

# **HIGH ROAD TO WORK ORGANISATION**

## **CASE STUDY**

**LK as Ringsted**



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### **Abstract**

Employees from two factories have been merged and have set up production groups in a new enterprise. The groups have been given a number of new planning tasks so that their jobs have become more varied and the repetitive work has been reduced. Management and employees have created a common culture at the new workplace, which they are satisfied with.

## HI-RES Case Study: LK as Ringsted

**Sector:** Electric sockets

**Key words:** Job quality, repetitive work, job content

### Table of Contents

Abstract	
<b>HI-RES Case Study: LK as Ringsted</b>	
Sector	
Key Words	
<b>1. Background Information</b>	<b>3</b>
<b>2. Drivers for Change</b>	<b>3</b>
<b>3. Characteristics and Process of Change</b>	<b>3</b>
<b>4. Obstacles to Change</b>	<b>4</b>
<b>5. Risk Analysis</b>	<b>5</b>
<b>6. Benefits of Change</b>	<b>5</b>
<b>Conclusions</b>	<b>5</b>

## **1. Background Information**

LK as Ringsted is a factory producing electric installations. It is located 80 km outside Copenhagen. The factory LK is a company in the international group Lexel A/S with employees at 23 factories around Europe. Furthermore, Lexel A/S is a part of the French group Schneider Electric.

LK as in Ringsted has 300 employees at a factory which was finished two years ago. The employees of the factory come from two factories, where one has been closed and the other still produces electric installations. LK in Ringsted manufactures electric installations, for example plug-and-socket connections and data material. The products are first and foremost sold at the Danish market.

In the new factory a little more than half of the production has been automated. The remaining tasks require manual handling in the form of putting in and moving of electric components by machines and production lines and assembling of components. Production is divided into three production centres where the employees work in 13 production groups. The employees have responsibility for all goods that pass through the groups' responsibility area, including the final control.

## **2. Drivers for Change**

Since the mid-1990s, a number of different external and internal driving forces have paved the way for the work-organisational changes in LK. Because of competition terms in the area of electric products, there has first and foremost been a need to increase efficiency and reduce costs of production. This was the background for the initiation of the production group project. The aim of the project was to develop a group-organised production and at the same time improve the job quality.

Another significant driving force was an action plan against repetitive work the purpose of which was to halve this type of work in production before the year 2000. The action plan was agreed upon by labour and management and was part of an effort to reduce repetitive work passed by the Folketing (the Danish Parliament). As a consequence of this, LK in Ringsted combined the production group project with job development and rotation with the aim of making the jobs as varied and meaningful as possible.

The building of a new factory became a third driving force. Here, an opportunity arose to change the production layout and production design, which in the old factory limited job development in the work areas of the production groups. Therefore, the decision to build a new factory was of great significance to the further development of both the production groups and the job content.

## **3. Characteristics and Process of Change**

The characteristic feature of the change process has been that managers and employees together have gained experiences regarding transfer of responsibility and competence to the employees in the production groups. Training in autonomy was initiated, which took place at the local adult vocational training centre, and which was implemented on a continuous basis as the groups became capable of handling planning of orders and manning of workplaces and machines. At the same time, the management group was trained to handle a new management role and to participate in the development and training of the employees.

Another significant effort in this period was the initiative to reduce repetitive work through a special effort in relation to the job development activities which were initiated. Moreover, an effort was initiated to end the piecework system and replace it with a wage system with a common bonus arrangement, which could further a common work effort in the production groups.

In the period before the decision was made to establish the new factory a great effort was done to reorganise and develop production and work organisation. When the decision about the new factory was made, the experiences from the production group project were incorporated in the planning of the three centres in the new factory. The employees became involved in the planning of production layout, division of product range, and the composition of the production groups. In this way, the employees participated in making decisive decisions concerning their new workplaces and working conditions.

In this work, managers and employees participated who had been active participants in a regional network to reduce repetitive work, where they, together with three other enterprises, had discussed the development possibilities of production groups, job development, co-ordinator and supervisor roles, planning of work, involvement of more types of tasks such as repairs, maintenance, cleaning, and transport of goods to and from the warehouse. The knowledge and experience gathered during the two-year period were incorporated in the planning of the new factory.

The result of this process has been that the production groups of the new factory function by receiving their orders from the PC workplace and from there plan production and manning of machines and workplaces in the group's clearly defined work area. They fetch sub-components at the warehouse and transport the quality-controlled products to packing, after which they cancel the order on the screen.

Communication and information to and from the production groups take place via an internal IT network. Moreover, the co-ordination between the groups takes place at internal meetings between the co-ordinators of the groups. The supervisor is no longer supervisor, but coach for several groups. The coach has an overall responsibility to the groups and is to ensure that the target-oriented management functions in and between the groups.

## **4. Obstacles to Change**

There are many obstacles in a change process from traditional to group-organised production. A process-oriented approach to change in an enterprise requires insight and understanding. It is not least difficult to break down many years of habits and routines in a production. Supervisors and employees are often opposed to great changes, because they are uneasy at the prospect of new tasks after having had the same job task for many years. This case shows that it takes time to train employees to greater flexibility, change wage systems, and transfer tasks from supervisors to employees.

Transfer of experiences from two old factories to one common new factory is a difficult process, which can create obstacles to more extensive changes. During a planning process of a new factory, managers, planners, technicians, constructors, and employees from the same enterprise - but from two different cultures - have to agree on how to create a new factory together. This process has given rise to frustrations in both managers and employees and for a long time after they began producing together in the new factory.

## **5. Risk Analysis**

Moving to the new factory way, as mentioned, a difficult and rough process with a considerable risk that supervisors and employees lost faith in the feasibility of the changes. So far-reaching changes will mean that productivity is going to decrease for a long period. If also there is frustration and difficulties integrating the different cultures and making new production groups work optimally, the risk that productivity and quality will fall is very big. In some cases, management gives up implementing the organisational changes and returns to the old management form.

The production groups had a big task reaching the production goals and become as effective as possible. Thereby, the pressure in the production groups grew, which, over a long period, influenced the groups' internal and interdisciplinary co-ordination and communication. The risk of creating conflicts and co-operation problems during the setting up of the new production groups is present because, at this time, the employees do not know each other. Therefore, everybody have been working intensely to avoid this risk.

## **6. Benefits of Change**

The result of the changes in the new factory has meant that the production groups have greater responsibility and competence than previously. The production groups have now more varied and meaningful jobs with many planning tasks. Production layout has been adapted to group organisation. The possibilities of variation in the groups have reduced the repetitive work considerably compared to previously. The employees have become more flexible and open towards changes.

Today, after two years in function, managers and employees have created a common culture so that they have a common workplace with which they are satisfied. The groups have been developed so that they are able to fulfil the production goals.

## **Conclusions**

The change of work organisation, which was started in one of the old factories, has been continued and finished. Two years after the move to the new factory, the result is that 13 new production groups consisting of merged employees from two factories function as production groups. The job quality has increased because the employees now have more planning tasks and greater variation in their jobs. The groups' responsibility and competence have become greater. They have experienced a difficult merger, at the same time as the groups have been under pressure to reach the production goals. But they have carried out the changes and created a good foundation to further develop the production groups in the years to come.

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