

Lean View: The Work of Management

- Align and engage employees to create, sustain & steadily improve value-creating processes to solve customer problems.
- Purpose, then process, then people.
- Eliminating muda, mura, and muri.

Managers Today Have a Fundamental Choice:

- **Modern management**

(The Alfred Sloan School of Management)

versus

- ***Lean management***

(The Eiji Toyoda Gemba School of Management)

Let's perform a side-by-side comparison of the principles of these schools.

Modern vs. *Lean* Management

- Clear grants of managerial ***authority*** by leaders of organizational units (vertical delegation).
- *Clear grants of managerial **responsibility** from managers at the next higher level, particularly to solve cross-functional, horizontal problems.*

Modern vs. *Lean* Management

- Line managers judged on end-of-the-period results for their span of control, increasingly financial.
- *Line managers judged on the state of their process, with rapid feedback loops with next-level management.*

“If the process is right the results will be right.”

Modern vs. *Lean* Management

- Planning and direction from the top down:
“Make your plan and/or explain the variances.”
- *Planning & direction in circular feed-back loops, with bosses asking questions:*

“What do you think our problem is?”

“What do you think the potential solutions (countermeasures) are?”

“What countermeasure do you think we should select?”

“Who must do what when where to test the countermeasures?”

“Planning is invaluable; plans rapidly become worthless.”

Modern vs. *Lean* Management

- Conviction from the top that a good plan, once properly implemented, produces the desired results.
- *Conviction that all plans are experiments and can only be evaluated through the scientific method in the form of PDCA.*

Modern vs. *Lean* Management

- Generalist managers, rotated frequently with weak process knowledge.
- *Line managers on extended assignments, with deep process knowledge.*

Modern vs. *Lean* Management

- Managers developed through formal education, often ex-company (e.g., management schools, consulting firms).
- *Managers developed through in-company gemba learning through repetitive A3 analysis.*

Modern vs. *Lean* Management

- Decisions made far from the point of value creation, by analyzing data.
- *Decisions made at the point of value creation, by converting data into facts (“Go see, ask why, show respect”).*

Modern vs. *Lean* Management

- Problem solving and improvement conducted by staffs, often through programs.
- *Problem solving and improvement conducted by line managers responsible for cross-function teams, with staffs reserved for unique technical problems.*

Modern vs. *Lean* Management

- Standardization of activities conducted by staffs, often with little gemba interaction and little auditing.
- *Standardization of activities conducted by line managers in collaboration with work teams, with frequent auditing.*

Modern vs. *Lean* Management

- Suppliers chosen on market criteria and managed by arms-length metrics through contracts.
- *Suppliers chosen on long-term alignment of interests and managed through continuous supplier/customer development.*

Modern vs. *Lean* Management

- Customers identified by market criteria and managed on a short-term, transaction basis.
- *Customers identified by categories of problem to solve and managed in long-term, problem-solving collaborations.*

Modern vs. *Lean* Management

- “Go fast” as a general mandate:
 - “Jump to solutions” (with the consequence of going slow through the complete cycle of product & process development, launch & fulfillment.)
- “*Go slow*” as a general mandate:
 - “*Start with the problem*” and pursue many potential counter-measures in parallel (with higher costs & more time at the beginning, followed by lower costs, less time & happier customers at the end.)

Modern vs. *Lean* Management

- Strong emphasis on the vertical flow of authority, looking upward toward the CEO.
Performance usually evaluated at single points.
- *Strong emphasis on the horizontal flow of value, looking toward customers.*

Performance evaluated in terms of optimizing the whole process (all of the points).

Control reconciled with flexibility!

Methods of Lean Management

- If organizations wish to pursue lean management, what are the methods to employ at what levels?
- ✓ **Strategy deployment** – to align and engage employees on critical issues – the work of top management.

Note: The transition from modern to lean management might be an objective identified by strategy deployment.

Methods of Lean Management

- ✓ **A3 analysis** – to deploy top-level mandates, solve daily problems as they arise, and evaluate proposals from lower levels of the organization – the work of mid-level management.
- ✓ **Standard management of standard work** with continuous **kaizen** – to stabilize the organization and permit improvement – the work of front-line management.