

## **The Dramatic Spread of Lean Thinking**

**Jim Womack**  
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Without question, lean thinking was born in the factory. That's simply because processes are easiest to see when materials are being transformed into physical products. (Remember that a process is simply a set of actions that must be performed correctly in the right sequence at the proper time in order to create value for some customer.) Henry Ford and Toyota looked first at factory processes by thinking about flow production coupled to pull systems for information management. However, they mostly worked on high-volume processes with relatively narrow product variety, often making products to a stock of finished goods.

The first step in spreading lean thinking was in logistics, to tie supplier production tightly to assembler needs and to get products from assemblers to customers. And the next step was to think about product development as a process leading from concept to launch. Toyota introduced rigorous, lean processes for all of these activities by the 1970s, although it has taken the rest of us years to fully understand what they were doing.

Currently we are experiencing an explosion of interest in applying lean thinking to practically every process in every corner of the world. And it is causing all of us in the Lean Community to think about how we can best serve the needs we are hearing about.

As we look across the world we see the following trends:

In the high-wage economies of the United States and Canada, Western Europe, and Japan, we are finding a steady growth of interest in applying lean thinking to low-volume, make-to-order manufacturing. This is not surprising since so much high-volume, make-to-finished-goods manufacturing has migrated to Mexico, Eastern Europe and China. Fortunately, if producers in high-wage areas are sufficiently responsive to customer needs there are many types of specialized manufacturing that will always make most sense to locate near the customer. The Lean Community simply needs to show how.

In the high-wage economies we are seeing even stronger interest to applying lean thinking to practically every type of office and business process. This is happening inside high-volume manufacturing companies like General Motors and in practically every service business including healthcare. It is also starting to happen in activities touching all of as consumers like maintenance, financial transactions, and retail.

Meanwhile in low-wage economies - Mexico, Brazil, China, Poland, Turkey, India - where only a decade ago low wages were thought to be the secret to global competitive success, we are suddenly seeing a remarkable growth in awareness of the power of lean thinking to maintain

competitiveness while raising wages and standard of living. (I'm always amazed that my friends in high-wage countries seem to think that workers in low-wage countries will be happy to continue forever making cheap products for first-world consumers at low wages. In fact, like all of us, they want to sell products to high-wage countries at steadily rising wages, so they can become high-wage countries too.)

These trends are reflected in recent developments across the Lean Community. First, let me make you aware of events in the low-wage economies:

The first Lean Summit Mexico will be held in Monterrey in May (see [www.lean.org.mx](http://www.lean.org.mx) for details), the fifth annual Polish Lean Manufacturing Conference will be held in Wroclaw in June (see [www.lean.org.pl](http://www.lean.org.pl) ), a series of regional Lean Summits will be held in Brazil through the year (see [www.lean.org.br](http://www.lean.org.br) ), LEI Senior Advisor John Shook and I are planning a Chinese lean conference in Shanghai in November, and the fourth Turkish Lean Summit will be held in Istanbul in December (see [www.yalinenstitu.org.tr](http://www.yalinenstitu.org.tr).) These events all focus on manufacturing processes, mostly in high-volume applications. I plan to be present for all of them and I hope I will meet many members of the Lean Community.

Meanwhile, we are trying to meet the needs of the Lean Community in the high-wage economies who want to apply lean thinking to business processes far beyond the factory. Key events are LEI's Business Process Summit in Boston, June 8-10 (see [www.lean.org](http://www.lean.org) ), the Lean Summit in the UK at the end of October (see [www.leanuk.org](http://www.leanuk.org) ), and the Lean Summit in Germany in November (see [www.lean-management-institut.de](http://www.lean-management-institut.de) .) The focus of all of these events is lean thinking beyond the factory, in every area of the economy. I will also be present for these events and I hope to meet many additional members of the Lean Community.

I am delighted with the spread of lean thinking far beyond the factory and far beyond the high-wage economies to every corner of the world and to every value-creating activity. My greatest concern is that we bring the best methods to bear and create the maximum amount of knowledge exchange across the global Lean Community so these initiatives will all succeed. Life will be better for all of us if they do.

Best regards,

Jim

Jim Womack  
President and Founder  
Lean Enterprise Institute