

Excellence and values - the way to EFQM Prize, Zero Defect and enhanced Product Safety System

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Abstract

A multinational company with more than 100 years of history, consisting a numerous European (and overseas) locations decided not only to participate in EFQM Competition but win a Prize of Excellence for the European locations.

The company went through a rapid development in the recent years and beside the organic grow had a several mergers and acquisitions and as an conclusion a colorful mixture of local and company culture, different manufacturing processes and quality approaches brought to light. On top of that the local companies had relative high independence and decentralization in contrast to strong centralized organizations in the headquarters. In this circumstance the biggest challenge was persuading the local management to find their own answers to the inconvenient questions like: if the quality is paying off, how to provide and allocate the resources within the given budget and how to accept the idea of challenging the Prize.

This presentation will address the role of governance to manage the deployment and development of standardized and unified processes based on EFQM model. During the

preparation each location improved the activities related to the principles of target setting, customer focus, management and results. One of the most important elements was the derivation of the KPI's including indicators of governance and management coming out of Strategic Planning process. Each location executed the self-assessment with the consequent loop with action plan for improvement.

The management attention, the successful deployment of target, the involvement of all levels led to markedly improved results ending up with achieving the Special Prize Winner of EFQM European Quality Award.

The next identified big challenge was to elaborate the way to maintain the continuous improvement of Company's quality performance.

Inside the Truck Excellence model Quality First – Zero Defect Strategy was established. The main elements of strategy are the Management consequence focus, People awareness of Zero defect and product safety, design robustness and reliability management, customer satisfaction, zero defect production and supplier quality. The status is shown in Quality First Maturity model.

The future bears utmost importance on incorporating quality thinking and awareness into genres of the company. Inheriting from 100 years of history and success of last decades made possible to define the Corporate Values related to quality such as reliability and responsibility, technical excellence and enterprenorship. The ultimate target is to achieve the zero defects and substantial enhance the product safety system.

**Excellence and Values –
Way to EFQM Prize and Zero Defect**

Willfried Heist

Vice President
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26.10.2015



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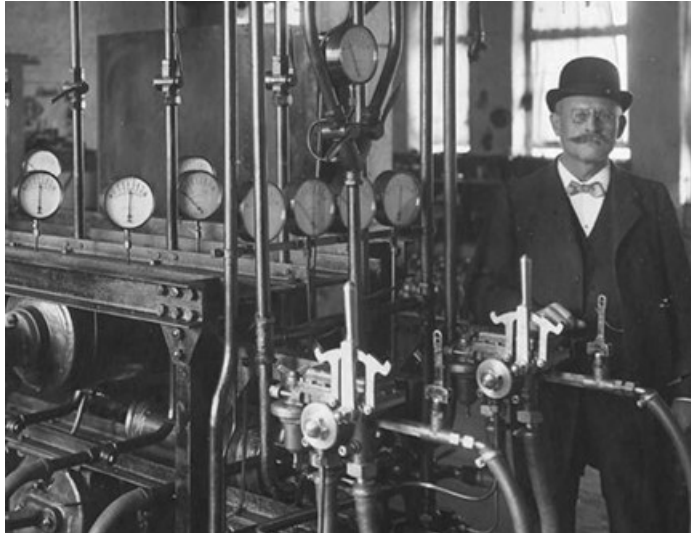
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KNORR-BREMSE SYSTEME FÜR NUTZFAHRZEUGE GMBH

110 years of experience with braking technology



Founding and initial development 1905-1945

- Knorr-Bremse GmbH first set up in 1905 in Berlin by Georg Knorr
- Development of compressed air brake for freight trains enables Knorr-Bremse to become the biggest manufacturer of rail vehicle brakes in Europe
- First Knorr air brake for trucks is patented

Post-war period and reconstruction 1945-1985

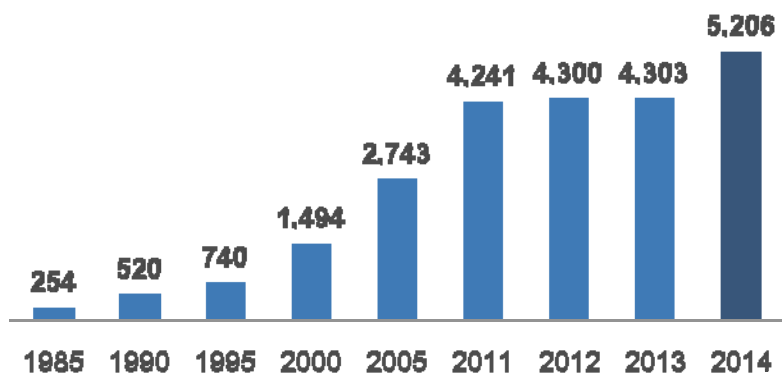
- Confiscation of Berlin plant at end of Second World War
- Munich becomes company's new headquarters
- KE control valve becomes new UIC standard
- Entrance into the USA market with AAR DB-60 valve for rail vehicles

Expansion through concentration 1985-2015

- 1985: Heinz Hermann Thiele takes over company
- Radical restructuring and expansion strategy
- Consolidation of market by Knorr-Bremse
- Development into the world's leading manufacturer of braking systems for rail and commercial vehicles

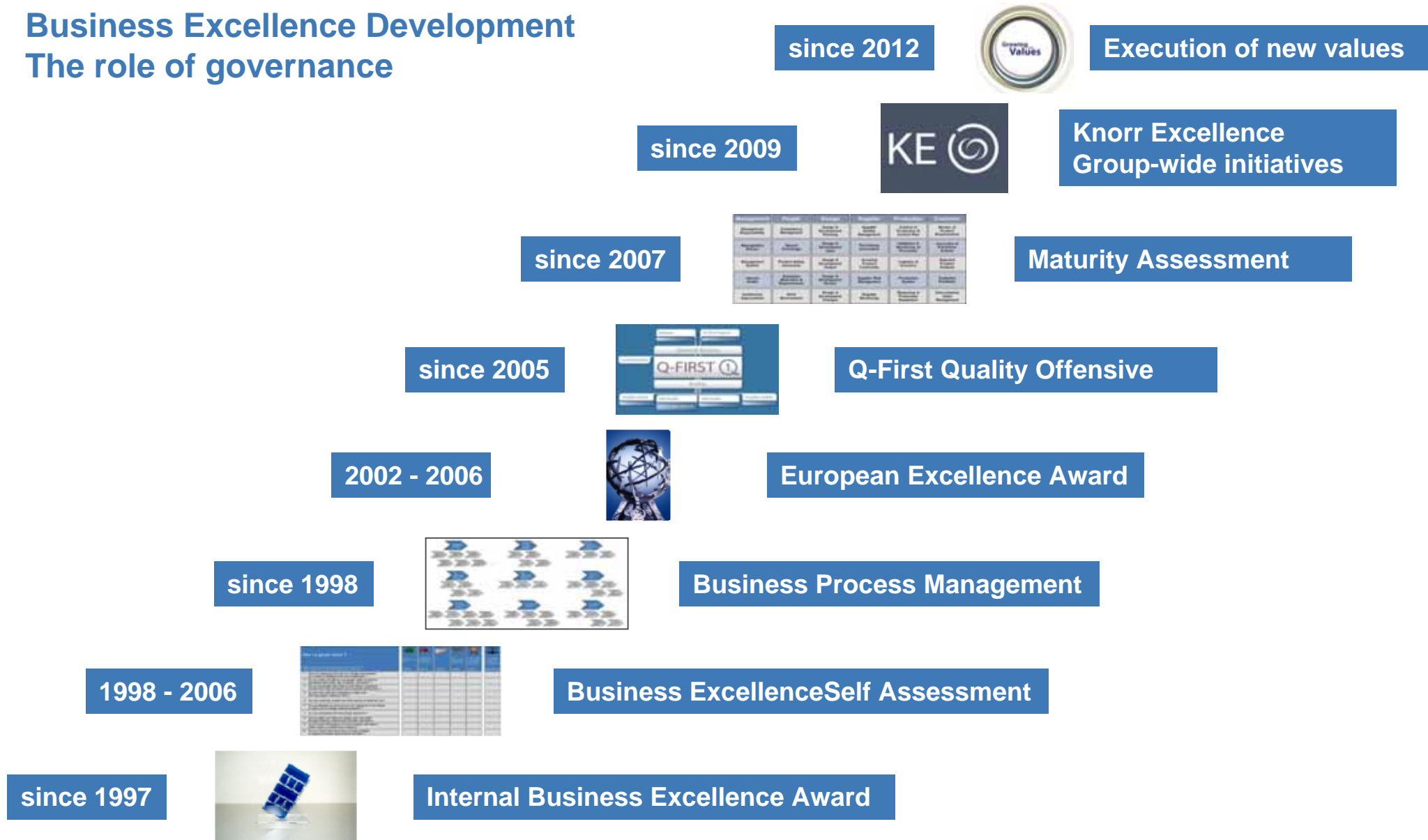
The 2014 Financial Year

Development of sales
in € millions

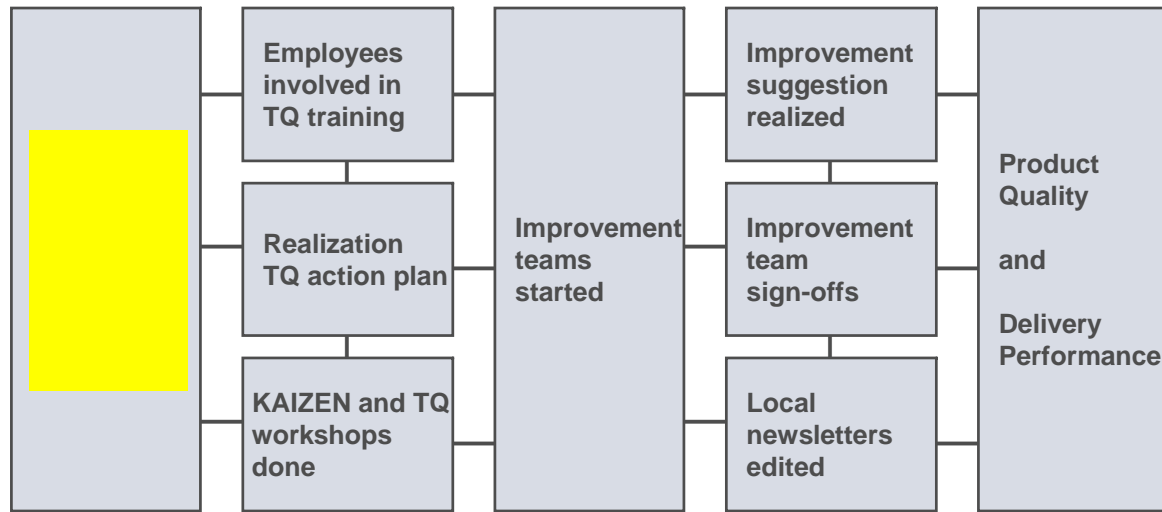


	2013	2014	Δ
Sales	€ 4,303 million	€ 5,206 million	+21 %
Net income	€ 367 million	€ 560 million	+53 %
Return on sales	8.5 %	10.8 %	+27 %

Business Excellence Development The role of governance



KB SfN Total Quality Award 1997



Successful improvement teams, many realized improvement suggestions and a constant communication are achieved

realizing TQ training, securing participation on TQ training and starting team work which will ultimately leading to quality improvement.

Regarding all those activities in 1997 the winner of the KB Total Quality Award is KNORR-BREMSE Kecskemét.

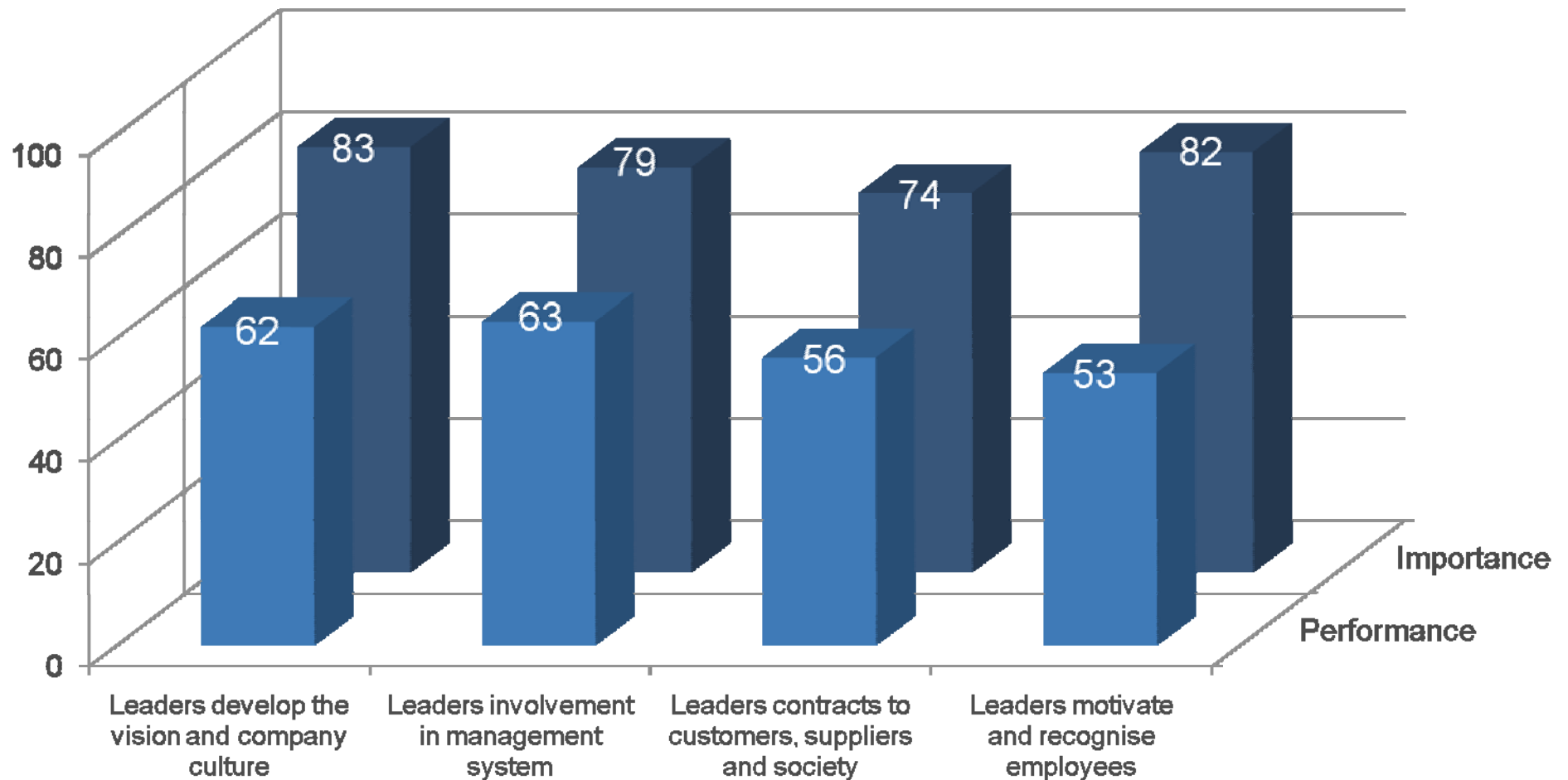
- 1997 KB Kecskemét
- 1998 KB Aldersbach
- 1999 KB Arcore
- 2000 KB Hejnice
- 2001 KB Arcore
- 2002 KB Hejnice
- 2003 KB Bristol
- 2004 KB Hejnice & KB Lisieux

With this award we reward the location with the greatest effort this year in driving the TQ process forward. The scope hereby is especially on the implementation and further development of the TQ process through leaders.

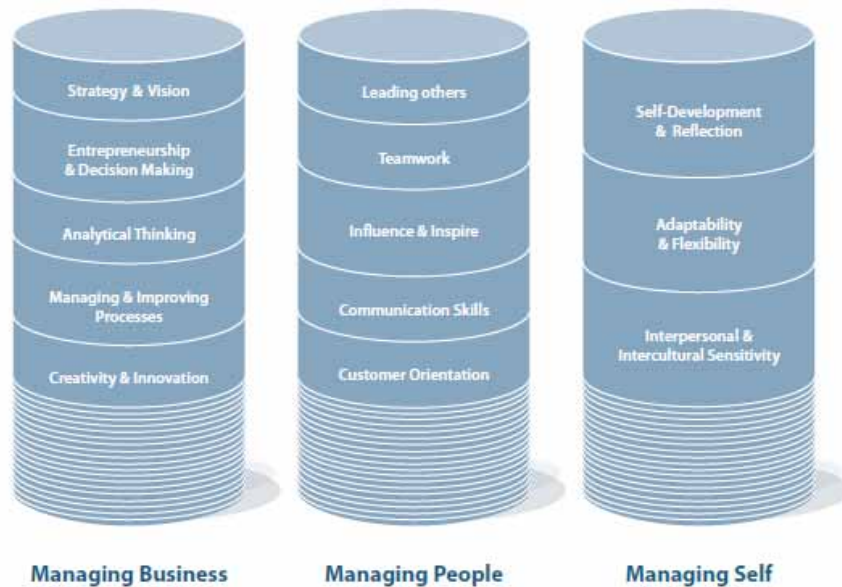


Mr. Thiele presents during the award ceremony on the Group Meeting the award trophy to Managing Director Mr. Lepsényi

Self Assessment: Leadership spreaded into sub criteria



Our requirements for leaders: The KB Competency Model



Managing Business

Strategy & Vision

describes the ability to develop strategies aligned to the organization's vision, putting them into action and taking a big picture view, considering future influences.

Entrepreneurship & Decision Making

means to discover opportunities in challenges, seek profit and sustainable growth make courageous while sound decisions and demonstrate a good business understanding.

Analytical Thinking

refers to collecting, analyzing and structuring information using a wide perspective in order to identify key issues and patterns as well as to draw conclusions.

Managing & Improving Processes

describes the ability to plan, prioritize, monitor and improve work processes and allocate resources.

Creativity & Innovation

includes creating an atmosphere of openness and curiosity for innovations, providing and implementing inventive ideas that add value.

Managing People

Leading others

means to give direction, motivate, manage and reward performance, provide constructive feedback and foster individual professional development.

Teamwork

means the ability to work with others and build a positive climate and trusting relationships within teams.

Influence & Inspire

refers to the ability to convince others to embrace ideas, providing compelling arguments and making use of informal processes.

Communication Skills

comprises the ability to speak, present, write, listen and distribute information effectively and create an environment for open communication.

Customer Orientation

is about demonstrating service and relationship-orientation toward internal and external customers, satisfying their needs and generating mutually satisfactory solutions.

Managing Self

Self-Development & Reflection

describes the ability to reflect on own performance and make use of feedback in order to continuously learn and improve.

Adaptability & Flexibility

includes the ability to build networks, work successfully in various, complex, changing and challenging environments and with diverse people.

Interpersonal & Intercultural Sensitivity

consists of interest in and respect for different cultures and all diverse characteristics of people.

Awarding Ceremony during EFQM Conference at Berlin 2004



Top 30



Top 20



Top 5



Top 3

Quality First Maturity Assessment – complete overview

Focused on completeness, system requirements, management system issues

Management	People	Design	Supplier	Production	Customer
Management Responsibility	Competency Management	Design & Development Planning	Supplier Quality Management	Control of Production & Control Plan	Review of Product Requirements
Management Review	Special Knowledge	Design & Development Input	Purchasing Information	Validation & Monitoring of Processes	Corrective & Preventive Actions
Management System	Product Safety Awareness	Design & Development Output	Incoming Product Conformity	Logistics & Inventory	Rejected Product Analysis
Internal Audits	Employee Motivation & Empowerment	Design & Development Review	Supplier Risk Management	Production System	Customer Feedback
Continuous Improvement	Work Environment	Design & Development Changes	Supplier Monitoring	Measuring & Production Equipment	Intercompany Claim Management

KE brings together ten group-wide campaigns aimed at process optimization



Q-FIRST 

Quality First: **Measures to implement the “zero defects“ principle**

SCE 

Supply Chain Excellence: **optimization of the entire chain from suppliers to customers**

COPE 

Competence in Product Engineering: **Standardization of product development processes worldwide**

KPS 

Knorr-Bremse Production System: **standardized processes across the global production network**

GPE 

Global Purchasing Excellence: **Supplier management**

gps 

Global Project Management System: **Optimizing project management**

PROGRESS 

Progress: **introduction of SAP at all sites**

PEX 

People Excellence: **Implementation of HR roadmap and further development of leadership culture**

ECCO₂ 
EFFICIENT CUT OF CO₂

Efficient Cut of CO₂: **Campaign to conserve energy and resources**

FIT 

Finance & IT Excellence: **Development of „best in class“ finance and IT organization and processes**



Growing with Values



Responsibility



Reliability



Entrepreneurship



Passion



Technological Excellence

In an age of increasing globalization ...

...and intensifying competition, a positive corporate culture is a crucial factor in the success of any modern company, underpinning it and bonding it together. Responsibility, reliability, entrepreneurship, passion and technological excellence – these are the corporate values on which Knorr-Bremse intends to base its continued growth.

Important quality key figures of SFN were improved significantly between 2005 and 12/2014

