
Vägen till utveckling

Oy W. Rosenlew Ab
Svenska Rosenlew Ab

**Att lära av dem
som kan
bäst**



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Benchmarking Masters

The Household Appliance Factory was sold to Electrolux, and we got a combine harvester company in Sweden in exchange.

I had one night in which to make the decision with my family to continue as local Manager for Electrolux in Pori or move to Sweden to take over as President of the combine harvester plant.

We took the Swedish challenge, a 5-year adventure “in the wild west”.

We succeeded in almost tripling productivity, increasing inventory turnover from two to ten and turning profitability from huge losses to profit. How could we achieve all that?

Yes, through learning from other companies more successful than ourselves. *We had applied benchmarking without knowing the word.*

We ceased production of Swedish combine harvesters and transferred the production of one Finnish model from Finland to Sweden.

However, we were told that unit costs should have been at a comparable level with those of Finland, despite the fact that the cost of labour in Sweden ran some 25% higher than Finland and production volume was 50% lower.

In benchmarking terms, the topic to be benchmarked would have been to design and implement a combine harvester plant of *an efficiency able to produce in four days as many products as the Finnish plant had in five.*

It was easy to understand that we could not achieve that through copying (the plant, machinery and working methods) from the Finnish plant.

The Control System Was learned, Benchmarked, from the Masters

Here are a list of the most crucial control systems that we benchmarked and implemented.

The JIT approach came from Japan, together with ideas for a production control system. Also ASEA, in Vesterås, Sweden, was experimenting with JIT Kamban production control. We became familiar with their experiment by visiting them.

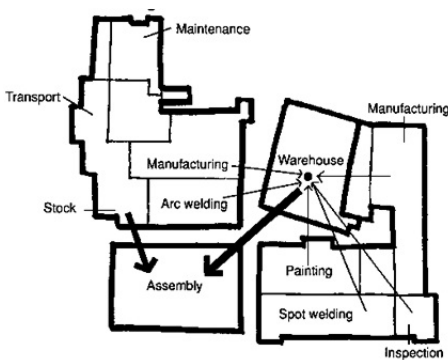
Work measurement and quality control systems we transferred from the sister plant in Finland, changing and adapting them for our environment.

- 1 JIT - Production Philosophy from Japan
- 2 Production Control System from Japan and ASEA
- 3 Time Standard System from the sister plant
- 4 Quality Management Systems from the sister plant
- 5 Incentive Payment Systems from Volvo and Heggglunds
- 6 Empowering and Communication from SAS

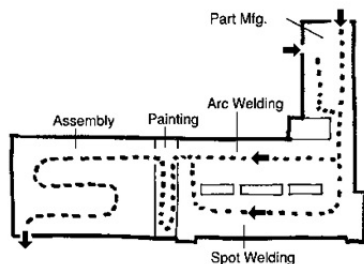
Kalle Välimaa, Finn, who worked with us in Sweden, participated five weeks training and company visits in Japan. There he saw a number of JIT plants, got enthusiastic, came back to Sweden and made me keen to build something similar. So we started the project without actually knowing much about what we were doing. JIT was still totally unknown as a production concept in Scandinavia at that time.

Production had been more about storage and transportation than manufacturing.

The old plant



The new plant



We streamlined the operation by pulling down two buildings and bringing two others together, and implemented JIT production philosophy.

Throughput time under the old arrangement was several months, whereas with JIT it was just 10 days.

After many problems we got the plant renewed. It even looked like a Japanese plant and we were pretty proud of that. But it had one shortcoming, a serious one! It didn't work - we weren't producing any harvesters.

We now come to another issue in benchmarking. We had copied what Kalle had seen in Japan, but we had not understood what made it work.

Benchmarking is not copying, not adopting, it's adapting. You cannot just transfer "pictures" and figures of what you have seen, it's not enough.

Benchmarking is a tool that guides you beyond pictures and figures.

By that time, the JIT concept was no longer unknown in Scandinavia. We got hold of JIT documentation that showed us what we had missed.

We finally realized that we could not control the JIT plant using similar control systems to those we had applied in our old, traditional production philosophy. We were then in a dramatic hurry to get the missing control systems developed and implemented.

We were lucky to be able to understand and learn from companies better than ourselves.

We also realized that a JIT plant must be differently led, compared to a more traditional one. SAS's, Scandinavian Airline System, Jan Carlzon became extremely famous and popular, not only in Sweden but as a well-known figure in many other countries too, due to his "moment of truth" approach and business transformations at SAS.

The idea behind the concept of moment of truth was that each moment that SAS people face customers is the most crucial for customer satisfaction and the success of SAS. To respond quickly to whatever the customer expected required increasingly empowered front-line SAS staff. They had a unique approach to train people for increased empowerment and to involve the whole staff in the improvement program.

Our production people did not face customers, but we found an analogous situation. There were no buffers in our new JIT production philosophy and decisions had to be made immediately to avoid production brakes and quality problems.

Analogously to their goal, we wanted to empower our people to solve all the front-line production problems on the spot, as they occurred.

We adapted their approaches for empowering and involving our people. We also applied some other leadership approaches from SAS.

We never visited SAS. We studied their published material comprising a couple of books, and some information booklets for their own people. I participated in a one week seminar in Switzerland, where we studied SAS's transformation program as a case for two days.

These and other examples have convinced me that benchmarking can be used to make significant changes in an organization. Benchmarking is a methodology for fostering improvement and even for realizing something that might otherwise be totally unachievable within a reasonable time-frame.

SAS as a Role - Model

- The idea behind the concept was that each moment that SAS people face customers is the most crucial for customer satisfaction and the success of SAS.
- To respond quickly to whatever the customer expected required increasingly empowered front-line SAS staff.
- Analogously to their approach, we wanted to empower our people to solve all the front-line production problems on the spot, as they occurred.
- We adapted their approaches for empowering and involving our people.

Incentive payment system

The most orthodox benchmarking process, I think, was benchmarking the incentive payment system.

To get everyone in the organization to strive in the same direction, we pretty soon understood that we should reward the entire personnel for four factors: *quality, delivery reliability, productivity and volume.*

The payment system in the company was a mixture of a piece-rate system and fixed hourly and salaries.

We realized that the whole payment system had to be changed.

Can you imagine any more difficult situation you can run into than to make a radical change in the payment system, involving the entire personal, and then to do it quickly? They are in general developed through negotiations and under significant pressure and hurry.

Once again, when we were negotiating, we happened to ask ourselves a very typical question in benchmarking, whether there were any successful companies in Sweden that reward their people for those four factors.

Both employer and employee representatives started looking through their organizations for companies that matched our requirements.

We found and visited seven companies. We prepared well for the visits, and a group of around 4 - 10 people made one-day trips to each of the seven companies.

We met our counterparts in various formats. For example, when we came to Volvo, we first met six people at a general meeting. They explained to us their payment system and its advantages as well as approaches they applied in their development program and which problems they faced. After the meeting our production manager, personnel manager and union representatives met their counterparts at their individual meetings.

Our production people went to the shop floor and met their production people. They heard that the payment system had already been in place for a couple of years and was quite satisfactory. They also heard that it had been a tough project involving even a couple of short strikes. The major reason for the disputes had been that they had not a clear idea of where they were targeting.

The incentive payment system we implemented was taken roughly one third from Volvo, a third from Hegglands and a third from our own ideas. Hegglands produces large vehicles for the army.

I am convinced that benchmarking was the only feasible approach to the design and implementation of a radically new payment system, and to doing it so quickly.

I would still like to tell you the story of how our hourly people said they became perfectly convinced of the value of Volvo's incentive

payment system. We came to Volvo on the night before the visit and had dinner at the hotel we were staying at. I remember, when we were returning home from Volvo on the following evening, it turned out that production people had visited another restaurant. They had met production people there from Volvo. And people from Volvo had praised Volvo. - and people from Volvo were drunk. And of course we don't usually praise our employer when we're drunk.

This incident also tells to you that you can learn from others in many different circumstances. If you want that for instance product developers learn from each other, organize a bus trip from Helsinki to Turku, another town in Finland. Provide the bus with some sandwiches and a pack of beer and give them four issues to talk about and to be reported after the bus trip. I bet that they have learned more in many formal benchmarking training.

Att lära av dem som kan bäst

Kari Tuominen

Vi lyckades nästan tredubbla produktiviteten, öka lageromsättningen från två till tio och svänga räntabiliteten från stora förluster till vinstgivande. Hur kunde vi lyckas med detta?

Jo, genom att lära av andra firmor som lyckades bättre än vi själva. Vi hade tillämpat "benchmarking" utan att egentligen veta vad ordet betydde.

Vi slutade produktionen av svenska skördetröskor och överförde produktionen av en finsk modell från Finland till Sverige.

Det berättades oss att kostnaderna per enhet borde ha legat på en nivå jämförbar med den i Finland, trots det faktum att arbetskostnaderna i Sverige var 25 % högre än i Finland och produktionsvolymen var 50 % lägre.

Sett ur benchmarking-synpunkt: för att nå samma prestande borde vi ha designat och förverkligat en produktionsanläggning för skördetröskor som på fyra dagar skulle ha producerat samma antal produkter som den finska anläggningen producerade på fem.

Det var lätt förståeligt att vi inte kunde nå detta mål genom att kopiera (fabriken, maskinparken och arbetsmetoder) från den finska anläggningen.