

## Roth Automotive

### Growth after downsizing

Roth Automotive is a manufacturer of pressed components and exhausts for the German automotive industry. Annual sales are in excess of 100 million Deutchmarks (50 million euros). Roth had been acquired by the Mayflower Corporation, following two years of massive downsizing to stem the losses, and the worker's union, the extremely powerful IG-Metall Union, was not happy. The climate worsened when, after the downsizing and takeover, consultants were brought in.

Mayflower had invested in Roth because of its potential in a global environment, however that potential was not being fulfilled, as Roth could not produce at competitive prices. Management was not driven by facts and had no time for root-cause analysis. They were "lean and mean".

"Without Renoir's support, it would have been impossible to install the changes that we envisaged."

**Martin Green**  
CEO

#### Key Results

20% productivity improvement

30% reduction in tool repair costs

New payment standards

Stronger competitive position

Changed union behaviour

#### ANALYSIS

Renoir was brought in to identify productivity improvement opportunities to ensure success in the global tendering process. The Renoir team received clear messages that their presence was seen as a threat.

One half of the direct employees (tool shop & automated presses) were employed on fixed wages. The other half (manual presses) were on a bonus scheme. Renoir found that performance was limited because of two main factors: inaccurate standards and the pace resulting from the bonus scheme ceiling. Shop floor control was passive and unstructured; review meetings were either non-existent or limited to personnel planning and material availability. In addition, the Union meetings, at which management was barred, were attended by nine employees, hampering productivity still further.

#### PROJECT

Renoir developed a balanced approach with the Managing Director and his top managers on how to tackle the hurdles thrown up by the unions. The options presented were:

1. Become more efficient and, therefore, more competitive, to improve the order book, thus securing the future of the existing work force and creating new jobs.
2. Remain stagnant and refuse to work with new systems, thus risking the shutting down of the plant.

The relationship between the project team and the union was informal but regular. Officially and publicly, they refused to deal with Renoir; but unofficially and individually, they became interested and even cooperative.

Standard times had to be reviewed according to German methods, i.e. they had to be reviewed by official industrial engineers of the union. This

## World Leaders in Sustainable Change

© Renoir Consulting Limited. This document remains the property of Renoir Consulting Limited and must not be copied or distributed in hardcopy or electronic form without the prior written approval of Renoir Consulting Limited.

actually aided the buy-in process and accurate standards were developed across all production areas in co-operation with the works council. As a result, management agreed to create a new pay system.

Tool shop activities were streamlined and aligned with production's needs, increasing tool availability and reducing tool repair costs. Down time and changeover times were reduced.

Supplier management systems were installed and purchasing activities refocused on reducing material expenditure.

At shop floor level, supervision was restructured, with roles & responsibilities reviewed and adjusted as required. Review meetings focusing on productivity losses were initiated and the Shift-in-Charge and Production leaders were trained and coached.

A final footnote: Within 6 months of the project's completion, Roth's performance and market position improved, with the result that sales went up sufficiently to hire 25 new workers.

## THE RENOIR GROUP

Renoir Consulting is a world leader in sustainable, implemented change. Founded in 1994, Renoir has offices located in North and South America, UK, Europe, Turkey, Middle East, Southern Africa, India, Pakistan, China, South East Asia and Australasia. With over 350 fully employed and highly trained consultants, their work across a wide range of industry sectors gives them a broader perspective of the issues facing your business, allowing them to be sensitive to your unique challenges, culture and specific business issues. This cross-pollination ensures truly effective, rapid and sustainable solutions.

Visit Renoir at [www.renoirgroup.com](http://www.renoirgroup.com) for more information and a complete list of regional contacts or send us an e-mail at: [renoir.office@renoirgroup.com](mailto:renoir.office@renoirgroup.com)

## World Leaders in Sustainable Change

© Renoir Consulting Limited. This document remains the property of Renoir Consulting Limited and must not be copied or distributed in hardcopy or electronic form without the prior written approval of Renoir Consulting Limited.