

BUSINESS ACTION GUIDE

Leading at the Intersection of People & Profits

SET THE STAGE FOR SUCCESS

Cross-Training: Integrated Packaging Corporation

Cross-training employees is a great way to reduce risks while potentially reaping rewards. Cross-trained employees can fill the shoes of absent team members, or move between departments based on workflows. At the same time, employees benefit from gaining both additional skills and a new perspective about how different parts of the company fit together. To learn more about cross-training, we spoke with Al Fuller, President and CEO



AL FULLER,
PRESIDENT AND CEO

of Integrated Packaging Corporation (IPC), a manufacturer of corrugated boxes and products serving many leading Fortune 500 companies. IPC has direct manufacturing facilities in Detroit, MI and Alexandria, LA which together employ 50 full time and 50 temporary workers. The company also has manufacturing partnerships throughout the U.S. to allow for localized fabrication and shorter delivery times.

Integrated Packaging Corporation operates within a mature commodity business with low margins, so we have to continually find ways to maximize our efficiency and productivity. We pay our employees well and offer a good benefits package, and we expect our hourly employees to learn how to operate at least three different machines. They are given pay increases for learning new skills, which is an incentive to them as they become more valuable to the company. One of the first things we did in the early days of our company was to negotiate with the unions to get cross-training into the contracts. Now 50 percent of the corrugated box industry has skills-based pay in its union contracts. Due at least in part to our practice of cross-training, employee turnover at IPC is much lower than in similarly sized firms, and we can promote employees from within – 80 percent of our promotions are internal. This is particularly significant because the majority of our employees are African-American or Latino with high school degrees, so skill building and advancement have a big impact. These are some key lessons we have learned in the process:

1. Create buy-in at all levels

To implement cross-training effectively, you have to get support and buy-in at all levels of the organization, starting with the top. In addition to the financial costs, the company has to make an investment of time and accountability to make sure it is done right. And there has to be an incentive for supervisors to make the training happen. It could be more pay, or simply the ability to go on vacation and know they won't return to a big mess, because other people know the ropes. Also, the program has to be well understood by the people being trained as well as the trainers. Most of the training takes place on the floor, not in the classroom, and is taught by peers or supervisors. So it has to be communicated well – people need to understand why, when, and how it's going to work. You also have to schedule planned downtime and/or overtime for training since

INTEGRATED PACKAGING CORPORATION'S FORMULA FOR CROSS-TRAINING

1. Create buy-in at all levels
2. Tap a variety of training resources
3. Keep skills up-to-date and plan ahead
4. Increase efficiency with gainsharing
5. Create opportunities for employees

people may have to stay late or come in early, and then track the training costs against the training budget.

2. Tap a variety of training resources

There are a lot of resources you can tap for training. We had a lot of Spanish-speaking employees at one point, so we got a state grant to teach them English before we attempted cross-training. We often bring in manufacturing suppliers to do cross-training, quality training, and safety training. Sometimes they teach employees in a classroom setting (our training is about 80 percent on the shop floor and 20 percent classroom). If we have a larger, more sophisticated customer that does something really well, we might bring them in to do some cross-training. For example, when we started using our new Enterprise Resource Planning (ERP) software system seven years ago, Cargill was a major customer



and they had a lot of experience with the same ERP. They let our team come over and study how to best interface with that particular system.

3. Keep skills up-to-date and plan ahead

We learned early on that you can't expect one training session to be a permanent solution. There were times when we taught someone a new skill and gave them an increase in hourly pay, but then the employee didn't use the skill for six months and forgot what they had learned. It's really important to have updates, refreshers, and reviews. Another approach is to let the new employee do the job with an experienced person supervising them. The bottom line is that you can't learn a new skill and then put it in a drawer and expect to remember it later. Also, keep in mind that you won't get the same efficiency with a cross-trained employee doing a job they are less used to than someone who does the job every day. Make allowances so you don't end up with customer dissatisfaction. Also, if you cross-train for two weeks, you might lose 10 percent productivity during that time. Plan ahead and make sure you have the extra inventory on hand.

4. Increase efficiency with gainsharing

Our quarterly gainsharing program, SWEAR (Safety, Waste, Efficiencies, Attendance, Returns) is based on things that our hourly employees can directly control. How it works is that three percent of company profits go into a pool, which is divided equally among hourly employees every

quarter if we reach the goals for each of the SWEAR categories. The program has really made the hourly employees much more focused on the business, and we've improved our productivity, safety, and attendance significantly. Gain-sharing adds a further incentive to cross-training, because it benefits employees who are able to attain a high level of efficiency across multiple machines.

5. Create opportunities for employees

Our company places a high priority on creating advancement opportunities for people in our communities. Even if they end up leaving us a result, this is something we celebrate. For example, we had a gentleman who was hired when he was 23 years old and on parole. He had an ankle bracelet and he started as a sweeper at minimum wage. Then we cross-trained him so that he gained a lot of skills. He had a great attitude, and his parole officer saw it. He is now a BHS-certified expert (BHS is a German company that makes corrugating machines) and earns well over six figures. Another success story is a young man named Chris, who was elected as the hourly workforce's representative a few years ago. Over time, he became an excellent leader and advocate for employees. He recently got a job for a local city as Assistant Head of Records and Documents. I ran into him and he said "You wouldn't believe the guy I was five years ago could put on a suit and tie every day and do this job." I miss him but I am glad he could advance. Because of cross-training, we're able to be resilient if people move on to other opportunities.

FINAL WORDS OF WISDOM

Cross-training saves you money. The alternative is high inventory and higher wages. With cross-training, you can run the machinery through planned or unplanned human downtime. And employees who can do more have more ideas of how to improve. They understand better and their ideas are more holistic – they won't suggest things that help one area but hurt another.

HOW DO WE LEARN MORE?

[Houston Chronicle: Cross-Training in Business](#)

[Forbes: Cross-Training: Your Best Defense Against Indispensable Employees](#)

[Zingtrain: Essential Guide to Staff Training](#)

[Area Development: Cross-Training: Creating and Implementing a Successful Plan](#)

[Inc. Magazine: Cross-Training](#)

Other companies that excel at cross-training include Marlin Steel, High Plains Community Health Center, and Dansko.

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