workplace Learning and Development, NCPP



Paul Mooney, president of National College of Ireland

Learning to lead

Skills are central to Ireland's success as we move forward into the knowledge economy. JOE GRIFFIN looks at the role educators play

It is a recognised fact that Ireland's well-educated workforce is one of the main reasons why foreign investors continue to come here. The dynamic has shifted in recent years to not just providing skills – but also the right skills – to meet the growing demands of sectors like manufacturing, which continue to up their game.

Paul Mooney, president of National College of Ireland (NCI), believes it's not just the traditional (or CAO) students

who are acquiring these skills – with more opportunities than ever before for those in full-time employment to improve their skillset.

However, he does admit some employers are more aware of the need to upskill than others. "Some see people as a core resource, something that grows. Others are less enlightened and haven't yet been convinced of the business case for investing in people. Research shows that investing in people is the best way to

grow your business. There's almost no successful organisation that doesn't."

Edna Jordan, head of Workplace Learning and Development, NCPP, points to the benefits of doing this: "The ability to attract and retain staff is one key benefit of investing in employee learning. Not only will employers retain staff but they will also retain higher-skilled staff. Other benefits include increased levels of employee motivation, loyalty and commitment and a greater

capacity for problem solving. The costs of investing in training and development are wiped out by the money saved on the high costs associated with staff recruitment. Spending on learning is an investment rather than a cost."

Jordan also highlights the wider repercussions to our economic growth of failing to recognise the importance of lifelong learning: "Ireland's competitive advantage could be jeopardised by the inability of many employers to

appreciate the direct causal link between progressive learning strategies and practices and company profitability.

"Workplace learning is a distinctive organisational competence and must be valued by all – employers, employees and managers. It is about much more than just formal training and development activities. It requires committed leadership and dedication to ensure that the organisation as an entity is designed for and values all learning practices and opportunities that occur in the workplace every day."

Mooney says the shortfall in manufacturing skills needs to be addressed if Ireland is to remain attractive to foreign investment. "If labour is one euro in Ireland, the same labour can be bought in China for 10 cent. Low-skilled manufacturing jobs are very much at risk. They're being exported to lower-wage countries. The ICTU and SIPTU are currently

looking at ways to tackle the task of upskilling."

Mooney highlights the fact that barriers to education and upskilling extend beyond economic reasons: "The problem has been a lack of self-confidence, problems with individuals being released from employment to study as well as a lack of funding – while third-level education is free, part-time education is not funded by the exchequer at all."

So what are the most urgent changes needed to ensure Ireland remains competitive for high-value investors? "We must continue to invest in research and development (R&D) at third level and continue to renew the efforts to upskill low-skilled employees across the economy, including the immigrant community," Mooney affirms.

He believes the Government is aware of the issue and is in the process of addressing it, especially when it comes to inviting people back to the

workforce. "The Government is good on this. We've developed the Knowledge for Economy Skills Passport, which is like a more sophisticated version of the European Computer Driving Licence. People can do this at the National College of Ireland and get their skills back up to the levels demanded in the modern world."

In addition, Jordan emphasises the need to find new mechanisms that support the flexible and targeted delivery by the third-level education sector of continuous learning programmes that meet the needs of employers and employees. "We must also find new



Edna Jordan, NCPP

the rise or decline in a certain industry dictates the number of students. So, as fewer jobs seem to be appearing in IT, for example, a country will generate fewer IT graduates and make it less appealing to foreign investors.

"There's an element of fashion in education," says Mooney. "IT is slightly out of fashion, which doesn't make sense. The rational side implies that educational trends are driven by demand for jobs."

But there are positive trends in education. Mooney believes, as a nation, Ireland is good at adapting to the skills that are needed. "People need a core vocational skill," he says.

"That core vocational skill is surrounded by an envelope of 'transferable skills' such as communications, listening, writing, teamwork, problem-solving and independent thinking. The argument is because technology, manufacturing and business change so quickly, five years from now some of the practices will have moved on."

"The shelf life of information is becoming shorter. Just teaching a specific package is not enough. The answer to this is lifelong learning. Employees need to learn how to learn," Mooney says.

Jordan underlines the importance of committing to this principle: "Lifelong learning is about finding new ways to compete and learning to use what we know to identify new ways of doing things and to generate wealth and well-being. The skills that need to be learned and developed do not only relate to technological and R&D matters. Creative skills are equally as important."

'The remit of the unions has moved beyond the traditional role of negotiating pay and conditions to acting as spurs for innovation at every level of the workplace'

models and approaches to funding and sharing the cost of workplace learning among employees, employers and Government. For this to be achieved, all the relevant parties must realise there will be benefits in the medium to long term of bearing some costs now," she says.

Educational trends

There seems to be somewhat of a chicken and egg scenario:

National Workplace Strategy

MASTERCLASS SERIES | NO.3

Thursday, 29 November 2007
Royal Hospital, Kilmainham, Dublin 8
09:00–13:30

DIARY DATE

NOVEMBER
29

Ireland's Workplaces: Innovative Futures

Releasing the knowledge and creativity of your workforce

Led by Professor Peter Totterdill



For further information and booking details:
Email gaye@ncpp.ie
Telephone (01) 8146391 or
Visit www.ncpp.ie

One of the biggest challenges facing Irish workplaces today is their capacity not only to create knowledge but also to share it. This Masterclass will help you to explore new ways of building and sharing knowledge to add value in your workplace.

The Masterclass will examine the relationships between employee engagement, knowledge, creativity, learning and job design. In particular, it will emphasise the critical role of people and workplace innovation as enablers of product and service innovation.

Professor Totterdill is an internationally-renowned expert on the future of work, and has extensive experience working at EU, national and company level on issues of workplace change and innovation.

He will present an expert overview of future trends and directions in workplace innovation, facilitating a highly interactive Masterclass for participants. A range of leading-edge case studies from the public and private sectors will also be explored. The highlight of the Masterclass will be a **Forum Theatre** production, an innovative approach using actors, researchers and experienced facilitators to help participants focus on the key issues.

Fee: €200 (second and subsequent delegates: €150)

Note: Participant numbers are strictly limited.

Changing face of partnership

Partnership at a national level has informed the direction of the economy for more than 20 years, but has evolved considerably, with innovation the one common goal, writes NIALL BYRNE

SOCIAL partnership as a concept has defined work practices in Ireland since 1987, when the first social partnership agreement between government, unions and employers was put in place.

In the midst of the economic turmoil of that decade, social partnership emerged as a principle aimed at stakeholders in the economy working collaboratively for the greater good. It was a realisation that the historically antagonistic nature of labour relations was leading nowhere. Radical change was needed.

Twenty years later the economic landscape has changed utterly. Most stakeholders cite the various social partnership agreements since then as being instrumental in bringing about this situation, as they bred confidence in Ireland as a place to do business for foreign investors.

Partnership will continue to play a pivotal role in how Ireland performs economically. In unionised companies, the structures for collaboration between management and employees are already in place. The remit of the unions has moved beyond the traditional role of negotiating pay and conditions to acting as spurs for innovation at every level of the workplace.

Partnership-style structures are also vital for companies with no union presence and will need to be implemented to a greater degree if our levels of competition are to increase. The best companies understand that productivity gains are derived from encouraging employee participation in how work is organised. Collaboration, information sharing and empowering employees to act on their own initiative will drive progress in the future.

Upskilling employees will be a crucial first step in enabling employees to do this. For manufacturing, moving



Fergus Whelan, industrial officer, ICTU

from low-skilled jobs producing rudimentary products to higher value-added and more technologically advanced manufacturing is not a matter of choice, but a matter of necessity as Ireland is vulnerable from low-cost economies in Asia and North Africa.

Education is what kick-started our economy in the first place and is what will maintain it, says Fergus Whelan, industrial officer, ICTU.

"The strategy ICTU and the social partners have been following since 1987 at least, and the one that pays dividends, is upskilling the workforce. We're not going to be able to compete globally on the basis of low wages and skills; our competitive advantage is our productivity."

He points out that one of the main factors that drove the great growth in our economy in the past decade, and which has achieved a spectacular turnaround since 1987, was the investment we put into third-level education.

"A lot of people are entering the workforce with very high

has existed, the people performing the work have found more efficient ways of doing it. In the old days, if workers found a more efficient way of doing things they would keep it to themselves. All they could do with the knowledge was increase their leisure time: they would do eight hours' work in five hours and have three hours' rest."

The introduction of bonus schemes, target-based remuneration and share options in the Sixties and Seventies changed the workplace dynamic. Workers were incentivised to increase their productivity.

"The worker actually performing the function at the grass roots level can often be as innovative as somebody in an R&D lab," he says.

Employees being recognised and rewarded for the innovations they make, which stimulate ongoing improvement in a company, is a classic example of participation in action. The rewards need not be defined solely in monetary terms either: educational opportunities and greater autonomy are highly valued by staff today and feed back into the performance of the company.

"By putting so much effort into education it has led to creative workers: people who can go into a company and direct themselves. The more your skills have been finely honed the more you can do that," says Whelan.

This type of workplace innovation hinges on communication. For Whelan, the most effective form of workplace communication is collective organisation through a union.

"Consultation with a workforce that isn't organised isn't real consultation," he says. "Workers need to feel confident that when they're being consulted they can have an opinion and that their views will be taken on board."

"As long as industrial work

'Investors say to us regularly: 'I can make change in Ireland; change is possible'
Sean Dorgan, CEO of IDA Ireland

Power of investing in people

Ireland's world-renowned skills base has been one of the driving forces behind our economic success. The focus now is on ensuring we continue to invest in and develop this most important asset. LINDA DALY reports

INVESTMENT in skills, education and training have seen the Celtic tiger become one of the most envied economies in the world, as many emerging nations now replicate what we've done.

With such a huge emphasis being placed on Ireland's human capital, it comes as no surprise that many organisations are now treating their people as assets.

Employers who do this reap benefits such as increased employee commitment and loyalty, according to Sean Dorgan, CEO of IDA Ireland. Dorgan says Ireland has faced enormous changes over the past few years and must continue to invest in its people if it is to continue to succeed.

"We have to differentiate ourselves in a few ways. We won't be the cheapest location from which to manufacture anymore.

"More and more, the manufacturing we're now winning is science-based; it requires technical skills or engineering skills, so education is important.

"The second element that's really significant is the flexibility and the ability to change and move on."

According to Dr Damian Thomas, head of policy at the NCPP, the quality of Irish workplaces and their workforces, particularly in relation to their capacity to be innovative and manage change, is critical in seeking to attract higher value-added, higher-skilled

foreign direct investment.

"This means, however, that the development of high participation, high-involvement work practices really has to be a top priority for employers, employees and trade unions," he says.

Dorgan, meanwhile, uses Dell in Limerick as an example of the ability to adapt to change. Employing in excess of 3,000 people, Dell continues to commit to Ireland because of the high productivity levels at its Limerick plant. In fact, Dell's facility in Limerick is the most productive of its plants globally, including China.

"It's sustained there because of the transformation of work process. They're producing much, much more output and have had huge productivity gains at this plant.

"There's a multiple of the output for roughly the same number of people as eight years ago. If that wasn't being achieved, it wouldn't be sustainable here in the long term."

Dorgan says the adaptability of people and their willingness to change has played a huge role in the continued presence of Dell here.

The company has successfully combined manufacturing activities with service activity. He says openness to change has been vital.

Trust is a huge component of change and today an increasing number of employers are placing an emphasis on workplace transformation and creating an environment of



Sean Dorgan, CEO of IDA Ireland

'The most valuable part of a company's operation is its people. It is people who make change, who create value'

trust within the organisation. Companies who pride themselves on having trusted workplaces tend to enjoy low employee turnover, more job applications, lower costs, increased productivity, greater levels of innovation and greater profits.

Dorgan says in order to create a trusted workplace, organisations and their employees must share information and foster a shared understanding of the organisation's future.

Employees must work outside with management, rather than seeing management as the competition.

By creating high levels of trust, organisations will be able to promote change in the workplace, according to Dorgan.

"The way in which the operations in Ireland continue to change is one of the key competitive advantages we have.

"Investors say to us regularly: 'I can make change in Ireland; change is possible'. All of those big players in the pharmaceutical, ICT and medical devices sectors make repeated investments because they are really investments in the confidence of the workforce."

Dorgan points out there are as many people involved in manufacturing in Ireland today as there were 10 years ago.

"On average, manufacturing jobs pay a lot more now because a lot more of the jobs are technician-based roles

rather than operative ones. There are a lot more engineers employed in the sector.

"A significant part of the investment that we're still winning is in manufacturing. It's not the popular view of what manufacturing is, which is maybe a lot of widgets in a dirty factory; it's a lot more capital intensive.

"Very often these investments involve US\$1m investments per worker." Dorgan uses the example of biopharmaceutical giant Wyeth, which operates in 80 countries worldwide, but has five facilities throughout Ireland.

In recent times the company has made a huge investment in its state-of-the-art campus at Grange Castle Business Park in south county Dublin, so much so that the investment is now approaching US\$2bn.

The development is one of the largest integrated biopharmaceutical campuses in the world, manufacturing vaccines, biotech and small molecules under one roof. It is the only facility of its kind in Europe.

With over 1,000 full-time employees working at the company, the investment has amounted to just under US\$2m per worker.

With many organisations treating their employees as assets today, Dorgan says this is the best approach.

"The most valuable part of a company's operation is its people. It is actually people who make change, who create

value. In order to sustain the higher costs and higher wages that we now have, we must maintain high productivity levels.

"Productivity is the driver and it has two elements to it; one is it ensures capital investment and the other is it ensures the willingness of people to move on, to innovate things and to reorganise."

Dorgan says there have been plenty of examples where companies have improved productivity levels.

He cites Thermo King in Galway as one. The company, which produces transport temperature control systems, employs over 550 people at its Galway plant and has a turnover of more than €200m.

It has innovated over the years by changing its production process and adding higher value-added functions. Thermo King's Galway facility has operational responsibility for the organisation's other European plants and is also the centre for ancillary services.

Dorgan believes embracing diversity in the workforce is also another key component in Ireland's continued success.

"People from around the world who come into the Irish workforce have been very well assimilated. Of course, there are challenges for management in catering for that diversity and recognising there are cultural differences. Occasionally there may be language difficulties, but these are only managed through good communication."



Dr Damian Thomas, head of policy at the NCPP

Dorgan says partnership is also essential because "without partnership you can't achieve flexibility and change. Without flexibility and change we'll just lose competitiveness."

"Workplaces will not change unless there is a common shared understanding between management and workforces. All of the international research shows that the best operations are not ones that are highly managed from the centre but ones that give individual workers and individual teams the methods to improve."

CASE STUDY

Moving up the value chain

Nortel is a prime example of a company that has adapted to a changing global environment and transitioned successfully from manufacturing to higher-value R&D, writes NIALL BYRNE

EARLIER this month Nortel announced 60 new research and development (R&D) jobs in its Galway site, bringing to 330 the numbers employed there.

Moving up the value chain is a concept employees at the plant are familiar with. The multinational arrived in Ireland in 1973 as a manufacturing operation producing traditional rotary style telephone sets and the Galway site launched its first foray into R&D around 1982.

The two operations co-existed productively and complemented each other for many years. The site progressed into producing telephony switches and systems and, later, digital platforms. Nortel expanded gradually, peaking in terms of employment in the late Nineties when it had approximately 850 staff in Galway.

A downturn in the global telecoms industry meant big changes were around the corner, however. During 2001 and 2002, the company underwent a massive restructuring, consolidating its Irish manufacturing operations in its Belfast plant. This contributed to the loss of 550 jobs in Galway between 1997 and 2003.

which had grown steadily since 1982, remained in Galway and continued to expand. This month's announcement is the biggest spate of Irish R&D jobs announced in the company's history.

While the numbers added on the R&D side didn't match on a per-head basis the numbers lost on the manufacturing side, the value to the company was massive. It followed a concerted effort by management and employees to demonstrate to the parent company the value of consolidating R&D operations at the Galway site.

A key moment in this was the establishment in 1997 of a Customer Partnering Centre. "That was a critical development for us," recalls David Silke, director of EMEA marketing, northern region, Nortel. "It was fundamental to our growth because it established a direct connection between our R&D team and our customers. It gave our customers an opportunity to come in and have a conversation with the engineers and designers about the solutions and the switches they wanted and it helped us build customisable solutions for our customers.

"It was important for the



From left: Dave Quane, managing director, Nortel Ireland; Minister for Enterprise, Trade and Employment Michéal Martin; and Ollie Daniels, leader, multimedia applications, Nortel

Galway campus because it created a very strong connection between R&D and the customer and at that stage we had direct linkages into manufacturing, so it really shortened the whole go-to-market cycle."

Another key development came in 2002, just as the consolidation process was under way. "In 2002, Nortel in Galway was named the Global Centre of Excellence of a particular solution, which was a contact centre solution, or call centres as they were known at the time. We took responsibility for what was a very critical product

portfolio for Nortel. We've had that mandate for the past five years."

The recent jobs announcement, coming in the wake of a US\$5m investment into the site by the parent corporation in April, marks the next phase of the evolution of Nortel in Galway. Emerging stronger through a time of upheaval is not something that happened just by chance. A partnership approach that emphasised employee participation, collaboration and innovation was instrumental in Nortel Galway turning challenges into opportunities.

"Galway has been built on

a partnership with employees," says Silke. "You have to have that spirit of partnership with the employees. There needs to be recognition that this is not just a place of work. You need to believe in the company before you dedicate yourself and a significant amount of time to it."

The partnership approach was pronounced during the period of consolidation.

"The transition from manufacturing was very difficult, especially for the individuals who lost their jobs," says Silke. "On one side you have the legislative

process specific to the transition. It is a collaborative process; you have to go through that consultation with employees and we adhered to that."

The approach to partnership has developed since those turbulent times. One key element of it is the aforementioned Customer Partnering Centre. While ostensibly a mechanism to liaise with clients, it provides a collaborative platform for experienced R&D employees to develop professionally.

A communications strategy is the next vital element. Nortel communicates important company information directly to its staff by way of general communications sessions on at least a quarterly basis.

Another important mechanism is the site leadership team. Many employees in the Galway operation have European roles. Consequently, they may not have a mandate for Galway on a daily basis. Nevertheless, these site leaders meet bi-weekly to talk about business and employee issues and the long-term strategy of the site.

Employee collaboration informs much of what is discussed at these meetings.

**20X2 AD
IBEC
urn 086275**

via HCL

'The future of manufacturing rests with building greater knowledge and expertise of our customers and markets and growing our skills and adaptability'

Brendan McGinty, director of industrial relations and human resources, IBEC

More than skin deep

Research and development are vital to the growth of Dundalk-based Ovelle Pharmaceuticals, but it is also seriously committed to workplace innovation and has made continuous improvement an integral part of the way it does business. SORCHA CORCORAN reports

SET up in 1934, Irish manufacturing company Ovelle specialises in the formulation, development and production of dermatological pharmaceutical and healthcare products. Since 2000, its main brand, Elave, has grown from having two to 26 products in its range within the space of just seven years.

"If you're in manufacturing now, you have to have higher margins than before, whether that's through higher-value brands, smarter ways of working, or both," says Ovelle managing director Joanna Gardiner.

"We are constantly reworking our formula to keep it ahead. Elave is developed for the most reactive sensitive skin types, so the skincare is free from the common triggers for sensitive skin conditions such as eczema and dermatitis. We've taken out the worrying chemicals that are believed by experts to be increasing the incidence of sensitive skin," she adds.

Gardiner notes Elave products were featured in the Channel 4 TV documentary *Beauty addicts: how toxic are you?* on 11 October.

"I have been highlighting the dangers of chemicals for two or three years and this documentary has added to our credibility. Every member of staff knows what's in our products as well as our brand strategy, from the guy on the forklift to the highest-level scientist. We will be showing the documentary to all of our



Joanna Gardiner, managing director, Ovelle Pharmaceuticals

employees," says Gardiner. Communicating brand messages and principles to employees is part of Ovelle's general philosophy of engaging its workforce.

Earlier this year, it qualified for funding under the Workplace Innovation Fund (WIF), a joint initiative between the NCPP and Enterprise

Ireland, allowing it to invest in its training and continuous improvement programme.

"Twice annually, we schedule training into our production week for two months of Fridays. I believe it has to be formalised or it doesn't happen. People might think of better ways of doing things, but never say

or do anything about it.

"You have to create opportunities to 'let the greatness sneak out', as I put it. We do all types of training from upskilling, re-skilling and refresher courses, peppered with continuous improvement teams. Each team has an end goal and dissolves after that. This gives

'The company is becoming more and more profitable and our growth margin is climbing. That is down to efficiencies and punching above our weight'

those taking part a sense of achievement," says Gardiner.

Gardiner provides an example of how the continuous improvement teams work in practice: "When lab samples needed to go from production to the lab, no one was flagging; they were ready. Operators and lab technicians got together and worked out a system."

Gardiner believes what impressed the WIF committee was the big commitment this relatively small company with 49 staff was prepared to make for workplace innovation.

"We had to pay for everything upfront, and later claim back 45pc of the total, which was carefully audited. You have to be plugged into it to make that kind of commitment. We believe we have a more motivated workforce as a result, the overall performance is better and targets are met more easily," she says.

"The company is becoming more and more profitable and our growth margin is climbing. That is down to efficiencies and punching above our weight. Change is a challenge, but the more you change, the more people get used to it and see the benefits."

Ovelle is a registered supplier for the United Nations, UNRWA, UNHCR and UNICEF. "This year we won the most long-term agreements from UNICEF than ever before. We managed to bring down costs, not by cutting prices, but by doing things more efficiently and sourcing better raw materials," says Gardiner.

CASE STUDY

Lean and keen

John Quirke, process excellence manager, Millipore Ireland

Millipore Ireland shows how an Irish manufacturing operation can successfully compete for international business on a cost basis. NIALL BYRNE reports

THE global trend is for multinational companies to outsource manufacturing operations to lower-cost economies. Ireland is now seen as a high-cost economy and some commentators say the exodus from Irish shores has already begun.

One company that has bucked this trend, however, is Millipore Ireland, a manufacturer of filtration devices and plastic membrane films for the life sciences industry that employs 500 people in Cork.

When its parent company restructured at the end of the Nineties, the Cork operation was a winner. As part of a consolidation process designed to align similar types of products with specific plants, thus rooting out unnecessary duplication of manufacturing activity across the company, Millipore Ireland expanded to take in new products.

"Cork was able to take the products in mainly based on our past performance and on a guarantee that we would be able to achieve cost reductions on products coming in over the transfer costs," explains John Quirke, Millipore Ireland's process excellence manager. "That's been one of our successes to date. We've been able to reduce the cost of manufacturing, in some cases by as much as 20-30pc."

The news that an Irish operation was able to appeal to a multinational on the grounds of cost might raise a few eyebrows, but Quirke is adamant the success of

Millipore Ireland can be replicated right across the Irish economy.

The company targeted cost reductions in a number of areas. It looked at raw material availability and pricing and sought more advantageous agreements with vendors on things like packaging. The company also looked at getting outside suppliers to manage inventory for it instead of it maintaining that cost itself.

One of Millipore Ireland's chief feats was to empower managers and supervisors to optimise the resources available. "On the manufacturing side of things all our managers and supervisors have a very good grasp of lean thinking and lean principles. They looked at their processes and by using tools like Overall Equipment Effectiveness were able to get more out of the resources they had. They were able to take costs down through lean improvements and machine technology."

Lean thinking is central to improving performance and cutting costs. What's more, it is a direct consequence of a partnership approach in the workplace.

"Lean thinking is all about getting people to use their talents and ideas to make their work more interesting. It gets them more involved and gives them a better understanding of what's happening and allows them to make changes and improvements."

Trusting your staff to apply common sense and giving them the power to do so is at the heart of lean manufacturing. It's incumbent on

firms to constantly look at how they could be doing things better, Quirke says. "It's really about applying common sense. If you're a manufacturing company and you haven't started using tools such as Six Sigma to make your process more open and more reliable than shame on you."

'Lean thinking is all about getting people to use their talents and ideas to make their work more interesting. It gets them more involved'

There's also a fundamental need for people to grasp where cost is going in the business, he says. "We achieved savings in one particular area and really the first part of that

project was to get people understanding what the cost of the product was. If this component fell on the floor what did it mean?"

"We also trained the supervisors to understand the elements of that cost: how much of it was labour, how much was materials. There was a need for people to understand in great detail what the process they were managing involved," he explains.

Millipore Ireland works with third-level institutions and external training groups to continually raise the skill levels of its employees. Many internal promotions hinge on continuous learning, with employees learning new skills and how to apply old ones more productively.

Quirke's attitude to challenges facing the manufacturing sector is indicative of the self-reliant approach of his company. While others complain about energy prices, he says companies should focus on what they can do to help themselves.

"Before you put your hand out and ask 'what can you do for me?' you have to ask 'what can I do for myself?'. Recently I spoke to one of our engineers who's looking at moving from compressed air use for valve activation to electrical usage. Moving from air to electrical might seem to be going against the grain but compressed air is one of the most expensive sources of energy you can create in a plant as it takes a vast amount of electricity to create it. That project is potentially going to save us hundreds of thousands of euro a year in energy costs."

Cementing the case for support

Manufacturing employment leads to higher levels of economic productivity, writes NIALL BYRNE

IN 2005 the manufacturing sector contributed about €25.2bn to the economy in terms of expenditure on labour, materials and services.

In many cases the contribution of the sector has exceeded what can be measured in terms of revenue. Manufacturing has provided very well-paid employment in key regions around the country that would otherwise be barren blots on the landscape.

Another reason why it is so vital is because manufacturing employment has tended to generate much higher levels of productivity in the economy than other types of employment, such as in the services sector.

"On a national level, if the manufacturing base is reduced there is a proportionate reduction in our capacity to raise productivity levels," says Brendan McGinty, director of industrial relations and human resources, IBEC.

Higher productivity is something we should be pursuing as a matter of urgency, he adds.

"During the period 1995-2003, our productivity growth averaged about 5pc per annum; over the past couple of years that has slowed to about 1.5pc. That demonstrates how the productivity performance of the economy, while still positive, has slowed dramatically. If a company is growing its productivity by about 1pc per annum it's not able to afford generous pay awards."

During periods of high productivity, Ireland saw a dramatic increase in its capacity to raise employment levels while still working from a low cost base. Now we have near-full employment growth, productivity is not going to be as pronounced as in the early years of the boom. However, the huge growth in costs is affecting our productivity disproportionately,



Brendan McGinty, director of industrial relations and human resources, IBEC

'The productivity growth Ireland desperately needs will come from innovation at enterprise level'

believes McGinty.

"In terms of non-pay-based costs we've seen an increase of 24pc alone in the past two years. In the period 1999-2006, the compensation for private sector employees increased by about 42pc. That compares with a European average of about 15pc over that same period. The cost of doing business has increased at such a rate that it squeezes the capacity of the economy to grow without finding ways to boost productivity at the same time."

The productivity growth Ireland desperately needs will come from innovation at enterprise level. This will require a cultural shift in the

workplace, with employees being educated, empowered and resourced to initiate more efficient practices.

"These sort of issues are going to be the determinants of maintaining a progressive growth path for the economy and preserving and growing the role of manufacturing."

Education is central to this cultural shift. "It is important we're targeting those areas of manufacturing where there might be workers who are most vulnerable in terms of their skill level and making sure the appropriate interventions are being made."

"The reality is not everybody is going to be able to work in a high-tech organisation. The future of manufacturing rests with building greater knowledge and expertise of our customers and markets and growing our skills and adaptability. We also need to develop management skills and focus constantly on productivity improvement, whether that's done through labour productivity, technology or business processes."

"Companies need to identify their own skill needs and ensure a quick speed of response," says McGinty. State support needs to be vigilant in how it facilitates companies to upskill workers.

Companies need also to ensure their employees are engaged in the work they do.

"All of the international research shows that where employees feel consulted and engaged and where there is a bundle of high-performance work practices in place, business performance is better, profitability levels improve and staff retention rates are higher. People feel they know and understand what's happening in the business. It's through that level of engagement and communication that you can get real staff buy-in into what the company is trying to achieve."