



A Case of Structural & Cultural Transformation

The Model Cell Project: A Detailed Case Study

Context

One of Vernalis customers is the largest manufacturer of Tractors in the world today. A significant contribution in reaching this position was due to the effort of the President of the company. Back in 1995, soon after liberalisation, the president saw the potential to transform not only his own company but also the entire tractor and farming industry. Firms with products catering to urban India were modernizing rapidly, taking advantage of the liberalising economy. However, the tractor industry, like other sectors marketing to 'rural' India, continued to remain caged in the '60s: slipshod products, lackluster supply chain and marketing, and a largely benign human resources, satisfied with status quo. This transformation was also necessitated by the imminent arrival of global tractor majors (who thus far could not enter due to protectionism and entry restrictions) for whom India was a high priority, being the worlds largest tractor market. In a series of bold moves, the president focused on transforming the firm.

The transformation orchestrated by him lasted over 5 years from 1997 to about 2001 and covered almost every aspect of the company's functioning. From launching avante-garde new products, radically overhauling the structure and staffing of the firm, upgrading Vendors, launching a BPR, overhauling all major processes (including for HR such as Performance management, Variable pay etc), the president completely transformed the blueprint and ethos of the company.

The Model Cell Project

One of the initiatives in this massive scheme was the Model Cell Project. Vernalis was chosen to lead and support the Model Cell Project as it had distinguished itself in delivery on 2 critical initiatives : Org restructuring and Design of the Performance Management System. As both these were highly sensitive initiatives, success on these was critical for success of the overall transformation. Vernalis not only achieved all the objectives successfully, but did so in a manner that energised the stakeholders and generated positivity in the organisation. This led to a great degree of client satisfaction and trust, resulting in the commissioning of 2 pilot projects for transforming two vital areas: Transformation of a performance unit to a high performance unit in manufacturing (Sliding Gear Cell) and similarly in New Product Development.



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Culture Change

Transformation is as much a battle within the mind as with the environment or the context. In fact, often it is entirely an internal or mental battle with the external environment being a mere manifestation of the internal change. To prepare the minds of workers to embrace a new and challenging future, is a difficult battle. It is won inch by inch. However, there does come a time, after painstaking efforts, when there is a visible change. This is one such case.

The aim of this intervention was to transform a weakly performing Cell (i.e. an integrated self managing shopfloor unit) into a Model Cell. To achieve this, over 10 specific initiatives, covering all aspects of cell functioning, were launched over a course of 6 months, after which the program was taken over by the internal management.

Methodology

At heart, the schematic for any transformation looks identical: Take up a unit performing much below average; identify and execute a small set of key actions that can yield a breakthrough in performance; monitor performance on key parameters before, during, and after the transformation initiative.

Two approaches were identified to deploy the Model Cell initiative.

1. To take up all areas where the cell needed improvement and systematically move them to a higher standard of performance with high Consultant involvement
2. To infuse the cell members, as well as the Middle management overlooking a large number of cells, with the motivation and competence to take on the model cell initiative themselves.

As the goal was sustainable transformation, it was important to *facilitate* the transformation, instead of engineering it by managing it externally. This was difficult precisely because the Cell members were *disinterested* in any change. Therefore, transformation of the unit was largely identical to transforming the individuals managing and staffing the unit. The approach thus focussed on transforming individuals, and thru them achieving a change in quality, schedule adherence, costs etc.

The only concession sought from the top management was to support the initiative thru speedy resolution of demands and disputes, in line with the Model Cell's tight schedule. E.g. if there was a need to upgrade an equipment, the requirement from the Model Cell would be given a priority over similar demand from other cells. This would build and maintain the tempo for fast paced change.

The Consultant's Role



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Vernalis took up the responsibility of Overall Program Direction and management. To start with, three key areas of change were identified and it was hoped that the change in mindset would get accomplished while working on these initiatives:

1. Improving Housekeeping
2. Reducing irregular absenteeism
3. Seeding a culture of continuous improvement

The middle management was to be coached on transformation techniques thru these three change initiatives. The role of consultants was largely confined to design, dialogue & review. Occasionally, the consultants did get involved in execution (e.g while launching critical workshops etc.), however, the execution was largely managed thru the cell members. One area where consultant involvement was significant was in Planning & Scheduling; and in design of training or change facilitation workshops, as the quality of work on these was otherwise inadequate.

Challenges

The single greatest challenge faced by the Vernalis team was in motivating the Middle Managers to take responsibility for creating a Model cell. They had a sceptical mindset, disbelieving the possibilities of change.

At times, the internal team took a stance that a certain change was not possible. The Consultant Team would then take it up, and demonstrate the same. Till the change was demonstrated, it was 'very difficult'. Once demonstrated and done, it was labelled as 'very easy'. This 'swing' in stance characterized the interactions for the initial months. Thus, building stake became a time and energy guzzling monster in the initial phase of the project. Over time, however, with patience, humility, and transparency from the Consultants, many managers became sympathetic to the project and within 3 months the project started to gather momentum.

Another major challenge was pertaining to data. Despite the excess of data in a modern manufacturing environment, the quality of data and the level of detail left much unanswered.

Model Cell Initiatives

While the initial plan was to take up only 3 initiatives, several other initiatives were also taken up as and when they were seen as essential to the success of the Model Cell. These were:

1. **Continuous Improvement Teams:** Of all initiatives, the gain achieved from the initiative focussed on seeding a culture of continuous improvement, was by far the best. From a point where every talk of improvement was taken sceptically, the culture changed to one of enthusiastic competition to complete CITs and accept the challenge for more. Team members enthusiastically attended meetings, and the cell started completing 2 high quality CITs a month. One of the best CITs completed was an innovation to



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improve the Operator comfort for the De-burring machine. [Briefly, the burrs would pierce the safety gloves and stick into the fingers of the operator, causing mild but troublesome injury. A variety of approaches were tried, however, the need for flexibility and maneuverability of the fingers in loading and unloading the piece resulted in rejecting most versions of thick gloves]. Finally a simple solution was found by inserting simple sewing thimbles (one for each finger) into inner tips of the glove, thereby preventing the metal burrs from penetrating the glove & into the finger tips]. This apparently simple solution solved years of agonising work on a machine that all operators dreaded being assigned to. This one change marked the transition from scepticism & disinterest, to eagerness and openness to learning & change.

2. **Modernising the Role of all cell Members:** In theory, Cell Members were no longer responsible only for production volume, but were expected to take charge of quality, costs, housekeeping, and continuous improvement. They needed to be constantly nudged into improving quality, housekeeping, etc. Similarly, the Cell leaders were acting predominantly as shift in-charge supervisors primarily monitoring performance and reporting data, but not actively implementing the change initiatives that were to be implemented. They would leave this to the Module Manager. The Module Manager in turn would be busy handling all the exceptions and implementing the change initiatives and therefore did not have time to develop capability of the cell leaders. Whenever non-performance was discovered, the blame game would begin. The Role Clarity initiative was launched to cement the role of each role holder with consensus so that disputes on roles could be eliminated. The key difference was in involving the role-holders themselves, through intensive workshops. Thus, detailed role documents were evolved with their complete buy-in for each aspect, and copies were given to each member.
3. **Cell Leader Training:** A three-day Training program was launched for Cell Leaders across the entire organisation. The program covered essentials of Personal Effectiveness, as well as elements of Leadership.
4. **Model Cell Workshop:** A two-day Workshop was conducted for all 100 members of the Model Cell. The program included a quiz on comparative performance of the cell vis-à-vis other cells, sharing of the vision for the model cell, open discussions and debates on the best way forward, current consequences of poor performance, a product quiz, Team exercises (including module-wise SWOT), and Technical lectures.
5. **Reward & Recognition Scheme:** An effective Reward scheme was introduced that was linked to performance at individual, team and cell levels. A Recognition scheme that went beyond monetary rewards to effectively



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recognise, acknowledge, and honour contribution of team members in the community was set up.

6. **Strengthening of Daily Reviews:** While daily meetings (including shift change meetings) were already in place, however, the meetings were non-affairs. The Model Cell project evolved a specific format for a Daily Review in line with the model cell parameters, going beyond the standard production numbers. It focussed on quality, status of improvement projects, and any variance from the model code of conduct (e.g. actual length of tea breaks, etc.)
7. **Weekly Review Meeting:** The weekly review was conducted at 2 levels : first at the managerial level, and then at the worker level. In this meeting the past week's performance on Volume, Costs, & Quality was reviewed, followed by a review of the implementation of Change Initiatives planned for the week.
8. **Better Teamwork at ALL levels:** The surface feeling of friendship and camaraderie hid several deep-seated differences which prevented genuine teamwork. Conflict lines were drawn in every natural team. The primary reason was a lack of dialogue and communication. Each suspected the other of a hidden agenda. The model cell project tackled this head on. The consultants demonstrated transparency, respect and openness towards all. They lived upto their commitments, turned up on time, delivered their bit and gradually not only earned the respect of all, but also started a culture of trust and performance, with a feeling of being together as one team.
9. **Housekeeping:** Apart from a general lack of cleanliness, the tools and toolings were also being constantly misplaced and lost, leading to acrimony between operators across shifts. The look and feel of the workplace was dull and old. Painting the machines, redoing the flooring, removing the oil stains, introducing proper labels, proper storage for tools, transformed the workplace into a modern, bright and inviting set-up. While this required some investment from the company, there was significant contribution even from the workers in setting up the systems as well as maintaining the score to high levels (90 and above) in the housekeeping audit.
10. **Reducing Absenteeism:** Absenteeism (unplanned leave) caused significant loss to the company and resulted in high Work-In-Progress inventory at key workstations. Absenteeism was rampant around popular festivals and in the third shift. There was a concerted attempt to tackle it, resulting in a significant change in the mindset and the attendance pattern. To start with, the data was collected and a list of chronic and occasional offenders was made. These offenders were interviewed and counseled individually by the



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entire Senior team. Wherever genuine situations were discovered, allowances were made; and at the same time the operator was encouraged to call-in for leave at the earliest (rather than simply not turning up). Wherever it was found that the offender was casual, and had no regard for the system and the consequences, counseling was followed by a clear indication that a warning letter would be given.

Results & Outcome

As will be readily acknowledged, achieving transformation even in an individual or a small family is difficult. The model cell was aiming at transforming a community of a 100 plus members on a goal that few of them believed in. However, gradually as the project developed, the transformation gathered momentum. Initially the momentum came from the wisdom, sincerity and hard work of the consultants, but gradually the project ownership was transferred to a growing band of internal followers that were designing and committing themselves to the change process. The initiative galvanised the entire unit, created unprecedented clarity on the possibilities for high performance, created high motivation for change, fostered team work between the various agencies impacting a cell, and even within the cell members, and lastly created a high momentum for change and success.

Good success was achieved in all spheres. Of three specific initiatives assigned to Vernalis the improvements were as follows:

- **Housekeeping:** score moved from 73 to 95.
- **Reducing Absenteeism:** Reduced by over 50 percent
- **Continuous Improvement:** From 0 to 2 important projects / month
- **Culture Change:** apart from the significant improvements in several areas of performance, the MOST Significant achievement was the change in the culture of the Unit and the mindset of the stakeholders. Cell members actively looked forward to discussions and meetings on change. They showed impatience if change initiatives were not getting priority, and felt a lot of gratitude towards the change agents who were no more 'adversaries' but rather friends who had shown a new way.

Though achieving Benchmark performance was still to be achieved, however, as the transformation grew, so also the confidence of the internal team to lead and manage the process.

The Vernalis Team working on the model cell project included:

1. **Mr Bharat Grover**
Managing Partner, Vernalis India
2. **Dr (Mrs) Ujjwala Pendse**
Director, Vernalis India