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# Success Factor Business Process Management



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**Enterprise Transparency.** In recent years it has turned out that controlling business processes is probably the most important factor for entrepreneurial success both in the manufacturing industry and in service industries.

The following report describes how a medium-size enterprise organises, structures and supervises its processes.

# Success Factor Business Process Management

PETER FELBER

Due to the strong demand for IML technology (see box "In Profile" p. 3) in the telecommunications industry toward the end of the nineties Schuster Kunststofftechnik GmbH (SKT) experienced fast growth in several locations. The enterprise had to compensate for the decrease in demand in this business area beginning in 2001 with rapid expansion of the automobile business. This presupposed two substantial decisions.

## Reasons for Building up a Business Process Management

The management decided first of all concentrate the works on core tasks and second to structure a process management based on ISO 9001:2000 and ISO/TS 16949. The message accompanying the second decision read: "We do not develop a quality management system in order to hang a certificate on the wall, but we want to structure our business processes anew in order to make our business more transparent for everyone involved, to obtain economic advantages and to transfer the responsibility for organising the processes to those who are concerned with them every day."

Thinking in terms of business processes was still foreign to the employees at the project start in the year 2001. They were used to thinking within their department borders. At the interfaces there were repeated frictional losses in the form of doubly, in-

correctly or not at all performed activities. In order to master the necessary cultural change as fast as possible, an external advisor was merged into the project. An attorney took over the direction of the project. Apart from his line responsibility for project engineering (development) he is also the MSR (management-system-responsible) of the enterprise. He guided the overall project in co-operation with the advisor.

## Specification of the Process Concept and Adaptation of the Organisation

First a question had to be answered: "Are we to develop a process concept from scratch or take over and adapt a reference model?" The answer was found quickly

because the advisor brought the software WissIntra into the project, which has reference models. For SKT the model for industrial companies made rapid definition of the basic structure possible and provided valuable suggestions in the area of execution.

With this software, which additionally supports process controlling, all process cycles can be represented and described as well as accomplishing and documenting audits and process assessments systematically. The data base is structured clearly and can be modified in a few steps according to own needs. Versatile search and analysis functions facilitate daily operation by the users. Files from Office products can be merged very simply.

In addition to the functional units responsible for completion of specific tasks

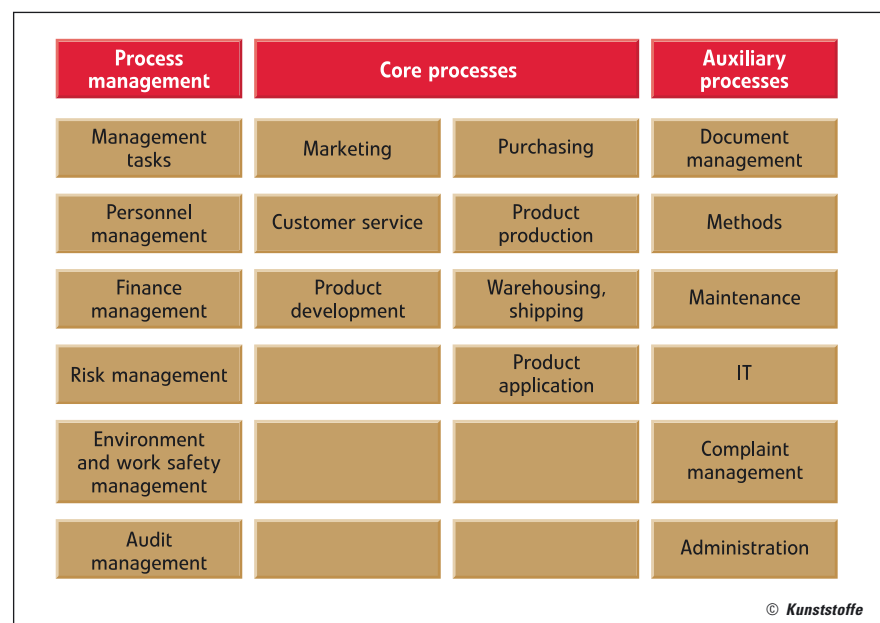


Fig. 1. The process concept shows the kinds of process and the associated sub-processes at SKT

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in the daily business as before according to the organisation diagram, people responsible for the process and its management were identified. Where it was possible and meaningful, the directors of the appropriate functional units shouldered these tasks. Otherwise qualified specialists from different functional units were used. Roles in SKT's process management are

- the person responsible for the process,
- the person managing the process and
- the person responsible for the management system.

The high-level personnel and the persons potentially responsible for the process and its management became acquainted with the fundamentals of business process management in a one-day kick-off meeting. The personnel and organisational responsibilities connected with the new tasks were defined. A plan of action with concrete dates structured the subsequent intensive work on the project.

### Realisation of the Project and the Process Performance Goals

The purpose of business process management is it to apply the definitions de-

Marketing strategy	The divisions acquire independently on the market
Branch strategy	Customer orientation, customised development, goal industries ...
Technology and product strategy	We work with IML technology; for our production we manufacture tools, print foils, inject, paint, laser and install parts in own project engineered plants
Organisation strategy	The organisation of the enterprise is divided into functions and business processes, it is able to serve international customers
Personnel strategy	The development of high-level personnel is guided by goal agreements

**Table 1. The strategies are compared with reference words. Company targets are derived from these strategies and made measurable with characteristic number**

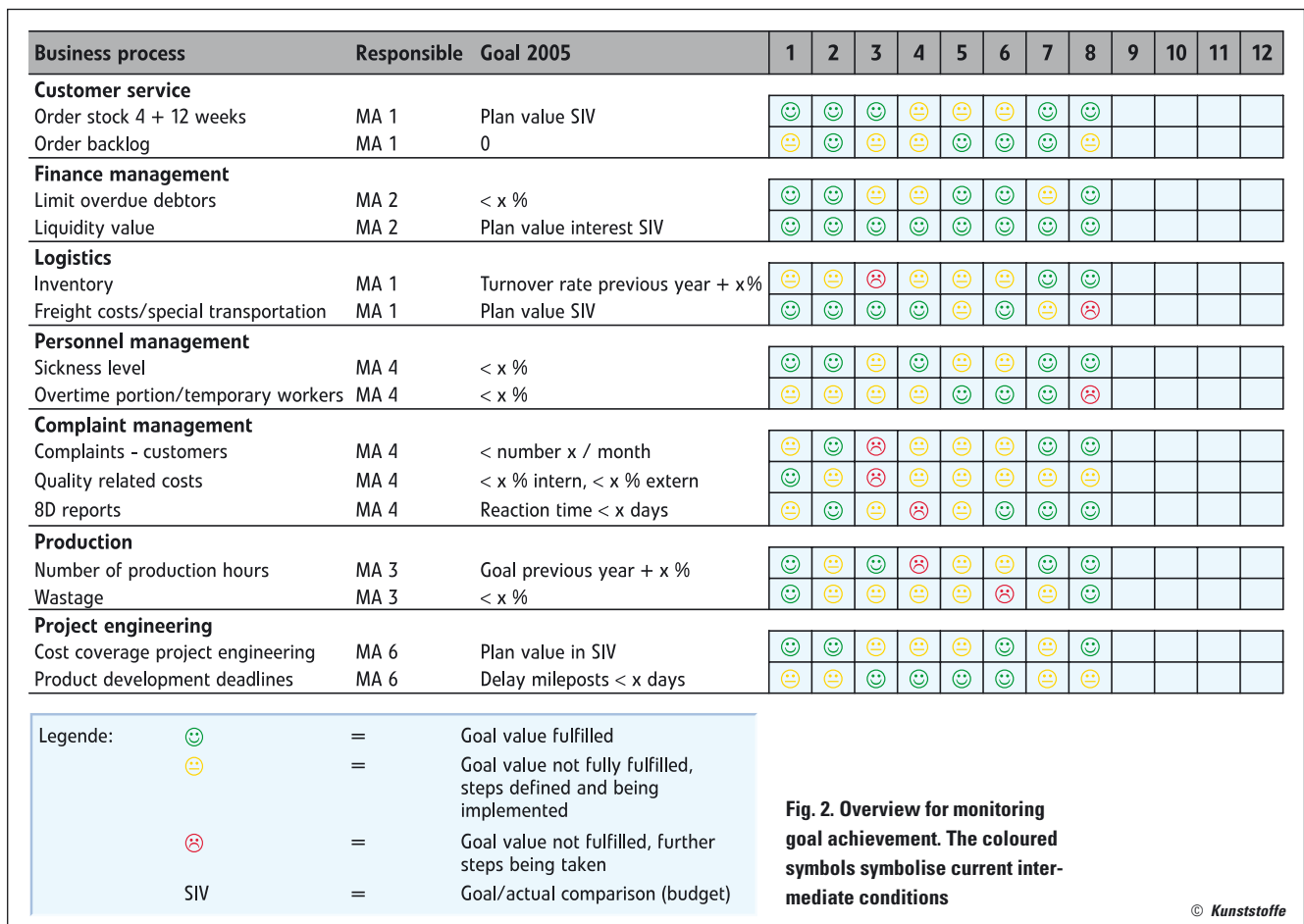
termined at the strategic level on the operational level. If this strategic approach is missing, business process management cannot create the hoped for benefit.

Examination of strategies and goals was a central element of the project. Table 1 lists references to the respective strategies. Company targets were derived from these strategies and made measurable with characteristic values.

Process goals are formulated to realise strategies and company targets. Such a goal for realising the marketing strategy (top down) from the core process marketing describes for example the number

of new customers to be added per year. From personnel strategy come goals for reducing overtime and the portion of temporary workers. In addition goals are derived from process performance parameters (bottom up). Such a goal from the area of product production describes increasing production hours measured in terms of total hours or the turnover per employee.

A further example of an important target quantity in the production of plastic parts with high optical and functional requirements is lowering quality-referred costs in the business process complaint



**Fig. 2. Overview for monitoring goal achievement. The coloured symbols symbolise current intermediate conditions**

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management. Here justification of preventive measures for avoiding errors (process control, inspection techniques, definition of borderline samples) becomes clear only if the internal and external costs resulting from errors are made transparent.

**Operation of Business Process Management**

The build-up of business process management at SKT took more than one year. Since then process performance has been constantly supervised and improved if possible and the process cycles optimised.

The basis of process control is the overview shown in part in Fig. 2. In the column result per month coloured symbols mark the degrees of goal achievement. In the context of daily discussions of production with representatives of the specialist areas, selected and current characteristic numbers are discussed in order to be able to steer away from erroneous trends immediately. All characteristic numbers of the business processes are evaluated monthly in a management group meeting and assigned documented measures if they are not satisfactory.

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Constant improvement of process execution essentially feeds on audits and special projects. At regular intervals internal audits are carried out that give suggestions for process improvement apart from target alignment.

As a supplier of the automobile industry SKT is repeatedly in the situation that also customers make audits in the works. Measures derived from them are consistently pursued in the audit manager. This is an important instrument in order to be able to control responsibility, priority and delivery date fulfilment. SKT determines the degree of maturity of the processes using the degree of completion of the system audit requirements: in 2002 the de-

gree of completion was about 79 %, in 2003 it was at 85 % and already in 2004 it was 90 %.

Under the slogan "Fit for the future" in the second quarter of 2004 SKT introduced a motivation program in which all employees are addressed. Here teams were educated by employees who are directly involved in the process of product development. Under the guidance of an external moderator a forum was developed in which the teams could point out and present their views of obstacles in the process execution to the management group. In addition solutions were and are worked out. If the team's competence is sufficient the solutions are immediately realised at this level. This is an important contribution to continuous improvement.

Also the results of the regular determination of customer satisfaction are important input information for planning and executing process and product improvements.

**Results**

Here we let some of SKT's high-level personnel express themselves.

**! In Profile**

**Schuster Kunststofftechnik GmbH (SKT)** celebrates its 75th year of existence this year and today is managed by a third generation. Founded in 1930 in Lüdenschaid/Germany, the enterprise developed toward plastics processing based on tool making already in the fifties. Today it manufactures high-quality decorative plastic articles

and components that are used in automobile manufacture and in the telecommunications industry. Procedures for surface finishing such as painting and laser treatments as well as multi-component injection moulding are used.

SKT has 15 years' experience in the realisation of nearly unlimited colour and form variations with

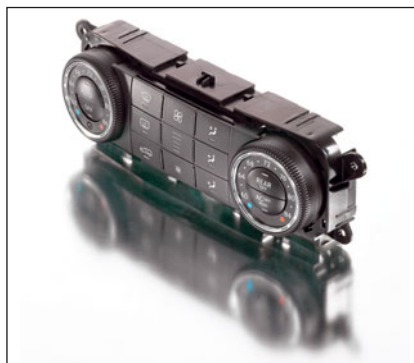
the application of IML technology ("in-mould labelling"). Here printed and three-dimensional preformed foils are in mould or surface injected in the injection moulding process. SKT's newest development in this area is the combination of this procedure with an embossing process, which produces a depth effect. The process is al-

ready proving itself in series production for the manufacturing of shift lever covers – with a clear cost advantage in relation to conventional procedures.

At the Waltershausen works in Germany Schuster Kunststofftechnik GmbH has 200 employees and in the year 2005 will reach a predicted turnover of 22 million EUR.



Screen for car radio (Blaupunkt) and shift lever covers (BMW), in each case manufactured with IML technology



Control unit for air conditioning system of the new Mercedes M-class, manufactured with two component and laser/painting technology



Control unit for air conditioning system of the Fiat Stilo, manufactured with IML technology. The different manufacturing steps are represented

Diethold Just, manager of QM-manufacturing and personnel management: "Before the introduction of process management we had often only treated single points in the process, the generality of the description and realisation of the actions were frequently not givens in the enterprise. The administration of the documents concerning relevance and accessibility left much to be desired. Since the start-up of process management we have homogeneous and continuous process cycles. A complete follow-up of internal and external complaints, computer-aided maintenance monitoring or business orders with all the necessary detailed information for the production of our products as well as high process stability are positive consequences of this. I also regard the transparency of the company targets as well as the publication of the current quality status as a very important element of the management system. The thusly achieved involvement of all persons concerned with the problems and results of the enterprise has already made significant contributions to protecting the enterprise."

Roland Beil, attorney, commercial manager: "Already in the starting period

of our process management we could recognise and eliminate many no-load operations and doubled activities with the systematic procedure. There is a substantial benefit in the systematics of the concept, which, however, is difficult to formulate in terms of concrete savings or increased returns. I am convinced that we are on the right track in consistent pursuit of the process concept. The positive progress of many of our characteristic numbers in recent months confirms my opinion. However, I am aware that we still have much persuasion and work ahead of us in order to bring all employees on board the boat. For this we must clearly designate the responsibility that everyone has."

Dr. Eckhard Schuster, acting partner: "Our employees were used to thinking in terms of responsibilities. In the past nobody had purposefully required them to think beyond these borders. Because of process management we now expect that the execution of a task from the starting point to its completion is viewed and answered for as a whole. Because such a challenge is not to be mastered without support, we train process owners and selected employees in three fields, i. e.

- organise and optimise processes,
- reduce friction at interfaces between processes and
- supervise, evaluate, report and steer process performance.

I am very satisfied with the fact that we succeeded in regarding the high requirements of the standard TS16949 on us as automobile suppliers not as a load imposed from the outside but as a new stage of transparency and controllability of our business to reach in the organisation of our processes. This is a crucial factor for continuous improvement of our customer orientation. The progression of present characteristic numbers shows us that here we are on the correct path. ■

#### THE AUTHOR

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