



## **61st Advanced Manufacturing Forum**

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**The Center for the Management of Technological and Organizational Change**

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### **Understanding and Managing Change**

**Mel Stojakovich**

**Continuous Improvement Manager**

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In 1995, the Magee Carpet Company found itself under increasing pressure from its automotive OEM customers to globalize. Magee found a partner in Rieter, a Swiss textile company that, like Magee, had been in business since the late 1800s. The partnership was formed, and in 2005, Rieter bought out the remaining 50% of the business. Magee and Rieter had both independently developed production systems based on the Toyota Production System. The challenge before Stojakovich was to sustain and nourish Magee's workforce through the transition to total Rieter management. "Lean systems provide American industry with the ability to compete and thrive in a global environment", said Stojakovich. While the Lean principles both companies had been using were basically the same, there would be necessary adjustments in converting to the "Rieter" way. Stojakovich offered insights into why people resist change, how to counter that resistance, and how to plan a roadmap for change.

Fear, lack of trust, and inertia are the 'big three' to overcome when initiating change. Leaving that comfort zone is hard work. Whether an employee has general uneasiness of the unknown or anxiety over perceived personal shortcomings, change agents need to be prepared to deal with the apprehension. A communication plan that explains the purpose of the change and portrays the vision must be in place. A lack of communication creates a vacuum or void that then is filled with other 'information' – rumors, myths. For example, Magee's union workforce had concerns that layoffs were imminent. It fell to Stojakovich to allay those fears. He emphasized in monthly departmental meetings that Lean events were vitally important for the ability of the business to grow, for existing jobs to be stable and secure, and for job creation, with opportunities to hire family members and friends.

Change must be supported by a step-by-step transformation plan, and involving the people is critical. Stojakovich shared a model developed by Dave Ulrich in the book *Human Resource Champions*, a model that breaks change down into seven critical parts:

- Leading change (who is going to be the champion, garner the resources, and put in the time to maintain it);
- Creating a shared need (why the change is important, how it will impact the workforce, how it will impact and how it will help the business);
- Shaping the vision (what will it look like when it is done);
- Mobilizing commitment (who and what need to be involved, what resources);
- Modifying systems and structures (it may be necessary to modify business systems);
- Monitoring progress (performing monthly follow-ups, set benchmarks);

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- Making it last (making it a living, viable, evolving program).

Rieter is a huge corporation, a traditional, formal organization, with many levels that can make implementation more complicated. There is more opportunity for blocked or distorted information. Magee-Rieter, on the other hand, had been a more entrepreneurial organization, with fewer levels. Could the Magee-Rieter culture be overhauled? The short answer was yes, the long answer is that it takes time and patience. It helped that Magee-Rieter was already Lean. The employees were committed to Lean. They understood the principles and philosophies and the importance of Lean to the continued viability of the company. And the company had a strong focus, a direction, and visible support from top management's commitment – the single most important element of transformation, according to Stojakovich.

Rieter has had good success, as evidenced by their 2006 *IndustryWeek* Best Plants award. It has a 100% on-time delivery record, an extremely low accident rate, its ppm levels are in the single digits. But it gets more difficult every year, to continually become more efficient in operations without sacrificing quality or product function. Rieter employees take this to heart, and even in the union environment, come up with suggestions and solutions to introduce labor savings, even to the point of eliminating positions.