



Metalik Creations [a fictional company] provides interior designers with metallic sculptures made from scrap metals and more recently has started a direct sales mail-order operation for anyone interested in owning one. The rapid rise in popularity of these sculptures due to the new service has led to a need to increase production to meet demand without losing creativity, innovation or quality.

Because production of the sculptures is team-based, the managing director has decided to involve two teams in increasing the production levels. He calls in the team leaders of Team A and Team B and informs them both that due to higher demand for the sculptures they are required to increase their levels of production over the next year to meet this increase without compromising on the build quality. Both team leaders are told they can interpret and communicate the new objectives set by the managing director to their teams.

Team A are told by their team leader that they are required to produce more sculptures to meet the increase in demand. As a result of this, the team agrees on the following measurements to assess their performance:

- how quickly the materials for producing the sculptures can be obtained
- who obtains the most scrap metal (for which an award would be given)
- how many sculptures the team produced.

Team B are told by their team leader that they are required to produce more sculptures of the same quality as those already being produced to meet the increase in demand. The team leader makes it clear that the

innovative nature, creative qualities and overall quality of the sculptures must be maintained despite having to produce more sculptures. The agreed performance measurements are as follows:

- the amounts of good-quality scrap metal found by the team and used in the sculptures
- the number of good-quality sculptures produced.

To help Team B in identifying their performance levels a bulletin board was set up to monitor their progress. The measurements agreed focused on the quality of the scrap metal obtained, the quantity effectively used against the wastage from each batch of work, and the successful identification of high-quality sources of materials. Team B also had an opportunity to assess their level of performance through regular feedback sessions during the year, and an incentive scheme was introduced based on the production levels of good-quality sculptures and the profits made.

Questions for discussion

Consider what the possible consequences might be from the way the organisation's goals and objectives are communicated downwards to the teams.

At the end of the year, what do you think the outcomes were specifically as a result of the way the team leaders communicated the objectives set by the managing director?

Answer first for Team A, and then for Team B.



The production history of the Halewood plant, Merseyside, offers an insight into how one of the worst-performing car plants in the Ford portfolio was transformed into the exemplar of the Japanese-style Ford production system and six-sigma quality system, producing high-quality motor vehicles. Halewood's production of the Ford Escort (1968–2000) was plagued by poor industrial relations and poor build quality. During this time the British car industry was in flux to the extent that in 1989 Ford purchased Jaguar. During 1999 their Jaguar plant at Castle Bromwich, Birmingham, became operational and doubled their production of the S-type. In 1998, as part of increasing Jaguar's model productions it was decided to produce the new X-type at Halewood. This nearly did not happen in the light of the opposition that Ford experienced from the workforce.

Jaguar took over operation during this turbulent time and began the process of changing to Jaguar working practices. The Gateway Agreement, as part of the changes in working, was signed up to by the unions. Unfortunately, strikes ensued when management attempted to implement the Agreement. Because of these poor industrial relations, Ford threatened to pull out – but this was resolved when 90% of the workforce signed up to the Halewood charter and the rest took voluntary redundancy or early retirement. The changes in working practices relating to the move to producing Jaguars were supported by government grants for re-training the workforce.

The senior management team at Halewood sought to obtain buy-in by the workforce to the new more flexible working arrangements. It was important to move from being volume-driven to being quality-driven – which meant changing mindsets. The plant was shut down in 2000 for nine weeks for modification in readiness for production of the new module. This provided an opportunity for a series of interventions to be put into operation to support the new more flexible working practices and the reopening of the plant.

The creation of centres of excellence was part of the move to sustain quality. These centres

delivered specific elements of the business, which focused on cultural change and improved quality. This, combined with the new processes and a more open management style, provided a platform whereby managers and the workforce alike were able to hold open discussions on the changes. Provisions were made for shopfloor workers to draft their job descriptions and for the creation of teams of six to eight workers whose team leaders were able to monitor quality control.

Assessment centres were used to identify new managers who would not only be committed to running the centres of excellence but be comfortable with the changes and with operating the new production processes. The successful operation of the new centres of excellence created a positive impact, which encouraged others to buy in to this more enthusiastic approach to work.

One intervention that really encapsulated the new approach was empowering the workers to stop the production line to deal with any quality issues. This freedom to act independently to some extent recognised the value of each worker in the production process and helped the drive for better-quality products.

All the training programmes set up during the closure of the plant were designed to support the change process. Senior managers and volunteers from the workforce underwent training to become facilitators so that they could deliver the new programme to the rest of the workforce. Production workers undertook college courses focused on IT, numeracy and literacy skills training to support their role in record-keeping. Community projects were set up to encourage the integration of the new production teams – this was initially viewed with caution by those concerned, but as the projects progressed, attitudes changed, and the experience appeared to have a positive impact.

Some operators and all supervisors and group leaders were seconded to the new S-type Jaguar plant to obtain an overview of



the new production process and a level of expertise that they could take back to Halewood. Training on trial car-building runs enabled them to train other operators on their return by becoming product coaches.

The combination of interventions resulted in teams being formed that had a clearer idea of what performance levels and product quality were expected of them in the new teams and working conditions. Senior management recognised that to sustain performance the process needed on-going monitoring. Production started in 2001, and an audit of the new working practices has since provided a template that others might put into practice.

Source: Pickard (2002)

Questions for discussion

- 1 Why did this combination of interventions succeed in changing the performance record of the workforce from one of the worst to the best?
- 2 Analyse each intervention noting the individual aspects of each one that demonstrate good practice. Can they be used for similar changes elsewhere?
- 3 What else might you do to sustain high-quality performance?

Note: It is your response to Question 2 – asking yourself why individual aspects worked and whether different combinations of them might be used elsewhere to produce similar outcomes – from which you should be able to develop your ideas as recommendations in response to Question 3.