

Change management on European manufacturing ground



Background

Starting January 2007, ECM (Engineering Change Management) process at the Belgium unit of the world's largest manufacturer of construction and mining equipment (hereinafter referred to as 'the customer') was outsourced end-to-end to Mahindra Satyam BPO from a local supplier who owned the process for more than a decade. As every off-shoring program, it was known that we had to clear the hurdle in terms of creating internal acceptance of this radical new way of getting the same job done. In the Belgium unit, we had unique constraints along with the normal change management difficulties.

Conservative environment

European customers were used to dealing with vendors who have a local presence. The business culture involves much more face-to-face contact as compared to the US where a lot of business deals get done over electronic means or telecommunication. Moreover, Europe with its strong trade union culture is conservative towards outsourcing. In the first few weeks of our presence, we analyzed the various resistance factors, categorized them broadly into three major areas, and created our action plan to deal with them

1. Customer
2. Local vendor
3. Language

1. Customer

- Planning organisation
 - A majority of planning personnel were apprehensive and unconvinced about the model. The planning department had the strategy of Mahindra Satyam BPO doing all documentation and the customer's processor taking up process improvement jobs, which were not well received by most of the senior planners who were doing the documentation role for long time. They were concerned about losing their jobs
- Manufacturing/shop floor organisation
 - Unlike other customer's facilities in US, the nature of routing documentation work in the Belgium unit demanded that the Mahindra Satyam BPO onsite person interact with the shop floor on implementing new changes
 - Offshoring a hard core assembly planning activity was rare and unique for the European manufacturing ground. Working with foreign nationals and non-French speaking people was another barrier in gaining acceptance on the shop floor

Best Practice

“Initially, we were very sceptical about this model. Though Satyam BPO is quiet successful in US, we were bit sceptical as Europe is altogether a different culture, and we have no experience in outsourcing. But today, this is a success for us. Thanks a lot for your continuous efforts to make this a success story. Today, we are recommending our various European facilities about Satyam BPO's capabilities.”

– *Strategic-planning Manager*

“Satyam BPO brings in the best quality of services among all other European suppliers, which is above our expectation levels. Things have improved a lot compared to the earlier service period.”

– *Strategic-planning Manager*

2. Local vendor

- The local vendor was engaged with the customer's planning department for almost a decade. Due to the familiarity of local language and culture, they enjoyed the status of being treated like the customer's employees. Most of the processes were owned by the local vendor, due to which our customer lost the knowledge base. The erstwhile vendor had the advantage of having excellent support and relationships with people on the shop floor, who preferred to contact the local vendor rather than the customer's planning personnel for any problem resolutions
- By being in the system for almost a decade, the local vendor's senior employees could not accept the change of Mahindra Satyam BPO taking their place
- Though strategic resourcing did take place, the local vendor remained in the system for a while to support the customer's other projects

3. Language

- French is the official language in the client's Belgium unit. Except very few employees in senior and middle management, no one communicated in English
- People on the shop floor preferred to speak in local languages, which made the task for Mahindra Satyam BPO tougher in the beginning
- With limited bandwidth of French skills at Mahindra Satyam BPO's onsite team, accommodating the language requirement became a tremendous challenge

Action plans implemented

Internally we redefined our focal points and set goals

- **Counter the control and influence of the local vendor**
 - Relationship-building: Developed relationships with planning and shop floor. Displayed respect for people, culture and feelings
 - Mandated value additions and continuous improvement: Understood critical pain areas of the shop floor and supported them with solutions. Deliberately picked up and closed all activities pending for long with the local vendor
 - Improved service quality: Quick turnaround time on any shop floor queries compared to other suppliers
 - Communication: Encouraged open communications
- **Goal sheets:** Goal sheets of onsite Associates were designed in a way to focus on relationship-building and quick turnaround targets
- **Communication model:** Developed a communication model to have strong French-speaking resources skilled in interpersonal skills as shop floor interface, with back-end of competent technical resources
- **Language skill improvement:** Improved French language training. Associates attended a French language course conducted by a local vendor after office hours. This also sent out positive signals of our adaptability to the local environment
- **Change Management workshop:** Encouraged our customer managers to conduct regular change management workshop for their employees
- **Share success:** Spread and share even small successes; new improvements, achievements, cost benefits, etc.

Best Practice

Summary

Today, the team has completely countered the influence of the local vendor and gained the confidence of Planning and Shop floor. Substantiating this progress is the project approval that we recently received for Engines and Power-train Assembly line Building in Belgium and the customer's recommendation to work with their France unit.

About the Customer

- The World's largest Manufacturer of Construction and Mining Equipment, Diesel and Natural Gas Engines and Industrial Gas Turbines
- A Technology leader in Construction, Transportation, Mining, Forestry, Energy, Logistics and Electric Power generation

Three principle lines of business

Machinery, Engines and Financial products

What characterizes our client?

- Fortune 100 company
- Global
- Growth oriented
- Hi-tech and innovative
- The customer's products are manufactured in 50 U.S facilities and 65 other locations worldwide
- More than 300 products sold in 200 countries
- 6-sigma oriented

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