

AUTOLIV –

The company whose only dummies are for crash testing

Continued from page 1.

- Use simple tests to keep everyone focused on the same goals. Autoliv employees use two tests to ensure their work practices and decisions are right.

1. Firstly – is the intended practice or action in agreement with the business objectives? [as articulated in its business plans that everyone knows about] and,
2. Secondly, is it in line with the company's values and behaviours? Autoliv has invested considerable time and consultation to devise a set of values and desired behaviours.

This two test approach, according to Bob, has been a significant breakthrough because it avoids trying to deal with problems by making up rules as you go or trying to have comprehensive procedures. Because behaviours are capable of self assessment it quickly cuts out the potential for misunderstandings. Misunderstandings can escalate into unwelcome and costly industrial disputes.

- Sustain customer focus. Autoliv has done this by arranging its production cells into customer groups – one for Ford, one for Toyota etc with the customer's name prominently displayed for all to see. In addition, the team leaders maintain close contact with each customer and performance measures are clearly shown for each customer grouping.

Autoliv is now regarded as an excellent example of the application and effectiveness of the Toyota Production System concepts after over a decade of attention to its people, its processes and its business. We can achieve similar success if we learn from the experiences of others like Autoliv.

Some key features at Autoliv:

- 700 people: 32 nationalities, 47 languages, 80% female
- As much emphasis on employee relations as the rest of business
- Emphasis on values and behaviours
- Very detailed job competencies
- Visible leadership
- A student of the Toyota Production System for over 10 years.
- Family friendly staff policies
- Income protection plan for employees
- Flexible working hours
- 10% productivity gain per year
- 10 years without an industrial dispute
- Absenteeism under 5%

NUMBER 32

IN THIS ISSUE:

AUTOLIV - THE COMPANY WHOSE ONLY DUMMIES ARE FOR CRASH TESTING

GREEN LIGHT FOR NITTO DENKO (AUSTRALIA)

BOOSTING DISTRIBUTOR PERFORMANCE

THINKING, GETTING, STAYING LEAN.

ACIG FRANKLY SPEAKING

AUTOLIV – The company whose only dummies are for crash testing

While automotive safety products supplier Autoliv now regularly receives accolades from its customers and its peers, the key message that Managing Director, Bob Franklin, makes is 'it wasn't a quick fix'.

In the late eighties and early nineties, Autoliv faced many operating problems and its continued existence was considered unlikely.

It is a credit to its workforce and leadership that through consistent and sustained 'continuous improvement' Autoliv has survived and prospered to become an organisation whose

practices many can learn from. Autoliv now enjoys sustained productivity growth, healthy before tax profits, has low staff turnover and absenteeism, and is an employer of choice with a waiting list of hundreds of potential employees.

In a recent interview for ACIG Best Practice, Bob emphasised these key practices:

- Focus on the 'people' side of the business as a business strategy. This means investing wisely in their development and in providing all personnel with a good safe clean working environment.
- Develop innovative employment policies based upon consultation and communication with the workforce. When people are kept informed they can make better decisions and be less worried by uncertainty. Many changes, such as the "family friendly" policies, that at first impression might seem to be expensive, are in fact cost effective because they significantly reduce the usual problems of 'sickies', absenteeism, low productivity and loss of key skills.
- Communicate: Keep everyone informed. When people are kept informed they can make better decisions and not be worried by uncertainty. Autoliv has many communication mechanisms, including numerous face to face briefings with employees which Bob conducts as MD.

- Labour turnover, no matter how small, is not 'best practice'. Bob considers the old management adage 'some labour turnover' is good, to be completely wrong. If the company understands its business down to role competency level, is selecting effectively and personnel are developed and placed into jobs that match their talents, then there should be zero labour turnover. The company can build competitive edge from capitalising on its workforce knowledge and experiences. In doing this it applies what it calls an 'integrated performance management model.' This model requires that job competencies have been clearly defined and everyone knows what skills are needed to do a job or be promoted into a job. Transparency and trust are the objectives of this approach.

- Breakdown the 'us' and 'them' mentality. This is done at Autoliv through applying the same working practices for all [including management and the MD] such as clocking on, rostered days off, informal corporate uniform and delegating up [filling in for absenteeism by having the employee's boss perform the work of the missing staff member]. Added to these initiatives are the consultative sessions, the continuous improvement teams and the 'management by walking around' that all encourage a frank and free exchange throughout the company.

Continued page 4.



Bob Franklin, Managing Director

ACIG FRANKLY SPEAKING

Bryn Campbell, director of ACIG, spoke recently at several interstate conferences to managers concerned about Fleet Management.

This is a topic of interest to many companies because getting it wrong can cost a lot of money. Bryn's focus was on 'whole of life costing', a technique essential to making sound decisions on fleet acquisition and replacements.

For copies of his presentation, go to ACIG website [www.acig.com.au] and click on "Fleet Costing".



Australian Continuous Improvement Group is a specialist group addressing the best practice needs of the public and private sector. Our skills cover implementing continuous improvement processes which have a customer focus, meet strategic goals and achieve culture change. For advice, contact any of our named Directors, Consultants or Managing Director, Bob Hood.

These notes are not intended to be comprehensive. Readers are therefore advised that before acting on any matters arising from these notes, they should discuss the situation with a director of the firm.

Edition Number 32 ©2003 - Australian Continuous Improvement Group

203 DRUMMOND STREET CARLTON VICTORIA 3053 AUSTRALIA
TELEPHONE (03) 9650 7222 FACSIMILE (03) 9650 7088 e mail editor@acig.com.au www.acig.com.au

GREEN LIGHT FOR NITTO DENKO (AUSTRALIA)

It has taken just over six months from setting the objective to successful ISO 14001 environmental certification for Nitto Denko. This is a 'gold medal' performance for the company and demonstrates its ability to set and achieve its critical goals. Nitto manufactures adhesive tapes and semi-fabricated adhesive foam products, many destined for the automotive and whitegoods sectors. Its processes include lamination, slitting and die cutting.

The importance of internationally recognised environmental certification within the company and for its customers cannot be overemphasised.

Promotion of environmental management based on ISO 14001 is a key Corporate target for Nitto Denko's global business network and the achievement by Walter Bounds, the General Manager in Australia, and his team was recognized immediately by the Corporation's President, Masamichi Takemoto, who provided his personal commendation for their dedication and commitment.

To achieve this certification result, ACIG consultant Ken Conolan assisted through:

- Conducting a diagnostic assessment;
- Detailing the work needed to achieve compliance;
- Preparing an action plan that included targets and progressive audits; and
- Assisting in maturing the audit and improvement functions.



Walter Bounds, General Manager Nitto Denko (Australia) Pty Ltd

Walter Bounds, is pleased with the outcome but is now intent on finalising an environmental improvement plan for the coming year and achieving certification for his occupational health and safety activities. ACIG will continue to help in both planning and implementing specific initiatives.

If your company needs help to gain certification, contact ACIG – Ken Conolan on 9650 7222

BOOSTING DISTRIBUTOR PERFORMANCE

Achieving a first class distributor network is a critical objective for manufacturers because they rely upon their distributors to win customers and defend and expand market share.

This means that, in cooperation with distributors, manufacturers must be prepared to invest in programs and processes that will help each distributor lift business performance.

BASF Coatings, a leader in automotive paint finishes in Australia, marketed under the Glasurit brand, operates through an independent dealer network. It is continuously seeking tools to enhance the manufacturer-dealer relationships and the performance of its dealer network. One such tool BASF decided to invest in was 'benchmarking', the sharing of knowledge through business comparisons to identify performance improvement opportunities.

BASF Coatings MD, Andreas Riehemann and Ian Wilkinson, National Sales Manager got the dealers' OK and then funded the process. Dealers provided structured information on their performance achievements and the underlying processes that drive those results, facilitated by Bob Hood, ACIG director. At a workshop session, dealer principals were able to compare and share information on key processes such as sales prospecting, selling, delivery, warehousing and administration. Differences in performance were traceable to good ideas and better methods which can be picked up and applied by all dealers. Of course, some differences are attributable to a dealer's personal attributes and the potential of their business location.

According to one attending dealer principal 'the session was really valuable to my business. We need to spend more time on this sort of activity'.

Benchmarking has to be approached carefully. Key issues that must be considered include: What will be benchmarked, what performance indicators should be used, is the information available and reliable and is confidentiality of information an issue? These practical problems can be overcome and they need to be to realise the benefits of benchmarking.

Everyone benefits from Benchmarking. Customers benefit from improved services, employees gain greater job satisfaction and security and dealers see their independent businesses get stronger and more valuable. 'Manufacturers like BASF Coatings will achieve sought after business growth in a very competitive marketplace, through using tools such as benchmarking', said Pascal Goerdes, incoming BASF Coatings MD at a recent dealer get together.

Can you afford to ignore the benefits of benchmarking for your distributor network?

Contact: Bob Hood or Bryn Campbell. 03 9650 7222



Profiting from Differences

THINKING, GETTING, STAYING LEAN.

Being overweight is a cause for concern for people and organisations alike. It can influence performance and, in the long term, can mean the difference between survival or not. Fortunately, there are ways for both people and organisations to become trim and responsive.

For organisations, it is the move to "lean thinking" that will make the difference. For example, a company in the printing industry used lean principles to increase productivity by 100% and quality by 50%. Another company in the metal fabrication business used lean thinking to increase inventory turns almost four-fold and reduce overhead cost per unit by 42%.

Lean thinking works, but as anyone who has ever embarked on the journey to lighten up and get fit knows, the hard part is how to permanently lock in the changed attitudes and practices that will keep you fit. It's the same for organisations, and the secret to success lies in understanding the changes needed in the organisation's culture.

"LEAN THINKING" refers to

- Focus on the customer and understand 'value' as defined by the customer.
- Identify the value stream you create.
- Make the value flow in synchronisation with the customer.
- Aim for never-ending improvement in your processes.
- Eliminate all forms of waste.
 - Waste from over-production
 - Waste in waiting time
 - Transportation waste
 - Processing waste
 - Inventory waste
 - Waste of motion
 - Waste from product or service defects

Successful 'lean' organisations embed the change approach into the culture of the organisation so that 'lean' becomes the normal way of doing things. In a 'lean' culture, everyone in the organisation is constantly thinking about and living the principles of 'lean' as part of their daily routine.

Successful 'lean' companies achieve superior results. They boost both the top line and the bottom line as they consistently eliminate waste and achieve greater customer focus by understanding what the customer values.

If you want to develop a lean culture you must tackle four critical factors:

- #1 Organisation
- #2 Processes
- #3 People
- #4 Leadership

At the Organisational level, lean thinking must be incorporated into the planning process, the structure and the management system.

At the process level lean thinking must focus on eliminating waste in all processes, including the secondary or support processes. On the people side, lean thinking must be incorporated into the recruitment process, job descriptions, training, performance management and reward systems. Leadership is the most important of the culture influencing factors, and there are many practical things that leaders can do to develop a lean culture.

In our next edition newsletter we will discuss how you can move from concepts to concrete ways to develop a lean culture and hence reap the ongoing rewards that come from a lean organisation.