

# RESULTS

**EFESO**  
Consulting

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**EFESO**  
Consulting



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E D I T O R I A L

# Why a Newsletter

**T**he aim of this newsletter is to illustrate the most interesting experiences made by EFESO Consulting all over the world. We have already carried out around 150 interventions in as many industrial sites, mainly aimed at improving the overall efficiency of production and industrial operations.

We deploy our activities based on rigorous methodologies, working in a partnership with our customers and, most of all, we achieve progressive improvements and significant RESULTS.

The methodologies we adopt, taken from the Japanese Industry, have been adapted to the Western culture and industrial context and have been integrated so as to create an effective management system; they are also constantly enhanced by our on-the-job experiences.

In co-operation with our customers, we develop and expand, to the entire organisation, the required skills to identify concrete current problems, the "know-how" to solve them, the attitude and the necessary ability to ensure performances' continuous improvement.

We help managers to plan and envisage the future and we provide the tools to achieve it.

It is thanks to the RESULTS achieved that the customers of EFESO Consulting have more than doubled in the past two years and we are now working in more than fifteen countries.

We wish to illustrate our experiences because we feel they can represent interesting suggestions to guarantee your companies' success and to help you getting acquainted with the culture of continuous improvement.

In every newsletter, you will find a description of the methodological approach EFESO Consulting adopts in its most salient features and a concrete case attesting such RESULTS.

And the customer is certainly in the best position to present and describe it.

This is Total Productive Management and this is also the journey Pirelli has made starting from this methodology.

# Can western companies successfully adopt japanese methodologies?



**T**he progressive contact with the Japanese industrial context and its results, widely documented and illustrated in the book "The Machine That Changed The World" by Womack, Jones and Roos persuaded most Westerners of the need to adopt these processes, methodologies and tools to make their companies successful. It appeared that the simplest and most effective way to achieve the same results was to make the choices and to adopt the technical solutions already experimented in Japan.

And this is the reason behind many initiatives related to "Kanban", "visually managed flows", "lean organisations"...

Little attention was devoted to the need of integrating methodological components stemming from the development of an industrial sector with the techniques and the systems already available in a mature and well settled industrial world. And still less attention was devoted to the need of making all the employees participate in this process of continuous change. This merely technical approach was followed by little

total success and progress, some partial success and many apparently successful initiatives, qualified as "just in time" but in fact only transferring stocks to the phases upstream the production process.

The weak point of such experiences lied in the approach and not necessarily in the methodology: as a matter of fact, complying with continuous improvement, a principle lying at the basis of the Japanese culture and of good methodology, is the result Western companies should achieve, and not their starting point. The approach we adopt is constantly monitored and adapted following a detailed diagnosis of the problems and targets of each single company, and is based on 5 steps:

- **Choice of priority- and problem-oriented methodologies**
- **Focus on participation and change of attitude, rather than on the single technical aspects**
- **Mobilisation of all the resources on specific improvement projects with ambitious targets**
- **Development and spreading of new skills and roles**
- **Creation of an integrated system**

*Of course, provided all employees can participate in the improvement process, because their positive attitude represents a basic condition to achieve the results.*

However, it is important to underscore that everyone's involvement and change of attitude can only be achieved by means of detailed programmes and concrete actions establishing the virtuous circle of doing, and not by means of seminars illustrating abstract theoretical cultural models.

As for interventions focused on improving production effectiveness, Total Productive Management (TPM), initially developed in Japan during the 1970s, should be integrated with actions making it possible to obtain rapid, good results, responding to Western Industry's expectations.

The traditional activities of company maintenance and improvement, based on cleaning, order, suggestion system, should therefore rather be accompanied by improvement projects focused on the specific problems of the single machine.

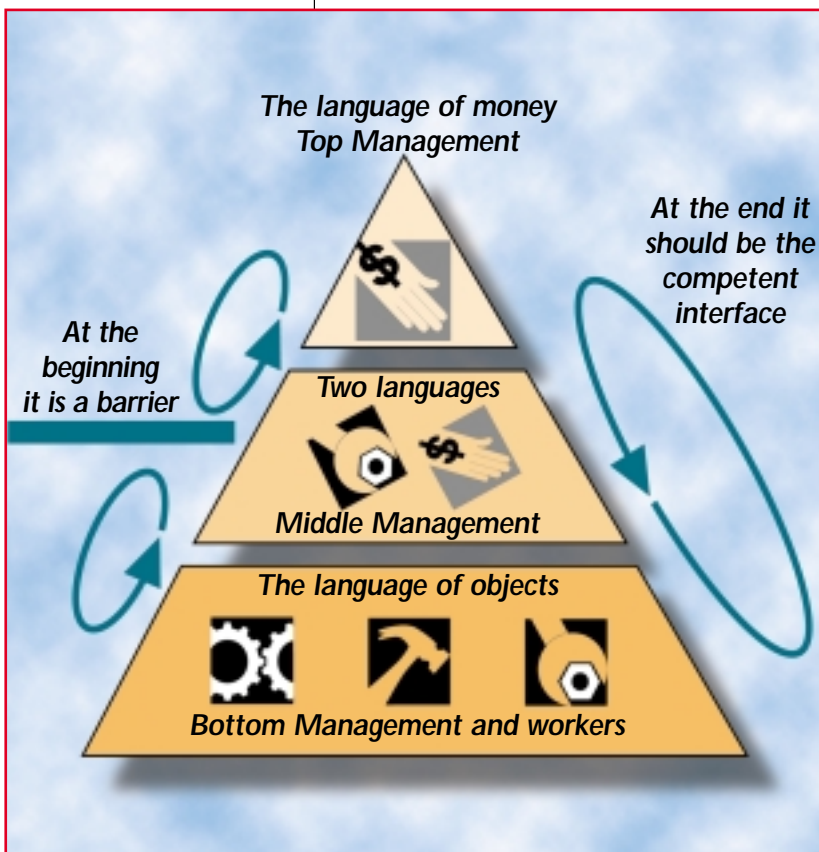
It is these latest projects that speed up performance enhancement and the control

of the main production processes. As indicated in the case of Pirelli, investment pay-back times are reduced to less than one year. Those who have experimented continuous improvement know how difficult it is to maintain individual improvement in time and to extend it to the whole factory, if the environment is not a favourable one.

The employee's positive attitude represents a pre-requisite for the future and a target to be ranked among priority targets. The natural path towards this positive attitude is the employees' participation in improvement projects and on-job training based on the following response scheme:

- 1) I hear and I forget
- 2) I see and I believe
- 3) I do and I understand
- 4) I take care and I improve
- 5) I master and I innovate

The continuous and direct action of the middle management is equally important, they should be willing to collect on-field criticalities and to provide both direct aids and guidelines, but also firm in requiring consistency and discipline. If the leader does not consistently require continuous improvement and respect for the established standards, if policies are not maintained, operators do not trust the company's commitment and do not change their attitude. A company, lean though it may be, requires a leading mind. Today we do not only refer to the company's Top Management, but to a combination of intelligence, improvement and individual innovation, involving all the company's employees ... within a frame of ambitious targets.



# PIRELLI: a TPM journey

The results of a company analysis carried out on the tyre market at the beginning of the 1990s highlighted the existence of cyclical demand, with a constant growth rate of the high-performance tyre segment. The study also underscored that the market requires innovative products with a progressively shorter life cycle, more rigorous quality standards both for Original Equipment (OE) and replacements, greater attention for environmental matters. For Pirelli, the period under study coincided with a phase of growth in the productivity and quality levels, which were not totally in line with either an increase in the cost of production factors or market demands, a sort of "gap" due to the presence of local activities that are not always consistent with the strategic targets of the company, to insufficient skill level and employees' participation, to the lack of appropriate continuous improvement methodologies.

## But how to start the journey?

A solution was required. The starting point for the journey being great participation of the whole company to ensure a strong and competent leadership in each organisation, a steady management, a constant effort to achieve results and a real willingness to accept change, besides adequate time and investments.

We first identified 5 levels of company's commitment.

At level 1, operators simply tend to deny that problems exist.

At level 2, they acknowledge problems, but they find pretexts not to solve them.

At level 3, they accept problems but are unable to solve them because they do not know where to start from.

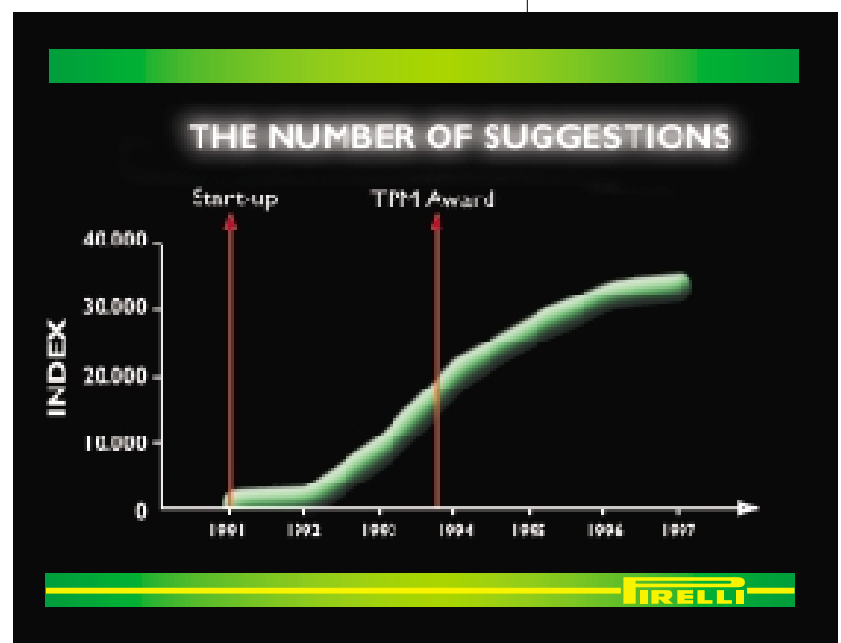
At level 4, they search for potential problems, trying to identify them.

At level 5, the last one, they know problems and how to tackle them: everyone is involved in the solving process, everyone is willing to change the organisation, if necessary.

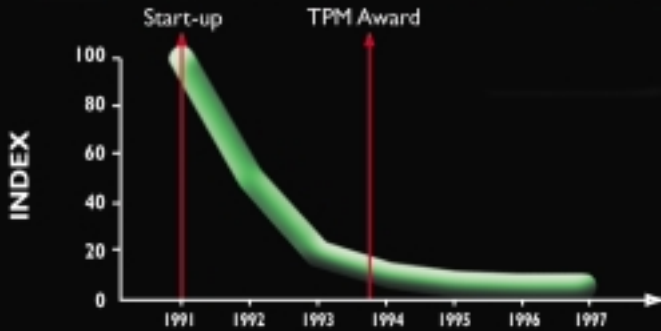
In September 1991, only the tyre plant in Turkey was deemed to be at a good level - the third one - in terms of commitment: thus, Pirelli TPM journey started from

*A big effort of the whole company, skilled managers, constant effort to achieve results, available human resources welcoming change. That's the path to follow.*

Luciano Mattioli  
Deputy General Manager  
of Pirelli Tyre  
Quality Industrial Manager

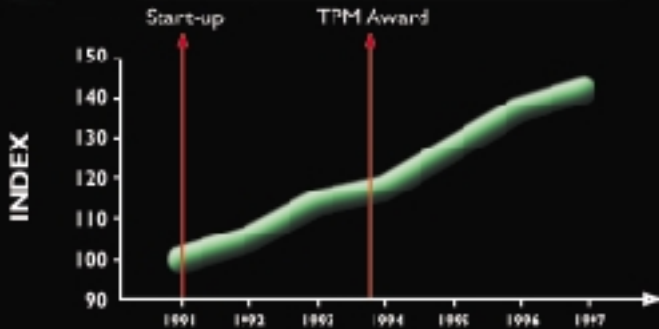


THE NUMBER OF MACHINE BREAKDOWNS



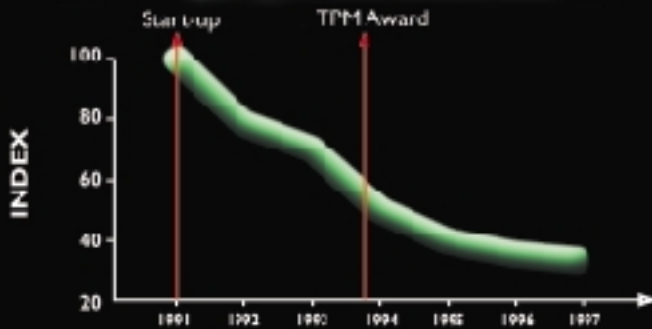
PIRELLI

PRODUCTIVITY IMPROVEMENT



PIRELLI

QUALITY IMPROVEMENT



PIRELLI

Turkey, in co-operation with Efeso Consulting. The figures represented in the graphs, published in these pages, clearly show the progress made up to now: as early as September 1994, the Turkish plant was awarded - the second plant in the Western world - the international excellence "TPM Award".

**Integrated TPM**

Given the success of the experiment, one year after the beginning of TPM implementation in Turkey, a new idea was explored: expanding TPM to other plants of the Pirelli Group. The presence of various plants, however, required the integration of the different activities at Group level: Pirelli thus developed its Integrated TPM, based on four specific targets.

First: co-ordinate the activities of the various plants, so as to implement the strategic objectives of the Company.

Second: rapidly extend the created know-how to the other plants.

Third: establish closed links between the centre and the rest of the plant. Finally: check and assess TPM results.

**Customer Satisfaction**

At the end of this first part of the journey, we were very happy: we had enhanced our production skills and our quality, besides satisfying our customers' needs who, in the meantime, have become, year after year, increasingly demanding.

However, we soon became aware that to become really competitive, further steps needed to be adopted.

First of all, it was necessary to respond to customers' needs, integrating sales with production.

Another essential point was to ensure a quick feedback of customers' claims to

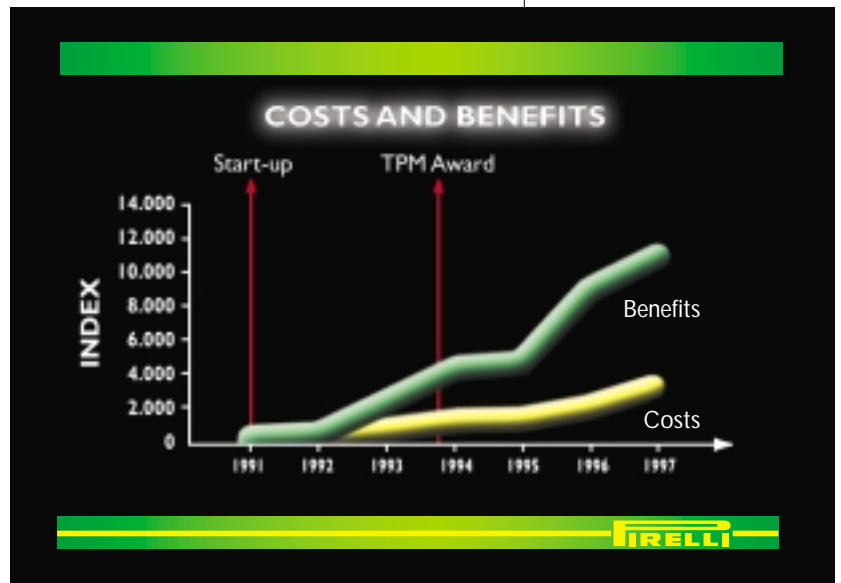
Production and Research & Development departments.

It was furthermore necessary to improve performances and product quality as well as to focus on further reducing costs.

Based on the same methodologies and on extremely concrete approaches, we decided to continue the journey we started in our factories and to extend this method and this approach up to customer service.

We therefore made interventions on the effectiveness of the order processing system, on reducing distribution times, on increasing inter-company transport frequency making it daily, on reducing production lead times, on daily collecting information coming from the market.

Thus we reduced actual delivery times to less than one third: we can be very confident about the future.



### What we have learnt

We thus learnt that to be competitive we must produce well, serve our customers at best, anticipating their needs. All this can be done thanks to our TPM journey.

## EFESO Consulting continues its activity



Efeso Consulting, the U.K. associate of Efeso Consulenza S.p.A., has completed its first year of activity.

From its new office in Gray's Inn Road, near Chancery Lane tube station, it has served all its clients company supporting them to develop TPM.

Its activities extended significantly to the USA and Canada. It's with proud that we remind that one of our Royal Customer Crown Cork and Seal plant at Carlisle, has achieved the TPM excellence award last November. The improvement there, over the four years of close cooperation with us, have been really out

standing especially increasing line efficiency and reducing quality costs and Customer complains. One of our future newsletter "Results" may be dedicated to explain their main achievements. We wish to thank our customers for their trust which has allowed them to achieve remarkable "Results" and us to grow our experience and confidence.

This enables us more and more to commit ourselves to be very effective to provide up to date methodologies to make ours clients' improvement programs a sustainable reality. It is well proved that the key to have all workforce in an organization to participate to the improvement process is to train them with convincing examples and programs tailored to the specific technology they are working with.

We want that Efeso Consulting could continue for the future with ever increasing strength.

Gianpiero Caputo  
Director Efeso Consulting

## OUR CUSTOMERS

- ABB
- Agam
- Akzo
- Allied Signal
- Alstom
- Arjomari Italia
- Arnoldo Mondadori Editore
- Assan
- Bayer
- Beghelli
- Benckiser
- Bergamaschi & Vimercati
- Bosch
- Buffetti
- Came
- Caradon
- Caravan International
- Ceramica Dolomite
- Comune di Bologna
- Comune di Firenze
- Comune di Pesaro
- Comune di Trieste
- Conti
- Costeel
- Credito Italiano
- Crown Cork CMB
- Elsig Bailey
- Enel
- Eridania
- Erkkunt
- Europa Metalli
- Fag
- Fiat Auto
- G.A.M.A.
- GD
- Gedy
- Getrag
- Gruppo GKN
- Gruppo Irca
- Hager Lume
- Imation
- Iveco
- Litton
- Logistica Futura
- Lucas
- Magneti Marelli
- Marchisio
- Messaggerie Libri
- Milliken
- Mim Ruote
- Miti Iris
- Murray Europe
- Novartis
- Paff
- Pechiney
- Pengo
- Pirelli Cavi
- Pirelli Pneumatici
- Plastic Omnium
- Poste Italiane
- Procond El Gruppo G.E.
- Procter & Gamble
- Radici
- Ratti
- Rhiag
- Saba
- Saiag
- Sarrío
- Seabo
- Searle Monsanto
- Siemens Telematica
- Sipa
- Sisecam
- Sitindustrie
- SKF
- Sli
- Smith Kline-Beecham
- Sogea
- Tecnologica
- Telecom Cavi
- Tesco
- Unilever
- Univer
- VE.ZE.
- Volvo
- Walt Disney
- Wella
- Whirlpool
- Zanussi

## WHO WE ARE

# A strong commitment to customer-oriented results

EFESO Consulting aims at improving operation flows and activities of each function within the companies in the different sectors: Manufacturing, Services and Public Administration.

EFESO has strongly enhanced its presence abroad, which is a considerable result for an Italian company, where it makes around 40% of its annual turnover. This success is partly due to the long-lasting relationships EFESO consultants manage to establish with their customers. Such relationships are based on important and continuous RESULTS in time, results that can be achieved with a strong commitment, taking advantage of the ability to provide companies with ever new appropriate methods and solutions and with the opportunity to apply them. The development of ever new know-how is therefore a key element in EFESO Consulting policy, on which we yearly invest about 8% of our turnover.

Among our customers, we count important multinational groups working in several geographical areas around the

world. We provide consultancy services in a wide variety of sectors: from the automotive to the food sector, from manufacturing to process companies, from large-scale production to

consumer goods. Based on every customer's needs, EFESO Consulting can work with customised operational modes and diversified responsibilities. Three basic approaches are basically outlined:

- helping customers to take decisions, supporting them by means of a feasibility
- study helping customers to carry out activities they are unable to do autonomously supplying a project and managing its implementation
- helping customers, on a broader time horizon, in implementing deep changes in their own organisation through support, constant guidance, assistance and training to improve competitive skills.

But after all, it's our enthusiasm, our experiences and our commitment that we can act as a catalyst for change.



Filippo Mantegazza  
General Manager  
of EFESO Consulenza

