



# EFFICIENCY INCREASE IN THE SUPPLY INDUSTRY

## Company

- Production of components for electric motors
- Stator, rotor, plastic parts
- Parent company located in Germany
- Production of two million sets per year
- Sales of end product dependent on strong seasonal variations

## Problem

- Break-even point of factory was at 90%
- Goal was to lower this to 50% to better absorb market fluctuations and increase profits
- Three independent unions in the company (maintenance, mechanics, workers), all pursuing different ends

## Interim Task

- Analyze actual situation
- Work out concept that assures sustained improvement in earnings and company realignment

## Solution

- In-depth process analysis; procurement, manufacturing processes
- Documentation of processes in the factory (important, since semi-skilled labor was approx 70%)
- Optimization of machine availability; this required extensive agreements with the Maintenance Union, availability of maintenance employees had to be 24 hours
- Reduction of employee representatives in the factory to one institution; this required tough negotiations
- Operating time of machines was increased to 140 hours per week
- Reduction of downtimes by having operators do small repairs
- Introduction of an employee merit-demerit system dependent on the output of "good parts"
- Reduction of factory overheads by 30%

## Benefits

- Break-even points decreased to 46%
- Profit increased by 50%
- Seasonal fluctuations were offset by flexible working hours
- Inventories were kept consistently low



**Duration of Project**

9 months

**Success Factors**

- Open communication with employees and union representatives
- Development of an implementation concept with the rank and file (principle top-down/bottom-up)
- Accompanying coaching during the implementation process
- Installation of clear responsibility structures