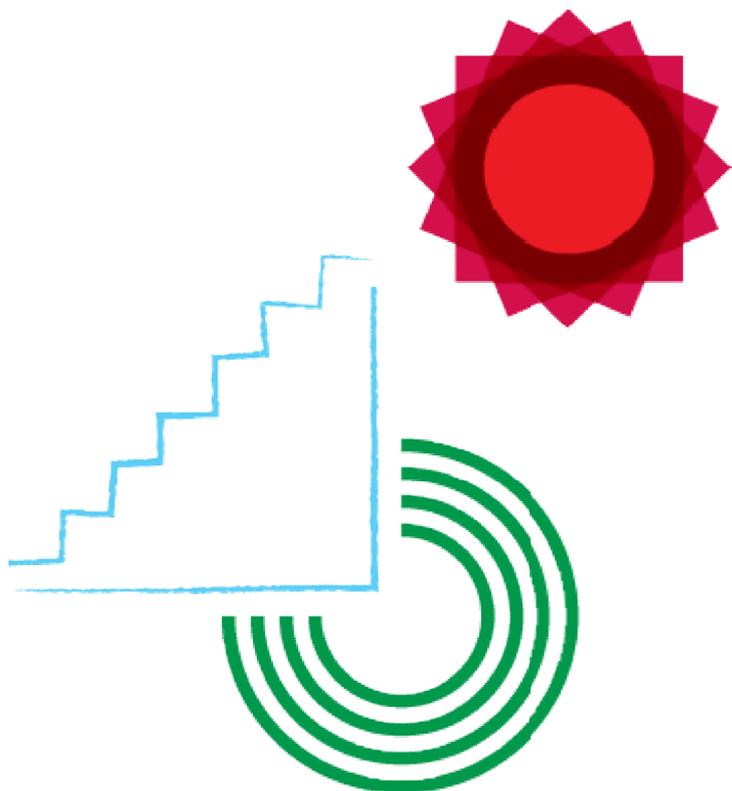


ENGAGE
FOR
SUCCESS

LONGITUDINAL STUDY OF EMPLOYEE ENGAGEMENT AT HANSEN GLASS FROM 1998 - 2010

Case Study



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The need for change

When Hansen Group acquired Hansen Glass in 1992, it was a classical brownfield company under intense competitive pressure with many negative attributes: a long, troubled history; traditional, hardened attitudes; 'us and them' practices; and a strong unionized environment with a high reliance on overtime. Each machine centre operated separately producing as much as it could oblivious to adjacent centres. Product damage was high.

The company turned over £7 million, it was losing money and employed 96 people, mainly from the local area. The business cut, shaped, polished, drilled, painted, toughened, and laminated glass and manufactured double glazed units selling to the UK commercial construction and domestic markets.

In 1998, the senior management team (top team) was re-structured when a new, five man top team with high functional and sound strategic knowledge was headhunted. The initial aims were to re-position the company, to improve UK market penetration in the chosen key product to key market segments and introduce Japanese lean production techniques.

Stewart Barnes, MD and Ian Whalley, Operations Directors and their three fellow directors had heard of world-class manufacturing but knew they did not have the knowledge or experience of introducing and establishing lean enterprise against such a background. After attending the 'Chief Executive Course' at Leyland Truck they were clear on what to do and how to do it.

What did Hansen Glass do?

Understanding Employee Engagement as a way of working to establish a much healthier and democratically accountable environment, they set about deploying a series of techniques and processes that changed the emphasis from direct supervision of employees to self-managing teams. Stewart elected to follow the classic approach of first convincing and educating the senior management team then the middle management and key influencer groups before involving the whole workforce in uncovering the unknowns in organisational perceptions into a battery of evidence which the senior management could learn from. This was highly motivational as ownership of the change process was shared throughout the company. With the knowledge of the key factors to tackle, Stewart and Ian adopted a bespoke downstream approach forming cross-functional teams exploring leadership, communication, recognition, team

working and continuous improvement which led to teams setting their own goals which dovetailed with the overall business plan.

In addition, the use of value stream mapping of the processes became widespread in the business. One particular cross-functional project team reduced changeovers on a key process by 50% coupled with reductions in work-in-progress of 80% and product reject levels of 29%. This improvement led to an increase in productivity of 10% with the same resource.

Through the use of away days, employees were involved in the strategic planning process resulting in the generation of robust plans with complete buy-in from everyone involved.

An industry leading 'Skills Steps' scheme allowed all employees to gain NVQ level 2 with many realising an NVQ level 3 in lean techniques. Employees now solved problems and improve the areas in which they work without interference or influence from the management team - a step closer to self-direction.

Achieving Investors in People (IIP) was prioritised as a vital step in convincing the workforce that the company really had a different agenda.

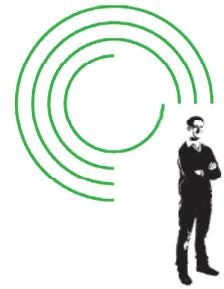
What were the results?

Within eighteen months the results transformed the business: on-time delivery improved to 98% meeting the world-class benchmark; productivity increased by 250% with 67% less wastage and a 73% reduction in customer complaints; stock was reduced by 50%. Profitability was three times the industry average which led to a £4 million investment in new equipment including £600,000 of Regional Selective Assistance. IIP was achieved and reaccreditation has occurred twice since.

The company won 'Business Excellence North of England SME' award in 2007 and was one of the first to be awarded the Investors in Excellence award which measures the business against the EFQM model, and subsequently became the first in the UK to be reaccredited three times to this high standard.

The assessor commented "Impressively, people and teams are empowered to improve processes and enhance performance through their own initiatives and see it as part of their responsibilities to improve performance wherever possible."

By 2010, like-for-like sales had trebled and record profits were achieved. Over the decade, there was a five-fold increase in throughput without any increases in manpower. Customer complaints were now the lowest in the company's history at less than 1% and reject rates in all processes were consistently below 3% compared to 7% a decade ago. Accidents had been



reduced from 40 per annum to just two. Absenteeism was now less than 0.5% compared to 8% in 1998 when Employee Engagement was launched.

Team Leaders, who had been mentored in 1999, now run factories hundreds of miles from home. Staff are motivated, skilled and involved and a payment scheme, was introduced that rewards the achievement of targets, improvements and productivity gains.

Comprehensive employee surveys confirm the transformation. Positive team working developed from 55% in 1999 to 72% by 2006; Dynamic Leadership grew from 58% to 76%; Enabling Structures improved from 61% to 72%; Empowerment and Developed Individuals improved to 78%.

By any measure, there is a fundamental transformation in the fortunes of Hansen Glass and its staff. Hansen Glass has become a high performing operation where people enjoy coming to work in a safe environment.

The learnings

The case demonstrates what can be achieved through Employee Engagement in an SME and that engagement is not the preserve of larger businesses. Interestingly, no HR person is employed by Hansen Glass. Encouragingly and demonstrating the importance of senior commitment, the baton of change has passed from one MD to another to another, each learning from what has gone before to further improve the business. Sustainable leadership and business practices have been embedded in the organisation – a far cry from the dangers of ‘flavour of the month’ initiatives.

Reflecting back on over a decade of activity and success, the key learning points include:

1. the importance of having a business plan with a vision and strategy of what Employee Engagement looks like
2. senior management team commitment to Employee Engagement and to stick to the plan and philosophy even when things go wrong (because they do)
3. [appropriate] training for all
4. genuine involvement of employees in the running of the business
5. identification of the few key drivers in the business
6. communicate as you have never communicated before
7. patience – it takes time

In 2001, Stewart was promoted to the main board of Hansen Group and Employee Engagement principles were applied to many overseas group companies with similar results but this time attained in far shorter periods as sister plants visited and learned from Hansen Glass.

Today, Stewart runs his own business, QuoLux, which delivers the LEAD programme under licence from Lancaster University Management School

in the South West of England and is working with dozens of SMEs promoting employing engagement in a variety of sectors.

Ian Whalley drove Employee Engagement in Hansen Glass from 2001 and was Managing Director between 2007 - 2011. Ian is now pursuing a new business opportunity in the renewables market and continues to work part-time with Hansen Group introducing lean production techniques and employee engagement into group operations.

The Hansen Glass business transformation was featured as a case study in Oliver, J. (2001). *The Team Enterprise Solution*. Cork: Oak Tree Press, pp. 294-298. As an example of good practice in SME, the company's mentoring scheme was featured in Owen, H. (2011). *The Complete Guide to Mentoring* Kogan Page, pp. 114-116.

