

## Drax Power Limited: *Working together for change*

### What does this case study demonstrate?

Workplace partnership and employee consultation can mean more than just good industrial relations. Drax Power's *Working Together* agreement with trade unions combined with a comprehensive consultation programme helps staff understand the major technological changes faced by the plant, builds trust and demonstrates transparency, stimulates employee ideas and creates a more entrepreneurial culture.

*Workplace innovation elements:* workplace partnership; employee voice.

### Context

Drax Power is the owner and operator of Drax Power Station in North Yorkshire, the largest power station in the UK. It is a wholly owned subsidiary of Drax Group plc. Some 850 people are directly employed by Drax Power at the power station site, around 600 of whom operate the plant. The remainder are in corporate and other Drax Group functions. Union density amongst plant workers is around 80%, though much lower in senior roles and corporate services. **Unite** has sole recognition rights and by agreement with the other unions represents their members for collective bargaining purposes.

**Drax Group** has been listed on the London Stock Exchange since 2005. AES, the previous US owners of the power station, transferred ownership to its lenders following a period of financial hardship for the business triggered by a period of all-time low power prices. Drax Group recognised that coal-fired electricity generation would have little future beyond 2020 due to national and EU regulatory regimes. Lobbying by the company, led by its Chief Executive **Dorothy Thompson**, persuaded the government of the environmental and strategic benefits of **conversion to biomass** as they reduce greenhouse gas emissions typically by 80% compared with coal-fired generation. A massive programme of investment which is still underway led to consequent changes in working practices and the need to engage the workforce in the process.

Prior to 2005 industrial relations were adversarial, a context not conducive to the transformation facing the company. Richard Neville's arrival as Head of HR in 2009 created an opportunity to break with the past, not least because of his track record in securing effective partnership with unions in other utility companies. Improved industrial relations and greater staff engagement in innovation and improvement were central to the future vision for Drax.

**"We want this to be a business where views are listened to and where communications are open and honest. We also want this to be a workplace where positive ideas are encouraged and where achievements are celebrated."** Richard Neville, Head of HR.

## Working Together with trade unions

Replacing adversarial industrial relations with management-union partnership has played a vital role in Drax Power's technological and cultural transformation.

*Working Together*, Drax Power's partnership agreement, doesn't just focus on communication and consultation at corporate level but seeks to shape line management behaviour at all levels of the organisation. It commits managers to a process of "open, honest, clear and accurate" communication and two-way dialogue; the agreement has been reinforced by a programme of management training and development in partnership behaviours, from supervisors upwards.

The emphasis is also on early stage trade union involvement rather than consulting on a finalised proposal. In addition to the quarterly Joint Consultative Committee, senior managers and union representative meet weekly in informal "Point of Contact" sessions, providing an off-the-record sounding board for ideas and allowing specific issues to be addressed flexibly.

## Leading a culture of communication and consultation at Drax

Drax's flagship communication channel is the twice-yearly **Open Forum** involving the senior executive team in face-to-face hour-long dialogue sessions with the whole workforce. In view of very strict rules about how many people can leave their posts for reasons of safety, and to keep the plant going, Forums are conducted in sessions ranging from one or two people to groups of forty.

This very significant investment of time by the Chief Executive and her senior team exposes them to the concerns, ideas and tacit knowledge of employees at all levels of the organisation. While part of each session is based on a presentation to employees, the emphasis is firmly on two-way communication. Open Forums replaced the previous company-wide meetings and suggestion schemes which had struggled to stimulate open and constructive dialogue and feedback.

Outcomes and suggestions from the different Forum sessions are assimilated and disseminated throughout the company using various media channels.

## So who benefits?

**Improved understanding:** Richard Neville argues that people are proud to work at Drax and are fully engaged with the transition. A 2010 workforce survey asked whether employees understood the company's future direction. Only 11% of respondents strongly agreed that they did. When the same question was asked in 2011, 96% of respondents agreed or strongly agreed (63% now *strongly* agreed), representing a major shift in engagement levels.

**Partnership working from a trade union perspective:** Union representatives stress that partnership hasn't yet shaped the behaviour of managers at all levels and blockages remain. But the union acknowledges that the agreement provides a tangible focus: "[Management] will discuss more things with you, more things about the business." It is a safeguard: "But when all else fails you can always refer back and say, this is what we have signed, why aren't you following this procedure?" And informal contact plays an important role: "Every fortnight we have a Point of Contact meeting so there is more chance of us getting across things that we find are not right. We can sit down and discuss those things."

**Supporting people through change:** According to one employee “the workforce is very well supported . . . the first thing the business did before implementing any of those changes was roll out the **vision and values** . . . and basically let everybody know what was going on and . . . that we would be supported through it . . . The way the changes are implemented, it is a very inclusive process.”

**Employee voice:** “It is interesting isn’t it, you go to the Open Forums and people will say what they think and absolutely nobody will turn round and go, I can’t believe he said that . . . they might not agree with you but nobody will actually knock anyone for having a view because we are encouraged to have a view. That’s really empowering I think.”

## **Prognosis**

Drax Power has succeeded in improving industrial relations, securing union commitment to a common vision and creating a more open and entrepreneurial culture. This has helped in the company's transformation and is releasing staff ideas for innovation and improvement. Dorothy Thompson’s open leadership creates trust and employees feel confident about the future. Remaining obstacles such as instances of unsupportive management behaviour need a consistent approach if the new culture is to become fully embedded.