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March 2015

Innovating works…

…improving work & workplaces

Workplace Innovation in Small to Medium Sized Enterprises in Scotland

Why Innovating Works

About Workplace Innovation

Scottish case studies

Key lessons in creating shared value and shared success

What is Innovating Works

Innovating Works... is a consortium supporting collaboration in and across Scotland's workplaces. It brings together the experience and expertise of SMEs, industry leaders, policymakers and researchers to support **'what works'** in workplace innovation that delivers value to all stakeholders.

We are an industry-facing workplace innovation consortium made up of a multidisciplinary team of researchers from the Scottish Centre for Employment Research (SCER), the Strathclyde Institute for Operations Management (SIOM), and the Hunter Centre for Entrepreneurship (HCE) at the University of Strathclyde Business School, supported by an expert Advisory Group of leaders in policy and business, and linked to a Scotland-wide network of innovation researchers in universities.

Three core assumptions are central to the Innovating Works ... approach. First, innovating is relevant to all types of businesses, organisations and workplaces. Second, creating shared value supports and drives continued innovation. Third, there is no one size fits all or one best way. Effective and sustainable workplace innovation is embedded in the workplace context.

Drawing lessons from international and national research and practice allows us to consider 'what works' in creating successful workplace innovation. Learning is at the heart of innovation. We believe that learning from difference and encouraging collaboration and knowledge sharing is crucial to effective and sustainable innovation. Innovating Works... brings people together in a variety of different ways to encourage discussion, reflect on practice, to consider new approaches and learn from those, to benefit businesses and employees.

Currently, Innovating Works... is a partnership initiative funded by the European Regional Development Fund, Scottish Enterprise, the Scottish Funding Council and the University of Strathclyde and supported by the Scottish Trades Union Congress and Skills Development Scotland.

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What is Workplace Innovation?

Creating shared value & delivering shared success

Workplace innovation is about getting the best from an organisation's key resources (people, processes and relationships). In doing this, workplace innovation can deliver on organisational objectives and improve the quality of work for employees – creating better workplaces and better work through collaboration. For many, the term 'innovation' is most commonly associated with research and development, invention and automation. While these are all important, workplace innovation is a far broader concept. It encompasses a wide range of organisational, technical and social innovations that depart from 'business as usual', and drive value creation while simultaneously delivering rewarding work for employees.

In innovative workplaces, a broad range of stakeholders are involved in generating and implementing new ideas. There is a strong national and international research base that identifies the types of organisational practices, policies, processes, behaviours and attitudes that create fertile environments for new thinking and new practice. This research base argues that these approaches contribute to better innovative outcomes.

Workplace innovation is, therefore, both a process and an outcome. The process includes the ways things are done in an organisation. The outcomes may be new ideas about products/services, processes, policies and ways of organising and working, as well as more conventional business outcomes, for example, increased productivity, profitability and growth. Workplace innovation, crucially, can deliver positive employee outcomes, such as retention, satisfaction and engagement. As such, innovating in the workplace involves a continuous and self-reinforcing loop - or virtuous circle.

Workplace Innovation is both a process and an outcome.

Improved work and employee experiences are not luxuries that only large, successful firms and organisations can afford to provide. Rather, they are important contributors to organisational and business success in workplaces of all shapes and sizes. Put simply: high quality work, in a positive and collaborative organisational climate where success is shared, encourages employees to engage in solving business challenges and creates spaces where they can do so. This delivers a 'win-win' scenario for employers and employees that is highly conducive to innovation and change.

Of course, creating a 'win-win' scenario isn't easy in challenging competitive conditions. The Innovating Works… project identifies examples of where, through dialogue and collaboration, innovation and change can be developed to address business challenges in a positive way that creates sustainable outcomes.

Your key resources

Getting the best from your people, processes and relationships

People

People innovate. Business innovation is, therefore, inextricably linked to people and to the extent to which a business draws on all of their employees, at all levels, to innovate. As people undertake their daily work roles, they develop task and organisational knowledge that, with space to reflect, learn, share and experiment, can be used to identify new and better ways of working.

This can form a virtuous cycle of employee involvement in work, learning, innovation and change. In some organisations, employees drive innovation at a local level which impacts significantly on business performance.

Processes

Technical and organisational processes connect people to a purpose. Businesses invest considerable resources in introducing technologies and reshaping work – but this investment doesn't always pay off. One reason for this is a failure to align people and processes to maximise both. Moreover, business process restructuring that drives low value business models generate negative outcomes for individuals and society – for example, where low pay needs to be topped up through the tax and welfare system.

Aligning people and processes can enhance business capability and support higher value business models.

Stakeholder & Network Relationships

Businesses do not exist in isolation. They are part of networks of customers/clients, suppliers and competitors. They operate in particular locations and interact with local communities. They operate in local, regional, national and international markets and knowledge contexts.

These networks can be harnessed to share good practice, develop ideas collaboratively and access resources in partnership. Crucially, stakeholder and network collaboration can enable businesses to do more than is possible when acting alone.
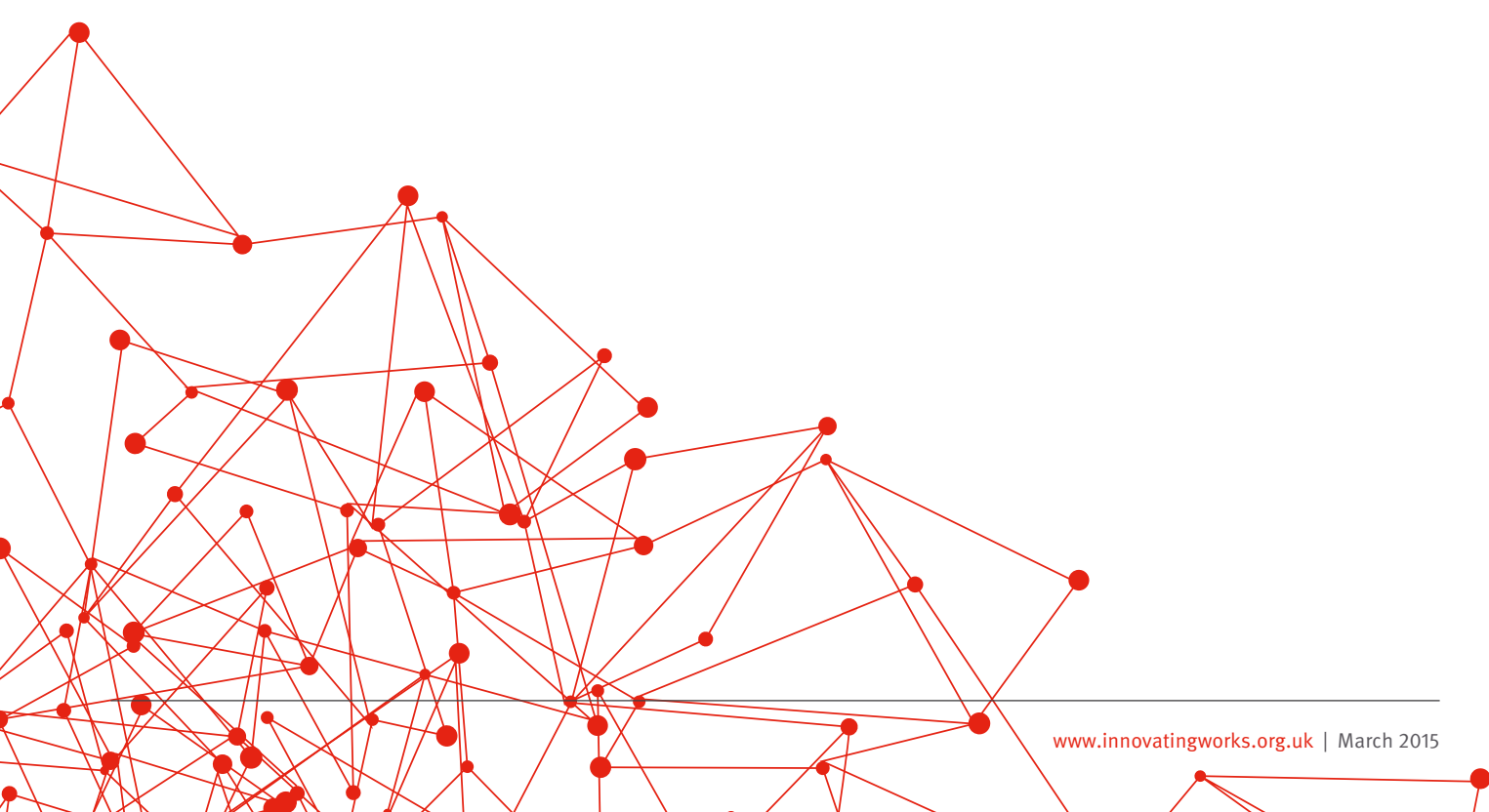
Innovation matters

Innovation is crucial to achieving economic and social outcomes

Innovation is crucial to improving productivity, performance, competitiveness and growth, as well as improving living standards. International organisations, including the OECD and the European Union (EU), promote innovation. Innovations are systematic improvements in business processes which depend on accessing new sources of ideas and on the motivation to embed innovation throughout business activities. The OECD[1] has urged governments and businesses 'to put the organisation of work more centrally in the analysis of innovation', while the EU has made workplace innovation a priority of the Innovation Union strategy[2].

For the UK, innovation is predicted to account for up to 70% of economic growth in the long term. Innovative businesses are expected to grow twice as fast, and be less likely to fail, than non-innovators[3]. Yet Scottish and the rest of the UK (rUK) data suggests that innovative activities are concentrated in specific sectors, while other sectors report greater innovation and performance lags compared with EU averages. In addition, there are long standing concerns over the relatively small proportion of firms engaged in innovative activities in Scotland and rUK.

Innovation, and workplace innovation in particular, is key to addressing the longstanding productivity gap between both Scotland and rUK relative to G7 competitors.

Innovation, both radical and incremental, matters for workplaces. Many firms benefit enormously from continuous incremental innovation – small improvements with cumulative impact that are adaptive to business circumstances over time.

Turning to smaller firms, it is clear that while SMEs create many jobs, innovative SMEs create considerably more than non-innovative ones. Yet many SMEs score significantly lower than larger enterprises in measures of how they make use of their human capital. Addressing how SMEs might create and sustain jobs, and make better use of their human capital, is a key priority for EU economies interested in 'more and better jobs'[4].

Innovation matters greatly to societies, not just in terms of economic wealth. Innovation is crucial to addressing a range of social problems and challenges. Crucially, the social and economic impact of innovation may be linked: recent OECD data suggests that higher levels of social inequality are associated with lower levels of innovation[5].

1 OECD (2010) Innovative Workplaces: Making better use of skills within organisations.
2 European Commission (2013) Innovation Union: A pocket guide on a Europe 2020 initiative.
3 Department for Business, Innovation & Skills (2014) Innovation Report: Innovation, Research and Growth.
4 European Commission (2000) Lisbon Strategy for Growth and Jobs.
5 OECD (2014) Focus on Inequality and Growth.

Good jobs matter

Good jobs are good for employers, employees and society

There is now increasing attention nationally and internationally on the potential for synergy between agile and high performing businesses/organisations, high quality, inclusive and fairly rewarded work and effective, efficient and prosperous societies.

Research clearly highlights the relationship between job and employment quality on the one hand, and poverty, health and well-being on the other. Poor quality jobs can impact negatively on physical and mental health and well-being. Poor quality jobs contribute not only to in-work poverty but also to lifelong poverty beyond working life.

Good jobs bring business benefits in terms of individual performance, flexibility and willingness to change and innovate. Employers who offer good jobs identify benefits in terms of recruitment and retention. Well-designed tasks encourage staff to use their skills and talents effectively, encouraging better performance. Good employment practices can support the alignment of employer and employee aspirations. Constructive and collaborative workplace relations – individual and collective - can support all stakeholders in facing inevitable business challenges.

Good jobs contribute to economic competitiveness and social cohesion. Crucially, good jobs encourage the innovation that drives wealth creation.

What makes a good job?

There are a variety of ways of thinking about what makes a job good and a range of ways to measure job quality. Essentially, components of job quality include:

Task factors: the intrinsic nature of the work that is done

These include pace; skills; autonomy; challenge; discretion; ability to make a difference; the physical working conditions/work environment; and opportunities for development.

Employment factors: the contractual arrangements around work

These include pay and opportunities for pay progression; job and employment security; benefits (such as sick pay and pension arrangements); hours of work; and work-life balance.

Workplace factors: relationships and governance at work

These include perceptions of fairness; perceptions of trust; confidence in the ability of colleagues and managers; confidence in the integrity of colleagues and managers; perceptions of mutual respect; opportunity for voice; and due process/procedural justice.

How these various components of a job are aligned differs between workplaces and for different people. Overall we know that in good jobs, these key 'ingredients' are aligned in ways that allow individuals, organisations and society to flourish. In bad jobs, these factors combine to produce poor outcomes for everyone. Research tells us that good jobs decrease the burden of physical and psychological illness (and the costs of treating illness), reduce poverty (with impacts on the welfare system), encourage social inclusion, improve productivity and agility and strengthen businesses and societies.

Defining Workplace Innovation

Workplace innovation involves employees and managers at all levels.

Workplace innovation refers – *notably but not only* – to innovations in the way enterprises are **structured**, the way they manage their **human resources**, the way **internal decision-making** and innovation processes are devised, the way **relationships with clients** or **suppliers** are organised and the way the **work environment** and **internal support** systems are designed.

Workplace innovation is grounded in continuous reflection, learning and improvement and involves employees and managers at all levels, as well as other business stakeholders[6].

Workplace innovation aims at improving job quality, employment terms and workplace relationships, thereby enhancing labour productivity, organisational performance, innovative capability, reactivity to market changes and consequently business effectiveness and competitiveness.

Workplace innovation has six key dimensions which are outlined briefly here.

Business structure

Organisational design – how hierarchical the organisation is, how good communications are, how ideas are shared – can support or hinder innovation. Organisational design influences whether people interact in their work activities, how well people work together, how flexible roles are and opportunities for sharing information and collaborating.

Multi-directional communication and collaboration across business functions supports idea generation and implementation.

Managing people

HR practices impact on employee capability and development, motivation and opportunity to deploy their talents, and these features are closely related to innovative potential. Certain HR management and employment practices can buffer the stress of innovation and change, reframing it as an opportunity rather than a threat.

New knowledge, new combinations of knowledge, expertise and problem-solving skills are rooted within individuals and teams and can be the source of employee-driven innovation, offering the potential for ongoing, sustainable solutions.

6 European Commission, Workplace Innovation.
http://ec.europa.eu/enterprise/policies/innovation/policy/workplace-innovation/index_en.htm

Decision-making and new ideas

Business decision-making refers both to formal decision-making processes and to informal processes around managerial/supervisory relations and employee engagement. Centralised and closed decision-making can close off new ideas, thereby failing to tap into unused information, expertise and insight.

Where employees see themselves as having a real stake in a business, decision-making at every level can provide an opportunity to engage and empower employees to harness their knowledge to the current and future challenges a business may face.

The design of work and support systems

Innovation is closely linked to creativity and problem-solving. Job design can either support problem-solving and creativity or limit the potential for both.

Employee support mechanisms help employees not just to cope with change or even participate in change implementation, but – in the right circumstances – to design and drive change, allowing innovative ideas to be embedded within the organisation and owned by all.

External relationships and learning

Clients, suppliers and competitors can be invaluable sources of knowledge. Scanning the environment and making the most of external relationships – by managing exchanges of information, collaborating and asset and risk sharing – can open up new ways of working, new ways of accessing resources and new market opportunities. Organisations that use an open innovation approach explicitly incorporate external sources of knowledge into their business model as a source of value creation.

Innovative attitudes

Advancing any innovative idea involves at least some degree of uncertainty. Attitudes to uncertainty, risk and enterprise impact on a business's innovative potential and how well it can respond to opportunities.

An organisation's pro-activeness to opportunities and calculated risk-taking can be seen in their day-to-day operations and the way the business learns from past experiences and responds to errors. Innovative organisations are more comfortable with controlled risk.

Workplace Innovation in practice

Working with Scottish SMEs

In Scotland, small to medium sized enterprises (SMEs) represent a significant proportion of private enterprises. As of March 2014, 98.2% of private sector enterprises in Scotland had between 1 and 250 employees[7].

SMEs account for 54.7% of private sector employment, and 36.7% of private sector turnover[8]. While the vast majority of SMEs are single person businesses, the remaining 29.4% of SMEs account for 33.8% of private sector turnover and 42.2% of private sector employment[9].

Given the importance of SMEs to the Scottish economy and working life, they represent an important area in which to explore the use of innovative workplace practices.

Showcasing Scottish examples

Innovating Works… has worked closely with a range of SMEs, highlighting existing innovations and good practice as well as innovation challenges.

These companies are from a wide range of industries. They vary in the products and services they deliver, the way they work and in the markets they serve. Taken together, they highlight the relevance of workplace innovation for businesses of all kinds.

Representatives from across the case study organisations completed the Innovating Works… Workplace Innovation Tool[10]. This represented a 'stock-taking' exercise of business practices and approaches across the six dimensions related to innovative potential discussed previously.

The Innovating Works… team followed up with in-depth interviews with key business respondents to explore their responses in greater detail and to make suggestions for improving innovative practice.

7 Scottish Government (2014) Businesses in Scotland: Key Facts.
8 Scottish Enterprise (2014, May) Scottish Key Facts.
9 Calculated from ONS, 2014.
10 The Workplace Innovation Tool is a free workplace audit tool developed by Innovating Works… and available from www.innovatingworks.org.uk

Lessons in Workplace Innovation

Reflexive learning in the workplace and beyond

Our innovating SMEs share a commitment to the interactive and reflexive employee learning that is the foundation of workplace innovation. This sometimes required the establishment of explicit, well-supported programmes or even 'academies' (see Greenhill; William Purves) or the development of formalised training and skills development pathways (see GMG). But there were also examples of freeing up budgets so that employees could 'pitch' for resources to source their own learning provisions (see Greenhill; William Purves). At the most basic level, many of our innovating SMEs prioritised creating a culture where employees understand that workplace learning – as a route to solving business problems and improving working lives – is a priority for leaders throughout the organisation.

More collaborative models of joint-learning are being tested – for example, MAKLab has benefited from the presence of volunteers and 'staff tenants', who have brought new expertise and learning to the workplace in exchange for access to MAKLab's resources and technologies. In addition, the sharing of information across professional networks and supply chains can both stimulate interest in innovation and inform decisions to innovate (see Romanes; HealthCo; William Purves).

People management that prioritises idea sharing and problem-solving

A recurring theme within our innovating SMEs was the need to empower employees to identify and solve problems. Strategies in this arena included: the design of work teams in an explicit effort to encourage 'creative problem-solving' (see Greenhill); online tools to encourage employees to share ideas (see MAKLab) as well as incentivised suggestion schemes (see GMG). Whatever the mechanism for engaging employees in problem-solving, a climate that supports employee empowerment was crucial.

Using technology to facilitate workplace innovation

A recurring theme in our discussion of innovating SMEs focussed on the use of technology as a facilitator of employee learning and innovation rather than the deployment of staff in order to service technology-driven change. Among our participating SMEs, there were examples of the deployment of robotics technologies to improve service quality and efficiency (see Romanes), while others were planning investment in similar technologies in the near future (see AgriCo; HealthCo).

Effective technology adoption involved an emphasis on the alignment and equal prioritisation of work redesign to facilitate employee collaboration alongside (and supported by) processes associated with the introduction of new technologies. Notably, technology was used as a facilitator and an enabler of service provision, rather than a substitute for labour (see Romanes). For many of the firms that had introduced new technologies there was a clear recognition that technology did not always solve business problems (and sometimes created new ones), and that it was rarely a complete solution. The alignment of technical innovation with business purpose and other organisational processes was the route to sustainable and effective technological change.

Employee voice and the (re-)design of work

Across the case companies there were few formalised processes for employee voice, but functioning informal channels existed (see William Purves; Greenhill; MAKLab), some of which were proactive while others were more reactive and consultative.

Many of our innovating SMEs spoke of efforts to redesign work to promote collaboration and innovation. Examples included measures to ensure employee voice in work layout and design (see Glenammer) and space reconfiguration projects to improve opportunities for employee interaction (see Romanes; GMG). This is not to advocate a 'one best way' of organising work to support innovation. Elsewhere, managers and employees at Swipii have found that effective team-working has gone hand in hand with changes to clarify employees' roles and sharpen the communication of project objectives.

Networks that work in both directions

For some of the case companies (see MAKLab; Romanes), engagement in external networks not only generated benefits for the business concerned, but operated in the other direction – that is, to share information and knowledge and to disseminate good practice, contributing to innovative potential in other businesses.

A real stake in the business

Innovation in many of our case study companies was driven by business owners (see, for example, Romanes; GMG; HealthCo; MAKLab, amongst others), illustrating not simply the importance of leadership in advocating and actively pursuing innovation, but also the crucial point that innovation arises out of detailed and often tacit business knowledge. The most innovative companies also harnessed the detailed knowledge held by employees elsewhere in the business. Moreover, innovation was driven and supported where staff felt themselves to have a genuine stake in the business and its future. Employees had a strong stake in businesses where they felt secure, valued, well-treated and involved – that is, when they were engaged in good work in good workplaces.

Challenges in Workplace Innovation

Cementing reflexive learning as ongoing practice

For many businesses, there is a delicate balance to be struck between performing and innovating, with many of our case companies experiencing tension between the two. Even where there was clear organisational commitment to learning backed with resources, performance demands inevitably took priority, in some cases squeezing out space for innovation. For some of these firms, there was no shortage of good ideas, but a clear shortage of resources to take these ideas to implementation.

Sharing the benefit of tacit knowledge

Many of our innovating SMEs deployed a range of strategies, from mentoring to rotation across inter-disciplinary teams, in an attempt to retain and maximise the benefit of tacit knowledge held within the workforce. Yet there remained recurring concerns regarding the limits on opportunities to share knowledge, and in some cases a fear of the damage that could be done by the loss of leaders and skilled employees.

Finding time for learning and innovating

Perhaps the most common concern raised by our innovating SMEs related to pressures on resources and especially time. Many senior managers spoke of day-to-day pressures restricting their ability to engage with new ideas and support employees' innovative work. It is understandable that senior managers – in seeking to grow their business and identify new markets – are 'time poor', limiting their capacity to support workplace innovation. One possible solution to the problem of these resource constraints lies in collaboration within networks to ease the time burden of learning by exposing businesses to alternative practice and providing a space for dialogue around new ideas. The strengthening of such networks and opportunities for knowledge exchange should be a priority for both policymakers and innovating SMEs.

Time pressures also constrain opportunities for workers at all levels to engage in training and learning. For some of our case companies (see GMG; William Purves), difficulties were encountered in scheduling training and learning – particularly external activities – outside of 'peak' business demand. Many of the cases responded by implementing workplace-based initiatives better aligned to business and employee needs.

Impact of scale on business and workplace practice

For the more innovative case studies who were also growing their businesses, scale presented a significant challenge (see Swipii; Greenhill; MAKLab). Innovative business models and practices were manageable on a small scale but required adaptation as scale increased. Some businesses saw increasing size as synonymous with formalisation of practices and, while some greater formalisation was conducive to business performance (see Swipii), care is required to avoid formalisation of practices and processes that displaces innovation.

Accessing external support

The case companies varied significantly in their ability and propensity to access external sources of support. Many were connected to sector or trade bodies and some were well-connected to public agencies that provided business and skills support. For those who had developed such connections, they were a source of support for innovation. Few of the case companies had pre-existing connections to universities and a number of the case companies found the landscape of support confusing and/or inaccessible.

AgriCo.

Overview

Originally incorporated in the early 1990s, AgriCo is a professional business to business food supplier based in Scotland. They are currently positioned as one of the three largest Scottish suppliers in their market, supplying over 25,000 tonnes of fresh Scottish produce to a range of large and medium sized national supermarket chains. AgriCo is a fully integrated business, controlling the growing, harvesting, storage and processing of all the products supplied.

AgriCo's annual turnover exceeded £20 million in 2014, a 30% increase on 2010. However there was only a marginal increase in net profit in the same period. This was largely due to significant investment. This period saw a substantial transition for the company from a 'family operated farm' to a 'professional food supplier'.

AgriCo currently employs 150 full time employees directly, but headcount can rise to as many as 250 during key seasonal weeks of the year.

The company is a holding company that includes four entities:

StrategyCo: The strategic arm, looking at the business overall – in particular land use diversification

FarmingCo: The farming operation

LogisticsCo: The logistics and sales operation

LabourCo: The labour and people operation

Challenges

Some of the biggest challenges for AgriCo relate to the narrowness of their customer base in a sector characterised by a small number of large and powerful players. Over 65% of AgriCo's sales are to one of three large customers who dominate the sector. Given the inevitable variability of agricultural production and the need to secure supplies, serving more than one major customer is not the norm in the industry. With its customers, AgriCo have explored the possibility of collaborating with 'competitors' in order to secure supply for customers and to even out seasonal demand across different producers. The company see this as a potential form of collaboration which will be crucial to future success.

Powerful customers combined with the long-term cycle of agricultural work increases the company's vulnerability. The timescales from planting to processing are poorly aligned at the present time with ordering and contracting timescales. Seasonality and consequently the variability in labour demand represent another challenge for the company. AgriCo is the largest employer in the local area, but its labour usage is uneven over the year. Increasingly the balance of staff between migrant and local workers has tipped towards the former. Moreover, the company has concerns about the attractiveness of agricultural work and the challenges of hard manual labour.

AgriCo is exploring the creation of a seasonal staff facilities that will include amenities, additional training and English classes to cater for their predominantly migrant labour force.

Innovation

Following a strategic review in 2010, AgriCo invested in an experienced chartered accountant as Head of Finance and Administration. This appointment has led to the streamlining of corporate processes and formalisation of administrative functions.

Illustrating innovative potential, AgriCo has also pursued strategic diversification through seeking out alternative land uses and energy generation. The company has recently installed a new waste water system and is currently seeking regulatory approval for alternative energy production by recycling waste produce.

LabourCo represents an interesting innovation for the business. Formed in the last few years, a separate labour agency was established to combat AgriCo's staffing related challenges. These stem from the seasonal nature of their products. LabourCo delivers workers into LogisticsCo on an ongoing basis, increasing the supply at time of high demand. LabourCo also sources staff for other local businesses. The arrangement has two benefits: firstly, it ensures that LogisticsCo has access to a ready supply of skilled labour as and when it needs them. Secondly, it provides some continuity of employment for the LabourCo's employees. While there is a distinction between permanent and temporary employees in LabourCo, and notwithstanding the use of zero-hours contracts, the temporary workforce is not used as a buffer to protect the permanent workforce and efforts are made to ensure access to working hours for all employees.

AgriCo is working with engineering and design firms on the development of robotic solutions to some of AgriCo's more labour intensive processes and have developed a patent for one particular process.

Improved work and workplaces

Team and individual incentives are used to improve quality levels and productivity. Offering two incentives seeks to provide for a team oriented effort in overcoming challenges, whilst also recognising individual ability and some employees can earn close to 200% of their contracted rate.

Due to the nature of the industry and the demands of their key customers, AgriCo has a strong focus on employee health and safety with incident occurrence below the industry average. Additionally, AgriCo provides well-maintained employee non-work areas such as changing rooms, showers, cafeteria, relaxation areas and training areas.

AgriCo is attempting to engage more proactively in the local community to increase awareness of their work and employment opportunities through speeches and presentations at secondary schools and organising school visits to the production facilities. It is hoped that they can neutralise any stigma associated with agricultural work.

AgriCo is currently a successful business in a challenging competitive context. These challenges are encouraging them to look at product diversification, generating new areas of business and forms of labour usage that are both different from 'conventional' employment but also an improvement on traditional models of seasonal working. Striking the right balance in these models will be crucial to the company's future.

Glenammer Engineering Ltd.

Overview

Glenammer Engineering Ltd. is a family-owned firm manufacturing industrial sieves in Ayr. In competitive terms, the company sits mid-market. Test sieves are used primarily in laboratories, pharmaceutical companies and quarries. Products are sold either by international agents (approximately 60% of the company's sales) or directly by Glenammer to end users (40% of sales). Most sales are to international markets (approximately 75%). Glenammer produces both brand-name (Glenammer) sieves as well as own-brand sieves for customers.

The company currently employs 10 staff, including the Managing Director, an Accountant, a Production Manager, and six production staff – 2 employees in quality assurance and 4 employees involved in the production and manufacture of woven and perforated sieves. While the production workers do not require any prior knowledge or skills in sieve making, it takes several months to train a member of production staff to the required standard. Production training is delivered in-house by the Production Manager. The Managing Director acknowledges that the loss of a production staff member would present a problem for the business because of the loss of those skills for several months. Staff turnover is not, however, a problem for the business at present.

Challenges

While customers are largely loyal and international sales are strong, Glenammer's key strategic priority is to improve UK sales. They have encountered difficulties in expanding in the UK market, which appears difficult to enter without network contacts. Moreover, UK customers appear, from company intelligence, to exhibit a preference for less expensive sieves which is challenging for Glenammer given their focus on quality products. The company has had limited success in accessing support to enable them to identify potential new UK customers.

Internally, the key challenge for the business is in ensuring a smooth succession from the founding owner to the new Managing Director.

Innovation

While Glenammer does not see itself as an innovative, there are a number of recent changes which show elements of adaptive innovation. The company works with its retail agents to get feedback from customers that can be used to change or improve new products. It has recently produced a new line of half-size sieves for a particular international market following feedback that the original sieve was too heavy. The company is also working to vertically integrate by bringing in-house an intermediate stage of the production process in order to reduce lead-times for customers and delays in production. Customer feedback is provided through direct contact or sales agents.

Customer feedback on products is shared with production employees and should customers want a specific product, as long as it is possible, Glenammer will try to accommodate an order. The company works collaboratively with an external partner involved in complementary activities (the production of sieve shakers). These companies work together in selling each other's products and work together in ensuring compatible designs.

The company has recently moved to a new, larger facility in order to support future expansion. When looking at the move, employees came to the new site, were involved in planning the layout and have had opportunities to revise the layout since the move.

Production roles at Glenammer are multi-skilled to allow full flexibility but, at present, daily roles and activities are defined by the Production Manager rather than by staff themselves.

While communications are largely informal given the size of the firm, the new Managing Director would like to consider ways to improve feedback, and is considering weekly all staff meetings and one-to-one meetings as a vehicle for better two-way communication about the business.

Improving work and workplaces

Glenammer has recruited existing staff through networks and contacts and this appears to have delivered staff loyalty. The company's pay rates are above the level of the Living Wage, although the company has not sought Living Wage accreditation. Most employees indicate that they are fairly rewarded for their work.

Previously, financial bonuses were used as incentives for meeting targets, however the production workers voiced a preference for working a half-day on a Friday, leaving at 12.30 in lieu of a bonus. While the Managing Director voiced some surprise at this, given the amount of the productivity bonus, she was prepared to accede to staff requests and bonus earnings have been discontinued with no negative impact on production.

Employees indicate that they have a fairly high level of commitment to the organisation, and that they generally feel secure in their employment.

Employees have been directly consulted on the selection of the new site, and involved in the design of the working spaces. Employee feedback is welcomed by management, and the company is looking to further employee involvement. These were areas in which there was no real consensus across employees and management about existing practice, suggesting that this area might benefit from further reflection and consideration.

Glenammer is a profitable small business with aspirations for growth and has planned for growth by investing in more extensive premises with capacity beyond their current needs. Accessing assistance with the marketing of their product in the UK – for example, through an interface with universities or by drawing on local authority graduate support schemes – will be crucial to the future development of the business.

GMG Contractors Ltd.

Overview

GMG Contractors Ltd. is a family-owned construction and contracting company. Incorporated in 1987, the company has evolved from a slating and plastering sub-contractor to a multi-trade main contractor with a growing turnover and extensive repeat business. Operating from a main site in Baillieston and a recently acquired satellite yard in Cumbernauld, GMG's clients include premier private house builders, national construction companies, local authorities and housing associations.

GMG directly employ over 100 people – 40% apprentices and 60% trades, office and managerial staff – alongside around 70 self-employed contractors. Their recruitment policy deliberately balances experienced trades with apprentices, producing an average workforce age of 23, one of the youngest in their sector.

Challenges

Management outlined three key challenges facing their business. First, GMG invests heavily in training for the skilled trades needs of the construction industry but operates alongside companies who do not train or contribute to the future skill needs of the industry. The second related concern is an issue of market failure: namely, the risk of prospective shortages of skilled trades personnel leading to poaching of GMG's employees by other (non-training) construction firms, diminishing returns from GMG's investment in training.

Lastly, the company has struggled to access vocational training and accreditation aligned to the operational needs of their business. College course schedules align poorly with seasonal demand and lack flexibility in matching periods of low business demand (for example, when inclement weather makes work impossible) with college activities. GMG have until now responded by providing apprentices with company-based training, although this has implications for their skills accreditation.

Innovation

Management at GMG identified a series of innovations in the company's history coalescing around three core objectives which are seen as mutually reinforcing: providing a high quality service in order to obtain higher quality, higher value contracts; developing their workforce, particularly their young workforce; and contributing to the local community through wide ranging charitable contributions and support.

Driven by their focus on continual business improvement, GMG developed an IT department and systems to track site status, work in progress, stock levels, labour allocation and build forecast, supported by a dedicated customer care team. This aligns with internal stock holding and transport to support trades staff to work effectively and expeditiously to maximise their earning potential. It also supports effective contracts delivery to exacting customer requirements.

Significant emphasis is placed on workforce development and supporting career opportunity. There is a bespoke training plan for all employees. Staff are supported in CPD activities, an area in which the company liaises closely with CSkills, the industry training and accreditation body. Office staff have been developed to enhance customer care through ongoing liaison with tradesmen and clients to ensure materials provision, appropriate scheduling and resourcing and problem solving. Thus, the office staff contribute to effective delivery on contracts, an unusual role for a largely female work group within the industry.

The most notable investment in careers is for apprentices. Recruitment is targeted at disadvantaged local and neighbouring communities, with 90% of apprentices recruited from communities with high levels of disadvantage. Most apprentices hold no formal qualifications. Where required, apprentices with learning difficulties are offered assistance. GMG's Managing Director talks about looking for a work ethic – 'people who want to be well paid and see a future … that's all you need'. Almost all apprentices progress to become tradesmen. GMG's commitment to young workers led the company to obtain the 'Investors in Young People' status in 2014, the first construction company in Scotland to do so, and to significant involvement with the recent Commission for Developing Scotland's Young Workforce (the Wood Commission).

Influencing apprenticeship and trade skills certification and accreditation through external activities is a high priority at GMG, who work with Construction Industry Training Board and National Federation of Roofing Contractors to develop SVQ modules and National Occupational Standards, including piloting a Modern Apprenticeship SVQ Level 2 in conjunction with South Lanarkshire College. GMG is active in developing relevant and trade specific training and accreditation (such as in roof tiling and external render) which aligns with the operational requirements of the business – thus, they have promoted seasonal/demand-aligned college attendance and greater emphasis on on-site assessment.

Creating the right environment for early and continuing skills formation underpins the company's recent commitment to construct an on-site training centre to support apprentices' training and skills accreditation, house on-going trade training activities and provide a space for enhancing communications and dialogue.

Having a bespoke training centre with on-site staff will allow the company to deliver skills accreditation to their apprentices and training to their staff in ways that align with operational realities. Significantly, the training centre will, over time, be open to other local businesses and tradespeople to support training of their apprentices and the updating of trade skills, enhancing skills formation for the industry as a whole.

Improving work and workplaces

Safety is central to GMG's commitment to its workforce. GMG retain a professional health and safety adviser, have held Occupational Health & Safety Advisory Services accreditation since 2008 and have received a plethora of safety awards. They have been highly commended for their company-based health and safety system by Independent European Certification auditors. Construction trades involve difficult physical work and the company also redeploys staff who are unable to continue in their current occupation due to injury or ill health.

Management at GMG are explicit in their commitment to improving the standard of living of their workers, apprentices and contractors and to 'treating people like people'. Operations and practices are explicitly aimed at supporting their workers to maximise their earning potential.

Apprentices at GMG receive age-related national minimum wage, not the lower apprenticeship rate. The company supplies them with mandatory personal protective equipment, work wear and the first set of tools and offers an interest free loan to learn to drive which is written off after three years' service.

The company reports high levels of apprentice and staff retention. Of the staff who leave the company, around 70% of tradesmen and apprentices return to work at GMG in some capacity at a later date.

Innovating in organisational systems and investing in staff has produced a strong and successful company in the notoriously challenging context of the construction industry. The company has grown in scale, reputation, turnover, employment and profitability. For the company, achieving business success and developing and rewarding their workforce are inextricably linked.

MAKLab
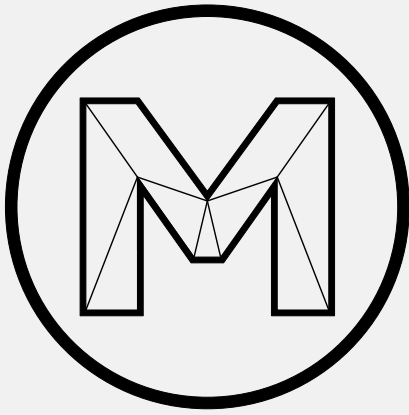
Overview

MAKLab provide expertise, equipment, skills development and training in prototyping and digital fabrication, as part of a mission to improve Maker spaces in Scotland. Their facilities and the expertise of staff support a wide range of users from professional designers, artists, engineers, architects, SMEs, entrepreneurs, hobbyists of all ages and skill levels and students. Their users are able to capitalise on the valuable opportunity to develop and test prototype products at a fraction of traditional market costs.

MAKLab was founded in June 2012, driven by the founders' personal ambition and observation of a gap in cross-functional, applied skills associated with making. The company is a social enterprise and charity that engages in trading. Their commercial activities involve membership subscriptions, workshops and commissioned work, which operate in tandem with a programme of social outreach work. Their outreach work supports skill development among young people and older people in disadvantaged and in remote communities. This provides confidence-building and practical skills to their outreach participants through introduction to and use of cutting edge technologies. Social objectives are central to MAKLab's values and staff spend a considerable amount of time advocating to policymakers and other stakeholders about the value added of their social activities.

MAKLab has grown its operations, moving to larger premises and opening a second site (the MAKLab Micro Manufacturing facility) in 2014. The second facility allows for larger production work to be undertaken by the company and its users. From 2015, MAKLab has further expanded, adding a textiles unit to the Glasgow MAKLab studio. New pilot sites are opening across Scotland in 2015.

Challenges

MAKLab have ambitious expansion plans for 2015. For the company, scaling involves opening new physical sites, rather than a focus on increasing membership numbers. The driving force behind this expansion has largely been demand from customer and community groups. A core challenge lies in making each of these new locations financially self-sustaining, autonomous yet well connected sites.

As MAKLab has grown, the Executive Director has moved towards a more strategic, externally focussed role, leaving the studio to run largely as an autonomous unit. Replicating the success of the original studio model as the company grows may be challenging. Currently, many of the practices are informal – from recruitment to staff information sharing. At present, employees are hired through informal means and, to date, MAKLab has only employed former volunteers of the organisation. Through this method, prospective volunteers self-select to be involved with the organisation, and the organisation can assess suitability for purpose before filling vacancies that arise from amongst the cohort of volunteers. To replicate the model elsewhere, the temptation may be to move towards greater formalisation of processes. Maintaining dynamism as the business scales may require creative thinking about the purpose behind more formalised processes and how these align with underpinning company values.

Similarly, maintaining the informal yet comprehensive forms of knowledge exchange between staff will also be a challenge as the company expands. MAKLab are exploring how best to use online tools and solutions to overcome these potential hurdles while maintaining high levels of interactions and joint problem-solving.

Innovation

The core business idea behind MAKLab is in itself innovative, focussing on providing accessible resources at minimal cost to users and openly sharing knowledge between users and staff. MAKLab also openly share their organisational model, practices and expertise beyond their membership to other individuals and organisations nationally and internationally. As a social enterprise, their core values are to foster creative collaborations, provide opportunities for skill transfer and to empower others through learning and capacity building.

The kinds of technologies accessible through MAKLab have capital costs beyond the reach of amateur users and small trades. Maximizing accessibility to users requires MAKLab to find innovative ways of sourcing and maintaining funding. Costs are also tightly controlled at an operational level through reuse and recycling of material where possible, contributing to the company's broader sustainability objectives.

Commercial activities and collaborations with large business customers, for whom MAKLab provide staff development opportunities, represent a significant proportion of MAKLab's income, approximately 70% compared to around 30% that comes from the membership base. Through their non-membership commercial activities MAKLab are able to maintain lower costs for members and fund outreach work. MAKLab's corporate activities, though not originally part of the business model, have been a reliable source of income. The team continue to explore ways of maintaining their financial viability to continue to deliver on their social aims.

Improved work and workplaces

The current team working across the two core sites in Glasgow include 4 full-time and 2 part-time staff drawn from academic and professional backgrounds in a range of design, art, architecture and engineering backgrounds. In addition to core staff members, MAKLab utilises volunteers and 'staff-tenants'. The staff-tenants are skilled individuals who share knowledge in exchange for workspace rather than renting workspace. This in-kind support allows MAKLab to increase their service offering in expertise and in specialist equipment. This model has enabled MAKLab to host an award winning costume designer who was able to house expensive industrial machinery in MAKLab in exchange for providing skills development support to users.

Tacit skills and knowledge transfer through open technology and collaborative learning is central to work at MAKLab. For those working in the studio, jobs are designed to provide staff with the time and resources (e.g. physical materials) to experiment with technologies and processes. Material costs are absorbed by earmarking portions of workshop revenues for the development of future work. Staff report having time and space to reflect on their work and opportunities to contribute to decision-making on how the business develops.

MAKLab have managed to become financially viable within the self-imposed constraints of providing accessible routes to resources for their users, and in so doing have established a strong reputation for innovative ideas and practice. They recognize however that scaling up of their activities will generate new and different challenges from the start-up phase.

Greenhill

GREENHILL
DESIGN & TECHNOLOGY

Overview

Greenhill are a Glasgow-based digital services agency specialising in website and app development. The firm's primary focus is on design and development rather than on associated marketing consultancy. Greenhill is a young firm, operating for 5 years. Work is typically undertaken on a project-by-project basis, often necessitating an ongoing relationship with clients as products or campaigns are taken from concept to delivery. The firm sells its services exclusively to business customers and clients are widely dispersed both nationally and internationally across Europe and Asia.

Customer enquiries typically originate from the marketing departments of firms that are looking to increase their digital presence, often as part of a new product, service, or campaign launch. Greenhill currently have no dedicated sales presence, capitalising on positive word-of-mouth referrals in order to acquire clients. The firm has 4 full-time staff in total consisting of 2 co-founders and 2 developers. Staff job roles are high skilled, and typically require a background in software development and coding.Despite the technology focus, all staff roles have a strong client services emphasis.

Challenges

The firm aims to continue their pursuit of high-margin bespoke contracts as a primary strategy. Greenhill's Managing Director predicts that staff numbers will rise to eight in the coming year (doubling the number of employees), and that this will necessitate a move to larger premises. This presents several key challenges. Firstly, business development remains largely opportunistic and reactive; given the absence of any sales function, there may be difficulties in maintaining a pipeline of suitable high-value work. Secondly, much of the valuable organisational knowledge is held tacitly by individuals. Without measures to embed this knowledge, there is a risk of "brain drain" through staff exit. Finally, and perhaps most importantly, any significant scaling-up of operations potentially represents a threat to the project-team work model currently being utilised. In particular, increases in staffing levels and additional management layers may act as a barrier to the informal knowledge flows that currently bond the organisation.

Innovation

Greenhill's business development ethos strongly emphasises the pursuit of what their Managing Director refers to as "the right type of work". This translates to high-value, one-off projects, which offer bespoke client solutions as opposed to more standardised digital services. This necessitates a strong problem-solving and creative orientation amongst management and staff. Recruitment and selection procedures are designed to support the acquisition of these skill sets.

Project work typically occurs on a highly collaborative basis and team members communicate informally and openly on solutions. The ability to service niche client requirements is also supported by various training and development measures. Greenhill utilise a training 'hit list' which encourages employees to pitch for any training needs that they see as being potentially valuable to current or future client projects. Such approaches underpin Greenhill's ability to be reactive to customer needs. These allow the company to design and deliver features and projects that are often particularly challenging for their larger and less flexible competitors.

Improving work and workplaces

The company encourage a strong employee voice in guiding the direction and implementation of projects. Management encourages this through a 'collective problem-solving' approach within small, skilled teams.

Employee voice is less obvious at a strategic level, and staff input is largely limited to suggestions for creative or process efficiency improvements. The collaborative nature of work design is such that there is a high degree of informal one-to-one communication between employees and managers. This is supported by regular formal team meetings. Collaborative work design also ensures that staff roles are not restricted to narrow specialisms and, as a result, there appears to be a strong degree of crossover learning between staff and management. In addition to ongoing external training, this is one of the primary means through which firm capabilities are developed, placing employee expertise at the heart of the company's competitive advantage.

Greenhill do not consider themselves to be a leading innovator within the context of digital services industries. However, their collaborative, relationship-orientated approach, as well as their focus on staff development, appears to be central to how they creatively and responsively address challenging, and often niche, customer issues. This represents the firm's primary value proposition. The design of work at Greenhill has also allowed the firm to develop strong working relationships with service delivery partners. However, currently, much of this appears to be centred on sub-contracting activities rather than on more involved collaborative partnerships.

Greenhill's Managing Director feels that maintaining the current approach is important, even if the firm grows significantly. The future vision for work design in an expanded company sees Greenhill being divided into a series of loosely interconnected teams, each with responsibility for single projects – an approach that the MD likens to an 'embryo splitting'. Ultimately, Greenhill's ability to deliver value to an expanded customer base is likely to be dictated heavily by how new systems of work facilitate the transition from small team to a more established agency.

Swipii

Overview

Swipii are a nascent start-up responsible for developing and managing a web and app-based loyalty card platform for independent retailers. Founded in Glasgow, their product provides an easy-to-use infrastructure for retailers to offer unique rewards to repeat customers. Using data gathered on consumer buying habits, Swipii offer bespoke marketing consultancy, providing ongoing analytics reports through account-managed relationships to support retailers in targeting repeat customers, maintaining online presence and building brand awareness.

Swipii's revenues are drawn from a monthly subscription fee charged to participating retailers. The firm now have over 120 clients and have expanded throughout Scotland to London as well as to all four Nordic countries through a franchise model. The company is led by its two co-founders and currently has ten full-time staff who handle account management, retailer training and installation and sales. Web development requirements are currently sub-contracted. Swipii are backed financially by an investment group and growth projections indicate that the firm will expand to 150 staff in the next three years.

Challenges

Swipii face challenges common within firms undergoing early rapid growth. Many of these are practical issues. The company's COO describes how routine managerial tasks represent one of the biggest barriers to ongoing development. As more and more 'big ticket' opportunities for expansion become available, there appears to be an ever-present temptation to deprioritise and neglect more routine aspects of the business. In short, time is currently the most notable barrier to collaboration and innovation. The COO reflects, "I would love to do tech meetings over the weekends, not just with our guys but also with other tech start-ups in Glasgow, just to work on cool features. But, we can't right now. It's just a lack of time, not lack of innovation".

To this end, the delegation of responsibilities to staff has been an increasingly important focus – and challenge – for Swipii's founders. Their COO admits that more can be done to empower staff, so that they might be able to better alleviate demands on the owner-managers' time.

Innovation

The ability to continuously innovate plays an important role in how Swipii deliver their value proposition to retailers. The introduction of new user features, add on services and integrations with other popular online platforms represent what are a series of constant and ongoing developments. Much of the platform design responsibilities reside with the COO, who, working in conjunction with sub-contracted developers, places a strong emphasis on leading edge design techniques. However, the firm have also been creative in terms of how they approach the acquisition of new clients. Where previously single merchants were approached directly, Swipii are now in the process of building strong relationships with 'gatekeeper' contacts, such as shopping malls and public sector bodies, who can facilitate and expedite the roll-out of the scheme across a large number of retailers.

Innovative capacity is centred on building staff capability. Swipii are still at a size where one-to-one communication between management and staff is common. Employees are encouraged to make requests for any training needs that they have (within budgetary constraints). The firm also make strong use of guidance from an investor-appointed mentor as a means to develop staff capabilities. Staff contribute at a strategic-level mainly through regular reviews and suggestions for process improvements. These are logged on an internal system and act as a repository for continuous knowledge development. Ultimately, however, strategic and creative direction remains heavily driven by the founders, with the CEO driving business development and the COO managing product development and operational issues.

The original vision for work design at Swipii was typical within creative and digital start-ups: a relaxed atmosphere, flexible working hours, an office with a chill out area and a Ping-Pong table. It was reasoned that the environment would be fertile for creative and innovative thinking across all levels of the business. However, the founders found that the environment acted as a hindrance to productivity and in the ability to implement innovative ideas. They noticed impacts on staff morale: "The more relaxed we were, the more unhappy [staff] were. They'd come in a bit late. We'd be communicating at 9pm. There's a fine line between relaxed and open and unorganised chaos, which I think a lot of start-ups have. They say it's a cool environment, but really it's just a mess".

Addressing this challenge, job roles, expectations, and working hours are now far more structured, and reward systems emphasise general organisation as much as creative input: "Even though we do have a Nintendo Wii and other reward perks in the office, we have taken greater example of larger, more corporate, business practices to keep productivity high and a good sense of achievement throughout the week. For example, there's a half-hour on Friday from 4.30-5pm that the whole office needs to be completely cleaned. It sounds really silly, but each employee takes a break and does it together, it's a team activity, it's kind of cathartic and gives a better sense of ownership of their space. Anything we do at Swipii is to achieve improvement, whether it is internal or external, for our staff or customers." Communication has also been reorganised. A new task management and communication tool was introduced which has allowed them to completely eliminate internal email and allow better management overviews of what each department is working on.

All of this has been a big change from the original way of working, but the COO argues that it has been worth it. The COO reported that staff have found it to be a positive outcome.

Improved work and workplaces

Swipii's early growth story underlines the challenges of balancing flexibility and structure. In particular, role ambiguity and ill-defined expectations can undermine the implementation of innovative input before it has the chance to make an impact. The co-founders recognise that if the firm continues to grow in line with projections, they will have to take a step back from day-to-day activities to focus more on investor relations. They expect that as they cede strategic and creative responsibilities, the structures being developed now will serve as a strong foundation for a culture of innovation in the future for staff at all levels.

Romanes Pharmacy

Overview

Romanes Pharmacy is a private limited company that operates pharmacies in the eastern Scottish Borders, Lothian and Northumberland. Family-owned since its inception over 30 years ago, the business has grown by organic growth and acquisition to employ 64 employees across six sites. Each Scottish site provides contracted pharmacy services to NHS Scotland as well as over the counter retail services in health, cosmetic and related products, producing an annual turnover across the pharmacies of more than £5m.

Around 40% of staff at Romanes are in managerial, professional and associate professional occupations, with the remainder largely in retail positions. Staff at every level are customer facing, and pharmacy staff perceive the expectations of patients/consumers of pharmacy services as increasing. Notwithstanding its professional/associate professional status, pharmacy work is demanding. Their tasks have a high level of responsibility but are fast paced, short in duration and have tight deadlines. Staff work to dispense around 44,000 prescribed items per month to a population of around 50,000 patients/customers along with providing information and advice on medication and health.

Innovation

Key innovations at Romanes have been driven by a desire to improve patient care and safety, underpinned by an interest in good practice elsewhere in the pharmacy sector and from pharmacy practice in other countries.

The business innovates on an ongoing basis in terms of offering new products for sale and new advisory services. Beyond this, previous distinctive innovations in this business have focussed on two key and related areas: spatial reconfiguration and the introduction of robotics. After considering pharmacy layouts in Ireland, the main Duns pharmacy was reconfigured in an open plan design deliberately to support staff and customer interaction, and to support an effective work flow. According to the business owner, within the constraints of regulatory responsibilities governing some clinical work activities, the design of space and of jobs promotes extensive informal interaction, information sharing and collaborative working.

The Duns pharmacy acquired a robot for dispensing high frequency items in 2007 following visits to the Netherlands and Germany to see pharmacy robotics in action. Automation was driven by a desire to improve patient safety (by reducing dispensing errors), increase the volume of dispensing, and reduce dispensing time in order to free pharmacists and pharmacy technicians to increase time available for direct patient interaction. Additionally, automation helped improve stock control and reduce storage requirements.

Being an early robotics adopter generated early mover advantages and disadvantages. The business has had to overcome a number of challenges in reconciling hardware, software, energy supply and space considerations to get the best out of the dispensing robot. Dispensing error rates have been halved, dispensing volume has increased, labour savings in dispensing have been achieved (allowing this saved resource to be deployed elsewhere) and patient/customer satisfaction with the services offered is high.

While staff were not extensively involved in the robotics adoption decision, they were consulted and have contributed their feedback to developments in robotics usage on an ongoing basis, assisted in this by their knowledge of activities and roles across the business.

Challenges

The choice of robotics type and supplier was a complex one, framed by the choice available on the market and by space and cost constraints. Robotics equipment and maintenance is a considerable outlay for small businesses, particularly where staff costs savings are re-deployed into other patient-facing activities. Beyond cost, three key challenges were identified. The first relates to the interaction between medicines supply and robotic capability, with the robot requiring re-programming to cope with alternative supplies, potentially placing a disincentive to accessing different and often cheaper supplies.

The second relates to the challenges of retro-fitting a robot into an existing space, rather than designing space around the robot, resulting in a failure to maximize the potential of robotics. The third relates to the lifespan of the robot, with the pharmacy requiring a module with higher capacity within four years of the initial purchase. Notwithstanding these challenges, the business is considering further robotics investment if greater certainty prevails in the current contracting environment for pharmacists and if an economic case for greater investment can be made.

Improved work and workplaces

All staff work on permanent/open ended contracts and have undergone training and/or accreditation. The business balances high levels of autonomy and trust with the requirement in health care services for high reliability and low risk activities. While the pace of work is considerable, efforts are made to align work demands with personal circumstances. Consequently, staff appear satisfied and retention is high across the business.

Like many small businesses, there is little formalisation beyond that which is necessary in HR practice, although there are few concerns over the effectiveness of informal processes. While the business owner fosters an informal and supportive climate where more new ideas from staff would be welcomed, he acknowledges that he drives most innovation. His staff are included in reflections on those changes and he tries to respond to any feedback and concerns raised by staff.

At Romanes Pharmacy, innovation – in products, services and crucially in processes – has increased effectiveness and business performance measurably and created the basis for future expansion and growth. Patients/customers, staff, suppliers and professional networks have constituted an important asset in growing and developing the business. A commitment to a high quality service alongside taking advantage of internal and external networks provides the backdrop to the generation and implementation of new ideas. Interestingly, the business has deployed its expertise and experience, particularly in automation, to support other pharmacies considering innovation. At Romanes, networks have facilitated change and provided a vehicle to further drive that change across the pharmacy sector.

HealthCo.

Overview

HealthCo is a public limited company delivering pharmacy and related health care services in the east of Scotland. The company traded from a single site for 31 years until the recent opening of a second pharmacy in the same area. HealthCo is the market leader in its local area with a higher than sector average turnover. Direct customers are from a relatively small local radius, with many presenting for pharmacy services with complex health conditions and complex life challenges. The key indirect customer of the business is NHS Scotland with NHS work accounting for around 98% of turnover.

The company employs 16 people, 80% of whom are managers, pharmacists and pharmacy technicians and the remainder who are counter assistants. HealthCo also makes use of part-time staff, staff training on fixed term contracts and locum pharmacists as required. Staff are largely involved in highly responsible but short repetitive tasks, working at high speeds to tight deadlines. Given the parameters of contractual arrangements with NHS Scotland, the company's owner envisages that the only real option for business improvement is to increase dispensing volume and efficiency to increase market share. Options for pursuing this strategy are, however, heavily influenced by perceived uncertainties relating to the direction of NHS contracting.

Challenges

HealthCo's key business priorities are to improve the health of their patients and staff by increasing market share and working more effectively. Improving operational effectiveness is a particular challenge given the pace of work at HealthCo. While the work process is inevitably collaborative for most pharmacy workers, the pace of work is intense and leaves little time for discussion and reflection. This has particular operational implications in some circumstances, for example, in terms of handover of information between part time workers.

Much of the emphasis in professional training and development is on avoiding risk, given the nature of pharmacy workers' activities. Aside from professional training and CPD, HR practice is not directly utilised to encourage staff to generate new ideas. While staff are considered to have good knowledge of the business's activities, they have little time to generate new ideas and not all jobs have scope for leadership.

Operational efficiencies would allow pharmacists and technicians more time to be more patient focussed. This is a key driver given the demands of delivering health care services as an NHS contractor, the increasing healthcare needs of an aging population, raised service expectations of patients using pharmacy services and other developments in the pharmacy environment. These developments include the increasing importance of the interface between health and social care and of managing the complex network of relationships across patients, health care and social care professionals.

At HealthCo, the current IT system is not appropriately responsive to the pace of work required or the need to manage complex information from different sources, although the company doubts that alternative systems are much better. Two particular challenges are a lack of automatic links between different types of patient record and a lack of a journal facility to log updated information accessible to pharmacy staff in real time.

A system of post-it notes is used to communicate between staff across work patterns to compensate for appropriate IT. More basically, the lack of fibre optic cabling in the area imposes long delays in using the IT system, creating workload backlogs and risking patient satisfaction.

The last challenge identified by the business is in trying to follow, anticipate and influence NHS Scotland's direction of travel in pharmacy services procurement.

Innovation

At HealthCo, management are interested in doing new things and have some good ideas but can lack the time and space for implementation. They have trialled new services and developed new and different premises. In addition, the business is happy to embrace change and has a proven record in investing in IT to manage instalment prescriptions which has received external recognition through an industry award. HealthCo are currently considering robotics as a possible solution to operational challenges.

To differentiate their pharmacy business, HealthCo have set up specialist clinics for diabetes and hypertension patients. They have also trialled a travel health service and a flu vaccination service for patients not covered by GP provision. These services benefit patients and, with flu vaccination, may also promote wider public health benefits. However, the direct and staff skills costs of setting up and maintaining these services are difficult to recoup in HealthCo's patient population in a community characterised by economic disadvantage. Most of these new service ideas have been stimulated by the business owner.

The most significant recent innovation was investment in the development of a new facility close to the existing pharmacy. The new site is aimed at volume rather than acute dispensing. It is envisaged that the new pharmacy will have little retail emphasis – this in itself is an experiment in assessing whether the provision of retail options affects pharmacy use for dispensing purposes. The new site has been designed to allow confidential patient interactions and to channel footfall from the main counter into more discrete private spaces.

Consistent with the aspiration for volume dispensing, the new pharmacy site has space available for a dispensing robot. Extensive thought has gone into the costs and benefits of a robotics investment. Possible benefits include quicker dispensing and hence increased capacity, reduced dispensing error rates and stock control. Regarding costs, robotics investment is expensive in capital outlay and recurring service costs and the overall economic case is not yet clear. The company is exploring how related hardware, technology and infrastructural change can contribute to the most effective use of technology to support dispensing and broader pharmacy-delivered health care, recognising the importance of an integrated approach to developing and adopting technology.

Improving work and workplace

Staff at HealthCo are employed in permanent/open ended posts with some emphasis on training and skills development. Considerable effort is made to align work schedules with life circumstances. The business does not face challenges in recruitment and retention. The work is challenging and varied but can clearly be stressful. Staff are consulted around possible changes, although tend not to drive change.

Developments in services have improved patient experience although these have had limited economic impact. In business terms, HealthCo is a profitable business, delivering a quality service, with aspirations to improve both of these elements further. Depending on their assessment of environmental factors, a well-designed robotics adoption and implementation project may drive this business to a new level of performance.

William Purves Funeral Directors Ltd.

Overview

William Purves Funeral Directors Ltd. is a family owned company in its 5th generation, founded in 1888 in Edinburgh. In the last 25 years, it has experienced significant growth expanding to 23 branches from Elgin to Morpeth, although its base is largely in Edinburgh and the surrounding areas. The company employs roughly 100 employees of whom about half are based around the Edinburgh area. The company has grown organically within its own sites and through acquisition of other businesses. Notably, the company's acquisition strategy has not been to aggressively pursue other businesses, but rather to respond positively to approaches to take over from other businesses. It is currently governed by a Board of Directors of 5, all of whom are active, practicing funeral directors. The company is increasingly looking for ways to work with staff to improve the quality of their services as a way of differentiating and further advancing their market leading position.

Challenges

A central challenge in this business is how to innovate in an industry dominated by very strong traditions. Despite the constraints imposed by the nature of their business, the company sees scope for innovation in technologies, routes to markets and in customer service enhancements. Adding extra levels of service differentiates their services from their competitors and is driven by care for their clients. Recent service innovations include a range of offers around 'green' funeral services, with the company advising customers on services that are as environmentally sustainable as possible. New partnerships have been established with manufacturers and natural burial site managers.

Releasing staff to participate in training is a challenge for the business because of the short-term planning cycles associated with their work. Workloads are often managed on a 3-5 day cycle, reflecting natural fluctuations in demand. As such, it can be difficult to coordinate training participation.

Innovation

William Purves Ltd. has taken calculated risks that have improved their services. For example, all of the vehicles in their fleet are silver instead of black. This has been very positively received by staff and clients, and has further differentiated their funerals from the competition. In 2011, two embalming professionals led the way to opening the Embalming Academy at William Purves. This example of employee-driven innovation stemmed from their desire to continue to develop and expand their craft and to share their knowledge and expertise. Additionally, they observed that the existing training and education in embalming was more complex and advanced than required for most embalmings. The Academy is an autonomous unit within William Purves Ltd. and has been successful beyond expectation, with courses fully booked in 2014 and 2015. This opportunity arose from employee-driven ideas, an interest in better skills utilisation and identification of a gap in the market.

In the recruitment and appraisal of staff, William Purves have integrated a focus on providing a caring service and improving 'noticeable little things'. Recruitment is done by looking at the interpersonal skills of the individual, with extensive training provided once in post. The company support Funeral Directors in attaining post-graduate diploma certification, but supplement this with extensive on-the-job training and mentoring.

There are currently training funds available for employees at all levels to access training to enhance their skills in areas that they have identified, but the take up has largely been by embalming professionals and accounting professionals.

Improving work and workplaces

With the exception of some use of zero-hours contracts for funeral services in parts of Northern England which are operationally necessary, staff are on open-ended contracts, part-time and full-time, where the former is driven by employee choice.

The company reports very low levels of staff turnover. Pay is above the industry norm, with an explicit recognition that getting the best people means rewarding them as the best. Their company is currently evaluating and consulting with employees around non-monetary rewards for employees. The challenge is how to recognize contribution in a fair and transparent way across the large geographic terrain of the company within roles that require high levels of emotional labour.

As noted above, providing learning opportunities in the context of fluctuating service demand remains a challenge. But despite short-term work demands sometimes disrupting planned training provision, there remains a strong emphasis on workplace mentoring and a commitment to raising awareness of opportunities for learning.

Other Innovating Works... activities

Innovating Works... brings people together in a number of ways to encourage discussion, reflection, learning and intervention to promote sustainable growth and value creation that improves work and workplaces.

August 2014
Workplace Innovation in SMES

Prof Patricia Findlay introduced us to the notion of workplace innovation at Strathclyde Business School. Speakers included Graeme Waddell from Energen Biogas and Professor Norman Lannigan, followed by a roundtable discussion on innovation challenges for SMEs.

September 2014
Cooperative Resource Networks

Hosted by MAKLab, we explored the benefits of 'open resource networks' as a model for sharing organisational resources. We heard about how organisations can benefit from collaborating with potential competitors.

MAKLab's Glasgow Studio, Charing Cross, Glasgow

October 2014
Getting the most from your people

Hosted in conjunction with the Chartered Institute of Personnel and Development (CIPD) Scotland and Investors in People (IiP) Scotland, Dr Colin Lindsay presented how best to unlock employee skills and drive employee-driven innovation. Speakers included Robert Carr of Anderson Strathern and Don McIntyre of the Institute of Design Innovation at Glasgow School of Art.

October 2014
Researchers' Network Meeting

We brought together academic expertise from across Scotland to provide a critical mass of workplace researchers around the central theme of workplace innovation.

January 2015
Innovativeness in Finland

We were delighted to welcome Tuomo Alasoini, the Chief Advisor to TEKES – the Finnish Funding Agency for Technology and Innovation to address Scottish policymakers, industry and labour leaders and SMEs about the Finnish Government's policy approach.

Graeme Smith (STUC), Prof. Patricia Findlay, Tuomo Alasoini (TEKES)

Tuomo Alasoini also addressed the Researchers' network, to explore the evaluation approach for workplace innovation policy.

February 2015
Researchers' Network Meeting

The Network came together to hear from Dr Kristina Potocnik (University of Edinburgh) on employee innovative potential and from Dr Colin Lindsay and Prof Patricia Findlay on employee innovation in healthcare automation.

February 2015
Importance of Process

Held at the Melting Pot, Edinburgh, this event introduced methods through which organisations can streamline their processes. Speakers included Jyl Neilson of Sharpeye Solutions and Professor Umit Bititci of Heriot Watt University.
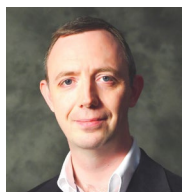
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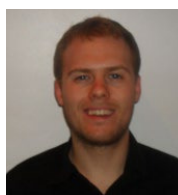
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If you require additional copies of this booklet or want to get involved with Innovating Works… please email sbs-workplaceinnovation@strath.ac.uk

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