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Achieving corporate success through an employee involvement programme at Trimo Trebnje

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Case 7: Achieving corporate success through an employee involvement programme at Trimo Trebnje[1]

Before Slovenia became independent 1991, Trimo produced metal elements and equipment made from rustproof metal for the Yugoslav market and some Third World countries. However, as a result of the economic and political turmoil following the break-up of Yugoslavia, Trimo lost most of its Yugoslav market and had to try to penetrate the more demanding Western European markets. Entry to these markets required higher product quality which, in turn, demanded some fundamental changes in corporate philosophy and values.

Today Trimo is the leading company in Europe for the production of construction panels filled with mineral wool. It is present in 13 countries, most of which are members of the EU. Trimo is an extremely successful company, as shown in Table TR.1:

Table TR.1: Trimo performance data (financial data in 1,000 tolars, fixed prices as of 1994)

	1994	1995	1996	1997	1998	1999
Number of employees	565	512	428	405	411	418
Revenue per employee	7481	8585	10756	11259	12521	17534
Profit per employee	33	58	195	202	235	539
Value added per employee	1588	1866	2559	2608	2688	3600

Notes: the average exchange rate in 1994 of 1 euro = 152 tolars; value added = revenues – material costs – cost of services – depreciation +(-) value of product inventories.

Trimo's goal and management principles

The first response to the crisis in the early 1990s was a change in top management. Ms. Tatjana Fink, who took over the position of General Manager with a new management team, immediately realized that no success could be achieved unless the company reviewed its goals and management principles. The company's management formulated a visionary new Trimo goal "To become the leading producer of pre-fabricated buildings in Europe by 2010". Primary emphasis was put on customer satisfaction. A new company motto was put forward: "A satisfied customer brings in the biggest profit". It was further recognized that in order to satisfy customer needs, Trimo had to combine cost leadership and quality strategies, i.e., produce higher quality products at a lower cost. Management realized that this objective could be achieved only if the company tapped the skills and creativity of ALL its employees by stimulating the constant generation of new ideas for improving the quality of Trimo products [2], and, at

[1] Source: Zupan, 2001.

[2] Schuler and MacMillan (1984) showed more than 15 years ago that a company can improve quality and efficiency from employee commitment associated with employee involvement programmes aimed at improving product quality. Companies such as Westinghouse Electric Corporation, Warner Gear Division of Borg-Warner Corporation, and the Mass Transportation Authority of Flint, Michigan have achieved high product quality and efficiency using such

the same time, improving technological processes in order to reduce costs and increase efficiency. One of Trimo's core values, stated in corporate documents, emphasizes that: "Employees are the source of energy and ideas for Trimo. All employees contribute to success". Ms. Fink echoes this statement: "People are our key resource. You can buy or make technology and getting capital for good projects is not a problem."

These management principles were immediately communicated to all Trimo employees and the goal was achieved through training, information sharing, and employee involvement. In addition to traditional formal and on-the-job training, Trimo has introduced an extensive training programme aimed at explaining the company goal and management principles. Trimo's trade union representative explains: "Each employee had to know why the changes in his/her work environment were needed and why they were significant. Otherwise [workers] felt they were being forced into accepting some ideas from supervisors, that often looked unreasonable to them."

Intense communication and training, coupled with managers leading by example, made workers understand the importance of changes for the survival of the company and for preserving their jobs. Realization of the new company goals and principles led to a situation where employees requested more training. For example, in 1998 as many as 96 per cent of employees expressed a desire to participate in training programmes. More than half the training is done voluntarily, after regular working hours. Through successful training programmes, Trimo has created a multifunctional workforce: more than half the employees are qualified to work in two or more areas.

Trimo management believes that the fast and open flow of information throughout the organization is a key to success. This is achieved through teamwork, which allows people to share information and ideas. Besides permanent work teams, Trimo also forms some occasional teams comprised of employees from different parts of organization. An important tool for information sharing is the so-called "Trimo Dialogue". This started as part of the annual performance review meeting between a worker and a supervisor. Later it became a policy that allows ANY Trimo employee to set up a meeting with ANY OTHER Trimo employee to discuss ANY work-related issues.

Trimo's success is grounded in two programmes of employee involvement that exist within the organization — the process of continuous improvement (PCI) and the process of continuous care for property (PCCP).

Process of continuous improvement (PCI)

The PCI project, started in 1995, is based on the following assumption expressed in Trimo's corporate documents: "What is excellent today is not excellent tomorrow, and our job is to make the excellence of tomorrow better than the excellence of today." PCI started as a management attempt to encourage workers to become actively involved in quality and efficiency improvements by giving suggestions and initiating possible process and product improvements. Now PCI is the name of a number of projects that can vary in size and business area. Every employee can and is expected to start a PCI by making a suggestion for improvement to the company management, either personally or through the supervisor or representative. The formal methodology of PCI ensures that every suggestion is recorded and later discussed at a meeting of Trimo's top management team. Each approved suggestion is developed into a project with specific goals, assignments, an

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programmes. In addition to increased quality and efficiency, these companies have experienced fewer grievances, reduced absenteeism and turnover, lower design costs, higher engineering productivity, and fewer costly changes in design cycles.

action plan and deadlines. The person who proposed the improvement can also suggest a team of workers to be assigned to the project. Such a team usually consists of 4 - 8 people from different organizational units and job positions. A special committee appointed by management assesses all the PCI project results and at the end of the year, the best are rewarded. [3]

As can be seen in Table TR.2, the number of PCI projects and people involved are constantly increasing. In 1999 almost half (202 out of 418) of Trimo employees were actively involved in at least one PCI project.

Table TR.2: Number of PCI projects and participants from 1996 to 1999

Year	Number of PCI projects	Number of different employees involved in PCI projects
1996	31	86
1997	23	66
1998	51	126
1999	59	202

Source: Trimo Business Report

In 1999 alone PCI enabled the company to save an estimated 45 million tolars (about 300,000 euro).

Process of continuous care for property (PCCP)

Each of Trimo's tangible assets (office, equipment, inventory) is assigned to a particular employee, whose responsibility is to keep this asset in the best possible condition. Designated employees carry out regular inspections of 'their' property and are required to submit reports on a regular basis. Their work is inspected every month and reported to top management. The delegation of responsibility for corporate property is a form of employee involvement (empowerment) and aims at achieving higher quality products and enhancing employees' commitment to the organization.

Lessons from Trimo

Why has Trimo succeeded while so many other companies have failed? There are a number of lessons that managers can learn from this case:

1. *Emphasize the contribution of employees*. Trimo's management believes that a company which wants to compete in a constantly changing global market depends heavily on its employees, who need to be highly capable and motivated. To produce high quality goods at the lowest possible cost, firms need committed employees who are innovative and quick to respond to changes in market demand.

2. *Lead by example.* Top management became personally involved in implementing the changes at Trimo, and was, in many cases, a role model. Ms. Fink is a truly charismatic, transformational leader.

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[3] The reward, however, has only a symbolic value since Trimo's culture implies that creativity and innovation from every employee are a part of company expectations.

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3. *Set a clear vision from the very beginning.* From the first day of restructuring Trimo had a clear objective and knew how to achieve it. Through training, information sharing and employee involvement, top management was able to convince workers that the changes were needed.

4. *Show immediate results.* Trimo management constantly updated all employees on progress in restructuring, through training, information sharing and employee involvement.

Trimo suggests numerous ideas for ways to improve enterprise performance by tapping into the employees' organizational commitment and creativity. However, there are some other policies and practices that managers can use to involve employees in decision-making. The following case shows how a company can involve its employees even in decisions which are traditionally the prerogative of top management alone – the promotion and dismissal of the enterprise managers.