



WAY

Unipart teaches a business philosophy rooted in the efficient production methods of Japan's car industry. John Neill, its chairman and CEO, tells Lawrie Holmes why this is equally applicable in the public sector – having helped National Health Service trusts to achieve startling productivity gains



TO GO

Senior public servants have been

flocking to Oxford for years to learn how to improve operational efficiency, yet the city's ancient university has not been their destination. The chiefs of UK government departments, hospital trusts and ambulance services have shunned its dreaming spires in favour of an unprepossessing industrial estate on the city's eastern outskirts, home to a former maker of car components.

Unipart, now a manufacturing, logistics and consultancy group, provides them with guidance on key issues such as improving employee engagement. They'll also find out how an approach to continuous improvement used everywhere in the company to increase productivity could benefit their own organisations.

The desire to boost output has permeated British manufacturing, especially the car industry, for more than a generation, according to John Neill, chairman and CEO of the privately owned business.

"The UK has lagged behind its global competitors by between 20 and 40 per cent in this respect for three decades," he says. "It's been on the agenda of many senior politicians, from Lord Heseltine [deputy prime minister in 1995-97] to Gordon Brown [PM in 2007-10]. Everyone who comes into government wants to fix this problem."

The notion that British manufacturing could be much more productive was on the agenda in 1987 when Neill and his backers completed the deal that split Unipart from the troubled Rover Group, which had itself

just been formed from British Leyland, a publicly owned corporation with a long history of industrial strife. Unipart would continue to use the same corner of the site where Germany's BMW now makes the successful reincarnation of Leyland's iconic Mini. "The only way to secure the future of the business was to separate it from Rover," he recalls.

The management buy-out enabled Neill, a former General Motors executive who'd become Unipart's CEO in 1975 while still in his twenties, to turn his firm into "the benchmark for after-market logistics". He learnt particularly from clients Honda and Toyota, whose innovations in just-in-time production and continuous improvement made them industry leaders in efficiency.

"British companies were slow to grasp the principles being described as lean manufacturing," he says. "But we studied these carefully and adapted their ideas to our own organisation, culture and markets. We applied what are now the Unipart components to the production processes in our factories and from there we built a body of knowledge that we codified before branding it and deploying it more widely."

The resulting approach is known as the Unipart way. Neill describes it as "an evolving integrated ecosystem that we've been building for 25 years. You must continually develop and refine the body of knowledge and practice with it to make it work more effectively. We employ thousands of highly creative people with great talent and ability. I hope that we're helping them to

develop and be more effective, both individually and as teams."

The move paid off: interested organisations soon started visiting the firm's HQ to see its model in operation – and they haven't stopped calling since. "A lot of people came to ask us: 'How do you do this?' They were interested in how we engaged our people to improve performance continuously, by serving customers better or creating better products, or by increasing productivity or being more innovative," Neill recalls.

Bill of health

Unipart's insights have attracted a particular following in the healthcare sector over the years. "National Health Service trusts want to understand how to put quality up and cost down and how to transform their cultures to be more innovative," Neill says. "They also want to be more open about their problems."

One case he cites is that of Wrightington, Wigan and Leigh NHS Foundation Trust, which was seeking to hit a £12.6m cost-saving target while still improving standards of care.

"Unipart was asked to help identify and support an area of activity that offered the potential for service improvements, as well as the opportunity for significant financial benefits," Neill explains. "Operating theatres were identified as a suitable area, as streamlining the pathway to deliver a better experience for both patients and staff would also increase the number of patients handled and deliver cost savings. There were 41

fewer unplanned cancellations across all specialities, along with a 20 per cent reduction in late starts and a 27 per cent reduction in late finishes.”

Unipart was also approached by Yorkshire Ambulance Service NHS Trust, which was facing a significant financial loss and criticism from the region’s ambulance service commissioner about the underperformance of its patient transport service (PTS).

“The trust sought our help in developing a way to improve its PTS while also reducing costs,” Neill says. “The resulting high levels of employee engagement across the organisation in the design of new processes has meant that staff have taken ownership of the contractual key performance indicators. All of these indicators improved by between 10 per cent and 35 per cent. An additional 23,000 patients are being dropped off for their appointments and picked up afterwards on time compared with the same period last year. These improvements were recognised by the commissioner, who asked the trust to tender for extra transport activity.”

Road to joy

Neill, who was born in South Africa and educated in Scotland, is not surprised that his firm’s philosophy has attracted so much interest from the public sector. “We’ve always believed that our principles are universal and will work in every sector of every economy,” he says. “We’ve proved that, because we’ve now implemented the Unipart way in most of the world’s leading nations and in practically every industry.”

Unipart’s philosophy is enshrined in 18 principles, which means that it can’t be summed up in a couple of sentences, according to Neill, who says: “If that were the case, everyone would go and do it. We in the West tend to seek the simplistic trivialisation of complex

ideas. We’re too impatient in this respect. You can’t play Beethoven’s Ninth Symphony like a concert violinist simply by buying a violin and a page of music,” he says.

For 15 years, Unipart’s expert practitioners (Neill is at pains not to call them consultants) have been introducing its ideas to an expanding client base, forging commercial relationships “that always deliver benefits which exceed fees”. He says that any organisation adopting its approach can broadly expect

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to “achieve productivity improvements in the first 12 months of about 40 per cent”, but stresses that it’s an ongoing process. “That’s the only way to make it work. Otherwise, the grass grows back, which is why so many operational excellence initiatives fail,” he says.

Neill agrees that there is a natural synergy between the Unipart way and the CGMA Global Management Accounting Principles. “What is the purpose of these principles but to give you a true and fair view of how an enterprise is working, using high-quality

data derived from good processes, that you can act on? You can then apply the tools of the Unipart way to the insights you have gained by applying the principles in order to improve productivity through engaged people driving high performance – manifested in better long-term financial results.”

He continues: “It’s not difficult to improve your organisation’s financial performance in the short term – you can easily reduce inventories, reduce space costs and improve profits. But the key is to have a sustainable, continuously improving performance in operational excellence, which should feed through to good long-term returns.”

Looking ahead, Unipart is preparing a UK publicity campaign that chimes with the government’s efforts to make improving output a national concern.

“We think it’s in all our interests for the country to become more productive, so we’re raising awareness to dispel the idea that this issue is unsolvable. We want to show that all organisations can improve their productivity, including those in the public sector,” Neill explains. “We will try to show in comprehensible terms what’s needed. I hope this will inspire a lot more entities when they realise that it isn’t a puzzle wrapped up in economic-speak. So we’ll play our part by producing white papers and a range of documentary films and adverts to stress that there is a way of fixing it. We’ll be looking to create a conviction in the minds of people in the public sector, as well as in business, that there’s a solution within their grasp. No doubt, some organisations will ask us to help them with it – and we’ll do that.” **F&M**

Visit www.theunipartway.com for further information about the Unipart way. For more details about the Global Management Accounting Principles, visit bit.ly/CGMAGmaps