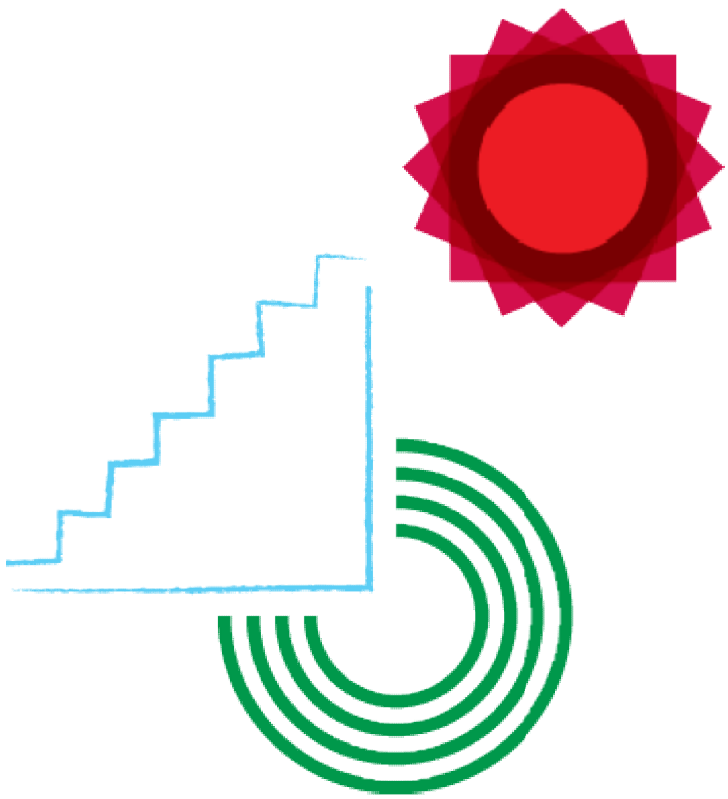
ENGAGE
FOR
SUCCESS

EMPLOYEE ENGAGEMENT AT LEIGHS PAINTS

Case Study



EMPLOYEE ENGAGEMENT AT LEIGHS PAINTS

Our story

Established in 1860, Leighs Paints is a leading manufacturer of high performance coatings employing over 250 people worldwide. Operating on a global basis to serve a variety of demanding markets in the Steel, Energy and Fire protection industries, Leighs Paints' vision is to be its 'Customers first choice'. From its UK based international head office, Leighs Paints designs, develops and manufactures specialist coatings that include the world class FIRETEX® range. Until July 2011 Leighs Paints was a privately owned business but now forms part of the Protective and Marine Coatings Division of the Sherwin-Williams company. Sherwin-Williams is the number 1 paint and coatings company in the U.S. and number 3 in the world, with sales of £5.62 billion in 2011.

Our Journey

The journey to achieve employee engagement began back in 2000 when for the first time in the company's history we were facing a significant financial crisis and initiated the first redundancy programme since 1860. At that time the management style that prevailed was the traditional command and control style, our products were becoming commoditised with the consequential margin erosion. Morale in the business was low, productivity was low, poor relationships existed between employees and management resulting in difficult and numerous industrial relations issues. Of course this all impacted on profitability and so the 'grim reaper loomed'. Decisive drastic action was needed.

Symptoms of the malaise were,

- Staff turnover was at 14%.
- Absenteeism at 8%.
- On time in full deliver to our customers was running in the high 70%.
- Service complaints were running at 288 per year.
- Product complaints at 220 per year.
- Our accident rate was at 12%.

As we began our journey to change the prevailing culture and management style we were faced with massive resistance from right across the organisation, based on complacency and scepticism and fear. After all, we had been around since 1860 so the situation we were faced with was just temporary. So why did we need to change and the fear was of course fuelled by the redundancy programme. But interestingly the first employee survey that had been run at the end of 1999 demonstrated great loyalty to the business from the majority of employees and this was a major factor in the change process we embarked upon.

The employee survey provided the agenda for the majority of changes we then began to address. We implemented many initiatives around payment systems, communications, equality of treatment, appraisal processes, training, working conditions and more. Initially the focus groups that introduced these changes and introduction of new systems were led by the senior management which demonstrated our commitment to the new way of working we were espousing. Focus groups led by the senior management involving a cross section of employees from across the organisation worked on the challenges from the survey and came up with and implemented the solutions. As time progressed and subsequent surveys were run (every two years) we moved to an Action Learning approach with increasingly the employees assuming and being given responsibility for resolving new challenges that the further surveys identified. Throughout both of these phases the process was supported and facilitated by the HR Team who fulfilled the role of internal consultants.

We also focused on the development of the management team with emphasis on becoming leaders rather than managers, moving from a transactional to a transformational approach with particular emphasis on coaching. Extensive training was undertaken with the use of Ken Blanchards Situational Leadership training and Stephen Covey 7 habits and Leadership training. There were also some casualties amongst the management team with a small number of people who could not or would not buy into the new leadership style and culture we were developing.

The journey was not an easy one nor in our experience is making such changes a quick or easy fix. It takes dogged determination and willingness to experiment with different initiatives until you find the one that works. Along the way we have learnt that needing, as we did, to react to commercial realities and make further redundancies on our journey to Employee Engagement, require careful planning and the need to pay even more attention to communication. Further to understand that these events also extend the time it takes to make the journey. In any event by 2009 we had made some significant progress as demonstrated by the improving levels of satisfaction expressed by our employees via the survey and the metrics that formed part of the measures we review every month at our performance reviews. The levels of employee satisfaction across the ten areas surveyed were approaching 80% and our metrics were as follows;

- Staff turnover from 14% to 4% now 0.5%
- Absenteeism from 8% to 2.3% now 2.1%
- On time in full delivery up to 90% now 97%
- Service Complaints 288 to 159 and falling
- Product Complaints 220 to 109 and falling
- Accident rate 12% to 3% now 2%

Over this period headcount was reduced from 366 to 246, operating costs were reduced by 20% and productivity as measured by litres of paint produced per employee increased by 98%. New product introductions increased and volume of paint produced and sold doubled. The business clearly saw major benefits from increased employee engagement as did the employees themselves.

Our major challenge now as we integrate into Sherwin Williams with the need to embrace changes to working practices, procedures and to merge the different cultures is maintain the level of employee engagement. One clear lesson we have learnt is how we manage communications in such a fundamental change process. Perversely the openness of the culture we created has worked against us in the process of due diligence and the sale of the business. Because of legal constraints we could not discuss or disclose to employees what was happening. Our communications became stilted and in effect stopped. Employees were sensitive to this and we failed to fill the void. Consequently when we announced the sale of the business our employees accused us of lying to them and the trust between them and the leadership team deteriorated. As you might expect the sale of the business has also introduced a fairly widespread level of insecurity further fuelled by a small redundancy programme last October. These concerns have all materialised in our latest employee survey which we are now focused on addressing and recovering our levels of employee engagement.

As a result of the challenges we have faced over the last 12 months since the announcement of the sale of the business, we have fully re-engaged in the open communication process and started to build the focus group approach to dealing with the challenges that have arisen since the acquisition. Building trust is the greatest challenge, but one that must be addressed if confidence is to return. On a positive note, as the business continues to grow and prosper and demonstrate positive results, alongside communication which has no hidden agenda, engagement is returning slowly. Through time and strong, open and honest leadership we start to see the signs of positivity returning across the business.