Teams AT WORK

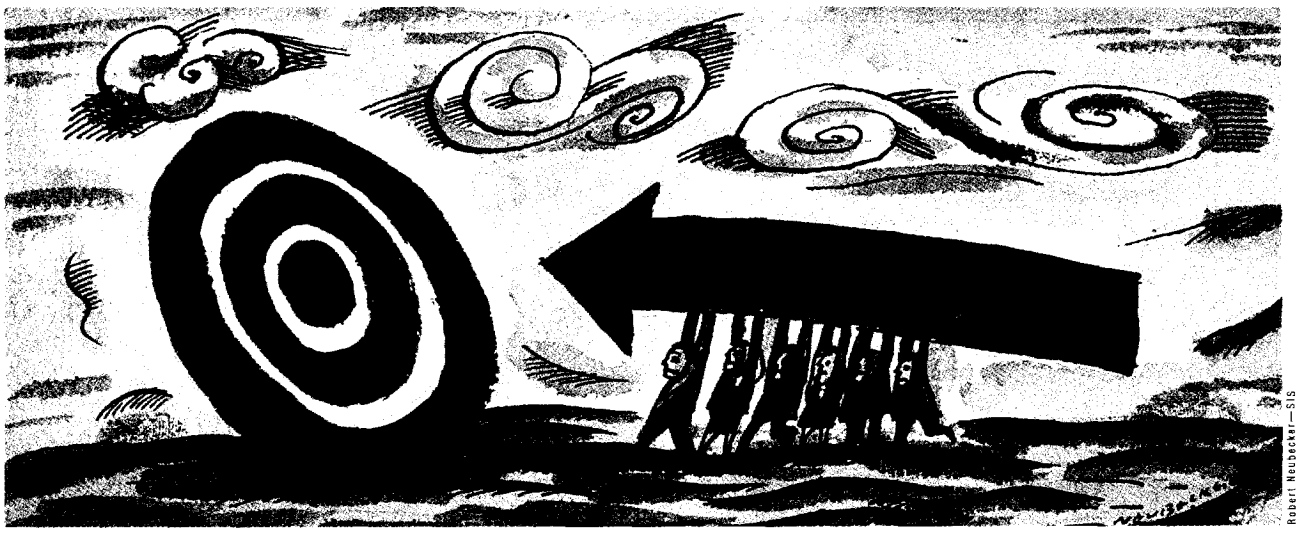
SMALL-COMPANY EXECUTIVES TELL HOW TEAM DEVELOPMENT IMPROVES PRODUCTIVITY AND PROFITS.

BY PETER STROZNIAK

Scott Jessup, CEO of Marque Inc., Goshen, Ind., fears the notion that the CEO has to be the smartest guy in the plant.

"If that's the case I think we're all in trouble," reflects Jessup. "I truly believe I'd rather have 10 smart people tackle a problem. I could care less who comes up with a solution. I would rather have that than have 10 people staring at me hoping like hell I make the right decision."

That's why Jessup and other executives of burgeoning small-company plants are adopting a team culture. Nearly 68% of small-company plants use teams to varying degrees, according to the 1999 INDUSTRYWEEK Census of Manufacturers. While only 2.4% of the manufacturers say *all* of their workers are involved with empowered or self-directed



Robert Neubecker—SIS

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work teams, 27% report that 26% to 99% of their employees are working in teams, and 39% say 1% to 25% of their workers are team members.

Small-company executives and consultants say that developing teams is necessary because technology and market demands are compelling manufacturers to make their products faster, cheaper, and better. Tapping the collective brain power of all of your employees and empowering them to make decisions may be one of the best ways to help your company adapt to change. Moreover, executives report employee turnover is greatly reduced because the team culture improves the overall workplace environment and morale.

How do small manufacturers manage their limited resources and make the profound organizational transition to a successful team culture? Executives and consultants who have worked with small manufacturers to develop teams say one step is understanding the differences among three distinct types of teams: **empowered teams**, which have the authority to plan and implement process improvements; **self-directed teams**, which are nearly autonomous and are responsible for many supervisory responsibilities; and **cross-functional teams**, which work on specific tasks to improve production.

Business is good for Marque, which manufactures 150 medical-emergency-squad trucks a year. The 45-employee company is growing at about 20% a year. CEO Jessup, by his own admission not the smartest guy in the plant, was nevertheless smart enough to know that if the company wanted to expand its market share in the U.S., it needed to reach new levels of productivity.

To raise the productivity bar at Marque, Jessup decided to form a cross-functional team that would spot bottleneck production problems throughout the plant, and then gave the team the authority, within parameters, to resolve the constraints.

"A lot of the bottleneck problems they have identified are not major business-altering issues. It's those constant, nagging, little issues that everybody has to confront every day," Jessup explains.

For example, plant workers were using an old forklift that was operating only 70% of the time because parts were wearing out and it needed constant maintenance. The bottleneck team determined it would be more cost effective to buy a new forklift that wouldn't need so much maintenance and would be available 100% of the time.

Marque's cross-functional team consists of employees from production, quality assurance, and fabrication, along with a multiskilled employee and a consultant who helps facilitate the team's development. Jessup decided against being a team member. He keeps track of the team's progress through the team's meeting minutes and by talking with team members.

"When a CEO wanders into a team meeting an entirely different dynamic takes place, and everybody sits back and waits for the CEO to put forth these pearls of wisdom," he says. "I think at times I stifle our best thinking."

Leadership must change

FOR TEAM EFFORTS TO BE SUCCESSFUL MANAGERS must change their behavior, says Robert E. Staub II, president and CEO of Staub Leadership Consultants, Greensboro, N.C.

"One of the mistakes we've seen is that management thinks they are going to put a fix in by changing the way people behave and function in teams on the manufacturing floor, but they fail to change their own supervisory or leadership behaviors," Staub says. "Management has to change so that they don't sabotage or abort the team-development process."

Leadership must shift from the traditional command-and-control mode to a coach-and-collaboration style that supports a team environment. If managers understand why change is necessary, the next step is to open a dialogue with employees. Be prepared, however, for confused looks, fearful stares, and/or a collective resistance to change.

Jo Egbert, general manager of Kimball Manufacturing, Boise, Idaho, confronted a lot of employee resistance eight months ago when she introduced empowered teams on a pilot-program basis. Egbert explained to her employees that the company would be adopting lean-manufacturing methods, in part because Kimball's astounding 400% growth last year created a space problem in the plant. The 220-employee company, which makes cables and electronic and electromechanical assemblies, needed to improve production methods and significantly reduce work-in-process inventory.

"The phrases we kept hearing from employees were 'This is the way we've always done it' and 'This isn't going to work,'" recalls Egbert. The best way to manage this resistance is to tell employees that, at the very least, they should give the team concept an honest try. Egbert discovered that the pessimistic remarks faded once the team began to see results that included a 50% reduction in production time on an electronic-alarm-box assembly line. In addition, work-in-process inventory was reduced from 14 days to 3.5 days.

It can be hard for some executives to accept that most of the breakthroughs in teaming will come from production workers. "We can get the teams on the manufactur-

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ing floor working very fast, but executives, who have all of this education and all of this success, [are blinded] to more rapid learning," Staub says.

What complicates matters is that executives, Staub believes, presume that workers don't understand the business. He ran into this problem during a consulting stint at Environment One Corp., Niskayuna, N.Y., which manufactures pressure sewer systems. The CEO at the time was skeptical about team development on the plant floor but was willing to give it a try. The results: Environment One teams cut three production steps and got a supplier to do preassembly work. Production almost doubled without adding workers and profits increased by 50%, says Staub.

Training is essential

BEFORE TEAMS START SOLVING PROBLEMS, members must be trained. "Teams have told us that if they had to do it over again they would have more of the people skills upfront," says Peter Grazier, founder of Teambuilding Inc., a Chadds Ford, Pa., team-development consulting firm. "They don't struggle with the technical stuff. They tend to struggle with the people skills."

In addition to critical training in communications, problem-solving, and planning, Grazier says teams need to understand the differences in personalities and how they function.

"The diversity of values and personalities makes a team powerful, but it can be the greatest source of conflict," Grazier says. For example, "If you're a detail person and I'm not, and we get on a team, you might say that we need more analysis on a problem before making a decision, [while I] may want to make a decision," Grazier explains. "If you teach people what all of that means, then I look at your detail [focus] as something that is needed in a team because it's a shortcoming of mine."

Another effective training method is to have employees visit other plants that have implemented teams. "A lot of our people really wanted to talk to their peers in other companies," says Jay Dunwell, president of Wolverine Coil Spring Co., Grand Rapids, Mich. "We've had the opportunity to visit other companies in our community and have those peer-to-peer communications."

Executives at smaller manufacturers agree that another key component to successful team development is hiring an experienced consultant who can provide training and help teams overcome obstacles. The consultant, however, should have experience at small manufacturing firms. That was a hard lesson learned by Wolverine Coil Spring and its 80 employees who make precision clips, mechanical springs, stampings, and wire forms.

To initiate its continuous-improvement teams, Wolverine hired a consultant who had worked with very large companies. "I suspect in very large companies the levels of bureaucracies are exponentially larger than they are in our little company, and these 24 steps for continuous-improvement teams had so much to do with planning, touching base with other parties, and reviewing the pros and cons of other alternatives," Dunwell recalls. "We spent months planning, gathering data, and reviewing staff. Like good soldiers we followed what [the consultant] said. In hindsight, it probably would have made a difference to hire a consultant who had experience working with small companies."

With the assistance of a local manufacturers' council, Wolverine developed the Focused Action Solutions Team (FAST) approach. FAST teams conduct five-day kaizen-type events that concentrate on resolving a specific production problem. Wolverine's FAST teams have reduced raw-material inventory by 90% and have developed a more efficient packaging and auditing system that allows shipping employees to pull finished products directly from the work cell and load them onto a truck for delivery.

Another challenge facing executives is how to keep teams motivated. For Clipper Belt Lacer Co., Grand Rapids, Mich., teams have been a way of life for 12 years. The 85-employee company, which makes fasteners, connecting pins, and belt cutters, operates a self-directed team, empowered teams, and cross-functional teams.

Clipper management challenges workers to submit three to six new improvement suggestions every year. When the Clipper workforce reaches 60 implemented suggestions, a recognition event is held and some of the improvements are demonstrated by employees on the plant's big-screen TV.

"We as a company need to make sure we are continually giving employees more information and more training and challenging them," says Nancy Ayres, general manager. That's why all Clipper employees are expected to have at least one educational experience a year that may include visiting a customer's business, attending a trade show or conference, or taking college-level courses.

A major side benefit of developing a team culture is that it helps retain employees in today's tight labor market. Ayres attributes the company's very low turnover—less than 1%—to the positive atmosphere the team concept has created. IW

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