



Lean Enterprise Academy

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Convincing Executives to go Lean

Dear Lean Community Member

I was recently asked how to convince senior executives to go lean. The best way to answer this question is to summarise two contrasting real stories – one that got it and one that still does not – at different ends of the same sector.

The successful case began with a question from a senior Director – “How could these lean Toyota ideas help my business?” “Let’s take a walk and see” was my answer. As we walked it became clear there was waste everywhere. This very quickly led to a meeting with the CEO who was intrigued and gave us the go ahead to begin some experiments to demonstrate the potential scale of the improvements that might be achieved. But I insisted that we begin by taking a team of top managers from this company and a few of their suppliers to walk the end-to-end process back from the customer. This proved to be a game changing experience – they were shocked at what they now learnt to see!

So we were quickly given several places to carry out experiments and these quickly showed huge amounts of wasted time and effort could be saved. At the time no one had tried to do these things in this industry, even though I had the Toyota example as my reference model. Meanwhile teams from both companies began meeting to reap the low hanging fruit they could now see. And their internal team worked with other consultants to calculate the financial implications of the process savings we were demonstrating from each of our experiments. This was essential to get Board approval to go further and do the next set of experiments. In each case once this had happened their team worked out the operational detail before rolling out the next piece of the system as the new standard across the business.

Gradually as the different pieces came together more savings were uncovered. The fastest things to change were the physical operations and it took a few years before the systems could be changed to support the logic of continuous flow. But the CEO was quick to spot new capabilities he could build on to introduce new business models that were previously too expensive to do. The rest is history – they moved from an also ran in the UK to number three in the world in a decade and their competitors are still struggling to catch up with them! The Board never lost sight of the core insight that removing any interruptions to the flow of products through their system would be good for them and their customers and they never used lean language to describe what they were doing, even though their Chairman is a great admirer of Toyota!

The other case also started with the same question – but from the head of improvement. Several meetings in hotels eventually led to a visit to HQ to meet the new CEO. This company was making huge profits so I did not get a clear answer to my question “Why do you want to do Lean?” This was followed by days of meetings with armies of very bright staff in the improvement function at HQ and a few awareness training sessions. Which were followed by more visits and more meetings to refine our PowerPoint proposals and to develop their Training Manual and the Plan for rolling this out across several hundred plants across the world. These visits continued for several months, and frustration began to set in.

Meanwhile we persuaded them to allow us to begin some experiments in chosen plants to build some demonstration sites and create a network of people with hands-on experience. Because this company had a long history of rolling out new initiatives from HQ local plants were very wary of this new programme as they saw it and jealously guarded their independence and as a result these experiments quickly ran into political problems. Our approach was seen as rocking too many boats and they began to look for more traditional consultants who would stick to training and improvement workshops. This came to a head when we were only allowed to do our workshops in hotels and not on the shop floor and when their central improvement team asked for our proposals and then blocked us sending them to the CEO!

We probably learnt more from this "failure" than from the earlier success. In retrospect we failed to get them to define the business problem the CEO was trying to solve with lean. We never managed to persuade his senior team to take a walk through the process with us. We were told this could only be done with an army of minders and a big security presence. We never convinced them that this was not about rolling out new tools across their plants but about getting to action quickly to design a set of carefully controlled experiments to create hands-on knowledge and examples.

But the biggest obstacle turned out to be the very bright staff in the improvement function at HQ who wanted to control the roll out of the programme based on their theoretical understanding rather than hands-on operational experience with lean. I have since seen very similar situations in several big multinationals, where we were in danger of getting sucked into a never ending cycle of meetings to discuss ever more elaborate PowerPoint presentations that never result in any action!

But I do not despair – we planted the seeds of lean. I know that several of their competitors have got it and are making steady progress and achieving dramatic results. As these translate into growing market share and volumes this company will be back in a couple of years asking why all the money they spent on more traditional consultants did not yield the same kinds of gains. Resisting the temptation to say "we told you so", we can begin again with a bottom up programme of controlled experiments, tightly focused on closing the vital few gaps that will make the biggest difference to the business. Over time we will link them together and build the community of experienced lean line and plant managers who can make it happen day in day out. The focus and the will to work across functions to make this happen can only come from the top. I have always said that I only need one company in each industry to really get what lean is all about – and in time the rest will be forced to follow!

Yours sincerely

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