

SUSTAINING COMPETITIVE AND RESPONSIBLE ENTERPRISES

Module One

Workplace Cooperation

A foundation for business success

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PREFACE

SCORE

Sustaining Competitive and Responsible Enterprises

This manual is a part of the SCORE programme which is a response to the conclusions by the governments, employers and workers at the International Labour Conference in 2007. In the discussion on sustainable enterprises they concluded that:

"Sustainable enterprises need to innovate, adopt environmentally friendly technologies, develop skills and human resources, and enhance productivity to remain competitive in national and international markets. They also need to apply workplace practices based on full respect for fundamental rights at work and international labour standards, and foster good labour-management relations as important means of raising productivity and creating decent work. These principles are applicable to all enterprises."

The ILO-SCORE programme is a practical training and workplace support programme designed to increase the productivity of small to medium sized enterprises while promoting respect for workers rights. The objective is to deliver current best international practice in areas of workplace cooperation, quality management, productivity and cleaner production, occupational safety and health, and human resource management. This first module, which elaborates on the theme of productivity improvements through workplace cooperation, is the first and foundation module for the rest of the modules as it establishes the core principles of workplace cooperation essential in building and maintaining sustainable enterprises. Importantly, its approach is aligned to the current demands for socially responsible workplace practices.

The SCORE manuals builds on the knowledge and experience built up in the former ILO – Factory Improvement Programme implemented in Asia. Many authors have contributed to this manual: Charles Bodwell, Tim Dyce, David Lamotte, Nicolas MacFarquhar, Nikolai Rogovsky, Kidest Teklu, and Karl-Oskar Olming who also led the work of putting the manual together.



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1.0 Introduction

Increasing global and local competition is a reality that many enterprises of all sizes face every day. This more aggressive competitive environment requires them to continually upgrade their productivity in order to maintain their long-term viability as well as the quantity and quality of the jobs they provide.

Productivity and competitiveness is affected by various external and internal factors. External factors include political, social and economic conditions, institutional mechanisms and government policies. Although these factors can have significant impact, enterprises cannot control them.

Enterprises however have greater controls of internal factors, which they can utilize to improve their performance. These factors include:

- ☐ Respect for workers' rights
- ☐ Efficient use of available equipment and technology
- ☐ Develop and utilize the skills of the workers
- ☐ Provide safe and healthy workplace environment
- ☐ Apply participatory management practices

Implicit within each of the ways of improving enterprises' performance is the understanding that the way people are treated and managed as well as the way they communicate and cooperate with each other are of central importance to productivity and competitiveness.

People are at the heart of competitiveness

Before achieving this however, enterprises have to work out a cooperative and harmonious relationship between the principles partners namely workers and managers. Based on this principle; the SCORE programme is designed to equip enterprises with the tools needed to improve the business performance through better workplace cooperation and workplace practices in areas such as quality, productivity and cleaner production, organization of your people and your workplace.



2.0 Set your goals and analyze your business

2.1 Set your goals

In today's increasingly competitive environment, businesses have to constantly adapt to the rapidly changing market conditions and technological advances in order to survive and develop. In the current competitive operating context survival and development demands businesses have a clear idea of where they are and devise a plan as to where they are going and how they plan to get there. Without this, business will simply drift along and react to changes rather than be proactive to external and internal factors affecting their business. Being proactive requires setting goals that will define the purpose of your business and present the navigational tools essential to control the direction your business is taking while at the same time help focus everyone in the enterprise to act in a way that will benefit the business and its goals.

You might already have such plan for your business and know 'why you are doing what you are doing' and have an idea about where you would like your business to be in the future. The main challenge is to structure these thoughts and to put 'pen to paper'. The aim of the business goal is to help you define the core of your business and ensure that its strengths are preserved. It can also help you inspire and rally your employees and core stakeholders by providing a purpose that is worthwhile. Presented below are some questions that can assist in defining your business goals:

- ☐ Are you making sufficient financial return on your capital investment to justify the business?
- ☐ What would you like to change about how you manage your business?
- ☐ What kind of relationship would you like to have exist between management and employees?
- ☐ What are the needs of your customers and are you meeting these needs?
- ☐ What processes require change or improvement in order for your business to operate efficiently and effectively?



EXERCISE 1

Write down the goals of your business using the questions above as inspiration.

My business goals are:



2.2 Analyze your business

Before you undertake any action to increase the performance of your business, you first need to analyse its current situation. The purpose of analysing the business is to identify the problems or constraints that are stopping or limiting the enterprise from reaching its goals. When analyzing the business you should identify both threats and opportunities to your business. Any threat to your business is ultimately a concern to the performance of the business.

Business analysis can be done using a simple, yet powerful tool, such as the SWOT analysis (Strengths, Weaknesses, Opportunities and Threats). A SWOT is helpful in matching the firm's resources and capabilities with the competitive environment it operates in. The aim of SWOT analysis is to:

- ☐ Reveal your competitive advantages
- ☐ Analyze your prospects for sales, profitability and product development
- ☐ Prepare your company for problems
- ☐ Allow for the development of contingency plans

When done properly, SWOT will give you the BIG PICTURE of the most important factors that influence SURVIVAL and PROSPERITY as well as a PLAN to ACTION. In other words, the SWOT analysis helps businesses to formulate their strategy based on their strengths and identified opportunities. SWOT analysis should be conducted in relation to the goals that the business wants to achieve.

When conducting SWOT analysis, keep the following points in mind:

- ☐ Be realistic about the strength and weaknesses of your organization
- ☐ The analysis should distinguish between where your organization is today, and where it could be in the future
- ☐ Keep your SWOT short and simple and avoid unnecessary complexity

The SWOT Matrix

	Positive Factors (to achieving the goal)	Negative Factors (to achieving the goal)
Internal Factors (facts/factors of the organization)	Strengths Things that are good now, maintain them, build on them and use as leverage	Weaknesses Things that are bad now, remedy, change or stop them
External Factors (facts/factors of the environment in which the organization operates)	Opportunities Things that are good for the future, prioritize them, capture them, build on them and optimize	Threats Things that are bad for the future, put in plans to manage them or counter them



Sample SWOT analysis-Mega-Steel Part I

Case Study

The case study below shows the results of a SWOT exercise at Mega-Steel Ltd.

Mega-Steel is a stainless steel manufacturing plant in Jiangsu China and supplies its production to well known automotive assembly units in China. The company is investing on modern equipments and has plans to increase its production to meet the increasing demand for stainless steel products in China as a result of massive offshore stainless steel products being sourced in that country. The company goal is to expand its market share in the automotive industry, as well as diversify its product line but first needs to analyze its business to determine as to how this can be achieved best.

Using the SWOT matrix the company has identified the strengths-weakness and opportunities-threats it considers are vital to tackle in order to achieve its business goals of expanding its market share.

Strengths

- The company has a well established customer base in China which it will continue to supply and offer new product lines
- The company is investing on modern equipments to improve quality and increase production

Weaknesses

- The company lacks safe working environment, and has high absenteeism rate due to injury
- There is no proper training of new and existing workers for skills upgrading or safe use of equipments
- There is no proper system of hiring practices, as workers are hired through friends, relatives or walk in migrants
- Low product quality resulting in high production cost

Opportunities

- The automotive industry in China is experiencing strong growth resulting in high demand for stainless steel production
- Increase in the demand for various automotive parts made of stainless steel offering opportunity to diversify the product line

Threats

- Competitors with similar product may expand their product line to grab a piece the market share.
- Companies entering the market with better product quality and delivery time
- With increased demand for skilled labour, workers are likely to look for companies with better human resources management practices

2.2.1 Understand the internal strengths (and weaknesses) of your business

Strengths and weaknesses are derived from the internal capabilities of a business. A firm's strengths are its resources and capabilities that can be used as a basis for developing a competitive advantage. Examples of such strengths include:

- ☐ A specific characteristic giving it an important capability
- ☐ A specific market position where the company has a clear advantage over its rivals
- ☐ Competitive assets and sources of competitive advantage



The absence of certain strengths may be viewed as a weakness and therefore in some cases, a weakness may be the flip side of strength. Take the case in which a firm has a large amount of manufacturing capacity. While this capacity may be considered a strength that competitors do not possess, it may also be considered a weakness if the large investment in manufacturing capacity prevents the firm from reacting quickly to changes in the strategic environment. Examples of weaknesses are:

- ☐ A source of competitive disadvantage
- ☐ Things the business does poorly or totally lacks
- ☐ Particular problem areas where the business would be vulnerable to an attack from a competitor

The identification of strengths and weaknesses can be made more systematic by applying the analysis on the following areas,

- ☐ Finance: what are the prices, costs and investments?
- ☐ Operations: how do we manage our resources?
- ☐ People: what do they do, do they have the skills we need?
- ☐ Marketing: how do we communicate what we do effectively?
- ☐ Innovation: are new ideas important to us in all parts of our organization?

When preparing to undertake the task of understanding your internal strengths and weaknesses, it is worthwhile to:

- ☐ Prepare questions that relate to the specific business goal or product that you are analyzing. (You'll find some questions in the checklist below to get you started)
- ☐ Conduct one-on-one interviews or get a group together to brainstorm. A bit of both is frequently best
- ☐ List all strengths that exist now. Then in turn, list all weaknesses that exist now. Be realistic but avoid modesty

Presented below is a checklist that can be used to identify the strengths and weaknesses of your business. Circle your response to the items to rate aspects of your business on a 1 to 3 scale 1 equals "strongly disagree" 2 represents an adequate impression, and 3 equals "strongly agree."

The checklist might need to be customized to fully suit the context of your own business. For each category of checklist rate your performance as accurately as possible.



Area of functions	Score		
Finance			
Your business has got sufficient financial resources to fund any changes you would like to make	1	2	3
Your business has the financial stability to absorb cost	1	2	3
You have sufficient capital to invest back in your business growth	1	2	3
You have good relationships with your investors	1	2	3
You have lower overall unit cost relative to your competitors	1	2	3
You have cost advantages over your competitors	1	2	3
Operations			
You have low volume and are restricted in your ability to scale up	1	2	3
Your plant and equipments are old or outdated	1	2	3
You use inferior technology in your business	1	2	3
You do not have easy access to raw materials	1	2	3
You do not have easy access to available skilled labour supply	1	2	3
You get complaints about noise, lighting and air quality at the workplace	1	2	3
Your factory is messy, unproductive and gives a bad image of your business	1	2	3
You have been experiencing a lot of accident and injuries on the workplace	1	2	3
You waste a lot of space storing unnecessary stocks and unsold products	1	2	3
Your business have high volume of material waste and spoilage	1	2	3
You often struggle to meet delivery dates	1	2	3
Your factory output has high level of defective product	1	2	3
People and workplace cooperation			
You have good relationship with your employees	1	2	3
Your managers are highly experienced	1	2	3
Your line managers have the necessary skill sets to manage people on the floor	1	2	3
You do involve workers in decision-making process	1	2	3
You do encourage employees to make suggestion for change	1	2	3
You often implement suggestions made by workers	1	2	3
You reward your employees for good performance	1	2	3
You share your thoughts, ideas and concerns with key performers	1	2	3
You openly share information (financial, upcoming changes) about your business with workers	1	2	3
Your business have a system to encourage a culture of collaboration and equality	1	2	3
There are training opportunities provided to employees	1	2	3



to upgrade their skills			
You make business decisions with input from others	1	2	3
You rarely ask employees to work overtime to meet deadlines	1	2	3
You have formal process for collective bargaining	1	2	3
Your workers appear motivated	1	2	3
You do know how to deal with bad performance or behaviour	1	2	3
Your workers have low absenteeism rate	1	2	3
Workers feel they are treated fairly and equally compared to others	1	2	3
Your workers are not leaving to work for the competition	1	2	3
You ensure compliance with labour laws concerning protection of workers' rights	1	2	3
You work constructively with workers' representatives including any trade union which may exist	1	2	3
Customer and marketing			
Your business lacks industry knowledge	1	2	3
You have poor relationship with your suppliers	1	2	3
You have poor or impersonal relationship with your customers	1	2	3
Your customers have a choice to use a substitute product	1	2	3
Your customers are leaving for the competition	1	2	3
Your business is recognized for the quality of products it produces	1	2	3
You regularly keep track of the changing needs of your customers	1	2	3
You have service/customer support system	1	2	3
Your business deliver quality service and product on time	1	2	3
You get no or very little return goods that do not work properly	1	2	3
You incorporate socially responsible business practices when marketing your business	1	2	3
Your business practices and image match that of your customer	1	2	3
Management style			
You always take time to think ahead and plan for the future of the business	1	2	3
You set clear goals and objectives for the business	1	2	3
You clearly define the methods that will allow the business to reach its goals	1	2	3
You regularly scan the market for business opportunities	1	2	3
You closely follow up on trends in the external environment of your business	1	2	3
All responsibilities and tasks are clearly distributed among employees	1	2	3



Your time is manage effectively	1	2	3
You keep business financial record	1	2	3
Employees are given the information they need to do their jobs	1	2	3
You lead by setting positive example	1	2	3
You accept constructive criticism and act on it	1	2	3
You admit your mistakes and take responsibility for your actions	1	2	3
You make time for your employees and listen closely to what they have to say	1	2	3
You make yourself available and accessible to others	1	2	3
You treat your employees with respect and dignity	1	2	3
You have clear procedures in place to solve conflicts	1	2	3
You conduct formal employee performance appraisals	1	2	3
You know the key performers among your staff by name	1	2	3
Innovations			
You have a formal process to generate and nurture new ideas	1	2	3
You allow workers to provide innovative ideas	1	2	3
You offer employees time and/or other resources to develop their own ideas	1	2	3
You involve customers and suppliers in innovation work	1	2	3
You reward workers for their ideas	1	2	3
Total score for all sections			

RATING:

1=strongly disagree, 2= neither agree/nor disagree, 3=strongly agree

Your rating is calculated as follow

- Simply count how many (1, 2, 3,) you circled for each category
- Add the results together
- 1 represents the lowest and most negative impression on the scale, and 3 represent the highest and most positive impression on the scale.
- Compare your score for each category to determine areas you will need to prioritize (Example: If your score for finance is high for group scale-1-you will need to take a closer look at your finances to determine what factors are causing this weakness)

Category	1=Strongly disagree	2=Neither agree/nor disagree	3=Strongly agree
Finance			
Operations			
People/WC			
Customer & Marketing			
Management style			
Innovations			





EXERCISE 2

Strengths and weaknesses of your business.

Write down the main strengths and weaknesses of your business.
The checklist above is a good starting point in the analysis.

Strengths:

Weaknesses:

2.2.2 Understand the external opportunities (and threats) in your industry

The first step to bring your business to a high level of performance is to be aware of the opportunities and threats in your particular industry. If you know the opportunities and threats driving your industry, you will be able to focus on, and assess to what extent the strengths and weaknesses of your business match those opportunities.

Understanding the opportunities and threats from Globalization

An important factor to take into account when analyzing the industry is the process of globalization. This trend of greater integration of the world economy will likely keep going forward, fuelled by a number of distinct forces such as:

- The spreading political decisions of countries to move towards trade liberalisation and adoption of market oriented economies resulting in new global supply chains and global competition that are now increasingly the norm;
- The spread and advance of global telecommunication and vast improvements in transport systems, which is leading to internationalization of customer preferences and expectations;
- Changes in preferences due to increased customer choice. The advance in international communication, increased access to knowledge and information, and the increased integration of markets have led to the internationalization of consumer demands and preferences. Fashions not only spread rapidly across the globe but also shifts and change very quickly. The product variety is thus increasing while the product life cycle is decreasing;
- There is also an increased emphasis on the social responsibility of businesses. This is most prevalent in apparel, shoes, sporting goods, and toys industries, but is also a factor in agriculture, retailing, forestry, electronics, and, oil and gas. Issues range from child labour, wages, working conditions, trade union rights, and indigenous and community rights to environmental impacts, eco- efficiency and corruption. The idea of the social responsibilities of business is that there are various types of expectations on business, national laws, non mandatory guidelines, international agreements and voluntary expectations, all play a role in defining what are known as the "Social Responsibilities of Business."

Opportunities and threats can be analyzed in a systematic manner by conducting a STEEP analysis. STEEP analysis stands for **S**ocio-cultural, **T**echnological, **E**conomic, **E**cologic and **P**olitical/legal analysis. STEEP analysis focuses on those factors that are outside your control yet impact on the way your industry and ultimately your business will develop.

- ❑ Socio-cultural forces are forces impacting on your industry and business as a result of prevalent culture and value systems. For example, the impact of globalization is that business interaction between countries are remarkably increasing and as a result business sector are going towards a common business practice rather than developing their own and in some cases implementing some best management practices from other cultures. The Socio-Cultural system is subject to constant change, and business people have to keep a careful eye on the long-term trends especially as global



competitors move into the market. More examples of socio-cultural forces are:

- Demographic change or lifestyle
 - Change in consumer taste or employment patterns
- ❑ Technological forces are forces impacting on your industry and business as a result of technological development. For example, the arrival of the Internet has revolutionized the way people work and communicate, created a whole new industry in the service sector and marginalized other traditional trades. More examples of technological forces are:
- New technological standards (e.g. blue ray, HDTV etc)
 - Communication and transportation technologies
- ❑ Ecological forces are forces impacting on your industry and business from the surrounding eco-system. For example, in the skiing industry cold weather is a main determinant of business activities. The patterns in the local, regional and global ecosystem are subject to constant change. For example, in the North-East of China, frequent spells of drought in recent years have driven up the cost of water and threaten to undermine the viability of irrigation farming. More examples of ecological forces are:
- Health and food concerns opening organic food and eco tourism opportunities
 - Water rationing or power cuts due to climate change
- ❑ Economic forces are forces impacting on your industry and business as a result of macro-economic developments at the national level, in the region and in the global economy. For example, the depreciation of the US Dollar has essentially reduced the cost of the products and services in USD pegged currencies relative to the Euro and have made European products more expensive. More examples of economic forces are:
- Market liberalization opening up new markets
 - Increased transport costs due to the rising oil price making locally produced components more attractive
- ❑ Political/legal forces, finally, are forces impacting on your industry and business as a result of political developments and existing and new laws, or lack of enforcement of these laws. For example, the introduction of regional common markets is reducing barriers to trade within the single market but might introduce new local laws regarding standards of environment, labour practices etc. More examples of political/legal forces are:
- Change in the labour law or industry regulations
 - New health and safety standards

Information about how your industry is developing and the opportunities and threats you face can be obtained from the Government, your Employer or Industry Association.

When preparing to undertake the task of understanding the external opportunities and threats in your business, it is worthwhile to:



- ❑ List all opportunities that exist in the future. Identify them by their time frame if possible
- ❑ List all threats that exist in the future. Classify them by their seriousness and probability of occurrence

Competitor analysis

Competitor analysis is the second phase of external analysis. Therefore, in addition to conducting STEEP analysis, it is essential to analyze your current and potential competitors in the market. There are usually what you would call direct competitors that offer similar product and services in the market, and indirect competitors that are considered less intense competitors but are still relevant. An understanding of both is essential to determine opportunities and threats that exist in order to determine how your business can take advantage of it.

There are usually two approaches taken to identify competitors. The first is what is known as customer based. This approach looks at the perspective of customers who make choices among competitors in order to find out why customers choose one product or services over the other. The second approach to identifying competitors is to place competitors according to competitive strategic groups. This can mean for example; groups with similar characteristics such as size, and resources, and distribution. In both approaches, identified competitors are grouped according to the degree they compete, which then can be used to determine actions to fill in existing gap.

When conducting competitor analysis, be sure to identify an area that your competitor is lacking and take full advantage of this opportunity to bridge the gap that exist between you and your competitor. This can be done in various ways such as positioning your business in the market through product differentiation in which you introduce special features that make your product unique, focusing your product to specific market segment, and/or place emphasis on cost by offering better price compared to your competitors in the market. You may apply a combination of the three as necessary.

Special attention should always be given to the competitors' strength and weakness, as it will help you to either utilize a competitor's weakness, or bypass a competitor's strength. The following are questions to help you with competitor analysis:

- ❑ Who are your direct competitors? Who are your indirect competitors? and who are your potential competitors?
- ❑ What are the strengths and weaknesses of each competitor?
- ❑ Which of your competitors has been successful overtime? And why?
- ❑ What assets or skills does your competitor have or lack?
- ❑ What advantages could potential competitors utilize to enter the market and become a more serious competitor?
- ❑ Are any of your competitors engaged in market expansion, and/or product expansion?





EXERCISE 3

Opportunities and threats in your industry.

Write down the main external opportunities and threats to your business. The STEEP and competitor analysis above is a good starting point.

Opportunities:

Threats:

2.3 Formulate the business strategy based on the SWOT analysis

In order to formulate a strategy it is important to take the findings from the SWOT analysis one step further. Each internal factor has to be matched with an external factor and converted into action.

Strengths have to be matched with opportunities and converted into action: how can the business use its strengths to take advantage of the opportunities in the market. Strengths that do not match any available opportunity are of limited use. For example a firm that is the most efficient producer of a product for which there is no demand is not going to prosper. Similarly opportunities that are not matched with strengths are of limited use since the company will have difficulties taking advantage of them.



The strengths also have to be matched with threats in order to identify how the strengths can help the enterprise to withstand the threats. The table below is useful in turning the SWOT into action.

Weaknesses have to be converted into strengths. The following examples give ideas how this can be done:


- ☐ Technological weakness – invest in technology and training
- ☐ Skills gap – invest in training collaborative work culture
- ☐ Overdependence on a single product – diversify the product line
- ☐ Weakness of the brand – Reposition the product
- ☐ High costs or low quality – Introduce continuous improvement programmes based on enterprise improvement teams

Even threats can be turned into opportunities. For example, new waste management laws can be turned into opportunities if the company starts selling waste collection services to other enterprises.

When preparing to undertake the task of formulating an action plan:

- ☐ Review your SWOT matrix with a view to creating an action plan to address each of the four areas

EXERCISE 4 SWOT Action Plan

	Internal Strengths	Internal Weaknesses
External Opportunities	Capitalize on these areas of the business	Improve these areas of the business
External Threats	Monitor these areas of the business so it will not be harmed in the future.	Eliminate weaknesses where serious threats are faced



Mega-Steel SWOT Action Plan-Part II

Based on SWOT analysis of the current state of the company, Mega-Steel has formulated the following action plans in order to achieve the company's goal.

	Internal strengths	Internal Weaknesses
External Opportunities	<ul style="list-style-type: none"> The company plans to diversify its products and offer new products to existing and new customers Due to increasing demand, customers are likely to demand high volume production capacity. Therefore, Mega-Steel will promote to existing and new customers the level of production capacity and quality it can produce using modern equipments 	<ul style="list-style-type: none"> Safety hazards to workers will be identified and eliminated, and safety training will be provided to workers There will be regular employee training conducted for skills upgrading The company will establish Human Resources policies and make changes to current hiring practices A quality assurance team will be set up to promote the importance of quality and perform regular quality checks
External Threats	<ul style="list-style-type: none"> Monitor other companies entering the market with competitive advantages such as cost, product focus and product differentiation 	<ul style="list-style-type: none"> Monitor industry data for best practices, and performers in the industry to analyze the competition and bridge existing gap in product quality and human resources management

Before continuing to the next chapter, have a look at your business goals again (exercise 1). Are the goals realistic or do they need to be revised? If so, please go back to the start of this chapter and think through how your business goals should be written to guide the business.

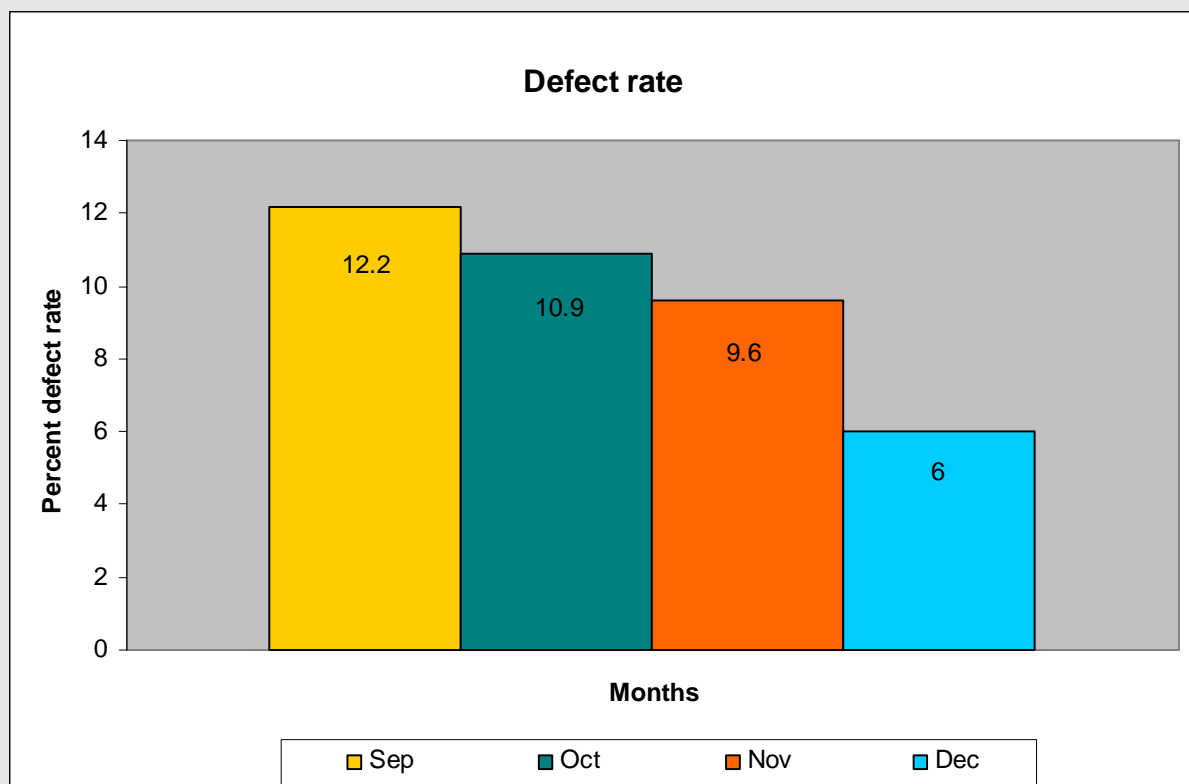


3.0 Achieve your goals through people

You now have a good understanding of your business situation, its opportunities and problem areas and may have come up with some ideas for action. This section will help you explore options to further maximize your performance through people. It is important to note that not all business problems can be addressed through the better management of people. However, a surprisingly large number of business problems have at their core the involvement and engagement of people. This is particularly important to small and medium enterprises whose competitive advantage is not necessarily determined by capital, equipment or technology. The following are examples that demonstrate this point.

Case I: Problem with high product defect rates

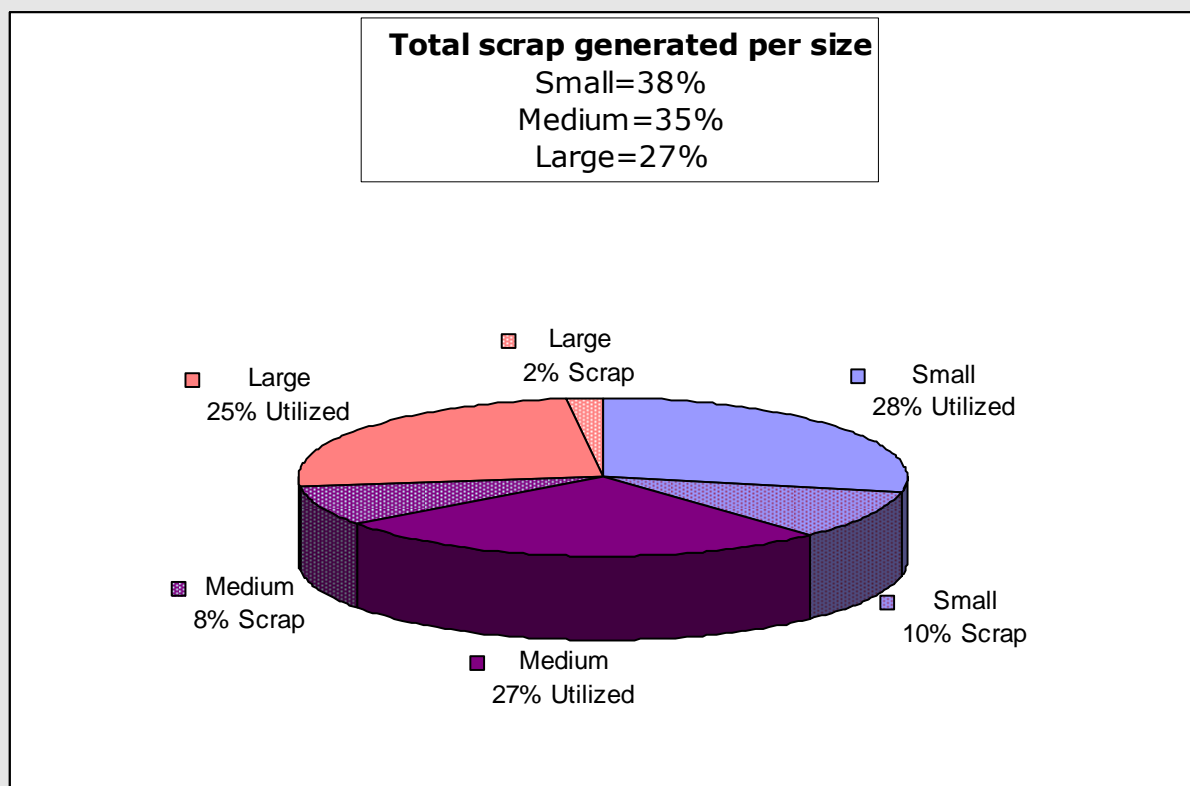
A garment factory in Sri Lanka was facing high defect rate caused by the lack of in-line quality check. To address this, the factory appointed a quality assurance team and the team was tasked with reviewing the existing quality policy and quality documents for all production lines, encouraged workers' involvement in the reviewing process, streamlined the work of quality checkers, organized random quality checks several times a day, and rewarded one worker per production line for their good work in maintaining quality. In addition, posters were displayed throughout the factory stressing the importance of "getting it right the first time" and implemented a quality check system. As a result, the factory achieved a 50% reduction in its defect rate in just four months, from 12.2% to 6%.



In addition to achieving a 50% reduction in defect rate, the company has recognized a significant change in the level of motivation and attitude by workers to contribute to improving quality and take pride in their work. Workers are now more willing to interact with management and work as a team to come up with future improvement plans. A team member said "the benefits of working as a team is that we are able to generate and process more ideas for solving problems much quicker than ever before"

Case II: Problem with high volume of waste

A company in India manufacturing sheet metal components was facing a problem with the considerable amount of scrap and end pieces generated from the left over sheets and strips used in the press-tools. A team consisting of members from tool-room, production, quality assurance, stores and operators were assembled to address this issue. The team analyzed the current set of sheet metal components manufactured and the scrap and end-pieces generated, then analyzed the total number of components made from the same thickness of sheet and grouped them according to their respective sizes of small, medium and large, and considered various alternative approaches to combine two or more components in one large sheet and another small if that can be accommodated in the left over scrap. This approach to waste minimization and utilization of scrap and end-pieces to manufacture new components has not only led to profits from waste, but also resulted in considerable reduction in the cost of manufacturing the original product itself.



Total utilization of scrap = 80%



In an effort to continue with the new waste minimization program, the team now meets weekly to discuss scheduled work and determine ways to use materials more efficiently in order to minimize or eliminate scraps generated from every new product that comes through the production line. The team has reported that the production floor looks more organized, providing more workspace and making it easy to find tools etc. easily. The discussions and joint decision making process involving waste reduction has also improved communication between management and workers who are now interacting more regularly and effectively.

Case III: Occupational safety and health

A garment manufacturer was facing a number of health and safety issues related to accidents on the production floor such as the cutting room where the use of blade guard is not enforced, safety hazard such as workers proximity to hanging electrical wires in the pressing room and injuries associated with strains due to improper ergonomic setting on the sewing floor, which all have contributed to high levels of workers absenteeism. The factory decided to take action by forming an OSH team including elected representatives from each sections of the factory floor to identify areas for actions. The team recommended chairs with backrests be provided, and advised workers on the correct seating positions to avoid back injuries, changed the layout of work areas and cleared hanging electric wires that posed a safety hazard. The team also enforced the use of blade guards in the cutting room. These simple changes made it possible to ensure more ergonomically friendly workstations that contributed to maintaining a healthy workforce. The use of blade guard also showed a significant change, as it reduced injuries to workers drastically, and made workers feel a lot safer using cutting machines hence being able to concentrate on their work in particular cutting fabrics out consistently, which has improved the quality of products specifically in the production of garments that meet measurement specifications after assembly. The cutting room is now kept clean ensuring fabric rolls are stored in the warehouse, and not near the cutting tables until cutting orders are issued eliminating injuries associated with tripping on fabric rolls. This simple decision was also a factor in reducing extra work involving the clean up of stains from workers stepping on raw materials as well as fabrics and trims being dragged on dirty floors.



As demonstrated in the cases above, engaging workers builds momentum for skilled and motivated employees to apply their knowledge towards performance improvement plans such as the enhancement of quality, waste reduction or improve occupational safety and hazard practices. The engagement of workers is the best competitive advantage a small and medium enterprise has and all the above three cases demonstrate how workers are indeed key stakeholder in any business and as such critical to delivering performance improvement plans. Workers' relevance to implementing change or simple improvement plans is no longer a question of when but of how, and answering this question is vital to enterprise's competitiveness in today's business environment.



EXERCISE 5

Based on your business goals and SWOT action plan, list THREE priority areas you want to improve over the next 12 months.

As stated earlier, this programme is designed to assist you in identifying problem areas and find solutions through better labour-management relations and workplace practices. The aim is to bring attention to the often-overlooked link between workers and management when formulating business solutions. Without this link for workplace cooperation it will be very complex to achieve your goals and drive your business forward.

It is therefore vital that prior to engaging in any improvement process, you refer to the four other modules that constitute this programme, and designed to complement workplace cooperation to improve quality, boost productivity, organize your people, and organize your physical workplace.



4.0 Better workplace cooperation: a foundation for business success

4.1 What is workplace cooperation?

Workplace cooperation is a process whereby employees and management participate together through involvement and discussion, in resolving issues of common concern. It is a communication mechanism enabling both parties to understand each other's needs, interests and difficulties and subsequently build a workplace environment based on partnership that utilizes the knowledge and experience to the mutual benefit of employers and employees.

Many businesses now view workplace cooperation as an important source of competitive advantage. This competitive edge is established when an employer is able to build up a highly motivated, dedicated and efficient team of employees to improve the quality of product and services offered to its customers. The dominant characteristic underlying workplace cooperation is management support and employees involvement. Therefore, for workplace cooperation to be effective, top management's commitment is crucial.

Based on respect for workers' rights, the core principle for effective workplace cooperation is the arrangement for establishing and improving relations between management and workers within the enterprise. It involves interaction between workers and managers at all levels within an enterprise. Interaction means workers and managers coming together to talk, listen, discuss, compromise, and make decisions. The aim of these interactions is to solve problems of concern to workers, thereby promoting the interests of both workers and management. This means all successful workplace cooperation arrangements contain standard features as the willingness of the parties to share information and the ability to communicate effectively.

Effective workplace cooperation is meant to help an enterprise:

- ☐ Improve its decision making and organizational performance through collaboration and communication between management and workers
- ☐ Improve the employees' performance and commitment through proper skills training, engagement in decision making process and respect for workers rights
- ☐ Build up mutual respect and trust between management and staff
- ☐ Improve working environment

To make workplace cooperation a success, it is important that both employees and employers understand their own roles and responsibilities. The mode of workplace cooperation adopted to engage employers and employees can vary depending on the size, and needs of an enterprise. However, what is important is that it facilitates an open exchange of views between management and workers. At the end of the day, change towards improvement starts with people and can progress only if there is continuing active participation of both employees and employers.





EXERCISE 6

What forms of workplace cooperation do you practice in your enterprise?

4.2 The benefits of improved workplace cooperation

An environment where employers and workers cooperate on the basis of mutual trust and confidence makes it easier to agree on improvement methods and practices designed for higher productivity and competitiveness.

Improvement initiatives in workplace often fail when the operating environment is influenced by mistrust, adverse attitudes and confrontation. In some cases, the situation can also escalate to the levels of open conflicts and disputes, which inevitably disrupt production processes, and in some cases lead to collective work stoppages. Building good workplaces cooperation is therefore a way of promoting common interest and preventing disputes by resolving complaints and preventing it from escalating into large disputes by addressing complaints when they arise.

In addition, the benefit of workplace cooperation is that it improves enterprise performance in all dimensions resulting in a more motivated and productive workforce leading to a more competitive and profitable enterprise.

As a result of effective workplace cooperation enterprises can successfully implement changes for example to increased productivity, improve workers safety, improve product quality, facilitate information sharing, as well as improve worker morale and participation.

As illustrated with examples below, workplace cooperation is needed to:

- ☐ Facilitate agreement on business policies and workplace practices designed for productivity improvement:

This can take the form of negotiation. For example in a workplace where there is no proper eating area, workers are forced to eat at their workstations and then handle products hence introducing defects such as stain. This practice particularly poses a health risk in a workplace where hazardous chemicals are



used. The issue can easily be resolved with the provision of proper working and eating areas and ensuring workers no longer eat at their work stations. This agreement will prevent both the contamination of products and injury to workers, as well as eliminate cost, and reduce time invested in fixing contaminated products. Workers should also be allowed to choose their representative(s) for such negotiations

- ❑ Introduce new working and management methods in different areas of the enterprise.

This could entail joint decision making where for example if an extension of working hours is needed due to rush shipments, management and workers discuss the targets and urgency with shipping deadline and agree on how the job would be handled including appropriate compensations for the work. The joint decision making process will allow both parties to make a binding agreement that extended working hours are not an everyday occurrences, and when they happen, it is managed in accordance with the criteria agreed upon.

- ❑ Create conducive learning environment.

An example here is, prior to a style change in the line or introduction of new component, workers are given a thorough briefing by the line supervisor allowing everyone involved to discuss, and give feedback on what is feasible to produce, what preparatory work is needed to accommodate the style change before commencing with production such as upgrade of equipments or workers skills etc. This way, management and workers have clear expectations of what the work involves and are better prepared to avoid poor quality and delays once production begins.

- ❑ Enhance enterprise flexibility and decrease time needed to respond to market shifts.

Enhancing flexibility can take the form of cross-training of workers so that they are able to for example operate more than one machinery or handle different materials. This allows not only for workers to upgrade their skills but also enhance flexibility reducing the response time needed to adjust to the introduction of new styles and materials.

- ❑ Encourage innovation and information sharing

A simple method is that management in dialogue with the workers and with the help of an enterprise improvement team agrees on a scheme, which encourages workers to come up with new suggestions and ideas that are periodically evaluated by a team of workers and managers. The person giving the idea is rewarded. This may vary from factory to factory.

4.3 Workplace cooperation during economic crisis

The prospects of increased productivity through workplace cooperation make a good case for introducing or expanding workplace cooperation in your business. However, many companies don't see the need to change as long as business is



going well. Experience has shown that many companies change only when their business runs into a serious crisis. A crisis can be a good opportunity to change since it makes the need to do things differently obvious to everyone. However, there are good arguments for introducing workplace cooperation before a crisis hits your company.

Firstly, with its emphasis on continuous improvement, workplace cooperation as an approach makes your business more resilient to economic crisis. You might be able to avoid a severe crisis in the first place when all your employees are involved in improving company operations at all times. Secondly, building up good communication, respect and trust is far easier when the company and with it its managers and workers alike is not under severe pressure to survive. Establishing workplace cooperation systems before a crisis allows you to concentrate on improving the financial viability of your business when the economic environment deteriorates.

Thirdly, to survive and remain competitive during crisis, most businesses will aim to reduce costs. A first reaction is often to lay-off employees. However, by laying-off employees, firms can all too easily lose vital knowledge that is locked up in the heads and hands of their employees. Losing some of this knowledge may end up costing the company more than it saved on a salary. In most enterprises, there is a potential for company-specific cost-savings beyond labour costs. The best way to exploit this potential and to identify wasteful practices is to involve employees. Awarding ideas that save expenditures and making cost-saving everyone's business can save a company from taking more drastic measures that could endanger a company's long-term growth prospect.

Fourthly, if all alternative opportunities for cost-savings are exhausted and a business has to lay-off employees, doing so in a climate where management and workers trust and respect each other will make the painful process easier for all parties involved. Otherwise there is a danger that the pressure to cut costs creates tensions leading to strikes that can boil over into further protests. If employees feel that management and workers together take all possible steps to avoid redundancies and if they are kept involved and consulted during the cost reduction process, they are more likely to comprehend that lay-offs might be inevitable at a certain point. If the separation process is handled in a way that it creates the most preferential conditions for the workers affected, employees will acknowledge the company's efforts and might be willing to come back to work for the company in the future once the economic condition improves.



4.4 Forms of workplace cooperation

One-way communication	Two-way communication	Consultation	Negotiation	Joint problem-solving	Joint decision-making
<p>This is the most basic form of workplace cooperation. Information may be given through postings on notice boards, news letters, and verbal announcements to workers. The interaction between workers and managers is one-way because one party gives information and the other receives it. It usually takes the form of management giving information without any opportunity for discussion by workers.</p> <p>With one-way communication, information can be conveyed quickly. However, there is no opportunity for immediate feedback. Messages can be distorted because there are no opportunities for clarification.</p>	<p>In two-way communication, information is provided by management but workers are given opportunities to discuss, ask questions, and seek clarification. For example, a worker receives his/her pay slip but does not understand how the total amount has been calculated and asks the supervisor for clarification. Examples of two-way communication are:</p> <ul style="list-style-type: none"> • Brainstorming activities • Conversations • Meetings • Workshops and training sessions • Discussion groups • Grievance procedures 	<p>Consultation is a process where information is shared and discussed, but with one party retaining the right to make a decision based on the discussion and advice provided. In most cases it is management who makes the final decision. For example, workers in the ironing section of a garment enterprise may be asked by managers for advice on how the temperature might be reduced in this section. The workers give their comments, but the final decision on what will be done rests with management. Consultation can be direct, in which case discussions take place between the persons actually involved in the issue or problem under discussion, or indirect, in which case discussions take place through representative bodies and/or committees.</p>	<p>Negotiation is a process where two (sometimes more) parties come together and talk in order to resolve an issue by making compromises and eventually reaching an agreement. This may be over major issues such as pay and allowances, but these are more normally handled by collective bargaining.</p> <p>Collective bargaining refers to a formal process where workers discuss and negotiate with representatives of management with the aim of reaching a legally binding agreement, known as a Collective Bargaining Agreement (CBA). The groups of workers are union representatives. Collective Bargaining can be as broad in scope as the parties agree, although some minimum elements may be prescribed by law, trade union representatives or other chosen</p>	<p>This is an interactive process involving two or more parties who seek to reach agreement over problems that exist between them by identifying the causes of their differences, generating alternative solutions to their differences and jointly agreeing viable solutions to their differences.</p> <p>A joint problem solving Process involves:</p> <ul style="list-style-type: none"> - Defining the problem - Diagnosing the problem - Brainstorming options - Developing objective criteria to evaluate options - Assessing options against criteria - Determining and agreeing solutions 	<p>Joint decision-making involves discussion and interaction between managers and workers, a process, which results in a binding decision. In many cases this will involve some negotiation on the issue being discussed. Joint decision-making can take place in formally established committees, working parties or, possibly, a specially created task force. Regardless of the form it takes, the essential feature is that managers and workers, together, make decisions that are binding.</p> <p>Joint decision-making tends to concentrate on day-to-day issues involving welfare, meals, minor safety issues, training, work processes, and social activities.</p> <p>Joint decision-making implies that unless agreement is reached, no decision (or action) is taken.</p>



			representatives.		
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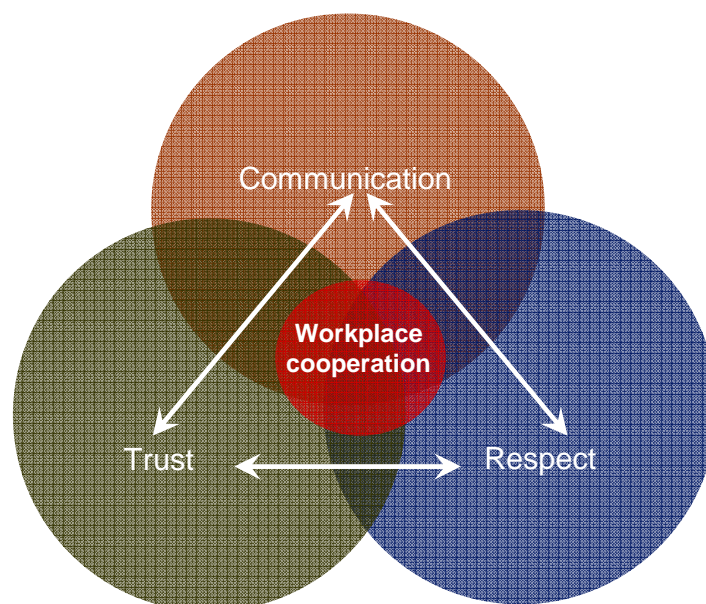


4.5 Essentials of workplace cooperation

In order to achieve good workplace cooperation, it is essential to emphasise that there must be an environment favourable to cooperation. This means there needs to be good communication, respect and trust between workers and managers. This is because the level of respect and trust between workers and managers impacts on the willingness of workers and managers to communicate effectively and cooperate towards common goals. The level of communication impacts how well workers and managers understand why their role is important and how each will cooperate in achieving goals. These three elements, communication, respect and trust are interdependent and mutually reinforcing. For example:

- ❑ If communication between employers and employees is positive, it encourages both parties to interact openly and freely. In particular, it demonstrates that workers are an important part of the business, and lets them know that management value and depend on their input, which in turn encourages workers to assume ownership of the business goals and eventual success.
- ❑ The level of communication established between employers and employees will help improve attitude and commitment that will help foster respect for each other. Treating each other with respect and consideration is key to building a workplace where every employee can contribute their best.
- ❑ The level of communication and respect also demonstrates honesty and a strong desire to establish partnership between employers and employees, which raise the level of trust that exist on both sides. People who sense that information is being kept from them will fill in the blanks with negative perceptions. In fact, not communicating openly is a sure way to breed mistrust.

Essentials of workplace cooperation



4.5.1 Communication

In simple terms, communication refers to sending messages from one person to another person or persons. Communication means more than the transfer of words and images. It is concerned with the transfer of meanings between a sender and a receiver. One-way communication transfers the words and images intended by the sender, but often fail to convey the meanings of those words and, thus, misunderstandings occur. In many cases, misunderstandings over simple things can lead to disagreements and disputes. It is necessary therefore, to ensure that one-way communication systems are not the sole means of communication in the enterprise. Two-way communication is essential to ensure that intended meanings are clear and understood.

In addition, many things can happen that prevent the receiver from receiving the message in the way it is intended by the sender. Sometimes it is the sender that causes the interference. For example, if a manager is sending the message to workers, the message may not be received in the way intended for the following reasons.

- ☐ The manager uses technical words that workers do not know (e.g. labour productivity, global competitiveness)
- ☐ The manager speaks too quickly
- ☐ The manager speaks or writes things that are offensive to workers
- ☐ Management speaks a different language than the workers

In some cases, the interference is caused by workers as the receivers of messages. For example,

- ☐ Workers may not be able to read the message, or may be able to read it but fail to understand the words
- ☐ Workers may dislike or mistrust their managers and thus deliberately not concentrate on the message. This can happen, for example, when a worker is in conflict with management. If workers have a hostile attitude towards their managers, they may not listen or not bother to read what is written.

Workplace cooperation involves ample time spent on talking and listening, asking questions, answering questions and responding to answers. It is also vital that effective communication contains a purpose or objective the sender intends to transmit to the receiver. The messages' intention can be to motivate, to inform, to teach, to persuade or inspire. The communication, if well defined should centre on objectives that support the business goals. To ensure efficient and effective accomplishment of this objective, information needs to be exchanged between both employees and employers.



Communication process

Replace with communication graphics

This information exchange to build two-way communication channels can be done through:

- ☐ Meetings (at various levels) such as daily point of production meetings to discuss any issues/priorities, or monthly department meetings
- ☐ Publications such as internal newsletters to share progress status
- ☐ Post changes, awards or notices on staffroom bulletin boards
- ☐ Hold staff social events that will prompt informal communications
- ☐ Maintain an overall open-door policy to the manager's office and be available to listen to employees outside of formal meetings

In addition to increase and encourage open communication in the workplace, it is important to remember, "Communication begins before conversation" therefore,

- ☐ Remove communication barriers: This could be a physical barrier, such as marked areas into which people of different status are not allowed to enter. This will limit proximity to others hindering the chance to know one another
- ☐ Match your message to your audience: The message communicated should be relevant to both employers and employees
- ☐ Be clear and precise in your own communications: Avoid making statements that could be misinterpreted and if necessary ask your audience if they need further clarification
- ☐ Encourage employees to be honest and forthcoming about improvements they think the company can make



4.5.2 Respect

Respecting each other involves acknowledging efforts and taking the opinions of colleagues seriously. Disrespect usually occurs when one is ignored, neglected, disregarded or dismissed.

Disrespect among workers or between managers and workers often leads to mistrust, low productivity, and possibly conflict. It is for example very difficult for a worker to accept feedback from a manager that has shown little or no acknowledgment of the employees' efforts or progress. Similarly, it is hard for a manager to delegate important tasks and/or responsibilities to a worker s/he does not respect. Relations within the enterprise should be constructive and directed towards improvement and higher productivity but without respect, they can turn into a destructive confrontation that will negatively impact the performance of your business.

When treated with respect, dignity and fairness, workers are more likely to respond with positive attitude and strong commitment to their work.

Respect is something one earns by:

- ☐ Leading by example
- ☐ Always mean what you say and say what you mean
- ☐ Always be fair to all workers
- ☐ Be respectful to all workers
- ☐ Take responsibilities for one's actions
- ☐ Show solidarity with your employees

Respect is terribly hard to regain if lost, or damaged so make sure to always maintain a respectful atmosphere in your business.

Respect in the workplace comes from a fundamental understanding that each person is different from everyone else and that no one should be discriminated for reasons as differences in race, gender or disability. This is to affirm that respect should not be exclusively considered in its interpersonal dimension as the term also encompasses the respect of community standards whether they are written (International Labour Standards and national labour laws) or non-written (local norms and practices). It is important that you realise that respecting these frameworks will benefit the overall functioning of your business and therefore its performance.

The ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) is the international tripartite consensus of governments, union and employers' representatives on desirable behaviour of MNEs regarding labour and social policy. The aim is to encourage and maximise the positive contribution that companies can make to economic and social progress.



The principles in the MNE Declaration address:

- ❑ Employment, equality of opportunity and treatment, freedom from forced labour and employment security
- ❑ Contributions to skills formation in order to promote employability of nationals to meet the needs of the enterprise, and to develop the policies of the country
- ❑ Conditions of work and life, including minimum age for employment, wages and benefits, minimum age, and safety and health; and
- ❑ Industrial relations—multinationals are encouraged to observe standards not less favorable than those observed by local employers and to develop internal mechanisms for consultation and settlement of disputes

The MNE Declaration incorporates and promotes the ILO's fundamental labour standards. These ILO standards underpin basic human rights at work for people everywhere, regardless of the level of economic development.

A growing number of multinationals are using the MNE Declaration as a benchmark for good practice in corporate social responsibility.

4.5.3 Trust

Strongly correlated to respect, is trust. Trust, which is built on relationships involving feelings, honesty, integrity, justice, beliefs and hopes, is another crucial element of good workplace cooperation. It contributes to creating an open environment where everyone is made to feel comfortable. Trust exists when both parties believe the other has at least some concern for their interests and well-being.

Low levels of trust result in lack of communication between managers and workers, which can in turn affect the efficiency of the business. It can for example require time-consuming controlling activities that will inevitably reduce the business' flexibility by undermining the workers' ability to take initiatives and assume responsibility for their work.

While building a high level of trust takes time and effort, it is well worth it in the long run as it:

- ❑ Make changes in processes easier to carryout as all involved will be keen to provide support
- ❑ Enhances two-way communication
- ❑ Allows workers to understand/identify with the business and its objectives
- ❑ Creates a collaborative work environment
- ❑ Improve the quality of work as more and more people involved develop confidence to bring forward ideas to improve performance
- ❑ Encourage innovation and trying new ideas



To encourage trust, both workers and managers need to:

- ☐ Keep promises
- ☐ Tell the truth
- ☐ Be open with each other
- ☐ Respect each others' rights

In addition, managers need to implement policies fairly and consistently for all workers and encourage open communications at all levels of the enterprise. If people feel they are being treated fairly and equally, without discrimination trust can grow and develop. If people feel they are being treated unfairly, this issue will have to be addressed before trust can develop.

As you will see throughout this module, to make effective business-wide improvements, you must involve all parties in discussions to find appropriate solutions. This is only possible if you have open communication, respect and trust in the workplace.

4.6 Managements' role in workplace cooperation

An important factor determining the extent and depth of workplace cooperation is the management philosophy and attitude. Initiatives for workplace cooperation must come from management in order for it to develop and flourish.

The management philosophy must recognize that its human resources are the most important assets of the business and that the performance of the company is a direct result of collaboration and partnership between management and workers of the enterprise. This initiative must take the form of deliberate plans for personnel and human resources management policies, be translated into management styles, systems and practices at all levels of the enterprise.

In the following chapters you will find tools and approaches that will help you with establishing a mechanism for workplace cooperation that will considerably change the performance of your business.



5.0 Getting started

The previous chapters have described the importance of developing workplace cooperation and workplace practices to improve the performance of your business. This section will present three practical forms of workplace cooperation that can be easily implemented in your day-to-day operations to improve workplace cooperation and subsequently the performance of your business. These are:

- ☐ Regular meetings with elected workers' representatives
- ☐ Establish employee suggestion schemes and a notice board
- ☐ Establish an enterprise improvement team
- ☐ Introduce a 5S programme

5.1 Workers representatives

The role of workers representatives is to enable workers express their concerns collectively as one to one communication is not always enough to address the concern of workers'. Collective representatives help close gaps between management and workers who may be easily intimidated.

5.2 Establishing employee suggestion schemes

An Employee Suggestion System (ESS) is a system within a business that absorbs employees' ideas for improving the business operation. Through the system, management can gather performance improvement ideas while at the same time learn more about employees' work, attitudes towards current mode of operation, and level of commitment towards improvement plans, which are all essential to identify and determine employees with potentials, foster high morale, and develop ways of improving productivity of employees.

Employees also benefit from their involvement since they are presented with the opportunity to share their ideas and be recognized for their abilities, rewarded for their good suggestions and gain self-confidence and the respect of their co-workers. The overall purpose of employee suggestion scheme is to give confidence to employees to actively participate to the improvement of their productivity and increase a sense of ownership of their work.

Establishing a suggestion scheme is simple and can significantly improve the performance of your business by providing managers with crucial information coming directly from the workers who do have first hand experience about the challenges they face on the production floor. If implemented right, management can obtain valuable suggestion from a worker that might increase productivity and income more than an expensive consultancy plan would. Suggestions can be facilitated by simply providing a suggestion box, but other methods such as whiteboard on which people can write suggestions or a company blog or website could also be used.

In order to set up a successful suggestion scheme, you must make sure:



- ☐ Ensure involvement of elected workers' representatives
- ☐ The scheme is easy to understand and participate in
- ☐ There is strong management support. Typically, a senior manager can be appointed to champion the scheme and follow through by implementing ideas.
- ☐ There is a quick response time: suggestions are acknowledged promptly
- ☐ Workers are recognized and rewarded for good suggestions. Rewards can include thanking the person in the enterprise's newsletter or during a worker-manager meeting, giving a free lunch or free products, or congratulating the person through awards like suggestion of the week, or employee of the month
- ☐ Explanations are provided for suggestions that are not implemented
- ☐ Workers are never penalized for comments or critical suggestions
- ☐ There are clear guidelines covering:
 - Logistics (where the box is placed, how often it is emptied; suggestion boxes should be available in strategic and convenient locations)
 - Process (who can participate, deadline for making suggestions)
 - Criteria (types of suggestions, how suggestions will be judged; what suggestions are acceptable and not-acceptable; suggestions should be positive and if negative issues are raised they should be taken up through grievance procedures)
 - Incentives (what rewards, if any, will be made for good suggestions)
 - Format (outline and content of the suggestion)
 - Committee members (who is involved)

You can target the specific aspects of the business you wish to improve by choosing a different theme for each month. One month could focus on quality improvement, another month on energy conservation or meal arrangements.

In order to get workers to better think about their suggestions and structure them in a constructive way, you can publicize guidelines for how suggestions are accepted for implementation, including for example:

- ☐ Impact: what will be the effects of implementing the suggestion?
- ☐ Easy to implement: what human and financial resources will be required?
- ☐ Easy to maintain: what resources will be needed to keep it going?
- ☐ Originality

Upon receipt of the employee suggestion, a registration number is assigned and the employee is notified of the receipt of his suggestion and whether this is acceptable or non-acceptable. For accepted suggestions, a date when to expect a response is indicated.





EXERCISE 7

Read the following four suggestions and refer to Annex 7.1 to assess and rate these suggestions.

Suggestion 1: Waste should be collected more often, because it is blocking the storage room, which slows us down when we want to go in to get tools and materials. It is also very dangerous to have all this metal lying around as some of them can be sharp and cause serious injuries.

Suggestion 2: Introduce separate toilets for women, because both men and women are not comfortable using the toilets together.

Suggestion 3: Newcomers should be provided with a half day training to use machines correctly right from the start. In doing so, we will avoid injuries, save time and reduce waste.

Suggestion 4: Workers should be given advanced notice to have workers representatives present in meetings concerning them

Suggestion 5: Clients should always speak to the same person in order to develop a more personalised relation.

Case study-Establishing ESS

A factory manager at a stainless steel manufacturer in India was looking for ways to improve relations between workers and managers and together come up with fresh ideas for reducing costs associated with high defect rates in their products. To deal with the problem, a team in dialogue with workers' representatives was formed to create awareness and explain to workers how their contribution impacts positively on the factory's success. The team discussed devising a simple programme to seek suggestions for improvements from workers and facilitate better interaction between workers and management. The program also outlined ways to reward the best suggestions. The team held meetings with groups of workers and the factory manager to clearly explain the suggestion programme and its objectives for mutual benefits of factory improvement such as better work environment, greater motivation on the production floor, better production and ultimately a healthy factory were emphasized, although special attention was given to suggestions for reducing defects. The team installed three suggestion boxes in accessible locations and instituted a programme and opened the suggestions once a week during an assembly of workers and committee members and gave feedback on suggestions, and awarded gift items each week, for the best three suggestions. Workers were motivated to get involved as they saw this as an opportunity to contribute to better working environment, and the company plans on using this lesson to build more improvement projects to improve productivity throughout the factory floor.

As a result of the programme, interactions between employers and workers have improved and now joint meetings are held regularly involving the sharing of information, exchange of ideas, solving problems, and promoting common interests of workers and employers.



As mentioned before, communication needs to be a two-way road to be efficient. Because employee suggestion schemes do not allow the circulation of information from managers to workers, they need to be accompanied by other devices such as regular worker-supervisor meetings or simply notice boards through which management can communicate important messages.

The aim is to be transparent on what is happening in the business; in order to create a trustful atmosphere and thus increase workers' commitment to their work. Management can use simple methods such as notice boards to communicate a wide range of information to workers including:

- ☐ Work targets and progress
- ☐ Providing follow-up on the performance of the business
- ☐ Announcing job or training opportunities
- ☐ Announcing arrival of new employees
- ☐ Praising the good performance of a worker/team/department
- ☐ Expressing concerns about issues that require particular attention from all staff
- ☐ Announcing changes in the business (new machines, different working hours, changes in the management team, etc.)
- ☐ Future special events
- ☐ Allow space for workers to communicate with each other

It is important to designate a person to regularly manage the notice board. Otherwise, it will continue to accumulate outdated and old notices, which is discouraging to employees to see.

Refer to Annex:
7.1 for how to implement ESS
7.2 Sample format for suggestion
7.3 Sample reply

5.3 Establishing an enterprise improvement team (EIT)

An important element of effective workplace cooperation is teamwork. The concept of teamwork can be encouraged through setting up an enterprise improvement team tasked with the promotion of linking management and workers to collectively plan and implement solutions for the problems they want to solve.

In most traditional businesses, management typically make the policies and decisions while the workers carry them out. This creates disconnect between management and workers leading to difficulties to motivate and establish trust. As a result, a management style based on teamwork, participation and empowerment has become vital to successfully implement improvement goals. Establishing an enterprise improvement team is one form of such platform, which brings a group of workers and managers together to think of positive and



constructive ways of improving their enterprise. Involving workers in the decision-making process and bringing together a variety of opinions and skills is essential in increasing the creativity-pool and the problem-solving capacity of the business.

The most important benefit of worker involvement is that you will have the people who will be affected by the changes involved right from the beginning. This will help gain their support for the changes leading to more participation for devising suitable and effective solutions. Furthermore, participating workers are more likely to share information with their peers which will help spread knowledge about the efforts as well as focus workers' attention on workplace improvement matters.

To be efficient, it is important that the enterprise improvement team is:

- ❑ Formed with greater representation of workers in relation to management. It is crucial to have this to demonstrate the importance of worker involvement and also to ensure that communications can be evenly balanced and open. Workers should choose their own representatives. If they are unionised, union representatives should be involved.
- ❑ Led by a senior manager who has the power to approve the tasks and strategies of the team and to champion its work throughout the workplace, helping to overcome any obstacles.
- ❑ Cross-functional and cross-hierarchical (i.e. it should ensure all departments and all levels of the business are included). Indeed, to address the various improvement tasks, it is best to include workers from different areas of the workplace who have different skills that can contribute to the team.
- ❑ Where possible, formed with both men and women so that the improvement efforts are relevant for all workers. Lack of attention to the possible differences between women and men workers will significantly decrease the effectiveness of any improvement measures.

The size of the team depends on the size and needs of the factory, but as a general rule, a minimum of five to seven people and probably a maximum of ten are needed. As team members come and go at any given point, it is essential that plans are devised to maintain the team in order to implement systems of continuous improvement that will have long-term impact on the enterprise improvement goals.

The enterprise improvement team is responsible for solving problems under the leadership of one of the senior members of management. The team develops a variety of strategies and then implements the strategies using:

- ❑ Joint problem-solving techniques



- ❑ Open communication between workers and management
- ❑ Systematic approach to all enterprise improvement activities, and
- ❑ Progress measurements to demonstrate tangible improvements

A dedicated team is important so that the initiative is implemented consistently and with the overall goal in mind. Otherwise, actions taken will be on an ad hoc basis and may not relate to other actions to deliver significant improvements in all areas of the programme.

Refer to Annex:
Annex 7.4 for how to establish EIT
Annex 7.5 Forming EIT checklist



5.4 Introduce a 5S programme

You can take workplace cooperation one-step further by introducing the 5S programme into your business.

5.4.1 What is 5S?

5S is particularly interesting for small and medium sized enterprises as it does not require complicated management tools and techniques; it can be seen as a test of the business' readiness for more sophisticated productivity improvement programme like Total Quality Management (TQM), Just-in-Time (JIT) and Total Productive Maintenance (TPM).

Establishing an EIT

Case study: Human Resources Management

Dynamic-Paints specialize in manufacturing liquid and powder coating paints for commercial purposes mainly for the automotive industry. The company has no written recruitment procedures or policy available, which made it difficult to assess workers' skills and hire the right number of qualified operators to fill vacancies. The company felt hiring of cheap labor was the way to cut operating cost which in fact has been the opposite as the lack of proper assessment of skills and qualifications has affected quality and productivity hence increasing operating cost associated with constantly fixing problems. Employee turnover rate was also high as, workers who have the right skill set were leaving the company, as they did not see long-term career path with the company whereas others felt limited and opted to finding other employment options.

Knowing this, elected representatives of the enterprise sensed the need for significant change and with the participation of workers formed an Enterprise Improvement Team (EIT) to coordinate and implement the changes. The actions taken by the team included:

- Defined skills and requirement for all employees in collaboration with heads of departments
- Prepared job descriptions and outline a clear definition of the tasks expected for the job
- Assess training needs and ensure training corresponds to the job description
- Ensured recruitment was based on academic and professional qualifications
- Outlined induction procedures for new hires

Changes were implemented throughout the factory resulting in:

- Reduction in employee turnover rate
- Increase in productivity
- Increase in product quality

The EIT recognizes the positive changes as a result of these changes and plans are underway to continue open dialogue between workers and management to identify other areas that can benefit from such improvement plans.



5S is an excellent way of building workplace cooperation because it relies on teamwork and joint problem solving to achieve all five levels. Individual responsibility is also enhanced because each person in the workplace keeps their work area clean and orderly. It is called 5S because it is borrowed from Japan where the five “housekeeping” words each begin with the letter “se” (or “shi”).

In many enterprises, it is common to see shop floors and offices full of unnecessary items, dust, scattered tools and files and with cluttered aisles and corners. Much time is usually lost while searching for things, moving items, asking for instructions, on accidents and untimely repairs.

In these enterprises, poor housekeeping and work organization is the root cause for problems such as a high volume of rejects and spoilage, delays in delivery, machine breakdowns, low labour productivity, accidents, losses, a high level of inventory, etc.

5S is a useful and powerful methodology to better organize, clean, develop, and maintain a productive work environment. It has therefore become the basic approach to productivity and quality improvement in all types of businesses (particularly manufacturing plants).

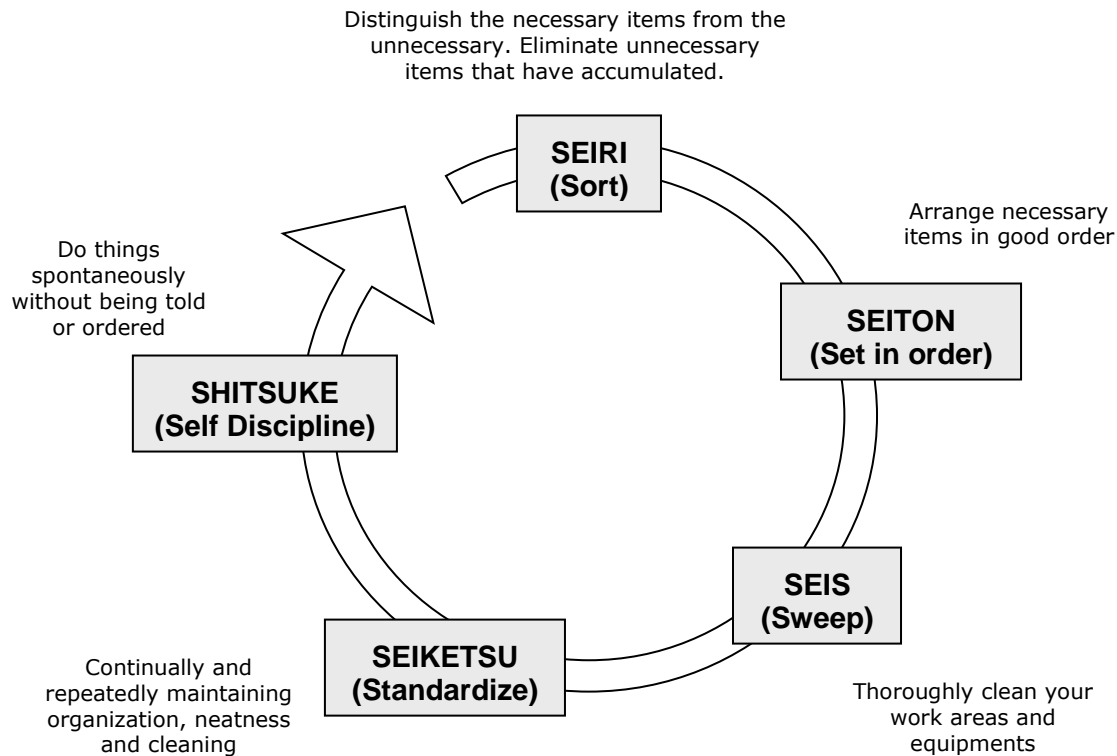


5S benefits your business	5S benefits your staff
<p>Productivity: if the shop floor is well organised, workers and materials can move faster without fear of slipping or damaging materials. Hence, workers' productivity is higher. Furthermore, when materials and tools can be easily located less time is wasted in searching for them.</p> <p>Quality: when the workplace is clean and neat, the work-in-process is not contaminated or dirtied by dust and other materials. Specifications are easier to follow when everything needed is in its proper place. Errors are prevented from happening.</p> <p>Cost Reduction: if workers are more efficient rejects or reworks are eliminated and costs go down. The disposal of unnecessary items also reduces stock and inventory costs.</p> <p>On Time Delivery: for the same reason when there are no rejects and reworks, no machine breakdowns, and the warehouse is in order, then delivery schedules are on time.</p> <p>Safety: when the workplace is cleaned regularly, and rules and safety measures are implemented by everybody, then accidents are far less likely. Furthermore, pollution is prevented when there are no unnecessary items around and when there are designated smoking and eating places, garbage boxes are conveniently located and covered, and dust is contained or eliminated.</p> <p>Morale: it is natural to want to work in a clean, organised and safe workplace and derives a sense of pride of being part of that workplace.</p>	<p>Creativity: when workers are involved in continuous improvement efforts such as 5S, then they become more creative. One improvement leads to another, then to another, giving expression to people's resourcefulness and creative interest in their work.</p> <p>Communication: since everybody is involved in the 5S, exchange and sharing of ideas happen more naturally especially when everybody shares the common goal of quality excellence.</p> <p>Human Relations: better working relationships and a pleasant working climate among people usually develop because of better communication and more meaningful interactions.</p> <p>Teamwork: since 5S is an enterprise movement where everybody participates towards improving the workplace, then teamwork is developed.</p> <p>Worker/management relations: improved quality of communication between workers and management establishing harmonious workplace environment</p>



5.4.2 Implementing 5S

5S is a continuous process. Once a business has achieved all five levels, it can reengage in a new 5S cycle. The chart below can be used to explain the process to all staff.



Before you launch the initial SEIRI, you should go through the following preparatory steps:

- ☐ Organize a 5S Working team. The team should be a cross-functional team. Make sure the team takes some time to walk around the workplace, and look at each other's workplaces. Sometimes a pair of fresh eyes can be useful to identify problems in someone else's work area
- ☐ Provide 5S training. Members of the working team should attend a 5S-training in order to understand how it works and what their roles would be in implementing 5S
- ☐ Officially announce the implementation of 5S. Explain the vision, goals and objectives of 5S to all employees
- ☐ Prepare 5S promotional banners and posters, and involve employees in the preparation of the 5S implementation plan as much as possible



Sustaining 5S requires leadership, commitment and allocation of resources (time and people). Successes as well as the people involved need to be acknowledged to maintain motivation.

Refer to Annex:
7.6 for how to implement 5S programme
7.7 for 5S checklist

Case Study

Enhanced Production Capacity through 5-S

Advanced-Illumination is a manufacturer of plastic automotive lights, predominantly serving the replacement market internationally. The factory was rather disorganized with large piles of excess raw materials, work-in-process & finished products as well as tools and consumables disrupting the free flow of work and causing injuries and accidents. The mixed pile of materials also made it very difficult to locate items in particular molding tools etc. hindering normal production. Locating a mould on average took about 30 to 60 minutes each time.

The company director who was committed to improving the situation understood the benefits of gaining the cooperation of the factory team and worked together with workers and managed to develop good rapport and relations with all the shop floor workers. This team took up the task in a spirited manner and brought in a number of ideas to organize the shop floors.

- The mould storage was arranged/streamlined (nicely numbered and categorized etc). This resulted in 200% saving in space and easy identification and handling
- While streamlining the layout and application of 5-S, considerable attention was given to bring improvement in the working environment, which included provision of exhausts, ventilation arrangements, welfare facilities to workforce etc (like toilets, drinking water etc)
- Dramatic improvements were seen in mould storage resulting in identification and retrieval of materials, tools, and moulds etc within 5-minutes, a drastic change in time saving.

The impact of this initiative at Advanced-Illumination was significant in terms of saving valuable time that can now be transferred in doing actual work. The proper storage of tools also contributed to the minimization/or elimination of damage to moulds and other tools and hence reduction in time and cost associated with maintenance. In addition to these changes, the factory was able to save space the tune of 30% in the overall plant.



6.0 Measure your progress

6.1 What is measurement?

Measurement is a reality test of whether your improvement goals are succeeding or not. In its simplest terms, measuring progresses means assessing improvement results to determine how effective your improvement strategies are and make changes to address shortfalls and other problems.

Measurements are usually conducted using various performance measurement criteria that allows for examining information generated or collected from an activity to determine if change has taken place. For example, quality improvement can be measured by assessing the percentage increase or decrease in defect occurrences for a specified time period. Whereas, changes in customer satisfaction can be measured by assessing the number of customer complaints received within a specific time period.

6.2 Why is measurement important?

Measurement is a pillar of business improvement. Without measurement, one can only evaluate the performance of the improvement process or the business through opinions and perceptions that can be misleading. Measurement makes progress tangible and can be a crucial mode of incentive and motivational factor to management and workers.

In addition it allows you the ability to track actual performance in the business improvement process and therefore manage activities proactively. A well-planned measurement system enables you to:

- ☐ Know whether you are doing well or badly
- ☐ Identify your weak and strong points
- ☐ Identify problems and improvements
- ☐ Monitor progress
- ☐ Provide inputs and feedback to those concerned
- ☐ Target what aspects of your business you want everyone's efforts to be focussed on
- ☐ Trace back under-performance and to undertake corrective action
- ☐ Evaluate the outcomes of your performance improvement efforts, and to feed your findings into your next problem solving loop

Furthermore, measurement gives all the workers and managers of your business the opportunity to objectively verify their own performance and contribution to the accomplishment of the business goals you have set.



6.3 How do you measure progress?

In chapter 3 of this manual, you have identified three improvement objectives you want to achieve over the next 12 months. In order to know whether the actions you have undertaken help you to achieve these goals you need to set up a measurement system that will enable you to evaluate your progress against set targets

6.3.1 Visual measurement

One very simple way to collect information on the various stages of the improvement process you have initiated is to take photographs. Inspired from the 5S approach, visual measurement is a straightforward method requiring few resources.

Keep photographs of the areas you and your employees are working to improve labelled and dated in a file along with the action plan you have defined and then periodically check your progress by taking another photo. "Before" and "after" photographs show what changes have taken place and can also act as motivators for change. The "before" pictures motivate the team in charge of that area to improve the area. The "after" pictures on the other hand depict the improved state and provide motivation to others in the factory to improve.

What could be improved here?



Untidy shop floor



What else can be done?



Tidy shop floor



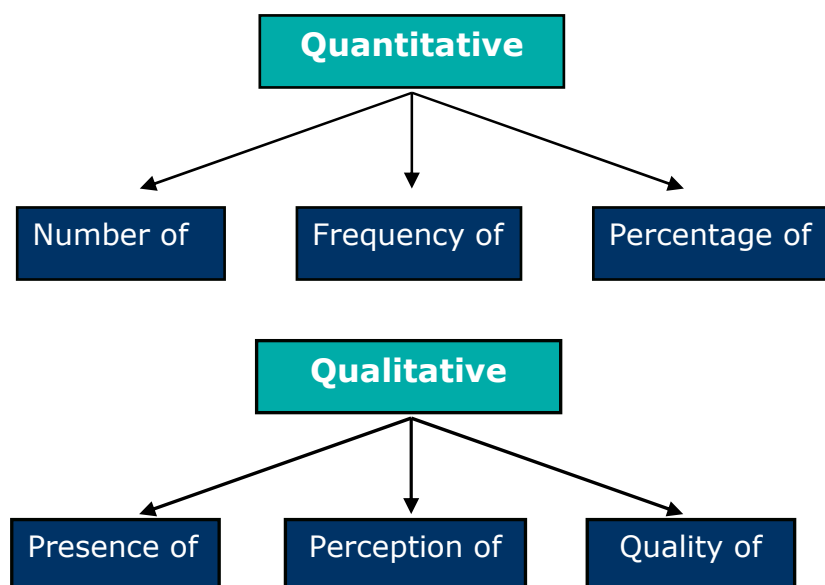
One of the pre-conditions of using this method of workplace improvement is the trust of both the management and the workers. It must be clearly accepted that the photographs of the facility will only be used only for improvement in the workplace, not for blaming any of the staff or the workplace as a whole.

6.3.2 Measurement through indicators

Indicators are objective ways of measuring that progress is being achieved. Think of these indicators as pointer expressed as a number, a fact, an opinion or a perception that points at a specific condition or situation and measures changes in that condition or situation over time.

Remember that indicators need to be set at the beginning of the project your business plans to undertake. For example, you need to establish a set of indicators that would best help you monitor your activities and progress in the three areas you have decided to improve. Progress will be monitored through the collection, analysing and interpreting of information in reference to the selected indicators. Therefore, when selecting indicators, attention should be given as to what information about the indicators needs to be collected to confirm change has taken place.

Indicators can be qualitative or quantitative



Qualitative and quantitative methods do not exclude each other and are often best used together. For example, a qualitative measure summarizes attributes of business performance that are intangible (like internal business climate) or tend to escape easy quantification (like customer satisfaction). Quantitative indicators, in turn, are constructed on the basis of "hard" facts collected from data sources that are objectively verifiable.

The main advantage of **quantitative** measure is the fact that because the underlying data can be usually counted this type of measure is generally considered more reliable. This strength can also turn into a weakness, since this



measure is only as precise as the data used to feed it. This type of indicator also fails to capture the intangible aspect of business performance.

The main advantage of **qualitative** measures is that they allow you to approximate the intangible performance attributes related to the “soft underbelly” of your business. For example, qualitative indicators enable you to approximate a phenomenon like the organizational culture of your business. In turn, the main example, the perceptions of system stakeholders that feed into the assessment of organizational culture are typically subject to fluctuations and thus constitute a rather shaky base for a strategic planning exercise. Therefore, a mixture of methods is usually required to reach good understanding about a situation in order to measure progress.

When selecting indicators make sure they comply with the S.M.A.R.T. criteria. According to S.M.A.R.T the indicators you choose should be as per example below:

Objective: Increase staff loyalty Indicator: Employee turnover rate Formula: Number of employee departures /average number of staff Target: 5% in 2009, 4% in 2010 Current level: 7%		
S	Specific (To avoid differing interpretations)	<ul style="list-style-type: none"> Is the indicator specific enough to measure progress towards the result? YES – low employee turnover is strongly related to staff motivation. However other factors such as other job opportunities in the vicinity also play a role.
M	Measurable (To monitor and evaluate progress)	<ul style="list-style-type: none"> Are changes objectively verifiable? Will the indicator show desirable change? Is it a reliable and clear measure of results? YES – the indicator can be measured quantitatively and compared over time.
A	Achievable (To set the targets you want to reach at a reasonable level)	<ul style="list-style-type: none"> Are the result(s) realistic? YES – Improving employee turnover from 7% to 5% is achievable if the enterprise makes it a prioritized objective and takes the necessary action.
R	Relevant (To the problems or improvement process you are implementing)	<ul style="list-style-type: none"> Does the indicator capture the essence of the desired result? Is the indicator relevant to the intended objective? Is the indicator reasonably associated with the planned activities to boost employee loyalty? YES – The indicator captures an important outcome of increased staff loyalty
T	Time bound (With specific time for achieving objectives)	<ul style="list-style-type: none"> Is there a set time frame for the achievement of the target? YES - 5% in 2009, 4% in 2010



Remember the indicators you select should provide you with an indication that something has happened or that an objective has been achieved. Otherwise your measurements will be inaccurate. Provided on the next page is an inventory of indicators that will help you getting started with setting up performance indicators for your business objectives. Also included in the list is what is considered universal indicator used to measure progress in the specific areas listed below.

Note: The list of indicators provided below are broad-spectrum and industry specific indicators should be developed in accordance with your business needs.



Inventory of performance indicators

	Objectives	Indicators	Selected formulation of indicators
1	Improve overall business performance	<input type="checkbox"/> % Increase in unit sales <input type="checkbox"/> % Increase in number of clients <input type="checkbox"/> Number of returning clients <input type="checkbox"/> Net profit margin <input type="checkbox"/> % Change in cash flow <input type="checkbox"/> Number of referrals by clients <input type="checkbox"/> % On time delivery <input type="checkbox"/> Average time required to answer inquiry	<input type="checkbox"/> % Means per 100 <input type="checkbox"/> % Change = the change divided by the original amount multiplied by 100 <input type="checkbox"/> Increase from 20 to 25 will result in a 25% increase ($25-20=5/20 \times 100$) <input type="checkbox"/> Net profit margin =Net profit divided by net revenue (total amount money received for goods sold or services provided during a certain time period) <input type="checkbox"/> Cash flow -The difference between cash received and cash spent in a period <input type="checkbox"/> Rejects/reworks/returns Total units rejected divided by total units produced multiplied by 100 <input type="checkbox"/> Employee turnover rate Number of employee departures (in FTE) divided by the average number of staff members (in FTE) employed. (FTE=Full time employee) <input type="checkbox"/> Average Divide total Occurrences by the number of /month, week etc.
	Universal indicator	<input type="checkbox"/> % Change in market share	
2	Improving quality	<input type="checkbox"/> % Of rejects and returns <input type="checkbox"/> % Of reworks <input type="checkbox"/> Average defect rate per month	
	Universal indicator	<input type="checkbox"/> % Reduction in defect	
3	Boosting productivity and increasing production	<input type="checkbox"/> Units produced per day <input type="checkbox"/> % Decrease of waste per month <input type="checkbox"/> Average Idle-machines time per week <input type="checkbox"/> % Reduction in overtime	
	Universal indicator	<input type="checkbox"/> % Increase in labour productivity	
4	Organizing your people	<input type="checkbox"/> Number of improvement suggestions <input type="checkbox"/> Number of grievance procedures <input type="checkbox"/> Number of harassment complaints <input type="checkbox"/> Number of training opportunities <input type="checkbox"/> Vacancy Rate	
	Universal indicator	<input type="checkbox"/> Employee turnover rate	
5	Organizing your physical workplace	<input type="checkbox"/> Existence of accident log, number of accidents recorded <input type="checkbox"/> Total sick leaves taken per week <input type="checkbox"/> Number of noise complaints received per month	
	Universal indicator	<input type="checkbox"/> % Reduction in accident rate	





EXERCISE 8

For each one of the three improvements you have decided to make in chapter 3, use the suggestions above and your own thoughts to define which indicators would best help you measure your progress. You can use several indicators for each improvement area.

Improvements	Indicators
Improvement 1:	
Improvement 2:	
Improvement 3:	



Now that you know what you want to measure, and have set up indicators, you should describe where and in what form to find the information on achievement of objectives.

Before you launch any measurement action, you must:

- ❑ Tell everyone whose work or behaviour influence the indicators you have decided to monitor what is happening. You must also explain to everyone why it is happening. Make sure to specify that a measurement process is not destined to sanction individual bad performance; its unique purpose is to improve the overall performance of the business. This will help build understanding, trust and commitment
- ❑ Decide who will be in charge of collecting the information; depending on what you are monitoring, you have to determine if a single person is enough, or if a small team is required
- ❑ Define how regularly the information will be collected: several times a day, daily, weekly, monthly etc.
- ❑ Decide whom the information will be given to for analysis

6.4 Progress monitoring and reporting

Monitoring is the continuous assessment of the progress of a project over time. Its purpose is the help all involved in the work take appropriate decisions. It is not simply a means of collecting information, but also a communication system, in which information flows in different directions between all people involved. The most important aspect of monitoring your progress is the ability to know the type and source of information needed to verify the progress. Without accurate information progress analysis and actions will simply become guesswork and result will be unreliable. Collecting accurate information will provide solid ground for proper interpretation when applying corrective actions.

Whether you are monitoring a qualitative or a quantitative indicator, there are many ways of collecting the information that will enable you to conduct an efficient measurement process.

To collect and report on the information needed to measure performance, you can use information reporting cards. In a nutshell, information reporting card specifies which information is collected, to which performance indicator it relates (and to which business problem this indicator relates), how often it is collected, and who is in charge of collecting it. The card also shows the current indicator status as compared to the ultimate performance threshold, the baseline figure and, where applicable, the annual milestones.

Illustrated below, is a template of an information-reporting card, complete with an example of how information could be recorded for the indicator of "employee turnover". In this example, the HR Manager is responsible to provide the monitoring information to the managing director, and the main information source is the recruitment file of the company.



Information reporting card

Measurement profile

Business objective: Low employee turnover		Indicator: Employee turnover	
Calculation for the measure: Number of employees that left last 12 months / total employees		Status as of 01./09/2008: 17%	
Data source: Recruitment file	Update frequency: Monthly <input type="checkbox"/> Quarterly <input type="checkbox"/> 2/Year <input checked="" type="checkbox"/> Annual <input type="checkbox"/>	Review frequency: Monthly <input type="checkbox"/> Quarterly <input type="checkbox"/> 2/Year <input checked="" type="checkbox"/> Annual <input type="checkbox"/>	
Action to implement and earliest availability date: REQUEST HR MANAGER TO SUPPLY THE EMPLOYEE TURNOVER FIGURES			
Responsibility			
Target setting: Managing Director with HR manager	Accountability for results (Objective owner): Managing Director	Tracking/reporting responsibility: Person HR manager	Accountable for the dev't of the measure: IBID
Ultimate Target: 10%	Baseline in 2007: 22%	Annual Milestones: 2008 14% 2009 12% 2010 11% 2011 10%	

A blank information reporting card is provided in Annex 7.8

To minimize the information collection effort for the people in charge, the information should be easily accessible and the measuring routines should be synchronized with other existing routines in the business.

6.4.1 Managing information

A well-managed information system is vital to assess the validity of your improvement plan. Without a well-kept record of your implementations, it is impossible to confirm your claims of progress. A simple way of managing information in a manually operated system is to file the information reporting cards that can be used to produce time series about a given indicator.

In a computer-supported measuring system, you will be able to compare measuring data along timelines and to visualize your findings in charts and graphs.

In general, information management serves two main purposes:

- ☐ To verify data in retrospective
- ☐ To allow for comparison of performance over time

To verify data in retrospective is an important aspect of system transparency, and builds trust regarding the accuracy of management information. The ability



to measure performance over time, in turn, paves the way for the prediction of trends that is a key aspect for reliable business forecasting.

As with most areas of your business operations, the more detailed and well structured the information you keep about your progress indicators is, the easier it will be to use as a management tool.

6.4.2 Information analysis and interpretation

The data you have collected is only meaningful if it is analyzed and the results are described in a manner that is clear and understandable to everyone using it. Therefore, interpreting the information collected is critical for implementing necessary corrective actions. If information is not interpreted and findings are not used, the whole exercise will have been a waste of time and resources.

For data to be practical and effective, it must have four important elements that will serve as guide in data collection and the basis for making conclusion on data collected. The data collected should be:

- ☐ Relevant to the issue being examined
- ☐ Accurate enough to be used in data analysis
- ☐ Easily understandable
- ☐ Complete-no missing information

This will make interpreting the data easier. When interpreting information, it is important to show how certain conclusions have been reached, which may be useful to show how different people with different perspectives view the activity. Include important points raised during the information collection process and provide examples if necessary.

It is important to provide recommendations for future direction and options. Recommendations should be based on conclusion and should propose:

- ☐ What actions should be taken
- ☐ How they should be implemented, by whom and when
- ☐ What resources, or inputs are required
- ☐ Problems likely to be involved and how to address them
- ☐ The follow up necessary to ensure recommendations are acted up on

Refer to Case study I-“Problem with high product defect” for the following data interpretation



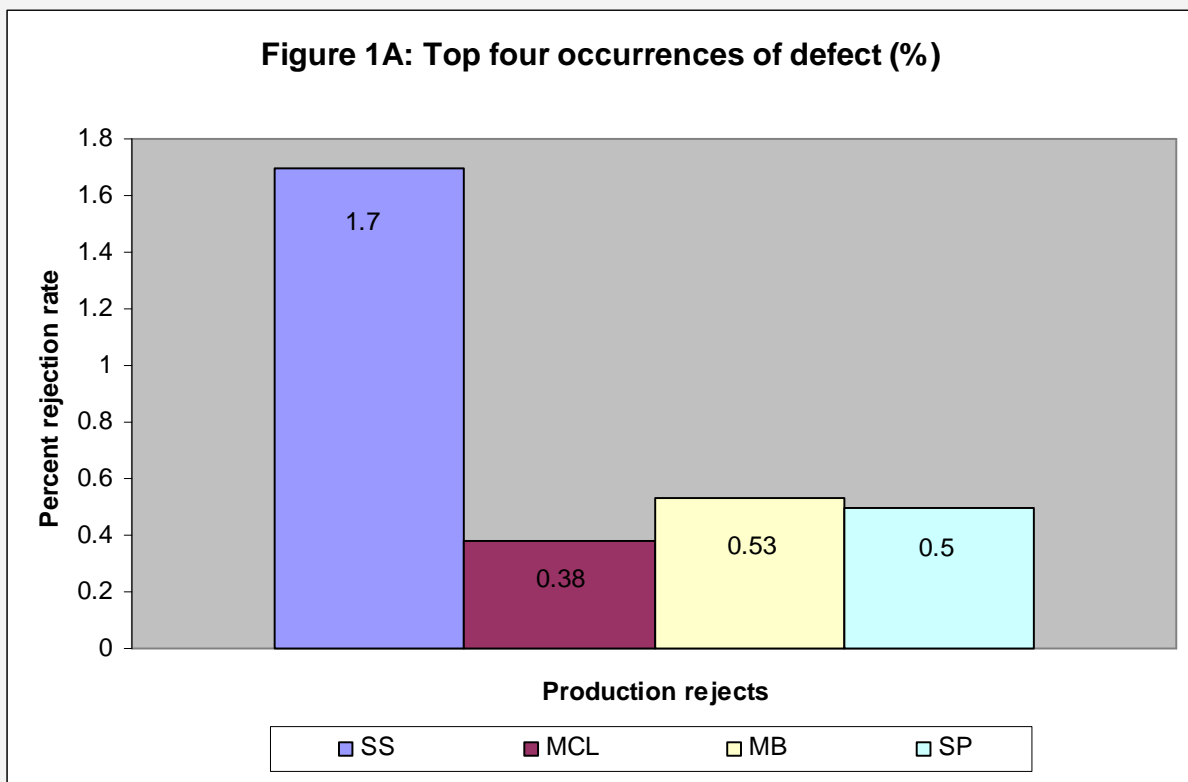
Illustrated in Figures 1A, and 1B is an example of data collected by the quality assurance team over a four months period. The data was collected to determine types of defect occurrences and rejection rate in the production process. The data was then used to analyze and determine why the problem occurred and what actions could be taken to minimize these occurrences.

In Figure 1A below, you will find list of defects in the production line identified by the team. The team recorded their observations for the months of September to December, which heads the column. Within the cells where the row and column intersect are the proportions of defects in percentages for each month. The total rejection rate shown confirms that "skipped stitches" had the highest occurrences (1.7%) compared with the other defects in the production line.

The team then charted these out graphically for better visualization of percentage figures, as the bar makes the differences between types of defects easy to observe. The tallest bar is easily seen as the "skipped stitches" and the bar's height further confirms the need for immediate attention.

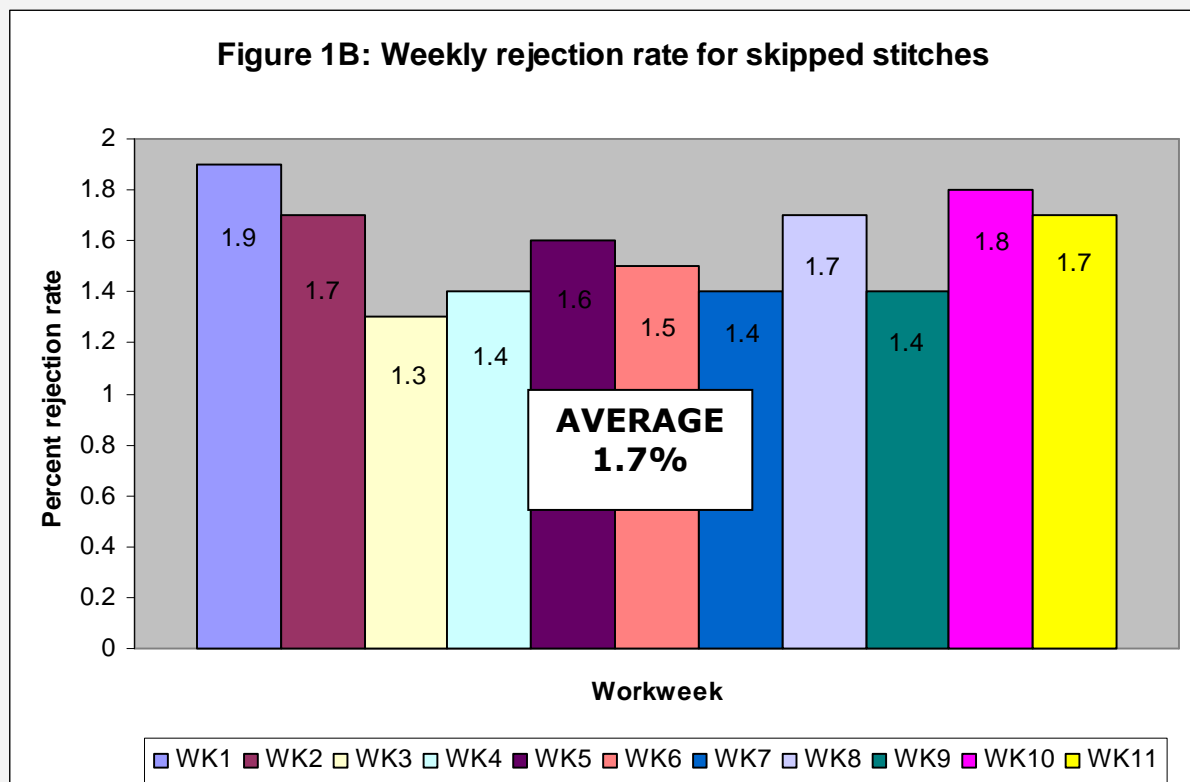
Rejection rates in percentages as they occurred in a period of four months

Production Rejects	Sep	Oct	Nov	Dec	Ave
Skipped stitches (SS)	1.3	1.7	1.8	1.9	1.70
Missing care labels (MCL)	0.25	0.50	0.35	0.40	0.38
Missing buttons (MB)	1.22	0.14	0.30	0.45	0.53
Seam Puckering (SP)	0.35	0.35	0.65	0.65	0.5



The team took this information one step further and each defect type above was broken down by weekly to determine which week has the highest occurrences of; for example skipped stitches. Figure 1B below shows the bar chart of rejection rates in percentages as they occur in a period of 11 weeks. As illustrated on the previous bar chart, on average, skipped stitches contributed to 1.7% rejection for the whole period. The height of the bars below shows the extent of weekly variations in the proportion of defects attributed to skipped stitches. The lowest proportion of defects was 1.3% in week 3, while the highest 1.9% on week 1.

This information was then used to determine what could have caused the differences in proportion of identified defect and trace the events in week 1 and Week 3 to explain the variation in their proportion. The analysis led to the source of problem, which was the introduction of a new material in which operators have little experience handling and therefore were not adjusting their machines contributing to skipped stitches. The team discussed the findings with line supervisors and concluded that going forward, introduction of new materials should be discussed with workers to test best approaches and provide training if necessary to ensure problems are fixed prior to commencing with production.



7.0 Annex

7.1 How to implement employee suggestion scheme

1- Set goals for the suggestion scheme. For example:

- To encourage employee involvement
- To promote the development of all staff
- To encourage greater productivity and creativity
- To promote a "can do" attitude
- To present rewards and recognitions for all accepted ideas and suggestions

2- Procedure

- Employee to submit the suggestion through the system (suggestion box) using the form available
- The review committee is to assess the merit of the suggestion, during the weekly meetings
- Once the committee has assessed the suggestion, the suggestion is sent to the relevant department
- The relevant department will be evaluating the suggestion and return the suggestion back to the committee with their recommendation which include:
 - Reject the suggestion
 - Accept the suggestion

If the suggestion is rejected then the following steps are taken:

- The committee reviews the reasons for rejection during the weekly meetings
- If the reason for rejection is accepted, the committee then informs the individual who provided the suggestion the rejection of the suggestion
- If the reason is not accepted then during the weekly meetings the committee will re-evaluate the suggestion and resend it to the concerned department (to follow through the same previous procedures)

If the suggestion is accepted then the following steps are taken:

- The committee will inform the individual who provided the suggestion that the suggestion is accepted
- The committee will evaluate the extent of the reward to be given to the individual who provided the suggestion (during weekly meetings)
- Suggestion will either be implemented or planned for a later stage

Note: Involve elected workers' representatives in committee to add transparency and accountability to the program

3-Rewarding

Gifts and certificates and annual awards and more!

- The suggestion should be assessed according to a number of elements comprising the level of impact, ease of implementation, easy of maintenance and originality



- The suggestion receives points for each element. The points are determined through the committee's assessment of the suggestion

Based on the results of the assessment, the reward is granted. Award is divided into four categories distributed in accordance with the number of points.

7.1 Assessment criteria

Criteria of rejecting suggestion

The committee may decide to reject a suggestion at the first submission point if it:

- Falls under the regular duties and responsibilities
- Relates to grievances (personal problem, complaint, promotion or salary change)
- Implemented or under implementation process

Criteria of assessing accepted suggestions

The committee will assess each suggestion based on the following criteria, and then number of points will be allocated accordingly

Assessment criteria		Assessment level				Points
		10	15	20	25	
1	Level of Impact					
2	Ease of implementation					
3	Ease of maintenance					
4	Originality					
	Total					

Reward Categories	Number of points	Value
Award Category 1	91-100	Award value can be determined through a suggestion scheme
Award Category 2	80-90	
Award Category 3	60-79	
Award Category 4	40-59	



7.2 Sample format for suggestions

SUGGESTION	
Date: _____	Registration No. _____
Name: _____	
Division/Section: _____	
Circle Name: _____	
1	Title of Suggestion: _____
2	How to define and implement an efficient HR strategy through the HR lifecycle
3	External factors affecting the HRM including International Labour Standards
4	HR lifecycle - Recruitment
5	HR lifecycle - Staff development
6	HR lifecycle - Staff motivation
7	HR lifecycle - Separation and transfer
8	<input type="checkbox"/> production
9	<input type="checkbox"/> Conduct a cleaner production assessment
10	<input type="checkbox"/> Implement appropriate cleaner production options in the factory
11	<input type="checkbox"/> Maintain cleaner production
12	<input type="checkbox"/> measure defects/ Methods for reducing defect
13	<input type="checkbox"/> Continuous quality improvement through quality circles and TQM systems

Reply from Management	



7.3 Sample reply

For Acceptable Suggestions:

Dear Mr. _____,

Thank you very much for your suggestion dated _____ and titled _____. Registration Number _____ is given and evaluation will be made soon. You will be informed of the result of the evaluation by _____.

Thank you.

Truly yours,

For Unacceptable Suggestion:

Dear Mr. _____,

Thank you very much for your suggestion dated _____ and titled _____. However, we regret to inform you that your suggestion was not accepted because it did not meet the criteria for acceptable suggestions.

Truly yours,



7.4 How to establishing an enterprise improvement team

1- Set goals for the enterprise improvement team. For example:

- To bring together a variety of opinions and skills to effectively work on a problem
- To demonstrate an organization's willingness to cooperate and to work together to achieve a common goal
- To improve decision making process and organizational performance
- To improve the employees' performance and commitment
- To build up mutual trust between management and staff
- To increase job satisfaction
- To improve working environment

2- Procedure

Step-1 Identify the groups that will comprise the team

- Determine the size of the team
- Team is formed with equal representation of workers and managers
- Team is gender balanced
- Select teams on the basis of skills and personality strength
- Team is cross-functional and cross-hierarchical
- Select a senior manager who will have the power to approve tasks and strategies of the team and help overcome obstacles
- Ensure worker participants are genuinely represented so that they will be credible liaisons

Step-2 Establish team rules

- Agree on team objectives
- Set the teams' mission (To achieve a shared purpose and unity)

Step-3 Develop systems and procedures

- Determine frequency and duration for meetings
- Identify tasks
- Create step-by-step procedures for accomplishing tasks
- Determine procedures to reporting tasks (who and how)
- Ensure workers' representatives have sufficient time to discuss with the workers

Step-4 Finalize and share team responsibilities

- The team is responsible for coordinating the entire programme under the leadership of one of the senior member's of management
- The team will develop a variety of strategies and then implement the strategy with the help of the various improvement plans/checklists from the programme modules

Teams will also need to demonstrate the main themes of the programme by:

- Using joint problem-solving techniques
- Encouraging open communication between workers and management
- Measuring their progress to show tangible improvements



7.5 Forming enterprise improvement team –Checklist

1. Team members	✓
Have you created an EIP team appropriate to the size and needs of your workplace (a minimum of 5-7 people and a maximum of 10)?	<input type="checkbox"/>
Is there greater representation of workers in relation to management?	<input type="checkbox"/>
Is there a balanced representation of different workplace functions/departments? Men/ women, cultural (ethnic) or special interest (e.g. disabled) groups?	<input type="checkbox"/>
If trade unions are involved in your workplace, are they consulted? Represented?	<input type="checkbox"/>
Have you decided on a coordinator – a senior manager with the power to approve activities, and who ensures other parties are informed?	<input type="checkbox"/>
2. Tasks	✓
Has the team coordinator ensured that all participants understand the EIP tasks?	<input type="checkbox"/>
Has the team received briefing from the members who attended the classroom training?	<input type="checkbox"/>
Has the team identified and prioritized key areas to improve the workplace's productivity?	<input type="checkbox"/>
Has the team prepared for / reflected on its meeting with the programme expert?	<input type="checkbox"/>
Has the team prepared a clear plan and strategies to implement the improvements?	<input type="checkbox"/>
Has shared training in how to use the tools derived from the programme modules?	<input type="checkbox"/>
Is implementation consistent and in line with the overall plan and strategy and has the team resisted the temptation to do ad hoc activity that may prevent real improvement?	<input type="checkbox"/>
Has the team constantly apply the main themes of the EIT programme: <ul style="list-style-type: none"> • Use of joint problem-solving techniques • Encouraging open dialogue between workers and management • Achieving change through the use of systems not one-off action • Measuring achievements to demonstrate success 	<input type="checkbox"/>



7.6 5S-How to implement 5S programme

Set goals for the 5S programme, for example:

- To clean up clutter
- To sort unneeded items stacked between workers
- To organize excess inventory on the floor
- To arrange excess items and machines that make it difficult to improve process flow
- To clean equipment that is dirty and used as collection point for miscellaneous materials
- To reduce the time it takes to look for tools and equipments.
- Create pride in the workplace
- Make the factory tour ready!

1-SEIRI (SORT)

Distinguish the necessary things from the unnecessary.
Take out unnecessary things and dispose.

SEIRI is considered the highest priority among all the 5S mainly because, once you have decided to clean the workplace, the first thing to do is to decide which things to dispose and which to keep. This is difficult because this requires value judgement to classify things by groups, value or purpose. It is also hard to part with things for varied reasons. As a result, things accumulate through the years.

Start by establishing a set of criteria to distinguish what is necessary from unnecessary. Some factors to consider are: frequency of usage, value, shelf life, quantity requirements, quality, ease of replacement, sentimental value, among others. For example, things you have not used for one year may be thrown away. Things you have used just once or twice for the last six months can be kept in a separate place. Things you have used once or twice within the last three months, keep them within an accessible place. Things you use often, keep them within the workplace. Things you use everyday, keep them within easy reach.

Train workers to recognise what is necessary and not necessary and to fill up the Disposal Notice Tag (see sample next page). Usually, three colours are used for Disposal Tags: red for things to dispose; yellow for things to transfer; green for things to keep and blue/orange for things to repair.

Review what is written on the disposal tags. This will enable you to have insights of your workers' ideas and quality of thinking in general. This exercise makes workers feel they are part of the decision making process. Their self-confidence is enhanced if their recommendations are approved and implemented.

Conclude the SEIRI by organizing an enterprise-wide "Big Cleaning Day" with everybody participating. You should divide the factory into small areas and assign a responsible person for each area. Necessary cleaning tools and materials should be provided.



Tag No:		
5S RED TAG		5S RED TAG
Name:	Date:	Reason tagged (circle):
Item found (description)		1)Not needed in next 30 days
		2)Not needed in known future
		3)Defective
		4)Surplus
Work area:	QTY:	5)Not needed now (service only)
		6)Need identification
Category (circle one):		7)Other
1)Raw material		
2)Work in process		Description:
3)Finished goods		1)Scrap (with paperwork)
4)Tools or fixture		2)Scrap (no paperwork)
5)Customer tool or fixture		3)Return to supplier
6)Surplus equipment		4)Move to Red Tag Area
7)Maintenance supply		5)Move to
8)Office equipment or supply		Storage area:
9)Company or customer files		6)Store in work area
10)Unknown		
11)Other		7) other
		Disposition by:
		Date:

Tips for a successful SEIRI:

- ☐ Take pictures of the work areas before the improvement so you can see the problem areas and for everybody to see the difference after sorting and cleaning have been implemented.
- ☐ When starting SEIRI, observe the present situation, identify the waste and losses being generated by the present system to be able to set an objective and estimate expected results.
- ☐ Consider the safety of workers when sorting and cleaning. Take note of sources of grime, dust, wastes, garbage and leaks.
- ☐ Remind workers to look behind shelves and lockers, corners and passageways. Tell them to bring out all the contents of drawers, lockers and cabinets for better sorting.
- ☐ Remind workers to clean things before returning them in their would-be places.

Procedure: SEIRI (SORT)

- Team look around the workplace to discover and identify items which are not needed and not necessary to complete work
- Develop criteria for disposal for not-needed items
- Take "before" photographs wherever it is required



- An effective method for recording progress is to tag the items not needed. This visual control of the not-needed items is often called red tagging. While red tagging, ask these questions:
 - Is this item needed?
 - If it is needed, is it needed in this quantity?
 - If it is needed, how frequently is it used?
 - If it is needed, should it be located here?
 - Who is ultimately responsible for the item? (Verify from that person.)
 - Are there any other not-needed items cluttering the workplace?
 - Are there tools or material left on the floor?
- Find a holding area to put red-tagged items
- If it is difficult to decide whether an item is necessary or not, put a different tag and segregate it in the holding area
- Classify the items by frequency of use
- Items or equipment used hour by hour or day-by-day should be kept within arms reach of the point of use
- Items or equipment used once a week or once a month should be kept within the work area
- Items or equipment used less frequently should be stored in a more distant location
- Unneeded or unnecessary items should be stored in the holding area
- Individual departments should each have a holding area
- A holding area should be clearly visible and clearly marked to assure visual control of items
- Display pictures of items and place it on a public board visible to all
- Responsibility for the holding area should be assigned to some at the beginning of sorting activity

The items in holding area should be kept for three or four months. If the items are not needed for work, then the items can be disposed. It is always necessary to verify plans to dispose of items with anyone who had been using the items in the past or are presently using the same or similar type of items

- Items should be moved to a company-level holding area before final disposal of the items
- The facility manager or an authorized person has to evaluate the items
- Disposal should be done in either of the following ways
 - Move to other department/section where the items are required
 - Sell to someone outside the company
 - Discard and haul away
- Dispose all items that are broken or have no value
- Take "after" photographs wherever it is required



2-SEITON (ORGANIZE)

Arrange necessary things in good order.

After disposing the unnecessary items, the next thing to do is to arrange the necessary items in good order.

One big waste is the time spent searching for things. There are many occasions when some finished products, raw materials, tools, spare parts, and documents could not be located because there is no system of storage. And because things are disorganised, it requires a lot of effort to retrieve items that may have been buried under piles of boxes. When storing, always think of retrieval.

When determining the storage location of items, think of the frequency of use: if the item is used several times a day, store it on the equipment it is used with (desk, machine etc.); if the item is used at least once every two days, store in the workplace; if the item is used about once a week, store it close to the work area; if the item is used once a month store it somewhere accessible in the facility.

There are many types of storage arrangements: floor, shelves, carts, cabinets, shadow boards etc. Think of all the options you have to make storage as practical as possible.

Some tips to successfully achieve SEITON:

- ☐ Store things so they can be found easily
- ☐ Store things in a fixed and safe place and in a fixed quantity
- ☐ Arrange things within reach and in order of use if necessary
- ☐ Label for immediate identification
- ☐ Group things according to purpose
- ☐ Draw a picture of what the situation should look like if SEITON is correctly achieved

Procedure: SEITON (ORGANIZE)

- Make sure that all unnecessary items are eliminated from the workplace
- Taking into account of the workflow, decide which things to put where
- Take "before" photographs wherever necessary
- Also decide with team about which things to put where from the point of view of efficient operations. This should be done as per the frequency of use of items. More frequently used items should be kept near the workplace. While organizing, workers should answer these questions:
 - What do I need to do my job?
 - Where should I locate this item?
 - How many of this item do I really need?
- Make a plan based on the principles and locate things accordingly



- Use 5Whys to decide where each item belongs
- Locate needed items so they can be retrieved in 30 to 60 seconds with minimum steps
- Make sure to inform everybody at the workplace about positioning of the items
- Make a clear list of items with their locations and put it on lockers or cabinets
- Label each locker/drawer/cupboard to show what is kept inside
- Outline locations of equipment, supplies, common areas and safety zones with lines:
 - **Divider lines** define aisle ways and work stations
 - **Marker lines** show position of equipment
 - **Range lines** indicate range of operation of doors or equipment
 - **Limit lines** show height limits related to items stored in the workplace
 - **Tiger marks** draw attention to safety hazards
 - **Arrows** show direction
- Identify all needed items with labels
- Take "after" photographs
- Complete evaluation using 5S levels of implementation with the facility manager or the authorized person in the organization

3-SEISO (SWEEP)

Clean your workplace.

Cleaning is the essence of 5S. But cleaning is not just cleaning to keep the workplace clean. Cleaning should be seen as a form of inspection to eliminate causes of problems and sources of wastes.

Trash and dirt in machines cause abrasion, blockages, leaks, movement defects, electrical defects, and loss of precision and often lead to breakdown and defective products.

SEISO reveals abrasions, damaged loose parts, deformities, leaks, temperature, vibrations, abnormal sound and smell, rust and scratches, discoloration, skipping, and others.

Some guidelines to follow in SEISO:

- ☐ Divide the area into zones and assign responsibility for each zone
- ☐ Decide on what has to be inspected and cleaned, decide on the order of doing the inspection and cleaning and then do it
- ☐ Provide cleaning tools and materials, so that the hard-to-clean places will be easy to clean
- ☐ Decide on the rules to be observed to keep things looking the way you want them to

Dividing the factory into zones and assigning responsibility vary from enterprise to enterprise, depending on the size of the factory, the layout and how people



are assigned. In many enterprises, workers are assigned in specific areas with demarcation lines.

In factories where the workers are all in one big work area, it is necessary to involve workers in dividing the area. Everybody should have an assigned area, including the supervisors and managers.

After the area has been divided and assignments have been made, the workers will have to specifically identify what will be cleaned, what cleaning equipment and supplies will be needed, and who will perform each task. Cleaning a work area does not mean cleaning just the equipment and the area directly around it. The floors, the walls and even areas which are normally not seen should also be cleaned.

Depending on the size of the enterprise, you may convene the whole workforce to present the group plan. This will enable everybody to know what each group plans to do and may challenge others to do better. There are times when some machines or stocks are transferred from one work area to another. This will enable a receiving group to prepare for the transfer. Suggestions are also offered in the process and the presentation builds teamwork.

Procedure: SEISO (SWEEP)

- Take "before" photographs
- Adopt cleaning as a daily activity and as a part of inspection. Clean the workplace before starting of the job and before closing the job
- Put aside 10 or 15 minutes for the same activity per day
- Cleaning indirectly helps to check or inspect each and every part and place. Hence, it should be a habit
- Find ways to prevent dirt and contamination
- Clean both inside and outside on daily basis
- Identify and tag every item that causes contamination
- Use 5-WHYS or cause-and-effect methods to find the root causes of such contamination and take appropriate corrective and preventive action

Keep a log of all places/areas to be improved. Table below shows a format for a log for cleaning improvements.

Sample log for cleaning improvements				
Questions				
WHERE is the problem located?	WHAT exactly is the problem?	WHO Is responsible to take action?	WHEN will solution be implemented?	HOW is solution to be implemented
Answers (use as much details as needed)				
<ul style="list-style-type: none"> • 5S "owner" check-sheets should be maintained on daily basis. An owner cares for the machine and area in which he or she works.) 				



5S Owner Check Sheet							
Machine Number:			Mon	Tue	Wed	Thu	Fri
Machine Name:							
Machine Location:							
No.	Checks	Frequency	Initials of person responsible				
1							
2							
3							
4							
Check	Supervised by (Name)						

4-SEIKETSU (STANDARDIZE)

Continually and repeatedly maintaining organization, neatness and cleaning.

SEIKETSU is about maintaining the cleanliness achieved by the first 3S by standardising best practices and making sure they are used by everyone and everywhere in the workplace.

Each person should be attributed with specific activities which should be integrated in regular working practices. The workplace should be checked regularly to make sure the workplace remains clean.

Here are some ideas to implement SEIKETSU:

- ☐ Provide necessary gloves, aprons, safety hats/ hairnets, safety shoes, boots and others to make work easier and safer for workers
- ☐ Set standards of cleanliness and organization so everybody knows what is expected
- ☐ Teach people to be critical and have high standards of cleanliness and organization
- ☐ Use colour codes
- ☐ Use visuals to remind people on what to do. Some of the visual control displays are:
 - Displays that help people avoid making operating errors
 - Danger alerts
 - Indications of where things should be put
 - Equipment designations
 - Cautions and operating reminders
 - Preventive maintenance displays
 - Instructions
 - Labels such as: responsibility labels; inspection; precision; temperature; zone labels; OK marks; position marks
- ☐ Put some plants and flowers in the workplace



5-SHITSUKE (SELF-DISCIPLINE)

Do things spontaneously without being told or ordered.

It takes time and discipline before you can expect people to do things without being told or ordered. Hence, continuous promotional activities are needed to sustain the commitment and enthusiasm of everybody. Some of these activities are inter-department competitions, owner-manager audits, periodic audits etc. These will help instil the 5S habit in everyone.



7.7 5S Evaluation Checklist

Department:		Evaluator:				
Workplace:	Type: () Office () Shop		Date:			
PARTICULARS		POINT				
A. Floor						
1. Clean and dry.		1	2	3	4	5
2. No stain and well-maintained.		1	2	3	4	5
3. Trash cans are provided.		1	2	3	4	5
B. Walls, Windows, Doors, Partitions and Ceiling						
1. Free of dust.		1	2	3	4	5
2. No unnecessary posters, pictures, etc.		1	2	3	4	5
3. No writings or graffiti.		1	2	3	4	5
4. Doorknobs and hinges are working well.		1	2	3	4	5
C. Furniture, Tables, Chairs, Forms, Files, Records						
1. No damage on upholstery.		1	2	3	4	5
2. Chairs' ball casters are complete and functioning well.		1	2	3	4	5
3. Free of dust.		1	2	3	4	5
4. Forms, files and records are organised, properly arranged, classified, up-to-date, easy to retrieve, and placed at convenient locations.		1	2	3	4	5
5. Bookshelves and steel cabinets are labelled properly.		1	2	3	4	5
6. Visitors' chairs are provided.		1	2	3	4	5
D. Lighting fixture, Fan / Air Conditioner, Typewriters, Computers						
1. Free of dust.		1	2	3	4	5
2. Adequate for efficient operation.		1	2	3	4	5
3. Fans / air conditioners are operating without excessive noise.		1	2	3	4	5
4. Computer peripherals (i.e. computer ribbon, computer paper, carbon paper, diskettes and diskette jackets, wiring) are neatly arranged.		1	2	3	4	5
5. Convenience outlets, switches, and electrical wire have no crack and expose wire.		1	2	3	4	5
E. Supplies, Products, Tolls and Equipment						
1. Supplies, materials, parts, components, and tools are conveniently located and labelled for easy stocking and retrieval.		1	2	3	4	5
2. Racks are provided for big stock items.		1	2	3	4	5
3. Bins are provided for small stock items.		1	2	3	4	5
4. Work-in-progress and finished products are placed for easy handling, conveniently located, and properly labelled for easy stocking and retrieval.		1	2	3	4	5
5. Defectives, rejects are labelled for separation from good items.		1	2	3	4	5



6. Tools, jigs, machines and equipment are placed near point of use, clean, well-maintained and safe.	1	2	3	4	5
7. Tools, jigs, spare parts and lubricants are labelled and have designated cabinets.	1	2	3	4	5
8. Electric wirings are maintained, tidy and safe.	1	2	3	4	5
9. Pipelines have no leak and rust and labelled properly.	1	2	3	4	5
10. Containers, pallets, carts and wagons are well-maintained and conveniently placed at designated places.	1	2	3	4	5
F. General Appearance and Atmosphere					
1. Workshop presents a good and creative atmosphere.	1	2	3	4	5
G. Others					
1. Lockers					
a. Free of dust, cigarette butts, etc.	1	2	3	4	5
b. No writings or graffiti on walls and cabinets.	1	2	3	4	5
c. Has proper ventilation.	1	2	3	4	5
d. No cobwebs on ceiling.	1	2	3	4	5
e. Provided with benches and tables.	1	2	3	4	5
f. Cabinets are in good condition.	1	2	3	4	5
g. Clothes are properly hung.	1	2	3	4	5
h. Provided with trash cans.	1	2	3	4	5
i. With proper illumination.	1	2	3	4	5
j. No unnecessary objects on top of steel lockers.	1	2	3	4	5
2. Lifts / conveyors are tidy, well-maintained and safe.	1	2	3	4	5
3. Conference Room / Training Room					
a. Clean and tidy.	1	2	3	4	5
b. Chairs and tables are arranged properly.	1	2	3	4	5
c. Walls are clean and free from unnecessary writings.	1	2	3	4	5
d. Provided with clean blackboard / whiteboard.	1	2	3	4	5
e. Chairs are sufficient in number.	1	2	3	4	5
f. Erasers and marking pens are provided.	1	2	3	4	5
TOTAL					
Recommendations:					

5S Rating:

Level 5 - Excellent condition; Level 4 - Very Good, needs a little more work to attain excellent condition; Level 3 - Ordinary workshop condition; Level 2 - Below ordinary workshop condition. Needs positive efforts to correct situation; Level 1 - Needs to change situation completely.



7.8 Information Reporting Card

Measurement profile

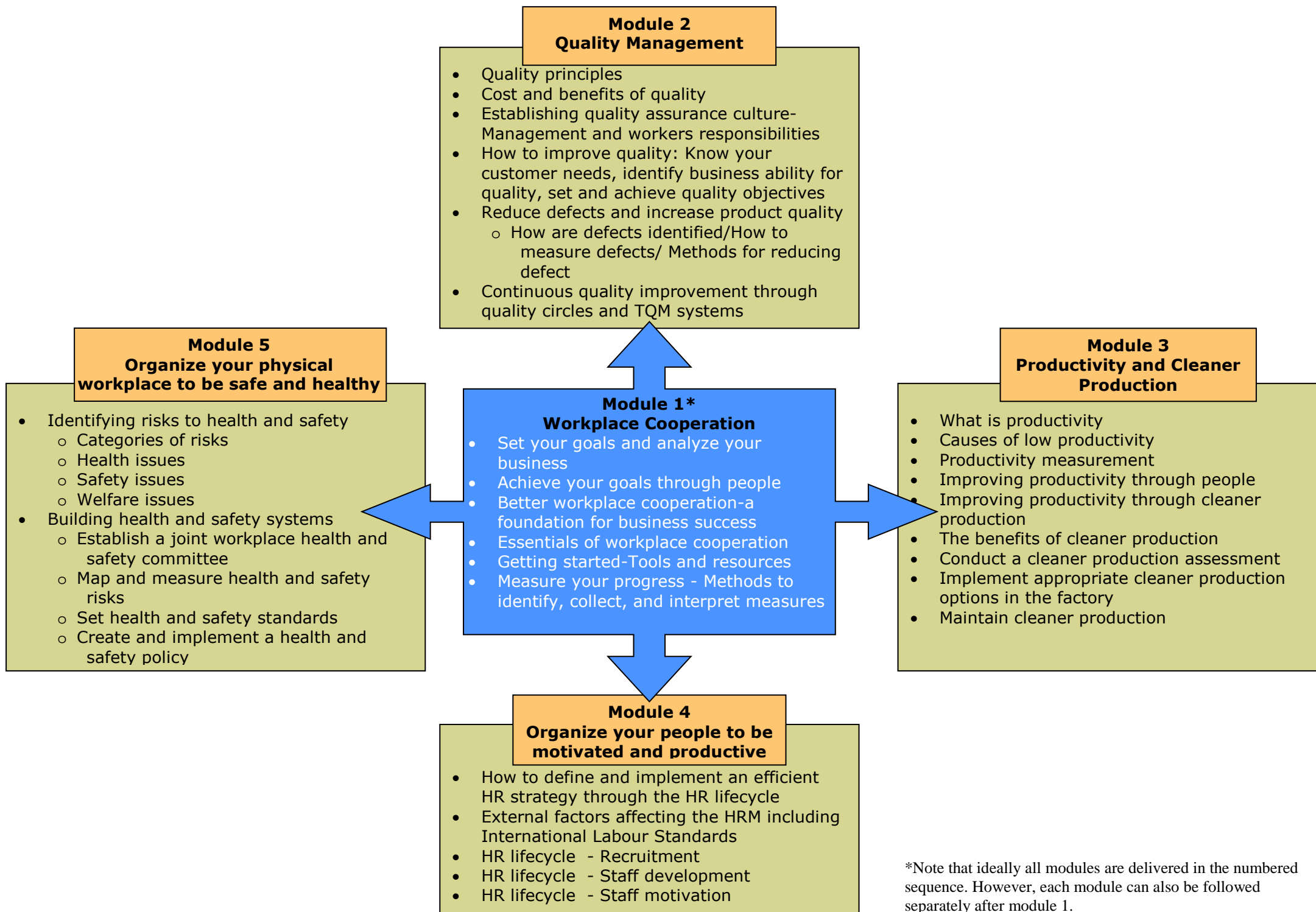
Business objective:			Indicator:			
Calculation for the measure:				Status as of MM./DD/YR:		
Data source:		Update frequency:		Review frequency:		
		Monthly		Monthly		
		Quarterly		Quarterly		
		2/Year		2/Year		
		Annual		Annual		
Action to implement and earliest availability date:						
Responsibility						
Target setting:		Accountability for results Objective owner):		Tracking/reporting responsibility: Person:		
				Accountable for the dev't of the measure:		
				IBID		
Ultimate Target:		Baseline in:		Annual Milestones:		
				Year Year Year Year		
				% % % %		

7.9 Action plan

ACTION PLAN

Area:				
Goal/Objective	Proposed action (what & how)	Evidence of progress	Point person/ title	Expected completion date

Signature: _____
Date: _____



SCORE – Sustaining Competitive and Responsible Enterprises

The programme

SCORE is a programme of the International Labour Organization that supports small and medium sized enterprise to grow and create more and better jobs by improving their competitiveness through better quality, productivity and workplace practices. Short training sessions for workers and managers are followed by enterprise visits and counseling to meet the specific needs of individual enterprises. The programme is particularly relevant for enterprises that face internal problems relating to quality, productivity, pollution and waste, workplace health & safety or human resources management.

The modules

Workplace Cooperation – A foundation for business success

In today's fast changing world people are at the heart of competitiveness. In order to gear the enterprise towards a continuous cycle of improvements everybody in the enterprise has to play an active role. By the end of the module, the enterprise managers and workers will have set the strategic direction of the enterprise and identified a number of practical workplace cooperation projects and put in place systems to measure improvements.

Quality Management

The main reason to improve quality is to ensure that customers are satisfied and will continue to buy from your company. To stay ahead of the competition through better overall quality performance, this module provides tools that will help you identify your customer needs and improve product and service quality through the creation of a quality assurance culture and procedures to deal with quality problems as a team.

Productivity and cleaner production

Productivity is the efficient and effective use of resources such as labour, machines, energy, materials, etc. in the production and distribution of goods and services that meet customers' needs and requirements. This module provides tools for workers and managers to measure and improve productivity with a particular focus on strategies to improve energy and material productivity.

Organize your people to be motivated and productive

Fundamental to the effectiveness of the enterprise are its human assets. Good HRM systems are built upon many of the basic principles enshrined in International Labour Standards. This manual will show, through concrete guidelines and examples, how the enterprise can develop suitable HR strategies and systems to recruit, motivate and develop the right people for the right job.

Organize your workplace to be safe and healthy

Injuries occur due to insufficient health and safety standards and procedures in the workplace. This module is designed to help workers and managers identify the various types of health and safety risks that exist in the workplace and then consider how to eliminate, isolate or minimize the risks as well as protect workers from harmful substances or situations.