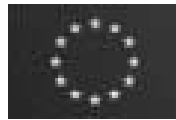


# HIGH ROAD TO WORK ORGANISATION CASE STUDY

**Jonsson & Paulsson Industry AB**



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## **Abstract**

Jonsson & Paulsson Industry AB works with paint spraying and mechanical engineering. As a result of the steady growth of the enterprise, continuous changes have been made to its work organisation. Moreover, the large international customers that engage the enterprise as sub-contractor have required technological changes. Jonsson & Paulsson Industry has been chosen for the Hi-Res project as it is an example of an enterprise in which the incidence of learning is higher than in other enterprises working in the same sector and with the same number of employees. This sector is characterised as a labour-intensive service sector where, normally, the incidence of learning strategies is low.

# **HI-RES Case Study: Jonsson & Paulsson Industry AB**

## **Sector**

Sheet Metalwork

## **Key Words**

CAD; CAM; ISDN; Information Technology; Training

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Abstract

### **'Good Practice' Case Study: Jonsson & Paulsson Industry AB**

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## 1. Background Information

Jonsson & Paulsson Industry AB (NACE 287590) is situated on the Lugnvik industrial estate just outside Östersund in the north of Sweden and is part of a group consisting of several enterprises. It works with paint spraying and mechanical engineering. Founded in 1981, the enterprise does sheet-metal work with laser cutters and edging presses, punching and nibbling, pipe bending, welding, measuring, assembly work and tool-making. Jonsson & Paulsson is a sub-contractor to, among others, Volvo and Ericsson. The enterprise has a turnover of some SEK 100 million and some 120 employees.

This enterprise is one in a sample of enterprises drawn from ITPS's FLEX-2 survey made in 1998. The data is based on information obtained from telephone interviews, questionnaires and databases on about 4000 enterprises in 1990-97. In the year 2000, the data was supplemented with in-depth interviews with the managers of the enterprises. The enterprise's operations are based, to a great extent, on learning strategies such as the use of IT for internal and external communication, a decentralised work organisation, skills development at work and cooperation with other parties.

## 2. Drivers for Change

Before the owners of the enterprise started the business in 1981, they were both employed at an engineering workshop. This gave them a great deal of understanding and knowledge of working conditions at an engineering enterprise. They are the main contributors to the process of change since they consider it important to be as flexible as possible to enable the enterprise to meet the growing demands of its customers. Another reason for the reorganisations is that the enterprise has grown constantly since 1981. Therefore, in order to meet customers' requirements, the work organisation has changed over time. According to the owners, the personnel have always participated in the decision-making process where reorganisation is concerned.

One of the reasons for the many technological changes at Jonsson & Paulsson is that the enterprise's customers required technical development from the very outset. Large international enterprises, e.g. Ericsson, require their sub-contractors to have the same technologies as other sub-contractors. Being well to the fore where development is concerned is also a requirement in terms of holding down product cost. This will be even more important in the future when competition becomes keener. "The machines we have today will be completely out of date in ten years time, if not before," says Paul-Anders Paulsson, one of the owners of the enterprise. The enterprise is trying to keep to a five-year plan for new investments. It also receives regional development support to develop its technology.

## 3. Characteristics and Process of Change

Since changes have taken place continuously, it is difficult to give an exact point in time for the beginning of the process of change. However, changes have been made continuously since the year 1981, when the business started.

Today, the work organisation is based on different functions but characterised by a great degree of openness, as there is mutual understanding and extensive cooperation between the management and the employees. The work is done in departments with a head of department/foreman at each unit. Production is in two shifts and, in a few departments, in three shifts. To a great extent it is the employees who decide themselves on the daily and weekly planning of work. The responsibility for quality control and results follow-up lies with the supervisors and local manager and it is these members of staff who have most contact with suppliers and customers.

The unit for development and construction has been hived off and is now an independent unit in Jonsson & Paulsson. The intention is that the unit shall function as a consultant,

both internally and externally. It uses computer programmes for Cad and Cam and ISDN communication in order to make corrections to drawings and prototypes together with customers. With the aid of ISDN communication the staff can speak to the customer at the same time as the drawing or prototype is shown on the computer screen.

### ***On the job training and learning***

All personnel participate in training some 4-5 days per year. According to one of the owners, making the best use of the skills of each employee is the foundation of success. However, there is no documented skills development plan for each employee; there is rather a deliberate focus on the personnel. The enterprise holds seminars each month with all employees. The employees are divided into four groups and each group contains personnel from all the departments. The aim is to increase understanding between the personnel and thereby avoid irritation and misunderstanding. This contributes to increasing efficiency. Paulsson underlines that giving information to the employees is extremely important.

The special training of the personnel on the technical side is the responsibility of the suppliers of the machines. This training is often time-consuming but Paul-Anders Paulsson feels that it is a good investment. "If anything goes wrong, it costs much more to repair the machine." Introducing a flow organisation is difficult: "a welder is a welder". Management training, which takes up learning, finance, quality and attitudes, has been planned for heads of departments and foremen.

### ***Partnerships and public sector support***

The enterprise cooperates with suppliers and customers on new products, the production of goods and marketing. The enterprise visits the compulsory schools in the area and gives information on the engineering industry. On these occasions they advertise the engineering programmes in the upper secondary schools.

The enterprise has received EU support for investments in machines on several occasions, via the Swedish National Board for Technical and Industrial Development, NUTEK, (regional policy support for enterprises) and from the county administrative board in Jämtland. The county labour market board has participated in the recruitment of personnel. The enterprise also receives students from the engineering programmes at upper secondary school and sometimes offers them weekend work that sometimes leads to a permanent job after leaving school. In addition, Jonsson & Paulsson receives trainees and summer employees from two universities of technology, the Royal College of Technology in Stockholm and Chalmers Institute of Technology in Gothenburg. The idea is to establish good contacts with future customers.

## **4. Obstacles to Change**

One of the recognized obstacles to further change is that the foremen do not want to share their responsibilities with their staff. Paul-Anders Paulsson says that top management probably has more confidence in the workers on the factory floor than the foremen. One way to solve this problem is to create small working groups and this is a change that has been planned.

Another obstacle to change is that much of the production work requires special skills, which makes it impossible for everyone to cover for each other. This makes the introduction of a flow organisation difficult. The owners also emphasise problems where

the supply of capital is concerned. "The engineering industry of today needs a great deal of capital and it is difficult to find risk capital."

## 5. Risk Analysis

There is a risk that the development of the organisation and its human capital will slow down, especially if market demand expands. There are no similar production facilities in the region that can relieve the enterprise at times of peak production. There is also a risk that the organisation will become more centralised as it grows larger and market demand increases. This situation can be further exacerbated by the difficulties of the foremen in delegating responsibilities to their staff. A flat organisation requires well-designed information systems among the employees and management. Despite the fact that the dissemination of information functions well at the moment, management knows it will have to be further developed if the enterprise grows.

## 6. Benefits of Change

The profit and loss account confirms that Jonsson and Paulsson Industry AB is doing well and, with the aid of their close contacts with the employees, the owners can "feel" how things are going for the company. The enterprise is growing and is extending its market. According to the owners, the low rate of personnel turnover is also an indicator of the enterprise's success.

Over the years the enterprise has won a number of awards. In 1992 the enterprise received the working environment prize awarded by the Metal Workers' Union. In 1997 it was awarded the "Norrland Bear" for the reason that "the spirited efforts of the two entrepreneurs had increased employment and inspired other entrepreneurs". In 1998 the County of Jämtland named the enterprise "Enterprise of the County".

## Conclusions

Jonsson & Paulsson Industry AB is an enterprise that is run by two entrepreneurs who feel it is natural to follow technical advances. Since it started business in 1981, the enterprise has grown and developed constantly. The enterprise shows that it is also possible to develop strategies for learning in the labour-intensive industry sector where, in general, skills development can only be found to a small extent.

The changes to the work organisation that have been implemented at Jonsson & Paulsson have been made in consultations with the personnel and in consideration of the large number of duties requiring specialist know-how that can only be acquired at work and which takes time to learn. The changes have been made primarily to meet increases in market demand. And this is also probably the reason why the changes have been successful. Relations with the staff are valued highly by management, which regards the staff as one of the enterprise's most important assets. The need of skills development is also influenced by technical development in the enterprise's field of operations. Customers' requirements and the interest of management in new technology are the two factors that have been the main underlying reason for change to the work organisation and that have made it successful.

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