



**innovative workplaces**  
Developing Organisations for the Future

## Case Study – Caterpillar Logistics

Caterpillar Logistics was the outcome of a takeover by Caterpillar of the former Quinton Hazel (QH) site in Hinckley and the TUPE transfer of approximately 130 former QH staff. These transferees were integrated with 20 managers and other staff transferred in from other Caterpillar sites together with 90 individuals who remained QH employees. Caterpillar Logistics joined the Acas managed Innovative Workplaces project and as a result difficulties in communication, employee engagement and trust, resulting from the meeting of different working cultures, began to improve significantly. The most immediately visible outcome was a 10 percentage point improvement in the annual employee engagement survey score.

### Case study organisational background

Caterpillar Logistics is a wholly owned subsidiary of Caterpillar Inc. which provides third party warehousing & distribution and other services. It has a workforce of 600 employees in the East Midlands. In late 2007 Caterpillar, the USA based company, took over the Hinckley site from Quinton Hazell (QH), a company distributing spare parts to the motor industry which remains the Hinckley site's main client. Caterpillar has three other sites in the region although these are predominantly concerned with manufacture rather than distribution. As a result of these changes in ownership in 2007, the site employed a mixture of Caterpillar management including an HR manager who provided services to three other local Caterpillar sites, transferred QH staff and a significant number of external staff.

Caterpillar Logistics was one of ten organisations that participated, during 2009/10, in a project managed by Acas, known as 'Innovative Workplaces – Developing Organisations for the Future'. The project was funded by the East Midlands Development Agency (*emda*).

### The issues

The site was a mixture of rather different business and working cultures. At the time of applying to take part in the project, issues of communication at the Hinckley site had been identified as being aggravated by the presence of different cultures resulting from



the takeover. Previous US ownership had led to employees losing participation in a share scheme and pension entitlements. This was seen as contributing to workforce scepticism about organisational change, new ideas and initiatives. Furthermore it was felt that a lack of trust in Caterpillar existed among employees who had been involved in the TUPE transfer. The new management spent a year introducing Caterpillar systems, including 'continuous improvement' under the Caterpillar Production System, but found that whilst the metrics for the site were comparable with other company sites, it scored significantly lower on measures of employee engagement. For example, in response to a question asking if they would recommend someone to come and work at the organisation a large percentage of employees had answered that they would not. It was perceived that this poor employee engagement result was, in part, the result of poor two way communication, low levels of trust and issues to do with the application of various employee relations policies and practices, in particular, the absence management and disciplinary processes.

The opportunity to participate in an Acas supported initiative was seen as a possible catalyst to addressing the engagement issue; would be an opportunity to set the foundations for improved ways of operationising various employee relations policies and practices; and provide a chance to develop approaches to improve two way communications.

### **How Acas helped – 'The Innovative Workplaces Project'**

This innovative project was designed to stimulate organisational change, be workplace focused, provide customised organisational support, and develop management and leadership skills through a practical rather than a theoretical approach. It offered in-depth support to a number of organisations in the East Midlands region that were seeking to change workplace practices and increase employee engagement as a means of improving organisational performance.

Over an initial twelve month period during 2009 - 2010, the Innovative Workplace Project (IWP) provided a number of interventions to ten participating organisations. The IWP began in April 2009 with the recruitment and selection of organisations seeking to participate in the IWP. The organisations' nominated representatives participated in three core elements of the initiative commencing with an initial three and half day course to develop management and leadership skills, to build trust and dialogue between nominated representatives and to establish the group relationships necessary for action learning. The programme provided nominated representatives with the optional opportunity to gain a recognised management and leadership qualification.

This initial intervention was followed by monthly participant network meetings, which included action learning sets. Both the short course and the network meetings were facilitated via Acas' delivery partner UKWON. The third core element of the IWP was customised workplace facilitation provided by Acas Senior Advisers. Additional support was provided where there was an identified need, for example through Acas short training courses. Each organisation drew up an action plan and these were presented at a launch event in September 2009. These plans informed the projects within each organisation.



## Caterpillar Logistics

Whilst the focus of this case study organisation's action plan was to improve the annual employee engagement survey by 10 percentage points the Acas Adviser helped the organisation's nominated representative's to crystallise their perceptions of what issues might have to be addressed to achieve such a result. This crystallisation was achieved through an initial series of round table focus groups organised by the Acas Adviser which enabled both day and night shift employees to come together to voice and share their views and concerns. The Acas Adviser used the outcomes of the focus groups to produce a report for management and employees.

In addition to the nominated representatives attending the IWP's three and half day programme and attending the network meetings, the Acas Adviser facilitated a number of further activities in the workplace to help address the issues identified by the initial focus groups. The Acas Adviser provided support materials to the organisation's representatives on processes for electing employee representatives and further information detailing constitutional arrangements of employee consultation forums. Employee Representatives were elected and in readiness for the convening of the new consultation forum the Acas Adviser facilitated training sessions for the newly elected employee representatives.

Beyond the core elements of the Innovative Workplaces Project, but as part of the overall initiative, Acas provided some additional training events which were open to all members of IWP's participating organisations. One organisational representative and one other member of Caterpillar Logistics staff attended both the 'Having Difficult Conversations' and 'Developing Mediation Skills' training events and two Caterpillar Logistics staff other than the organisational representatives attend the 'Facilitation Skills Training' Workshop.

### The outcomes and impact

The initial series of focus groups of employees organised by the Acas Adviser was reported as cathartic in raising the issues of employee concern across both day and night shifts. The resultant report which emanated from these focus groups resulted in both management and employees quickly recognising a need for a change in management style. Concerns raised by employees were addressed with managers changing the absence policy which had previously enforced a strict 'three strikes and you are out' rule. Employee representatives were elected and a more robust employee forum was established and, other than a short lapse resulting from changes in management, this has met monthly. Two way communications were improved with employee suggestions being listened to in a more receptive manner as illustrated by the following comment:

"People are putting themselves out to sort of help the company you know and make better work practices ... we get a lot of continuous improvements suggestions as well, a lot of ideas. We're meant to get three ideas per person per year and we're now getting about six or so"

An employee survey was carried out in January 2010 which indicated a 10 percentage point improvement in the engagement score, the immediate target of the action plan. Further significant improvement is anticipated in the annual company survey to be carried out in early 2011.

**For further details please contact Acas  
Research and Evaluation at  
[research@acas.org.uk](mailto:research@acas.org.uk)**

