

# HOW DO YOU GET 14 FACTORIES TO TOE THE SAME LINE?



**CHANGE PROCESSES REQUIRE  
A SOLID AND REALISTIC STRUCTURE**

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The Italian household appliance manufacturer Indesit Company is putting its processes to the test. It wants its 16,000 employees to rethink—and all at the same time in different countries and cultures. Seven key factors are paving the way to success.

**F**actory manager Claudio Belingheri is in the thick of the change process, and his enthusiasm for the project is evident: “Ideally we would have an entirely new floor plan for the production facilities, and I hope that management will approve it.” Belingheri is the boss of the oldest factory of the Italian household appliance manufacturer Indesit Company, which began operations in Albacina, 60 kilometers west of Ancona, in 1957. Indesit Company is the second-largest manufacturer in its sector in Europe and primarily sells its products under the brands Indesit, Hotpoint and Scholtès. Three years ago, the appliance manufacturer

ushered in a new era: “Indesit Manufacturing Excellence.” IME is an excellence project with the objective of putting all processes in its 14 plants in five countries to the test. The tried and tested first step in the excellence campaign is a leaner and less wasteful production process.

While his focus is firmly on the future, Belingheri is more than happy to talk about the production optimizations that have already taken hold in Albacina. With a sweeping gesture, he points to the meters-long high bay racks in which a few hundred ovens—the heart of every stove—wrapped in silver foil await transport to the assembly lines. “We used to have 7,000 units in stock that could fill a whole warehouse. Now we’ve cut storage space by over 50 percent.” He continues at the assembly lines. In contrast to before, all assembly parts—screws, lights, coils, cables, plugs, switches—for the 90 different oven range models are now pre-sorted. Now they can be delivered to the assembly line “just in time” in wooden crates.

The Albacina plant has increased productivity by 10 percent over three years. “This was only possible because the changes were taken on board and implemented by the 400 employees from the outset,” says Belingheri. Management made a strong effort to explain the moves and get staff excited about the new ideas. Other plans are also in the works, for instance to increase productivity even more by reconfiguring the entire production facility with a platform strategy. But that’s the future. Or as Josef Nierling of Porsche Consulting Italia says: “Such a transformation process takes at least five years, usually ten.” The Porsche principal has accompanied the Indesit project since the beginning in 2009. And he’s not only supporting Indesit’s excellence campaign in Albacina. The 13 other plants in Italy, the UK, Russia, Poland and Turkey, indeed the entire staff of 16,000 needs to be encouraged to keep moving forward with the continuous improvement process. But how does it work? How do you carry out the complex task of getting so many people from different cultures to toe the same IME line? →



**Radomsko, Poland:**  
**The excellence project**  
**IME is visible for all**  
**employees—on posters**  
**and in practice.**

Drawing on their common experiences, Porsche Consulting and Indesit have identified seven key factors for success in this complex, cross-national and cross-cultural change process:

#### 1. COST ANALYSIS

First, all 14 plants between Italy and Russia were examined for savings potential. How and where are work, material, space and time wasted? How can such waste of resources be avoided? Project manager Claudio Brusatori from Porsche Consulting Italia notes that there were different factors in different regions. In Russia, for example, complex logistics and an overgrown bureaucracy were stifling profitability. The Italian plants, by contrast, are marked by the productivity-sapping “deadweight” of excessive stock, inefficient layout of the assembly lines and a surfeit of models.

#### 2. CONTINUOUS IMPROVEMENT ON THREE LEVELS

“The right organizational structure is indispensable for optimal support of the IME project,” says Gary Osler, IME trainer from England. “It’s

the only way to ensure that changes are implemented smoothly and sustainably.” Level 1: The company headquarters in Fabriano is fully behind the excellence project, promoting synergies and communication between the locations as well as establishing best practices and standards. It involves all different functions (e.g. product development) in the process. Level 2: The IME teams in the various countries coordinate implementation of the changes and promote the training of IME officers as well as contact between them. They enable the exchange of best practices as well as regular training courses for employees. Level 3: The IME trainers work together with the plant managers of the 14 factories on a daily basis to implement the changes step by step.

#### 3. ANCHORING THE OBJECTIVES IN THE BUDGET PLANS FOR ALL PLANTS

Concrete, measurable annual savings targets are defined for each plant. This ensures that the excellence project does not get bogged down between the varying interests of the plants in the different countries. The targets are determined based on each plant’s individual cost and waste analyses. Together with the Porsche consultants, every year the plant

managers and IME trainers assess the progress that has been made in each of the plants. An IME Audit Checklist contains the 100 most important measures. Overall results for the three years since the inception of the IME project are encouraging: A 17 percent increase in productivity and 36 percent lower costs for material and storage.

#### 4. SOLID COMMUNICATION STRATEGY

Modern digital communication technologies make cross-national and cross-cultural cooperation in the IME project much easier. But because production floor workers have only limited computer access, intranet kiosks have been installed in all plants. This enables all 16,000 employees to access current information in their own language regarding IME and best practices from different plants on the intranet. Currently, the washing machine plant that was opened south of Łódź in Radomsko, Poland in 2008 is heading up the innovation movement with 100 improvement recommendations. Always a priority: ergonomics. With this clever idea, among others: Before, workers had to insert the instructions for the machines manually and check them with a handheld scanner. Today this is done by an ergonomic apparatus with a fixed reading device. “This saves time and reduces arm fatigue,” says Franco Mazzuccato, plant manager from Łódź Cooling. Radomsko was also responsible for the innovation of not having to fish parts required for assembly out of boxes above the assembly line. Instead, the Poles set up a sloping blue plastic box that is much easier for assembly workers to reach into.

#### 5. ALL EMPLOYEES APPRECIATE THE BENEFITS

“Best practices” are all well and good, but the decisive factor in implementing change processes is demonstrating to employees how they benefit by getting involved and encouraging them to work together. The intranet plays an important role as well: Employees from different factories present short videos showing how much easier their work is after the first improvement steps. At that point at the

latest, employees recognize that IME is not some highfalutin management and consultant theory but the attempt to make each day a little better. And that doesn't only pay off for the company, but also shows up in employees' wallets: Indesit rewards savings targets met with annual bonus payments. Highly dedicated and innovative employees may also receive public commendations or a gift certificate for Indesit household appliances.

## 6. WORKSHOPS WITH LOCAL MEMBERS

At the Porsche Akademie, consulting clients from every sector learn about the root causes of waste in production by building a toy truck on a small assembly line. The process always gets hung up at some point—an eye-opening experience. For Indesit, a dedicated academy was set up in Fabriano in which Italian, English, Russian, Turkish and Polish employees are trained. Instead of trucks, at Indesit toy dishwashers are built. The employees are accompanied by the Milan-based consultants and the 20 trainers who have been trained thus far across Europe. “This really opens employees' eyes,” says Josef Nierling.

## 7. EXCHANGE BETWEEN THE TEAMS

In order to profit from each other, the 20 trainers, whose ranks will grow over the coming years, have teleconferences every two weeks. They share their experiences and talk about goals achieved or unexpected problems. “The important thing is to keep the lines of dialogue open,” says Francesco Celentano. He coordinates the IME project worldwide and has been working for Indesit for ten years. And what about the language problem? “Not an issue,” says Celentano in fluent English. The plant managers and trainers also frequently converse in Italian as well. To promote the exchange of experiences, they regularly rotate between the different plants in the five countries.

Josef Nierling finds evidence that the IME project is on the right track in an unexpected experience. Recently he was working on his audit checklist at the Albacina plant; next door, an internal IME workshop was taking place. The

participants did not know who he was, says Nierling. “But they projected a graphic onto the wall that I had created at the start of the process. They enthusiastically discussed ideas

and measures that would help them make further improvements. That was very gratifying for me. The Indesit people are pushing forward with the changes.” ←

## INDESIT COMPANY – FIGURES, BACKGROUND, FACTS



**Indesit Company is one of the European leading manufacturers and distributors of major domestic appliances (washing machines, dryers, dishwashers, fridges, freezers, cookers, hoods, ovens and hobs). It is the undisputed leader in major markets such as Italy, the UK and Russia. Founded in 1975 and listed on the Milan stock exchange since 1987, the Group posted sales of €2.8 billion in 2011. Indesit Company has 14 production facilities (in Italy, Poland, the UK, Russia and Turkey) and 16,000 employees. The Group's main brands are Indesit, Hotpoint and Scholtès.**

