



Voices

from Management

Workbase

The National Centre for
Workplace Literacy & Language





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Foreword



There is an important starting point in addressing the issue of workplace literacy. Employers and managers must believe there will be tangible benefits for their companies and employees in order to invest in workplace training programmes, particularly literacy programmes.

Voices from Management presents a number of case studies from successful New Zealand companies. These companies – Sanford Ltd, Rotaform Plastics Ltd, Formway Furniture Ltd and Jenkin Timber Ltd – have all derived tangible benefits from having workplace literacy programmes and their experiences of these programmes is captured in this publication.

These four companies come from diverse industry sectors but they share a number of common features. Each of them operate in competitive industries and most compete in demanding export markets. There is a clear trend towards incorporating a more diverse product range, with an associated need for consistently high quality.

Perhaps, most importantly, they all share a common conviction that the skills of their employees, including their literacy skills, are vital to the long-term success of their businesses. As the case studies show, these companies are convinced of the need for a learning culture in the workplace and are striving to create it. They have a clear focus on improving employee skills and flexibility, and providing opportunities for development which benefit both the individual and the company as a whole.

Managers and staff interviewed for this publication could all very clearly describe the nature of the benefits of the literacy programmes for their businesses. What is more difficult, however, is to precisely quantify the return on investment for companies with established workplace literacy programmes. Little research has been done on this in New Zealand.

Australia, however, has made more progress. In September 2002, Workbase invited Professor Rod McDonald to be the keynote speaker at our conference – *Return on Investment – Adding Visible Value*. Rod is Special Advisor to the Australian National Training Authority and has carried out research into return on investment for the Australian National Centre for Vocational Education Research.

We are delighted that Rod has agreed to share his experience and insights in the introduction to *Voices from Management*.

My thanks to all those people whose work has contributed to achieving the gains that are described in these compelling stories from New Zealand workplaces.

Katherine Percy
Chief Executive

December 2002



Introduction



By Rod McDonald

Ten years ago someone noticed that German hotels employed half the staff compared to the average English hotel, but the guests in Germany were more satisfied.

Run that past us again? Hiring fewer staff led to greater customer satisfaction? What was going on?

This discovery initiated one of the world's most significant studies showing the value of training.

When all the variables were analysed, making sure that 'apples' were compared with 'apples' (only studying mid-sized hotels and correcting for things like different restaurant arrangements) – the answer was found. Or rather – the answers.

Part of the reason that German hotels were giving greater customer satisfaction with fewer staff was nothing more sophisticated than the use of housekeepers' trolleys; the sort that we see in every hotel in New Zealand. The use of these trolleys meant that people cleaning rooms were not constantly running back to the storeroom for more supplies.

Another part of the reason was that German hotels had embraced technology more effectively than their English counterparts.

But most importantly, the difference stemmed from the superior levels of training the staff received. German hotel staff were better trained in the

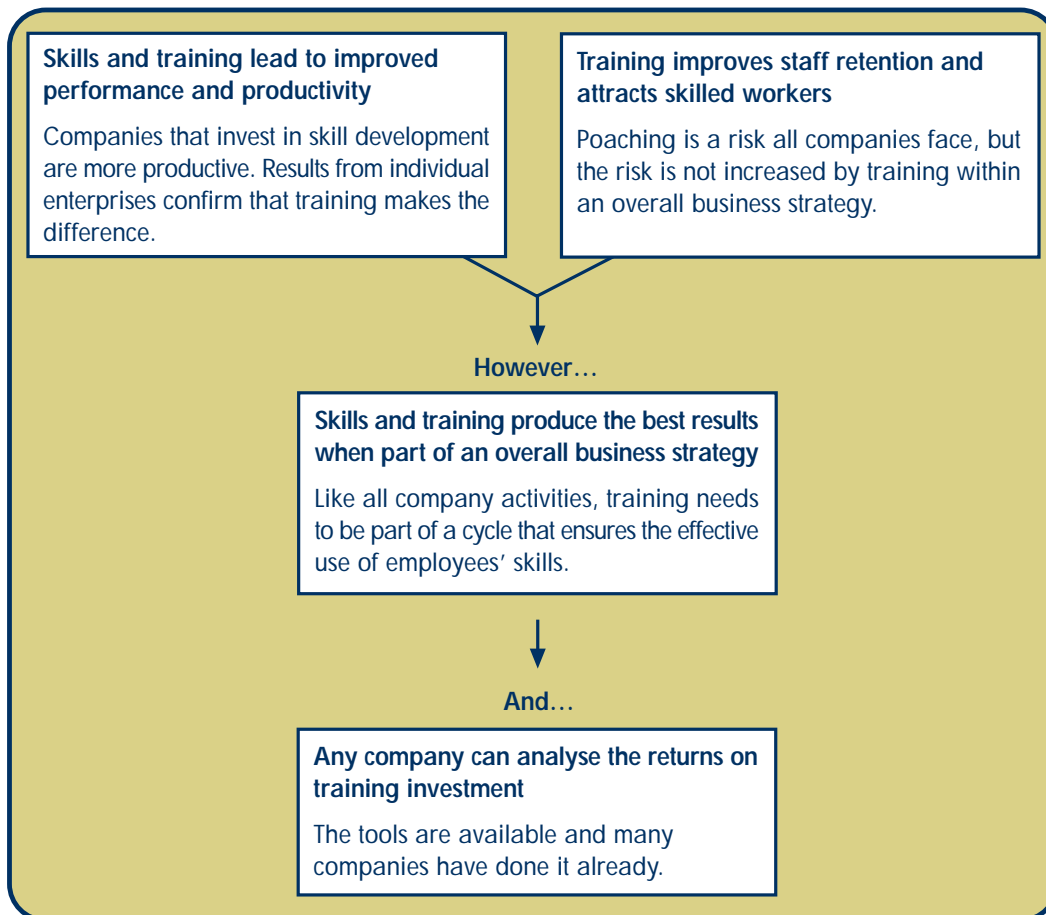
specifics of the industry and had a higher level of what we would call 'key skills' or 'employability skills', including higher levels of literacy and numeracy. This meant they were more effective and required less supervision. As a result of all of the above, the German hotels only needed half the number of staff.

Following the researchers' success in the hotel industry, the exercise was repeated in the English and German manufacturing industries, targeting products as diverse as biscuits and modular kitchens. Here the results were just as clear. The higher levels of training prevalent in German workplaces meant there was greater efficiency, more flexibility, and less supervision of employees – in all, greater productivity.

What's the message?

There are lessons here for those of us who see literacy and skill development as weapons in developing greater workplace productivity. The first lesson is that literacy skill development is not the only weapon – remember the housekeepers' trolleys? But effective skill development is often one of the most effective weapons, and one that is very likely to repay its investment many times over.

A colleague and I recently looked at this research on return on investment in training (ROI) on behalf of the Australian National Training Authority. We analysed over fifty international research studies, an American study involving over 500 'leading edge'



organisations and Australian data comparing the performance of organisations in terms of the quality and quantity of the training they provided. The results are unambiguous. Training pays off.

However, you can train people, but if the organisation is not ready to use their improved literacy skills, there will be little benefit. You can train people, but if they expect more satisfying work or better pay and don't receive it, they may leave for a better offer.

ROI is not all about financial calculations and it's not all about skill development.

This is a funny thing to say. Here we are talking about the return on investment in skill development and my first message is that it's not all about actually measuring the effect on the bottom line. In fact, I

would go further. The main problem with many approaches to skill development is that they focus mainly on measuring the effect. This is a mistake.

Before even thinking about measuring the financial effect of skill development, we need to understand why we're doing it. This sounds simple, but many training managers or internal consultants don't make it clear whether they are:

- measuring the effect of skill development to show that 'training pays';
- showing how (i.e. in what ways) skill development pays;
- marketing the organisation's training function;
- improving the quality of skill development; or
- helping to decide priorities.



We need to define the purpose of any process to evaluate skill development before we even start.

We also need to understand what I call the 'mental state' of the organisation. Does the skill development have an operational focus? (For example, all four companies in the stories that follow saw dramatic improvements in their basic operations.) Or is the skill development aiming to help rescue a disaster or address an organisational threat (e.g. a safety problem)? Or is the investment in skill development being made to strategically position the organisation for the longer term? (To quote from the Rotaform story, they need to "produce more sophisticated high-value products such as spa pools".)

The answer to this question – whether the company's main focus is on operations, firefighting or strategy – will affect how we would think about measuring return on investment.

Strictly speaking, ROI is never about the skill development itself. The course or qualification itself is merely a cost. The ROI needs to be measuring the increased literacy skills, the newly acquired technical skills and the new learning. These are the valuable 'returns'.

And finally, ROI is very much about deciding, informing and persuading. It is not a process to be undertaken lightly, and it is not a process to be undertaken without a very clear idea of the

audience. For ROI is always done for an audience. How the data is used and presented to specific audiences is crucial to highlighting the returns.

So how do you actually do it?

We need to focus on, as I like to describe it, 'making the value of skill development clear'.

There are many ways of doing this, but one that I find useful is to distinguish between benefits to the individual and the value to the organisation. In practice this means drawing up a simple table like the one below for each substantial training outcome.

It's a simple approach, but a powerful one.

The first two columns represent the way many trainers think. It's certainly the way educators are trained to think; we measure success by the benefits we bring to individuals in terms of knowledge, skills and attitudes.

The last column ('value to the company') represents the way organisations need to think if they are to spend wisely on skill development. The power of this simple table is that it puts the two together.

So what does this approach do? The first thing it does is to get those responsible for skill development and those responsible for overall company management around the same table looking at the same piece of paper. No longer are the trainers focused only on benefits to individuals and

Beneficiary	Benefit	Value to the company



management thinking only of their bottom line. It also provides a structure for identifying the financial outcomes of skill development and linking this to the organisational value.

And in cases where it is not possible to calculate a financial return, it can at least describe the benefits that link directly to the organisational value achieved. So within some of the cells in the final column we might enter the results of financial return-on-investment calculations; within others there might be focused statements explaining the organisational value achieved. Either way, by using a simple table as illustrated, the returns can be communicated effectively.

A final word

Recently I met representatives of a large company which operates nationally in Australia. This company invests large amounts of money in staff training. They wanted me to teach them how to 'do' ROI calculations.

Several hours later, we emerged battered and bruised having experienced incredulity, worry, despair, hope and finally resolution. And thankfully we knew that there was a way forward.

Why is it often so hard? A lot of it has to do with the approach that training personnel take in order to demonstrate the value of skill development. They often too readily assume that they need to calculate the financial benefits of all skill development, rather than focusing on finding the best ways of analysing the benefits. Often this also happens in organisations that don't have a long history of analysing the benefits of skill development and therefore, don't have a culture of figuring out how skill development works best for them.

We need to make it easier and more fruitful. For me there are three touchstones that need to be in our minds if we are to make the value of skill development clear:

- ROI gives us a way of communicating the value of skill development.
- ROI does this by changing people's frame of reference from 'skill development' to 'performance' and by then linking this to the performance of the organisation.
- And finally, although many of the most valuable effects of skill development cannot be measured, their effects can still be communicated effectively.

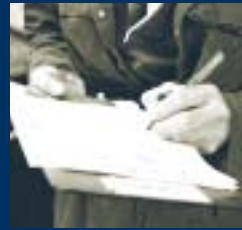
Even when we can't do a calculation that makes sense, we can still find ways of making the value of skill development clear. Ten years ago it was clear that the Germans were doing something right. Now we know exactly what that was – we need to follow suit. And perhaps that's the most important message.

Rod McDonald

Rod McDonald is Director and Principal of Ithaca Group, a Brisbane-based consultancy which focuses on learning and strategy. He has helped many firms and agencies think about how the investment in their workforce is of value to the organisation, and how the return on the investment can be maximised. He was Australia's first Professor of Adult Education and has recently been made an Emeritus Professor of the University of Technology, Sydney.

This introduction is based on a presentation which Rod gave at Workbase's National Conference, *Adding Visible Value*, in September 2002.





1

Case Study

An Amazing Transformation



A workplace literacy case study from Rotaform Plastics Ltd, an Auckland plastics manufacturer.



A major transformation is underway at Auckland plastics manufacturer, Rotaform Plastics Ltd. Over the last year sales have risen 34%, profits 31%, and reject rates have fallen by 55%. The company has introduced quality assurance measures and new systems to improve efficiency. It is planning even bigger changes in procedures, factory layout and stock control.

David Brumby (above left), Chief Executive, explains how this dramatic improvement in company performance is underpinned by a very successful workplace literacy programme.

The Company

Rotaform Plastics Ltd is an Auckland plastics manufacturer which specialises in rotational moulding. Rotational moulding is used for the manufacture of large items, such as water tanks, bins, road barriers, spa pools and a wide range of plastic packaging.

Rotaform is a 20-year-old family-owned company employing about 20 people. It is one of New Zealand's largest rotational moulders. It operates in a very competitive industry with New Zealand having more rotational moulders per head of population than anywhere else in the world. America has 200 moulders and a population of 300 million; New Zealand has 150 moulders for just four million people.

Why a workplace literacy programme?

The rotational moulding process is very labour-intensive. In an industry where the machinery is not highly automated, I estimate that the quality of products produced are 70% the result of the skill of the workers. So we live and die by the way our guys manufacture and work. That's why we got into this literacy programme.

We started literacy training as part of a pilot scheme in 1998 and I must say we had a fair degree of scepticism about it. We weren't sure there would be any benefit for the company but rather reluctantly agreed to be part of it. We decided to give it a go and quickly realised it was a good thing.

One of the first things we realised as a result of the literacy programme was that our guys didn't

understand the difference between a kilo and a gram. And yet these were the same guys who weigh out all our raw material by hand. The value of a year's raw material is enormous so even getting a tiny percentage of measurements wrong makes an enormous difference to us.

What is your vision for the future development of your business?

Our vision is to be the best at what we do in terms of innovation and quality. We want to be one step ahead, generating new ideas and delivering consistently high quality. To achieve this, our staff have to be able to read and write, follow procedures, fill in documentation accurately and take pride in what they're doing.

The literacy programme, therefore, is a building block to our future and the kind of company we want to become.

How is the market in which you operate changing?

Our customers are demanding more and more professionalism and planning. They need to know when things are going to be ready – even five years ago when I began here, things were fairly *laissez-faire*, but now a lot of companies are becoming more professional and expecting their suppliers to be more professional too.

So the information coming through from the factory is vital in this regard. We need good communication and reliable information for our planning; literacy skills are a vital part of that.

About a year ago, we identified a lot of shortfalls in the way we were doing business. We had to



“Our future lies with high-value, quality products and in becoming more and more professional and organised in everything we do.”

improve our quality control systems and focus on areas such as health and safety – we needed to actively identify risks rather than just stick up a few signs around the place.

Since then, we’ve introduced new IT systems and documented our processes – the guys themselves have written up the procedures because they are the ones who know how to do it best.

So overall there have been two drivers underlying the literacy programme – a more demanding external environment and the introduction of internal processes and procedures which have required greater literacy skills from our workers.

What benefits are you seeing as a result of the programme?

We’ve seen a sharp rise in employee skills, confidence and morale. Our procedures and processes are properly documented which has resulted in higher quality and efficiency, and the ability to tackle more sophisticated products. Improved literacy skills have been a key contributor to all this – we have proper lines of communication, we can organise our business better and we have procedures for everything. You’re really talking about a major change in culture.

We definitely have fewer problems – in terms of rejects and late deliveries. Reject rates have fallen by more than 50% and at least half of that is due to improved skills of staff, including literacy skills.

Just a couple of years ago, I spent all my time dealing with problems. Now I work on the business. A key reason I can do that is that the guys take a greater pride in what they are doing, and communication has improved in the factory resulting in fewer problems.

I have no doubt that the literacy programme has enabled the company to raise its overall performance. We wouldn’t have been able to act strategically if we didn’t have the back-up from staff in the factory. We wouldn’t have had the confidence to go away and write a business plan, identifying our strengths and market opportunities. We would have been too busy dealing with the problems.

Without an improvement in our staff’s literacy skills, we wouldn’t have been able to produce more sophisticated high-value products such as spa pools. For us to have tried to manufacture spa pools just a few years ago would have been a disaster. Now we are the second biggest producer of spa pools in the country and we’re doing it with the same people.

We can produce a high-class product because our skill levels are up there and literacy skills are a key part of that. In addition, there’s been a massive improvement in the general quality and effort from our staff, and that comes back to pride in the company and pride in themselves. The quality is being checked, problems are being identified and addressed quicker. Effective communication is critical to all this – it has enabled our staff to take more responsibility for what they do.

In the future the companies at the high-value end of the market will be successful. There must be a hundred people in New Zealand making cheap water tanks out the back of a dairy shed and we can’t compete on price with that.

Our future lies with high-value, quality products and in becoming more and more professional and organised in everything we do. A couple of months ago we were aiming to do three spas a day; over the last month we’ve been doing four spas a day and today we decided we would step it up to five. Meanwhile we’re improving our systems and procedures as we go.

The staff’s ability and willingness to communicate effectively is critical to this growth. Their motivation and pride in what they do is fundamental but also vital are their contributions and feedback in staff meetings and to supervisors.

As a company we have put KPIs (key performance indicators) in place which are linked to a company-wide rewards system. Everyone understands that they will benefit individually from the company doing well.

How is the programme organised?

It’s a voluntary scheme but all our factory workers signed up for it. We began with a six-month pilot initially and we are now on our second 12-month

"For us it's been absolutely fantastic. It's made such a big difference to our bottom line and our ability to make huge changes."



stint since then. Everyone's literacy skills were assessed and people were grouped according to their literacy levels. They receive tuition for one hour a week with the Workbase literacy tutor and there is homework to be done as well.

All staff are studying towards a National Certificate in Plastics, a qualification recognised nationally in the plastics industry. The literacy course is based on Rotaform's work procedures, so learning is directly relevant to the work situation. Generic communication areas, such as the writing of reports, health and safety issues and general communication within the workplace, are covered as part of the qualification. Industry-specific unit standards make up the rest of the qualification.

As the programme evolves, literacy training really becomes industry training. The courses are built around trade skill requirements and there are opportunities for staff to go on learning to levels two or three and advance their careers.

There aren't many difficulties associated with running the programme. There's the financial investment, which might deter some, and you have to find the space for effective learning to take place. You also require some flexibility to cover when workers are doing literacy training.

Would you recommend the programme to others?

The programme has been particularly well suited to us and that's why we are such a champion of it. Ours is a labour-intensive industry and we are very dependent on the skills of our staff. And so for us it's been absolutely fantastic. It's made such a big difference to our bottom line and our ability to make huge changes. We've changed our culture from a workshop situation where people didn't really care as much as they should have at times, to one where everybody takes real pride in what they are doing. We've been very successful as a result of that.



I spend much more time now thinking about how we can grow the business. Last year sales rose 34% and profits 31%. In the last three months we've doubled our turnover. This last month we've achieved the biggest turnover ever and, as well as that, our rejects are down by more than 50%. It's been an amazing transformation and the rise of literacy skills has been an integral part of that.

Key learnings

- The literacy programme has resulted in greatly improved skills, confidence and motivation in the workforce.
- Greater efficiencies and dramatic growth across the company have also resulted from the programme.
- Improved literacy skills have the potential to impact hugely on overall company performance.
- The company has been involved in the programme over three years – the gains have taken time.
- The reduction in day-to-day problems has freed up management to focus on being innovative and growing the business.
- Improved literacy skills have been essential in ensuring the company meets more stringent health and safety regulations.
- A more literate and skilled workforce is the precondition for a company operating at the high-value, more sophisticated end of the market where the greatest opportunities lie.
- Introducing a literacy programme into the workplace has not placed major demands on the company, in practical terms. Committing to the programme and giving it full support within the company is, however, essential for its success.





Rotaform – Return on Investment

Beneficiary	Benefit	Value to the company
Employees	Capacity to be involved in development of new products	Production of sophisticated high-value products such as spa pools
	Increased motivation and pride in their work, leading to better contributions by staff to discussions	The company captures the expertise of those 'on the ground'
	Ability to work more flexibly	Company can become more effective by introducing new systems, confident in employees' ability to adapt to them
Managers	Employees have less need to refer to managers	Management is freed up to spend more time on being innovative and growing the business
Customers	Ability to communicate more effectively with customers	Customers see a more professional approach from the company



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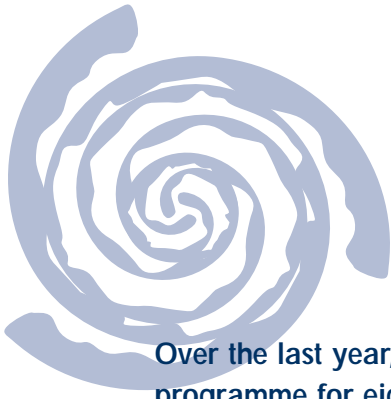


2

Case Study

Literacy – The Springboard for Workplace Learning

*A workplace literacy case study from Jenkin Timber Ltd,
Henderson, Auckland.*



Over the last year, Jenkin Timber Ltd has put in place a workplace literacy programme for eight of its employees. It's the beginning of a long-term commitment to literacy training, which the company sees as an important part of its human resource strategy for future growth.

Karl Pointon, (above left) Human Resources Manager at Jenkin Timber, talks about the learning journey the company has embarked on.

The company

A recognised leader

Jenkin Timber Ltd is a large, family-owned New Zealand company, recognised as a leading innovator, manufacturer and exporter of value-added, finger-jointed and solid wood radiata pine products.

The company was founded by Harry Jenkin and its first factory was established in 1929. Three generations later there have been impressive pioneering developments and the company now operates from a six acre site in West Auckland on the edge of the western motorway, 20 minutes from the Port of Auckland.

The company has flourished from a small construction company to become an innovator, manufacturer and international marketer of its products. Jenkin Timber operates in a very competitive international market with about 70% of its products being exported to Australia, Asia and the United States. Last year the company experienced significant growth and it is predicted that this will continue for the coming year.

The company has often been the first to venture into new technology and has pioneered new finger-jointing techniques for many years. There is a commitment at Jenkin Timber to constantly upgrade equipment and software as a necessary strategic investment in satisfying customer demand.

The company is also committed to developing the skills of its people. Moving ahead as a company requires staff to develop the skills and attitudes to gain efficiencies, handle new technology and continually improve the quality of service. Jenkin Timber has a staff of 87 permanent employees and around 10 temporary workers.



The niche

Jenkin Timber specialises in the manufacture of finger-jointed and solid wood radiata pine products. The company buys radiata pine, a high percentage of which has defects such as knots. The defects are removed from the timber, resulting in short pieces of a high quality and through a process of finger-jointing, the shorter lengths are joined back together again to the required specification of the customer.

The company produces a range of mainly exterior product areas such as weatherboards, mouldings, architraves, fascia boards and joinery profiles.

Why a workplace literacy programme?

As a company we are not just competing with other New Zealand companies but also internationally. We are competing on the quality of our products and service. We need to buy the latest equipment to be able to deliver the quality our customers are looking for and to make the manufacturing process economical.

This is the starting point – the global marketplace which sets the standards we must meet. In competing successfully in this marketplace one of the key things we are looking for is to be able to train our people. We must have people who are ready to learn.

Although you can train most people, there really is a limit to how quickly you can train them if there are literacy issues to overcome. As a company, we are looking to have our people do the relevant National Certificate industry qualifications, but they need to have the confidence to do that training. They need to participate in classes, read resource materials and understand what they are being taught. We suspected that there were literacy issues for a number of our employees that would make that learning process very difficult.



“Literacy skills are the essential foundation for training. By investing in those skills, we are sending a clear message about the worth of our employees to the company.”



They are very good employees, however, and we want to take them with us into the future. We have low staff turnover, with the average length of service nearly 10 years. So as we introduce new processes and equipment, it is vital that we can train our people and take them with us. Literacy skills provide the foundation for that to happen.

Our equipment and our systems are becoming more and more computerised. It's been a big shock for people who are very good trades people to see others who they thought were below them overtake them because their reading and writing is good. That's blown them away.

Our inventory system is fully computerised now – there's no more manual recording. All our employees are expected to be able to use it.

How did you get started?

We assessed our workforce in 1999, using a fairly basic assessment based on the everyday resources and materials that we use here in the workplace – training materials, company forms and newsletters. That provided us with a snapshot of where our potential problems might be, revealing a picture that was pretty consistent with the general workforce statistics that you read about.

The assessment showed that around 30% of our workforce had some literacy difficulties. That equated to 16 out of 50. I approached them individually to see if they were interested in literacy classes and eight joined up. Taking on this training was quite a challenge and for some it meant swallowing their pride. It took courage. My hope was that once it was up and running, others would see the benefits and want to come on board.

We explained to all staff why literacy was important and the insecurity for people if they were not able to train and move forward with the company. As a company we are keen for our people to have the National Certificate industry qualifications and those qualifications would be beyond people who lacked adequate literacy skills. Their future would be a lot less secure if they needed literacy training but chose not to be involved.

How is the programme arranged?

There are three hours of training each week, paid for and done in work time. Training is not done at the end of a shift when people are tired. It's worked out well for us – the maximum number away from any one production area is two people. We have one class of six people and one of two and the classes are taken by a literacy tutor from Workbase.

Where appropriate, classes are structured around unit standards so that participants can gain credit and recognition for what they are achieving. All participants are Pasifika people who have no qualifications or may not even have attended high school.

The 12-month course covers a number of areas – basic reading, writing, maths, computing and key skills such as how to read a tape measure or a ruler. These skills are vital when you're working to tolerances in width and thickness of 0.2 millimetres and when you consider the value of timber that our people are working with each day.

What benefits has the programme brought?

What has been the return on investment?

While it is difficult to quantify the return on investment exactly, there have been a number of very significant benefits that impact directly on the bottom line.

- There has been major growth in participants' confidence which is reflected in the accuracy of their work and related documentation. Improved literacy skills have enabled them to clarify issues if they don't understand something, or source information when they need it. Previously they wouldn't have asked, or they may have just nodded without understanding what was required.
- Participants generally have a better understanding of what needs to be done when they set out to complete a task. Supervisors report that they are comfortable letting these employees take on increased responsibility.



- There have been definite efficiency gains as a result of their improved understanding of instructions and work systems. Having staff with the skills to utilise company systems and processes properly is what enables the company to move forward.
- Programme participants are faster and more accurate on the computer; there are obvious efficiencies in not having to interrupt colleagues to help them complete computer tasks.
- These staff are participating more in meetings and team leaders now have more confidence in them to make informed decisions. Their improved verbal communications skills allow them to contribute more, and to put forward their ideas without fear of being misunderstood. It has also improved relationships between staff and contributed to improved morale in the company.
- There has been a marked reduction in error rates among these workers, as a result of improved literacy skills. For some employees we have noticed error rates in activities such as data entry for inventory transactions and calculation of timber details dropping from approximately 20% down to around 5%. The accuracy of inventory transactions is critical in a business like ours, where cash flow is very tight. If our stock records are not correct, that can be the difference between us making a profit or a loss.

What is the biggest challenge in running a programme of this sort?

The biggest challenge is getting the buy-in from team leaders, managers and senior people in the company. It would be fair to say that initially the idea was greeted with considerable scepticism. But that has changed as managers and team leaders have seen some of the benefits. I see the programme contributing to a significant culture change in the company.

I think the challenge for those organising a programme like this is to structure it in a way that provides maximum benefits at the workplace level.

It's also important to provide managers and team leaders with regular reports on the programme – that helps them take ownership.

It's really important for a company to show its commitment to the programme. There's no excuse for managers and team leaders not to release people. The classes are scheduled in advance so it's the responsibility of team leaders to organise themselves in advance.

I've taken a firm line on this. You're either committed or you aren't. When you start making excuses as to why people can't be there, you are showing you are not committed to the programme.

Are there any factors in particular that have contributed to the programme's success?

A major factor has been the formal structure of the programme and the professionalism of the service and follow-up from Workbase. The support and follow-up, including detailed reports, have built confidence in the programme across the company.

The Workbase tutor, Kathryn Ngapo, has contributed hugely to the success of the programme. She has developed an excellent rapport with participants and made them feel very comfortable with the learning process.

What are your plans from here?

Two of the graduates will be going on to National Certificate programmes and there will be further literacy assistance tailored to the individual levels of the other participants. I'm now approaching other staff that we didn't pick up first time round.

But I won't be forcing anybody to take part. They have to want to be part of it. If you're going to get value out of it for the company, you need willing participants.

Would you recommend literacy programmes to other companies?

Definitely, provided they have established the need for it. Don't get straight into the programme. Clearly establish the problem first and how that problem impacts on the future needs of the company.

"In competing successfully in this marketplace one of the key things we are looking for is to be able to train our people. We must have people who are ready to learn."



You also need to keep in mind that there is an overall skills shortage in our industry. It's hard to recruit people with the relevant Trade Certificates or National Certificates. So we have to train our own.

Literacy skills are the essential foundation for that training. By investing in those skills, we are sending a clear message about the worth of our employees to the company.

Workplace literacy programmes – key learnings

- Be clear about what you want to achieve from a workplace literacy programme.
- Establish the need clearly and identify how literacy problems impact on the future needs of the company.
- Offer staff the choice to be involved. Don't make it compulsory.
- View it as a long-term commitment. You can't expect major progress after one training programme. The programme is a starting point.

- Brief all the staff about the programme and reinforce its value to the company. Explain why the company is introducing the programme.
- Have one person who is responsible for the programme and drives it. This person needs to sell it in, deal with any difficulties and be proactive in ensuring it runs well.
- Fully commit to it. Go in boots and all, don't just dip your toe in the water.
- Be prepared to let staff do the classes in company time. Don't expect them to do it on Saturdays or after work. Many of these people are family-orientated and the conflict caused between social and career time can impact negatively on the success of a programme.
- Be firm with accepting excuses from managers or team leaders for not releasing people.

Jenkin – Return on Investment

Beneficiary	Benefit	Value to the company
Employees	Improved literacy skills leading to fewer errors	Error rates decreased from around 20% to around 5%
	Growth in employees' confidence	More accurate work and related documentation
	Improved levels of participation in team meetings	Improved relationships between staff, improved morale
Supervisors	Employees are willing to ask when they don't understand	Employees take extra responsibility, which frees up supervisors
	Faster and more accurate computer work	Less need for employees to interrupt supervisors



3

Case Study

Communicating with Confidence



A workplace literacy case study from Formway Furniture Ltd, Lower Hutt, Wellington.



Formway Furniture Ltd competes with the world's best in the international commercial furniture market. The New Zealand-based company has staked its future on its ability to be a learning organisation from top to bottom, and to be continually innovative.

Paul Mather, (above left) Group Development Officer at Formway Furniture Ltd, talks about the learning challenge facing Formway and the company's response to that challenge.

The Company

Formway is a privately-owned New Zealand group of companies that designs, manufactures and sells commercial furniture.

There are two main components to the business – design of product for Formway itself and other offshore commercial furniture companies, and the manufacture, marketing and sale of that product within the Australasian market.

An additional growth area for the business is the sale of component furniture parts to Formway's strategic partners overseas. This aspect has the potential for major growth in the future.

Formway has 240 staff in Australasia, 160 of whom are in New Zealand. This workforce covers design, support, sales and manufacturing, with 80 to 90 full-time staff involved in manufacturing.

Formway is an award-winning company with a strong reputation for creativity and innovation in furniture design. The company is positioned at the middle to upper end of the commercial furniture market, and has a 20-year history of designing product that has set new standards both in Australasia and internationally.

Increasingly Formway competes with leading international furniture companies rather than just Australasian companies. Over the last three years the company has experienced exponential growth and a major shift in its business direction. It has gone from being predominantly a chair manufacturer, to a position where 60% of its business is work stations and just 40% chairs. This represents a major change in terms of the complexity and sophistication of its product and the type of technologies and skill requirements that are needed.

Why did you introduce a workplace literacy programme?

The need to improve literacy skills among some of our workforce was brought on by the change in the product we are producing, as well as increased demand for quality and higher standards of health and safety. These changes and pressures require people to have greater technical skills, to be able to communicate effectively, fill in forms appropriately and understand instructions.

Innovation is the key to our competitive advantage as a company. We saw the need to unlock all the innovation skills within the company and to do that you need people to have a certain level of communication and problem-solving skills.

There was an immediate need in terms of technical skills but the longer-term driver was the innovation framework that we were establishing at the company.

We had a very loyal, committed workforce and we wanted to provide the opportunity for them to lift their existing numeracy and literacy levels, including computer literacy, so they could participate in the new environment we were moving into. At the same time, we wanted to involve them in achieving furniture industry unit standards but they had to have the literacy and numeracy skills to handle that.

Many of our staff would have left school at a young age, probably about Form 4, and haven't been involved in formal learning since then. Their attitude was positive but it could be easily dented. We wanted to optimise their opportunities to succeed – you only get one shot at this.



"I would estimate there have been 50% fewer difficulties or problems associated with the assembly and dispatch of new product, as a result of the literacy initiative."

How did you select staff for the programme?

We invited all our first-line manufacturing staff to participate in a needs assessment, run by Workbase. The assessment was based on what they did in the workplace and the processes they were familiar with, and we also undertook that no manager at Formway would know their personal results.

The report we received from the facilitator gave us literacy and numeracy profiles of the teams, but no individual profiles. Individuals were free to talk with the literacy tutor about individual programmes to meet their needs.

We had a 99.9% take-up of the assessment by our staff and that was indicative of their commitment to their own development. Based on the results, we set up a 12-month pilot involving 15 people in three teams from the assembly and dispatch area. These teams were critical to getting the right products on time to our customers. These were areas where there had been some performance difficulties and we felt they would be a good indicator of whether this type of programme really could make a difference.

Twelve of the 15 participants were Samoan and 14 of the learners were men. English was the second language for 13 of the learners.

How was the programme structured?

The learning programme was structured so that they were achieving furniture industry unit standards at the same time as they were improving their literacy and numeracy skills. The driver was the skills they required in the workplace, so learning extending far beyond the outcomes contained in the unit standards. Strengthening language and literacy skills underpinned all the learning.

This approach proved a very powerful mechanism for skills development. Staff with no record of formal learning and no qualification to their name could get a Formskills Certificate and a Record of Learning from NZQA, recognising the unit standards they had achieved. Achieving those standards

allowed them to progress towards the National Certificate qualification relevant to their area.

Over the 12 months of the pilot, 278 credits were achieved towards the National Certificate in Furniture Making, which was 18 credits per learner on average.

How do you schedule the programme at Formway?

It's always a challenge, particularly when you're busy. Each participant had one hour face-to-face with the tutor each week, in work-time. The tutor also did additional work with participants in their work teams on the shop floor.

Our experience was that the majority of people in the pilot had the confidence to progress well and drive their own learning. After the initial phase, learning was able to take place in a group situation and they are then in a position to be part of a mainstream skills development programme at Formway.

Another much smaller group had very significant learning challenges, and the learning continued to be on a one-on-one basis.

What were your main challenges in running the programme?

There were two practical challenges – finding adequate space and making allowances for variation in workload. The nature of the furniture industry is that you go from being quiet to very busy in a short space of time.

So we had to be mindful of that but at the same time we were quite forceful with line managers in saying they had to manage workloads in ways that didn't affect the learning. You do have to be flexible though. There has to be some 'give'. Certainly, having a tutor on site allowed us to be flexible in how we made the learning happen.

We've been very fortunate at Formway; one of our group goals is to develop a learning organisation across all our operations because learning is so critical to our competitiveness. The literacy



programme gets a lot of support from all levels of management, but particularly from Colin Campbell, General Manager of Formway Furniture NZ.

Why is it so important for everyone at Formway to be literate and able to learn new things? They are not all designers.

But everyone is an innovator. Everyone's problem-solving. If you're talking about improvements in quality and productivity, how do you drive that? You drive that through the ability to continually look at problems, look for new ways to do things. Now everybody needs to have that as part of their skills base.

Our designers also need to be able to access all kinds of different input and viewpoints to continually challenge their perception of the world. Most of our manufacturing staff are from the Pacific Islands and a small number are Maori and they have different cultural views of the world from Pakeha. As we start designing for international markets, challenging our eurocentric designer teams is actually very critical, to get them to see through different eyes.

You have this huge resource sitting inside the company which can give you exposure to different cultures. You have to unleash that resource and make use of it.

You start doing that by getting people confident in communicating and feeling that their perceptions are valuable. New Zealand is only going to succeed globally by having very smart people and that means everybody.

What benefits are you seeing as a result of the workplace literacy programme?

There has been a huge increase in the self-confidence of participants, and there has been a marked increase in the interaction of those staff with other discipline areas within Formway.

This new confidence is reflected in greater staff participation in meetings, improved levels of communication with workmates and other staff. Staff are no longer prepared to accept glib answers from designers and managers – they are now ready to challenge them if they think it's necessary. This is

important because it lifts the overall level of performance.

It's difficult to measure benefits exactly within such a rapidly-changing environment but certainly we have seen improvements. For example, the introduction of new products has gone much more smoothly and rapidly than was the case with previous product launches. I would estimate there have been 50% fewer difficulties or problems associated with the assembly and dispatch of new product, as a result of the literacy initiative. Staff knew what the product was, they could pick up when the wrong code had been entered, they could match the right code with the right product, rather than just respond to an order.

They could also take proactive action to address issues in their area. For example, one of the teams created a spreadsheet to record when they received product. One of their big issues was that they were always blamed for late deliveries, but with the help of the spreadsheet they had hard data to show when they received product and often the problem wasn't with them. To me that's certainly an indication of success.

More broadly, the literacy programme has resulted in the improved use of documentation in the workplace. Documentation requirements at Formway have evolved as more and more processes have moved to the new computer system; workers have become familiar with the new systems, they know where to find information and they know how to fill in documentation on the computer.

Another indication of success has been the pressure from other staff to join the programme. The steel furniture industry has never had any formal structured training up until now and staff have responded very positively to a systematic approach to skills development, with literacy and numeracy skills embedded in that learning process.

Evaluations have shown that programme benefits extend beyond the company to family and community life. Participants are now more involved in their children's learning and a number have bought computers for the home. If you believe that

"New Zealand is only going to succeed globally by having very smart people and that means everybody."

companies have a social role, and we do, then these spin-offs are part of our contribution to the community.

In measuring the return from a programme like this, you have to take the long-term view. We want to make it possible for our staff to continue to be part of Formway's long-term development. Unless these staff develop new skills and acquire the ability to continue to learn, there is a real risk that at some time in the future, the relationship will come to a natural end.

It's very difficult to buy the sort of loyalty and commitment that we have from our current workforce. Many of them have been committed to us for 15 to 20 years. That's hugely valuable to Formway. They have a wealth of knowledge and understanding about how Formway operates, where we've come from, what our culture is, what our strategic goals are. Someone new has to learn all that.

If it's at all possible, I think it's far better to put resources into your existing workforce because you are building on all those intangibles that are already there. Often we undervalue that because it's so difficult to put a monetary value on it.

Have there been improvements in the health and safety area?

We expect individuals to take responsibility for health and safety issues, as appropriate for the level at which they are engaged in the organisation. It is vital, however, that they have the skills and knowledge to take on that responsibility.

As a result of this programme, we can definitely say they have acquired the skills to apply health and safety principles to the work they do every day. It is no longer a question of knowledge, but of performance.

Would you recommend this kind of programme to other employers?

If an employer has the right attitude, they can't do anything but start to look very seriously at programmes of this nature. New Zealand is only going to succeed internationally by being smarter. We're competing against companies with turnovers of more than a billion dollars a year.

We're never going to have the dollars they have, we're never going to be bigger; the only way we're really going to score is by being smarter. Which means we do it quicker, faster, better, more cost-effectively; it means we're ready to take on new technologies. That means the skill level of the whole workforce has to rise.

If you believe in this and you believe in the potential of your workforce to contribute, you don't have an option. I've always believed that given the right opportunities, people will maximise their potential but the really gratifying thing is seeing that latent potential being unlocked.

Critical success factors

- Having a skilled literacy tutor from Workbase on-site has built rapport and trust with staff and been critical to the success of the programme.
- The programme has been built around the regular systems and processes that we use and the everyday things we do.
- The passion of the learners themselves has been staggering. They have worked on this both in-house and in their own time. Some participants have spent many hours at home to succeed.
- Formway has a long-term commitment to the programme and has created an environment where people feel supported in their learning.





Key learnings

- It has been vital to have someone to select the right learning methods for each learner.
- Many first-line manufacturing workers have become competent at using computers and the internet in their work and readily take to using this technology.
- An on-site tutor has been a great help for distance learners who are reluctant to trouble distance tutors.
- There has been a huge growth in self-confidence and pride among programme participants.
- The success of the pilot has increased demand from others for similar opportunities.
- The general environment and the ability of others to communicate effectively has had as much

impact on the learners' ability to perform as their own literacy, communications and numeracy levels.

- Many learners had skills and abilities that were not being utilised by the company.

Future challenges

- Prepare the company for the impact of more highly skilled, confident and articulate front-line manufacturing staff.
- Help staff on the Formskills programme to gain the self-confidence to take up the opportunities that emerge, both within Formway and outside, as they acquire skills.
- Create an environment where all staff can make a creative and innovative contribution to the company.

Formway – Return on Investment

Beneficiary	Benefit	Value to the company
Employees	Improved communication and technical skills leading to improved use of documentation	50% fewer difficulties associated with assembly and dispatch
	As above	Unlocking of innovation skills within the company
	As above, plus computer literacy	Company able to use loyal existing employees rather than need to recruit for new operating environment
	Increase in self-confidence in employees, leading to employees questioning more and not accepting glib answers	Higher overall performance and smoother introduction of new products



4

Case Study

Foundation for Change



A workplace literacy case study at Sanford Limited, a very successful and long-established New Zealand fishing company.



A challenging external environment in the international seafood industry has resulted in Sanford Limited taking steps to raise the skill levels of its Auckland staff. The foundation for this ongoing commitment to skills training is improved literacy skills.

Shane Walsh, (above right) Sanford Limited Inshore Fishing and Processing Division Manager and Margaret Hall, (above left) Auckland Production Manager, discuss Sanford's workplace literacy initiative and the benefits the company and employees have gained as a result of the initial 12-month programme.

The Company

Sanford Limited is New Zealand's oldest public company, having been established by Albert Sanford when he commenced commercial fishing in the Hauraki Gulf in 1881. Its operations focus on the harvesting, farming, processing, storage and marketing of New Zealand seafood. It has an annual turnover approaching \$400 million.

Sanford owns and operates a diverse fleet of vessels for inshore and deepwater fishing. The fleet of vessels is supported by a sophisticated shore-based support network designed to ensure that Sanford continues to supply sustainable seafood produced to the highest international standards.

In New Zealand Sanford operates a fleet of six vessels that freeze and pack the catch on board, immediately it is landed. This fleet is supplemented by a small number of chartered vessels as required. The company has extensive aquaculture operations and a range of processing plants throughout New Zealand.

New Zealand has one of the most advanced systems in the world for ensuring the sustainable management of wild fisheries. Sanford Limited is fully committed to careful resource stewardship and full compliance with New Zealand's Quota Management System. Sanford contributes to research programmes that underpin the sustainable management of our marine resources.

Sanford's byline is 'Sustainable Seafood' which it underpins with a range of economic, environmental and social initiatives. As part of its membership commitment to the New Zealand Business Council for Sustainable Development, it publishes a triple bottom line report each year. The literacy and numeracy programme is a social initiative in Auckland.

The company complies with ISO 14000 standards which are aimed at environmental performance improvement. Sanford is seeking to improve performance standards in all its operations and through active participation in industry environmental initiatives and forums.

What is your Auckland staff profile?

We have 68 staff at our Auckland site where the literacy programme is in place, with 52 of these permanent staff. It's a very multicultural workforce with the largest groups being Tongan and Samoan. English is a second language for 94% of our workforce.

The average age is 38 and we have very low staff turnover, which contributes positively to staff loyalty but lessens our ability to increase skill levels through recruitment.

Why did you introduce a workplace literacy programme at Sanford?

A couple of years ago we reviewed how we were going. We didn't think we were getting the results from training that we should have been getting – we were putting staff through courses but were often disappointed with the outcomes achieved.

We thought the lack of English skills might be the problem so we involved interpreters for our Samoan and Tongan staff but the results were still disappointing. We now understand why. Interpreters don't really understand the subject matter, and they're not trainers, so a simple translation of what's being taught has limited benefits.

We knew we had to do something. Workbase carried out an education needs analysis with our





“The company’s successful participation in these programmes (ACC Partnership programme and ISO 14000) requires greater literacy skills than our staff had.”

staff (at the Auckland Jellicoe Street site) and we were astonished to find just how big a problem we had with literacy and numeracy, extending through to the supervisor level as well.

There were other signs of literacy and numeracy problems – a high error rate in documentation, a notable lack of feedback and contribution at staff meetings, and an inflexibility in regard to jobs undertaken. People very much stayed in their own area and were not prepared to move outside their comfort zone. We put quite a lot of effort into producing a staff newsletter but then realised that they couldn’t read it.

How is the business environment changing? Why does it require greater literacy skills than in the past?

A lot of things are changing in the seafood industry; really it’s an environment of constant change.

For example, we are involved with the ACC Partnership Programme which offers significant financial benefits to the company but requires the active participation of staff. An ACC auditor needs to be able to engage with staff and get their input on health and safety issues.

Recently we went through the process of getting accredited for ISO 14000, which is an international environmental management programme. That too requires staff to show they fully understand the programme and their responsibilities. They need to be aware of how their work affects the environment on a day-to-day basis. The company’s successful participation in these programmes required greater literacy skills than our staff had.

Then there are changes in the factory itself. We have a new factory and with that has come a range of system changes and greater automation. Documentation requirements are growing, we’re making greater use of computers and staff turnover is very low, so there is a constant need to upskill staff. It’s important in this new environment that staff are multi-skilled, that they are flexible enough to handle a range of job requirements.

Increasingly, accuracy and accountability are essential in all aspects of the business. With the

Quota Management System, heavy fines can be imposed if errors are made, and documentation requirements in regard to overseas markets are becoming more complex. Improving staff literacy skills, therefore, is essential in minimising errors and reducing risk.

Sanford is committed to upskilling our staff. They have been loyal to us. We know that things are going to go on changing and we want them to be there with us when they do change. Literacy skills are the foundation they will need to gain the new skills they will require in the future.

What did the programme you implemented consist of?

We devised the 12-month programme together with Workbase and the Seafood Industry Training Organisation (SITO). The course comprised modules in health and safety, workplace documentation, maths at work, quality at work, giving instructions at work and compliance.

The literacy programme was very closely related to job requirements and participation was voluntary. More than 90% of staff volunteered, which was a surprise to us, especially given the older age profile of our staff.

We presented the programme in a very positive light and addressed any fears they had about it. Each learner had one hour’s tuition a week in a specially designated area away from the workplace, using a computer. There was also a homework component to the course. Two Workbase tutors were at the site four days a week.

There were some hassles, especially over the busy summer months. Twenty-five percent of our staff could be working off-site at any one time, so there were practical issues to work around. With the right attitude these things could be addressed.

Assessments were carried out by registered assessors throughout the year and staff were presented with certificates at a special function at the end of the programme. At that function it was announced that the programme would continue for another year, incorporating some seafood unit standards.



There's a lot of support for the programme and staff are keen to keep moving forward.

What tangible changes have you observed as a result of the programme?

Overall the programme has been very successful. Staff have become more flexible in their work and there is a willingness to take on new tasks as required, some of which involve computer skills. Staff participation in meetings has improved significantly and they are much more ready to give feedback.

Staff now have the skills to be more attentive to detail and to provide more accurate documentation, which is very important to company performance. They report workplace hazards and log them in the hazard register which is a new development. They also show a greater awareness of hygiene requirements.

Overall, employee morale has been boosted by the literacy programme and teamwork has improved as a result. Their experience of the programme has been a positive one – they now have an enthusiasm for training that wasn't there previously.

It feels now like they own the factory, it's their place. That's a great development because it shows not just that their confidence has grown but they understand a lot more about what's happening. They realise they have a real effect on the end result.

The programme has been significant too in terms of management starting to do things differently. Managers are conscious of the need to improve their communications with staff and we are looking at further training to help them in this area.

The programme has also had major benefits for our staff in their personal lives. There are numerous stories of how improved literacy has built people's confidence and transformed aspects of their lives. For example, there are reports of individuals now having the confidence and ability to sit a driving test, or access an ATM machine, or go shopping on their own. Some have bought computers for the

family and for the first time they are able to help their children with their homework. Here at work they are now able to answer the phone and deal with customers in a way that would have been very daunting for some of them in the past.

How would you assess the impact of the literacy programme on overall company performance?

Essentially, the programme means we are getting the foundations right so that, as a company, we can move forward in the directions where our future lies. We're building the skill base that will allow us to go on competing successfully in the international seafood market.

A key area, for example, is staff flexibility. Before the training, if our production manager needed someone to do data entry into a computer, or onto a keypad in the factory, she would have had to get someone in from outside. But now staff have the skills to take up those roles and that kind of flexibility is really valuable.

Overall we have no doubt that the programme has a very significant impact on overall performance, but it's not easy to quantify those benefits in dollar terms. Ideally one would measure performance before and after the literacy training, and quantify the benefits but with many other changes underway here as well, it's impossible to isolate the impact of literacy training in that way. We have a completely new factory, and we've changed our process lines so it's hard to compare apples with apples.

We can, however, clearly identify changes in staff behaviour that benefit company performance. Those changes include:

- Increased feedback from staff
- Willingness to try new tasks
- Improved teamwork
- More attention to detail
- Enthusiasm for training.

We see these benefits coming under two categories – risk reduction and performance improvement.



Specifically we have assessed the return on our literacy training investment in the following areas: ACC Partnership Programme, injury prevention, ISO 14000 accreditation, MAF compliance, customer complaints, fisheries compliance, yield, low staff turnover, productivity, ISO 14001, reduced resource usage and increased staff flexibility.

In summary, we see the literacy programme bringing many positive outcomes for the company and for employees. Most importantly, it has helped to usher in a new learning culture at Sanford which is indispensable for our success in a highly-competitive and carefully-regulated industry.

Sanford – Return on Investment

Beneficiary	Benefit	Value to the company
Employees	Staff are more flexible, more willing to take on new tasks	Company able to use loyal existing employees rather than need to recruit for new operating environment Less need to employ additional outside staff
	Decrease in documentation error rates	Ensuring strict compliance with Quota Management System for wild fisheries
	Improved levels of participation in team meetings	Improved relationships between staff, improved morale
Managers	Managers have become aware of the need to adapt their approach	More effective manager-employee structures



“We have a new factory and with that has come a range of system changes and greater automation. Documentation requirements are growing, we’re making greater use of computers, and staff turnover is very low, meaning there is a constant need to upskill staff.”



The National Centre for
Workplace Literacy & Language



Workbase is the National Centre for
Workplace Literacy & Language
providing information, advice,
research, resources and innovative
solutions to low workplace literacy.

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