

- *UK Business Excellence Award finalist and winner*
- *Values, recognition, reward and results*
- *Employee survey*
- *New human resource system, bonuses & pay scales*
- *New communication system*
- *No of employees up 233%, turnover up 329%*
- *Profits up 2638%*

• **Our Business**

Springfarm Architectural Mouldings Ltd (SAM) was set up in October 1990 by Managing Director, Sam McCrea, in conjunction with McCombe Bros. Ltd, a local construction and joinery company. Since 1994 the company has been wholly owned by Sam McCrea and his wife, Julienne, and currently employs 54 people in a purpose built single site manufacturing unit based in Antrim, Northern Ireland. SAM produces a range of architectural mouldings for the construction and DIY industries, manufactured from moisture resistant medium density fibreboard, sold through builders merchants throughout the UK and Ireland. SAM meets the demand for a cost effective, top quality alternative to traditional timber mouldings. The range of mouldings includes skirting, architrave, dado rail, picture rail, windowboard and cornice, and the product's versatility enables it to be used in all types of construction. Long lengths reduce waste and the precision-made melamine bonded wood fibreboard has no defects, such as knots, shakes or resin, making preparation minimal and producing a superior finish in less time.

• **Our Approach**

SAM's approach to success is distinguished by investment in the latest technology and in people development. Working with the principles of ISO 9002 (accredited in 1991), Investors in People (accredited in 1998), the EFQM Excellence Model® (Northern Ireland Business Excellence Award winner 1998, UK Business Excellence finalist 1999 and winner 2000) and the Theory of Constraints has provided a solid foundation on which the company can grow.

Following the employee survey in July 1996 the company completely changed its human resources (HR) management system. The survey results had revealed that communication within the company was poor and morale was low. As the directors view people as the company's most important resource, they spoke individually to all employees to ask them what they wanted. This resulted in the introduction of new communication systems, and a training matrix based on ISO 9002 that is directly related to pay scales, bonus systems, personal development plans (PDP's) and induction training.

The communication system comprises:

Communication Method	Involvement	Frequency
"State of Nation" Address	All employees	Annual
SWOT Analysis	All management and operative representatives	Annual
Strategic review & update	All management	Biannual
Personal development plans	All employees	Biannual
News sheet	All employees	Monthly
Improvement team meetings	Production management and operative representatives	Fortnightly
Welfare team meetings	HR Manager and operative representatives	Fortnightly
Team briefings	All operatives and management representatives	Weekly
Management meetings	All management	Weekly
Shift handover meetings	All operatives from shift and Production Scheduler	Daily

New policies, strategies and plans are discussed throughout each year using the communication channels now in place. In this way all employees, or their representatives, are involved in developing the systems within their company. We have used biennial employee surveys, feedback from biannual PDP's and weekly meetings to help establish and regularly review a recognition and reward system that ensures the commitment of all employees to continuous improvement.

- **Recognition, Reward and Relationships Return Remarkable Results**

This was the title of a workshop held by the directors at the company premises in April 2000 as part of the European Learning Edge Conference held in Belfast. Feedback was extremely positive as can be seen by the comments made by one of the participating delegates:

- *"...having seen a lot of companies during my time as a senior assessor for the European Business Excellence Award, I was deeply impressed by the simplicity and clarity of your approach and the results you achieve with it."*

*Joachim Horner, Director of Business Excellence
ABB Semiconductors AG, Switzerland*

- **Recognition**

At SAM, recognition takes many forms including a simple thank you for a job well done or the organising of company-wide outings to celebrate achievements such as winning the Northern Ireland Business Excellence Award. It also encompasses increases in remuneration for individual operatives, dependent on the level of skills and abilities they achieve on the training matrix. This is reviewed biannually at PDP reviews and, for employees, it is the most important form of recognition as it is a measure of their worth to the outside world. It has also led to a more flexible workforce, able to move from one area of production to another as required. For the past two years senior management have been encouraged to set their own salaries and those of the other office staff, as the directors trust them to be fair and reasonable in recognising their own worth.

- **Management**

- Basic salary + up to 10% more in personal bonus, dependent on PDP review.*

- **Operatives**

- Basic pay + skills improvement on training matrix*

- **Reward**

As team working is of paramount importance, the reward schemes in place at SAM are all dependent on the teams working together for continuous improvement. These are also regularly reviewed for relevance and effectiveness.

- **Management**

- Annual bonus - share up to 25% of increased profits.*

- **Operatives**

- Weekly productivity bonus on achievement of 5 Critical Success Factors - Housekeeping, Output, Quality, Safety, Wastage.*

- **Company-wide**

- Annual total customer satisfaction bonus - fixed amount payable with deductions for rejects throughout year.*

- **Relationships**

SAM has four key values that are used in our every day dealings with employees, customers, suppliers and other external parties. These values are:

- **Integrity**

- **Loyalty**

- **Respect**

- **Team working**

The most important question to be answered in developing any relationship is "what's in it for me?" Adherence to these values has enabled the company to build strong relationships with all employees based on trust. Those involved need to be aware of how they will benefit from developing a relationship where they are expected to deliver continuously improving results, and for SAM employees this is answered by the recognition and reward systems. Without the commitment of the workforce to the success of a business it is not possible to build an environment conducive to relationship building with other external partners.

- **Results**

Since March 1995, the financial year following the McCrea's buyout, SAM has achieved significant growth:

- *No of employees* **+ 233%**
- *Turnover* **+ 329%**
- *Profits* **+ 2638%**

This dramatic growth is largely due to the decision taken in 1996 to introduce more formal HR systems and communication channels. These have been added to and improved over the last five years, resulting in a more stable and committed workforce that enjoys a good relationship with management and feels recognised and rewarded for their contribution to the success of the business.

- **The Future**

For SAM, the use of recognition and rewards to help build relationships has been of great benefit and they intend to strengthen these relationships by encouraging their employees to become more involved in making decisions on issues that directly affect them. As the company has grown it has become apparent that although the basic training matrix is still considered sound, having the operatives trained in all factory operations to become multi-skilled and thereby increase their level of pay is no longer appropriate. Discussions with the operative representatives on the improvement team and welfare team have taken place to find out what type of pay structure the operatives would be happy with and when it should be implemented.

SAM intends to continue to use the assessment processes provided by ISO, IIP and the EFQM Excellence Model to ensure that SAM maintains its position as an innovative and caring company that all SAM employees can be proud of.