

## CSR case studies



### **BMW Group**

**Establishment of a mature modern apprenticeship scheme, to provide qualified personnel for electrical and mechanical maintenance at BMW's Hams Hall engine plant and to reduce regional skills shortages.**

#### ● **The company**

The BMW Group manufactures automobiles and motorcycles, with a strong emphasis on outstanding quality for its three premium brands: BMW, Rolls-Royce and MINI. The company was established in Germany in 1916. It has a presence in over 160 countries, with 21 manufacturing plants on four continents and global headquarters in Munich, Germany. It employs over 100,000 people worldwide, 9,000 of them in the UK.

This case study focuses on BMW's mature modern apprenticeship scheme at its Hams Hall engine plant as a solution to a regional skills shortage.

#### ● **The drivers**

In 1996 BMW announced its decision to invest in a new production plant for its four-cylinder petrol engines at Hams Hall in the West Midlands. However, during the launch phase of the plant, despite its reputation as an attractive employer and the strength of the BMW brand, it became evident that there was a lack of high-calibre applicants for a number of positions within the plant. Despite receiving over 13,000 applications for semi-skilled operators, BMW realised that few candidates had the combination of experience and qualifications necessary to carry out important integrated production and maintenance roles in the factory's highly automated production environment.

This provided the HR department with the challenge of filling these vacancies and was the major motivation for setting up the mature modern apprenticeship (MMA) scheme at Hams Hall.

#### ● **Taking action**

Prior to the opening of the Hams Hall plant, BMW had developed a business model with strategic targets for its operation. One of the targets (in progress) covered attitudes and policies towards its employees and the public: it wanted to be seen as the most attractive employer with the best corporate image in the region. BMW's 'People' strategy included actions on the organisation's development including people planning and management. Having this strategic target provided the management team at Hams Hall with the basis to gain headquarters' approval for the development of the MMA programme. The scheme demonstrated that 'a willingness to change and be flexible' is an essential element of the culture of the plant and of the company.

Within a BMW manufacturing site there are typically two main types of associates: skilled (broadly, those who carry out maintenance) and semi-skilled (those who operate the machines). In order to improve efficiency, BMW wanted a workforce which could fill both roles. From the outset BMW wanted to set a factory standard that would enable all staff to receive training in manufacturing as a Level II National Vocational Qualification (NVQ).

After interviewing a number of associates within their existing workforce, BMW selected 30 who demonstrated the commitment, desire to learn and technical ability deemed necessary to succeed in the MMA programme. In order to obtain expert advice the company formed a partnership with the Sector Skills Council for Science, Engineering and Manufacturing Technologies (SEMTA). The resulting full-time programme, which varies between two and two-and-a-half years, delivers vocational educational training in the form of City & Guilds Parts 2 and 3, an NVQ Level 3 qualification in Engineered Systems Maintenance, and further technical and leadership training specific to BMW's requirements.

So far BMW has invested over £20 million for training measures appropriate to the needs of the company and its associates at Hams Hall. Some of this has gone to two partner colleges in the region to improve their facilities and enable them to deliver the NVQ 2 in manufacturing, the MMA programme and other personnel development activities.

BMW had to overcome a number of challenges in developing the MMA programme. Cost was one of them because, while staff were in the full-time training, they were still being paid their normal salaries. However, a cost-benefit analysis demonstrated to senior management that they could expect a net return on their investment. It was also shown that the scheme was relevant to the company's strategic objective of people and their development. "By demonstrating clearly where it related to our strategic targets we got the support necessary to develop the MMA programme", said Harald Krüger, the Hams Hall plant director.

The results suggest that the investment has paid off. There was virtually a zero dropout rate among BMW's mature modern apprentices, compared with 40% for young people as a whole in the UK. Nineteen BMW employees aged between 23 and 45 have completed the course in 2003 achieving results significantly higher than the national average. Another ten employees completed in March

2004, and six more are on track to finish the programme by the beginning of 2005.

BMW learnt some key lessons in developing the apprenticeship scheme. First, senior management needed to be bold since there were no guarantees that it was going to work. Secondly, BMW had to accept the possibility that, as soon as staff acquired new skills, they could either look for another job or be head-hunted by a competitor. But this rarely occurs, possibly because staff respect the opportunity the company has given them and feel a particular sense of loyalty.

#### ● **The business benefits**

The biggest benefit to the company has been the flexibility of these trained apprentices, which has improved the plant's efficiency and effectiveness. BMW has encouraged its associates to acquire new skills and competencies, thereby enabling them to take on a wider range of roles and responsibilities. This has led to the need to employ fewer staff overall, thus saving costs.

Other benefits to the business include the development of new partnerships and increased advocacy with Government.

The apprenticeship scheme has been popular with staff, offering them the opportunity to improve their skills and become more marketable. However, this has not led to an increase in staff turnover. In fact, staff turnover is virtually zero. It has also avoided the potential division between production and maintenance staff, and thereby improved staff efficiency, effectiveness and morale.

#### ● **Why is it CSR?**

BMW considered CSR to be a by-product of the MMA initiative, as it has given its staff access to more choice in training. BMW has also made a contribution to the community by helping to modernise local colleges with the latest manufacturing equipment and supporting new training courses. These courses are also open to other companies and much of the syllabus is of general relevance, so people from other organisations can benefit.

● **What next?**

BMW is playing an active role in the Automotive Academy initiative, advocating MMA as a way of reducing the skills shortage in the manufacturing sector. BMW has established the MMA scheme at Hams Hall as an example of best practice, by demonstrating how to maximize the potential of its associates.

**Contact us**

Any comments on this profile? Would you like your organisation to be profiled? For further information please contact Dr Paul Toyne at Article 13 on 020 8840 4450 or email [ptoyne@article13.com](mailto:ptoyne@article13.com).

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