



Getting the chemistry right – seventy years of the AVR

On 19 January 1950, around one hundred employees of F. Hoffmann-La Roche meet to found the Employee Association of F. Hoffmann-La Roche & Co. Ltd, Basel in the Kleiner Festsaal auditorium of Stadtcasino Basel. The purpose of this new association is to promote closer ties among employees but also foster better contact with management. The annual membership fee is set at 6 francs.

Pre-existing organisations include the Company Employees' Association (Betriebsangestellten-Vereinigung) and the Association of Academics (Vereinigung der Akademiker). The Roche Works Council (Arbeiterkommission Roche – AKR) has already been formed, and the Roche Sports Club was established in 1935. From the beginning, the aim is to promote contact between the member and senior managers and with other company associations – for instance via the magazine “Das Molekül”, founded jointly by the company associations of Chemical Industries Basel in 1949.

The new association is staffed on a volunteer basis. The minutes of the General Meeting in 1951 note that there would be no remuneration for Committee members as “the principle of the honorary role of the Committee must be preserved”.

One of its first successes, achieved together with the other company associations, is to provide accident insurance for women and children. From 1952, a cost-of-living bonus is awarded at the request of the AV. An important point of contact between the company and the employee association is the company pension fund.

The Workers' Pension Fund

The Workers' Pension Fund (PK) II is founded in 1960. The Board of Trustees consists of six members of company management and three members of the AKR. This structure would not be altered until new regulations are introduced in 1964: six members would now represent the company along with three from AKR Basel, one from AKR Sisseln and three from AV. The President is appointed by the company, and the Vice President by the employee representatives.

Social life, social issues

At the same time, the association organises cultural and social events, putting together attractive offers for its members. These include joint excursions, negotiated shopping discounts and discounted theatre tickets.

By early 1953, the AV has almost two hundred members: over half of the commercial and technical employees have now joined.

On the AV's initiative, the company introduces improvements: monthly salaries are now paid out close to the workplace so that employees would no longer have to queue in the administrative building, and the first collective contract for hospital insurance is concluded, along with supplementary insurance for polio.

But the AV does not focus only on internal issues. In 1956, for example, it organises a relief effort for the survivors of a mine disaster in Belgium and launches a campaign to sponsor Hungarian refugees.

1957 is a year of crisis for the AV: membership is stagnating, and interest in joint events is waning. The possibility of dissolving the association is even discussed at the General Meeting in 1958. All the while, the AV continues to support a number of important issues, such as vacation policy, workspace design and a proper staff restaurant.

Roche enjoys global success

The 1950s mark the company's global expansion. In 1952, Roche launches Rimifon, the first effective medicine against tuberculosis. The Group expands, purchasing other companies and diversifying its product range. The number of employees in the Basel region grows to almost three thousand, with four hundred and fifty as members of the AV. The association is now officially authorised to speak on behalf of Roche employees.

In connection with the staff restaurant, discussions are held regarding the idea of a "Welfare building", which would also contain a leisure workshop. There is close cooperation with the Company Employees' Association. The idea of merging the two organisations would make sense.

In 1959, the magazine "Das Molekül" celebrates its tenth anniversary. It frequently covers topics such as personnel management that concern middle and upper managers. But because they are not members of the AVR the magazine does not actually reach them. Thus a new in-house magazine is considered. In 1961, the quarterly Roche Magazine is launched and is also delivered to management and Board delegates. As of February 1962, a dedicated editor is taken on specifically for this magazine.

The AVR informs company management of its wish to organise courses in personnel management for line managers and in teamwork for employees. Their rationale: "the chemistry is not right".

The problem of the lack of parking spaces is becoming increasingly urgent. When excavation work for the staff amenities building begins in 1967, the plans provide for nine hundred and seventy underground parking spaces.

Retirees' events

The beginning of the Sixties is characterised among other things by a high inflation rate. Retirees are the hardest hit, but management rejects automatic cost-of-living increases for pensions. Roche's business continues to boom, so at least a lot of employees enjoy salary raises and bonuses.

The AVR takes retirees on board by organising an annual excursion for them, with the company's generous support. This lays the foundations for the retiree events that remain popular today.

Affordable housing

From January 1963, there are no longer any factory workers (“Betriebsangestellte”) at Roche – only works personnel (“Arbeiter”) and office staff (“Beamte”). With the new office staff status, the number of AVR members rises from around five hundred to more than seven hundred, which means a considerable amount of extra work for the Committee.

Roche employees are also concerned about the issue of affordable housing. Rents are rising, and there is a housing shortage. The project initiated by the AVR to build affordable housing for employees finally takes shape: in 1971, the Liebrüti / Junkholz project in Kaiseraugst is presented to the AVR and the AKR. Nine hundred apartments would be built here within five to ten years. The AVR fears that the apartments could prove too expensive, which is a valid concern to some extent.

At the beginning of the 1970s, the AVR concludes collective contracts with various insurance companies for illness, accidents, additional hospital costs, motor vehicles, etc.

The increasing number of members also makes communication more challenging. The AVR reorganises and, from among its Board members, appoints Group representatives (today's site representatives), who liaise with members in the individual departments.

Internal training sessions

By 1968, the membership fee has risen to eight francs. The number of members continues to grow. But the Committee notices a paradigm shift. While members were previously more interested in which matters the association could push through with management, individual perks are now taking precedence. Many of the negotiated offers benefit all employees, so there is little need for AVR membership.

The AVR presses ahead with the issue of professional and general training. Management's view is that training is a personal matter for employees. Roche finally hires a Director of Education in response to further pressure. This gives rise to the well-developed, in-house training system we have today.

From magazine to newsletter

The new staff amenities building is opened in May 1971 to mark the 75th anniversary of the company. As the AV notes with satisfaction, it is not just a “feeding ground” for active employees and retirees. Instead, it also serves as a place to meet. The anniversary is celebrated as a major festivity.

At the end of 1972, the AVR negotiates collective health insurance with Grütli-Krankenversicherung. Roche provides employees cover for major risks under supplementary insurance.

Following the merger with Ciba-Geigy, “Das Molekül” is discontinued. The AVR launches a new publication: as of early 1974 it distributes the “AVR-Rundschau”. This is popular, but is replaced after only four years by the lower-cost “AVR-Informationen”. At the end of the nineties, the AVR launches its first website. Then, from 2013, the “AVR Newsletter” is published in German and English and sent by email to the entire local workforce.

Salami association

1975 goes down in history as the year of the global recession. Among its ramifications are the oil crisis and ensuing unemployment, short-time work, layoffs and closures.

As one of its pre-Christmas discounted offers in 1975, the AVR sells one and a half tonnes of salami. The AVR's disparaging nickname of “Salami-Verein” clearly stems from this period.

Agreement on Principles

On 1 October 1975, the AVR and management sign the first Agreement on Principles. The AVR is regarded as the contact responsible for employees in the EAV. It is granted the right of in-house representative co-determination.

But the AVR is under no illusion about the value of this agreement: “For us, it is not the end point, but a basic agreement that must now be filled with content and expanded,” it says. “Co-determination in the sense of a democratisation of the economy cannot be realised overnight.”

Seveso

On 10 July 1976, a devastating accident occurs near Seveso in Italy. A poisonous dioxin cloud forms as a result of an explosion in the ICMESA chemical factory (a company belonging to the Roche subsidiary Givaudan). It poses a danger to unborn children and to animals, leads to deformities and permanent organ damage, and contaminates the soil over a wide area. Initially, Roche does not mention the release of dioxin. Forty-one barrels containing highly hazardous residue are transported to France, where they are to be disposed of. However, they disappear at the French border – only in 1983 are the barrels rediscovered in a village in northern France, from where they are transferred to Basel for disposal.

In response to the catastrophe, Switzerland passes its first effective Environmental Protection Act. Roche's information policy is also overhauled, and a “Committee for Industrial Health Protection” begins its activities in 1981. The AVR has a say in these affairs. The committee is later renamed the “Health, Safety and Environmental Protection Commission” (KGU). The delegates of the AVR and the AKR are committed to ensuring that the working conditions in the company are continuously improved.

The company's situation is difficult, its reputation is damaged, and sales decline severely. From 1978, a new Roche CEO cracks down on costs, reducing staff overheads and cutting 14% of jobs.

Vacation policy

From 1981, Roche employees are entitled to four weeks of vacation; those over sixty to six weeks. The policy is preceded by many years of negotiations between the AVR and management.

Staggered working hours are introduced in almost all departments from 1 April 1981. Employees would have to wait until 1999 however for the introduction of annualised working time.

Administrative cost analysis

Between 1982 and 1983, Roche conducts an administrative cost analysis, as a result of which many employees lose their jobs. The AVR is involved in the analysis, which lasts over a year, and provides help for many of those affected.

The AVR is able to negotiate further improvements: a new inflation adjustment policy, family allowance, increase in child allowance, additional half-days off and a new travel voucher deal.

A company restructuring is initiated in 1986. The individual business areas are amalgamated into divisions.

At the end of 1992, the AVR terminates the contract with health insurer Grütli. A new collective contract is concluded with Artisana; 6,400 employees join the policy.

The chemical industry complains about high research costs in Switzerland. Increasing global regulation in healthcare is becoming a challenge, as is the pressure on margins from generics. The major Basel-based chemical companies want to discontinue cost-of-living pay increases.

Internal revolution in the AVR

In 1992, there is a small revolution in the AVR. Increasingly, the Committee finds the management style of the then President problematic. This leads to the resignation of several Committee members. Attempts to restore the relationship of trust fail. Finally, the President stands down. At a rapidly convened Extraordinary General Meeting on 29 April 1992, members demand that the main objectives of the AVR be clearly defined and enshrined in the Articles of Incorporation.

Biggest staff cuts in Roche history

In 1994, the AVR is confronted with the largest headcount reductions in the history of the company to date: several hundred jobs would be lost. Roche takes over American company Syntex Corp. A contemporary observer notes that this step

heralds “the Americanisation of Roche”. The AVR drafts a fair redundancy scheme which also applies to those affected by a reorganisation in Sisseln.

On 12 April 1994, Roche and the AVR sign a new Agreement on Principles which would only be updated in 2015.

Female President

The influence of the AVR on salary negotiations continues to be minimal, but at least it can still contribute ideas. The company sets the average salary increase for 1995 at 1.5%, which means a loss of purchasing power for many employees.

Roche celebrates a major anniversary in 1996: “The first 100 years”. The President of the AVR reminds everyone that the value of the company is also measured by motivated, qualified and satisfied employees. He notes, however, that there are justified doubts as to whether the company management sees it this way. Pay increases for 1997 average 1.3%. At the same time, the AVR calculates that the company’s net profit per employee globally is CHF 90,000.

Concluding a favourable collective agreement with a health insurer remains one of the services provided by the AVR. In late summer 1995, insured employees switch from Artisana to ÖKK.

In 1998, a woman becomes AVR President for the first time.

In January 1999, pensions are raised by 2% thanks to the efforts of the AVR. For active employees, pensions benefits are to improve in the long term.

Diagnostics Division

On 1 September 1969, Roche acquires ERA AG (Electromedicine and Respirator AG) in Zug with 58 employees from Tegimenta AG. In 1971, F. Hoffmann-La Roche Ltd acquires a majority shareholding in Tegimenta AG thanks to a capital increase. In 1972, this company is moved from Zug to its current location in Rotkreuz. It subsequently becomes the Roche Diagnostics Instrument Center in 1996. As part of the reorganisation of Roche Diagnostics, the Rotkreuz site becomes a “Center of Excellence” for the research, development and production of analytical systems and laboratory networks.

In 2000, the AVR Central Switzerland branch is founded in Rotkreuz in the Diagnostics Division.

From 2006 onwards, gradual expansion leads to the current site with almost 2,500 employees. Roche Diagnostics International Ltd, as the site is now called, is one of the main sites of the Diagnostics Division and the world’s leading provider of diagnostic system solutions for clinics, laboratories and healthcare practices.

Break-off of salary negotiations

The AVR celebrates its 50th anniversary in 2000. Roche management contributes CHF 80,000 to the celebrations. But in the same year, the company announces drastic cost-saving measures with corresponding job cuts. In that year, the AVR breaks off the salary negotiations with management for the first time. It attributes this to the employer's unwillingness to discuss direct profit-sharing for employees.

Retirees and a companion may now enjoy lunch in the TAVERO staff restaurants under the same terms as active employees. Retirees' pensions are increased; interest on retirement capital is introduced for active employees.

Fines in the EU and USA

2001 is a difficult year for employees and the AVR. The dotcom bubble on the stock market bursts, and launches of new medicines do not succeed as planned. On top of this, the European Union initiates anti-trust proceedings because of price-fixing in the distribution of vitamins. Roche is fined €462 million. There are also large fines in the USA: \$2.5 billion. Two Roche managers face jail sentences.

Call to Action

The Corporate Executive Committee implements a massive reorganisation involving job cuts under the slogan "Call to Action". The incumbent President and Vice-President of the AVR are also given early retirement. The situation is so grave for the association that it discusses returning the representation mandate for EAV employees.

The workforce's trust in management is shattered, as an AVR survey shows. The restructuring rounds seem endless.

Sale of the Vitamins Division

In 2003, Roche sells the Vitamins Division in Sisseln to DSM. The AVR branch there, which is already 10 years old, helps to encourage employees to get involved under the new employer in the near future. The "insulin pumps" business unit of Disetronic, based in Burgdorf, joins Roche. A new AVR branch is founded at that site. At the beginning of 2013, the facility would be sold again by Roche.

The health of employees is very important to the AVR: it arranges heavily discounted admission to fitness centres in the region. Thanks to the brokerage commission paid by the ÖKK (remuneration for advertising done by the AVR for colleagues to join the ÖKK collective contract), the AVR is able to support social and charitable organisations in the region that promote health.

In-house, it is becoming increasingly important for the AVR to provide advice on labour law and dealing with conflict situations to Roche employees unsettled by restructuring and job cuts. The consultants must first be trained themselves. The AVR offers appropriate training sessions.

Many cross-border commuters, especially those from southern Baden, require assistance with taxes, pensions and health insurance.

New Agreement on Principles

In 2006, Roche and the AVR jointly sign a revised Agreement on Principles, which governs the co-determination rights of the AVR (for employees with an individual contract of employment).

The AVR begins to focus on the subject of “older employees”. It is anticipated that the world of work will change significantly owing to demographic developments. The dissertation entitled “Visions and Perspectives of Older Employees” is produced in collaboration with the University of Applied Sciences and Arts Northwestern Switzerland (FHNW). This gives rise to the 50+ Project. Among other aspects, this envisages reduced working hours from a certain age and the possibility of further employment beyond normal retirement age.

In view of the discounted theatre and circus tickets, affordable excursions and travel as well as various bargain deals, a Discounts Office is set up to negotiate offers from external manufacturers and service providers for AVR members and the workforce as a whole.

With respect to the numerous restructuring rounds, the HR department develops the “Time instead of money” concept, which grants reorientation time to employees affected by a reorganisation. Roche establishes a staffed “Reorientation Centre” (NOZ).

Bonus for everyone

The HR department and the AVR meet regularly to find solutions for colleagues affected by restructuring.

The “Bonus for everyone” is introduced in December 2007. The AVR had campaigned for this for a long time.

Operational Excellence

Genentech, a successful research company in the field of genetic engineering, is purchased for 47 billion US dollars in 2009. This acquisition spells the loss of hundreds of jobs for Swiss employees. The restructuring is dubbed “Operational Excellence”. The style of management is becoming increasingly American: “hire and fire” seems to be asserting itself at Roche, too.

The US subsidiary in Nutley, N.J., also falls victim to a restructuring in 2013. The site is closed down and its functions are taken over by Genentech.

Roche retirees wish for their voices to be heard and found the separate “Roche Retirees' Association” (PVRoche).

The Basel site grows

The AVR signals its intention to work together more closely with the HR department. Electronic media is used more extensively. The AVR communicates in two languages: German and English.

Roche Basel on growth trajectory. As far as possible, employees from off-site locations are to be brought together on the Roche site or moved to Kaiseraugst. In 2010, a large number of additional buildings are constructed here in a park-like setting. Older buildings on the Basel site need to be replaced or renovated. At the end of 2015, “Building 1” by Herzog & de Meuron is completed; it is the tallest building in Switzerland at 178 m. From 2022, “Building 2” will rise even higher.

The company experiments with alternative work concepts. “Working from home” saves workstations. “Activity-based working” creates a more rational use of spaces – individual workstations disappear. Instead: open workstation design, rooms for telephone calls, rooms for concentrated work, meeting rooms, social spaces.

The future is here

It is not just the environment that is changing – employees are, too. Younger “digital natives” are mobile, always online, and available everywhere and in every time zone, day and night. Burnout is on the rise.

Years of in-depth training, practical experience and a high level of performance are no longer guarantees against job loss. Employees are expected to take the initiative in ensuring their employability. The company also faces new challenges: patents for profitable medications are expiring, and biosimilars - imitation products created through biotechnology - can be produced more cheaply.

All Roche departments are permanently under scrutiny. The most effective way to save costs is on staff. Additionally, outsourcing jobs to low-wage countries is seen as a way to boost margins.

The keyword “employability” means that employees have to build networks, keep updating their skill set or acquire skills for a new job, and increase their “market value” alongside their bread-and-butter job. The company offers advice and support at the new Roche Career Center (RCC).

The AVR is not running out of work, even in its seventieth year.