What Makes Industrial Excellence?

European managers reveal the strategies that put them ahead at the annual event created by INSEAD, WHU (Germany) and IESE (Spain).

The usual suspects – euro crisis and global competition – kept European managers awake at night throughout 2012. Their response was cost cutting and leaner forms of production, two popular trends highlighted at the 2012 European Industrial Excellence Awards. But on this continent where critics say it’s easier to get divorced than fire a worker, European managers say they’re focusing on mastering the art of skillful communications.

“There is no better way to motivate than to communicate,” Johannas Haider, VP of Purchasing, Production and Technology Plastics-Exterior at BMW, told INSEAD Knowledge at the 2012 Industrial Excellence Awards ceremony near Munich in October. Haider calls his BMW subsidiary in Tubingen a “Transparent Factory” in which management and workers are cross-trained to understand the entire manufacturing process. The workflow is also visible on “dashboard” charts throughout the plant. “This is our answer to complexity,” he says.

Haider’s tactics have tripled productivity over the past four years while lowering overall manufacturing costs. His efforts have also earned him an Industrial Excellence Award for the best execution of management strategy in Germany.

In neighbouring France, Jean Cazaubieilh, plant manager of Continental Automotive Foix, winner of the top award this year, puts great emphasis on communications and coordination when planning the launch of new products. “We work with our R&D people optimising the product and at the beginning take into account all that we’ll need to have a good supply chain and optimise our production flow - especially what we call reducing waste,” Cazaubieilh told INSEAD Knowledge following the awards ceremony.

Some Surprises

But there were also several surprises in plant communications. “We heard two presentations where the message was about wanting to reduce the amount and use of computers,” says Stephen Chick, Professor of Technology and Operations Management at INSEAD. “One plant was talking about how they were trying to eliminate spreadsheet tools from the plant floor to get people to look at the data manually.” According to Chick, there are growing complaints among managers that digital communications, such as emails, which were introduced to complement telephone chat, memos and meetings, are actually limiting interaction in the workplace. “What they were finding was that these electronic forms of communications were actually slowing down the problem resolution process,” he says. “And so, by talking with each other they were...
able to find solutions to those problems more quickly."

Chick also observed a growing trend towards more even-tempered industrial relations tied to communications in many European factories. "There was also more reciprocity between management and workforce in dialogue, trust, fairness and respect." This honest attitude has helped management at Continental Foix whittle away the egos that often weigh on performance. "Management teams worked to humble and with discipline.”

Cazaubieilh says he seeks "98 percent participation of the entire workforce" and regular input from customers when deciding how to improve production. "We optimise our supply chain because we really involve all the people, all the skills around the supply chain from the raw material supplier, equipment supplier, our people, our logistics, our manufacturing people and even our customer,” says Cazaubieilh.

Recurring themes

This year’s Industrial Excellence Awards brought up several reoccurring themes that demonstrate a European drive to overcome the euro crisis and market weakness. Management teams remain focused and committed to innovation. “One consistent theme for many, many years is still the striving for operational excellence - the lean management being deployed in numerous ways - not just in manufacturing but also in other administrative processes and often in new product development, operational effectiveness and efficiency,” Chick observed.

Other national winners of the 2012 Industrial Excellence Awards included the automaker smart France SAS, for modularity of design and workflow flexibility; and Aernnova Aerospace SA of Spain, for operational efficiency and a sharp reduction in production faults.

The annual awards, now in their ninth year, are organised by INSEAD, WHU (Germany), IESE (Spain), and the University of Cambridge (UK), with support from media groups WirtschaftsWoche (Germany) and L’Usine Nouvelle (France). They recognise European excellence in management and the skill in which teams execute corporate strategies from top to bottom, through the entire supply chain to the final customer.