



PRODUCTIVITY PAYS

It's a problem that needs to be tackled by the UK economy. But productivity – along with internal training and recognition – is what Unipart Group credits for its success.

Introducing Oxford students to logistics

“At the strategic level, there are only three enduring sources of competitive advantage for a business: operational excellence, customer engagement and innovation,” says John Neill, founder and CEO of Unipart Group. “And all of those depend on growing and developing people.”

That is why, Neill explains, Unipart – which was created through a management buy-out from auto manufacturer British Leyland in 1987 – set up what it describes as the UK’s first “corporate university” in 1993, to develop the best-practice management systems that have become what it calls the “Unipart Way”.

This is a set of tools and techniques designed to boost productivity, innovation and customer service levels through better employee engagement.

And it’s been implemented not just across the company’s global automotive manufacturing, supply chain and logistics businesses. It has also been adopted by blue-chip clients including National Grid, Shell and HM Revenue & Customs.

“We knew we couldn’t compete on low pay: we had to compete on the talent, drive and motivation of our people,” says Neill. The ability to replicate the philosophy – and university “faculties” – across the company’s industries, and in every territory it’s in, have been the secret of the group’s success, he says.

He has recently returned from a trip to China where

he opened Unipart’s newest factory-floor faculty. “They’re all exactly the same: they teach the same body of knowledge in the same way, because we’ve worked out what works.”

Another important way the company disseminates its approach among staff is through the regular “Mark in Action” awards. “The awards have generated hundreds of stories and examples of things that our staff have done using the Unipart

Way, to deliver outstanding customer service either internally or externally,” says Neill.

Recent winners include a team that successfully moved a complex



data centre, which Unipart had been running for several decades, to a new location. "They put in a huge amount of planning, professionalism, deep technical expertise, fantastic teamwork, and incredible hours. We don't want people to work 18 hours a day but sometimes you have to," he says.

"We celebrate those successes because they build a culture of employee engagement, and a desire among our people to learn and grow and develop new skills and capabilities."

A wider reach

Unipart began life in the 1970s, manufacturing and sourcing car parts for its parent company British Leyland. However, Neill says, this business did not have a long-term future.

"We were pretty good at what we did, but even if we had been absolutely the best in the world on all key metrics, we would not

have survived, because the core business upon which we depended was not to going to survive."

This lack of a future led to the decision to branch out and start making and sourcing parts for all makes of cars. "After we bought out the company in 1987, we did logistics for Jaguar," he says. "Again, we got better and better at that."

Here again, the company decided to widen its focus. "Managing the logistics and supply chains for the car industry is perhaps the most complex job in the world. So we said, 'instead of just doing logistics for the car industry, why don't we have do logistics for the world?'"

This shift in emphasis has resulted in supply chain work for the rail industry, fashion manufacturers, and for technology firms such as Vodafone. But there was still further to go. The success of the Unipart Way, says Neill, meant that the next logical step was to set up a consulting business.

"Companies want help and advice to engage their people to drive high levels of productivity and innovation. To this end, we're able to implement the Unipart Way in partnership with a wide and growing range of global clients," he says.

The company will work alongside these clients, and bring their people into its business, to see how the Unipart Way works – an approach that Neill believes makes Unipart different.

For example, following a recent tie-up with National Grid in the UK, the group's consultancy arm, Unipart Expert Practices, has been hired to work with the firm in the US. It's further proof that the Unipart Way crosses national borders with ease, says a Unipart spokesman.

Lesson for government

Politicians would do well to mirror Unipart's focus on innovation and productivity, Neill adds. "The UK government has done a good job in creating growth at a time when the rest of Europe is flatlining," he says. "But there is still a huge amount to do: we still have a massive deficit and debt. To get that down, we have to grow the economy. And the only way to do that is to be more competitive and productive."

The only recent blip came when a firm that Unipart sold three years ago, parts supplier Unipart Automotive, went into administration in July this year.



UEP consultant teaching Unipart Way in the office



Unipart manufacturing in Coventry

Unipart had ceded control as well as majority ownership to H2 Equity Partners, but it had licensed the firm to continue using the Unipart brand. This decision appeared to have backfired when newspaper headlines appeared in the summer announcing “Unipart in administration”

“People who didn’t read the body copy were left with the residual impression that we as a company had gone into administration, which was galling,” Neill says. However, the firm got support from the CBI. “The CBI helped us write to our customers and industry leaders to explain what had happened.”

The situation was both costly and put jobs at risk. “It was annoying because of the money it cost us, but it was particularly disappointing because it risked 1,400 jobs,” says Neill. Happily, he adds, many of those employees have now managed to find work elsewhere in the industry.

But the saga has taught him two lessons: “Beware private equity making promises it can’t keep. And never license your brand to anybody.” ■



Unipart Way used in the NHS

FACTFILE:
Unipart Group

FOUNDED:
1987 through management buy-out from British Leyland

HEADQUARTERS:
Oxford

STAFF:
Almost 10,000

OWNERSHIP:
Employees, managers and the Unipart Pension Trust

TURNOVER:
£1,056.3m

PROFIT:
£26.2m (including joint ventures, before exceptional items)