Q.Magazine

THE THIRD DIMENSION OF ORGANIZING

How to Steer Your Company Through the Storm

BABTEC

EDITORIAL

QUALITY: OPPORTUNITY AND RESPONSIBILITY

How important is quality in our fast-paced world? And who exactly is responsible for it in companies? There are many different answers to these questions, depending on who is asked. For us, the matter is clear: Quality is an indicator of entrepreneurial performance and must therefore also be the responsibility of the top management. Unfortunately, the reality is different, because all too often quality is delegated away and ekes out a shadowy existence. We think it's time to rethink – and what better way than with our annual Q.Magazine?

The last two issues have allowed us to take a look at the complex, interconnected and, above all, inspiring world of nature. Ecosystems and cells turned out to be teachers of valuable principles that help organizations grow sustainably. This year, our focus topic is dedicated to the third dimension of organizing: **Dr. Martin Pfiffner and Sebastian Bräuer** present in their guest article the "Viable System Model", which contains all necessary as well as sufficient conditions for the viability of an organization. The main focus is on the **steering of companies** and the role of quality, which is increasingly shifting from products, services and processes to the quality of the decision-making and communication structure of the company.

Dr. Markus Reimer speaks on the subject of opportunity management. With all the changes and crises we have encountered in recent years, he believes it is high time to address the resulting opportunities. To this end, he provides a systematic approach that helps companies to identify and exploit the **"opportunity of opportunities"**. **Dr. Stefan Pilz** sees a similar need for action in dealing with conflicts. In his opinion, companies do not even recognize the **"wasteland of conflicts"** as such, because there is a lack of elementary knowledge, common understanding and a pronounced learning and reflection culture. Conflicts have a bad reputation: the guest article shows that at the same time they offer – you guessed it – great opportunities.

Of course, the practical experiences of our users are not neglected in this issue either: **Magnetbau Schramme GmbH & Co. KG** reports in its case study on how Babtec software is helping the company on its way to becoming a digital factory and how, above all, the successful digitalization of corporate processes is benefiting from it.

We wish you a lot of worthwhile reading time.

Marc Osenberg, Editor
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THE THIRD DIMENSION OF ORGANIZING

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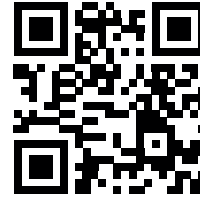
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Blog for Quality

With our Q.Magazine we inform you once a year about exciting quality topics. In order to provide you with the latest contents and updates even faster, we regularly publish articles on our BloQ, the blog for quality. Under some articles in this magazine you will find links which will take you directly to the corresponding articles in the BloQ that complement them.

Company Information

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How to Steer
a Company
in the Storm

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How do we maintain the controllability of the company when it becomes larger and more complex? How can we navigate when forecasts are hardly possible and customer needs, markets and technologies are changing at breakneck speed? The German automotive industry is intensively addressing this question. The quality of the company's control system has become the new top management issue.

> — by Dr. Martin Pfiffner and Sebastian Bräuer

»If the rate of change on the outside exceeds the rate of change on the inside, the end is near.«

The American management legend Jack Welch is said to have said this as early as the 1970s. The company must be adaptable to an ever faster changing environment. But how can that be done today with the dizzying rate of change that companies face in the form of multi-crises, new technologies and new business models? When we can no longer rely on any forecast: how do we arrive at our destination despite the fog and storm? Many companies have become sluggish in this regard and are putting their control organization to the test. Despite the introduction of agile methods, this still has difficulty in dealing with dynamics. It doesn't provide the necessary orientation, wastes too much management capacity on compensating for weaknesses in the decision-making structure, communication does not work and the traction is not there.

Cybernetics: The Science of Control

Meanwhile, solutions are being sought in many areas: People are launching initiatives to improve leadership, culture, agility, or even to eliminate hierarchy. But nothing really seems to work. In the end, you only have the leaders you have, and the culture changes very slowly – if at all. The processes are agile now, but not the company as a whole, and where hierarchies are abolished, new, informal ones are created. The word around the company is that the wrong people are deciding the wrong things, and the company, meanwhile, is slowly sailing into the iceberg. The good news is that there is a science that teaches us how to steer. It has already revolutionized the world once by giving rise to automation, the computer, and ultimately AI, and it could now do it a second time if we apply it not only to technical systems, but to social systems as well: cybernetics. "Kybernetes" is the Greek word for helmsman, and words like "governor" and "corporate governance" are derived from the Latin translation "gubernator." Cybernetics holds surprisingly interesting and robust solutions for steering in a storm, which are currently being discussed and taken up especially in the automotive industry.

Steering what Steers

The first thing to do is to create the conditions for control to work. To this end, the focus of top management shifts for a moment from working in the system to working on the system, i.e., on the structures. The key question is: what decision-making structure will allow us to steer the company safely through the current and future storms? Inseparably linked to the decision-making structure is the communication structure. Just like a machine: if you cut the cable, the control system no longer works. But how do you go about it? Benchmarking doesn't provide any relevant clues, because this is where most companies have their own construction sites.

So what can be used for orientation? As early as the 1970s, the British cyberneticist Stafford Beer proposed a model for diagnosing and designing the decision-making and communication structure of a company – this, however, at a time when neither the problem was relevant nor the technology available. Nevertheless, it is being experimented with in all kinds of organizations such as NGOs, SMEs, corporations, and entire states. In the meantime, the technology is there, along with the solution – and, more importantly, the need.

The Solution Does Not Lie in "Reinventing Organizations"
The solution Beer proposes does not lie in new organizational forms or alternative organizational models. The search for hierarchy-free, sociocratic, purposedriven, or other types of organizations is a search in the wrong place. Beer takes our gaze in a different direction, namely to a third dimension of organizing in addition to the organizational structure and the process organization. It has been overlooked so far and therefore organizations have been built that are difficult to control. Just like in aviation: you could fly straight for a long time before the Wright brothers brought a third dimension under control with the rudder. In our companies, we have been optimizing the first two dimensions, the organizational structure and process organization, for 100 years. So what is missing? We find the solution in the best control system we know: our own organism. In addition to its anatomy (structure) and physiology (processes), it has a neurology that enables it to deal with complexity. The exciting question now is what solution nature has probably developed in four billion years for the control problem, and what we can learn from it for our companies. We are familiar with this problem-solving approach from bionics, which deals with learning from nature's solutions to technical problems. In addition to the right organizational structure and functioning processes, our companies therefore need a third dimension, the control organization, so that the company flies.

Viability as the Ultimate Goal
The structure proposed by Beer is the Viable System Model. It contains all the necessary and sufficient conditions for the viability of a company. To be viable means to be able to maintain its own existence in the long run – that is, not just to "do business," but to stay in business. The model provides a generally valid management structure. This applies across all levels of the company, is therefore scalable as desired and provides for decision-making at the lowest possible level (principle of subsidiarity), namely where the relevant information is. These principles give rise to agility, which is a subset of viability. ＞

Stafford Beer
Stafford Beer (1926 - 2002) is considered the founder of management cybernetics and defined cybernetics as "the science of the effective organization." He became known in this context above all by his Viable System Model, which can be considered as an ideal model of a complex organization.

The Third Dimension of Organizing
⌄

	I Organizational Structure	II Process Organization	III Control Organization
Topic	Organizational Unit	Business Processes	Control and Communication Processes
Analogy	Anatomy	Physiology	Neurology
Representation	Organizational Charts	Flowcharts	Viable System Model

Customer Benefits as a Starting Point

The first pre-tax variable for viability starts with the customer. "Does the structure focus on what our customers are paying for?" The design process begins with this question and from this the organizational structure of the company is derived. The units are determined that should be largely self-controlling and, following the principle of recursivity, in turn represent an independent Viable System. This decision may seem simple in companies with a few, well-defined products and a manageable number of customers and markets. However, reality shows that the increasing networking of products into ecosystems, the diversity of global markets, and customers' striving for products that are as individual as possible all increase the complexity of answering the question of customer benefit. A good organizational cut through the establishment of end-to-end responsibility in the organizational structure at all levels reduces this complexity, but does not dissolve it.

Complexity as a Yardstick

We remember: It's all about steering in the storm. The remaining complexity must be controlled on a higher level. This is the central task of top management, and how well it is performed is probably the most important measure of quality today. Complexity management in this context means avoiding unnecessary complexity, but also controlling necessary complexity. Perhaps the most important lesson cybernetics teaches us is based on "Ashby's Law": only complexity can manage complexity. In other words, the more complex a system and its environment are, the more complex the control must be – reminding us of Jack Welch's opening quote! The VSM provides us with the tools to create this fit.

The Claviature of Steering

In a viable system, the tasks of steering include: co-ordination (System 2), steering operational success (System 3), steering future viability (System 4), and creating identity and norms (System 5). This interplay of operational, strategic and normative management is of outstanding importance. In particular, the timely redirection of human and financial resources from existing to new business is probably the most difficult and at the same time most important task of top management. For example, when and how many resources should be invested in the expansion of electromobility, connectivity or ADAS (Advanced Driver Assistance Systems) development? Top management can only devote sufficient attention to these questions if the operational business does not absorb all of its attention. To integrate these tasks, management from the VSM has a principle and two control axes at its disposal that must be played according to the situation.

The Viable System Model (VSM)

System 5: Setting Purpose and Values (Identity)

System 4: Shaping the Future (Outside & Then)

System 3*: Observing (Real-Life Information)

System 3: Optimizing Success (Inside & Now)

System 2: Coordinate

System 1: Fulfilling Purpose (Self-Controlling Units)

Environment   Operation   Management
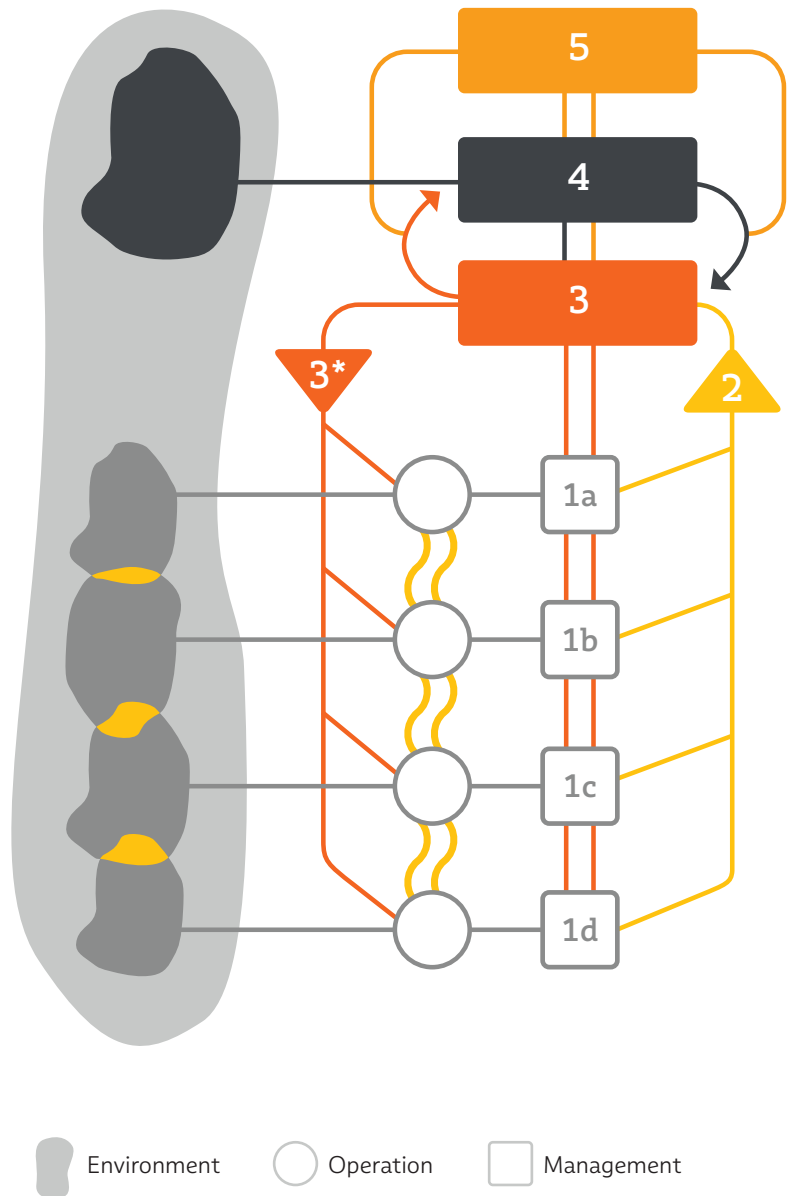
The Principle of Self-Control

Particularly in increasingly volatile times, the principle of self-control across all hierarchical levels is gaining in importance. This is the only way the company can react to short-term changes in internal and external factors and adjust its course in time to still achieve the goals it has set. Here, too, cybernetics as a science is our inspiration. As with technical systems, the right feedback loops must be designed in the company to adjust the company's performance and behavior at the right moment. This can only be achieved if clear decision-making structures and competencies are in place. Feedback becomes effective as the impact of decisions falls back on the decision maker. This ensures self-regulation.

Two Axes of Control

With VSM, we are thus striving for units that are as autonomous and self-regulating as possible. This is also the case with technical systems. The drive system in an automobile takes care of propulsion autonomously on a straight, open road and does not have to co-ordinate much with the braking and steering system. It has a slip control system that continuously monitors the road conditions (environment) and intervenes as needed. In the VSM, this autonomous control is described via the horizontal control axis. If, on the other hand, the road becomes curvy, it requires an overarching control system to arrive safely at its destination: the vertical control axis. It ensures that several systems interact in a meaningful way. It is used to coordinate within the company, to collect information, to distribute resources and budgets, or, in an emergency, to intervene in the autonomy of the subsystems. In the example given, this axis would be controlled by the driver or the automated vehicle in order to let off the gas, brake and steer in good time. This control ensures the overall optimum of the system to arrive at the destination quickly but safely. Hierarchy in this sense is better than its reputation. Control systems require a logical hierarchy based on the relevance of information, not status and power. This kind of hierarchy is necessary for functioning.

No Control Without Communication

Communication is already not easy between two people. Paul Watzlawick or Schulz von Thun might be able to help here. Even more challenging is the design of the communication channels that must function for effective control. What these are, and how effective they need to be, can again be learned from the VSM. This is how we ensure that the wiring works. In practice, this means designing the input/output connections between bodies, committees, meetings and departments at different management levels. It is easy to get lost here if you have no orientation. This orientation is usually lacking, resulting in an unhealthy kind of self-organization in which things get jumbled up, with less control logic and more personal interests and historical reasons driving the design. As a result, most control organizations are not actively designed, but simply emerged somehow. This is probably the greatest performance reserve potential in our companies.

Beyond Agile

Quality has been of utmost importance for a company not only since "Total Quality Management". However, it is now shifting more and more from products, services and processes to the quality of the decision-making and communication structure of the company, i.e. to its management. In the increasing fog and with increasing dynamics, it is becoming difficult to manage without a high-quality control and communication system that is up to these challenges. Agility alone is not enough, even if it is well scaled, because it focuses on the performance processes and not on the governance of the enterprise as a whole. Building a strong neurology of the company is therefore currently the most important task of top management in terms of "Total Management Quality". Viability is the next step after agility.

The Experts

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Sebastian Bräuer is an Associate Partner at Berylls Strategy Advisors, an internationally active consulting firm with a focus on automotive. He supports his clients in integrated corporate development in harmony with strategy, structure, culture and leadership. To this end, he has gained many years of experience as a consultant, but also in leadership roles in the automotive industry.

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Perhaps the problem in dealing with opportunities is best illustrated by the example of ChatGPT, the colossal impact of artificial intelligence on everyone. While some are downright euphoric about the new possibilities, others react almost panic-stricken with demonization. Should we now agree with one or the other? Perhaps a differentiated examination of the topic of "opportunities" in this text may be of assistance. But who says that the text is not created by artificial intelligence – for example ChatGPT – and is therefore tendentious?

— by Dr. Markus Reimer

OPPORTUNITY OF OPPORTUNITIES

Hoping the Best:
From the Imperative of Possibilities and Necessities

Opportunities – the Stepchild of Classic Quality Management

It happened on a Tuesday in September. To be precise, it was September 15, 2015. On this special day, something extraordinary happened: "Opportunities" found their way into the quality management systems to be designed in the future. "Opportunities" were suddenly embedded in the standard text of ISO 9001, and many to all wondered, "Opportunities?"

Addressing both risks and opportunities provides a basis for increasing the effectiveness of the quality management system, achieving improved results, and avoiding negative impacts. (ISO 9001:2015, chap. 0.0.3) While the handling of risks in QM systems was very well known and people were familiar with it, the handling of opportunities immediately and until today – presented an almost insoluble challenge. This is very often expressed in the fact that opportunities are only seen in the achievement of set goals. However, this is understandably not meant, because that is Plan, Do and Check, possibly still Act. But opportunities arise beyond "Plan" and "Do". Opportunities, but also risks, arise from the unexpected. From what was not expected, what was not in the "Plan" and what can now have a positive or negative effect. "Hoping the best, expecting the worst", as Alphaville sing in their world hit "Forever young". One knows how to prevent negative effects and does everything possible to achieve just that; that is a tradition. But what about the potentially positive effects? So what to do?

The Problem with the Opportunity of Opportunities

In contrast to opportunities, risks have a significant "advantage" in the minds of those who act: Risks threaten something that already exists. On the one hand, what already exists is concrete, and on the other hand, it is usually valued. Risks that threaten irrelevant things are not perceived as risks. Therefore, the most important thing is to protect what is valued, familiar and proven against loss: the consequence of this is classic risk management.

Opportunities, on the other hand, are only imagined: they are not (yet) concrete and they can therefore not (yet) be valued, because the perhaps possible outcome is not (yet) present. It is not there before and after the missed opportunity, which is mostly not even perceived, it is not there either. Nothing much has changed, so to speak. The consequence: managing risks is a duty. Managing opportunities is a kind of freestyle.

In organizations, it is often pretended that opportunities are not needed. Maybe not consciously, but unconsciously. First of all, wanting to take advantage of an opportunity means recognizing it. As a rule, opportunities do not impose themselves; they open up to those who recognize them. But who is that in companies? In management systems, there are usually no systems in place for this. This is in contrast to dealing with risks. There we have famous instruments such as the FMEA with a maximum objectified risk priority number. So where is the opportunity priority number?

The fact that "risk" by definition also includes "opportunities" should only be mentioned here in passing. The decisive factor is the understanding of risk in everyday life. There, no one will speak of risks when opportunities are meant. Nevertheless, we must keep in mind that wanting to take advantage of opportunities always means that this may not work out in the end. An opportunity is what it is: an opportunity. In an environment of uncertainty. It can go well. But it doesn't have to.

Recognizing opportunities as opportunities at an early stage is obligatory from an entrepreneurial point of view. On the one hand, because it is dangerous for your own organization if competitors recognize and exploit opportunities – and you do not. On the other hand, it is dangerous because not only the competitor, but the entire market can develop away: then a potential opportunity has probably turned into a risk that has materialized. There are enough examples from economic history. So what needs to be done? We need to focus on the opportunity to recognize opportunities.

Opportunities – a Six-Step Approach in the Context of QM Systems

What might a systematic approach in QM systems look like? For example, could six steps be defined here that have some kind of generality? I think so. An imperative attempt:

1. Agree on a catchy vision for your organization and define vision-oriented goals! Do this generously! Distinguish between what you want to achieve in the long term and what can be considered more specific actions. The more specific the objective, the fewer points of connection to the outside world, i.e., opportunities. As an example from a previous Q.Magazine, "We want our company to make a positive contribution to society" is better as an objective than "We want to bolt a photovoltaic system onto our roof" – which can simply be seen as a measure with no opportunity potential.

2. Analyze your strengths and weaknesses! For example, conduct serious SWOT analyses for your organization. SWOT analyses are "down to the nitty gritty" and therefore cannot be created in a few hours. The advantage: external and internal perspectives are intertwined and "opportunity derivations" are made from them. Use other tools to support this, such as the classic Ansoff matrix. Action-oriented opportunity fields will emerge from within.

3. Observe the market, the megatrends and the environment! What are the needs and problems of your potential customers and other stakeholders? Needs! Not just requirements! What are the developments and changes in your industry? What opportunities does this create for whom? Increased fairness in the supply chain can also be an opportunity. I will address these topics in the next part of this article.   ›

Risk: Impact of uncertainty. Note 1 to the term: An impact is a deviation from the expected – in positive or negative respect. (ISO 9000, chap. 3.7.9)

4. Poke systematically, find opportunities out of context and ask yourself how you can connect your goals with your strengths! How can you meet or exceed the needs of your target group – and that goes far beyond customers? It can't just be about your own business, returns and customers: It must be about thinking far beyond that. It's about opportunities for everyone! It's about the macro system (see my article in Q.Magazine 2021). Create a "rummage system" and regularly schedule a "rummage time" necessary for it. And: This is not a task for a newly introduced "rummage officer" or an idea manager. All levels of the hierarchy must want to get actively involved here. This brings us to a possible step 5:

5. Evaluate and test your rummaged ideas and solutions that are opportunities for stakeholders. For example, turn the FMEA around! Make it an opportunity priority number! What is the significance of the opportunity if it can be exploited: for your business goals, for your stakeholders, for your company as a whole? It's not just about sales, profits and returns. Opportunities need to be seen and understood more globally. It's about optimization, not maximization. Use a transparent and comprehensible system. You can also develop an opportunity-focused "materiality analysis" instead of an FMEA. This is the only way to get out of the arbitrariness trap or the "we don't have time for that now" trap. 6.

6. Involve all stakeholders! When it comes to opportunities for the future of the organization, there must be no uninformed and disinterested people. All organizational members need awareness of possible options and ideas. And they need the realistic opportunity to be taken seriously with their ideas and to have a corresponding impact. Thus, we are back to the serious systematics already mentioned several times. As an aside, companies that are known for seizing opportunities are considered innovative and are therefore attractive to the vast majority of customers and employees. So it's not just about recognizing and exploiting opportunities, it's also about selling them internally and externally!

The Opportunity of Opportunities – an Attempt at Upheaval

All beginnings are difficult. So they say. Perhaps they are. Especially if you don't know where to even begin. To ask "Where do you see your opportunities in the future?" is hardly answerable, because the question is far too arbitrary. Therefore, the determinations just described regarding the vision and goals derived from it cannot be circumvented. With this vision and these goals, we move into the topics that impose themselves on everyone. Exactly at this point a permanent feedback from the topics back to the goals and if necessary up to the vision takes place. ChatGPT – to give it as an example again – did not play a significant role until the end of 2022. That has changed radically since this year. Energy costs did not play a significant role until the end of 2021. That has changed radically since 2022. Managing opportunities is a permanent interplay between the competence of the organization and the context of the organization. For the most part, the permanently changing context can be perceived as a threat to what exists. "Can our business be replaced by AI?" or "Is sustainability legislation a threat to us?" This threat perspective needs to be overturned.

To conclude, a representative attempt will be made here to move from "expecting the worst" to "hoping the best" in three questions each on exemplary ten topics.

Opportunity:

Digitalization and Artificial Intelligence

1. Where can we increase our efficiency through digitalization of our processes?
2. Where can we optimize our decisions through "business intelligence"?
3. How can we use AI (e.g. ChatGPT) to have unloved activities performed?

Opportunity:

Sustainability

1. Where can we as an organization make a positive social impact?
2. How can we as a sustainable company gain in reputation?
3. How can we as an organization create honest "green and blue" offerings?

Opportunity:

Demographic Change

1. Do we make consistent use of the experience of long-term employees?
2. Are we an attractive employer for older employees or job seekers?
3. Do we offer specific services for older employees that benefit everyone?

Opportunity:

Education

1. As a company, do we contribute to social development through education?
2. Does education and training play a key role in our company?
3. Do we succeed in attracting well-trained people to our company?

Opportunity:

Collaboration

1. Do we have or are we looking for long-term partnerships that benefit all sides?
2. Can we at least compensate for weaknesses through partnerships?
3. Do we have the willingness to reflect and learn from partners?

Opportunity:

Diversity, Equality, Inclusion

1. Have we ever evaluated our organization on these topics?
2. Do we use the perspectives created by diversity and equality that have arisen in the company?
3. Are we becoming a valuable trendsetter through diversity, equality, and inclusion?

Opportunity:

Labor Shortage

1. Can we use flexible working time models to attract new employees …
2. … and thereby bring new perspectives into the company?
3. Do we know what makes our company attractive, perhaps unique?

Opportunity:

Customer Centricity

1. Do we understand the needs of our customers or do we only know their requirements?
2. Do our employees focus on the differentiated customer experience?
3. Do we put the customer relationship first and work on it constantly?

Opportunity:

Mobility

1. Do we attach a special, differentiated value to the topic of mobility?
2. Do we look for ways to reduce mobility in and for work?
3. Do we promote alternative forms of mobility systematically and holistically?

Opportunity:

Resilience

1. Do we have an agile corporate culture in which all employees contribute?
2. Do we permanently develop alternative B plans, that can also become A plans?
3. Can we show ourselves to the outside world as a robust and reliable business partner?

The Expert

Dr. Markus Reimer is a quality auditor and keynote speaker with a background in corporate practice oriented towards agility, sustainability, innovation and digitalization. In his lectures, he points out the presumed boundaries and potential in the thoughts and actions of people and organizations.

We can see dangers in all topics. Seeing opportunities in them is not easy in some cases. "Expecting the worst" is easy, but it becomes difficult afterwards. "Hoping the best" requires commitment from all levels if it is not to remain just apathetic hoping. The ISO 9001 management standard calls for just that in Chapter 6.1: In planning for the quality management system, the organization must determine the risks and opportunities that need to be addressed. Opportunities may lead to the adoption of new practices, the launch of new products, the development of new markets, new customer acquisition, partnership building, the use of new techniques, and other desirable and feasible ways to address the needs of the organization or its customers. What of these might be useful and worthwhile for your organization must be decided systematically, transparently and regularly across different levels; in line with the principle of "fact-based decision making". But the decision always lies with us. Just as it was my decision to take the chance of having this text written by artificial intelligence. I decided against it. This time …

Wasteland Conflicts

In today's world, it is very important for companies to deal with the issue of "conflicts", since conflicting interests clash more frequently as internal and external demands for change continue to accelerate. These must be understood and resolved constructively in order to keep the company viable. Unresolved conflicts between employees, differing opinions on how to proceed, or simply weighing paradoxical requirements multiply the need for conflict (resolution) skills.

— by Dr. Stefan Pilz

Are companies well prepared for this challenge, in the same way that hospitals, for example, are prepared for the outbreak of infectious diseases with their hygiene rules? If I ask this question on site, I usually get a shrug of the shoulders or a shake of the head, as if a whole field of skills needed for this were lying fallow here – a "wasteland of conflicts". What exactly is wasteland? What is it used for, what are its opportunities? The German Wikipedia states as follows: "A wasteland [...] is a piece of land (field or meadow) unused for economic, regenerative or other reasons." And, "Specifically, a distinction is made between cultivated wasteland (functional fallow for agricultural reasons) and wasteland uncultivated for other reasons on the one hand, and uncultivated wasteland or unproductive land on the other." Used intentionally, wasteland serves to allow soils to regenerate, such as in a three-year cycle (winter grain – summer grain – wasteland) or in a seven-year cycle as in the Old Testament, where fields were to lie fallow in the seventh year, the Sabbatical year.

But what could these above-mentioned "other reasons" be for letting a potentially very productive area, such as conflicts represent, lie fallow? With the "wasteland conflicts" I would like to assume that this fallow land does not lie fallow intentionally in the hope for better times and yields, but is not recognized as such at all!

And what is actually lying fallow? A closer look reveals three aspects that are not sufficiently developed in companies – especially compared to other topics in the core business, which are dealt with, observed and mastered in detail:

> There is a lack of elementary knowledge on the topic of conflicts: there is a lot of literature and there is a lot of practical, applicable knowledge on how to resolve, escalate and de-escalate conflicts. However, this knowledge is often not evenly distributed or widely trained on a regular basis.
> There is a lack of a common understanding of how to resolve conflicts: however, without a common, sound knowledge base, the tools for dealing with conflicts in a meaningful way are lacking, and it is difficult to agree on a course of action, a common set of rules.
> And finally, there is a lack of a shared culture of learning and reflection on how to deal with conflicts. Quality managers in particular know: Organizations learn best when they jointly establish reflection loops on the issues that are elementary to the organization's survival. In doing so, they learn to continually improve the necessary competencies and processes.

This is not to say that many conflicts in companies are not resolved day after day, continue to worsen, cool down again, or resolve themselves. But quite a few companies – according to my hypothesis – merely rely on the quite different individual skills of their employees. In escalated situations, in special cases, one has a trained internal mediator on site or asks an external professional. But basically, in this "wasteland of conflicts," to put it bluntly, chance rules.

The Fertilizer for Wasteland:
More Knowledge, More Understanding, More Possibilities for Action
But what can be done to make this fallow land blossom? First, it is important to make basic fundamental knowledge about conflict widely available and to train it.

According to the findings of the famous "Harvard Negotiation Project," which summarized important experiences from the major global political conflicts before the turn of the millennium, conflict conversations proceed on three levels (cf. Stone, Patton and Heen: Difficult Conversations):

> In the "what-happened" conversation, the dispute often revolves around the question of who is right. It is also often about the motives that are imputed to the actions and the question of who is to blame for an event that is experienced as unfortunate.
> The "feelings talk" expresses what feelings the conflict triggers in the respective parties.
> And depending on the intensity of the conflict, the "identity conversation" is about what is really at stake for the individual.

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Dr. Stefan Pilz is convinced that on the wasteland conflicts great opportunities can flourish – with the right fertilizer.

At all three levels, it is easy to escalate conflicts, and this usually happens unknowingly. These escalations increase resistance in the other person. They make it more difficult to understand each other and thus to find a solution.

On the factual level, a dispute about who is right often prevents the real context from being recognized. The above-mentioned conflict specialists Stone, Patton and Heen offer the simple recommendation: "Don't argue about who is right: explore each other's stories." In the same way, it is easy to add fuel to the fire by imputing bad motives ("because you want to annoy me") to the other person in addition to the actual facts (e.g., "you didn't do the dishes") without really knowing the other person's motives. Here it is important to separate effect from intention. Finally, it is important to refrain from assigning blame, which hardens the conflict situation, and instead to find out what contribution both parties made to the conflict in order to prevent future conflicts. >

»showing emotions without being emotional«

As far as the emotional level of conflicts is concerned, the cliché that the conflict should be resolved objectively is widely accepted. But there is no important conflict in which feelings do not play a role. Trying to resolve conflicts without the emotions involved is like listening to an opera where you hear the story, but without the music, as Stone, Patton and Heen vividly describe it. The crucial thing is rather to first become clear about one's own feelings, which is sometimes quite difficult, and then to express them appropriately. Quite a few arguments escalate after emotional outbursts, people throw things at each other that they would have been better off not saying, and the conflict is still not resolved. It can flare up again or even freeze because of these bad experiences or smolder unresolved at a lower level. The recommendation here is: "showing emotions without being emotional," again initially with the goal of better shared understanding.

At the level of the identity conversation, very different, personally shaped triggers can modify the course of the conflict – triggers that activate experiences, self-images or value concepts from one's own history that are particularly important for the individual. It is about questions such as: Am I competent? Am I a good person, a good father, a good boss? What am I embarrassed about? What issues do I blow up about? If you know these triggers, you are not always safe from them, but you are more attentive to them and can better arm yourself against them over time. Here – as any psychiatrist will confirm – a certain amount of self-awareness helps you to be better able to cope in conflict situations.

Another important cornerstone of basic knowledge is that conflicts escalate in certain ways. Austrian conflict researcher Friedrich Glasl describes nine stages of escalation and explains important tipping points, such as when conflicts become public, shame and loss of face as well as questions of guilt come to the fore and complicate the situation. Other essential elements are an increase in the number of points of contention with a simultaneous simplification of the presentation and an expansion of the arena to include uninvolved parties with a simultaneous increase in the personification of the factual content. If you look at the American election campaign, you get visual material on this almost daily. Glasl also describes at which stage of the conflict one can cope with which on-board means and when one should call in neutral persons for clarification.

In the area of "personal" basic knowledge, it is helpful to recognize whether one's basic disposition is more conflict-avoiding or conflict-seeking, and also in which situations one tends to react in one way or another (e.g. differently in the professional sphere than in private life). Both categories have their strengths and weaknesses, and are not good or bad in themselves, but they do provide important orientation at the very beginning of conflict resolution. For example, two conflict-avoiders deal with conflicts differently, possibly not bringing them up at all for fear of being hurt. Two conflict seekers, on the other hand, do address the conflict, but may smash porcelain in the process because the long-term relationship aspects are less important to them.

Go to Extremes: Listen, Be Curious, and Learn Together!

Don't panic. Difficult conversations are inevitable, but you can learn to have them constructively. Listening, curiosity, and learning are elemental to this. "First understand, then be understood" is the motto of the aforementioned Harvard concept, which is about not haggling hard or soft over one's positions, but negotiating according to principles that help both parties find a constructive solution.

According to communications expert Julia Dhar, constructive conversations, in which at least one side chooses to be inquisitive rather than engage in combat, are not about winning, but about making progress together. Conflict as a fight, on the other hand, divides the parties both in terms of content and on the relationship level. It is important for them to better understand the content, as in a learning conversation, and to jointly advance solutions by challenging and criticizing the respective arguments – just as one climbs a climbing wall through trial and error. In this context, it helps if the parties are very far apart in terms of content and personally, to agree on a common, overriding goal that both can live with. For example: What should our neighborhood look like in one or ten years?

Particularly in the case of important conflicts, it is important to be prepared, to put yourself in the other person's shoes, to sort out your own contents and feelings, and to consider a suitable time and place for clarification. And especially in companies, it is important to establish formats in which conflicts can be evaluated afterwards with questions such as: What can we learn from this conflict? Who played what part? What can we do better next time? Like in the continuous improvement process of quality management.

Imparting Knowledge, Changing Attitudes, Practicing Together and Reflecting

Conflicts have a bad reputation. Nevertheless, dealing with them in a well-versed way offers considerable opportunities. A whole range of easy-to-apply behaviors and attitudes help to navigate this supposed minefield. And over time, one learns to appreciate the value of different views more and more. It is precisely this diversity between people that is the valuable humus for better solutions. Systematically increase the conflict skills in your company. In the long term, this is far more valuable than leaving one of the most important areas of success lying in waste or to chance.

The Expert

Dr. Stefan Pilz is a doctor and since 1998 has been head of the organizational development and quality management of a large psychiatric clinic. Since 2003 he has also been active as a freelancer in the areas of management consulting, team and organizational development. He combines concepts from medicine, psychiatry, psychotherapy, sociology, mindfulness practice, project, change and conflict management.

www.dr-stefan-pilz.de

RETHINKING PROCESSES

"Processes Are Boring, Burdensome, and Obstructive!"

These are often the statements made by employees when asked about processes. And so it is hardly surprising that process managers are not satisfied with the acceptance of processes by employees. In a survey of over 100 process managers, 87% said that acceptance in the company could be better, and a full 13% were not satisfied at all with the acceptance of processes in the company. But what could be the reason for this?

— by Mirko Kloppenburg

The Expert

Mirko Kloppenburg is founder of NewProcess-Lab.com and helps companies to excite people for processes. To this end, he combines his many years of process management experience from Lufthansa Group with "new work" ideas into the "new process" approach, to rethink processes. He is also host of the "new process" podcast, in which he shares innovative process approaches.

www.NewProcessLab.com

Some reasons for this dissatisfaction are the complexity of processes, lack of flexibility, inefficiencies and lack of process training. Other causes include lack of employee involvement in process development, lack of transparency in how process changes occur, or constricting controls due to lack of trust in employees.

"New Work" + Process Management = "New Process"
Now the challenge is to get people excited about processes, and the "new process" approach, which combines aspects of "new work" with the proven methods of process management, serves this purpose. The approach focuses on the people in the process and emphasizes aspects such as purpose, trust and transparency. It is about designing processes with and for people.

At the core are eight so-called "new process" principles: It's about inspiring people, trusting them, involving and encouraging them, valuing their needs

Eight "New Process" Principles:

- Inspire people for excellent processes
- Trust the people working in and on the process
- Involve the people working in the process into the work on the process
- Faster the development of the people in the process
- Design cooperation in and on the process to meet people's needs
- Encourage diversity and inclusion through processes
- Disrupt established processes
- Give meaning to the process

and special characteristics, breaking ingrained patterns, and giving processes meaning.

Why Is the "WHY" so Important?

The answer to the question of meaning, "What is this process actually for?" can have an incredibly motivating effect on all those involved and point the way forward for the further development and execution of a process.

For this reason, every process owner should start with precisely this question and develop the answer together with the people working in and on his process and record it as a process purpose. The "new process life cycle" describes how this can work – a blueprint for a process of process management that puts people at the center.

The development of the process strategy can then begin on the basis of the Process Purpose. Of course, this also involves the participation of the employees. The strategy should be based on both the purpose and the corporate strategy. The appropriate design for the process can then be developed.

Creative work can be done here, and innovations and benchmarking may be used.

Process design is followed by modeling the process in intuitive process management software. It is important to present the process as simply as possible so that all employees can easily understand the process. Business Process Model and Notation 2.0 in its full beauty is certainly not the best choice here. A simpler template with swim lanes, roles, activities and decisions is preferable.

Once the design is in place and the process modeled, the next step is to empower and excite employees about the new process.

This can be done, for example, with gamification approaches, where the process is played in an entertaining way. To get people excited about processes, you can therefore play the pizza game "Luigi's Process Experience", in which pizza is baked by the players with scissors, pencil and paper on the basis of a process model, allowing them to experience the benefits of processes for themselves. The "new process life cycle" ends with managing the process and improving process execution.

This is about optimizing the process at the local level and then integrating the good ideas of local employees into the global design and allowing other sites to participate.

To create transparency about all these activities and get employees excited and involved, it is also worth considering new formats such as your own podcast or even your own videos/short clips. This allows you to provide insights into the process, introduce the people involved and build trust.

Think this approach further and use the tools and methods you know today from influencers on social media, for example. Use live sessions or even real events to develop the process community.

It's time to rethink your own process model and management. Are you already putting people at the center? Become a process influencer and get people excited about your process.

Product Highlights:

For an Effective QMS

Software solutions from Babtec reliably help to ensure product and process quality – this has been our core competence for almost 30 years. Since then, not only have the requirements from standards as well as from demanding customers changed; the software that effectively supports our users in making the quality management system effective is also constantly evolving. Thus, the Babtec software is growing this year – with modules for checklists and requirements management.

— by Marc Osenberg

End-to-End Digitalization of Checklists

In your company, too, there are bound to be use cases where checklists can provide effective support – whether for commissioning, process sequences, assembly instructions, shift handovers or approval inspections. In the browser-based BabtecQ Go, you can easily digitalize, share and use all your checklists and thus standardize your processes: the intuitive modular system offers the greatest freedom in the individual structure of checklists and also helps to map new use cases quickly and easily.
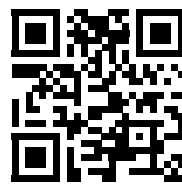
Reliable Provision of Checklists

BabtecQ Go ensures that only valid and approved versions of your checklists are available throughout the company. Users can quickly find their checklists without cumbersome searching, enter the data at any time on their smartphone or tablet thanks to the optimized interface, and even make suggestions for improvements.

Transparent step-by-step instructions reduce complexity and ensure better comprehensibility as well as high process security. Automatically generated digital result reports increase transparency and flow into your continuous improvement process (CIP).

Focus on Quality

Despite the countless use cases for checklists, the quality reference is the top priority in our software: In the event of deviations, you trigger immediate and corrective actions or photo documentation directly. If necessary, you can delegate them and solve problems collaboratively with the responsible colleagues.

The "Checklists" module is the logical extension of our modules for process management and document control. It not only makes it possible to reliably communicate specifications from the process or management level to all employees, but also guides them step by step through the processes. In addition to the modules mentioned above – and another highlight that awaits you with Release 7.9 (more on this in a moment) – checklists offer the possibility of efficiently expanding your Integrated Management System.

> to the product
page "Checklists"

If you are now asking yourself somewhat skeptically how this is actually supposed to work: Let's assume that a new standard or law relevant to you appears. Then you identifiy relevant requirements, interpret their meaning for your business processes and check to what extent the requirement is already fulfilled. If necessary, you make decisions and initiate measures to take the requirement into account in the future. You record all these considerations and decisions in a comprehensible manner.
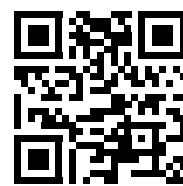
The software brings all requirements together in one central location, giving you a transparent overview of all requirements, with priority, implementation status and degree of fulfillment. This makes time-consuming research a thing of the past.

Since hardly anyone is able to evaluate all requirements alone, you can form a team of competent colleagues in BabtecQ Go and exchange ideas, identified problems or even opportunities. If important deadlines need to be met, you can generate tasks in no time.

Transparency and Clear Processes

The integration of Babtec modules also offers enormous advantages here: requirements are simply linked to the processes stored in the "Process Management" module and those responsible for the process are informed. Whether the requirement can be met or why this is perhaps not possible to the full extent and what you have agreed with the customer, if applicable – you document all this together in a comprehensible manner.

Rules and instructions that have been developed are recorded in the relevant process descriptions or in applicable documents for individual activities. In this way, you have created the prerequisite that all those involved in the process know and comply with the necessary rules and procedures. This is because all process descriptions, specification documents and instructions in the form of checklists are easily accessible and applicable for everyone in BabtecQ Go.

Requirements Management in BabtecQ Go

Today, companies have to take into account more and more requirements from interested parties (such as customers or legislators) – for example, for quality, environmental or occupational health and safety management, IT security or product liability. This means that more and more requirements have to be examined and evaluated with regard to their relevance and feasibility. Specifications and rules are needed that are anchored in the business processes and internalized by everyone involved. After all, expectations and requirements that are not (sufficiently) fulfilled or are not even known in the first place represent a considerable risk for the company.

Using Software to Keep an Eye on All Requirements

Addressing requirements in good time, creating clarity about the scope and implementation in the company, and establishing the necessary rules are therefore elementary components of preventive risk management. With our new module – an initial version is already appearing with Release 7.9 – we would like to support you in organizing the handling of requirements better and more transparently, and to make the work of all those involved easier.

QUALITY AS A MAGNET FOR ENTREPRE- NEURIAL SUCCESS

Whether it's a commercial vehicle or a respirator, a rolling mill or an escalator – many modern devices would be virtually inconceivable without electromagnets. Their strength, versatility, controllability and efficiency ensure that they are used in a wide range of industries. Magnetbau Schramme has been successful on the market for more than 45 years, producing not only electromagnets but also valves, sensors and actuators.

— by Benedikt Hülsken and
   Dr. Joachim Hümmler

F"For everyone in the company, the central task is to develop innovative products and manufacture them with high product quality," emphasizes Managing Director Dr. Joachim Hümmler. "Because quality concerns everyone." This can only be achieved in the long term if quality is not equated exclusively with product quality. The integrated BabtecQ QM software, which has been in use since 2021, is a building block in this endeavor. In 2022, the more than 160 employees at the company's headquarters in Deggenhausertal (Baden-Württemberg, Germany) and at the Yangzhou site in China produced around 1.3 million parts, most of them customer-specific. The service portfolio includes the development and validation of parts in small and large series as well as their entire production and assembly. To this end, the company operates, among other things, its own CNC turning shop, an injection molding shop and can weld almost fully automatically thanks to robot technology.

As a reliable partner to automotive suppliers certified to ISO 9001 and IATF 16949, Schramme generates around 30 percent of its sales in the automotive industry, with a quarter coming from the hydraulics/pneumatics sector. The customer base also includes companies from the fields of mechanical engineering, safety technology, agricultural technology and medical technology – to name just a few. From coffee machines to submarines, a wide variety of end products use Magnetbau Schramme products.

Why QM Software?

With volatility in the markets, overlapping crises, the emergence of new competitors and labor shortages, the challenges for Magnetbau Schramme have not diminished. Successful in the market for many decades, the company wants to continue to expand its position in the future.

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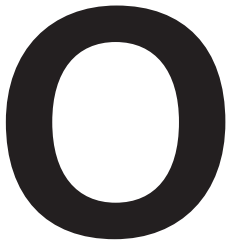
O On the basis of a corporate strategy developed by the management team and supported by the shareholders, Schramme is therefore setting itself up for a stable, long-term future. As challenging as the market is, as diverse is the field of action for QM software: On the one hand, it is about ensuring defect-free products or low-defect production. It is well known that the development and manufacture of products are characterized by numerous requirements, including standards such as those of the IATF (International Automotive Task Force) as well as specific customer requirements. Consequently, our own products and their manufacture are subject to the same high quality standards as those of our suppliers. In view of the size of orders and the number of units produced, the effort required to meet these requirements is considerable in a medium-sized company such as Magnetbau Schramme. This challenge can be met with the help of a software-supported PDCA (Plan, Do, Check, Act) across the entire development and production process.

On the other hand, the quality of products and the manufacturing process only addresses one aspect of the overall quality of a company: In the past, the concept of quality was often limited to products and manufacturing processes and then delegated as a specialist task to a few people. If problems then arise in day-to-day business, quality management is called upon in the role of a "fireman" to quickly extinguish trouble spots, which in the end has become the main task for many quality managers.

Modern Understanding of Quality

A modern understanding of quality goes far beyond the quality of products and manufacturing processes. Based on all demands on a company, it encompasses the requirements of all stakeholders and addresses the totality of processes and participants. It arises from the participation of all persons in the company and includes corporate responsibility. Since it already encompasses all the requirements placed on the organization, it leads to a living Integrated Management System.

Building on this understanding of quality, modern quality management picks up employees, involves them and conveys a sense of purpose, since everyone involved is aware of their contribution to the company. The introduction of integrated QM software must also be considered from this perspective. The focus is on using the potential of an integrated and comprehensive software to align with a modern understanding of quality.

However, it will only be truly effective if both the entire workforce and the customers support the project in the form of lived processes. Here, the effectiveness of the QM software used plays a special role. Good reasons, therefore, for a new approach to quality management software. Consequently, Magnetbau Schramme placed the introduction of QM software under the premise of a modern understanding of quality, as Managing Director Dr. Joachim Hümmler makes clear: "In order to position ourselves as a compa-

ny capable of long-term competition and growth, we want and need to further develop our quality management. Away from reaction, from the firefighter reacting to problems, and towards holistically oriented action that includes the long-term development of the entire organization."

Thinking in CIP Cycles

With this in mind, Magnetbau Schramme set expectations for the software and the software partner to be selected. One of the main arguments in favor of Babtec was that the universal standard software combines all the methods and techniques

Winding of Coils for Electromagnets
Magnetbau Schramme GmbH & Co. KG
Babtec customer since 2021
⌄

of modern quality management. These are not limited exclusively to the "red thread" in production with FMEA, control plans, production control plans, complaints management, task and action management, but are supplemented by management-oriented modules such as "Qualification & Training Management" or "Process Management". In the sense of a holistic CIP (continuous improvement process), for example, the introduction of a qualification and training management helped the company to think in terms of structures as well as loops in order to specify requirements for positions and thus also for current or future employees and to adapt these on an ongoing basis.

This creates a systematic approach for the entire company in which it is transparently evident which qualification measures are necessary and what progress has already been made. It also helps in the targeted search for suitable personnel. Described processes are not only helpful but necessary for successful onboarding. During offboarding, it also quickly becomes apparent what loss of expertise occurs when people leave and how they can be effectively replaced.

This is in line with management's expectations in this regard: Babtec's software should provide greater guidance to all employees, their qualifications should be stored in the software, and the need for training or new hires should be transparent at all times. Training courses can be planned in good time and successful participation can be documented. Employees are always proactively informed and actively involved in corporate activities – a significant building block for employee satisfaction and motivation, and thus also for the company's success.

In the past, knowledge was held in the heads of a few. However, it is in the interest of the company to transfer the know-how of the employees into stable, lived, transparent and documented processes. The fact that this is also a normative requirement is only a secondary aspect. Much more decisive for Magnetbau Schramme is the documentation and transparency of all processes. This also includes, for example, the cooperation between the management and the various shareholders in matters of strategy development and budgeting. The combination of the "Document Control" and "Process Management" modules in the Babtec software is of particular importance here, as it helps to analyze the entirety of the company's internal processes for possible interfaces and potential disruptions. The goal is to continuously improve the entire process management with the help of BabtecQ – just in the sense of a CIP.

Fewer Media Discontinuities and Software Islands

A particular challenge in the project was the transfer of an enormous number of documents while maintaining their validity. Thanks to the "Document Control" module within the Babtec software, more than 2,000 documents were digitally mapped in the new environment in a short time. These are now supplemented by more than 50 documented processes that are available to all employees via the "Process Management" module.

»away from reaction and towards holistic oriented action«

To enable each and every individual to contribute to quality in the company, the browser-based BabtecQ Go interface enables company-wide access to all stored documents and processes. Even without a separate installation, employees can access information and resources such as processes or documents via their browser – whether on a PC, smartphone or tablet. The interlinked software modules help to reduce media disruptions between different systems and avoid software islands.

With Babtec, Schramme has a partner who, through software maintenance, reacts promptly to (especially normative) changes in order to incorporate them into the standard software. This is because the standard scope of services is of particular importance to Magnetbau Schramme: Instead of stubbornly following existing procedures, the company's own working methods or processes are to be adapted to Babtec's standard software if necessary, thus achieving an introduction close to the standard. In this way, the company benefits from the knowledge and experience of the more than 1,200 industrial companies already working successfully with Babtec software, and makes itself "fit" for the planned growth.

Professional Project Planning

In addition to the functions of the software itself, cooperation with the software partner in project management is also an important building block for success. Without a project plan that can be adjusted as needed, there is a risk of a rather uncoordinated approach: Meetings then proceed without a concrete plan, information is sometimes only passed on verbally and not documented, and everyone involved only does what they think is right at the moment. In this case, the company benefits at most from individual actions and not from active processes.

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A positive example, on the other hand, is the introduction of BabtecQ's "APQP" module at Magnetbau Schramme. The background to this project is that changes or disruptions in the automotive sector often require the implementation of a separate project. A professional APQP that is transparent for all involved is indispensable for this. Those responsible at Magnetbau Schramme therefore decided that it was essential to activate the corresponding module in the Babtec software. Babtec responded to this short-term need, for example, by providing training via video conference. This was followed by a test phase with three complete APQPs, the results of which were then used to derive the planned procedure for APQP projects and presented to those involved in the company – including management and all department heads – and their feedback was taken into account for the further development of the process. This procedure enabled the entire company to become familiar with the APQP methodology in a short period of time and to introduce it close to the Babtec software standard.

As a result, both sides were able to gain experience and prepare and implement the introduction of the APQP software within the Magnetbau Schramme company. In this respect, the project is also a blueprint for successful cooperation between Magnetbau Schramme and Babtec, which brings benefits for both companies.

Vision: The Smart Factory

The goal is to network the relevant software systems with the Babtec software within the next three to five years in order to enable an overall open system for the process-oriented consistency of data – and thus for the pilot project "The Smart Factory". After all, the availability and quality of data are the prerequisites for successful digitalization of processes, production and quality management, and bring the vision of a smart factory one step closer. In addition to digital consistency, however, all affected employees must also be picked up, trained and involved. Magnetbau Schramme would like to see two things in particular from Babtec: First, to be even better informed about the content of future product developments and to be picked up. Secondly, to further enhance the support for Babtec users during the introduction, operation and improvement of the software, with the aim of being able to make better use of the standard scope of the software in their own company, but also to be able to participate effectively in the further development of the software.

BloQ
Blog for Quality
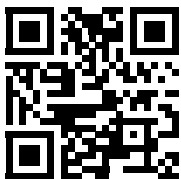
In our BloQ you can learn more about how Magnetbau Schramme modernized its quality management on the basis of a modern understanding of quality and how the successful introduction of QM software can succeed.

www.babt.ec/23-28-en

The Author

Benedikt Hülsken has been working for Magnetbau Schramme since the end of 2022. As Director Quality, he is responsible for the company's entire quality management. In addition to process management, risk management and advance quality planning, this also includes the digital connection of workstations and complaints management from suppliers and customers. In the operational area, his responsibilities include in particular inspections such as incoming goods inspection, production inspection and outgoing goods inspection.

The Company

Magnetbau Schramme GmbH & Co. KG was founded in 1977 as a department of a Markdorf-based company. Since 1988, the company has been operating under the name Magnetbau Schramme. At locations in Germany (Deggenhausertal) and China (Yangzhou), more than 160 employees develop and produce electromagnets, valves, sensors and customer-specific actuators. Schramme has a leading competence in the field of proportional technology for hydraulic and pneumatic valves.

www.magnetbau-schramme.de

NEWS

Liebherr-Hausgeräte GmbH Relies on Babtec Software
In this year's issue we can present another interesting new customer: Since the beginning of the year, Liebherr-Hausgeräte GmbH, based in Ochsenhausen, has been using our software, which was able to convince with its consistency as well as its high degree of integration capability into existing Liebherr systems and processes. As part of this project, the Lienz and Marica sites will also be equipped with our solutions. Liebherr-Hausgeräte GmbH is one of eleven divisional parent companies of the Liebherr Group. The Liebherr Group is a family-run technology company founded in Germany in 1949. With a wide range of sophisticated solutions, the group convinces worldwide and contributes to technological progress

Q.Event: Now also in Munich!
At the annual Q.Events, we bring the topics from our Q.Magazine to the stage. Interesting articles by our guest authors and brand-new product highlights provide our guests with valuable impulses for their everyday quality work – and beyond. In addition to our fixed locations in Essen (Zeche Zollverein) and Donaueschingen (Öschberghof), we are now bringing our popular format to Munich. In line with our office, which was founded not so long ago, we are thus bringing even more concentrated industry knowledge directly to our customers and interested parties in the Munich area.

The Future Is Digital
It's no secret that the last few years have brought lasting change to our working world. Nor is it a secret that this has opened up major opportunities in digitalization. At Babtec, we have consistently expanded our video production and, above all, with the digital Q.Fokus live streams, we offer the optimal – and ultimately the most convenient – way to find out about all the latest product highlights, specific modules of our software or exciting Q topics. Sounds interesting? In our event calendar you will always find the latest dates...
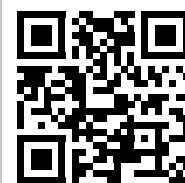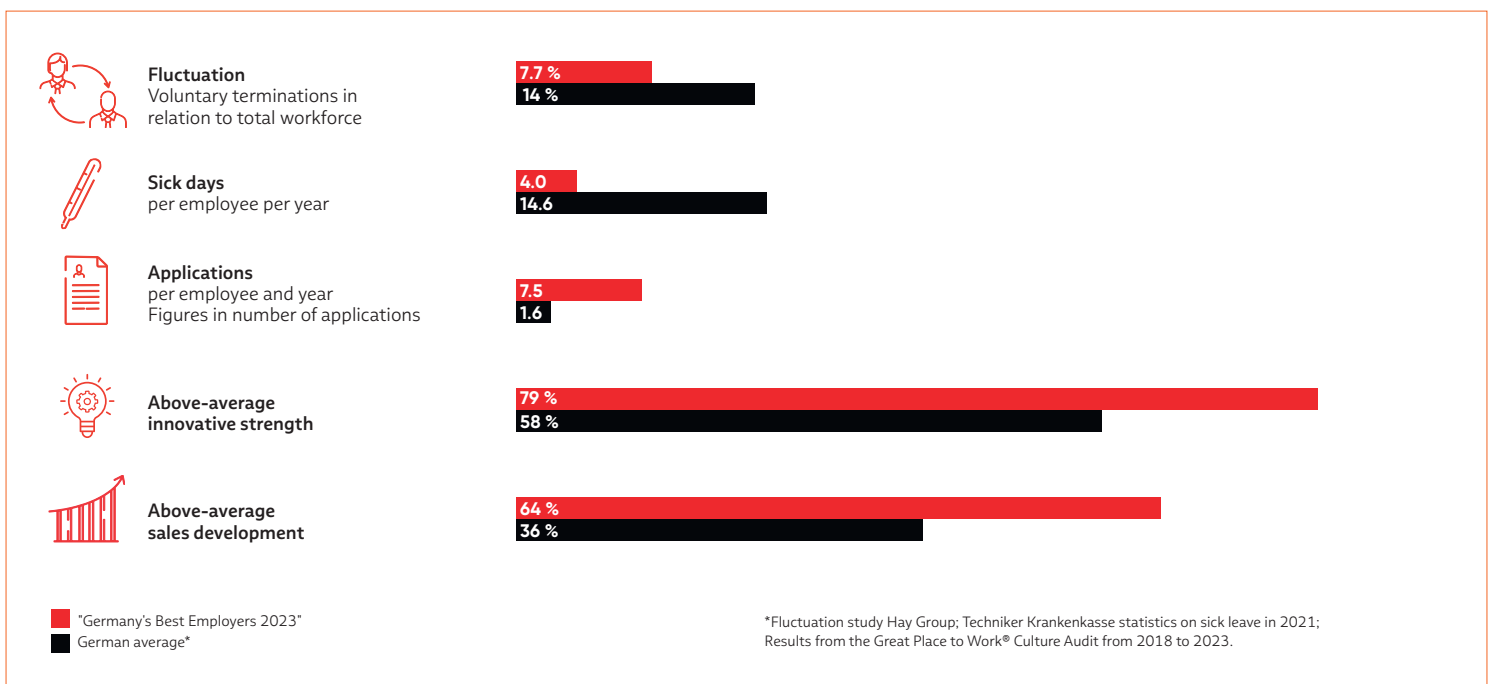
> to the event calendar

The Power of Effective Leadership: Success Factors for Strong Companies

Low turnover rates, innovative and on the rise economically – companies that invest in their culture are often measurably more successful than the national average. This has been proven by the Great Place to Work® research and consulting institute. The culture of companies also has a significant influence on product and process quality, as you could read in last year's Babtec Insight article. But who is responsible for the mammoth topic of "corporate culture"? The answer is actually quite simple – and yet perhaps surprising.

— by Dagmar Henkel

Corporate culture is measurable:
the economic benefit

⌄

	"Germany's Best Employers 2023"	German average*
Fluctuation — Voluntary terminations in relation to total workforce	7.7 %	14 %
Sick days — per employee per year	4.0	14.6
Applications — per employee and year. Figures in number of applications	7.5	1.6
Above-average innovative strength	79 %	58 %
Above-average sales development	64 %	36 %

🟥 "Germany's Best Employers 2023"
⬛ German average*

*Fluctuation study Hay Group; Techniker Krankenkasse statistics on sick leave in 2021; Results from the Great Place to Work® Culture Audit from 2018 to 2023.

Source: Great Place to Work Germany "The Report: Germany's Best Employers 2023"

Corporate Culture Is a Management Matter

Each individual team member is responsible for the corporate culture! Such an answer might be expected at this point. But here I disagree and say: first and foremost, culture is created at the management level of a company! This is the potentially surprising part of the answer. Of course, a culture must live and be lived throughout the company; that's what makes it possible in the first place. But the responsibility for it lies squarely with the executives.

Ideally, management defines fundamental values in a mission statement as a course for the culture. From this mission statement, managers then develop their leadership principles – either individually and perhaps even unconsciously or systematically and consciously. With their leadership principles as a compass, they are primarily responsible for staying the course set.

The decisive factor here is the direct reference to the values laid down in the mission statement. All managers must ensure that the respective team cultures are a scaled-down reflection of the corporate culture so that all teams can work together holistically. Of course, this always succeeds particularly smoothly when a leader's personal values are in harmony with the shared corporate values.

Effective Leadership Is Credible Leadership

If this fit between individual and shared values is largely in place, an important prerequisite for credible leadership has been created. And this is a factor that should not be underestimated. The credibility of a company is now very important, both in terms of internal and external perception. Linked to this, leadership must be credible and authentic internally in order to be accepted.

The example of the value "quality" is a good illustration of credible leadership. ISO 9001 requires that a company's quality policy be formulated in writing at the normative level. From this clear definition of how the company understands quality, a manager can derive his or her actions in order to live up to this value. If, for example, it is stipulated that the company is committed to consistently high quality, and the manager regularly allocates too little time to completing quality-related tasks, this creates a contradiction in quality work. The leadership is not credible because it does not do justice to the company's "quality" value.

In order to lead credibly, managers must authentically represent the company's values in their day-to-day work, but also consistently protect the culture that is lived on the basis of the values. This becomes particularly relevant when individual team members do not behave in a manner consistent with the corporate culture. In this case, it is crucial for the manager to understand the employees and address them appropriately, but also to fulfill his or her duty to protect all others in the team. Finding solutions for behavior that is detrimental to the culture and, if necessary, drawing consequences is an explicit management task.

Leadership@Babtec

At Babtec, too, we are currently in the middle of a large-scale workshop series in which all managers are taking part. One focus of this program, which will run for a year and a half, is the derivation of leadership principles from the mission statement by the managers themselves.

I am delighted at how openly and positively all the executives are pursuing this path. The joy and motivation to help shape this truly elementary part of the company's history is visibly great. For me personally, this program is the highlight of my work at Babtec so far. I think it's great that Babtec is willing to make this financial and time investment. And that we all share the conviction that effective leadership is the core element for a good corporate culture, high quality and thus a successful company.

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Blog for Quality
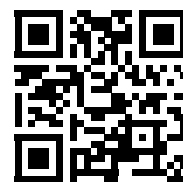
Dagmar Henkel talks about the influence of corporate culture on quality and Babtec's way to promote corporate culture.

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