

HIGH ROAD TO WORK ORGANISATION

CASE STUDY

H.C. Hovmand A/S



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Abstract

The case of H.C.Hovmand is interesting, as organisational change has been initiated by numerous problems such as succession, quality and delivery. Also the commitment and participation of the employees is highlighted in the project.

This case shows us how a small company can benefit from new work organisation and indicates how the organisation as a whole must adjust in order to reap the full benefits.

HI-RES Case Study: HC Hovmand

Sector

Polyurethane machines and transport equipment

Key Words

Succession; flexible organisation; production groups; planning; efficiency; quality

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1. Background Information

H.C. Hovmand A/S was established in 1972 and has today approximately 30 employees. For many years, the organisation has conducted a good business in relation to two specialised areas - polyurethane machines and transport equipment.

As the organisation and its founders have grown older, the founders' son took over in 1999. Within the same period, the organisation lost a large part of its turnover due to a crisis in polyurethane machines sales industry.

Since the change of management was to be carried simultaneously with the establishment of a more flexible organisation: the company (the managing director, the production manager and the shop steward) had decided to introduce production groups in the production departments. This happened during the winter of 2000 - 2001. In the spring, the development process was planned and a model for the production groups was agreed upon. In summer 2001, production workers were sent on a course focussing on planning and quality leading to the groups starting in reality.

The company believe that the production groups are working well. The workers were motivated and the tasks taken over by the groups were completed adequately. The middle manager, that previously posed a problem with regards to planning and production now has more resources to prevent these problems, and at the same time he experiences a better observation of the plans.

2. Drivers for Change

Motivational drivers

In summer 2000, the employees' believed that there was much confusion within the organisation, confusion over decision competency and how tasks were to be carried out.

In the workers' opinion the middle managers' time solving the planning tasks was insufficient, and that the production staff would be both interested and competent in taking over some of the practical tasks concerning planning and quality.

One of the major reasons that the middle manager wanted production groups was so he could reduce the number of 'fire fighting' tasks, thereby he would have more time to support production and follow up on completed tasks.

Top management wanted to create a more flexible organisation and increase delivery efficiency and quality. However this was at a time when it was not possible to hire extra staff for these tasks. They also had an ambition to create a better workplace that would be more attractive to new employees.

Contingency factors

For a long period, the enterprise has had problems complying with delivery terms, and at the same time there had been many cases of poor product quality and finish.

The reasons for these problems were the paper flow and workflows were not uniform, and there has been uncertainty regarding the competencies of various employees.

These factors are closely related to the ability of ensuring the companies' earning capacity.

The change of management also put organisational development on the agenda. On a practical level it meant that two top management positions would not be replaced. Consequently, there is a genuine need for tasks to be delegated out to others, according to the 'domino principle' where all links from top management through salaried workers and middle managers to production staff will take over new tasks and delegate others. Simply seen, the production workers will have more to do, but they will experience a

direct improvement of conditions surrounding the daily production, and therefore much waste of time and frustration will be avoided.

Technological drivers

Directly, it has not been a technological development driven process to implement production groups at the company.

3. Characteristics and Process of Change

Use of personnel management methods

In connection with the organisational changes, the company has shifted the focus in employee progress reviews so that they will, to a larger extent, include the company's strategic challenges and the individual's role in that context.

Thus, before the start of the production groups, this theme was included in each production worker's progress review.

During autumn 2001, additional focuses were be put on the progress reviews and an overall basis for educational planning in the company.

Use of training

Training of the groups was a combination of adjusted courses and internal training. Thus, up to the start of the groups, all production workers attended a course focussing on autonomy, co-operation, planning and quality.

During the course, the employees participated in discussions that will without doubt emerge when competencies were changed within an organisation. The discussions among the employees were about the common responsibility necessary if a production group should succeed.

Internal training was initiated 14 days before the change of a co-ordinator role. Here, and in co-operation with the successor, the co-ordinator briefed his colleague about the processes and tools used by the co-ordinators.

Intended organisational design

So far, the enterprise has started to establish production groups. The production manager and the shop steward have agreed upon the character of the production groups, and the managing director has also approved it.

The production groups' competencies are planning and quality. A planning and quality co-ordinator role is being established.

All workers in the production groups must be ready to take on roles that are changed every second month.

Planning is about fine preparation. This means that the production manager receives orders from the sales department and provides materials while the planning co-ordinator drafts the task allocation and clears it with his colleagues. Changes of the plan, such as acute assignments and the like, cannot be fitted in without a discussion with the planning co-ordinator. The groups themselves handle illness and vacation, and in the future they will participate in employment procedures.

Quality standards will rest with the quality co-ordinator who handles the input control and checks production methods, packaging and quality of finished goods.

The production manager's new role is to be a coach and service person for the groups. He is in charge of overall planning, liases with the groups' co-ordinators and helps them to get started if there are problems in the development process.

In the process of establishing the production groups, some organisational problems within the enterprise were uncovered through a process of dialogue, participation and

consensus making with the production staff. Furthermore, through participation in 'dialogue plays' a number of necessary skill requirements were highlighted.

4. Obstacles to Change

Obstacles outside the company

No external factors can act as obstacles to the development and implementation of the production groups. In spite of its size, the enterprise is an independent international enterprise, which with its own product names has the possibility to be organised how it chooses.

If, in the opposite, the company were a subcontractor closely tied to a large international group of companies, there would be a risk that it had to 'adjust' its organisation to the group. This could be a hindrance to the development of the organisation; however, the opposite has also been the case. There are examples of large international enterprises that demand that their subcontractors production group will match their own.

Management priorities methods

A more likely hindrance is that management, due to production decrease during the run-in period, chooses to return to the past set-up. The argument could be that in the old organisation at least advantages and drawbacks were known, but in the new organisation these need to be learned first.

5. Risk Analysis

Change as a Trojan horse/under investment

In this case, it is not considered that the company has used the organisational development to reach hidden motives. The change of organisation has been a part of a strategy to improve the organisations earning capacity through increased productivity and quality and increased employee satisfaction.

To a large extent, the investment in the project has been time - hours of the production staff and the production manager, and it has been possible to obtain the required time. Furthermore, the enterprise has applied for, and received, project funds for consultancy in relation to the most important core areas of the project.

6. Benefits of Change

Competitive benefits

The primary competitive benefit is that the enterprise increases its delivery compliance and at the same time increases product quality.

This way, the production capacity is boosted without raising the wage bill. This gives a clear competitive advantage for the company combined with an increased earning.

Quality of working life benefits

Previously, the workers were frustrated by poor planning. They pointed out that many tasks were only half completed when they had to move on to new ones and they were not satisfied with the accuracy of documentation, which meant that products often had to be altered even though they had already been completed.

In connection with the set-up of the production groups, the production manager has decided not to pass on incomplete information to the co-ordinators. This means that

other employees (designers, sales representatives) have to be more accurate in their work.

When the orders reach the production groups they have better material to work from, and the workers, therefore more satisfied because the prerequisites for producing a good piece of work are in order.

Conclusions

The enterprise's overall conclusion is that the production groups were a good idea. But it is also clear that the success is based upon the additional involvement of other elements:

- The production manager considers his new role to be a coach and service person to the groups.
- New paper flows and better quality give better work processes.
- The employees are now motivated since they were previously unsatisfied with the operation of the enterprise.

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