

THE POWER OF BOTTOM-UP IMPROVEMENT

UNLOCKING THE POWER OF IMPROVEMENT THROUGH HUMAN INITIATIVE

Management and operational organisation are key differentiators of company performance, and important determinants of productivity. This is true across all sectors, but particularly in branded manufacturing where completely consistent high quality is critical. Like other advanced manufacturers, Nestlé's model is built on understanding that the individual is key to effectiveness and efficiency.

Far from requiring top-down direction, Nestlé's management principles emphasise building confidence among employees to take initiative. This means equipping them with technical understanding of the machines they use and giving them the skills to make improvements to processes,

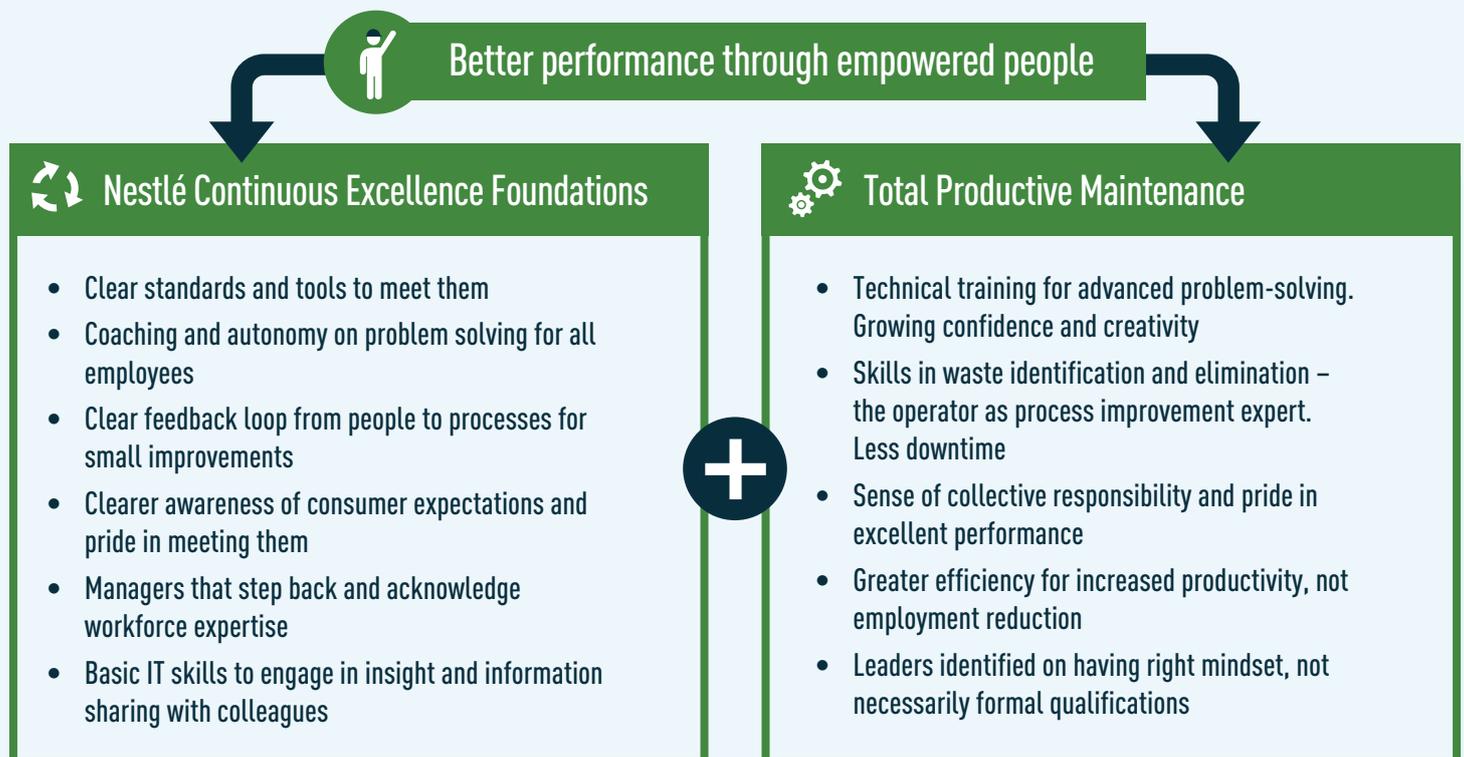
address problems and prevent them before they develop. The approach requires managers to step back and trust and empower their people, and the workforce to step up to the responsibility for their own efficiency. In Nestlé's case the UK has been a marked success in this respect and there are more gains to be made.

This way of working is encapsulated in the Nestlé Continuous Excellence (NCE) concept and the disciplines of Total Productive Maintenance (TPM) that it incorporates. These provide the framework for ambitious structured programmes of coaching, feedback and teamwork at all levels. Both focus on finding local, bottom-up improvements to individual production lines.

At the heart of this are standardised problem-solving approaches coupled to clear progression for individuals from learning to coaching and teaching others. Above all, NCE and TPM succeed because of the mentality of the workforce.

There are few 'quick wins' to this approach, but over multi-year periods the same team using the same equipment can achieve huge reductions in the amount of time lost to idle machinery, and in the loss of resources and ingredients through waste. For example developing new cleaning techniques, and identifying and targeting repeat problem areas in individual production lines, have in some cases nearly doubled the output of those lines over time.

BOTTOM-UP IMPROVEMENT: THE OPERATOR AS EXPERT



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Same machine, same workers: extraordinary results

The Aasted machine in Nestlé's Halifax plant is a key component of its large production line producing Quality Street chocolates. For many years it operated at suboptimal efficiency, producing almost 5% wastage and requiring over 560 person hours to clean every week. It broke down once every 8 hours and was subject to a minor stoppage once every 82 minutes. In 2009 the Aasted machine and its operating team were inducted into a Total Productive Maintenance pilot.

The results were remarkable. The same people, when equipped with the skills and confidence to anticipate and resolve problems, and empowered to find and address inefficiencies in the running of the machine, slashed waste and inefficiency across every measurement – reducing wastage, minor stops and cleaning time dramatically, and cutting breakdowns to less than one every hundred hours of operation.

TPM at Nestlé Halifax	BEFORE	AFTER	EFFICIENCY GAINS/ WASTE REDUCTION
Breakdowns (per 100 hrs)	12	<1	 -92.0%
Minor stops (per 100 hrs)	73	<10	 -86.3%
Days working every week (per same output)	6	4	 -33.3%
Material waste	4.5%	1.3%	 -71.1%
Worker hours (to clean weekly)	>560	<100	 -82.1%

LEARNING FROM THE NESTLÉ EXPERIENCE



International comparisons of the UK highlight a long tail of poorly managed companies, believed to account for a significant share of the 'total factor productivity gap' with the United States. The onus must be on companies to address this, including transferring best practice across a sector and through supply chains.



Part of better management is more trust in the power of the workforce to drive improvement. Managers must learn to step back and to be patient in delivering bottom-up, long-term productivity gains – a discipline that the government could support through interventions such as the Manufacturing Advisory Service and Business Growth Service. Trades unions should regard additional responsibilities for operators as positive for their own advancement and for securing the long-term improvements manufacturers must deliver to maintain jobs in the UK.



There are potential insights for improving productivity in the public sector through systematic empowerment of frontline staff involved in delivering public services.

Temporarily moving frontline staff between sites to share best practice is also a crucial multiplier for efficiency gains.