

## Smart business decisions on the factory floor

In order to gain a competitive edge and stay profitable, ABB decided to train its manufacturing workforce to think like management.

On the surface, all seemed well at the ABB manufacturing facility in Alamo, Tennessee: Although demand 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 the costs of producing defective material.)

Much of this success was 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 to ultimately benefit the company in the long term.

## Factory workers thinking like business owners



*“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.”*

— Eduardo Miller  
ABB Manager and workshop co-facilitator

### A customized learning experience

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

Together with its management consultancy The Hayes Group, ABB Alamo developed a one-day employee workshop named “Learn or Burn: Making the Right Business Decisions”, based on the business simulation Apples and Oranges™. The simulation is designed by Celemi to help employees understand business and financial concepts common to manufacturing, and establish a shared business language.

### Company learning on all levels

The Learn or Burn sessions were attended by all employees - managers, supervisors, and hourly workers. A manager started the workshop with a short kick-off speech, explaining why the company had initiated the workshop, why participation was necessary, and what was expected from each person.

Working in teams of four around a Celemi board-game style WorkMat™, participants were tasked with running a simulated manufacturing company 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 while constantly managing cash flow - just like 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.

### Improved decision making skills

According to ABB Manager and workshop co-facilitator Eduardo Miller, the ultimate goal of the program was to foster proper decision making at all levels of the organization. Since the workshop took people away from their jobs for an entire day on all three shifts, ABB Alamo conducted pre- and post-session surveys to evaluate their gains. They 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, outsourcing issues and more.

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



PHOTO: ABB

### About ABB

ABB Power Technologies is a division of the ABB Group, a global leader in power and automation technologies. As of 2012, the ABB Group operates in around 100 countries with over 145,000 employees.