



Leading Value Stream Compression

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The Power of Lean

- **Toyota as a reference example**
- **The key is brilliant processes - “We get brilliant results from average people managing brilliant processes - while our competitors get average or worse results from brilliant people managing broken processes”**
- **There is more to lean than you think**



Lean Process Design

- **Define Value – who are the customers what do their consumption processes look like - distinguish real from created demand – the size of the gap – and the business case**
- **Look at the whole Value Stream – “Why does a few minutes of work take a month or more?”**
- **Segment different tasks – create stability to flow – align capacity with demand – see and respond to interruptions**



Mass Production Management

- **Alfred Sloan's world:**
 - **Line managers focused and judged on metrics**
 - **Generalist managers rotated frequently**
 - **Decisions made at some distance from the point of value creation, using data**
 - **Problem solving and improvement activities conducted by staff and programmes**



Lean Management

- **Eiji Toyoda's world:**
 - **Line managers focused on operating and improving clearly specified processes**
 - **Decisions made close to the point of value creation using direct observation**
 - **Problem solving and improvement conducted mostly by line managers, in problem solving loops with superiors and subordinates**



Managing a Lean Process

- Every value stream needs to be led by a value stream manager
- Who teaches his staff to see the value stream – the current state
- Who develops a **future state plan** (and an ideal state direction)
- Who directs the problem solving and
- Whose job is to convince the functions and top management to give them the resources to deliver that plan



Direction and Alignment

- The strategic direction needs to be clear and visible
- To drive the **policy management process**
- Aligning all the planning and problem solving activities and
- Reconciling the needs of the value streams with the resources in the functions
- While also reducing overburden and variability so value streams can flow quickly in line with demand



Measuring Results

- **Brilliant results come from managing today's process – not from juggling yesterday's metrics**
- **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**



Managing Problems

- **Every value stream, however lean, will 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**



Developing People

- The most important task of 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



In Summary

- **Fujio Cho's three keys of lean leadership: "Go See" - "Ask Why" - "Respect Your People"**
- **Taiichi Ohno: "The shop floor is a reflection of management"**
- **But remember lean processes sustained by lean management are key enablers to transform the business model of your industry**



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