

Meeting the Challenge from Turkey – October 2003

I have just returned from three big gatherings of lean folks – the Manufacturing Live event in Telford, the AME conference in Toronto, Canada and the Lean Summit in Bursa, Turkey. All three had record numbers of people attending and it is clear that interest in lean is alive and growing everywhere.

The biggest surprise was to see over 1,000 plant and company managers hungry to learn at the Turkish event. Jim Womack and I spoke at the first Lean Summit there five years ago. Turkey was then a closed economy dominated by a few big family groups who controlled everything, including the political system. Delegates came, but it was clear they did so because they had been told to do so by their bosses – and it was frankly an uphill struggle to interest them in lean!

Five years later the transformation is amazing. A new, popular government is busy reforming the political system and opening up the economy to foreign investment and competition. The rewards are coming quickly – Toyota and others are ramping up production very fast and exports are hitting new records each month. But most impressive of all was the interest and enthusiasm of the delegates – a new breed of well educated younger managers eager to do the right thing. Moreover the Lean Institute Turkey had wisely involved students from local universities in running the conference – and their interest was infectious – crowding round at each break asking really good questions.

Turkey shows what can happen when a country opens up its economy and modernises its political system. Growing exports and domestic consumption lead to rising living standards and more stable politics. Even as they grow they know that they have maybe twenty good years before the next low wage economy in eastern Europe or the Middle East undercuts their current competitive advantage.

Although China captures the headlines, competition from the likes of Turkey is equally significant for us in the next decade. China may be the right place to source price sensitive, commodity products with stable and predictable demand. However it makes more sense to source price sensitive products where rapid response is still important within Europe, in a place like Turkey. Their constraints are not their, in the main, modern plants or management, but the capability of their local supply base and the time it takes to get their goods to customers across Europe.

To compete with manufacturers in Turkey it is probably not enough to just squeeze waste out of your existing processes making existing products. It will also require a rethink of each product value stream to be able to make every product every day so you can ship them the day after. This involves real time feedback from end customer demand to trigger frequent, levelled production instructions to your pacemaker process and a much tighter synchronisation of material flows into and out of your plant. It also involves a significant compression of your supply base so they can make and ship to you every product every day, as outlined in Seeing the Whole.

Beyond that we need to think hard about the Ideal State design of the next generation product, that simplifies the manufacturing task for the whole, much compressed, supply chain and is able to deliver the exact product into the hands of the end customer within a matter of hours. The speed and responsiveness of the value stream, not the amount of finished goods inventory waiting for customers, will be the critical dimensions of competition in the next decade.

Yours sincerely
Daniel T Jones
Founder and Chairman
Lean Enterprise Academy
www.leanuk.org