

case study



INVESTORS IN PEOPLE

Faraday Printed Circuits Ltd



Background

Size:	60 employees
Sector:	Engineering
Location:	North East
Status:	Achieved Investors in People 1999; last reassessed in 2006.

The organisation

Faraday produces low volumes of bespoke printed circuit boards and supplies larger volumes of printed circuit boards, which it commissions from partners in the Far East. The niche market low volume, quick turnaround work is produced in Washington however, and on average 600 different products per month are manufactured.

The company is succeeding and has grown in a fast moving market. It was founded in May 1987, and has grown from an initial 4 employees to an establishment of 60. It has been able to grow physically by taking on adjoining factory space, growing from one unit in 1987 to four units in 2002 on an industrial park.

- **From 32% of production staff below level 1 in numeracy, 73% now have level 2 numeracy qualifications**
- **53% reduction in voluntary staff turnover recorded at 15% between 2006 and 2007**
- **Savings from Investors in People initiatives are estimated at £60,000 per annum.**

“With savings made as a result of Investors in People mean, we can now afford to employ an HR and Training manager”



The challenge

While Faraday was a successful company and recognised as an Investor in People, the HR manager felt that some aspects of understanding the employee as a resource of the company could be improved. There was a real commitment to training and development, but a question as to whether the full benefits of that activity were being realised by the company. In particular, he was concerned about the skills base of the workers, and so introduced Skills for Life to Faraday. He arranged for all the employees at Faraday to undertake Skills for Life tests, the results of which are shown below.

- Among production staff:
 - 32% were below level 1 in Numeracy (14 staff)
 - 34% below level 1 in Literacy (15 staff)
- National estimates are:
 - 47% of adults with numeracy skills below level 1
 - 16%¹ of working age adults with literacy skills below level 1

This meant that the levels of literacy were below national norms while the numeracy levels were rather higher. However from Faraday's perspective, job sheets needed to be read, completed accurately, understood and checked, raising concerns over the potential impact of poor literacy skills. The issues on numeracy were also concerning, with some operators required to measure quantities of chemicals for the production process. While there had not been a health and safety issue in the past, the numeracy tests identified a risk to be addressed.

The strategy

The Investors in People Standard has been adopted by the company as a whole and implemented openly with the assistance of employees. A key step taken in 1997, inspired by working with the Investors in People Standard, was to introduce skills matrices, which identified the skills required at each stage of the production process, people who had those skills, and any skills gaps that needed to be addressed. In addition, they formalised the appraisal process, to bring it in closer alignment with the business plan. The culture at Faraday is one of openness, reinforced by the communications elements of the

Standard. This means that assessment reports are freely available for all staff to read and to query progress and ideas for the future.

This commitment to open communication is further demonstrated with production targets and achievements available for all to see, along with progress towards annual turnover targets. This clarity of goals contributes to the team spirit in the company and the willingness of employees to go the extra mile to ensure that they are achieved.

The results

Ten years after their first commitment to Investors in People, management are confident that the productivity improvements required to achieve their turnover targets will come from a concentration on skills and employees, both core elements of Investors in People.

The first Investors in People recognition cycle justified the desire for a more formal and professional approach to management. The skills matrices were valuable in defining where training needed to take place, and are now being further developed to fit with IT systems. Subsequent re-recognitions have reinforced quality management practices, but it was not until the most recent round in 2006 that formal measures were put in place to define required employee related improvements.

Business performance measures

Voluntary staff turnover:
Year to February 2006 – 32%
Year to February 2007 – 15%

This is a 53% reduction in this measure. Now employ HR & Training Manager, but with savings from HR and Investors in People initiatives including reduced voluntary staff turnover and improved recruitment practices, this cost is neutral.

(savings estimated at £60,000)

Delivery time benchmarks

- current standard delivery time 15 days
- quick turnaround in 5 days
- target to reduce standard delivery time by 2 to 3 days during 2007

Productivity targets based on turnover/staff

2004 - £57k

2006 - £60k

2007 - aim to increase to £67k

¹ Literacy, Numeracy and the Labour Market: Further analysis of the Skills for Life Survey. John Grinver. Department for Education and Skills 2005.



The 53% reduction in voluntary staff turnover since the work towards reassessment started in January 2006 has an impact on employee morale and in productivity savings to the company. As it takes 6 months for an operative to become fully proficient in the range of tasks expected of them, the reduction in the rate of voluntary staff turnover among production staff is bringing benefits. These include productivity gains as more staff are fully proficient in their roles and increases in quality due to a reduction in rework as staff become more proficient.

For the management team at Faraday, the Investors in People assessment report and feedback is an essential benefit of the process as it gives an external view of how they are doing and ideas for improvement.

Skills for life outcomes

Using a carefully selected tutor from City of Sunderland College, and some funding from the Learning and Skills Council, Faraday made arrangements for all those employees without a level 2 qualification were to be given the training and support they needed to work towards those qualifications. In the interim, the majority of other training was put on hold until the Skills for Life targets were met, as Faraday were anxious that the benefits from further investment in training and development might not be fully met until staff were best equipped to get the most out of it.

- 73% of production staff have level 2 numeracy (33 staff)
- final performance is forecast to be:
 - 100% with level 1 numeracy (45 staff)
 - 90% with level 2 numeracy (41 staff)
- level 2 literacy achievement is expected to be between 95% and 100% (between 43 and 45 staff).

National figures comparisons for working age adults are:

- Numeracy
 - 47% at below level 1
 - 28% at level 1
 - 25% at level 2 or above
- Literacy
 - 16% at below level 1
 - 40% at level 1
 - 44% at level 2 or above

Operatives who had achieved level 2 were able to identify substantive benefits:

- able to process tasks more quickly, as they were more confident that they had got things right
- saving a minute or two per simple or routine operations
- greater savings on more complex tasks.

Operative M said that as he felt more confident, he also noticed he was quicker doing jobs now, and that he was able to achieve more in the working day. Operative A found that since achieving her Skills for Life qualifications, she was able to complete tasks more quickly and spent less time reaching for a calculator. Her achievements had also motivated her to find more efficient ways of doing her work.

In terms of benefits, managers could identify:

- a “real buzz” and an enthusiastic and supportive atmosphere in the company
- interviews, appraisals and “moan sheets” showed that all grades of staff are happy working at Faraday
- all grades of staff were committed to improving their own and overall company performance.

Managers are confident that this positive attitude and the recent learning achievements will in turn improve the turnover per head ratio, and delivery times.

