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# LEAN THOUGHTS

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## **Can Lean Work in Any Culture?**

The following is from NWLEAN's Yahoogroups' Lean thread. This site allows readers to ask and respond to other's questions. <http://groups.yahoo.com/group/NWLEAN/>

**Chewlchew wrote,**

"Changing a culture basically means changing the habits of the people doing it. To change the habits of people would require leadership at the top most level". He then posed this question: "How is this leadership being transmitted to the people? Does it reach the people as an instruction or in a diplomatic way? Obviously, we are trying to create a culture here in a positive way so that we can sustain it".

**Chris responded:**

"We had a varied discussion on this topic around the time of the post you're replying to; (many months ago now), and I'm not sure we converged on a common answer but I can elaborate my view as follows; Lean can work in any culture provided that we first understand the meaning of Lean and second we understand that particular culture.

Lean, by definition is the ongoing elimination of "waste" as it's been defined and practiced from its foundations and it's many implementations. When we say waste, we mean the efficient utilization of resources in an economic sense; and that's where things become a bit sticky. In manufacturing we have three constituent elements, Materials, Capital and Labour. If we either diplomatically or by instruction communicate to our team that we want to minimize material scrap, we are unlikely to meet any resistance. Likewise, if we say that we want to minimize the capital utilization to its bear optimum, we will not only get no pushback but we are likely to get a promotion and maybe a raise. *The "rub"; in the form of resistance, comes when we say we want to optimize labour content through work flow reorganization or work elimination through Lean.* This is what typically masquerades as a "cultural" problem but really is a personal and individual problem affecting the participants. We are in effect asking them to play a game of musical chairs with no assurance that when the music stops they will end up with a chair, (their job).

All things being equal, i.e. no significant increase in demand for our product, no expansion into other product lines and a relatively competitive market; our objective with Lean is to Rationalize (in the economic sense), our labour content which means that we will accumulate excess labour hours into complete individual units; (i.e. individual workers.). Being excess or redundant; economically these workers will by necessity be displaced, eliminated, fired, let go, etc. That's the first part.

The second part, having to do with the "culture" at large, means that we need to understand how the above is perceived by that particular culture. In other words, is it culturally acceptable that an enterprise undertakes this effort? If yes, we can issue the Lean Journey "Instructions" as you put it, and it will all go as planned with little resistance except the normal learning curve. If it's not, then we have to approach it "diplomatically" as you put it but we must also be prepared to pay an economic price for implementing this. Work force mobility and the quantity of new venture start ups, in a particular culture; seem to be the best predictors of either of these two extremes.

Some years ago, France undertook a "Lean" policy to get out of the coal mining business all together. It accomplished it overnight by simply closing its mines and paying the workers their accrued retirement benefits through an elaborate compensation scheme, which basically constituted a buy out. The economic price. On a more local level, this is accomplished daily through early retirements and other incentive plans at individual companies. On the other hand, more radical and "painful" examples of simply shutting down the old plant are very common.

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### Where "Lean Thoughts" Become Reality

I am not familiar with the culture of Malaysia but I would speculate that it's probably a combination of both of the above possibilities and of course the approach towards Lean would need both the Instruction and Diplomatic methods you suggest. Now, in a perfect world, Lean works best when it's instituted at the outset with a new plant and a new infrastructure, which doesn't require a transformation. Basically a "Greenfield" whereby the operational tenets of Lean are the foundational SOPs. The many newer auto plants in the US are a testament to this fact; where these plants have proven time and again that a new plant with new operating procedures and management styles (based on what was previously learned in older plants that were shut down), work well and efficiently. The leadership sets the operational culture of your or any company and of course changing any culture is a challenge, which is difficult to achieve. Lean works best when it's inspired from the top down but executed from the bottom up. As such, leadership is always the key".

**"Some of us will do our jobs well and some will not, but we will be judged by only one thing: the result."**  
—Vince Lombardi

### One Third of the Way to Lean?

The following is from a recent Daniel T. Jones Lean Newsletter. Dan is a co-author of *Lean Thinking* and is Chairman of the Lean Enterprise Academy in the UK. [www.leanuk.org](http://www.leanuk.org)

Fifteen years ago I first began to study lean supply chains, by observing Toyota's inbound parts supply chain and later their aftermarket parts distribution system. This was the beginning of a fascinating journey with Unipart, Tesco and many other firms, during which we learned a great deal about assembling all the elements that transform a supply chain into a value stream that flows towards the consumer in line with demand.

It is very encouraging that interest in lean supply chains is growing again. Many manufacturers are now ready to extend their lean efforts to their suppliers. Leading retailers are also challenging their suppliers to produce and ship in line with their lean distribution systems. As Lean takes root in healthcare delivery organizations their suppliers will also come under similar pressures. Despite their differences, the issues to be addressed in turning their supply chains into value streams are very similar.

**Here is my list of six questions that need to be addressed in any supply chain.**

**First**, ask why, if it only takes minutes of value creating time to make a product and only a few days to ship it to consumers, are our supply chains typically several months (or even years) long? Even if we add a few days buffer stock to cope with real variations in demand from end consumers the gap is still huge—a few days compared with several months. You only need to walk and then map your supply chain from end-to-end to see the scale of the opportunity.

**Second**, ask what can be done to close the gap between the uses of the product and when and how it is ordered or purchased? For example, we have been staggered to see the amount of supplies hidden away in cupboards in every hospital ward—literally thousands of pounds worth—all because of the rather chaotic reordering and unreliable and infrequent delivery from central stores. This is not only extremely wasteful but means reorder signals sent to suppliers bear very little relationship to actual use in the ward or theatre. The closer the order signal is to actual use the less volatility is passed upstream and the smaller the buffer stock required to guarantee availability.

**Third**, ask what can be done to increase the frequency of production or delivery at every point down the chain? Picking up just the right amount of products from several suppliers on milk rounds rather than waiting for several days for suppliers to send you a full truck means you need to carry less cycle stock. It also levels the workload, improves the accuracy of picking and delivery and results in much better truck utilization.

**Fourth**, ask how to synchronize the rate of production with the pattern of demand? In our experience this begins with digging behind the point optimization, the short-term plan changes and the fire fighting to discover the underlying stability in our order and product flows. Then it involves establishing a common rhythm to make and to ship Every Product Every Cycle (EPEC). Then it involves using the lean tools to speed up the cycle from roughly every month to exactly every week and ultimately to making and shipping every product required by consumers every day. And finally, it involves linking every step in a dramatically compressed flow that responds quickly and accurately to demand. As a result you need to carry less safety stock at each point down the value stream.

**Fifth**, ask what are the win-win gains that will encourage partners to work together that can only be achieved through collaboration—both between functions and between firms? The biggest win-win is often smoother order signals in return for closer synchronization of production with demand.

**Sixth**, ask who is going to be the architect of this end-to-end value stream redesign? Who is going to put all the pieces of the value stream together? Who will take the tough decisions about the appropriate division of labour, the right degree of risk sharing and the correct location of suppliers to enable the value stream to flow? Being able to respond quickly and exactly to local customers is a critical competitive advantage for all kinds of manufacturers in advanced economies. It is interesting that this responsiveness is achieved by focusing on stability and time compression, rather than flexibility and fire fighting. And it ends up costing less rather than more!

Turning supply chains into value streams does not happen overnight. It takes time and requires a clear overall vision of where you are going and an understanding of the most effective sequence of actions to get there.

**"People are definitely a company's greatest asset. It doesn't make any difference whether the product is cars or cosmetics. A company is only as good as the people it keeps."**  
—Mary Kay Ash

Consortium Event Schedule



Tour Workshop Conference

January	February	March	April	May	June
<p><b>T</b></p> <p>Wednesday 24 <u>Eaton Electrical</u>, contact Joe Fisher, <a href="mailto:JoeRFisher@eaton.com">JoeRFisher@eaton.com</a></p> <p><b>W</b></p> <p>La-Z-Boy Corporate Monroe MI February 14 &amp; 15 <u>Enterprise Value Stream Mapping</u> How to use the VSM tools to map admin processes. Contact Richard Kunst for info. <a href="mailto:Richard.kunst@la-z-boy.com">Richard.kunst@la-z-boy.com</a> Register at <a href="http://www.ame.org">www.ame.org</a></p>	<p><b>T</b></p> <p>Wednesday 14, <u>CFN Precision</u>, contact Paul Kaulback, <a href="mailto:pkaulback@cfm-inc.com">pkaulback@cfm-inc.com</a></p>	<p><b>T</b></p> <p>Wednesday 21, <u>Nestle Waters</u>, contact Mariela Castano <a href="mailto:mcastano@perriergroup.com">mcastano@perriergroup.com</a></p>	<p><b>T</b></p> <p>Wednesday 18, <u>CTS Corp.</u>, contact Bob Garces, <a href="mailto:Bob.Garces@ac.ctscorp.com">Bob.Garces@ac.ctscorp.com</a></p> <p><b>C</b></p> <p>Lean Design &amp; Development Conference Wed 18 to Fri 20 Chicago Contact <a href="http://www.iirusa.com/lean">www.iirusa.com/lean</a></p>	<p><b>T</b></p> <p>Wednesday 16, <u>Stackpole_CSD</u>, contact Don Barber <a href="mailto:Don_Barber@stackpole.ca">Don_Barber@stackpole.ca</a></p> <p>Consortium Shareshowcase</p> <p>Saturday 05 <u>CGL Guelph</u>, Contact Cindy Grolleman <a href="mailto:Grolleman@canada.com">Grolleman@canada.com</a> or Dave Deskur <a href="mailto:daved@cglmfg.com">daved@cglmfg.com</a></p>	<p><b>T</b></p> <p>Wednesday 20, <u>Morrison LaMothe</u>, contact Tony Vita <a href="mailto:tvita@morrisonlamthe.com">tvita@morrisonlamthe.com</a></p> <p><b>C</b></p> <p>AME Regional Conference Mon 18 to Thur 21 Edmonton, Alberta Contact <a href="http://www.measureupforsuccess.com">www.measureupforsuccess.com</a></p>
July	August	September	October	November	December
		<p><b>T</b></p> <p>Wednesday 26, <u>Kraft Foods</u>, contact Hanif Jivraj <a href="mailto:hjivraj@Kraft.com">hjivraj@Kraft.com</a></p>	<p><b>T</b></p> <p>Wednesday 10, <u>CGL Manufacturing</u> contact Dave Deskur <a href="mailto:daved@cglmfg.com">daved@cglmfg.com</a></p> <p><b>C</b></p> <p>AME National Conference Mon 29 to Friday Nov 2 Chicago Contact <a href="http://www.ame.org">www.ame.org</a></p>	<p><b>T</b></p> <p>Wednesday 14, <u>Messier-Dowty</u>, contact Mike Smith <a href="mailto:Mike_Smith@Messier-dowty.on.ca">Mike_Smith@Messier-dowty.on.ca</a></p>	<p><b>T</b></p> <p>Wednesday 12, <u>Orenda</u>, contact Brenda McIntosh <a href="mailto:brendamcintosh@orenda.com">brendamcintosh@orenda.com</a></p>