OPERATIONS IN PRACTICE

Holcim works with the 'triple bottom line'[4]

Holcim is a global company, based in Switzerland, and employs around 80,000 people, with production sites in around 70 countries. It is one of the world's leading manufacturers and distributors of cement and aggregates (for example, crushed stone, gravel and sand). It also supplies ready-mix concrete and asphalt as well as offering consulting, research, trading, engineering and other services. But, along with other companies in this sector, Holcim faces some considerable challenges in pursuing its sustainability objectives. After all, cement manufacture is an activity that has a significant impact on almost every aspect of sustainability and social responsibility. Concrete is the second most used resource in the world after water. As the chief ingredient in concrete, cement is therefore a key requirement of modern society, but its manufacture is a resource- and energy-intensive process. This possibly explains why Holcim put so much effort into its sustainable development strategies. It aspires, it says, '*to be the world's most respected and attractive company in our industry, creating value for all our stakeholders, by placing sustainable development at the core of our business strategy aims to enhance this value, safeguards our reputation and contributes to continued success*'. Holcim's strategy and its approach to value creation attempts to integrate economic, environmental and social impacts using the 'triple bottom line' approach.

Source: Getty Images: Bloomberg / Philipp Schmidli

To achieve its triple bottom line business goals, Holcim has established a set of group-wide performance targets. But, before targets are met, the company aims to understand its current performance. Holcim does this

OPERATIONS IN PRACTICE

Quality at Quality Street[6]

It has been a point of some debate for generations of children (and some adults): *'what is your favourite amongst the Quality Street assortment of chocolates?'* The world-famous brand of assorted chocolates is made in the same area of the UK where John Mackintosh first made this new type of sweet by mixing hard and soft caramel in 1890. But it was John Mackintosh's son who conceived and developed Quality Street in 1936. His idea (novel at the time) was to wrap each individual sweet separately and package them in a tin to preserve their quality. And Nestlé, which has owned the brand since 1988, has maintained this emphasis on quality. In fact, like all Nestlé products, Quality Street is made under the strict quality standards enshrined in the company's quality policy that outlines its commitment to *'build trust by offering products and services that match consumer expectation and preference'*. In other words, Nestlé understands that quality has a profound effect on how its products are viewed by consumers. As a food company (the largest in the world), it is also aware of its responsibility to comply with all food safety and regulatory requirements. *'I don't think most people are aware of the amount of work that goes into ensuring that the food they eat is safe'*, says John O'Brien, Head of the Food Safety and Integrity Research Programme at the Nestlé Research Center in Lausanne, Switzerland. *'It's only when something goes wrong that they sit up and take notice. Consumers rightly expect that the product they buy is safe to eat and contains what it says on the label'*, he said. *'But they also expect fewer preservatives on that label.'* At Quality Street the sweets are free from artificial colours, flavourings and preservatives, and since 2009, the packaging has been completely recyclable. The coloured wrappers are biodegradable and can be composted with garden waste, while the foil wrappers and the tin container can be recycled in the same way as cans. Yet while consumer perception and particularly safety is of paramount concern at Quality Street, high-quality operations also have an impact on costs. One of Nestlé's quality policy is to *'gain a zero-defect, no-waste attitude by everyone in our company'*. Their 'Quality Management System' is used globally to guarantee compliance with quality standards and to create value for consumers. It is audited and verified by independent certification

OPERATIONS IN PRACTICE

In 'The Golden Hour' even two minutes counts[7]

It is often called 'The Golden Hour'. It is the hour immediately following traumatic injury in which medical treatment to prevent irreversible internal damage and optimize the chance of survival is most effective. 'The Golden Hour' was first described by Dr R. Adams Cowley, at the University of Maryland Medical Center in Baltimore, from his personal experiences in Europe following the Second World War, and then in Baltimore in the 1960s, Dr Cowley recognized that the sooner trauma patients reached definitive care – particularly if they arrived within 60 minutes of being injured – the better their chance of survival. So of all the services that have to respond quickly to demand, few have more need of speed than the emergency services. In responding to road accidents especially, every second is critical. Major trauma is the leading cause of death in those under 45 years of age and is also a major cause of debilitating long-term injuries. Making full use of 'The Golden Hour' means speeding up three elements of the total time to treatment: the time it takes for the emergency services to find out the details of the accident, the time it takes them to travel to the scene of the accident, and the time it takes to get the casualty to appropriate treatment. That is why the London Air Ambulance service was delighted when a new tablet app saved their emergency team two minutes in responding to emergencies. Rather than having to take all the details of an emergency before they rushed to their helicopter, very carefully on the weather forecast, and indeed UPS does have meteorologists and other staff who do this. But it also builds in a buffer of extra operational capacity. At UPS headquarters a 'hot status board' on the wall identifies cities and regions where the company has spare pilots and aircraft whose task is to 'rescue volume': that is, the spare resources are used to come to the aid of packages stuck somewhere. UPS says that this 'hot spares program' rescues more than 1 million packages annually and saves the company more than $20 million in revenue.

OPERATIONS IN PRACTICE

Everyday low prices at Aldi[10]

Aldi is an international 'limited assortment' supermarket specializing in 'private label', mainly food products. It has carefully focused its service concept and delivery system to attract customers in a highly competitive market. The company believes that its unique approach to operations management makes it '*virtually impossible for competitors to match our combination of price and quality*'. And it has proved especially successful in meeting the increasingly price-conscious behaviour of customers. How has it done this? By challenging the norms of retail operations. They are deliberately simple, using basic facilities to keep down overheads. Most stores stock only a limited range of goods (typically around 700 compared with 25,000 to 30,000 stocked by conventional supermarket chains). The private label approach means that the products have been produced according to Aldi quality specifications and are only sold in Aldi stores. Without the high costs of brand marketing and advertising, and with Aldi's formidable purchasing power, prices can be 30 per cent below their branded equivalents. Other cost saving practices

Source: Getty Images: Bloomberg / Jason Alden

include open-carton displays which eliminate the need for special shelving, no grocery bags to encourage recycling as well as saving costs, multiple bar codes on packages (to speed up scanning) and using a 'cart rental' system which requires customers to return the cart to the store to get their coin deposit back.

OPERATIONS IN PRACTICE

Can cost cutting go too far?[11]

There is a good reason why most electronic components are made in China. It is cheap. Companies such as Taiwan's Foxconn, which produces many of the world's computer, consumer electronics and communications products for customers such as Apple, Dell, Nokia and Sony, have perfected the art and science of squeezing cost out of their operations processes. But, can cost cutting conflict with respect for people (in a triple bottom line sense, see earlier). Although Foxconn is known for having an obsession with cutting its costs and has moved much of its manufacturing into China and other low-cost areas with plants in South-East Asia, Eastern Europe and Latin America, it has been criticized for pushing its workers too far. In the past there have been a cluster of suicides at its factories, with 18 workers throwing themselves from the tops of the company's buildings (14 people died) and violence between employees. The firm operates a huge industrial park, which it calls Foxconn City in Shenzhen, just across the border from Hong Kong, with 15 multi-storey manufacturing buildings, each devoted to one customer. This

is where the suicides took place. It prompted Foxconn to install safety nets in some of its factories and hire counsellors to help its workers.

However, Boy Lüthje of the Institute of Social Research in Frankfurt says that conditions at the firm are actually not that bad when compared with many