

# How to fix Britain

## Could system developed at Unipart boost productivity?

It is a cold, dark day in Cowley, just outside Oxford, and the rain is practically horizontal. The drab industrial estate that is home to Unipart – formerly British Leyland’s headquarters – does not look like the sort of place that would spawn a revolution in productivity.

But Unipart’s chief executive, John Neill, 66, is obsessed with the problem of weak productivity and the damage it is causing to the UK economy.

It is certainly a problem for the Chancellor ahead of tomorrow’s Autumn Statement as the shift towards lower-paid, lower-productivity jobs in the wake of the crisis has led to smaller tax receipts and is making it harder for George Osborne to shrink the deficit.

Neill, however, is convinced he has the answer. It lies, he says, in the ‘Unipart Way’ – a business system that he reckons can unlock potential, fire up demotivated employees and transform productivity. That is a big claim, but then Unipart did start life as the spare parts division of 1970s basket-case British Leyland.

There was a glitch this summer when Unipart Automotive, Britain’s largest independent car components supplier, fell into administration.

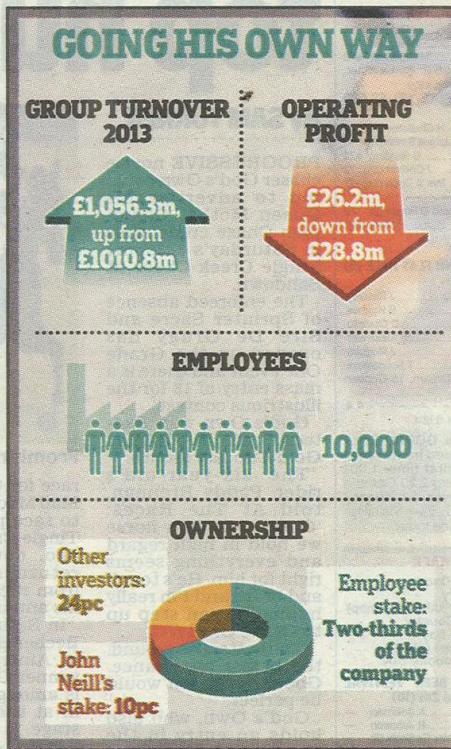
Despite that, Unipart Group is seen as being one of the most successful exponents in the UK of employee ownership. It has three divisions: manufacturing, logistics and consultancy, where it pits itself against the likes of McKinsey.

‘We moved from being the UK’s worst factory to being the best,’ says South African born Neill, who is also a director of engineering giant Rolls-Royce. ‘A small group of us began developing our system 25 years ago and in 1997 we started to brand it the Unipart Way.’

Neill even applies the Unipart Way to his everyday life.

‘People say don’t do the Unipart Way at home, but I do it for my breakfast, I position my orange juice and cereal bar for maximum efficiency as I was on my way to work. The joke was that I should have asked someone else to eat it for me, to save even more time.’

Britain’s woeful productivity performance, however, is no laughing matter. Neill points out



### city FOCUS

By Ruth Sunderland

that if manufacturers reached the average best practice levels of leading competitors, we could achieve a £60bn increase in GDP. If the public sector adopted better principles and practice, the increase could be £300bn.

‘There is a huge productivity gap, we have known this for decades. As the economist Paul Krugman said, productivity is not everything but in the long run it is almost everything.’

‘The US is 39pc more productive than the UK. The G7 countries are 20pc more productive. That is shameful, it is abysmal.’

Given our national love of amateurism and our cultural aversion to systems and slogans, the Unipart Way sounds a bit eccentric.

‘I will freely admit a lot of the Unipart Way came from Japan,’ says Neill. ‘It is a designed system, not a management fad.’

‘It has taken a quarter of a century to build.’

There are no fewer than 18 key principles – six more than the 12 steps in Alcoholics Anonymous.

He says: ‘It sounds a lot, but you do need them all.’

Every wall, from the distribution centre to the finance department

to the canteen, is festooned with charts with red and green stickers showing which targets are being hit and which are not.

Among the ideas adopted from Japan is the ‘Insight Star’, based on the ‘Ohno Circle’, invented by Taiichi Ohno, a Toyota executive. The idea is that rather than walking round the shop floor with a clipboard, you draw a circle on the ground, stand inside it then observe, think and analyse.

Another is the OCC Circle, which stands for ‘Our Contribution Counts’.

When an employee notices an opportunity to solve a problem, he or she can pull together a team or circle from among their colleagues, to hammer out the issue. ‘We save £3-5m a year through lots of little improvements that come from the creativity of our people,’ Neill says.

The Unipart Way even operates in the canteen, otherwise known as the Art Room, run by a genial French chef.

Given the size of the public sector, it is key to improving the nation’s productivity.

Unipart has worked with HMRC and claims to have saved the taxpayer at least £440m. He reckons the Unipart Way could also work in the sprawling, difficult empire of the NHS.

‘I would say the NHS just continues to go backwards, at great cost to the nation. It absolutely is not about this continuous, stupid conversation about surgical gloves costing more in one hospital than another. It is about engaging the people,’ says Neill.