



August 18, 2008  
Volume 7, Issue 34

# LEAN THOUGHTS

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## ***Nothing Adds Value to Lean Like Respect for People***

By Adam Zak

*I have known Adam Zak for several years and am honoured that he has agreed to become a member of our adjunct faculty. This faculty is available to readers of Lean Thoughts who want some very detailed information in respect to a specific topic. The following is an excerpt of a recent article Adam wrote ... enjoy !*

At Lean industry conferences in North America, Europe and Asia; in casual phone calls with top management and potential recruits; or in formal presentations to client companies, I keep hearing so many executives tell me that employees are their most important assets. That their organizations strive to become “the employers of choice” in their industries. And that respecting people and inspiring workers to do great things is the true mission of management at every level in the organization.

To paraphrase a popular quote, I believe that the road to failure is paved with misconceptions about engaging employees and motivating them to embrace the Lean aspirations of an enterprise. That’s why I am dedicating this first issue of Lean Connections to this crucial subject.

### ***Respect For People: What It Means; Why It’s So Important; How It Works***

From what I have learned in my personal Lean journey, most employers come up short in the respect department. Not for lack of effort but for misunderstanding what constitutes treating employees with genuine respect, as opposed to being polite and considerate. In executing a Lean transformation, this lack of understanding has doomed many a Lean journey almost from the start.

Today more and more leaders are realizing that something is wrong with their current strategies and that focusing on the numbers alone will not produce the long-term, sustainable results they seek. In researching this column, I have discovered a number of experts (Lean and otherwise) who have wrestled with the respect issue and have come to some eye-opening conclusions. Late last year, *Consulting Magazine* published an article by Oliver Wyman Group consultant Jamen Graves entitled “Getting the Employee Experience Right: What Every CEO Needs to Know.” According to Graves, “78 percent of CEOs realize that financial indicators alone are not an accurate reflection of a company’s strengths and weaknesses; instead, CEOs are increasingly turning a curious eye toward “softer” metrics, such as employee engagement, according to another recent study by Deloitte Touche Tohmatsu.”

### ***The Successful Lean Transformation***

In a widely referenced article in *Industry Week*, Ralph Keller, president of the Association for Manufacturing Excellence, addressed the subject under the title, “Continuous Improvement — What Ever Happened to Respect for People?” I spoke with Ralph and asked him to elaborate on what respect is and why it’s so important to the successful implementation of Lean principles and the creation of a true Lean culture. According to Ralph, “Any time a company decides it wants to do a Lean transformation, it takes a leap of faith. A Lean transformation takes three to five years to see quantum results and your P&L and balance sheet will look terrible for a time.”

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### Where “Lean Thoughts” Become Reality



Ralph advises, “A successful Lean transformation requires a commitment to the people who make it possible. In this age of Gen Y’ers, when attracting skilled manufacturing people is increasingly difficult, respecting people and treating them as your most valuable resource is becoming vital to both attracting and retaining them.”

Most everyone will agree that one of the problems with the whole issue of respect is placing a value on it. We all know that people in business tend to measure what’s easy to measure. We’ve all learned early on how to do the math for cost of goods sold, value of inventory, EBITDA and many other financial accounting metrics. While it may be hard to calculate what respect is worth, we can measure the expense of recruiting replacements compared to the costs of retaining skilled employees and talented managers, along with their treasure trove of organizational know-how.

#### **Building A Culture Of Retention**

*Harvard Management Update* quotes Frank Brown, global leader for Assurance and Business Advisory Services for PricewaterhouseCoopers (PwC), on the importance of building a culture of retention. “In good markets and bad, there are always opportunities for top performers. The real trick is creating a culture that sustains all employees, and engenders a positive response to questions like these: Is my work valued? Does my opinion count? Are new ideas welcomed? Are people treated with respect? Am I evaluated and rewarded on my performance? Does leadership act with integrity?”

The challenge for those of us in the Lean Community is to embrace and explain the true nature of mutual respect for people – managers and associates – so all organizations can move toward a new and better way of solving their problems. I called Norman Bodek, president of PCS Press, for his input on the subject and had a lively conversation that started with his belief, “If you don’t give people work that they can leave with a sense of respect, something is wrong.”

Then he outlined three steps for creating a culture of retention through respect for people:

**“Step #1- Empower the worker.”** He cites Jidoka, a clever concept pioneered by the first Mr. Toyoda that permitted one worker to control several machines. “By pulling a cord, a single act stops the production line and empowers any worker to address a quality issue rather than allow it to pass down the line.”

Robert Simons agreed with the power of this concept in his article, “Designing High-Performance Jobs,” published in the *Harvard Business Review*. Simons says, “Improving the performance of key people is often as simple- and as profound- as changing the resources they control and the results for which they are accountable.”

#### **“Step #2 – Everybody is part of the team,”**

Bodek asserts. “People get tremendous respect by participating in a team. We need to invest in people. In Japan, after 10 years on the job, you can become a team or a group leader and then all the training begins to pay off and those jobs are wonderful. Then your job is to develop people.”

Ralph Keller puts teamwork and leadership qualities for Lean transformation in this context: “A Lean leader understands that business is a team sport and they get things done through other people. They turn the organization pyramid upside down and realize that it’s management’s job to support all those value-adding people at the “top.” Managers and supervisors are taught that their role is to make sure that their people have the training, tools and materials they need to be able to do their jobs for customers — not to tell them what to do.

**“Step #3 – Quick and easy kaizen.”** The benefit Bodek describes as, “Instead of waiting for management to change my job, I’m now empowered to change it myself. I am empowered to do creative things at work.” This can translate into getting creative ideas out of every employee. According to Bodek, “The average company in Japan saves \$4,000 per year per worker. A year ago Subaru got 108 implemented ideas per worker. People will stay and accomplish if they’re engaged and asked and inspired and if they’re heard.”

In one of Jim Womack’s e-letters, entitled “Respect for People,” he checks in on creativity: “Over time I’ve come to realize that this problem-solving process is actually the highest form of respect. The manager is saying to the employees that the manager can’t solve the problem alone, because the manager isn’t close enough to the problem to know the facts. He or she truly respects the employees’ knowledge and their dedication to finding the best answer. But the employees can’t solve the problem alone either because they are often too close to the problem to see its context and they may refrain from asking tough questions about their own work. Only by showing mutual respect – each for the other and for each other’s role – is it possible to solve problems, make work more satisfying, and move organizational performance to an ever higher level.”

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2008 Consortium Event Schedule



Tour Workshop Conference

January	February	March	April	May	June
<p><b>T</b></p> <p>Wednesday 16  <b>Eaton Electrical</b>,                      contact Joe Fisher,  <a href="mailto:JoeRFisher@eaton.com">JoeRFisher@eaton.com</a></p>	<p><b>T</b></p> <p>Wednesday 13,  <b>ACE Bakery</b>,                      contact Cindy Grolleman,  <a href="mailto:cgrolleman@acebakery.com">cgrolleman@acebakery.com</a></p>	<p><b>T</b></p> <p>Wednesday 19,  <b>Nestle Waters</b>,                      contact Mariela Castano  <a href="mailto:mcastano@perriergroup.com">mcastano@perriergroup.com</a></p>	<p><b>C</b></p> <p><b>Consortium Shareshowcase</b></p> <p>Saturday 05  <b>Eaton Milton</b>,                      Contact Cindy Grolleman  <a href="mailto:cgrolleman@acebakery.com">cgrolleman@acebakery.com</a>                      or Joe Fisher  <a href="mailto:JoeRFisher@eaton.com">JoeRFisher@eaton.com</a></p>	<p><b>T</b></p> <p>Wednesday 14,  <b>Alumicor</b>,                      contact Barry Wood  <a href="mailto:barry@Alumicor.com">barry@Alumicor.com</a></p>	<p><b>T</b></p> <p>Wednesday 18,  <b>Morrison LaMothe</b>,                      contact Tony Vita  <a href="mailto:tvita@morrisonlamthe.com">tvita@morrisonlamthe.com</a></p>
July	August	September	October	November	December
		<p><b>T</b></p> <p>Wednesday 24,  <b>Kraft Foods</b>,                      contact Hanif Jivraj  <a href="mailto:hjivraj@Kraft.com">hjivraj@Kraft.com</a></p> <p><b>C</b></p> <p><b>Executive Forum</b>                      Tuesday &amp; Wednesday                      23<sup>rd</sup> &amp; 24<sup>th</sup>                      Contact Richard to register  <a href="mailto:rkunst@kumstartofsolutions.com">rkunst@kumstartofsolutions.com</a></p> <p><b>C</b></p> <p>22<sup>nd</sup> Transportation                      Thursday 24<sup>th</sup>  <a href="http://www.transportconference.net/emaplan.html">http://www.transportconference.net/emaplan.html</a></p>	<p><b>T</b></p> <p>Wednesday 16,  <b>CTS Corp.</b>,                      contact Navneet Mann,  <a href="mailto:navneet.mann@ctscorp.com">navneet.mann@ctscorp.com</a></p>	<p><b>T</b></p> <p>Wednesday 12,  <b>Messier-Dowty</b>,                      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 10,  <b>Orenda</b>,                      contact Brenda McIntosh  <a href="mailto:brendamcintosh@orenda.com">brendamcintosh@orenda.com</a></p>