MANAGING TO GET BY

Dick Warburton was born in South Australia in 1940. He joined Du Pont in 1966 and became a marketing manager in the mid-70s. After some years with the parent company in the US, he returned to Australia and in 1987 became Group Managing Director of Du Pont Australia. He is on the board of the Australian Manufacturing Council, is vice-president of CEDA and a member of the Business Council. He was interviewed for ALR by Clare Curran.

You’ve been involved in the Best Practice Taskforce. Can you tell me something about it?

It came about in 1991, when Hawke was convinced by Cabinet that everybody should put a lot of effort into best practice. At that particular point in time, three different departments were all doing various things in best practice. Because of that division, not much was being done, even though quite a lot of effort was going into it. So Hawke decided that we should bring it all together under the Department of Industrial Relations (DIR), set up a structure to get the best practice firms to acknowledge who they are, and then to use them as examples for the rest of the industry. An amount of $25 million was set aside for two years. That money was not a gift to firms which have good practices. They had two very strong obligations. One was that each of those firms accelerated the pace of change. But the second, and by far the more important, was to help the firms disseminate what they were doing. The part that pleased me immensely, but also made it very difficult, was that in excess of 400 firms applied, of which around half could be described as having very good practices in workplace change, multiskilling, management practices or occupational health and safety. There were more than 250 which we classed as having very good practice, and the difficulty was in bringing them down to 43.

And what do you do with them?

Now that we’ve identified them and identified the sort of practice they’re doing, they have an obligation either to have other people visit their plants, or to go out and tell other people what they’re doing. That’s what the money’s

Australia’s managers are one of our big obstacles to industrial success. But not all are trapped in the Dark Ages. Clare Curran spoke to Du Pont’s Dick Warburton, a man at the leading edge of workplace reform.
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really for—to do something tangible about getting it out to the outside world.

Do you think that government intervention through initiatives like the Best Practice Taskforce is necessary to promote workplace change?

They've got to set the climate for firms to want to do this. That need not necessarily be by giving money away. But that money can start a program off, a program that wouldn't have started by itself, because firms by themselves wouldn't have the time. But what we are hoping is that it will build its own momentum. That's where I see a big role for the government.

What sort of representation is there on the Best Practice Taskforce?

It's tripartite—government, unions and industry. And as such, I think it's just great. Doug Cameron of the Metalworkers Union is deputy chairman.

How do you see the role of unions in promoting workplace change?

The role of the union is extremely important, because without their acceptance of its value, it's not going to happen. That goes for management too. You've got to have both. In my opinion, the union world is going to change significantly over the next decade and, I hope, for the better. Up until now its role has been much more that of an advocate for wages in particular, but also for workplace practices. It's been a confrontational approach to management, just as management's had a confrontational approach to the unions. The real key to workplace culture is the true interrelationship between worker and management. That doesn't exclude the union—we do it with the union—but you shouldn't have to work through an intermediary.

So what is the new role for the unions?

It'll lean much more towards education and services for their people; services in the areas of pension planning, for example, and education about multiskilling and accreditation of different skills. For example at one plant I was very pleasantly surprised to learn recently that there is not one operator on the same pay these days. In the past, of course, every operator would have been paid exactly the same sum of money, every assistant operator would be paid the same amount of money, every cleaner exactly the same. Now they're all on different pay scales, because now we pay for skills acquired. And incidentally, management doesn't decide what their skills are. Most of the skills committee are workers from the shopfloor.

Where the union has been tremendously helpful there is in helping us to understand how you get the educational skills of the workers up. Those are the sort of things I think the unions will evolve to, because if you dump the worker-management relationship and you've got the communications lined up, you really don't need the unions to be the chief advocates for rules and regulations. But unions will still be around for a long time, because not everyone's going to get that relationship right.

Are you saying that the workers become better at performing that role themselves, and that that happens through enterprise bargaining?

Yes. That's exactly it. The beauty of enterprise bargaining as I see it, providing it's done correctly, is that management and workers fully understand the goals of that particular enterprise. When you start working out how one should be paid for a certain task, you find that the workers come to the same assumption as management. I'm talking about it on a very theoretical level, but some of the theory is working out in practice. And that will happen more and more, because word has leaked out that it's working extremely well.

But doesn't this lead to the logical conclusion that enterprise bargaining will succeed only throughout the bigger industries, where there are large groups of organised workers, and industries where there has traditionally been industrial strength?

When people put that argument forward, my first reaction, I must admit, was to agree. But then when we were searching around for best practice, we came across a lot of small companies, with less than ten employees, where the relationship between management and worker is tremendous. Those firms essentially have enterprise agreements—even if not formal ones. But where you really find the problem is where there is no trust at any level between workers and management. In that case, yes, you do need a union to fight for their rights.

The question of trust comes back to the quality of management in Australia generally. Is it by and large mature or is there still an awful lot of work to be done? And how do you think Australian management culture rates internationally?

My gut feeling is that we've probably got 15-20% of management that's up there in the top class. We've probably got the same number that are right down at the bottom and are the pits. In between you've got an amorphous mass that are probably average. I'd find it hard to say that it's backward, because wherever I've been in the world, the UK, Europe, Japan and America, it's more or less the same. I think the old 'them vs us' approach that we've had over the years has been far stronger than in many other countries, with the exception perhaps of the UK. And that's led to a slow acceptance of this trust.

Do you see the industrial relations system in Australia as a hindrance to the development of
workplace cultural change?

It's not a hindrance if you look at the firms that have already done workplace cultural change. At Du Pont we've essentially had an enterprise agreement since 1985. It's not a formal agreement, but it's based on the same principle. So you don't need to change the system to get these changes. However, I believe the system changes by evolution anyway, and in the last five years there have been some dramatic shifts, including the very fact that One Nation discussed enterprise bargaining from the Labor side. Now three years ago they weren't even talking about enterprise bargaining.

You mentioned that there's been tremendous change in the last five years. But where are all these companies, where are all these enterprise agreements, where is this significant change?

One thing that slows it down enormously is the compulsory attendance at the Industrial Commission. Quite often, when you've already reached agreement, you've got to put your case before the Industrial Commission, which may or may not agree. Whether it does or not, you've still got to mount a major campaign to get it through, and it's very time-consuming, maybe six months or more. Consequently I would agree with the Coalition's policy of having voluntary appearance at the Industrial Commission.

Are you arguing for a downgrading of the Commission's powers?

Yes, but not for its axing, because I think that people who can't come to some form of agreement still want to use it as an umpire. And I think that's a role that it plays extremely well, rather than being judge and jury. So I don't think it should be axed, but I do believe it should be allowed to have voluntary appearance.

One of the Coalition's arguments is the importance of preserving the managerial prerogative—giving managers the right to manage. What's your attitude to that?

I don't believe the manager's got any more right to manage than anyone else in the community. They've got a job to do. My role here, for example, is to try to pull the best of this corporation together and get it going. But that doesn't give me a right to manage. I believe you've still got to manage by consensus. I'd buy a lot of arguments in management circles by that statement, because people say that's too slow, and it doesn't show decisiveness. I would argue that yes, it is a slower process, but the implementation of the process is then extremely rapid. It means you've got to put some more upfront time into it. And to people who want to get out there and make decisions, that's frustrating. It was to me when I started.

How significant is the role of middle management in workplace change?

Well it's significant to the point that if they're not educated and trained properly, they're a barrier to the process. That goes for middle union people too, because both are threatened and neither has been trained for the changes. We're trying to say to managers these days: we don't want you to manage, we want you to lead. So it's a facilitative process, to be a resource, to be a guard and counsellor. When I started I wasn't trying to do that, I was trying to manage, make decisions, use the rulebook and so on. But I learned over the years that that was only ever any good while I was standing there; the minute I went off to do something else, they didn't know what to do, because they weren't understanding. And that was not a practical way to get people to run an enterprise in a sustainable fashion. So we've spent a lot of time training and educating middle managers to accept workplace change.

What's your view of the training guarantee levy? There are sections of the business community who think it's interventionist and unnecessary, and something that has been forced upon them.

I don't have a strong view about it, because we're so far in advance of that that really it's never bothered me or my company. I agree that management's role is to help train and educate their people, be it management staff or workers. However, I can understand that a small workshop with maybe only three or four people might resent having to spend one and a half per cent of their money on training. One argument put by business supporters of the levy is that there are an awful lot of little firms that don't put in the money for training, but then go and pinch the people who have been trained. And so those who are putting the effort in probably say, yes, we think it's a good thing. Those who don't have training probably say it's a bad thing. I'm not quite sure.

I'd like to explore your attitudes towards the industrial policies of the two major parties. Do you feel that if a Coalition government was elected federally that we would be forced into an era of industrial confrontation, and that we would end up going backwards?

I personally think that the policies have come very, very close together in the last five years. I don't believe there's a vast difference between the current government's policies and the Coalition's. I see two major differences: on the role of the Industrial Commission, and I've already given you my thoughts on that; and on voluntary unionism. I personally think things are going to evolve that way anyway.

Towards voluntary unionism and reduced powers for the Commission?

Yes. Of course if you said that to Bill Kelty or Martin Ferguson they would not agree with you.
'How can [Kennett] suggest that firms undertake enterprise bargaining when he doesn't even do it with his own public servants?'

on the spot, but I wouldn't mind betting that privately they might come close to agreeing with that. To me, neither of those two issues is particularly big. Take voluntary unionism. I believe unions will be around for a long, long time. If I were a worker, I don't think I'd vote to get rid of a union. I'd like to have that umbrella of safety there. Even if you've got worker-management relationships going well, you're never quite sure whether that will last. We certainly don't believe in getting rid of unionism. Having said that, I believe that neither workers nor management should have to put up with a bad union.

Would you agree, though, that the Coalition's industrial policies would have the effect of reducing the role of unions in society, and in doing so would precipitate some form of industrial confrontation?

All they're doing is allowing unionists to get rid of poor unions. If they forcibly try to get rid of unions, then I think there will be confrontation, and I certainly don't agree with that. I also don't agree with rapid change in some of these policies. Now what happened down in Victoria was distressing to me, from both sides. I believe that the Victorian Trades Hall Council has been excessively confrontational, but when you get a government on the other side that doesn't mind having a big stoush, and decides to be confrontational too, then we derail, we go backwards over all the ground we've made up in the last ten years. So I get distressed by that, because I believe we've come forward enormously.

If that's the case, are you concerned that that might happen on a larger scale? I've got to be concerned. However, I also believe from talking to the people who are involved on the federal scene, that they don't have that same 'crash through' approach—even though the current government's trying to maintain that they do. Only time will tell though. Unfortunately the political scare campaign doesn't help the debate.

You've been quite vocal on that 'crash through' approach. For example you had quite a high profile during the APPM dispute. Why's that?

What I say is that you might win that particular battle, but you don't win the hearts and minds of the people you're trying to get to work for you. In other words you don't win the war. There's got to be a way in which you can sit down and work your way through this. Now when I've spoken to managers at other companies, their attitude is that the unions are bloody hopeless, you can't talk to them no matter what. Now I question how hard they've tried to do that, I really question whether they've tried hard enough. I believe that you've got to keep going the extra mile to try to get some consensus and understanding. Because if you use the crash through approach, you're going to get a backlash. You've got to condition people to change. You can't just suddenly decide we're going to have change and this is the way it's going to be.

Would you agree that that's what's happening in Victoria?

I see it coming from both sides. On the one side there's John Halfpenny saying "we don't care what the vote was, we don't agree with it so we're going to confront it no matter what". And on the other side you've got a premier who's saying he's going to cut out leave loading and penalty rates, no matter what anyone thinks. And that doesn't gel with discussion on enterprise bargaining. How can you suggest that firms undertake enterprise bargaining, when you don't even do that with your own public servants?

What is your attitude towards penalty rates and leave loading?

I can remember the biggest argument I ever had with the Metalworkers' Doug Cameron was when I told him that holiday loading was an anachronism. Up until then we'd had a great relationship! To me leave loading and penalty rates are an anachronism. But I don't believe that you can just get rid of them overnight. You've got to negotiate, and there's got to be a quid pro quo. You can't just take it away. What you're after, when you're negotiating, is to get more flexibility in the workforce. Penalty rates don't give you any flexibility. Holiday loading, incidentally, I don't think matters very much. It's just another one percent of the salary, and if as a symbol it is so strong with the unions, then I wouldn't go to the barricades on it.

But penalty rates is a different issue, particularly in some industries where people would make very little money but for penalty rates.

But that's because the whole wage structure is not right. If you've got to earn extra money by getting higher penalty rates, then there's something wrong with the wage structure. That's why I say you should negotiate that out. I worked in the United States and did just that with the unions there. I don't believe that Monday to Friday, nine to five, should be sacrosanct—that's the working week, and anything outside that is penalty rates. I just don't buy that. If you're in the tourism industry and you want to work on the weekend but have Thursday and Friday off, why shouldn't you have Thursday and Friday off? But why should you be paid time and a half, double time or even triple time, because you happen to work on Saturday or Sunday? Now having said that, you can still pay extra for particularly inconvenient times. But let's negotiate that with the unions.

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