



Lean Enterprise Academy

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The Waste of Management

Dear Lean Community Member

Just imagine that instead of pursuing several hundred projects your organisation was able to focus everyone's efforts on the vital three to five strategic objectives that would make the biggest difference to its performance and that keep the top team awake at night. Imagine that the top team had identified the size of the performance gaps that need to be closed to meet these objectives.

Imagine that they had all walked the processes or value streams responsible for these gaps to begin to see the root causes and the opportunities for eliminating wasted time and effort, particularly between departments. Imagine that someone was given the responsibility for improving these value streams by gaining agreement based on the facts on what needs to be done. Imagine that each department had come up with what it could contribute and had discussed the resources required to do so. Imagine all the potential conflicts between the departmental objectives and the needs of the value stream had been addressed in an open manner.

Imagine that everyone used the same evidence based, scientific method to create their own A3 plans and an overall A3 plan of action to improve each value stream to close each performance gap. Imagine that they had agreed to replace the several hundred metrics for judging their performance by a vital few. Imagine that these plans were built around a visual wall that was updated in real time. Imagine daily maybe half-hour long stand-up review meetings at this visual wall to discuss what to do immediately about deviations from these plans rather than tedious monthly review meetings trying to justify why things had not gone according to plan way after the fact.

It is not hard to imagine the acceleration in performance that would result from this much more effective use of management time. I call it "Results Driven Lean", where action is only taken to resolve clearly defined problems with an evidence based plan to achieve measurable results in value stream performance that are translated into money – cash freed up, falling unit costs, capital expenditure saved and growing sales and margins from fulfilled customers etc.

My hunch is that this visual approach also defines an effective operational framework for cross functional cooperation. The focus on improving the end-to-end processes of value creation can also help to restore the balance with over-powerful functions and departments pursuing their own objectives, which have become a major obstacle to change.

It is also significant that the top team sets the example for the rest of the organisation by doing it themselves on their own work, which gives enormous credibility when they ask everyone else to follow their example. It also means they are in a position to mentor the next level down in the disciplines of evidence based planning and problem solving by asking questions to teach them how to think rather than telling them exactly what to do.

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This is no dream – but what is emerging as we explore the potential for lean evidence based management to transform the lives of managers in the same way as lean has transformed work on the shop floor. Indeed it is the necessary corollary of that work if lean results are to be sustained.

Looking back many of these things made the initial lean supply chain work at Tesco so successful more than a decade ago. As we discovered more recently it is exactly what NHS hospitals need now to replace their totally inadequate public sector administration systems. And it is the focus of the pioneering work by Takashi Tanaka, who spoke at our Lean Transformation Summit two years ago, at Boeing and several other organisations.

All this leads me to conclude that the most damaging form of waste is not on the shop floor but the waste of management. Visiting many head offices I am struck by the armies of bright young people rushing from meeting to meeting making PowerPoint presentations to each other and by the time and effort senior managers spend in long meetings reviewing their plans and gameing many not very clearly defined objectives. These bright young things also effectively insulate top management from what is really going on in the organisation.

The fraction of management time that actually results in improvements in the way these organisations create value must be pretty small, dwarfed by the amount of time they spend fighting fires. But, as on the shop floor, they are all good well intentioned people trapped in broken and dysfunctional management processes that drive them to do the wrong things.

For me the insights that we need for taking lean into the executive office do not come from boot camps on lean tools for executives or even from the lean practice in production and operations. The more promising route is building on the experience with lean in managing projects in the engineering office, which is much closer to the day-to-day experience of leaders managing all kinds of projects in the executive office.

I see lean thinking and the Toyota example as the next step in our long journey to use the scientific method to improve social organisations. Alfred Sloan used scientific methods to create strong functions for command and control. In my view lean provides the scientific basis for working together more effectively, whether on the shop floor, in the engineering department or in the executive office.

This is the frontier for those interested in reaping the full potential of lean thinking and the Toyota example. We are now at a point where we can review the early experiments to test the hypotheses that emerged from diagnosing the root causes of the waste of management. Which is why this will be a core theme at our next **Lean Summit** on 2-3 November in Kenilworth, UK. We have a long tradition of only organising Lean Summits when we have something new to share. Now is the time to address the waste of management.

Yours sincerely

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