

WITH THE FUTURE OF UK
MANUFACTURING UNDER PRESSURE,
A NEW APPROACH IS NEEDED

LOOK TO THE GERMANS

You've got to hand it to the Germans. They produce some great cars, their beers are Wunderbar and even their football team's... well, not bad. Now they even have British union bosses lining up to sing the praises of their manufacturers. Unite is part of a group of unions recognised by BAE Systems, alongside GMB and Prospect, and Unite Assistant General Secretary, Tony Burke was here at MAI earlier this year. *Heads Up* caught up with him to get his views on the future of manufacturing, the issues it faces now and more on the German lessons.

It's only a two-minute meander from Samlesbury's space age reception to our appointed meeting place but in one sense it's a journey back in time. One second we're in the comfort and warmth, next it's into a portable building that is dwarfed by a modern manufacturing facility on its doorstep. The contrast between the old and the ultra modern could not be clearer.

Ushered into a relatively comfortable office I come face to face with a worried man. Tony Burke, is an Assistant General Secretary of the UK's largest union, Unite, and he has real concerns about the future of manufacturing in the UK and in particular about the skills shortages he believes are an inevitable result of the current government's industrial policies.

"UK manufacturing is suffering real difficulties and when you look ahead to 2020 I am concerned about its future because I just don't believe that the government has a relevant strategy for manufacturing," he says, warming to a theme that he's clearly been wrestling with for some time.



Tony Burke wants the government to take the lead in delivering a strategy to protect UK manufacturing

"They have bits of it right but the way I'd sum up their thinking is that they are 'waiting for something to turn up'. There are some bright spots in the gloom, for example the car industry, but the big problem is that we are facing redundancies in some companies and the job creation that the government said would take up the number of people being made redundant has not happened.



"That's why we need a proper strategy for manufacturing, a strategy that hangs together. We all know that the UK has some great companies and BAE Systems is one of them. We also know that the skills of Unite members here, and elsewhere, are world class but one of my big fears is that we may lose the skills. Once you lose the skills it is difficult to get them back."

Keen to put their alternative strategy into public domain, the Trades Union Congress issued a report in January, which it called 'German Lessons: developing industrial policy in the UK'. In the introduction the General Secretary of the TUC, Brendan Barber, described the UK economy as being at a crossroads. To paraphrase he feels we are on a one-way trip to oblivion, and instead he wants us to change direction and follow Germany's lead. Tony Burke's union, Unite, contributed to the report and he fully supports its findings.

Here are his lessons from Germany.

Lesson one: Image

"Manufacturing in the UK is in desperate need of an image makeover. How are we going to attract young people into industry when the media is still dominated by pictures of factories belching smoke into a chimney-dominated skyline? When the media is doing a story on manufacturing it still uses the kind of tired visual clichés like chimneys, blokes in dirty overalls, oily rags and tubs of Swarfega."

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"It saddens me because the antiquated image of manufacturing we're so often presented with is so far from the reality but it does have an impact. How many parents are likely to encourage their children to go into manufacturing when it is portrayed in the media as dirty and polluted?"

"By contrast, if you look at Germany, manufacturing is seen as a good job. There, young people start getting interested in manufacturing jobs from an early age. But then there's no image problem. There is nothing wrong with working with BMW or Bosch – it is seen as a really good career. In the UK we need to promote manufacturing as an option so we can attract the brightest and best young people."

Lesson two: Skills

"The German vocational system is something we need to look at introducing. It makes sure manufacturing is regarded as a real career option. At Unite we are pressing the government to introduce real apprenticeships, like the ones here at BAE Systems. My fear is there is a skills shortage coming in certain industries because





of the age profiles. It is vital we get the training side right – these are highly skilled, technical jobs, requiring talented people working on very complex products.

“Manufacturers need to be able to compete with universities to attract the brightest and best young people. So apprentices should be on a good salary, with excellent terms and conditions. At the same time we need to work with universities to aid research and development programmes because manufacturing is where people invent things.

Lesson three: Investment

“Germany went through the same economic crisis as us but what they did was invest and protect their manufacturing base and we have to do the same. To stay competitive manufacturers need to be able to get access to funds so they can invest in new machinery. In fact, to make investment choices you need long term planning and you can’t do that if the bank manager isn’t supporting you.

“That’s why we propose the setting up of a National Investment Bank to assist small and medium-sized businesses. It’s particularly important to help companies over short-term difficulties and to provide investment help. Because of my work I have come across many companies in different manufacturing sectors but the common thing that unites them all is this difficulty in getting loans. If we don’t get the right investment into manufacturing, the sector will dwindle and the end result is that we will end up relying on the service industry and the financial industry again. And we all know how dangerous that can be.”

Lesson four: Special initiatives

“At the start of the downturn in 2007 the car scrappage scheme was introduced. That started in Germany and it saved the industry from having to lay people off. Of course we can’t do that every five minutes but we do need to protect the UK manufacturing infrastructure. If we don’t do that the bases will shrink and we will lose the skills once and for all.

“Right now I think firms should invest in youth and take on more apprentices than they perhaps need. We need to do that in order to tackle future skills shortages. It’s something we have done in the chemical industry. What you get is young people who have the chance to learn skills – real skills that will be of value to them.”

Lesson five: Be a good European

“We export big time to the EU so it is no good not being involved. We need to be on the pitch but, at the present time, we are not even on the subs bench when it comes to Europe. We can learn a lot from the German structure and strategy in this respect. It is at the heart of Europe and it makes good business sense to be there.”

Lesson six: Procurement

“We have to look at what we do and make sure that when we need goods they are actually made in this country. It is farcical when Bombardier, the last train company in the country, doesn’t win the contract to manufacture the Thames Link carriages. To me it is crazy. It just wouldn’t happen in Germany, Japan or France.”

“The Strategic Defence and Security Review has made life very difficult. We produce world class products for the defence industry and the government really should be batting for us. Instead, we appear to be looking for off-the-shelf solutions from other countries.”

Lesson seven: Go for quality

“When we spoke to managers and work council representatives in Germany, they were not worried about the emerging countries like China, India, Brazil or Russia because they felt they could compete. Their view is that they had a structured, well organised and a highly skilled workforce and that they were not part of a race to the bottom. They accepted that they would never be able to compete on price with the new emerging countries and neither should we. Instead, we view some of these countries as places of fantastic export potential for us – but only if we work on the quality side of things and deliver that.”

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