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LEAN THOUGHTS

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Crossing the Lean Threshold - Professor Daniel Jones eletter

Dear Richard

Lean transformations are increasingly bumping up against a common threshold. We may be very familiar with most of the lean tools. We may also have learnt to see our value streams and how to redesign them, at least within our own organisations, which is a big step forward. But until recently we have had less clarity about what lean management and lean leadership really looks and feels like.

It is therefore not surprising that while management is often keen to encourage lean campaigns to eliminate waste and to create flow, they often balk at the point when it becomes necessary for them to fundamentally change the way they run the business. Once this threshold is reached however employees quickly spot that they are being asked to change the way they work while management continues as before. The inevitable result is that the campaign loses steam, momentum is lost and those determined to do lean begin to jump ship for leaner challenges elsewhere.

In my experience the only way to really understand how lean managers successfully lead a continuing and deepening transformation is by watching them at work and by getting them to reflect on what they are doing and why. It is not something you can learn from theory or in the abstract, but only from practice. And there are still only a very few places where you can see it. The most obvious example and the unique strength underlying the lean movement is of course Toyota. Another example in the UK is Unipart.

Fortunately a growing number of senior ex Toyota managers like John Shook, who have also spent some time in traditional organisations, are now beginning to reflect on their experiences. Recent books like Satoshi Hino's *Inside the Mind of Toyota* and Pascal Dennis's *Getting the Right Things Done* also throw a great deal of light on the subject. Once again we are trying to describe an interlocked set of thoughts, mental models and practices that fit together into a new management system. This is my attempt to begin to summarise them.

* All value is the result of a value stream. Every value stream needs a manager with a future state plan. They need to convince the functions and top management to give them the resources to achieve their plan. Key tools for this are the value stream map and the A3 plan.

* The strategic direction of the business needs to be clear and visible to everyone – as the driver for a policy management process to align planning and problem solving activities throughout the organisation. Top management must also take responsibility for reducing overburden and unnecessary variation so that value streams can flow quickly in line with demand.

* Brilliant results come from managing today's process, not from juggling metrics of past performance. Good visual management should enable everyone to very quickly grasp the current progress of every value stream. Management must frequently "go and see" whether the plan is being met and what help is needed to do so, rather than fight fires.

* Every value stream, however lean, will be always be subject to changes and interruptions. The problems revealed by these interruptions point to the opportunities for improvement and should be made as visible as possible. Responsibility for tracking the root causes and solving these problems, using the scientific method, should be given to those close to the problem itself.

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Where "Lean Thoughts" Become Reality



* The most important task of a lean leaders at every level in the organisation is to develop the capabilities of their people, in particular deepening their knowledge of their value streams and the process of solving problems to improve it. The most effective way to do this is by asking the right questions, rather than giving instructions and answers.

This however is just the beginning. All these elements knit together to build an organisation that is continually learning, improving and adapting to changing circumstances. What makes lean so powerful is that it is much more than a set of tools or even a set of principles for redesigning value streams. It is about fundamentally changing the way we manage and work together at every level in the business. The challenge is to learn to act ourselves into this new way of managing.

Best wishes

Daniel T Jones

Chairman, Lean Enterprise Academy

PS. Jim Womack and I began describing Toyota's lean business system in ***The Machine that Changed the World*** in 1990. A new edition of this management classic brings it up to date with a new Foreword on **Why Toyota Won** and Afterword on **What we have learnt about Lean since 1990**, available from www.leanuk.org

PPS. Pascal Dennis's excellent new book ***Getting the Right Things Done*** on policy deployment is now also available from LEA. Ian Glenday's expands on precisely this topic in his **Planning a Lean Transformation workshop** on **March 30th**.

The following appeared as an editorial by Joe Terrett in the PLANT e-newsblast. The full report can be accessed at the URL at the end of the editorial. While the article talks about Canadian Manufacturing it is true across North America.

Lagging on lean

Canadian manufacturers continue to lag on lean, and that's not good.

A recent survey that included **PLANT** readers conducted by the Boston-based Aberdeen Group showed they're still in the early stages of lean. Only 10% of Canadian firms have been using it for more than five years, compared to 15% of the "general population," which for the study are mostly firms from the US, plus manufacturers from Europe, Asia Pacific and Africa.

Of greater concern, however, is the 35% that have done nothing and have no plans to do so, compared to 18% of their global competitors.

The Aberdeen Group research suggests Canadians could catch up by bringing in external help, but the survey respondents are 87% less likely to take advantage of that option.

It's astonishing that lean has not taken hold in Canadian manufacturing culture. It's common sense.

Simply stated, lean is about the elimination of waste, continuous improvement and the simplification of processes—all with a focus on what is of value to the customer. And there's plenty of evidence to suggest lean works pretty well. Indeed, the benefits should be evident and significant in relatively short order if lean is implemented correctly. What gives?

Perhaps Canada's manufacturers, most of them small and medium enterprises, are too engrossed in urgent cost cutting and can't afford the time or the resources to implement lean, yet it's one of the most effective ways to systematically generate cash, suggests Jayson Myers, chief economist for Canadian Manufacturers and Exporters (CME).

Lean is not a bandage. It's a way of life that requires a cultural change coming from the top down. And people on the front lines have to be trained. They must have a level of expertise to make it all work.

But there's just so much companies can do solo. Comparatively speaking, "there is little government interest in supporting companies to [help them] acquire the lean culture needed—and less [interest] in academia," says Dave Hogg, president of the High Performance Manufacturing Consortium (HPMC), a "learning network" in the Kitchener-Waterloo area of southern Ontario that emphasizes lean.

The federal government recognizes that manufacturing needs help if it's to continue generating high-paying jobs and 17% of Canada's overall economic activity. A recent report to the House of Commons from the Standing Committee on Industry, Science and Technology offered some 22 recommendations that aim to strengthen the sector, but little is said about operational excellence. Surely such a key element to the success of any national plan needs to be emphasized. The time has also come for colleges and universities to add lean to their curriculums.

In the meantime, the 35% of the survey respondents who are passing on lean do so at their peril.

For a copy of the report visit

http://www.aberdeen.com/summary/report/sector_insights/Lean_canada_3885.asp.

Click on "View This Content Now"

*"I'm a big believer in growth. Life is not about achievement, it's about learning and growth, and developing qualities like compassion, patience, perseverance, love, and joy, and so forth. And so if that is the case, then I think our goals should include something which stretches us."
—Jack Canfield*

Consortium Event Schedule



Tour Workshop Conference

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