

HIGH ROAD TO WORK ORGANISATION

CASE STUDY

Pope Cable & Wire



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Abstract

The cable producing company is one of the first companies in The Netherlands to implement self-managing teams. Hence, its experience with change management is impressive. The company demonstrates that intelligent implementation of new work methods can provide competitive advantages.

HI-RES Case Study: Pope Cable and Wire

Sector

Nace code DJ.27, cable producer

Key Words

Industry; sociotechnical systems design; self managing teams; quality of organisation; quality of work; cable production

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1. Background Information

The cable producer (Nace code DJ.27) is a daughter of a multinational company. This company is a leading manufacturer of products used by the world's leading technology companies to build internet, intranet, and communications networks, automate factory floor manufacturing through robotics and process monitoring, and enable broadcasters to build state-of-the-art audio/video and recording studios in both digital and analogue formats. Since the company became publicly traded in 1993, it has grown at a compounded annual growth rate of approximately 15%.

The year 2000 marked an important milestone for the mother company. Revenues topped the \$1 billion mark for the first time in the company's history. Specifically, revenues for 2000 totaled \$1,135,336,000, an increase of 39% compared to 1999.

As part supplier for this mother company the markets of the cable producer are situated all over the world. It produces cables and wires that are used in all sorts of products.

2. Drivers for Change

The main reason for starting the change in the beginning of the 90s was the fact that clients were not satisfied with the high prices of the products and the long delivery times. In short more focus on the market was required. Moreover, the internal structure of the organisation had some major shortcomings: long lead times, bad cost management and low involvement of personnel.

In this organisation change proposals or new ideas mostly come from project groups just below the management. In this case, one of these groups consisted of young ambitious production managers. The project group designed the macro structure and created several design groups, which had the task to design their unit at micro level. These design groups consisted of representatives from the local staff (planning and support) and production employees.

3. Characteristics and Process of Change

At first a new organisational structure was designed which dealt with the development of self-managing teams as well as development of business units and divisions which reflect key market segments. Furthermore, the role of middle and frontline managers was rethought. Basically a sociotechnical systems design method was followed.

The design phase fluently transcends into the implementation phase. To make the implementation possible, the layout was adapted as described in the design. A coordinator was assigned who had to re-allocate the control tasks to the new teams. The coordinator had to organise dialogues between planners, other supporting employees and operators to smoothen the re-allocation of planning and supporting tasks to the team. Team leaders were assigned who had to implement the new way of working in daily work. As such, they became key persons for a successful implementation. As for management and central staff: many dialogues between management, central staff, unit management and operators contributed to make clear the new roles and tasks of the management.

The change process consisted of the following steps:

- The idea of the project group to change the organisational structure to improve company performance and employee involvement.
- The design of the main production processes layout and the organisational structure.
- Disperse the mental models and the design into the organisation.
- Creation of design groups.

- Micro level design of structure.

Two years after the introduction of self-managing teams the company was taken over by a foreign multinational company. The self-managing team concept is still in use.

4. Obstacles to Change

During the change process, a lot of training and help was necessary to make team members multi skilled. Especially the assemblers had difficulties to adapt to the self-managing team concept. This delayed the change process.

An extra educational program was started for the former group leaders that now got new functions like self-managing team leader or member of the supporting group. They had to learn many new activities. This slowed down the change process.

The change required a new way of thinking, especially for the supporting functions. Instead of focussing on the support of one department, they had to focus on different types of support for several self-managing teams. This required time.

5. Risk Analysis

There were some unforeseen consequences of the change process. Task group members took advantage of the possibility to plan their own holidays and abused the extra freedom; the extra responsibility and degrees of freedom that are common in the self managing team concept can lead to abuse.

A number of group leaders saw that the work they had done before was now easily taken over by the members of the self-managing teams. They were afraid of what was going to happen to them because there was no hierarchical level for them anymore. These group leaders were not happy with the changes and an educational program had to be started to be able to let them work in new functions.

6. Benefits of Change

Benefits of the change process Results form beginning till mid nineties::

- 40% reduction number of indirect employees.
- 60% reduction top management.
- 50% reduction lead time.
- 6 to 7% reduction absenteeism.
- 50% reduction absenteeism at problem departments.
- 30% less complaints.
- 35% less stocks.
- Strongly enhanced flexibility.
- Strongly enhanced insight in causes of errors.

A survey in the mid nineties showed that unit management and team management positively related the efforts taken in the change process to the performance of the company. In fact the effectiveness has been measured, as experienced by the employees.

Finally, the employees experienced major benefits:

- Improved work motivation of employees
- Improved knowledge of employees (more training)

Conclusions

Proper design and implementation of self managing teams, based on Dutch sociotechnical design principles demonstrates to not only improve the companies performance drastically but also improve working conditions for the employees.

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