

HIGH ROAD TO WORK ORGANISATION

CASE STUDY

Cloetta Produktion AB in Ljungsbro



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Abstract

Cloetta Produktion AB has changed its work organisation from a traditional work organisation with individual posts to a group-based work organisation. The aim of creating production groups - with built-in "skills staircases" and the possibility of having more responsibilities and powers - was to make the work in production less monotonous and more independent, meaningful and stimulating for the personnel. By increasing the versatility of the personnel, levelling out workloads and having fewer injuries, absence due to sickness would be reduced, meeting delivery deadlines would be improved, and productivity would be increased. The changes took a relatively long time to implement which proved to be necessary in order to gain the full support and acceptance of the employees. One precondition for organisation development has proved to be an appropriate training programme that takes into consideration to the know-how required in the production process and the needs of personnel to be able to grow with greater responsibilities and powers. The payroll system has played an important role but the original system did not meet demands in respect of simplicity and objectivity. It was only after a comprehensive change had been made that the payroll system was given the supportive role for the personnel's interest in skills development, which was the intention from the outset. The example also shows that a change in work organisation can provide a key for utilising the reserve of talented women in industry.

HI-RES Case Study: Cloetta Produktion AB in Ljungsbro

Key Words

Production teams; training programmes; pay systems; process industry

Table of Contents

Abstract	1
'Good Practice' Case Study: Cloetta Produktion	1
Sector	1
Key Themes	2
1. Background Information	1
2. Drivers for Change	1
3. Characteristics and Process of Change	1
4. Obstacles to Change	1
5. Risk Analysis	2
6. Benefits of Change	2
Conclusions	3

1. Background Information

Cloetta Produktion AB, which manufactures chocolate and confectionery, is situated in Ljungsbro, some 15 kilometres northwest of Linköping. Two years ago, a merger was implemented between Cloetta and a Finnish enterprise, Fazer. Today, Cloetta Produktion AB is a subsidiary company in the CloettaFazer Group, with facilities in Norrköping (120 employees) and Ljungsbro (340). Of the 340 employees in Ljungsbro, 200 work in direct production. The volume of production increased from 9000 tons in 1990 to 16500 tons in 2000. The products are mostly sold in Scandinavia where the market share of the group's products is 25%. The enterprise uses a matrix organisation. In production in Ljungsbro there is a total of thirteen lines with some 30 production groups. Most lines are run in two shifts or three shifts. The factory manager has six production leaders. Prior to the changes, production work was divided between "specialists" for quality, conversions/maintenance, personnel/training, planning etc. The typical work of women in production was packing the finished products.

2. Drivers for Change

At the beginning of the 1990s the enterprise had a traditional work organisation in production with narrow job content and limited opportunities for development for many employees. The organisation of the work with varying levels of technology meant monotonous work, sometimes with heavy lifting and static working positions. Job rotation was only used to a limited extent. Few employees were given the opportunity to develop and use a broader register of knowledge. The result was low motivation, a poor utilisation of the working capacity of the employees, a risk of industrial injuries and high levels of absence due to sickness. The driving forces for change were the needs of both the employees and the enterprise of long-term competitive, safe and secure production in Ljungsbro.

3. Characteristics and Process of Change

In the first phase (at the beginning of the 1990s), considerable investments were made in improved technology, which also reduced the risk of industrial injuries. At the same time, changes were made in the maintenance organisation, which had the effect that maintenance work was decentralised to a certain extent to production. This organisational change increased cooperation between production personnel and maintenance personnel.

In the second phase (1993), the work with change focused on three areas: development of production groups, training programmes and payroll systems. One overall aim of these changes was to make it possible to extend the versatility of the personnel and to improve their performance.

The project work was organised in a steering group, project groups and working groups. The Centre provided one important external source of support for Industrial Technology and Work Organisation at Linköping University. The employees participated actively with descriptions of their existing duties and thus provided a basis for analysis and reflection on the new work organisation.

In 1994 and 1995 the new work organisation was implemented in line (production section) after line. The most important changes were that each group as a whole was given responsibility for:

- Job rotation in the production group
- All quality control in the production groups
- Some planning

In order to be able to assume this responsibility, there shall always be one person in each group who has been trained as a quality co-ordinator and a group co-ordinator. A training programme shall ensure that each member of the group has basic knowledge to manage his/her production duties and, when necessary, replace others. Training for

technology coordinators started in 1999-2000. The aim of this training is that the groups shall be able to assume a certain amount of responsibility for making requisite adjustments to production lines and for repairs

The payroll system that was in effect up to the mid 1990s contained, in addition to a component that was related to the character of the work and another component that was linked to production results, a personal component that evaluated the individual's job performance, orderliness and methodical working methods etc. The trade union terminated the agreement on this payroll system, referring among other things to the risk of subjectivity in the managers' assessments of their employees. Discussions on the design of a new system continued for years without reaching a result worth mentioning.

A new start was made on the development of a payroll system in 1999 under the leadership of the newly appointed production manager. After a year of cooperation and "continuous negotiations" between the enterprise and the trade union, a new system was designed that was based on the following factors:

- The employee's basic pay was determined by the job content. After training steps can be taken on a scale, which gives higher pay.
- The member of the group that was the "group co-ordinator" received an allowance for this.
- Allowances for length of employment/experience.
- Bonuses (productivity, precision in deliveries, low levels of wastage).
- The operating result for the factory.

4. Obstacles to Change

Examples of obstacles that are mentioned in the case study are:

- Difficulties in reaching the employees with information on development work that had taken place in the project.
- Difficulties in reaching acceptable levels of skills as leaders of change in the supervisory group, i.e. skills to lead learning processes and to provide individually adapted support for the learning activities of the personnel.
- Difficulties for the internal training staff to plan and implement training programmes due to a lack of practical, educational skills.
- Difficulties in meeting the personnel's expectations of rapid results from the project form of work, with associated risks of a decrease in the will to participate in change.
- The long tradition of family ownership, with a strong belief in respect for authority, which sometimes can have resulted in a "wait and see" attitude to changes in the entire organisation.
- The complexity of the payroll system that led to many discussions and bad relations, and stole energy from the process of development itself. The ideas that the payroll system should reward skills development and thereby contribute to developing job content and increasing production capacity had not been fulfilled. A new system was therefore developed in cooperation between management and the local trade union (see above).

5. Risk Analysis

One weakness of the project that started in 1993 was its formal construction that had the effect that not all of the employees were involved in the work with change. Projects of such a size represent a mustering of strength that many people are not capable of participating in so often. The form of the work with change should have been less bureaucratic and less complex, so that many changes could have been made at the same time and engaged many more employees. The risk of starting up grandiose projects is that they arouse great expectations, which sometimes can be difficult to meet and then lead to dissatisfaction. It must be clearly understood that changes cannot happen overnight. It is better to take many small steps than to try to take one very great step. At the same time the changes made are only one step on a long road of development. The changes have created opportunities for gradual skills development and more

interesting working duties with greater responsibility and powers for the personnel. But the most important precondition for future changes in Cloetta Produktion is the participation of the employees in the development of the entire operation. However, the project that was implemented provided little experience to show how this can be done.

6. Benefits of Change

The greatest advantage of the changes made in the work organisation is the increase in flexibility that they have given the personnel. The training programme and the new payroll system have the same aim: more can work with more duties and want to work with more duties. The women employees have, for example, been able to develop and use their skills in a much better way than before when they merely worked with packing. At the start of the project the following goals were established:

1. Absence due to sickness shall not exceed the average for industry in the region.
2. Increased productivity measured in kilograms per man-hour.
3. Greater success in meeting delivery deadlines.
4. Reduction in the amount of discards.
5. Fewer complaints.

All these goals have been fulfilled. But it is difficult to show that this is solely dependent on the changes made in production.

Conclusions

The solutions to the work organisation problem are of relevance for skills development in enterprises. Through production groups with both production duties and activities that support the production processes, and an increase in the flexibility of the personnel based on versatility, it has been possible to break the limited working roles of women.

Project organised development work runs the risk of excluding many employees from natural participation in the development of their own workplaces. The project idea is based on a situation in which a limited number of representatives of the personnel need insight, knowledge and an overview that the work with change makes necessary. There are indications that the management of the changes in the organisation of work can be exercised in forms that are closer to the workplaces. However, this requires that leaders in production can develop into leaders of change.

Other factors than internal skills development have proved to have considerably greater importance for increasing productivity and for growth. When Cloetta and Fazer were merged in 2000, it was possible to coordinate certain functions on the sales side and in the administration, which has resulted in lower costs per unit produced. The largest cost item is still the cost of raw materials. Changes in the prices of raw materials mean more for the enterprise's competitiveness than changes in production. However, where the future ability of the enterprise to meet competition and to grow is concerned, the skills of certain experts, for example food researchers, product developers and process technicians are of decisive importance. One factor to ensure that delivery deadlines are met and that productivity increases is efficiency in the manufacturing process.

In the enterprise there is now a need to expand the perspective from the workplace to the horizon of the factory, and possibly also to the role of the entire group on the market. The external picture can then be as important a driving force for the commitment of the personnel for change as it is today for management. Therefore communications between product managers and their staff will be increasingly important. The project could have been even more successful if the external conditions affecting operations - and not merely the internal - had been the subject of analysis and led to changes in the management's methods of communicating, leading and organising the work

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