

# THE MYRDDIN GROUP

## - BUILDING BLOCKS FOR A PROSPEROUS ORGANIZATION: PART 1 -

Lip service is about all that is given today to people being the most important asset of a company. Employees are often given that token acknowledgement that's about as far as it goes. Their individual characteristics vary too much or they are too unstable to serve as the foundation around which organizations can be built. Patterning an organization around the psychological make-up of each member, or around each person's wants and needs is difficult. It is not impossible though, and it may lead to



some useful innovations, but the skill required to bring this about is simply beyond that possessed by most in management today. Today's organizations tend to be built from the pairing of workers or groups of workers and their bosses. Since the bosses make the decisions, what a company needs to have done is usually thought of around their function. By functionally speaking, it may mean design something, make it, sell it, service it, etc. The functions are further divided by skill level, and individual jobs are then defined around the resulting subdivisions. Connected to the job being accomplished, but separate from the workers themselves is the supervisor or boss.

All of this may have made good sense 200 years ago when thousands of unskilled farm laborers came to work in the early factories. It may even have been suited to the mid-20th century as industries across the world joined a mass production race to satisfy the decades of pent up consumer demand from the preceding world war and depression. Today though, both the practices of functionally dividing the workforce and then separating the supervisor from what is being supervised have become out-of-date and counterproductive.

Some of these difficulties of this new arrangement were apparent from the outset. Adam Smith, the economist usually credited with giving the industrial revolution its intellectual validation, also provided a frequently ignored warning in *The Wealth of Nations*. "The man whose whole life is spent performing a few simple operations has no occasion to exert his understanding.... He naturally loses, therefore, the habit of such exertion, and generally becomes as stupid and ignorant as it is possible for a human creature to become."

Concerns such as these have been voiced by many philosophers and social scientists ever since. Karl Marx went into detail on the downside of the industrial revolution in many of his writings, Emile Durkheim, considered the father of modern sociology, took the opposite approach and stressed the need for workers to get help adjusting to the new realities of industrial life. These points of view were expanded upon by many others over the coming decades with their denouncing the alienation of the workers.

From these efforts came several recommendations for improvement. Experiments in workplace democracy, quality circles, employee involvement, and empowerment have been tried in many companies. Some, particularly those in Japan, have had positive results. Some have failed and been discarded. Others have had only limited results, like the Volvo attempt to completely dismantle the assembly line in a new plant in Uddevalla, Sweden. There a factory was designed to enable a small team of highly skilled workers to assemble an entire car. During this 2-3 hour process the

team is aided by a state-of-the-art system for materials handling that allows them to keep their attention on just the task at hand. Each team works on several cars at once, and each team member receives enough training to be able to do at least half of the jobs required to assemble a Volvo.

The problem with this method was the total number of labor hours to build a car was more than double those required to produce the same result in its more traditional assembly line plant in Belgium. It was also almost three times as many as spent by its automated Japanese competitors.

Volvo's experiment at least had a measure of success in dealing with some of the human problems of the traditional factory. These were the problems of worker boredom, excessive absenteeism, and turnover. It was nice to solve these, but for a solution to be permanent, it also has to solve the economic as well as the people concerns.

We think Volvo was on the right track, though for other types of industries. Something went wrong when the world industrialized and we feel that looking for purely economic and efficiency oriented solutions in a job-shop business is the wrong path to be on. We encourage those of you who are interested to contact us about what a very different path may look like.

