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Thorn Lighting

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Case 11: Thorn Lighting [1]

Thorn Lighting, Ltd., based in the United Kingdom, is one of the world's leading suppliers and manufacturers of lighting systems and products. With operations in 30 countries, 11 of which have manufacturing facilities, Thorn sells to customers in 140 countries. The group employs 4,200 people worldwide, including 1,800 in the United Kingdom across ten sites, three of which involve manufacturing operations.

Since 1989, Thorn Lighting has undergone major organizational and cultural changes enabling its market share to approximately double. In 1998, sales increased to £392 million and the operating profit was £26.4 million. Much of this success has been attributed to more effective performance management and teamwork.

Since 1994, Thorn's Spennymoor plant in the United Kingdom has run a series of work experience courses in which local, unemployed people, including school leavers, visit the factory to observe working conditions and receive training. The courses are run in partnership with local bodies, as a service to the local community and as a recruitment device. The courses were designed to meet the company's need for a ready pool of flexible individuals who could fulfil the need for temporary, short-term labour in line with new working practices. Generally, people enter the company through the pre-employment training route on a temporary short-term contract. If they are still with the company after six to 12 months, they are normally confirmed as permanent employees.

The frequency and number of training workshops are dictated by the labour needs of the individual manufacturing teams. Workshops are run only if there are not enough trained people in the database who are ready to work at short notice. A strong working relationship has been forged with the local Employment Service. When extra staff are required, the Employment Service pre-screens candidates to discover how they would best fit into Thorn, rather than to sort them into selected and rejected candidates. The courses last from three and to ten days, and introduce trainees to Thorn and its processes. They cover basic business knowledge, teambuilding, health and safety, and assembly work. Trainees participate in a two-way continuous assessment.

During the training, individuals still receive state benefits as they are technically available for work. The company does not pay the trainees but does provide free meals. Travel expenses are paid by the Employment Service, and trainees do not perform work with any commercial value.

On the last day of the course, trainees receive a Certificate of Achievement. This Certificate has become widely respected by other employers. The trainees are then placed in a database, and Thorn gives them preference when vacancies arise.

By the end of May 1999, a total of 329 people had completed the Spennymoor programme, and 150 of these had gone on to full-time employment with Thorn. A significant number of the remainder have found permanent employment elsewhere. Due to the success of these courses in placing people, Thorn has expanded the programme.

A number of benefits have accrued to the trainees, the company, and the community since the scheme began:

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[1] IFP/SKILLS website, ILO, 2001g.

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- The database provides a pool of potential employees already inducted and partly trained.
- The training period is, in effect, an extended interview, thus allowing Thorn to assess a person's character and potential.
- When employed, trainees are able to contribute fully much faster.
- Thorn is contributing more than its share to increasing the skills base of the local population.
- Thorn has received significant positive publicity, both locally and nationally.
- The programme has earned Thorn a reputation as the best place to work in the community.
- The strength of the partnership with the local Employment Service often means that Thorn has the pick of employees and trainees before other local companies.
- The programme has had a positive benefit on Thorn's own internal teambuilding.
- The programme is a partnership between management, the workforce and unions.
- Thorn successfully presents its community work as part of its overall image without appearing self-righteous or insincere.
- Trainees are often hired by other companies, which is good public relations for Thorn.
- The overall "feel good" factor creates an impact with subcontracted lorry drivers who are knowledgeable and clearly proud to be associated with Thorn.

In addition to reducing turnover costs, pre-employment training can be viewed as an investment in the community that can create a number of additional benefits to the organization (Rogovsky, 2000).

All the companies mentioned in this chapter invest heavily in human resource development. This may be suprising as it is becoming more difficult to retain increasingly mobile workers. However, as Peter Cappelli explains:

> *Some companies still make substantial investments in employee development. General Electric, for example, has the oldest management development program in the US, dating from 1919, providing two years of general management training and work experience to college graduates in areas like finance, human resources, information systems, and engineering. Other companies known for developing managers like Smith Klein, Pepsi, and Procter and Gamble can offer diverse work experience within the same corporate structure because of their broad holdings and also by giving real responsibility early on. At the same time, corporate recruiters love to poach from these companies in large part because of the management development they offer. So why do the companies continue to offer it? One important reason is that it helps them with their own recruiting, even if retention takes a hit down the road. Applicants know that going with a company like GE or Pepsi gives them a real opportunity for advancement at other companies — precisely because recruiters will be interested in hiring them away (Cappelli, 2002).*

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> It is necessary to work out whether the value added that companies gain from training these employees is higher than the turnover costs multiplied by the probability that they will leave. However, as we saw in the case of SAS Institute, people-centred policies can substantially reduce this probability, making it rational to invest in people despite the general trend towards increased mobility. Furthermore, companies invest in people who may leave at the same time as other enterprises are training people who may join. This situation encourages companies to work together with governments and employer organizations to develop the quality of the workforce in the labour market as a whole. The Chamber of Garment Industry provided an extreme example of this approach.