

LEA e-letter 23 March 2005

Lean From the Top?

Dear Lean Community Member

Flying to and from Australia gave me time to reflect on what appears to be a significant increase in interest in lean. Maybe, just maybe, we might be on the brink of a new era for the spread of lean.

In recent months we have been approached by a number of large companies about planning their lean transformations. However what is different this time is that the impetus is coming right from the CEO. In each case the new CEO has declared that one of their key corporate objectives is to deploy lean throughout their organisation and across the world. It may not be a coincidence that GE recently declared their future was going to be Lean as well as Six Sigma. Where GE goes today many others will most likely follow.

This is good news for all those already struggling with lean in the trenches. For too long frustrated staff in operations, engineering, planning and logistics have wanted to do the right lean things, only to be frustrated by the lack of real interest or understanding from top management. Too often they have given up and sought a position in a more lean friendly environment elsewhere.

However just as this top management commitment is welcome, it needs the right kind of response to bear fruit. It is important to lead top management to an understanding that there is a lot more to lean than meets the eye. A good way to begin is by asking a series of key questions and opening up the discussion from there. Out of our recent discussions my colleagues Ian Glenday and Dave Brunt came up with five questions. You might try answering them yourself before asking them of your top management.

Is the prime focus of lean in your company waste reduction? Almost certainly the answer will be yes. This is a start, but by no means the end of lean. The really big gains from lean come from fundamentally redesigning all the key value creating and support processes to enable the product to flow quickly through your organisation to the customer. And to go through several redesign cycles as you learn to see the obstacles to flow.

Do you ever change plans and schedules after they are issued? Again most likely the answer is yes. The organisation is still driven by a perceived need to be flexible and to optimise asset utilisation by separately scheduling every activity. Paradoxically the ability to respond quickly comes from discovering how to eliminate unnecessary noise in the order signal and learning where you can create stable flow, while reserving some capacity for last minute demand. There is a stable core demand in every organisation, if only you can see it and build upon it.

Have you drawn current state maps but no future state maps? Again the usual answer is yes. We recently observed that even seasoned Six Sigma black belts struggle in designing future state maps. They are more comfortable coming up with lists of topics for future projects than creating value streams that flow. But they also relish the challenge of learning how to build a value stream in which every step is interdependent and much more resilient to disruptions and backsliding.

Is the prime focus of your performance measures on the results achieved? Almost certainly yes. As you understand that current performance comes from the way key processes are designed and operated it will be necessary to track key measures of value stream performance in real time.

Finally do you really know what key attributes the consumers of your products really value, and those they don't? The answer is usually no. Many organisations sell to end customers through layers of distributors, who aggregate different kinds of orders and whose main task is to get rid of the products already made to forecast. Dig deeper and you will realise you have several different types of customer with very different demands.

Cascading a lean process redesign activity throughout an organisation starts with a dialogue around these kinds of questions. It does not start by deploying lean tools or running a 5S programme. It starts with hands-on training of a core group in lean system design. Their task is then to cascade this knowledge to every plant and office.

I wish you a happy Easter.

Yours sincerely

Professor Daniel T Jones
Chairman, Lean Enterprise Academy
www.leanuk.org

PS. We will be answering these questions in depth at our workshops in Ross-on-Wye on April 18-21, where you can also learn more about lean product development, lean logistics and how to use Toyota's A3 planning tool from leading experts from the USA.