

## **Notes from the MERt Meeting**

**27<sup>th</sup> July 2004**

### **“People – Greatest Asset or Liability”**

#### **Kristy Sherwell from Dana**

Dana is an auto components supplier and operates across the globe. This year Dana is celebrating its centenary.

Dana has a very strong approach to engaging its workforce. Some of the activities include:

- Team members are involved in the selection process for new team members,
- Regular performance appraisals conducted with a positive approach,
- The Campbellfield site has a 45 minute communication session with all employees once a week,
- An employee survey which is the focus of management,
- A suggestion scheme where every employee is expected to make two suggestions per month,
- Negotiating key drivers with employees.

Dana has 3 factories in the south eastern suburbs of Melbourne and a Sydney factory which deliver components to the Campbellfield factory. The components are assembled into back axle assemblies and front axles.

The Campbellfield site has 34 operators on a single shift. The operators are not unionised and are supported by 2 process engineers. The other Dana plants have approximately 450 employees and are unionised. The Campbellfield site is 2 years old.

There are 30 variations for the back axles and 2 variations for the front axle. The Ford factory signals the requirements to Dana who then assemble the components in the correct sequence for the Ford assembly line. The axles are loaded onto purpose built stillages which are loaded onto trucks every 20 minutes for the 1.5 km drive to the Ford Assembly Line.

The rear axle assembly line has 16 stations, each station has a monitor to show the variation being assembled. Dana have done a lot of work to poke yoke the process to ensure the correct components are installed on the right axle.

Dana have a very strong training program and have even developed a Dana university, with highly structured programs. Each employee at the Campbellfield site received an average of 84 hours of training last year.

Dana negotiate with their employees a number of drivers, the achievement of each driver results in a 1% bonus. Some of the drivers include - a smooth launch of the new Ford Territory, each employee contributing and implementing 2 ideas per month.

To support the suggestion scheme Dana has an Australia wide database to capture and monitor the suggestions. Operators are given time to enter the suggestions via a workstation on the factory floor which is dedicated to suggestions. Graphs of the number of suggestions made and the number completed are posted to a noticeboard monthly, so everybody can see who is ahead of or behind the target. At the input stage the suggestions are categorised by the type of benefit and the requirements for assistance. The onus is placed on the individuals to implement their suggestion, it is not a management responsibility.

The message I received was that Dana take the time to consult, communicate and engage their workforce, it does take time and effort but the end result in terms of quality, productivity and safety is better than being more autocratic. I visited the Campbellfield factory and found everybody to be very friendly and the presentation reflected the actual conditions on site.

### **Rob Meyer from Rheem**

Rob is the Operations Manager from Rheem at Rydalmere, Sydney. Industrially the site has been very difficult, in the past this factory has been used by the unions as the test case, so strikes were rife.

Rob introduced the idea of push and pull improvement / engagement programs. Push is used by management to push a particular strategy through the factory. Pull, on the other hand, is giving employees the ability to do things if they wish. The pull program Rob used is 5D – Difficult, Dangerous, Dirty, Defect and Doubtful. Photos are taken of the clearly define area to be included in the program. The photos are posted to a board. Dockets are made available to the workcrew involved each with the heading of a different D. A facilitator is also provided – important the facilitator is fairly passive towards the workcrew and does not push them for a result. There are weekly meetings of 45 minutes. The program has a strictly limited life of 13 weeks and there is a maximum of 3 – 5D programs happening at any one time (350 site workforce).

The program is kept very low key and the Operations Manager is not seen to have any interest in the program what so ever.

When team members do see a problem, they write the problem on the appropriate docket stick it to the noticeboard and draw an arrow to the relevant point on one of the pictures. The problems are recorded on a data base.

The cumulative total of problems raised is plotted over the 13 weeks, and the cumulative total for the number of problems satisfactorily closed is also graphed. Provided closures are happening regularly then the problems will continue to be identified. If closures stop then problems identified also stop so it is important to make sure resources are devoted to closing out problems.

All of the “D”s are fairly obvious except for Doubtful. Doubtful occurs when people do not know what, why, when, where or how in a process. A longterm employee is hardly likely to show his ignorance by asking a question so Rob seeded the team with somebody who will ask all of the dumb questions. The countermeasure may be to get a process engineer to brief the team – it opens the way for future dialogue.

One of the teams did nothing for the first 3 meetings, the team was expecting management to push for a result but the facilitator made it clear that it was the team's opportunity to improve their workplace and if they choose not to take advantage then so be it. At the fourth sessions the team started to identify problems and continued to work well.

Rob now has a number of people approaching time for their area to be 5D. But Rob maintains a very cool approach to 5D, it is not a priority and only 3 areas will be run at any time.

A very interesting approach to engagement.

### **Mark Walter from Laminex**

Laminex have more than 2100 employees and currently have more than 1/3<sup>rd</sup> involved in a certificate program. Mark's role has been to sell the program to management and then to engage the workforce, in other words get employees to sign up to the programs. And, of course, get the factory managers and others to support this initiative. There was no money offered to induce people to enrol in the program.

Mark is currently developing a method to measure the ROI. To date the program has been running for 18 months and although there is nothing specific to indicate the program is contributing to positive business outcomes – all business indicators are moving in the right direction. Laminex have adopted a very pragmatic approach to the program in that it must deliver business benefits.

Finally Mark spoke of the importance of using a good RTO – Recognised Training Organisation and of making use of Government training support. The RTO provides all of the administrative support and works directly with the key people at each site to get the necessary sign off.

### **Brendan Rundle from Amcor**

Brendan hosted the site visit. A brief history of the site is that Brendan joined Amcor about 2.5 years ago, the site was losing money and it was an industrially difficult site. The business prints, cuts and pre-folds card for small display boxes such as chocolate boxes or for the many consumer items which appear on supermarket shelves.

Traditionally the process involved 3 or 4 steps, each process was isolated from its neighbours by inventory and by distance. Lean principles have been applied with drastic reductions in WIP and the process are now closely coupled. This has resulted in the freeing up a large area of the factory space which is now leased to a sister factory.

5 S and Visual Workplace ideas have also been introduced as have visible KPIs and plans. Operators are responsible for making up many of the KPIs and many now have several years of history which show the demonstrable improvements the business has made. One of the unique things of this business is that management have laid out the plans for the business for the coming year across all of the critical areas of the business. These plans have been converted to poster size and have been put around

the site so everybody can see what is to happen and when. Management is accountable to the employees just as the employees are accountable to management.

Photos of the noticeboards and plans are in the Amcor Powerpoint Presentation. The 5S Audit is included in the word document.

The outstanding points from this visit where the quality of the Lean implementation even though it is still a work in progress and the rate at which the improvement has been made. I saw this site 6 months previously and was astonished at the progress made and at the obvious levels of engagement achieved.