

Manufacturing ladies outdoor – a traditional industry sector with an innovation-driven company

What does this case study demonstrate?

A sewing company AB Kauno Baltija – continues to re-invent itself with the help of workplace innovation practices to become an innovation-driven and high quality women's outdoor manufacturer able to compete in dainty European markets of highest quality products. In the recent years only, a number of workplace innovations practices can be singled out in this company: improvements in workplace (physical) environment, empowerment of the middle management and production teams and therefore redesigning of working processes, improving internal company's functioning by deploying two major business information systems, and acknowledging international standards of ethical and responsible business practices in global supply chains in terms of labour standards, health & safety, the environment and business ethics.

Workplace innovation elements: self-managing teams, integration of technology.

Context

AB Kauno Baltija is operating in a very 'traditional' light industry sector – it is a sewing company – one of the biggest and oldest manufacturers of women's outdoor in Lithuania. Established in 1940 and transformed into a Joint-Stock Company in 2003, it continues to re-invent itself to become a modern innovation-driven and high quality ladies' outdoor producer. The company specializes in the manufacture of the whole spectrum of woman's clothing: dresses, blouses, skirts, trousers, jackets, suits, coats and similar. Production spectrum includes casual wear, cocktail and evening dresses, modern classic and corporate wear. Production capacity is about 700 000 garments per year. Production cycle takes 3-5 weeks after the reception of materials. The majority of the Company's production is exported to European markets such as The United Kingdom, France and Scandinavia.

The company employs 400 people and is located in Kaunas – second largest city in Lithuania. It has three other branches in Alytus, Vilkauskis and Leipalingis. The company sells products as part of their own branch 'LOULU ET TU' as well as services to other well-known high street branches. Workplace innovation practices contribute organically towards a better functioning of the company.

Workplace innovation practices

A number of workplace innovation practices could be identified in this company. First, there were improvements made in the physical workplace environment. In the last few years, the company has invested and improved energy saving of its buildings, lighting and air conditioning in the production premises, and it has brought in consulting services on industrial innovation to review and improve working processes in the company – how to better organise the work in terms of convenience for the workers, health & safety requirements and efficiency. Second, there was the development of teamwork and good working environment in the company. The work in this area is linked to re-designing the working processes in terms of team responsibility for results along with the changes in motivation and reward systems and empowerment of middle managers (the

latter, for instance, covered trainings on teamwork facilitation, work tasking, motivation and conflict resolution). Third, the improvement of the internal company's functioning by deploying two major business information systems in the recent years. A tailored solution to particular company's needs of the business organisation and management information system called New Vision has integrated different parts and processes (orders' management, procurement, storage, quality control, salary, HR and others) in the company into one whole, which facilitated smooth internal working processes and the ability to monitor company's results at any given moment. This solution has helped the company to enable its top managers and the middle management level to start working in the way that a constant attention is paid to the complexity of the company's functioning, i.e. that all units are linked and dependent on each other. Whereas before, for instance, each company unit worked in their own (separate) systems, so it was hard to get an overall complete picture without much efforts and time. AB Kauno Baltija was among the first high street high fashion lady's wear manufacturers in the world using the most recent functionalities of LECTRA – the second information system recently deployed in the company. The system is well-known in fashion industry as it helps mastering the fashion lifecycle from design to production, which is critical for leveraging creativity, streamlining time to market and controlling costs - elements necessary to building a better product and being competitive. By adopting the system in the company, it enabled to facilitate and accelerate the collection development cycle and to build a better product (the system, for instance, includes the ability of pattern-making, grading and 3D prototyping) and in this way to contribute to more effective production processes in the company and a better experience for the company's clients. Fourth, was the development of open and transparent organisational culture and good working environment. For instance, the company has developed internal policies in the area of ethical standards, intolerance, corruption and similar; the company is a member of SEDEX – a not for profit membership organisation dedicated to driving improvements in ethical and responsible business practices in global supply chains in terms of labour standards, health & safety, the environment and business ethics. In terms of good working environment, the company regularly organises all company employee events, once a year (around New Year festive) gathers all company's employees with their family members for one all company event (for instance, theatre performance and reception and similar). The company also publishes a newsletter with major company announcements, introduction to new company's employees, acknowledgements and similar.

How did they do it?

All of these developments and initiatives are the result of joint company efforts. For instance, regarding the development of teamwork, a company survey had identified types of training needed to empower the middle management and first line supervisors to facilitate better teamwork throughout the company. The entire process in this respect has covered such aspects as deciding the overall vision on how the teamwork should be organised to facilitate more effective production processes, identifying knowledge gaps, training of managers, re-designing performance and reward systems, an extensive communication about the developments throughout the process, observation, correction and ongoing monitoring on how the practices are organised in practice. Regarding the deployment of the IS -this required all company's joint work and efforts to adjust the systems to specific company's needs. The process has covered an initial exploration about the IT solution on offer (including asking other companies in the same business sector for their experience), investment calculations, identification of pros and cons of the IS, the development of individual company's portfolio of functionalities (i.e. which functionalities and other features of the IS are important for the business), adapting the information systems for company's specific needs (a lengthy process, but of ultimate importance), process duplication (helps to understand, if everything is ok with the new processes) and after-deployment support

(extremely important, for instance, for New Vision the company had 6 months daily assistance by demand from the IT company to help the employees in their daily work, which was included in the price package). Employee involvement was essential in all these developments.

So who benefits?

It is a good feeling about the company in terms of their WPI practices even though they are operating in a business area that requires extensive cost reduction and determine not high salary frames in order to stay competitive in global markets. Many benefits could be linked to each of the above-mentioned WPI practices. Improvements in the physical working environment - reducing various types of risk (for instance, greying workforce, low employee motivation etc.). The development of teamwork –empowers middle managers and first line supervisors, stimulates better company's performance and similar. Deploying two business information systems – improves working processes, internal communication and cooperation, reduces duplication of work, saves costs, facilitates organisational learning, creates better experience for the company's clients and suppliers and as a results has a positive impact on an overall company's performance. Building an open and transparent organisational culture and a friendly working environment – makes the company attractive to current and new employees, clearly communicates company values and practices to its current and potential clients and suppliers and facilitates and overall good working environment in the company.

Prognosis

If carefully planned and implemented in complex, workplace innovation practices enable the companies' achieving employee engagement and truly high performance as a result.