

## A FACTORY IN CHAOS

Case Study 108

### The Situation

When the new General Manager arrived at a factory that produced flat screen components for television sets and computers, he found an explosive situation. He had been told that **if the factory didn't turn around in one year, it would be closed**. The decision of the parent company was understandable as the business was **losing 1 million euros per month, had a worker absentee rate of 25% and had been forced to downsize from 600 to 220 people over the past two years**.

Not surprisingly there was **enormous distrust among management, and between management and the workers in the factory**. Although everyone could see the potential disaster looming, most had attention on their issues rather than on galvanizing energy to address the problems.

### Work of Best Year Yet

The top 10 managers made their plan, followed shortly by a team plan for the second level of managers. However, the latter group was clearly going through the motions – **not feeling trusted, as the direct managers of the workers, to be involved in the making of the overall business plan**. The General Manager agreed to bring the two teams together into One Team who quickly aligned on a plan to achieve the turnaround. The **GM learned that results were more important than the process it took to get there**.

Next 60 workers were chosen from the remaining 190 to make a personal plan to do their part in the turnaround. We began this exercise by giving them a chance to tell us what the problems were and what could be done about them. However, even after they made their personal plans, the level of distrust, frustration and anger was so great – *you're not taking these problems seriously and our jobs are at stake!* – that the situation exploded. **Taking time to make personal plans they were sure wouldn't matter was the final straw. They stopped the engines and shut down the factory!**

The General Manager now realized the true scope of the problem and **took personal responsibility for his mission to achieve a breakeven in this year**. He inspired his top team to do the same and every month they publicly posted their team and personal results. The consistent message was that *We are responsible for what we do and what we don't do. We are committed to making this work*. This level of **personal responsibility at the top led to the needed culture shift throughout the business**.

### The Results

Within two months the **absentee rate had dropped to 5% and within three months it fell to 3%** where it stayed. Not only did they come back to work, but they were **willing to provide the necessary flexibility in their working hours and holiday time to achieve the business objectives**.

The workers could see that management meant business, trust was restored and the turnaround was achieved. Not only did the business break even, but they **achieved the GM's personal target of \$1 million in profit**. The plant is now there to stay and the community again feels safe. At the end of the year the factory was given the Award of Excellence as the top factory in the global business.