

Finding a new model of organisation and management at Michelin

by

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Overview

After Michelin applied a rational quality programme to improve industrial performance called the 'Michelin Manufacturing Way', productivity greatly increased, but employees appeared to lack motivation. Workers and middle management felt confined by the constraints imposed. The Group launched a project to empower those involved in the company starting with the lower levels of employees and moving up the hierarchy to management. Bertrand Ballarin, who was in charge of this project, instigated an initial step which involved thirty-eight production units in eighteen Michelin factories. This phase produced credible results at the end of twelve months, after which five sites were asked to disseminate the experiences of the demonstrator production units, to oversee and to develop how support structures worked (assessing methods, analysing relations between hierarchical levels, and so on), and devise new managerial guidelines. Such procedures are revolutionary for Michelin which is gradually implementing them in a conservative way, while dealing with the inherent complexity common to very large companies, while still managing to preserve a corporate history which is more than a century old.

Report by François Boisivon • Translation by Rachel Marlin

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My background is in public service. I was educated at St Cyr military academy having studied in a literary preparatory school. Having graduated from Sciences Po Paris (in the public service department), I was an army officer for thirty years during which time I was part of the think-tank created to analyse the strategic outcomes of the fall of the Berlin Wall.

I joined Michelin in 2003, and started working in a factory in Clermont-Ferrand as project manager for organisational empowerment. This period helped me to learn how a tyre is made. Afterwards, I was put in charge of the Bourges factory for four years. Michelin wanted to close this factory. This is where I first developed my skills in the field of labour relations (in the beginning there were 1,200 employees, but by the end, there were 500: the factory still exists and is proud to be standing today). I was then sent for four years to improve industrial performance at our Shanghai factory which was a joint venture with the Chinese government. These two experiences enabled me to work firstly on techniques of industrial management and labour relations, and secondly on production systems and industrial performance. When I started to know how to manage a factory, I was sent to Clermont-Ferrand where I was in charge of personnel policies applied to the working population of the Group, in other words about 67,500 employees. I was also given the management of an empowerment project. At the same time, I was asked to analyse the transformation of the Michelin labour relations model which at the time was not formalised and was corporate. Jean-Dominique Senard, the Group's director, wanted to develop the model, and consequently I was put in charge of the Group's labour relations in July 2013.

Creating a strong social link between equals adapted to a strong identity

From our point of view, labour relations, far from being confined to a dialogue between social partners, extend to all relations in the human community which are created by the company. Our empowerment approach is embedded in a collective conception of responsibility and, if we succeed in our approach, it should be conveyed as a strong, professional, social bond between peers in our teams, whether they are assigned to manufacturing tasks or not (as opposed to banal social relations forged around the photocopier or the coffee machine).

Michelin, which was founded in 1889, was one of the first French companies to adopt the scientific organisation of labour after about 1919. This helps to explain the presence in Michelin of an industrial organisation department whose reputation is well known throughout the world. Despite the separation between implementing tasks on the one hand and designing tasks and resolving problems on the other, Michelin has sought to make sure since 1927 and its 'ideas of progress' philosophy, that those involved in the execution are well aware of the way in which the problem is resolved or how progress is made. Michelin adheres to a principle which Édouard Michelin (one of the founders) held dear, namely that 'those who do know exactly what they do'. Another paradox is that even though the factories were managed in a very strict way, the methods of operational management were hardly standardised. Each factory developed its own management system of performance and progress even though they all shared the same method, the Michelin 'continuous progress' approach. In the mid-1990s, this extreme decentralisation sometimes resulted in difficulties for the company which the executive management had to deal with.

Following an important phase of growth and international development in the second half of the 20th century, Michelin today employs 112,000 people, exports to 170 countries, and has 68 factories in 17 countries which mainly manufacture tyres, but also produce chemical elastomers and curing moulds, and various other products. Each year we manufacture approximately 184 million tyres which equip all sorts of vehicles, ranging from bicycles to aeroplanes as well as mining machines (whose tyres are four metres wide). We account for a little less than 14 % of the market in terms of value. The market includes three well-known companies (Goodyear, Bridgestone and Michelin) but the competition is most fierce between these three and a host of small, specialised manufacturers who are very aggressive in the sectors where they operate. Our turnover is almost 22 billion Euros, and we had an operating income of 2.6 billion Euros in 2015. Our major concern today is to continue our growth.

We are trying patiently and prudently to invent a model which is adapted to us, and which enables us to go beyond the limitations of the traditional system of management. We think that the practice of leading and controlling is still relevant, but the way in which it should be exercised should change, and, to a certain degree, should create empowerment on various levels. The managers, even if their roles change, should remain in place. Our aim is certainly not to cut out the need for production line management.

Empowerment is a process. When people are made aware of their responsibilities, they have a certain amount of power over their actions (the right to decide by themselves), and one does not dictate to them how to use the allocated resources responsibly. The process also holds people to account on decisions taken and their consequences. The essential complementarity of the words 'empowerment' and 'accountability' leads to what Paul Ricoeur calls 'responsibility-imputability'. Too often, the notion of 'empowerment' is translated or summed up by the word 'accountability'. We must be wary of diversions which make us be accountable without giving us the means to carry out the task or, on the contrary, giving these means without holding us to account. In a big, complicated organisation which is more than one hundred years old, neither one nor the other is obvious.

Correspondents and empowered organisation

The process of empowerment was started in the 1990s in some of our factories in Germany and the United States where managers were concerned about their levers of in-house competition and how they could improve their productivity. Post-war theories about high performance teams, autonomous teams and so on, which were already implemented on a large scale in France and abroad, had not been put into practice at Michelin. We advanced by trial and error, and arrived at the conclusion that it was better not to have production line management present all the time. We therefore decided that our supervisors who did shift-work should now only work during the daytime, whereas the manufacturing teams would continue to work around the clock keeping to the same shift system (with three eight-hour shifts). As a result, for two-thirds of a twenty-four-hour shift, one manufacturing unit – in other words, a batch of machines with interchanging teams working around the clock – would be working without any line management supervision.

In Germany, the number of managers who are directly in contact with blue-collar workers has decreased, and some manufacturing units have as many as one hundred people working on them with just one supervisor. Our American factories used the principle of the 'manufacturing professional' which consists of bringing skills into teams which then allows the team to solve any technical problems encountered by itself.

We recruited 'correspondents' who paid attention to safety, quality and flows. These correspondents were workers, like all the others, who worked on the same tasks, but who spent on average thirty minutes in an eight-hour shift solving different problems, creating an interface between the manufacturing teams, management and support services, and who, generally speaking, managed the team. It was a role, not a function, and it was not paid. We thought that the correspondents would be recognised for their career progression and their personal fulfilment emanating from the different social bond they established with their colleagues and management. We quickly realised that the correspondents were extraordinary workers, and that the 'breath of fresh air' we gave them in a succession of repetitive tasks at high speed, had very positive effects on their commitment, morals, motivation and the consideration they demonstrated for the company. As a result, Édouard Michelin very quickly suggested that we launch the project, and we started to formalise the idea of empowered organisational units.

We had very good results but with a difference between two populations: the correspondents (who found a real lever of commitment) and the others.

Autonomous management of performance and progress

Between 2004 and 2005, the Group's executive board discussed whether a corporate global production system should exist. Until 2010 or 2011, huge efforts had been made to implement an homogenous management system of performance and progress which could operate in all the countries where Michelin was present. We had never developed management tools like Toyota's *Kaizen* (continuous improvement) tool before.