

# Chapter 2

## The Bemis Case

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### Company description

Bemis is a global manufacturer of flexible packaging with 2014 net sales from continuing operations of \$4.3 billion. The company's leadership position rests on its strong technical foundation in polymer chemistry, film extrusion, coating and laminating, printing and converting. Focused growth and accelerated innovation are key corporate strategies. Material science continues to be the primary instrument for creating sustainable competitive advantage. As the company's technologies have grown more complex, Bemis continues to penetrate new markets by bringing together unique capabilities to meet customer needs. Innovations in barrier films, package constructions, and packaging machinery are continuously evolving to meet the ever-changing demands of the modern world. Bemis is headquartered in Neenah, Wisconsin and employs approximately 17,000 people in 60 manufacturing facilities in 11 countries around the world.

### 2.1 Which Were the Reasons Which Lead You to Start the programme?

At the time that we started our strategy had three main initiatives: Customer Intimacy, Innovation and Operational Excellence. The current theories said that most companies had to choose one of them: either to be customer oriented, or low

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cost producer or innovative, but we decided that we could implement the three of them if we had the right strategy for each one.

**So the first reason that lead us to WCM** was that under Operational Excellence the company was already using some TPM elements, but not in a comprehensive way. We were capturing data, but not applying the 5S principles although we had a very clean environment for a Manufacturing company. We were looking for Continuous Improvement but **we didn't have a way to improve and sustain our operations** to benefit from it.

**The second reason** was that we visited **our major customer** in Brazil, a global food company, in particular one facility which was a margarine manufacturer. At the end of the tour, after having seen the results and improvements accomplished with the implementation of the TPM program on productivity, waste, cost reduction, and quality, their Supply Chain Vice President for Latin America told us that **if we wanted to continue to be their supplier in the future we had to use TPM**, as they would only maintain vendors who had implemented similar TPM Programs.

We then decided to start TPM with the same Japanese consultant that our customer utilized in a pilot facility where we did extrusion, thermoforming and printing for tubs and lids for margarine, yoghurt, water and candies. It was the year 2000.

At that time, one of our shareholders was also the shareholder of a paper board manufacturer in Brazil, one of the major suppliers of Tetra Pak which was also implementing TPM, however with a different approach called WCM. We visited one of their facilities and saw the benefits of their WCM program in comparison of the TPM program we were applying. WCM had provided quicker results: the TPM had provided some solid results but the original steps envisaged to 'restore basic conditions' on all the equipment before looking for other losses took a long time. That meant the first phase of the program would have lasted three years for us, because we had an excess of sixty manufacturing machines to restore before we could go to the next phase. We made the restoration, captured the benefits, but we decided to implement the WCM program on all our facilities.

## **2.2 What Was the Major Factor Who Directed Your Choice Towards WCM Instead of TPM?**

The TPM approach would take a longer time and therefore deliver results later, so being a public company, we were pressed for more immediate results. The WCM routes were very similar to TPM's but the WCM approach was better suited for Western Companies.

### 2.3 Did You Expand the Program in the Company?

We first expanded WCM to all the Dixie Toga facilities in South America and in the year 2005 Bemis acquired Dixie Toga and after one year I was asked to go to Europe to be the Vice President of Operations. My goal was to integrate the five European plants and apply the WCM approach.

Bemis Europe has grown through acquisitions so each plant had its own culture and there were no synergies between them. These plants were located in Belgium, France, Finland, UK and Whales.

After visiting them for the first time I envisioned a green field for applying WCM. As an example, in one of the facilities when I asked what was their waste they did not know what it was. I told them how to calculate it according to the WCM approach and it was very high. I then searched for companies that could help me implement WCM in all the countries we had plants and Efeso was one of the companies I asked to bid: based on EFESO's knowledge and on their consultants availability all over Europe, where language barriers needed to be eliminated, we decided to move forward with EFESO in all five manufacturing sites.

We deployed WCM in phases, first running the pilots and having what we called "the big bang", the expansion, and then the stabilization. We started in 2006 in all facilities applying first the main pillars: the Progressive Quality Pillar, the Focused Improvement Pillar, the Education & Training Pillar and the Autonomous Management pillar.

### 2.4 What Were the Successes, the Results, the Strategic and Organizational Impact and the Difficulties You Encountered?

In Europe we had two interesting stories I can tell: one in Finland and one in Whales.

In **Finland** we had purchased a flexible packaging company that was originally built by a paper company. It was pretty lean, almost a paperless factory, very oriented to efficiency and very proud of the results accomplished so far. So to Introduce WCM was a real challenge.

The opportunity I found to show them the benefits of this programme came through the implementation of what I call '**the foundational elements**' that you need before you start the WCM program.

The three foundational or prerequisite elements are:

1. **Have a safety culture**
2. **Apply 5S** to have an organised and clean working environment
3. **Capture data.**

You can't start a WCM programme if those three elements are not there.

The Finnish facility had all the required data and a good safety culture but it needed improvement on 5S. I was visiting each facility once a month, and in my second visit to Finland I told them to deploy 5S and asked if they needed help to do it. They said they already knew 5S and they didn't need help to implement it!

That was very exciting, and after a month, on my third visit they made a presentation where they showed the results of 5S through step three. I was happy to see their progress and eager to tour the facility and see the results in the shop floor.

We went to a plant tour and the visit was embarrassing: they were clearly not doing 5S.

I interrupted the tour in the middle and asked the plant manager to bring the department managers in the meeting room to discuss 5S. I showed them a Power Point presentation on 5S and went through each step and their relevant deliverables. At the end I invited them to tour the plant together to allow me to make directly to the department managers my observations on why 5S was not being well implemented. We listed in detail on every machine and department what was wrong and then went back to the meeting room. Their own conclusion was: "Let's restart the programme and let's do it right".

I then asked them to give the 5S programme ownership to the Quality Manager, as there are several audits that come together with the 5S programme and quality people are very good in creating audit programs.

A couple of months later, on a following visit, I asked the quality manager why did they fail in their first attempt, while they were all very motivated and energized to start it. He replied: "You know, we just thought it was another programme that would come and go, it wouldn't stick"!!! This is a common problem in companies that are constantly applying the latest techniques developed in the market but that are not proven and are not timeless.

This was an eye opener on the importance of engaging the employees in the programme: if the employees did not believe in the program and were not properly trained they would not engage in the change and the programme would not be successful. I thanked him for the info and I pulled the leadership team of the plant together to reaffirm that WCM was going to be implemented, and it had to become the new way of managing the plant.

We did have to focus internally on the people and in the launch of WCM we reinforced the Education & Training programme to evaluate the people capabilities, assess the skill sets, train them to have them engaged, understand what WCM meant and how to run teams, how to interpret data and find the road blocks in the program to apply countermeasures. We also tied incentives on the shop floor to the deliverables of the programs. Then it was a success.

The second story was in **Wales** and it is a success story, even though it started very badly because of the situation where they were. We started from the foundational elements that we needed for WCM and it was such an eye opener for them: the amount of opportunities just under their nose were huge and they finally could see and measure them. They embraced WCM in a way that no other plant has embraced, especially the plant manager: he very quickly started managing the plant

through WCM. This was the facility where in my first visit they did not know their waste and I had to go back to the finance manager and tell him how to calculate it: it was 24 %. In our business success means low single digit waste.

An anecdote: in one of the departments of this facility we had just two machines, and when I asked the department's manager about his waste he said they had negative waste! "Are you getting more material out of the process than you put in?" I asked, and when they showed me their KPI I discovered they were measuring their input and output in feet. The process they applied heated up the material so it stretched in the machine. Getting more feet out than they were putting in, they thought they had negative waste!

"Tell me how many pounds you get in and how many pounds you get out and I will tell you what your waste is". I told them that they had to weigh the material, to measure using scales, not by length in feet. That was the first road block of the program. When the finance manager for the company in Europe saw the purchase order for 15 thousand sterling pounds to buy scales for one plant he called me to ask if I was crazy and why I was spending so much money on scales. I said there were plenty of opportunities that could come from that small investment and explained it to the entire leadership team. He approved the purchase order, we measured waste and we discovered it was 2 % in that particular process. We could cut in half that waste by applying the WCM principles. So we bought scales and installed them in all our plants.

**The beauty of getting data and measuring things is that what gets measured gets attention.** The waste went down from 24 to 18 % just by measuring it and providing visibility through machine and department boards.

At that time that facility was asking to build an outside warehouse because they were running out of space. When I visited the first time the facility I thought I would get lost because I couldn't even see where the machines were because they were behind inventory and scrap. I said no, and suggested to get rid of the scrap to open up enough space for good inventory.

They did an outstanding job with 5S because they saw quickly the benefits and we had a good foundation to start WCM program, plus we didn't build an outside warehouse.

Data was also a big issue: in neither of our facilities we had automated data capture. We had to create forms and train our people to capture data and show them the benefits, using the machine boards and giving back the data to the operators. The successes in these facilities came first by their understanding of the benefit of 5S and then from transitioning to WCM.

At the pilot phase we built the **Factory Model**, which is also an eye opener: it shows in money what the size of the overall opportunity is, and generally it is much higher than what the people usually think.

We developed the WCM program on all our facilities, and we set improvement goals year over year: at least 10 % improvement on waste and at least 2 % net improvement on productivity and we were getting those results.

## 2.5 Did You Have Other Obstacles?

In some places we had some road blocks; in Finland when we asked to run the machine boards, they had their reporting system and did not want to change the way they looked at their KPI's and applied their standards. It was developed prior to WCM, so its implementation was always harder. We had to work a lot with the people to standardize the way WCM was implemented and get the synergies between the facilities.

One of the beauties of the WCM System is that you are applying the same methodologies, looking at the same losses in the same way, you report KPI's, team results, objectives, standards in the same way, use the same boards so you can learn from other plants and apply those learnings quickly with some Kaizen teams, without reinventing the wheel.

We also organized yearly WCM meetings where all the WCM or 'continuous improvement managers' met to exchange their success stories. We were very successful in our first three years journey in Europe and the company then asked me to go to implement the WCM in USA and to become the president of Curwood. I started the same journey by first assessing the 3 foundational elements (Safety, 5S and data). We then started applying WCM in eleven plants, which became fifteen in 2010 and then twenty-five plants due to mergers and acquisitions. In 2012 Bemis decided that every one of the sixty global facilities had to apply WCM: Latin America, Europe, North America and Asia.

We were being successful in finding losses, deploying teams and eradicating losses but we were not consistent in sustaining the improvements. PCS (Performance Control System) helped us in this and in accelerating capturing opportunities and delivering results.

We continue to target 10 % improvement on waste and at least 2 % net improvement on productivity and we are heavily focused on people, on training them and making sure the middle management is on board on the WCM journey. We are also engaging and training top management to define what are the main elements of WCM you have to look at when you visit a facility, so that we are not sending mixed messages.

I will tell another anecdote that helped us **gain the hearts and minds of the people**.

We always told the plant manager that all the data we were gathering was to identify the biggest opportunities and also to give it back to the operators so that they understand if they were doing a good job and also to drive ownership on their equipment.

When I was in Europe, every time we toured the plant we observed safety, data and 5S. One of the things I was always annoyed of was how operators and maintenance people used the machines as tables and boards, leaving tools on top of them, putting notes and post its on their frames, cabinets and HMI's. I came up with a very simple question when I found those issues: "Do you know how much this machine cost?". They would look at me and say: "Not really, but for sure it is expensive".

And I replied: “This piece of equipment costs 2 million Euros, but forget about this number and look at this as being the equivalent cost of eight Ferraris. Imagine if you have just one Ferrari in your garage, would you put tools on top of it, stick post-it notes and keep it as dirty as you keep this machine?” They understood the message and started taking care and ownership of their equipment, and we keep on using this example.

## 2.6 Did You See Any Cultural Difference in Implementation in the Different Areas You Managed: South America, Europe, North America?

In **Latin America** we had a very entrepreneurial work force, they were eager to learn new techniques and not afraid to experiment. They don’t have the ‘not invented here’ syndrome. It was easy to implement WCM, the challenge is always to sustain it, not lose focus on it.

This depends a lot from the Plant Manager: if he/she is sold out on the approach and manages the facility through WCM it works. The difficulty occurs in the facilities where people consider WCM as a parallel project. They always try to go back to the old way of doing things. You have to break this tendency and lead the facility through the steering committee and the pillars. **You also have to quickly assess if the leadership of the facility has that mindset, and, if they don’t, you have to change the leadership.** You cannot accommodate.

**Europe** has a lot of different cultures. My management style was always to delegate and control and try to reach consensus, as I think people need to understand *why* to do things.

In **Finland** it was difficult to reach consensus and I had to give marching orders. In **UK** and **Wales** they were very entrepreneurial, open to change, and we were very successful. In France and Belgium they always had an excuse for why things could not be done. Unions and management had to understand the benefit otherwise they undermined the program. In the **US** there were mixed results in the beginning as we were undergoing a big change management project: in 2010 we had doubled in size merging with Alcan. At the same time that we were applying WCM principles, we were merging two different cultures. Alcan facilities had a very formal Continuous Improvement program based on Lean Six Sigma principles. Those plants understood the benefits of WCM because we built WCM on top of the CI program and they quickly realized that WCM was closing the loop on a gap their program had: sustaining the gains. They had their annual meetings where they looked at their losses and prepared the deployment of loss eradication teams for the following year to reach their goal but they did not have a system in place to sustain their gains.

The legacy Bemis facilities had a program which they called War on Waste: they created a business process improvement department where they took some of their

R&D engineers and they assigned them to the plants to reduce waste. At that time waste was high double digits, there were a lot of low hanging fruits for that team to tackle: however not everything they were doing was sustainable. They welcomed the WCM approach, which was more disciplined than ‘war on waste’, especially because the low hanging fruits were gone and it was harder and harder to maintain the success they had previous to WCM.

**The point is that WCM is a complete system while other approaches are not.** A system must encompass loss intelligence, loss eradication and loss prevention because this guarantees you will have long term success, otherwise the risk is to make a beauty parade of the early successes and after four five years there is no maintenance and results decrease.

## 2.7 You Said that Your Management Style Was Delegation and Control: Did You Apply It in All Facilities or Adjusted?

I always applied delegation and control, as I was always very analytical and very hungry for data and KPIs, however I did not adapt where consensus was not reached: there I gave the marching orders to follow and if they did not follow I had to change the management. You need leaders at each facility that are passionate about WCM and fully embrace it.

## 2.8 For a Company Who Is Beginning to Apply the Program Which Leadership Style Would You Recommend?

1. **First be fully aligned with the company strategy vision.**
2. **Be passionate about WCM.**
3. Work on the foundational elements before you start the WCM program: Safety, 5S and Data.
4. **Make sure everybody is on board:** it is all about people, and who doesn’t want to be on board should know there’s no place in the company for him/her.
5. **Do not to forget your strengths** in manufacturing, like innovation and technology, while you are in this journey for Operational Excellence. You have to continue to work on your standard operating procedures and controls.
6. **Don’t be aggressive towards the company culture after an acquisition:** there is a reason why that company exists and was successful. We all know that *what brought us here won’t take us there*, however the change needed for adapting to the new challenges are usually not as big as we assume. Identify first what are the things that you don’t want to change in that company, its strengths on



people, processes and technology, and continue to reinforce them. Then focus on the things you want to change: a value, a principle, a way of doing things, the type of talent you need.

## **2.9 How WCM Helped the Group in the Post Merge and Acquisitions Process?**

WCM provides a quick and strong way to create a common culture: from day one you defined the culture you want to implement in all the plants, it is a clear message that provides alignment and facilitates execution of your strategy to reach the targets you want to accomplish.

WCOM (World Class Operations Management)

Why You Need More Than Lean

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