

**STAUFEN.**

# CULTURAL CHANGE IN THE FAR EAST









Rittal Success Story

## Cultural Change in the Far East

The Chinese Rittal subsidiary was able to significantly increase its key production figures by introducing Lean Transformation.

The far-reaching change process is attributed to a successful cultural transformation.

Rittal GmbH & Co. KG is the largest of the companies under the umbrella of Friedhelm Loh Group, an owner managed company. The manufacturer and system provider for enclosures, power distribution, climate control and IT infrastructure, based in Herborn near Frankfurt in Germany, was established by Rudolf Loh in 1961. Today, with around 9,700 people under its employ at eight production sites and 58 subsidiaries around the world, Rittal is considered a hidden champion in the industry.

Rittal began expanding into Eastern Europe and Asia in 1993. Since then, the Chinese site in Songjiang, Shanghai has established itself as a key manufacturing facility, currently with a staff of around 1,000 employees. The plant is home to production of both large and compact enclosures for air conditioning units, control cabinets and IT infrastructure.



## INITIAL SITUATION

As part of an audit, Rittal identified deviations and anomalies in the Chinese plant in the mid-2010s. To leverage the untapped potential in manufacturing, Michael Galler, now Vice President of Operations at Rittal China, began the transformation toward Lean in 2016. The first independently initiated measures did bring about positive change, however not quite to the extent desired.

So, beginning in 2018, Staufen China was assigned to support the efforts. The decision to work with Staufen was because „we were not looking for consultants not willing to assume responsibility and were only strong in theory. Instead, we wanted a partner willing to stand by our side during the practical implementation,“ says Rittal Manager Galler.

Together with the Staufen consultants, the Lean project managers developed a concept and divided the project into two blocks: Rittal was responsible for the implementation of the sub-projects in the first block, while the second block was carried out under the direction of Staufen: Shop Floor Management (SFM) and Hanchu, qualification of the team leader level. All project participants identified the most urgent need for action in Shop Floor Management.





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**Michael Galler**, Vice President of Operations, Rittal China

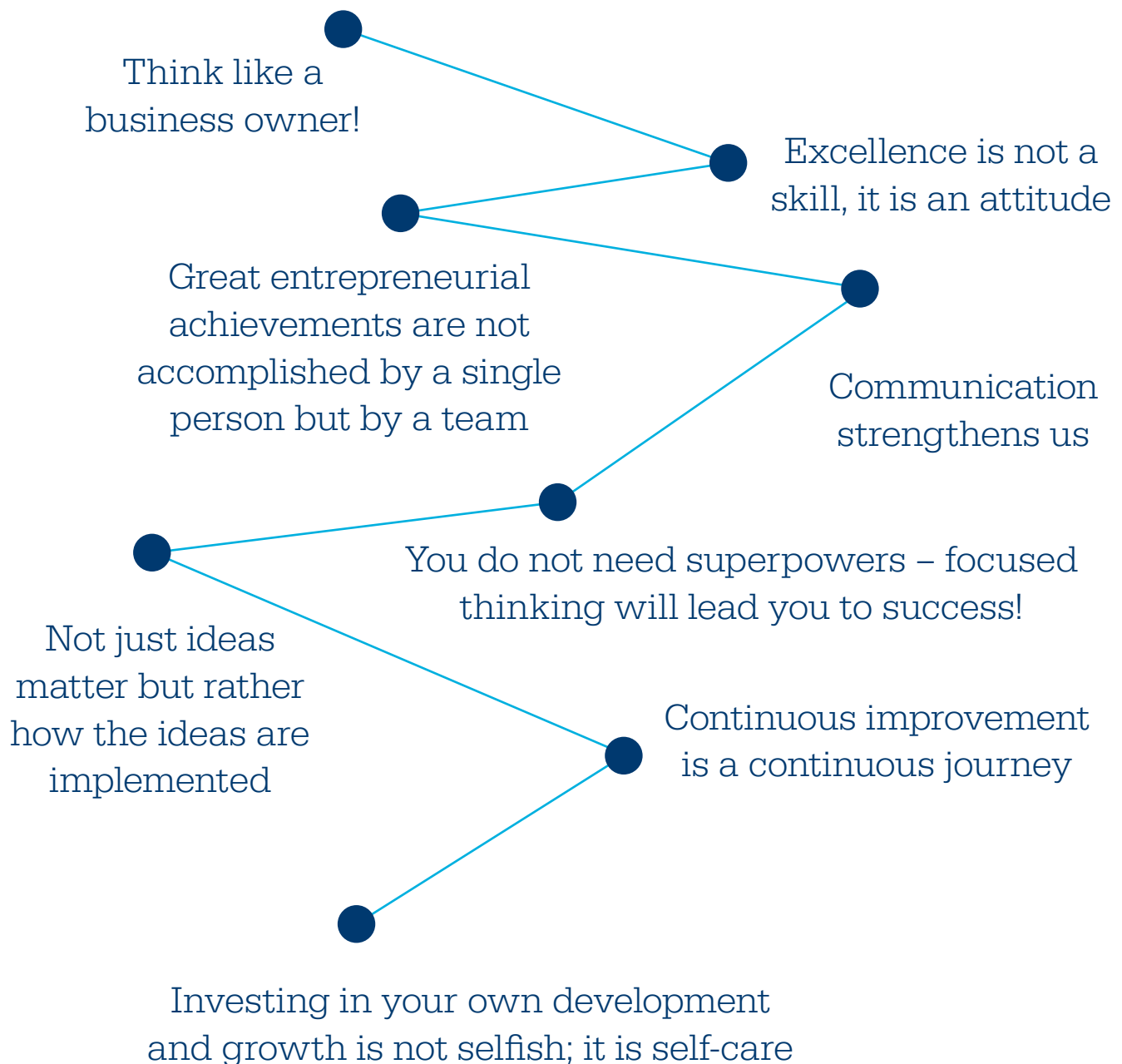


## PROCEDURE AND SOLUTION


Mid-2019, the SFM pilot was officially launched. The most important objective: to strengthen the perception of leadership tasks in the course of an SFM implementation and to enable team leaders to adopt focused leadership behavior. At the same time, to develop internal resources for sustainability and continuous improvement. During the eight-month pilot phase, a total of ten SFM information centers were established with three cascades and eleven managers were trained and coached in the following areas: regular communication, process confirmation, problem solving, and employee qualification.



The changes initiated by the production expert Galler back in 2016 provided an excellent foundation that proved to be ideal in the course of project implementation. They included internally defined guiding principles, which were jointly developed by the entire workforce and which during the Lean Transformation acted as the company's compass. These guiding principles strengthen cooperative and binding collaboration and are emblematic of the self-imposed obligation to continuously optimize one's own work:







Consultants and executives accompanied the project realization by implementing a very transparent communication policy which helped to avoid a defensive attitude among the staff while reorganizing the shop floor. For this reason, the successes, goals and the background information about the changes were openly communicated in an effort to ensure a positive transformation. So the focus was always on improving a process or action instead of finding someone to blame.

It was also important that the executives supported the project collectively from the start and incorporate it throughout the company in each department. At the same time, project leaders took special care to proceed in small steps. They chose an iterative process approach with smaller, manageable projects. In addition, they deliberately chose the time to be flexible so as to prevent too rigid constraints.

Event at the headquarters in Germany, the progress of the project was closely monitored. As the Project Manager, Michael Galler regularly communicated the progress and was met with a high degree of approval for the far-reaching changes: „We received broad support and were not put under any pressure. I never had a problem with the budget either. At the same time, a great deal of explaining took place and we focused on the specifications of the global Rittal system so that the overall system would not implode.“



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## RESULTS

Key corporate performance indicators (KPI) prove how successful SFM changes and the underlying Lean Transformation have been. In the global Rittal system, there are 13 KPI target markers, of which the Chinese subsidiary achieved significant improvements in twelve and at least slight improvements in one. Among other things, the following successes were reported:

- Productivity in production increased by 16%- without requiring any major investments in technology.
- Occupational safety was significantly improved, and the number of severe and minor accidents and near misses was reduced by more than 90%.
- The number of customer complaints dropped by 15%.
- Lead times improved by 10%.
- Delivery reliability increased by an additional 2.8% from an already good level, and now exceeds 99%.
- Old inventory was reduced by close to 50%.
- The sick leave rate saw a decrease by 30%.

# +16 %

### Productivity

Productivity in production increased by 16%- without requiring any major investments in technology.

# 99 %

### Delivery reliability

Delivery reliability increased by an additional 2.8% from an already good level, and now exceeds 99%.

# -30 %

### Sick leave rate

The sick leave rate saw a decrease by 30%.





Despite these excellent results, the Lean Transformation project is not yet complete for Michael Galler. On the contrary: „It is a continuous process that has to be anchored in the company so that even without input from me or other senior executives, Lean Management stays alive. In this respect, we are still at the beginning stage. Now, the next step involves implementing SFM in all corporate divisions, thereby empowering even more group leaders.“



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**Michael Galler**, Vice President of Operations, Rittal China



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