



Articles & Commentaries



p-Watch — Australia



by Richard Barton, former Managing Director of Business Improvement Advisory Services. Previously he was the Business Process and Quality Management Executive for IBM in Australia & New Zealand. He was also General Manager with the Australian Quality Council. He has had a long and close association with the APO. Mr. Barton writes this column regularly for the *APO News*.

Business Process Re-engineering: An Aussie Case Study

A recent article in the management section of *The Australian* newspaper said:

"Quality requires guts, razors merely spill them – the best way to cut costs is by tackling quality." The same article reported that many organizations seeking to become more competitive had adopted a business excellence framework model or a national quality award model to chart their productivity improvement progress. In so doing, most concluded that people are their greatest asset. Yet any attempt at cost reduction is done at the expense of people, often those with the best corporate knowledge.

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Last year I conducted a business review of productivity improvement progress being made by a printing company. This organization is one of the oldest specialized printing companies in Australia, with many long-term employees possessing valuable knowledge, skills, and corporate history. In 1982, the then private family company was sold to a diversified public company and a new set of profit and production outcomes was expected.

In 1995 a new general manager was appointed and requested to come up with innovative ways to improve the company's performance. He decided that the major thrust was to focus on changing the culture of the organization. The workforce comprised many very long-serving employees who were highly knowledgeable but also set in their ways, with outmoded work practices and suspicious of change. The management team progressively set about changing the organization. The leader of this team was the general manager himself. He understood that if change was to occur it had to be led from the top and be strategic.

Initially an organizational effectiveness survey and process mapping exercise were undertaken led by an expert consultant team. From this study, it was apparent that an improvement in workforce attitudes was needed, including greater cooperation and communication between management and workforce.

Other improvement projects were implemented, such as skill development and recognition programs, statistical process control training, and team leadership and team training. Supervisors were sent on tailored courses and unsafe work practices were reviewed. On-the-job training and reporting systems were put in place to ensure that appropriate action was taken and meaningful data were collected, often for the first time. The management reporting system had not been generating the data necessary to manage change in the business. The chief financial officer led that improvement project. The changes were intended to enable management and supervisors to drill down to establish comprehensive and reliable data to ensure appropriate cause-and-effect analysis.

The company exists to print and bind very large- volume, high-quality capital city and regional tele phone directories. By undertaking the re-engineering of the business, modernizing the plant, and embracing best practice management methods, the company is seeking to position itself in the longer term to attract more customers, diversify its directory printing and binding capability, and eventually capture export orders.

The factory was reorganized to improve work flow. A number of shop floor process improvement teams were set up, training was conducted, and projects agreed upon. With this came the need to collect quality data, which had previously not been done. Existing processes were videoed for review, and new processes and machines once built were tested off line where possible without major disruption to the production throughput. Upgrades to machines and retooling, redesign, and modification of machines on the production line were undertaken.

Advanced manufacturing techniques were introduced to the production system following similar plant observation visits overseas. This required investment in modifying the design of existing systems as well as in new systems. It was important for the modifications not to fail because of high throughput volumes that could not accommodate any stop when production is in progress. Process assurance testing was therefore limited. As progress was made it was all linked to the culture change program. For example, a daily team meeting for the key production workforce led to improved communication. Industrial disputes began to diminish.

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Morale and trust improved as the workforce became more fully engaged in the improvement process, making suggestions and recommendations about changes. A new software-driven rostering system was developed to manage the complexities and individual workforce needs while meeting the demands of the production schedule. Waste reduction was measured and began to approach six sigma quality. Other quality indicators were identified through the results of a customer survey, and a drive was undertaken to achieve ISO 9000/2000 certification, as a milestone but not as an outcome.

The business review reinforced my view that the endeavor to become competitive is holistic and strategic and must involve enthusiastic, effective leadership at all levels. In this example, there is a powerful sense of shared vision and a strong, unswerving strategy. Goals are clear to all and teamwork is building trust. New metrics are sound and being used throughout the company

to manage the business at all levels. Clear and meaningful regular communications are accompanying the change process. Profitability and return on investment are improving. The re-engineering of the business and building of a new culture of commitment and performance are well under way.



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