

# One Supplier's Reaction to Driving Change Project

Gerstenslager Company Workforce Retraining Project

Presented By: Steven R. Delmoro  
Director Gerstenslager Company

May 4, 2011

# Gerstenslager Background

Gerstenslager is a Worthington Industries Company based in Wooster, OH

Gerstenslager began a cultural change of its workforce in 2008 in response to economic challenges driven by the collapse of the automotive industry

This culture change impacted many aspects of the work life of its employees. Self-directed teams were created and appropriate training provided. Roles of supervision are transitioning to more of a facilitator of production

Increased flexibility of processes and procedures while growing reliance on workforce creativity to achieve goals and cost objectives

Gerstenslager partnered with both the State of Ohio DOD and training organization Interactive Training Systems, Inc. throughout this project



# Culture Change Objectives

- To transform Gerstenslager into a world-class manufacturer.
- Increase the knowledge level, productivity, and competitiveness of the workforce and management team at Gerstenslager
- Increase the value, size, and diversification of Gerstenslager's customer base by improving cost, quality, and scheduling
- Retain the existing workforce (layoff aversion) with the goal of increased hiring as we emerge from the current recessionary environment



# Gerstenslager Business

- Established in 1860 – Transportation business
- Leading automotive service parts supplier for outer body sheetmetal panels & assemblies [www.gerstenslager.com](http://www.gerstenslager.com)
- \$100M stamping division of Worthington Industries, headquartered in Columbus, OH. [www.worthingtonindustries.com](http://www.worthingtonindustries.com)
- Primary Products and Services
  - Large Sheetmetal Stampings
  - Welded Assemblies – Automotive doors, hoods, fenders
  - Electrodisposition paint process
  - Warehousing and logistics services
- Employment History
  - May 2008 = 680
  - Sept 2009 = 427
  - May 2011 = 620



# Why is Gerstenslager Different?

	<b>Gerstenslager</b>	<b>Other Suppliers</b>
<b>Customer Base</b>	7 Main Customers 35 Total Customers	3-6 Main Customers
<b>Primary Product</b>	70% Auto Service Prod 20% OE Auto Products 10% Non-Automotive	10% Auto Service Prod 90% OE Auto Product
<b>Dies &amp; Tools Managed</b>	14,000	200 - 250
<b>Part Number/SKU</b>	3500	60 - 80
<b>Ave Prod Lot Quantity</b>	~ 500	~ 2000
<b>Production Processes</b>	Blank, Stamp, Welded Assembly, Ecoat, Pack, Warehouse, Distribution	Stamp, Welded Assembly
<b>Core Competency</b>	Flexible Manufacturing of low volume, high complexity automotive parts & services	Launch high volume New Vehicle Part Production

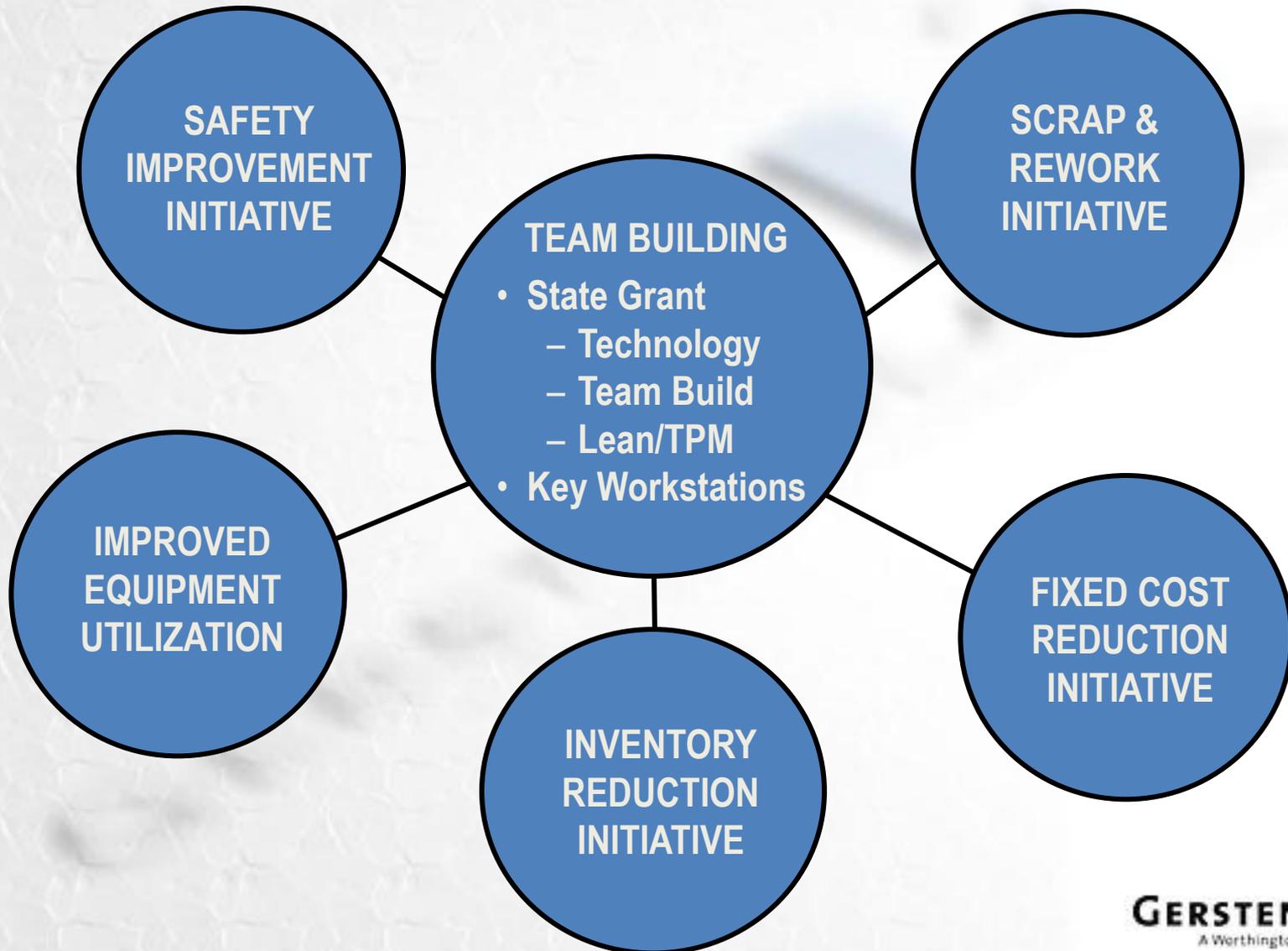


# Business Strategy

1. Continue to be a low cost manufacturer of automotive stampings – Grow with transplant manufacturers
2. Increase diversification of customers base and business niches to include non-automotive customers
3. Upgrade skillset of employees to position Gerstenslager to be more competitive in future
4. Cultural change that enables sustained process improvements resulting in reduced operational costs



# Strategic Improvement Plan

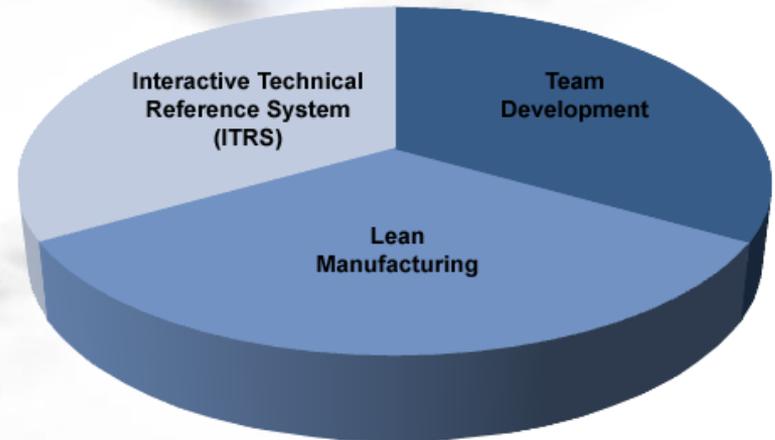


# Workforce Skill Set Improvement

- Goal - Improvement of strategic areas depended on active and sustainable team development at the production floor level
- Training grants from various divisions of the State of Ohio DOD provided much of the funding ~ \$500k
- Customized Training – **Interactive Training Systems Inc.**  <http://www.its-na.com> was contracted to supply technical design, team training and lean implementation
- Metrics – Applicable, specific and frequent monitoring of improvement items

# Training Approach

- Gerstenslager Leadership is committed to adopting a cultural change and support of Team and Lean based initiatives.
- Teams were already put in place, but needed training and support
- 3 prong approach required:
  - Technical Reference Systems
  - Develop Effective Work Teams
  - Lean Manufacturing implementation
- Implementation impacted over 150 people over a 2 year period 2009-2010



# Gerstenslager Results of Workforce Training

- Team Development:
  - Increased leadership on floor
  - Increased communication up and down organization
  - Expectations of team to take responsibility for safety, quality and productivity of each workcell
- Set-up time reduction - Data shows positive trend – Press and Assembly operations
- Downtime and Scrap reduction efforts becoming new focus – engagement of team
- Best Practices communicated among shifts and workstations



# Reaction to 'Driving Change Greening of the Automotive Workforce'

Much of the conclusions and results mirror Gerstenslager's experience. Commonalities include:

- An agile workforce is required in the future
- Upper management must provide strategic direction for entire enterprise – workforce training must complement product and process improvements
- Invest in training during a downturn to assure retained workforce is better prepared for the rebounding economy
- Position the company as a 'High Road Strategy' – Prepare the company to do what is difficult through training, equipment, facilities investment and assure the customer value is properly compensated
- Continuous Improvement Culture necessary for sustained success
- Formal support of 'Career Pathways' type program by Government, Academic and Private Institutions needed to close skill gaps in displaced workers

# Reaction to 'Driving Change Greening of the Automotive Workforce'

Challenges to the findings:

- Size of the Green jobs markets seems optimistic. Gerstenslager has actively pursued solar, wind, and vehicle battery programs over the past 3 years with mixed results:
  - Renewable energy projects are slow to materialize and ultimately hinge on governmental grants to be financially justified. Even with all the positive media exposure, few of these projects are actually kicked-off and delivering on the economic promise.
  - Battery programs do required a skilled labor force to support design and R&D activities. However, the volumes are very small as compared to auto market as a whole. Without substantial improvement in technology, design and performance, these vehicles will be niche offerings for a long time, minimizing the short and mid-term prospects for displaced workers
- Training must be linked to specific entities that require the skills. The cart-before-horse approach to training the masses in hopes of job prospects materializing will not be effective. Private enterprise must support the training because it can benefit directly from it.

