

Beating The Downturn:

How AXA & Its Unions Manage Change

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Employee Relations & Change Manager

AXA Insurance

General Insurance Company

- Formally PMPA/ Guardian Royal Exchange

1000 Employees

Dublin Belfast & Derry

- 44 Direct Offices Island wide

Unions

- SIPTU and UNITE
- Union Membership 750 (75%)

IR Relationship Partnership Model

Local Forums

- Claims Forum
- Customer Service Centre Forum
- Branch Network Forum

Employer of Choice Forum (EOC)

- Senior Participants from Local Forums
- Director Input
- Company Wide Issues
- Strategic Issues
- Terms and Conditions

IR Relationship

Recent Major Change Agreed:

- Pensions
- Transfer of Processes to Derry
- Remuneration

Challenge:

Reduce Cost Enable Growth & Secure Employment

Environment

- Falling Revenue
- Increasing Costs
- Historical Wage Structure
- T&Cs Legacies
- Institutionalised Wage Inflation

Remuneration Model

- Extended Pay Bands (Ranges)
- Cost of Living Increases (National Pay Agreement)
- Additional Performance Salary Increases
- Individual Performance Bonus
- Profit Share Scheme

Reduce Cost Enable Growth & Secure Employment

Issues

- Wage Inflation Untenable
- Expensive Band Limits (Ahead of Market)
- High Proportion of Higher Earners
- Attrition at Lower End (Entry Level)

Challenge

By Agreement

- Curtail Wage Inflation to Max COL
- Cut Salary Band Limits by 15% - 20%
- Reduce Numbers of Higher Earners by at Least 100
- Remove Legacies
- Fix Attrition at Entry Level

Challenge

Through Established Partnership Model

- Problems Flagged at EOC Forum October 07
- Formal Proposals Issued to Unions February 08
- Full Engagement March 08
- Appointment of Independent Facilitator April 08
- Agreement May 08
- Joint Company-Union Recommendation Applied

Outcome

- New Salary Bands Introduced
- All Upper Salary Limits Reduced 15%
- Wage Inflation kept to COL
- Profit Share Linked to Individual Performance
- Voluntary Severance Programme for 120 Higher Earners
- Additional Salary Review Process For Employees Under €30,000 Subject to Performance
- No Compulsory Redundancy
- Accepted by the Membership 8-1

AXA Partnership Model Experience

Tangible Return of a Structured and Organised Consultation Process

Return on Fixing Local Issues Quickly Through Local Partnership Forums

Benefit of Line Managers Accountability on Employee Relations Delivery

Acceptance by Unions of Business Challenge and Method of Approach

Progress Only Operates on Strong Basis of Trust

National seminar on Restructuring Dublin, 17-18 December 2009



**A Presentation by
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1. Introduction
2. An Overview of 2 Enterprise Restructuring Exercises in Ireland
 - A. NEC Electronics
 - B. Jacob Fruitfield
3. Socially Responsible Enterprise Restructuring Index (Ireland)
4. Some Conclusions



Jacob Fruitfield

- Established in Ireland in 1851
- Employed over 1000 people.
- Moved to present 30 acre site in West Dublin in 1970.
- Ownership changed and it was part of the Danone Group up to 2004
- Was acquired by a private Irish company in August 2004.

Our Brand Portfolio



SILVERMINTS



Bewley's
EST. 1840

"LITTLE CHIP"



SCOTS
CLAN



COCONUT
CREAMS

Old Time Irish



DOUBLE
CENTRE



Kimberley



LIGA



THE REAL IRISH FOOD CO

CRACOTTES

Company Profile

- Regarded as an excellent employer
- World class terms and conditions
- In 1930s had swimming pool, free medical care and dental service and medical centre on site.
- Employer of choice and regarded as a job for life.

Selected Market Position in Ireland

<u>SECTOR</u>	<u>BRAND</u>	<u>SHARE</u>	<u>RANKING</u>
Marmalade	Fruitfield, Old Time Irish, Little Chip	51%	No. 1
Sauces Total	Chef	31%	No. 1
Ketchup	Chef	36%	No. 2
Salad Acc'ments	Chef	22%	No. 1
Dry Baby Foods	Liga	45%	No. 1
Mint Confectionery	Silvermints	24%	No. 2
Cream Biscuits	Boland's, Jacob's Cream Crackers	65%	No.1
Fig Rolls	Jacob's	92%	No. 1
Chocolate Coated Biscuits	Elite, Chocolate Kimberley	30%	No. 1
Mallows	Kimberley, Mikado, Coconut Creams	90%	No. 1
Savoury Biscuits	Jacob's Cream Crackers, TUC, Ritz	53%	No. 1
Assortments	USA, Afternoon Tea	52%	No. 1
Biscuits Total	Jacob's, Boland's	35%	No. 1
Fresh Coffee	Bewley's	23%	No. 1

Background.

- Survival plan 2006
- Voluntary redundancies and new work practices.
- Outsourcing of Warehousing function in 2007.
- Rising costs
- Decision to outsource production announced in Jan 09.

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Restructuring

- Company decided to outsource production due to high cost base
- Adopted a holistic approach and insisted that training and reskilling would be part of the exit package
- Announcement not initially well received by employees.
- Critical role played by the 7 trade unions.

Seamus Storan Jacob Fruitfield
Food (Confectionery +) Sector
Range of products inc. Biscuits, Sauces,
Snacks etc

Company Detail	Workforce Make Up	Restructuring 1	Restructuring 2	Restructuring 3	Socially Responsible Restructuring Index (Ireland)
<p>Name Jacob Fruitfield Origin Ireland Locations Ireland & UK Workforce 358</p>	<p>General 250 Admin 36 Technical 29 Mang. 43</p>	<p>Main reason Cost Base in Ireland Payments Statutory entitlement + 7 weeks pay PYS Preparation For Job Loss Upskilling & Education</p>	<p>Union Density 80%+ IR Environ. Good Information 7 months formal notice Negotiation Difficult but civilised Joint Committee</p>	<p>Compo 'National Best' Level Role of Union(s) Critical Role of Up-Skilling and Education Vital & Excellent Role of State Alright</p>	<p>Levels Level 4 Measures Info Provision Negotiation Compo Prep. For job loss Locations Role of Union(s) State Role</p>

Summary

- Off Shoring will be a permanent feature in this era of globalisation.
- It requires employers, unions and the state to work in partnership and develop a new mindset that places social responsibility at the centre.
- Socially responsible restructuring should not be the exception
- Social responsibility should be the norm.
- Jacobs has started that journey –others need to follow.

SOCIALLY RESPONSIBLE RESTRUCTURING INDEX

LEVEL ZERO

- A.No detailed information was made available to the workforce regarding the restructuring
- B.No consultation, discussion or negotiation took place
- C.No 'job loss' compensation was paid by the company
- D.No provision was made for 'job loss' preparation i.e. Education, Training etc.
- E.There was no trade union; it was ignored or not recognised
- F.The State provided no support financial or otherwise

LEVEL ONE

- A.Some information was made available to the workforce regarding the restructuring
- B.Some consultation, discussion or negotiation took place
- C.Some 'job loss' compensation was paid by the company
- D.Some provision was made for 'job loss' preparation i.e. Education, Training etc.
- E.There was some trade union involvement but insufficient
- F.The State provided some financial supports

LEVEL TWO

- A. A good deal of detailed information was made available to the workforce regarding the restructuring
- B. A reasonable amount of consultation, discussion or negotiation took place
- C. Reasonable 'job loss' compensation was paid by the company
- D. Reasonable provision was made for 'job loss' preparation i.e. Education, Training etc.
- E. There was a real engagement with the trade union
- F. The State provided reasonable financial and other supports

SOCIALLY RESPONSIBLE RESTRUCTURING INDEX

LEVEL THREE

- A. High quality, timely detailed information was made available to the workforce regarding the restructuring
- B. High quality, timely prior consultation, discussion and negotiation took place
- C. Substantial 'job loss' compensation was paid by the company
- D. Substantial provision was made for 'job loss' preparation i.e. Education, Training etc.
- E. The trade union were involved early and kept engaged with the process
- F. The State provided financial, education, training and job seeking supports

LEVEL FOUR

- A. Excellent, high quality, timely and detailed information was made available in an inclusive fashion to the workforce regarding the restructuring
- B. Excellent, high quality, timely and detailed consultation, discussion and negotiations took place
- C. Very substantial 'job loss' compensation was paid by the company
- D. Very substantial provision was made for 'job loss' preparation i.e. Education, Training, Job Fairs, Interview Skills, CV Preparation etc.
- E. The trade union were involved prior to definitive decisions and were centrally involved in all aspects of the process
- F. The State provided long term financial, education, retraining & upskilling opportunities

THANK YOU!



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