

Apples & Oranges® helps ABB Alamo make the right business decisions

CLIENT CASE

The manufacturing economy remains in a state of flux, and a well-trained staff of facility managers and employees that understands all aspects of business operations will provide a sustainable, competitive advantage. In fact, in today's fluid, fast-paced global marketplace, training and developing knowledgeable, business-savvy workers is one of the few remaining competitive business advantages available.

The situation at ABB Alamo

ABB Power Technologies, a division of ABB Group (a Fortune Global 500 corporation) realized that its manufacturing facility in Alamo, Tennessee faced some real challenges. On the surface, all seemed well. Although demand among utility and power companies for the bushings, transformers, and power components that the plant makes had been spotty, the facility was able to put up some impressive numbers over the past five years; double-digit productivity gains every year and a decrease of 60% in "cost of poor quality." (A term used to describe those costs that are generated as a result of producing defective material.)

Much of this success is the result of lean manufacturing and Six Sigma programs, but ABB Alamo recognized that neither the programs, nor the healthy numbers, would be sustainable without the support of a knowledgeable, business savvy workforce.

In other words, it was not enough for the facility to put up good numbers quarter after quarter. The company wanted to train and develop a highly capable workforce that would understand when, why and how to implement changes on the factory floor that would ultimately benefit the company for the long term.



PHOTO: ABB



Solution

While there are numerous educational training products available, ABB Alamo sought a training solution that would demonstrate exactly how employee initiatives would contribute to bottom-line results. Management wanted a program that would be highly motivational and enable all employees, including those who have had no previous financial training, to achieve a basic level of understanding with regard to business accounting and financial business practices.

In response to this need ABB Alamo, working in conjunction with its management consultancy, The Hayes Group, developed a one-day employee workshop that is attended by all employees —managers, supervisors, and hourly workers. This workshop, called “Learn or Burn: Making the Right Business Decisions,” is based on Celemi’s popular and effective business simulation called Apples and Oranges®. Each Learn or Burn session included a 5-minute kick-off speech by a manager explaining why the company was conducting the workshop, what was expected from each participant, and why participation was necessary.

Celemi, the Sweden-based global corporate learning consultancy, designed Apples & Oranges®-Manufacturing to help employees understand basic business and financial concepts common to manufacturing and establish a shared business language. Working in teams of four around a Celemi game-board style WorkMat®, participants were tasked with running a simulated manufacturing business for three years. During the course of each simulated year, ABB Alamo’s participants were challenged to think like business owners, purchasing raw products, moving products through production, and paying for overhead, all the while constantly managing cash flow, just as in real life. Participants also had to complete simple profit & loss statements and analyze financial ratios to help them see the driving effects on the bottom line of all their business decisions.

Results

According to ABB manager and workshop co-instructor Eduardo Miller, the ultimate goal of the program was to foster proper decision making at all levels of the organization. “It’s everyone’s responsibility to make decisions, not just management. If all of us are not learning to make the right decisions we can burn the business.”

ABB Alamo conducted pre- and post-session surveys and found that the workshop helped participants understand key concepts, such as the cost of poor quality, the relationship between on-time shipping and cash flow, overtime and outsourcing issues and more.

ABB Alamo made a conscious decision to invest time and money in the Learn or Burn workshop, after all it took people away from their jobs for one day on all three shifts. Says Miller, “The return from Learn or Burn was employees providing us with better decision making, and an atmosphere where it is easier to change and implement things like lean manufacturing.”

This atmosphere has led directly to what ABB Alamo describes as a “sense of employee and manager pride that seems unparalleled in manufacturing today.”