

GIVING UP CONTROL IN MANUFACTURING

A real-life example backed up by research

INTRODUCTION



Aldowa is a manufacturing company with forty years of experience in the engineering, production, and assembly of metal claddings using various types of metal: aluminum, stainless steel, SV steel, Corten steel, pre-painted, expanded metal, and bonding material. It is a sought-after metal cladding company in The Netherlands, and architects & designers involve Aldowa's expertise at an early stage in their projects. With PVH, Mercedes-Benz, and Rabobank among its clients, Aldowa prides itself in delivering value to all its stakeholders.

Aldowa wanted to move away from the traditional manufacturing culture, which was fraught with problems such as long hours, unsafe working conditions, hierarchical procedures, and lack of ownership. Although manufacturing processes have been standardized, they still have some work to do to become more people-centric. They wanted to create a modern work culture aligned with manufacturing procedures that create a competitive edge, meet client needs, and exceed their expectations. Aldowa decided to return to the drawing board and involve its factory workers & designers. They felt that self-management was the critical enabler in creating the engagement they were after.



TRUST

Allard Droste bought the company from its founders and had an unfortunate legacy of low trust between management and employees. Factory workers were underpaid, and they worked excessively long hours. Unnecessary power gaps and silos were created with bureaucratic rules like factory workers were not allowed to enter the adjoining office area where the designers sat. When Allard took over the reins, gaining the trust and correcting these problems was imperative. He immediately did away with the no-access rule and redesigned the office by removing the doors between the factory and office areas. Every employee was allowed to have the key to the office. Today, only a curtain parts the two departments, and everyone can move freely. This policy also sent the message that Aldowa values all its employees equally and that one employee is not superior to another. In the factory, employees were using equipment that had not been well maintained. Allard's new approach was to stimulate decision-making, and he entrusted employees to make decisions on the purchase of new equipment worth several thousand Euros. To enhance knowledge and improve safety, he implemented the 1-3-1 rule: Each employee must be able to operate three machines, and each machine must be able to be operated by three employees. This rule provides more variety and learning opportunities and increased flexibility for the company.



LETTING GO OF CONTROL

Allard made a conscious decision to let go of control when it came to allowing people to decide the best course of action in the projects. Relinquishing control proved hard, and transitioning from manager to coach was realized through an iterative process. In one project, Allard made a particular quote and won the pitch. However, when he discussed the project with the project leader, they pointed out that he had omitted some key aspects from the scope of work and that the quote was inaccurate. This was a turning point for Allard, and he realized that the decision-making power should have been with his team instead. Allard made sure his advice was just advice. He noted that people would perceive his opinion as a decision. Before sharing his opinion, he would engage in a dialogue to ask why his opinion is required. He frequently asked, "what would you do if it was your own company?" Letting go of control became a priority as the company grew in terms of projects and the number of employees, and his focus was to work on the business instead of in the business.

FLEXIBLE HIERARCHY



While Aldowa maintained a particular hierarchy, it was not as rigid as one would often find in other manufacturing companies. Each project had a dedicated leader, with team members whose inputs were valued as much as the project leader's. The idea behind not having strict levels in each team was to allow team members to speak up and give their input. The role of the project leader was to guide and coach instead of micro-manage. Interestingly, although quick benefits were seen, this transition took the better part of 10 years to reflect as a systemic change in the organization's culture.

RESEARCH FINDINGS

Ownership

Psychological ownership has been found to generate the conscientiousness and extra-role activity that facilitates self-managing work teams' effectiveness, especially in dynamic organizational environments where roles and requirements continually change (Pierce et al., 1991; Vandewalle et al., 1995). Ownership is the means through which self-management enhances team effectiveness (Campion et al., 1993) and is perhaps the most crucial ingredient for defining the transition from a traditional manager-led team to a self-managing unit.¹ By relinquishing control and allowing factory workers to make decisions, Aldowa had achieved a superior standard in fostering ownership compared to other manufacturing companies. Through their new culture, key indicators improved significantly. Project turnaround time was reduced from 6 to 2 weeks, and revenue improved from 3 to 18 million euros in 10 years.

Employee satisfaction

It was found that the key to customer satisfaction is employee satisfaction. Evanschitzky et al. (2011) examined a European franchise system comprising 50 outlets, 933 employees, and 20 742 customers. The research showed two critical findings. First, the effect of owner-franchisee satisfaction on customer satisfaction is fully mediated by front-line employee satisfaction. Thus, managers of a service outlet can strongly impact the satisfaction and behavioral intentions of their customer base, even without direct contact with them. Second, employee satisfaction at an outlet moderates the link between customer satisfaction and purchase intention. The link between customer satisfaction and customer purchase intentions is almost twice as strong when employees are satisfied than when they are not. Thus, a "double-positive effect" is created: Higher employee satisfaction at an outlet directly leads to higher

customer satisfaction and indirectly strengthens the association between customer satisfaction and repurchase intentions.² Looking at overall employee satisfaction, in Aldowa's case, they noted that sick leave was reduced from 7% to 2%, which could be directly linked to the improvement in revenue and customer satisfaction.

Effect of workplace design on Quality of life at work

Since the 1980s, research has studied how people are affected both 'objectively' and 'subjectively' by their physical environment at work. At that time, the concept of Quality of Work Life (QWL) evolved to promote improvements in workers' Quality of Life (QoL), in which the effects of workspace design and environmental features on worker morale and productivity were emphasized. This, in turn, can be explained by habitability. Habitability requires that the physical environment meet three categories of users' needs: health and safety, functional and task performance, and psychological comfort. Improving habitability through a better fit between the occupant and the workspace means a better-quality work environment and improved QWL. As QWL is considered a critical factor in the sustainability and viability of organizations, finding ways to improve employees' QWL is an investment in human capital and the organization's viability (Sheel et al. 2012). Aspects of the work environment that have been found to affect QWL include the job or task, physical conditions, such as the building design, materials, and technology, as well as economic and social aspects, such as administrative policies and the work-life relationship (Cunningham and Eberle 1990; Elizur and Shye 1990).³ Aldowa's workspace redesign and the betterment of health & safety at the workplace helped build trust, retain factory workers, and overall job satisfaction, directly impacting the bottom line.

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