



Advantage: Chrysler Labour and Management Agree on Quality

by Todd Letts

Plant closures, lay-offs and recent North American content disputes have raised serious questions about the future of Canada's auto industry. The pioneering developments of many Japanese and European car makers have driven home a tough lesson for Canadian auto-makers: competing in a global economy means improving quality as well as increasing productivity and cutting costs. Amid the recent litany of disparaging headlines, it is comforting to find examples of successful Canadian factories like Windsor's Chrysler Mini-Van plant, a recent winner of the Canada Award For Business Excellence (CABE) in the Quality Category. Their secret: a workforce committed to quality.

Human resource management plays an important role in implementing quality improvement programs. Issues such as hiring employees who are receptive to quality values, aligning reward systems to quality objectives, quality training and improving employee satisfaction are central to the implementation of a successful improvement program. Yet one question remains. Can total quality management be adopted and implemented within a strongly unionized environment?

The answer appears to be yes. Last November, upon receiving the CABE award, the Canadian counterpart to Japan's Deming Prize and the U.S. Malcolm Baldrige National Quality Awards, CAW local 444 President Larry Bauer proudly commented that, "the real winners are Windsor Assembly's Local 444 and Local 1498 members...who have proved that they can compete with the best."

It is this kind of spirit and pride that all

quality managers seek when implementing their quality programs. This pride has been matched by a significant reduction in the cost of manufacturing, fewer warranty claims and improvement in overall performance, making the Chrysler Minivan the most popular van in its class.



CORPORATE MANUFACTURING MISSION STATEMENT

"The manufacturing group is committed to innovation and leadership in process driven development, production and supply of internationally competitive quality products that meet customer requirements. We will continually drive to create a cooperative environment which encourages development of technologies and all employees to help ensure profitability, cost effectiveness, employment security and the long term growth of Chrysler Motors."

In addition to profit objectives, the mission statement explicitly mentions the development of employees, creation of a co-operative working environment and employment security as objectives. Recognition of these issues reinforces the corporation's commitment to a productive, mutually dependent relationship be-

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CORPORATE LEADERSHIP

Labour and Management agreement on quality has not happened overnight. It is Chrysler's belief that to be committed to satisfying the customer and improving quality must be a long-term continuous process for the work force. Executive Leadership is essential for selling this message. In the fall of 1985, Chairman Lee Iacocca introduced Chrysler's Quality Policy, which is supported by the Corporate Manufacturing Mission Statement.

tween management and labour.

Union President Larry Bauer echoes that sentiment, "Quality is not a new concept for our union. We've been fighting for a better quality product for years. It took the Japanese threat to bring the point home. Our philosophy is that we are as responsible and obligated as the corporation to promote quality. We have a responsibility to provide the best product to the customer, with the best equipment and workforce, because it directly relates to our own job security."

THE HISTORY

Chrysler's Quality Improvement Program (QIP) began shortly after the corporation showed its support for the Mini-Van, with a \$400 million expansion and re-tooling of the Windsor plant in 1983. Prior to 1983, the Windsor Assembly plant produced rear-wheel-drive passenger cars. The conversion to the front-wheel-drive Mini-van production technology was no small task for Chrysler. In fact, at the time, it represented the largest and most extensive plant conversion in Chrysler Canada's history. A 2.6 million square foot building spreads across 120 acres of land. Within 10 days the plant was stripped to the bare walls and installation of the finest production technology money could buy, including 125 robots, was installed.

With the finest equipment available, both labour and management designed a series of goal-setting activities. Each division within the plant developed individual mission statements focused on customer satisfaction. The program continues to succeed today because of employee involvement.

ORGANIZATION AND TEAMWORK

Teams form the basic organizational unit in the Quality Improvement Program (QIP). An eight person Quality Improvement Team (QIT) is central to the program's success. When first developed nine years ago, the QIT was charged with the task of developing the QIP Master working plan. The team consists of eight managers responsible for implementing an eight step quality loop. Team members set out to make customer satisfaction, defect free products and reductions in the price of nonconformance a "way of life" for the plant's 4400 employees. Today, after many iterations of the process, the QIT has the responsibility of ensuring that the principles of the Quality Policy remain a permanent part of the plant's operating philosophy.

Question: "How do you sell 4400 employees on quality as a way of life?"

Answer: "First sell yourself!"

"First sell yourself!", says Don Kreibich, former plant manager of the Windsor plant and leader of the QIP program. "We started off by taking our top

executives off-site. We went through 40 hours of training using the quality methods promoted by Crosby College." Crosby College is the American institute devoted to the quality teachings of Philip Crosby. "We had to convince the management team that the real resources are the people on the job. They are the experts on how that part fits on that vehicle. It took a big mindset change for the salaried people and management."

Speaking of the line worker Don Kreibich continues, "Our job was to give them the opportunity to communicate with the supplier community, the engineering community and others. We had to find out what their limitations were and see if we could help."

Chrysler obviously believes that employee involvement in the quality process is essential. Several senior managers actively participate in Corrective Action Teams (CATs). These cross-functional teams are formed to identify the root cause of problems and to implement corrective action when required. Some examples of CATs include the Paint Management Team, Standard Parts Team, and the Non-Production Inventory Control System.

Each manager on the team is required to report on their area of responsibility at the bi-weekly QIT Meetings. They are active participants on the team and are expected to attend each meeting with an agenda and minutes prepared. Windsor's 5-year Strategic Business Plan is reviewed and updated annually by these teams. Each staff and divisional manager has the responsibility of prioritizing initiatives, preparing goals and objectives with time frames, assigning responsibility for the task and monitoring its progress.

One particularly successful example of teamwork at the plant is the Core Teams. A group of 24 unionized employees, from each division and shift, operate as a self-directed team. This group interfaces with both supervisors and workers and is involved in pinpointing and recommending solutions to quality problems throughout the plant.

"We have participated in the Core Teams because we believe it has a legitimate effect on the product. We are wary of some of management's team approaches that try to capture our hearts and minds. We believe it is important to change bad habits when it is directly related to the

product, but we won't accept being brain-washed.", states union President Larry Bauer.

Although these feelings are understood by Management, Chrysler managers see team building as an ongoing process at the Windsor plant.

"A lot of informal networking and joint agreements came about with the union hierarchy. We had to understand that they faced re-election and couldn't have jobs cut. Once we understood that, if some tasks became redundant, we moved the worker further up the line or they chose an additional inspection responsibility as part of their job." says Don Kreibich.

INVOLVEMENT, TRAINING AND REWARD

Awareness of quality issues is communicated throughout the plant in a variety of ways. Broadcast methods, such as policy signage posted in all conference rooms and high traffic areas, clock notices, town hall meetings and a weekly plant newsletter called the Mini-Monitor are used to reach the entire plant population.

On an individual level, workers communicate ideas and problems through communication opportunities built into their own Performance Feedback System or take advantage of many formal and informal meetings. The primary opportunities for daily involvement are at the "Working Together" meetings. Staff members, divisional support teams, Core Teams, area managers and supervisors participate in these regularly scheduled meetings. In addition, each employee receives specific quality and customer satisfaction based training.

The Union, when first presented with QIP was quite sceptical. Larry Bauer explains,

"What they showed us had a lot of wording that we found to be anti-union. There were a lot of U.S. references that we didn't like. We took that stuff out and put it into lay terms."

After negotiation, the result was the Canadian Quality Awareness Workshop (CQAW). This workshop, complete with video, workbook and overhead transparencies supports a cooperative Chrysler/CAW effort to remain competitive. One full component of the series is dedicated to the individual's role in quality improvement. Since its inception, more than two thousand hourly employees have com-

pleted the program.

Question: "How does a worker react to leaving the line in order to sit in a classroom to talk about quality?"

Answer: "He eventually sees his job as value-added."

"We had to move in little bits and pieces to implement the program," says Don Kreibich, "The Corrective Action Teams set the stage for the CQAW. Before we started the Quality Workshops, we established the Error Cause Removal System. You could call it a suggestion program for employees. If we didn't have a written solution to a problem one of our workers was facing, Corrective Action Teams were set up to solve the problem... He eventually sees his job as value-added."

Programs to recognize individuals and teams are sponsored by both the corporation and the plant. Outstanding achievements in quality improvement, cost reductions and customer satisfaction are rewarded. Chrysler has found that recognizing employees and their individual contributions by way of documented success stories that are generated on the shop floor and widely reported is an important way to develop commitment.

Outstanding job performance is frequently acknowledged. Supervisors and managers will send notes, issue gratuities or provide dinner tickets when their employees go "above and beyond the call of duty". As a result, employee satisfaction and morale measured by absenteeism and grievance load has consistently improved since the process began. Yearly grievances halved between 1988 and 1991. Chrysler describes the changes in its labour relations role from that of judge and juror, to problem solving facilitator.

The benefits of sharing recognition as well as responsibility is understood by both labour and management at Chrysler. In fact, the relationship between union and management is proudly highlighted in advertisements the auto-maker has recently purchased. Both CAW and Chrysler logos adorn the copy, a portion of which reads,

"...It's in the daily commitment of every man and woman in our assembly plant to set the quality standards for the entire industry. It's the willingness of CAW union workers and Chrysler management to set aside all operational differences when

it comes to Quality..."

Don Kreibich concurs, "Canadian unions and the CAW have been knocked for a lot of things. I think that in the last 3 to 5 years the relationship with management changed. Instead of sitting across the table from one another we worked together. With good up front communication...mutually arriving at solutions...the adversarial approach is gone."

Larry Bauer adds, "As far as we're concerned, labour relations have improved 500%. We like the new corporate approach. Younger people with new attitudes make a difference."

It appears that this new partnership has fostered a new corporate culture at Windsor Chrysler. Asking employees for help is now an integral part of management's basic philosophy.

PROGRAM EFFECTIVENESS

The effectiveness of Windsor Chrysler's QIP is measured against customer satisfaction criteria. Chrysler keeps up to date on customer requirements by a number of different methods. Consumer Response Questionnaires are developed with the Core Teams and results are reviewed and added to a data base file in order to establish the customer's total perception of the product. Competitor Challenge Interviews are also conducted. These interviews ask owners of competitor vehicles why they chose the vehicle they are driving. Further, as part of the interviews, Chrysler Mini-van owners are asked to identify whether they are satisfied with their purchase and what features they would like to see improved. Regular audits of car dealers also occur to ensure that quality and service availability standards are being met.

One unique monitoring program is called The Overnight Evaluation Participants (OEP) Program. It measures the quality of outgoing vehicles for first impression and low mileage vehicle driveability. The evaluators within the program are organization and divisional managers. Feedback from this program is instantaneous and allows the assembly plant to quickly respond to any items highlighted.

In addition to Customer Attitude Research and Dealer Audits, results of the different evaluation methods are measured against customer satisfaction indicators like the J.D. Power Customer Satis-

faction Index Survey, Windsor's Core Team Opinion Survey, Audits of Corporate Customer Satisfaction and regular Hot Line and Dealer communications.

From the standpoint of the workers, a lot of changes have occurred in their own individual jobs. Accountability for quality now falls within their own domain. Each division has unique measurements to ensure that customer needs are being met. A host of high technology equipment measures everything from electrical systems, door fittings to the paint finishing. This data is then compared to quality standards. Internal customers are able to voice their concerns on products they receive from other divisions by establishing Corrective Action Teams or by verbal communications (telephone, person to person, tire kick sessions etc.)

If internal customers are not fully satisfied and traditional avenues have been exhausted, an Error Cause Removal (ECR) form can be submitted. The ECR system is a systematic way for employee's concerns and suggestions to get from the floor to the front office. The Quality Improvement Team chairman is responsible for maintaining a reporting system. The ECR Committee monitors the status of all open issues and responds to the originating department. Prior to introducing new methods or parts, a Plant Trial Run (PTR) is initiated to verify manufacturing feasibility. In the 1991 model year, 137 ECRs were written and 67 were resolved. Resolution of these errors resulted in a price of nonconformance reduction of \$478,000.

Since the inception of the program, an 11% improvement has been realized in First Time Capability (Dealer O.K.s), one of many internal indicators of performance used within the plant. Other performance indicators like Body Dimension Demerits per unit, Releasing Gate and Warranty Performance have also shown improvement. In fact, since the 1985 model year, Chrysler has experienced a 44% improvement in warranty performance.

An automated employee relations system was adopted in 1988. This system provides a daily overall summary in all categories related to employee satisfaction and morale. Significant reductions in manufacturing cost per unit and grievances indicate that the system works.

CONTINUOUS IMPROVEMENT AND THE FUTURE

Kaizen, Japanese for continuous improvement, is alive at the Windsor Chrysler Mini-Van plant. In August 1990, Chrysler spent \$600 million (U.S.) on engineering, research and redevelopment, tooling and facilities to launch production of its extensively-redesigned "second generation" 1991 Mini-vans. The addition of new high technology equipment meant that Windsor Assembly employees received over 232,000 hours of classroom and on-the-job training in manufacturing processes such as anti-lock brakes, air conditioning and all-wheel drive technology.

Employee involvement in the design of the shop floor for the new 1991 Mini-vans carried a lot of weight. New adjustable lift tables to assist operators installing heavy material; ergo arms for fascia and bumper subassembly are just two equipment improvements that have helped improve workforce efficiency, satisfaction and quality.

As we enter the 21st century, Chrysler shows no signs of abandoning its successful strategy of positive reinforcement, recognition and team involvement, to achieve customer satisfaction. In fact, planning is already under way for the design and manufacture of the 1995 Mini-van.

"What's important is to first sell yourself!," explains Don Kreibich when asked to give advice to other plant managers implementing quality programs, "You've then got to get the whole team together. Goals must be clear. You must have good, honest open communication and understand where you want to be. The team must know where the goal line is."

When asked what advice he would give to other unions presented with a quality improvement proposal from their companies, Larry Bauer responded,

"Get involved on the ground floor, make sure the program is legitimate, that it has a legitimate effect on the quality of the product. It must be delivered to workers by workers because it effects our security."

Employees at Windsor's Mini-van plant are proud of their achievements and feel an obligation to continue to influence the quality of the product. Quality standards, policies and programs are shared by both the Union and Management and are

now simply a part of the plant culture.

"You can't push it through the system," says Don Kreibich, "You must walk and talk it."

If the future of the Canadian auto industry depends on quality, a lot of lessons can be learned from the experiences of the Windsor Chrysler Mini-van plant.