

Case Story

Selther Manufacturing

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Selther Case Story

Innovation in Manufacturing

For decades the rigid philosophies of Henry Ford and Taylor's Scientific Management have dominated the ways in which manufacturing companies have been managed. The board and owners of Selther Manufacturing, a Mexico based company, decided that in order to succeed in a challenging environment and distinguish themselves from their competitors, the company must change the way it worked. They wanted to become more flexible and to harness the ideas of their employees. This is the story of that transformation.

“This formula has served us well for 10 years but now we need something different to succeed”^[1]

In 2005, Selther dominated the mattress manufacturing industry in Central America, and also in the southern United States with the help of licensing agreements with Simmons International. The Simmons/Selther brand occupied the number one and two spots in the mattress market at that point in time, turning over approx. \$100 million per year^[2].

This sounds like a solid position to be in, but mattresses are a commodity. There is very little that can be done to differentiate products and without taking a radical course of action, the only way forward was to focus on marketing and emphasising the superior technical specifications of their products. In addition, global trends indicated that they may need to close factories and shed some of their 800+ workforce if they continued to work in the same way.

“We were threatened by various factors, including the appearance of international brands and imports”^[3]

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The Selther management team decided that they needed to reinvent themselves as suppliers of 'Rest Systems'. With their knowledge of human anatomy, materials and manufacturing this opened up a whole new set of possibilities. The question was, how should they go about doing this?

"If you want to do different things you have to work in different ways"^[4]

The overall principles were inspired by Ideo and a book called *The Art of Innovation*^[5]. In order to generate some 'quick wins' the first steps were to create an innovation team to perform research, generate new ideas and create prototype products. Employees at different levels and from different disciplines were selected to join the House of Ideas and given the task of getting two new products to market within six months.

The House of Ideas was very different to the rest of the business. There was no hierarchy, employees were allowed time to think and experiment and they were exposed to many different methods of idea generation, problem solving and decision making as well as analysing the competition and predicting the future. Long term, a posting to the House of Ideas was seen as a regular part of employee development and staff were rotated through the department. Also many of the company's high flyers were identified from those who had taken part in this 'Ideas School'.

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“It is a place where we feel the ability to create, where we have all the resources to help us think out of the box, to think without boundaries and find solutions”^[6]



At the same time that the House of Ideas was created, an Innovation Toolkit was used to determine the readiness of the company to innovate and to target any blockages and areas for development. This avoided spending scarce resources on training and development where it might not be needed, and also to provide a base measurement for comparison later on.

Analysis showed that there were solid foundations for starting an innovation programme but that some management issues existed including micro management, attitude to risk and transparency. There was little appreciation of the valuation of intellectual property or the value of human capital. These issues were addressed via programmes introduced by the HR department, one of the partners in the Innovation programme.

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Back in 2005 Selther had approximately 800 employees and 3 factories in Mexico City, Monterrey and Guadalajara. What effect did the Innovation programme have?



Six months from the start of the project, 5 new products were unveiled to customers, shareholders and the media at launch party to celebrate this huge milestone. This was, however, only the beginning. Selther joined forces with two Swedish designers to create VUJJ, a business unit that designed and built furniture, expanding the range of 'Rest Systems'.

Selther also created partnerships with organisations such as 3M and DuPont, allowing them to make use of new materials and break into new markets such as Healthcare.

By 2008/2009 they had around 1200 employees, 2 new factories in Mexicali and Costa Rica and additional sales offices in Houston and Madrid.

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“Selther wishes to be the first in its sector to innovate, with new products, new materials, new fabrics and new processes. All this is based on its most important assets, its people”^[7]

Selther had achieved its objectives of:

- Improving management performance
- Diversifying into new markets
- Continuously creating new ideas
- Enhancing organisational culture

“Today Innovation is no longer a concept within Selther, it is a reason for living, a philosophy and in time perhaps a religion”^[8]

This project was carried out over a number of years by Derek Cheshire and Kunning Consulting with support from the senior management of Selther Manufacturing together with the boundless enthusiasm of their employees.

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1. **Source - Managing Director, Eduardo Espino** ↑
2. **Source - Simmons International** ↑
3. **Source - Director of Innovation, Gerardo Porras** ↑
4. **Source - HR Director, Juan Carlos Pelaez** ↑
5. **The Art of Innovation, Lessons in Creativity from IDEO - Tom Kelley**
6. **Xavier Martínez - member of Innovation team** ↑
7. **Carlos Mancilla - member of Innovation team** ↑
8. **Jose Treviño - member of Innovation team** ↑

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