



MICHELIN DUNDEE ***« PEOPLE POWER »***



Highlights of the Michelin Group



World Major tyre industry player

15.5% market share, No.1 or 2

Global sales of €21.7 Billion
Operating across 170 countries

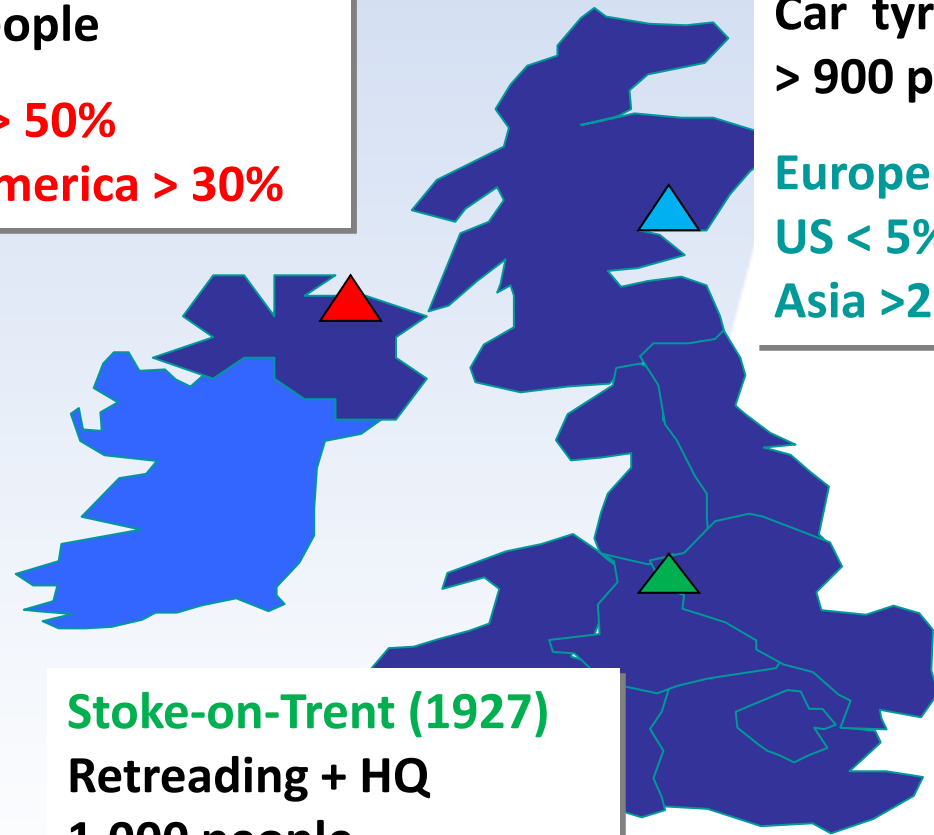
Production sites

69 plants in 18 countries produce:
176 million tyres, cycle to Space Shuttle
10 million maps and guides

Highly-qualified staff

113,000 of all backgrounds and cultures
including 6,000 in the Group's R & D

Present in the UK since 1905



Ballymena (1969)

Truck tyres
> 900 people

Europe > 50%
North America > 30%

Dundee (1972)

Car tyres
> 900 people

Europe > 70%
US < 5%
Asia > 25%

Stoke-on-Trent (1927)

Retreading + HQ
1,000 people

UK > 90%

Michelin Tyre Plc

Manufacturing & sales of tyres,
maps and guides
2,800 employees
£900m net sales

ATS Euromaster

Distribution 370 POS
2,800 employees
£290m net sales

MICHELIN IN DUNDEE

MICHELIN 44 YEARS IN DUNDEE
Employ 900 People
~£45m per year into local economy
Turnover around £300m



INTRODUCTION TO MICHELIN IN DUNDEE

- / Car Tyres 13", 14", 15" and now 16"
- / 7.5m tyres per year, 23.5k tyres/day
- / Unionised Workforce, 95% Unite
- / Labour Flex +20%, -24%
- / 1 of 15 Michelin Car tyre factories in Europe
- / 95% Exported outside the UK
- / ~30% Exported outside Europe incl. China!



MICHELIN





***LEAN IS NOT
ENOUGH!***

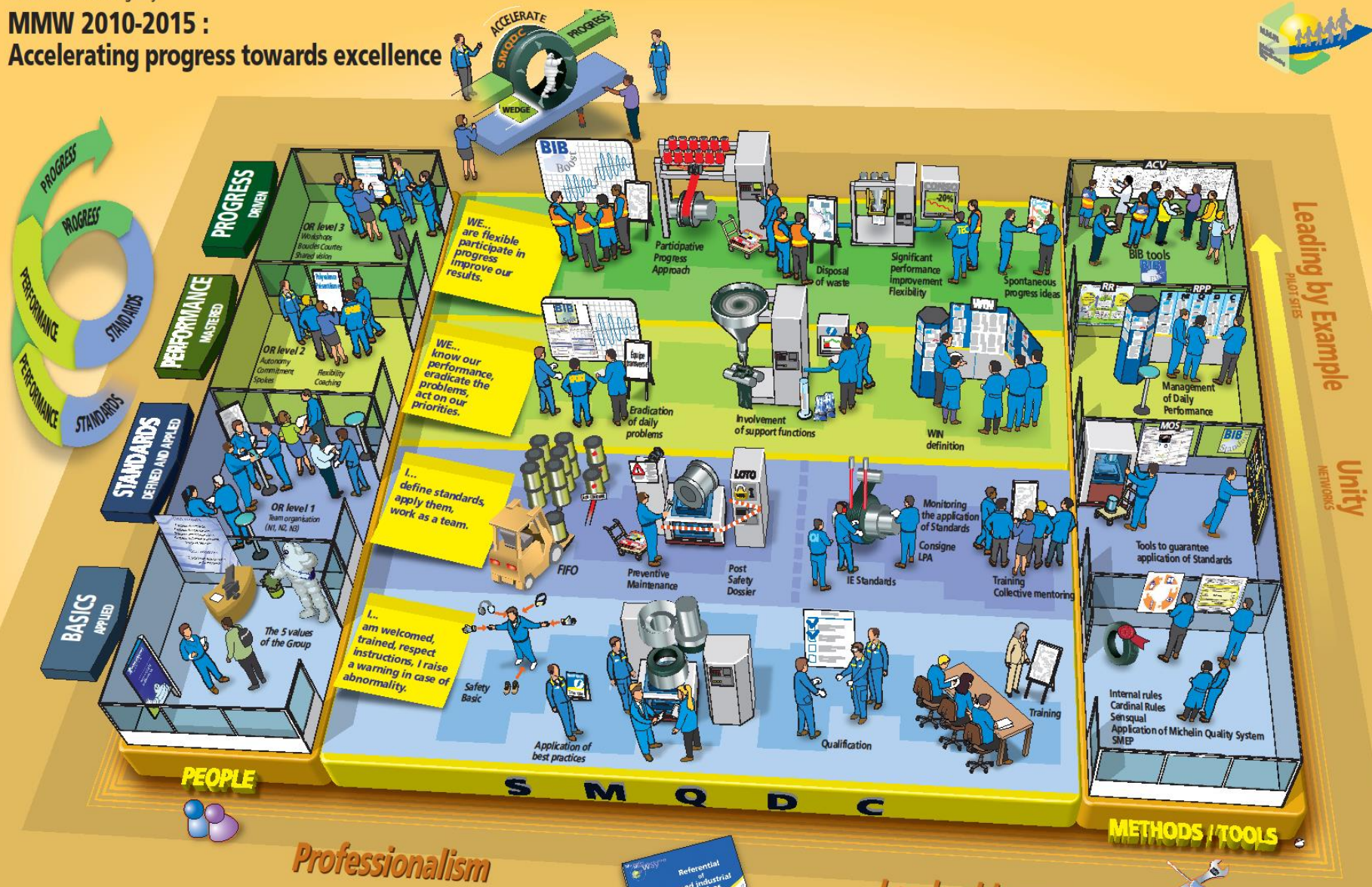


— la meilleure façon d'avancer —

MICHELIN MANUFACTURING WAY

MMW 2010-2015 :

Accelerating progress towards excellence



MICHELIN MANUFACTURING WAY



Michelin Versions:

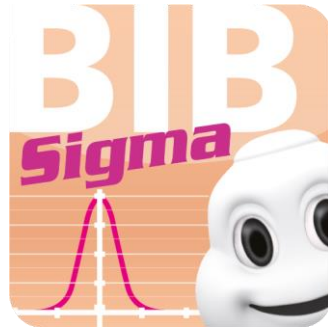
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SMED

MAXER

Value Chain Analysis

Etc.....





MICHELIN DUNDEE

« SURVIVAL TO SUCCESS »



DUNDEE HISTORY - CONTEXT

- / In mid '90's considered innovative & a reference in many aspects.
- / In the 2000's Michelin restructuring, constant threat of closure.
- / Little or no investment for over 10yrs.



DUNDEE HISTORY - CONTEXT

At the end of 2009: We successfully survived a number of restructurings

But

The cumulative impact was poor morale, low confidence and a feeling of it's only a matter of time!

Key Results & Performance suffered

- / Production missed plan by 1,000 tyres/day***
- / Quality, Scrap was over target by 50%***
- / Productivity and costs were poor***
- / Etc.....***



CHANGE THE MINDSET

2010

“SURVIVAL TO SUCCESS!”



“SURVIVAL TO SUCCESS”

Key to Success, make people believe again.

- Create a rupture, change of direction, put in place new leadership.
- Launch & Validate Acceptance for our Tactics and Vision.
- Focus on 3 Key Objectives and deliver them.
- Launch our Accelerate and People Development programs.
- Create a level of motivation and positive thinking

go on the offensive!



“SURVIVAL TO SUCCESS”

STRATEGY & TACTICS 2010

- /** Solution was all about people
- /** Our team needed to believe in itself
- /** We needed to build confidence, FAST
- /** Needed a clear vision and direction to focus the team



“SURVIVAL TO SUCCESS”

STRATEGY & TACTICS 2010

2010 Focus, the basics:

Safety, Production, Scrap

- ☐ **Accelerate** the site transformation using a dedicated progress team.
- ☐ People Development is the key investment.

Our approach will be confident and positive!

We will strive for success not just survival!



“SURVIVAL TO SUCCESS”

People Focus Themes:

- / Motivation**
- / People and Skills Development**
- / Positive relationships with Unions**
- / Workforce Engagement**
- / Labour Flexibility**
- / Diversity/ Opportunities**
- / Investment in Youth**
- / Support for the Local Community**



“SURVIVAL TO SUCCESS!”

RESULTS



“SURVIVAL TO SUCCESS!”

MOTIVATION



Safety, Production, Scrap

Through the Professionalism and Performance of the Factory Team

Accelerate!

*Through the impetus created by a completely separate team with nothing to do but **make things happen!***

Secure Our Future

Through the successful completion of our 4 Key Projects



MOTIVATION



MOTIVATION



MOTIVATION



MOTIVATION



MOTIVATION



MOTIVATION



MOTIVATION



MOTIVATION



MOTIVATION - MOTIVATION “**FUN**”

- Ice cream van
- Say Thanks, ‘Hero of the Day’
- New Mini Bus
- World Cup
- Gold Week



“SURVIVAL TO SUCCESS!”

PEOPLE & SKILLS DEV.



“SURVIVAL TO SUCCESS”

People & Skills Development:

- / 6% of total hours on Training, 80,000hrs/yr
- / 30% of Managers learning French
- / Gen Y program
- / Built the Team of the Future, moved 50/150 staff last year
- / 4hrs/month progress time for all employees
- / Internal Recruitment and Promotion, 50% ex shop floor
- / 25% of my Senior Team ex shop floor



“SURVIVAL TO SUCCESS!”

UNION RELATIONSHIPS



RELATIONSHIP WITH UNIONS

- / Strong but constructive union leadership**
- / Unite, with 95% membership**
- / High calibre Leaders, occupy national roles outside the factory**
- / We have the same goals, success equals job security**
- / We trust each other, never embarrass each other**
- / Discuss problems early to get the best solution**
- / Meet every day!**

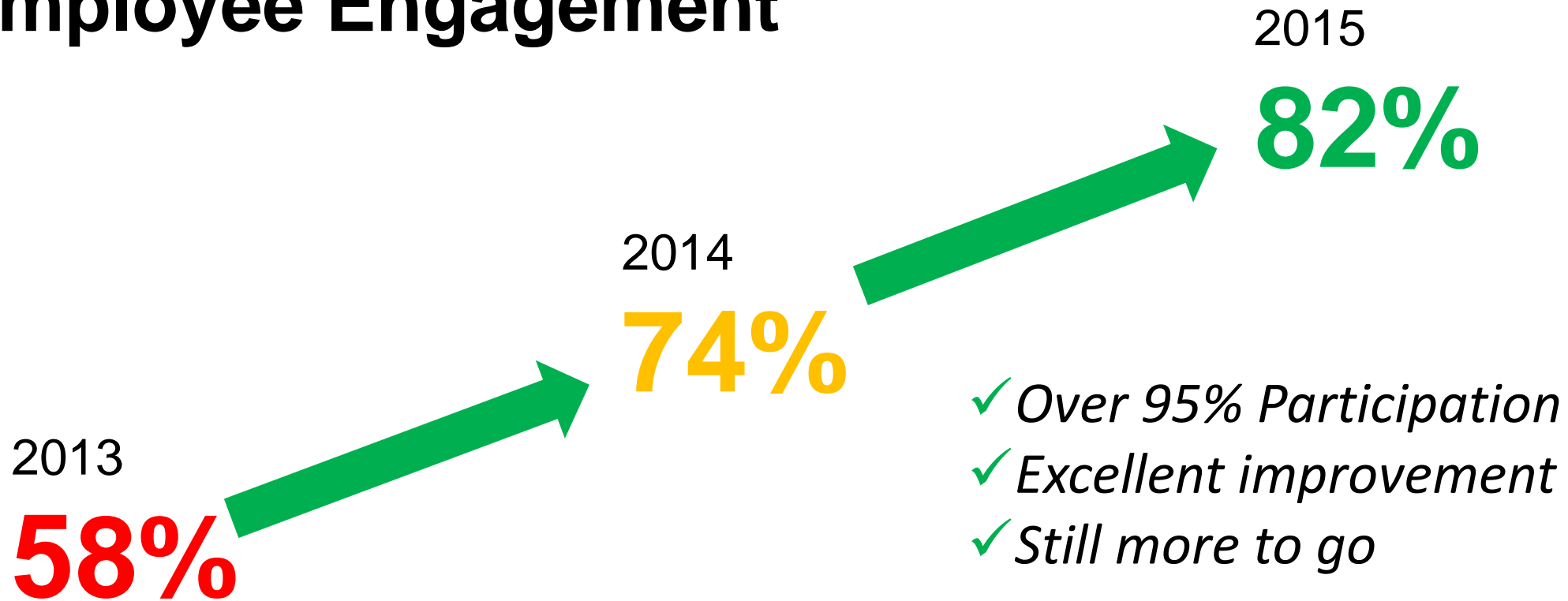


“SURVIVAL TO SUCCESS!”

***WORKFORCE
ENGAGEMENT***



Employee Engagement

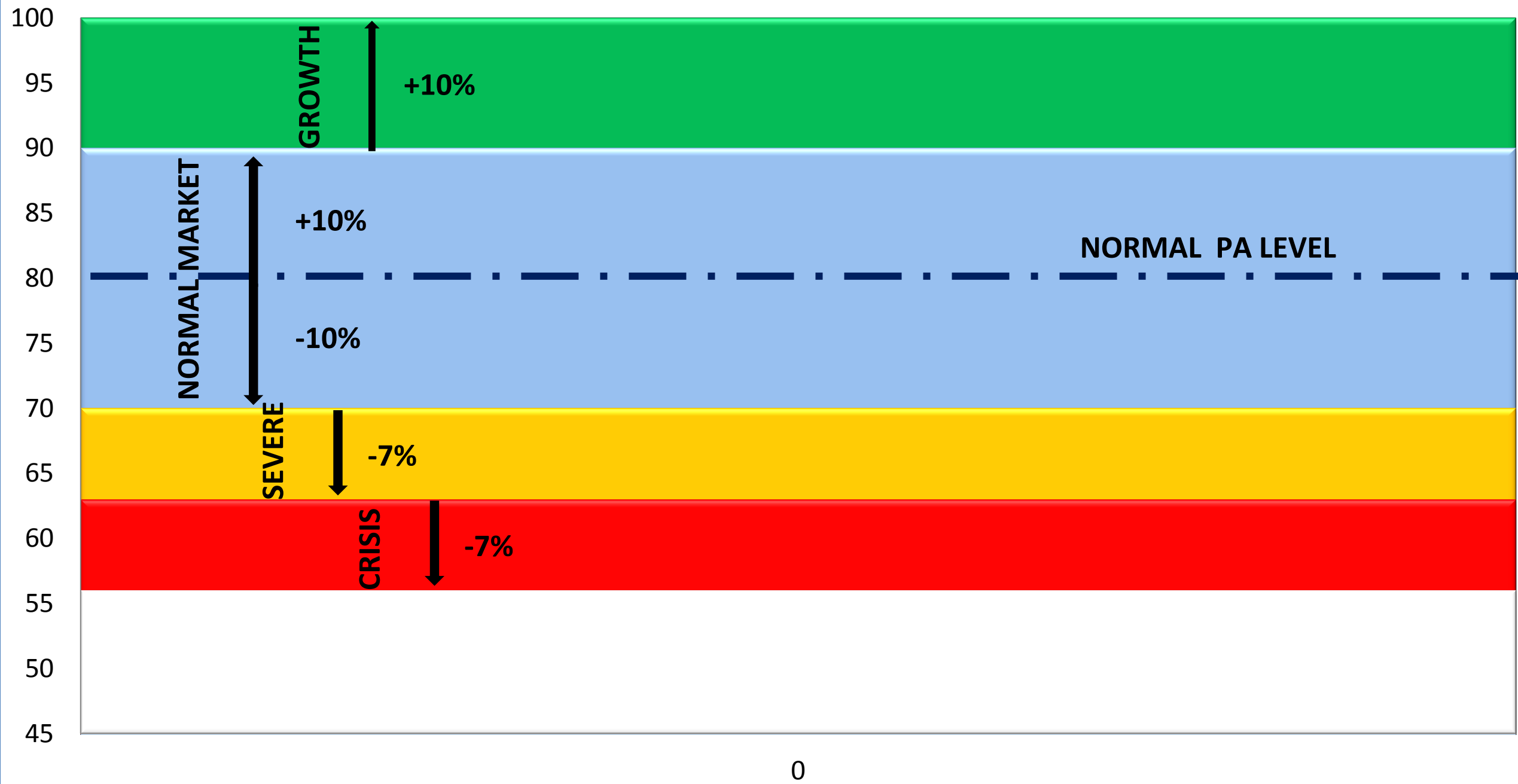


“SURVIVAL TO SUCCESS!”

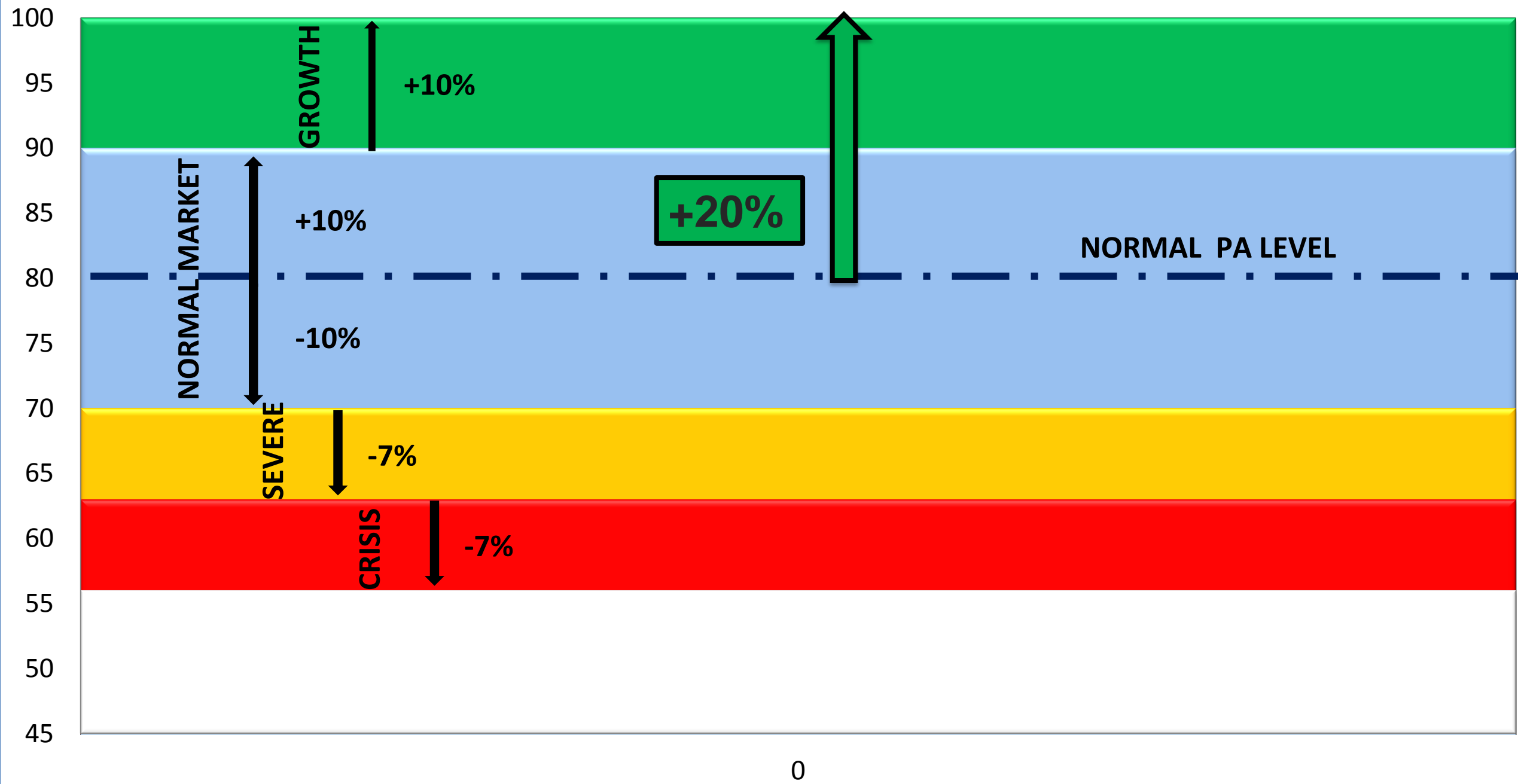
LABOUR FLEXIBILITY



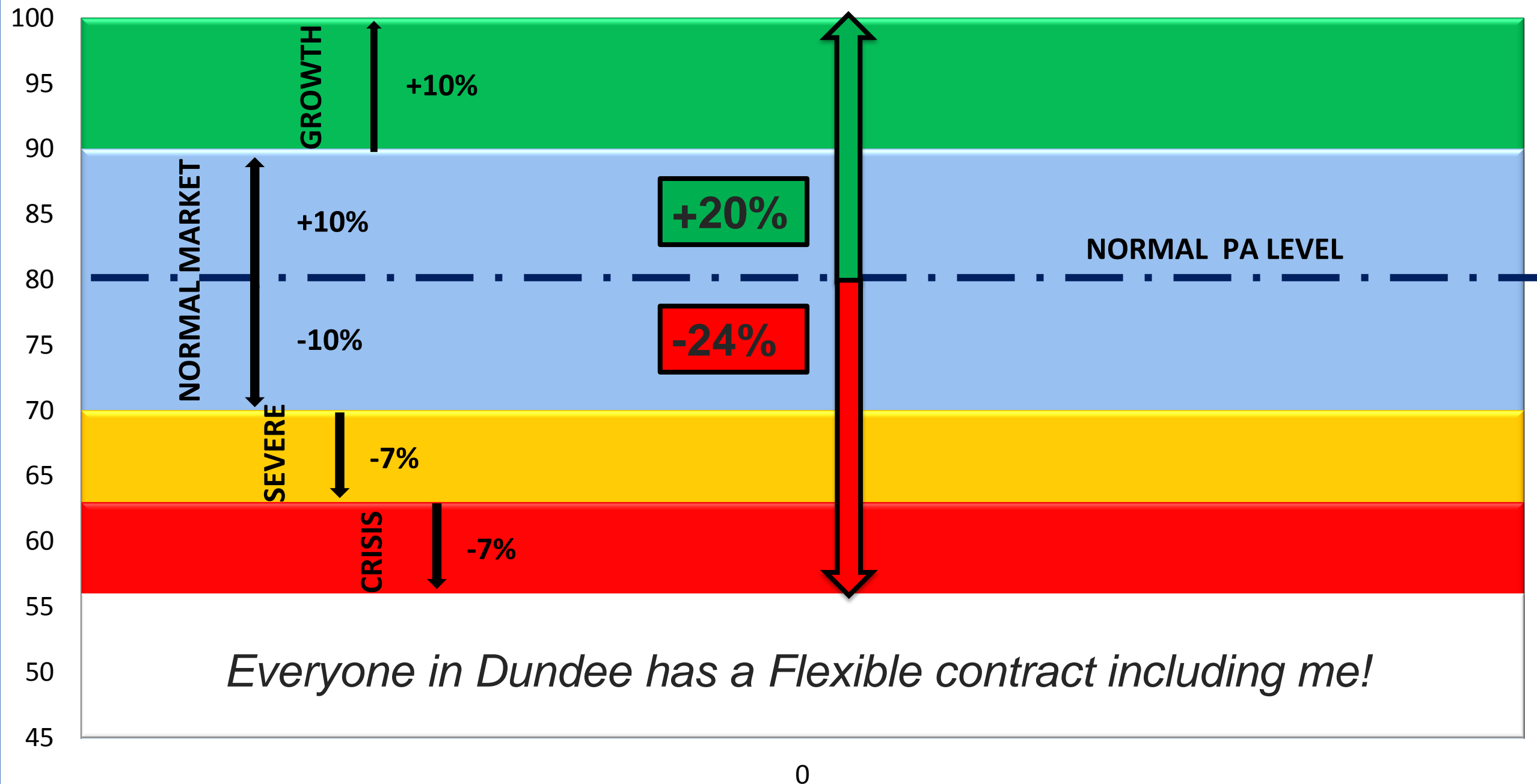
Dundee Reactivity Model



Dundee Reactivity Model



Dundee Reactivity Model



“SURVIVAL TO SUCCESS!”

DIVERSITY





Inspiring Young Women - 2015



DIVERSITY

- Recruitment Rate now 50/50
- 1/3 senior team now women



Could you be part of our team ... ?

Are you free on Tuesday 26 April 2011?
If so our doors will be open between
3pm & 7pm

Ever considered tyre-making for a living?
Have you wondered what life is like working in a
tyre factory? Well now you can find out for yourself!

Michelin Tyre plc is hosting an **Open Door Event**, for women, and we want to meet YOU. Please come along and see what life could be like working as part of our team (some positions involve shift work). We look forward to meeting you anytime between 3pm and 7pm at the factory in Baldovie Road to have a chat and a bite to eat.



- Michelin Dundee is currently under-represented by females
- No children under 14 years are permitted on the factory site
- We are an equal opportunities employer
- If you require further information, please phone Lorna Reid on 01382 734461



“SURVIVAL TO SUCCESS!”

***INVESTMENT IN YOUTH
LOCAL COMMUNITY***



- Apprentice Training over 450 in the last 44 years
- Apprentices for other companies, ~150
- No. of apprentices today, 64, half for other companies
- External Apprentices trained for free









YOUTH AND LOCAL COMMUNITY



Junior Bike



Careers and Awareness

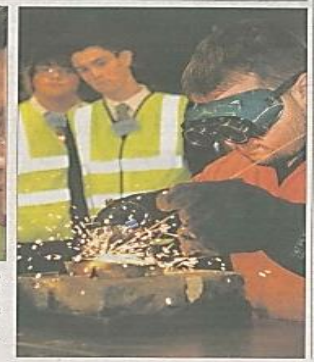


Pupils get taster of career at plant

SECONDARY PUPILS got a taste of life in the manufacturing industry when they visited the Michelin plant in Dundee.

The young people were given an insight into a host of roles as part of the UK Government's See Inside scheme.

Carnoustie High School fifth-year pupil Abby Gray said: "It is a really good opportunity to learn more about the industry and the products."



Right: pupils watch Aaron Kingwell welding. Above: Scott Baxter and Abby Gray check a drill. Pictures: FOS Bilder



Diversity



Education



Road Safety



YOUTH AND LOCAL COMMUNITY

3 Year Partnership with Braeview Academy



YOUTH AND LOCAL COMMUNITY

See Inside Manufacturing



Safety, Production, Scrap

Through the Professionalism and Performance of the Factory Team

Accelerate!

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RESULTS AT THE END OF 2011

Safety- **Zero LTA's for 2 years**

No.1 (No.6 in 2009)

Prod.— **Beat Contract 174k, PA 980k.**

No.1 (No.13 in 2009)

Scrap- **30% better than '09**

No.2 (No.6 in 2009)



RESULTS AT THE END OF 2011

What about our other results?

Productivity: *improved*

Unit Cost: *improved*

Supply Chain: *top in Group*



2014 – THE NEXT PHASE

« SUCCESS TO EXCELLENCE »



“SUCCESS TO EXCELLENCE”

Some Key Results:

- / Safety- 7 years one LTA (No.2)**
- / Scrap (No.3)**
- / Production – 1.3m more tyres than ‘14, +15%**
- / Production Contract (No.4)**
- / Supply Chain (No.2)**
- / Dimensional Flexibility (No.2)**
- / Absence – Staff <1%, Shop Floor <2% (No.1)**
- / Employee Turnover - < 4% (No.1)**



“SUCCESS TO EXCELLENCE”

Headlines 2010 to 2015:

- / Transformed the performance of the site***
- / Changed the mindset to winners***
- / Improved Engagement by 50%***
- / Created 200 new jobs***
- / 50% increase in output***
- / £100m Investment***
- / Added 10-15 years to the site***





PROJECT **SALTIRE**
£70m over 5 years!



“SUCCESS TO EXCELLENCE” – A THING OF BEAUTY!!





Conclusions

- ✓ **Be bold and aggressive**
- ✓ **Fight when you have to**
- ✓ **Build your own strategy**
- ✓ **Make it simple and FOCUS!**
- ✓ **Believe in your people**

“SUCCESS TO EXCELLENCE”

DUNDEE 2020

TEAM DUNDEE in a progressive, innovative and autonomous
WORLD CLASS factory, will deliver
‘Outstanding Customer Service’

....let's **PLAY** to WIN!



THANK YOU



MICHELIN DUNDEE
« SURVIVAL TO SUCCESS »
SUCCESS TO EXCELLENCE!