



ITC Tribeni

Exceeding expectations



ITC is the largest tobacco producer and cigarette seller in India. Their operations include growing, packaging and distribution to retailers in India and abroad.

ITC Tribeni Tissues is their wholly owned specialist manufacturer of cigarette paper. At the start of the project, they manufactured 350 tons per week, of which 25 % was for the ITC Group. The site has its own coal-fired power generation plant, as well as electricity supply from the West Bengal SEB.

BACKGROUND

ITC's Tribeni operation is located in in the Calcutta area, which is well known for its strong Communist influence and difficult labour relations. The threat of industrial action has caused many manufacturers to move from the area and the relationships between management and unions are typically strained.

Not surprisingly, ITC's management was sceptical about whether change was possible, especially as their two unions were rivals and had conflicting goals. The organisation was de-motivated, lacked clear direction and ideas, and was in a downward spiral. The only positive view was that no one wanted to see the plant close for all the obvious reasons. In the end, it was the hope that Renoir could play the role as "honest brokers" and start the change process as well as the belief that they didn't have a choice - it was either that or closure and loss of jobs. Expectations were low.

ANALYSIS

An Analysis was carried out over a period of 3 weeks, covering:

1. Management and IT systems
2. Business processes
3. True performance levels and product/service costs
4. People and equipment utilisation
5. Behaviour and culture
6. Opportunities to improve performance, competitiveness, and profitability
7. Technical, supervisory and managerial issues
8. Development and training needs

The analysis identified weaknesses in maintenance, problem root cause analysis, appropriate management and supervisory styles and skills, performance measurement, motivation and structure. A "make and reject" attitude led to high volumes of material being rejected. This had an impact on delivery, as well as profitability, and led to constant re-scheduling of production so as to meet sales expectations.

PROJECT APPROACH

A task force was selected from ITC staff to assist with the project. The team included a mix of individuals, some with special knowledge of areas being ad-

KEY RESULTS

50% improvement in PM1 output giving a 28 % increase in contribution.

40% improvement in PM3 output giving a 22 % increase in contribution.

60% improvement in PM4 output giving a 38 % increase in contribution.

An improvement in profitability of over £40,000 per week.

A significantly improved attitude to implementing change in both technical and managerial areas for the long term benefit of the company.

World Leaders in Sustainable Change

dressed, some without. An off-site, week-long workshop was held with the task force and Renoir consultants to prepare them for the upcoming technical and tactical issues and for the Task Force to become “change champions”. These skills would assist them to conduct communication briefings, with the workforce, to explain the business rationale for the project.

Renoir’s approach ensures alignment between project activity and client’s overall business strategy and goals. This was accomplished through Renoir’s Focus Process™. At the project start, directors and senior managers took part in workshops to define:

- The critical business processes
- The competencies required to achieve the business goals
- The performance measures and targets that can track the progress towards these goals

The Focus Process™ workshops then generated a Balanced Scorecard which included:

- Top level KPIs into which all lower level reports must feed
- A future organisation structure towards which the business will evolve
- A series of longer-term programmes that address fundamental competencies and processes used by the business

The high level definition of business processes, competencies, goals, and performance measures were cascaded down through the organisation through Management Action Teams (MATs). The teams underpinned ownership and behavioural change characteristics that typically occur during Renoir projects and dramatically improve communication. A steering group, comprised of senior management and directors, received weekly progress reports from the MATs.

The Focus Process™ proved to the task force, MATs and management team that change was possible within the organisation and in their working methods. Initially Renoir led the union briefings as the unions saw them as “honest brokers”. As trust developed, ITC task force managers took over this role when relationships and expectations became clearer.

IMPLEMENTATION

At ITC, as with most Renoir projects, Implementation follows 5 basic steps:

- Identifies value-adding activities
- Produces an understanding and improvement of the processes
- Develops actions that deliver the goals
- Engenders commitment to those goals
- Achieves the action plans to meet the objectives

Most projects have a key point that drives major change and ensures future success. At ITC it was early success in maintenance, proving that poor maintenance was not the only cause of poor quality – the then accepted wisdom of the technical department. What was needed was a change in the quality control procedures, understanding of quality measurement and control, and where rejection should occur. This required Renoir to develop a detailed understanding of the process itself which led to significant conflict with the Senior Management team - which had to be addressed using confrontational techniques.

Basic process control assumptions were being challenged and managers had difficulty in changing some of their strongly held views. However, facts and logic prevailed, and when trials proved successful, the new way of working was installed that immediately led to lower rejection rates and higher outputs.

World Leaders in Sustainable Change

ISO 9000 was used to cement in place the changes that had occurred and ITC developed the systems further so that they were integrated with the ISO initiatives. Further focus was placed on quality management and, again, these new initiatives helped to institutionalise change.

NOTE: Given the dire situation that ITC Tribeni was in, at the time, achieving the promised results took longer than had been originally envisaged. Despite this, Renoir stayed on site at no extra cost to the client, to ensure that the benefits were sustained and that the change process would continue.

RESULTS

In addition to the results listed on page 1, the combined ITC/Renoir project resulted in a £2 million (\$3 million) improvement in profitability. Return on investment exceeded 3:1. More importantly the change process had begun and ITC Tribeni were no longer waiting to close down but were driving profitable change themselves. Increasingly higher record outputs were being achieved 12 months after the project formally finished.

ITC managers became more open to change that was internally driven. There was a greater reliance on solving their own problems rather than relying on someone else to solve them – a reliance that often had proved the opposite.

A NOTE ABOUT BEHAVIOURAL CHANGE

It's important to emphasise the power and sheer necessity of appropriate behaviours and the steps of getting there. The best systems, processes and equipment in the world won't ensure good performance if the behaviours aren't right.

During the Analysis phase, the Renoir's consultants – who continued with the Project phase - freely made available the study results, and information they developed, to all involved employees. This engendered trust, a vital ingredient for success, especially given the climate at ITC Tribeni.

At the start of the project, Renoir built the Task Force and Management Action Teams to create an immediate opportunity for improvement. A feeling of ownership and involvement at all levels of the business was instilled from the outset.

The Task Force and MATs then, re-visited the areas of opportunity that were defined during the Analysis. This gave them the confidence that change was possible and they in turn engaged their fellow employees in the process. The opportunities were re-defined, the resolutions and fixes determined, and the goals were set through the Renoir Focus Process™, which aligned the activities with strategy. The Process also enhances communication throughout the organization.

Finally, one-to-one on-the-job coaching, aided implementation and ensured positive and continually improving results. Behaviours become measurable and lead to improved cultures.

THE RENOIR GROUP

Renoir Consulting is a world leader in sustainable, implemented change. Founded in 1994, Renoir has offices located in North and South America, UK, Europe, Turkey, Middle East, Southern Africa, India, Pakistan, China, South East Asia and Australasia. With over 300 fully employed and highly trained consultants, their work across a wide range of industry sectors gives them a broader perspective of the issues facing your business, allowing them to be sensitive to your unique challenges, culture and specific business issues. This cross-pollination ensures truly effective, rapid and sustainable solutions.

Visit Renoir at www.renoirgroup.com for more information and a complete list of regional contacts or e-mail us : renoir.office@renoirgroup.com.

World Leaders in Sustainable Change