How Kimberly Clark moved towards the front edge of workplace reform

BY ROSS DUGGAN

ROSS DUGGAN
Plant manager at Kimberly Clark's Lonsdale mill, in Adelaide

In the late 1980s the Australian manufacturing workplace experienced a period of significant change. With the realisation that Australia had to compete openly in the global market place industrial reforms were progressed by the federal government in conjunction with union and industry bodies. There were moves away from the existing work methods of seniority and demarcation to the new concepts of teams, multi-skilling and quality focussed manufacturing.

In this environment Kimberly-Clark Australia (KCA) found itself establishing a Greenfield manufacturing site in the southern suburbs of Adelaide. Questions asked included: How fast will the reforms progress in the current climate? and: How far are we willing to move along the reform path? Do we involve a union?

The outcome of the decision making process was to move towards the front edge of the reforms whilst remaining in a unionised environment, under the umbrella of an industrial site agreement rather than the award. The new site was built around shift based manufacturing teams involved in the overall business and with a high quality focus. The old structure of operations and maintenance departments was cast out and recruitment was focussed on finding "Crew Technicians", individuals that were able to operate, fault find, repair and maintain the manufacturing assets. Approximately fifty percent of the original operations team members were from a trade background.

Conditions of employment for unionised associates were focussed towards rewarding skills attained and general corporate terms. Within 18 months of operations commencing an industrial site agreement had been formulated and ratified before the Australian Industrial Relations Commission. The mainstays of the agreement were an annualised salary, with no additional monies for overtime worked, and conditions in line with general corporate. What was the balance? A totally flexible workplace free of such terms as seniority and demarcation, both in theory and in practice, with individuals wanting to be involved in improving the business performance of the site.

Involvement of associates was an important part of establishing this progressive work environment and steps were taken to achieve this. An example at a basic level was the sharing of gifts given to individual mill associates. Any item provided to individuals was pooled and redistributed by fair means. On a higher level associates were encouraged to work in teams and become involved in areas other than those of their immediate responsibility. To assist this move training was given in areas such as; working in teams, participating in meetings, and problem solving decision making (Kepner-Tregoe naturally).

What are the learnings after some 14 years?

- Interpersonal skills are a must for all associates, ensure recruitment covers these.
- Some people want all the benefits of an open workplace but will not put in the work to help achieve it.
- Involvement requires ongoing commitment, a high level of communication and time.
- Clear boundaries have to be set early and maintained. Movement across these boundaries have to be challenged and either the behaviour or boundary modified.
- Sufficient resources need to be in place to maintain the level of support required whilst the new workplace is established. Resist attempts to become lean until the culture required has become enshrined.
- Accept that the largest potential line of differentiation is not between unionised and non unionised associates, but rather between shift and day work associates, for example annualised salaries – these work fine for day workers but not with shift workers.

Don't let a model dazzle you into faulty management of your projects

BY NEVILLE PINKHAM

NEVILLE PINKHAM
A senior consultant with Kepner-Tregoe and his clients include mining, refining, and manufacturing companies. Prior to joining the company he was a member of the Australian Defence Force.

It was a great idea and it worked; so we refined the experience and documented it to create a model for others. Turning a great idea into an art form was underway and it became correct to comply with that model or be labeled a non-believer. Heard that story before?

The theme is frequently construction or IT focused and, acknowledging that standards of project management in manufacturing often need attention, the question we must ask is: "Would embracing these ideals improve our operations?".

I strongly advocate the need for systems in project management but believe the current emphasis on following model solutions may have lost sight of the need for tangible results. Companies can create high cost systems and reporting mechanisms while project teams work away consuming resources without employing basic project management principles. Some examples from the manufacturing sector:

- A line change project is based on work data that is not required to be tracked as resource usage against the project but as "normal operations." So we don't do a full cost/benefit analysis on it!
- Objectives in a process improvement project don't indicate outcome values but list deliverables. So we plan work but there is no check against achievement of strategic intent!
- An organisation operates a sophisticated scorecard model in decision making. But the system is geared to track only capital expenditure!

At manufacturing's operational level, do we chase the latest concepts or reject the whole idea? I would not suggest either extreme, but a key issue does seem to be how to focus on real-life results. Anecdotal evidence suggests that some models have been less than successful in application.

Let's begin by getting the suits off and PPE on. Project management is basically a disciplined approach to using resources to meet value outcomes, no more and no less.

Improved results can be quickly generated if we ensure that project managers and their teams understand and use basic principles in both project management processes and the software tools available to them. Do this simple check in your company:

- Are project managers required to complete a cost/benefit before resources are committed?
- Is a baseline logged for each project against which progress is reported or is each report a reflection of current status only?
- How accurate are the estimates and is there a system to update as project actuals are recorded?
- Is a definition document created at the beginning of the project that details the scope and expected outcomes from the investment?
- Is there a clearly defined process to control both internal and external scope?
- Has the project been subjected to a comprehensive risk management analysis?

"Yes" to all represents a great start down the back to basics path. Should there be some "No" responses, maybe some of the basics are missing and perhaps selecting the model route is not necessarily the best place to begin.

KEPNER® TREGOE

Kepner-Tregoe helps management to meet critical business needs with solutions which our consultants have proven to be successful all over the world.

Kepner-Tregoe Australasia Pty Ltd
Level 8, 50 Berry Street. North Sydney NSW 2060
Tel: +61 2 9955 5944 Fax: +61 2 9955 1625
Email: jtimbs@kepner-tregoe.com

Private Advice

Vol 3, No.2
FROM THE WORLDWIDE MANAGEMENT CONSULTANCY OF
KEPNER® TREGOE

An invitation to write...

JIM EDSON
B Ec, Dip Ed
Managing director of Kepner-Tregoe Australasia

Dear Readers,

We are taking a big step with this issue of Private Advice by throwing it and future editions open to contributions from manufacturing managers all over Australia. This issue carries our first two outside articles. One is by Ross Dugan, plant manager at Kimberly Clark's Lonsdale mill, in Adelaide, and the other is by Ian Sampson, general manager human resources at CSR Sugar.

While Private Advice had it's genesis as a PR activity, our primary objective changed after the first edition to providing senior manufacturing managers with at least one idea they can use from each article.

We currently mail the newsletter to some 2000 people, many of whom are existing clients and the rest are manufacturing managers whom we regard as our professional brothers-in-arms.

Until now all articles except one have been written by Kepner Tregoe consultants but they have avoided focussing just on KT's body of knowledge and biases.

Rather, they have written articles based on their whole-life experience as line-management engineers in large, mostly multinational organisations.

Now to give Private Advice some of the standing of an independent professional journal of real value to manufacturing managers and CEOs, we are inviting articles and letters from people with experience and knowledge in manufacturing.

We would like Private Advice to be seen by senior manufacturing managers as a forum for sharing ideas, techniques and experiences that will enhance their ability to manage their operations.

This may seem a lofty aim but when we have looked around to find an existing forum we drew a blank. There are forums for technical experts but not for managers and executives. We would like Private Advice to fill this vacuum.

So, we invite a literary contribution from you. The only rule is that it must provide readers with at least one stimulating idea.

We're also prepared to conduct surveys on topics of interest. Name a topic or issue on which you would like to get the views of experienced and senior manufacturing managers and we will develop a readers' survey and publish the findings.

I hope you will join in our enthusiasm to create a significant, independent forum for senior manufacturing managers.

Please send your contributions to jedson@kepner-tregoe.com

Jim Edson

JIM EDSON

INSIDE

HOW TO ASSESS VALUE IN YOUR SUPPLY CHAIN

36 questions that will allow an organisation to maximise its performance

BY DAVID BYRUM

DAVID BYRUM BSc (Hons)
Grad Dip Mngt, a senior consultant with Kepner-Tregoe

The toughest and most regularly asked questions in all businesses are "Are we maximising the value of our supply chains?" and "How can we extract more value?" To analyse the supply chain we must first define the term because it means different things to different people. So to remove any confusion our discussion will focus on the global supply chain definition covering:

- Supply of Inputs (Suppliers)
- Conversion of Inputs to Outputs (the internal supply chain)
- Supply of Outputs (Customers)

It should be noted that internally there is often several supplier customer relationships resulting in multiple supply paths externally and within an organisation. The challenge is to increase the gap between the consumers' willingness to buy (the price) and the suppliers' willingness to sell (the cost) by maximising the entire value in the supply chain.

The focus of this article is to provide some pinpointed questions to ask yourself and your colleagues about your current supply chain performance. The list is by no means complete but it does build a robust picture of an organisation and the value within its supply chain.

Suppliers:

1 How well do you understand your suppliers' operations and the impact of your demands on their cost base?
2. How well do your suppliers understand the needs of your business? Do they understand why certain product attributes are critical to your performance in terms of yield, quality and cost control? What initiatives are underway to improve their performance to you?
3. When was the last time an operational person from the supplier visited your site?
4. What communication do you have with suppliers other than customer complaints and contract reviews?
5. What performance measures do you have to track both the performance of and relationship with your suppliers?
6. How is performance of your suppliers reviewed? How often?
7. How is exemplary supplier performance recognised?
8. What would your supplier say your top five issues were? How well do they understand your future business needs?
9. Which suppliers have the biggest impact on your operational performance? How are they treated differently?
10. Who is involved in purchasing decisions?
11. How are suppliers involved in new product development?
12. How would your suppliers describe your relationship?

Internally
(Raw material conversion):

1. Where is the bottleneck in your operation? Why is this the bottleneck?
2. What are the critical variables that influence quality, cost and throughput? How are these variables tracked and controlled?
3. What continuous initiatives are underway to improve the conversion process in terms of quality, cost and throughput?
4. What is the stock turn?
5. At what level in the organisation are operational decisions made?
6. What are the top five customer complaints and what analysis has been done on these?
7. How is operational performance tracked and how many frontline personnel see daily, weekly and monthly performance data?
8. What is the current operational performance of each unit? Where are the deficiencies against plan?
9. Are all personnel doing the same task in the same way?
10. How accurate and effective are the job procedures?
11. What level of technical training is provided to all levels?
12. What is the long-term plan for your internal supply chains? How will you be operating in three years?

Customers:

1. When was the last time your operational / engineering staff visited the customers site?
2. How well do the customers understand your operation? How often do customers' operations personnel get together with yours?
3. How does the customer use your product? Why are the product attributes critical to their process?
4. What initiatives are underway to improve the offering in the eyes of the customer? When was the last time you suggested improved performance by modifying your offering?
5. How quickly do you respond to changes and concerns highlighted by the customer? How do you actively track changes requested?
6. How well do you know how your customers measure your performance?
7. What do your customers want more of and what do they want less of?
8. When and How do you formally review performance with your customers? How do you informally review performance?
9. What technical exchanges do you have with your customers?
10. Who are your critical customers with respect to profitability today and tomorrow?
11. What do you do to separate yourself from your competitors in the eyes of your customer?
12. How would your customers describe your relationship?

Private Advice for a friend

To add a friend or colleague to our newsletter readership or to order additional copies of Private Advice, please contact us at:

Kepner-Tregoe Australia Pty Ltd
Level 8, 50 Berry Street
North Sydney NSW 2060
Tel: + 61 2 9955 5944
Fax: + 61 2 9955 1625
Email: jtimbs@kepner-tregoe.com

ARE YOU LOVED? *and* WHERE DO YOU FIT?

Some questions good leaders should ask themselves before restructuring

BY IAN SAMPSON

IAN SAMPSON
General Manager
Human Resources
CSR Sugar

I have been part of many efforts to restructure businesses and some have been successful and others less so. Are there any lessons to be learned?

There are several factors that seem to be keys to allowing chief executives and boards to determine in advance whether the time, money and effort required will bear sufficient fruit to justify the dislocation, upset and fundamental change that will also usually occur.

There is an old adage that before beginning a journey the adventurer should first count the cost. Often, the easily identified fiscal costs of restructuring exercises (what might be called the rational costs) are well measured but the non-rational and emotional costs aren't.

The usual excuse is that they can't be quantified. But by careful inquiry and consideration there are ways to account for them in non-financial terms so that they are properly considered and not just ignored. In restructuring efforts it is the productivity costs, the organisational anomie, the personal distress etc during the change which often determine the outcome but are often ignored.

The reason for this is clear: Rational costs are easy to determine and this work is grist to the mill of competent managers. The more non-rational costs are harder to identify and they depend to a large extent on a careful inquiry by the leadership of the business. Great consultants are capable to some extent of helping leaders in this inquiry but it is mostly something that must be engaged by the client.

Before embarking on any major restructuring/ rationalisation/ process reorganisation/ engineering exercise, good leaders will ask themselves three questions:

FIRST they will ask themselves the possibly confronting question: "Am I loved?"

This might seem like a crazy proposition to put forward but I would argue that it is fundamental to an informed inquiry. It is a hard question that is very confronting but if faced up to it will provide intelligent leaders with a good assessment of whether they are truly respected in the organisation. Asking "Am I respected?" seems to allow much more ambiguous responses.

Leaders responsible for fundamental change must have a high sense of their personal worth to the rest of their people.

I have seen several examples of this where the answer could have been "Yes" or "No." It seems that those who have a strong sense that others care about them and that they are respected in their organisation, will be successful. Those who do not make the inquiry and those who realise they are not respected will have a lower chance of a successful change.

The SECOND question should be: "Where do I fit?"

It amazes me that many senior managers don't really know their true role and accountability. They may have a neatly worded job description and all that but the giveaway occurs when they don't have a clear fit with the ideals, expectations and values of their boss.

It is fundamental to get this clear and to keep it so. A leader who doesn't know where he or she fits with their boss cannot help others have clarity about this.

With satisfactory answers to these two questions, good leaders are perfectly placed to ask the third question which may well have prompted their decision to engage on a change effort in the first place.

The question is: "How can I make a difference?"

If the restructuring exercise is the best answer and they have done their rational homework, they can be almost certain of a good outcome. What will make a successful outcome even more certain is for the leader to help those who will be part of it to answer these same questions for themselves. These people might be the managers actually tasked with completing the project.

In truly leaderful businesses, they might also include the employees and the communities likely to be affected. Those affected must have a clear idea that the restructure will indeed make a necessary difference and that they will be cared for whether they have a continuing place in the restructured business or not.

It is the leader's job to flood the system with this information and to keep topping it up throughout the course of the project.

If you are a leader contemplating a restructure in any form I encourage you to engage in this inquiry for yourself and with your people. You and they will benefit and you will dramatically increase the probability of a successful outcome.

When all is said and done, much of what passes for cost restructuring and other organisation change initiatives is more about achieving ongoing changes in mindsets and behaviors than the more visible artifacts of rational productivity improvements.

Inquiries like the one above are a great way for leaders to be aligned within themselves and to establish a stock of personal assurance which will help them maintain resilience during the ups and downs of the project. A successful personal inquiry will also help them develop the same confidence for their people.