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A decade of organisational renewal at Stork PMT, Boxmeer

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The organisation
Stork Poultry processing Machinery and Technology (PMT) employs 450 people and has a market share of 60%. It is part of the Stork Group which operates worldwide. The company develops, produces and installs equipment for the poultry processing industry, ranging from a single machine to a complete processing plant.

The change process - theoretical background
At Stork PMT, the Dutch sociotechnical approach of Integral Organisational Renewal is being used. According to Mr van Eijnatten, it is a cybernetic, open-systems approach that provides a sociotechnical basis for the design of business processes, organisational structures and human work, in order to create a ‘dynamically balanced production function’. The approach takes as its starting point the architecture of the actual division of labour. Modern sociotechnical design theory is being used in order to transform this architecture. A participative redesign strategy called Self-Design by Knowledge Transfer is adopted as part of Integral Organisation Renewal. The result of a typical Integral Organisational Renewal implementation process is a flat organisation, based on self-managed and decentralised teams.

During the session an overview was given of the approaches taken under Integral Organisational Renewal, including, among other things, changes to the performance structures and the control structures of the company; the parallelisation of product order flows; the introduction of self-managed teams; and the adoption of the ‘Self-Design by Knowledge Transfer’ Strategy, to encourage participation and learning.

The presenters also gave an introduction to complexity theory and ‘chaordic systems thinking’ which underlies their approach to organisational renewal and offers a novel way to look at an organisation as a non-linear, dynamic, complex whole-entity.

The change process - historic overview
In the 1980s, Stork PMT was suffering from a number of problems, including long throughput times; low product quality and low workforce motivation. Organisational renewal started in 1988 with a pilot project to test the self-managed team concept in a factory in Dongen. Two years later, following the parallelisation of product order flows, self-managed teams were implemented in Parts Production in Boxmeer and introduced to other departments in 1992.

At the beginning of the 1990s in Parts Production, multidisciplinary staff groups were formed in which planning, stock control, maintenance and so on were grouped to form self-managed teams. The implementation of self-managed teams was a very intensive process. Workers were trained to
execute multiple tasks and roles and were taught different technical, social and administrative skills. In 1993, ‘star roles’ were defined in Production in order to improve quality. Star roles are temporary responsibilities of selected team members to coordinate and communicate information about problems and improvements concerning specific aspects between teams.

In order to improve quality, performance indicators were developed by the team members themselves, using ProMES (Productivity Measurement and Enhancement System). Each team got its own budget, and an annual prize was introduced for the team that performed best on these performance indicators. At a later stage, management started to think about company-wide performance indicators in order to improve coordination between self-managed teams. However, this proved to be a difficult objective and a feasibility study was inconclusive.

In 1994, the TKK (Dutch acronym for Time, Quality and Costs) project was initiated to improve office work. The idea was to transform the administrative organisation from a functional one to one which is process-oriented. In 1996 Stork PMT started to create parallel development teams which are multidisciplinary product creation teams, consisting of a small core team, that stays for the whole project, and a peripheral group of temporary team members. Due to their success, parallel development teams were set up for each new product creation project. A series of company-wide dialogue sessions were arranged in order to develop an ‘organisational mind-set’, to stimulate deliberations about common problems and to start developing integral solutions. The development of strategic management indicators was initiated and mission statements were both articulated and communicated throughout the organisation.

In 1998, four projects were carried out to improve specific performances within the company and lately Stork PMT has started a dedicated knowledge-management project.

Stork PMT reports a number of improvements in company performance, such as a 65% reduction in throughput times and a 50% reduction in costs associated with poor quality of products. The company also reports a significantly improved market position, increased controllability of business processes, very low turnover of personnel (less than 5%), and improved quality of quotation and order specification.

A main characteristic of the ten years of organisational renewal is that the company never copied exactly any standard approach but spent significant amounts of time discussing all details of the contents, processing and phasing of change and looking into the desirability of the intended overall effects first. Large amounts of money were invested in additional training of personnel and many meetings were organised off-site and measures were taken to guarantee equal opportunities for all personnel to participate.

Another main characteristic of the transformation process is that change was always incremental. Although renewal measures were carefully planned there was no overall master plan to change the whole company. Instead every next move was very much dependent on the readiness of the workers and the development of the new ‘organisational mind-set’.
An *ad hoc* or anticipative approach to change was adopted whereby the management was only pointing in the direction where the company should go without following a single master plan for long-term strategic development. In order to move in the desired direction, only one single action was selected and discussed, implemented and evaluated at a time. Therefore, the path of organisational renewal was far from ‘straightforward’ but followed all sorts of detours!

**Union-management redesign of the packaging line: Labatt Breweries**

Alan Fernandes, Brewery Manager, Labatt Breweries of Canada.  
Charlie Flynn, Union Plant Chairperson, Labatt Breweries of Canada.  
Jim Rankin, Partner, The Effectiveness Edge, Ontario, Canada.

**The organisation**

Labatt Brewing Company is a privately-owned organisation consisting of eight breweries operating across Canada. It has been in existence for more than 150 years and is Canada’s largest brewer with approximately 45% market share. In the province of Ontario, beer is brewed, packaged and shipped from breweries in London and Toronto. The packaging operation involves bottling and packaging the beer prior to shipment.

Before 1997, the brewery in Toronto had a history of failed capital initiatives and, at the outset of the change process, the very survival of the plant was at stake. The brewery also had a history of very adversarial union-management relations with a high level of mistrust between the two sides.

**The change process**

In 1997 an opportunity for capital investment emerged that would result in fewer jobs due to new technology but no permanent job loss. If approached by union and management as a win-win situation, it would strengthen the viability of the plant. As a change of management in 1996 had allowed for a less confrontational situation to emerge, the decision was made by union and management to move forward and to embark on a joint design of an implementation plan. The preconditions for the plan were a capital investment of CDN$7.5m (€4.6 million) and a reduction of the number of people working on the packaging lines from 56 to 28.

There was a risk that the project would fail due to lack of support from union members and that such failure could lead to eventual plant closure.

The work redesign process involved several groups.

- The Steering Group, which established the framework for the redesign, approved the final design and was given authority to resolve issues at the implementation stage.
- The Planning Group, which generated alternative designs.