

The State of Lean

As we enter the New Year, I find my attention turning from the history of lean (as described last month) to the future of lean. What do I see?

On one level, it is hard to imagine how things could be going better:

- Toyota, our exemplar company, continues to march from victory to victory in global competition with rising sales and market shares in every market and a clear lead in hybrid technology.
- Lean thinking gets more and more media attention and there is a flood of new books and articles. Indeed, if you go to Amazon and type in "lean production" you are directed to 140 titles!
- Lean thinking is now finding a ready audience even in countries where it has been largely ignored in the past. For example, I was in Germany in November to give a keynote talk at the inauguration of Lean Management Institute Germany and encountered a large audience of interested executives.
- Membership in our web-based Lean Community is surging with a 25% increase in signed-up members in 2004.
- Lean thinking -- as indicated by media coverage and the queries we receive -- is now spreading rapidly beyond repetitive manufacturing to logistics and distribution, services, retail, healthcare, construction, maintenance, and even government.

That's the good news. But I still worry. As I walk through companies I see many signs that the current success of lean thinking is only on the surface:

- Many managers, even in lean promotion departments, still don't know what to do once they get past relatively simple steps like implementing 5S and drawing current-state value-stream maps.
- Many organizations with lean improvement departments that do know what to do are still struggling to teach their line managers what to do.
- The further an industry is from the manufacturing origins of lean, the vaguer the methods and the more confusion in management about what "lean" really is.
- Senior managers -- as I just discovered in a talk to a group of CEOs -- are still largely unacquainted with lean, process thinking. Their mental models of the world are still based on financial and strategic thinking, the two methods taught in business schools.

So what do we need to do to consolidate the recent advances of lean thinking? I have four simple suggestions:

- Package lean knowledge in an easy-to-use form that guides managers step-by-step down the path to implementation of lean thinking in every value-creating activity.
- Find better ways to teach lean knowledge. Even Toyota is facing a crisis as its traditional sensei teaching system -- in which the skilled teacher leads the pupil through extended hands-on learning by answering the sensei's questions -- can no longer keep up with the needs of its exponential growth. We now need to think about simulations, focused site visits (not the usual "industrial tourism"),

and other means for quickly teaching managers and employees what to do in any given situation.

- Spread lean consciousness and methods among a broader range of more senior managers in the new industries now embracing lean thinking. What's needed is a clear explanation for each industry of how, specifically, lean thinking applies and the identification of breakthrough examples for other managers to see.
- Rigorously develop process thinking as the essential complement to the financial and strategic thinking that practically all senior managers rely on today. We need to identify and publicize those senior managers – and there are more than you may think – who really do understand our thought process and work with them to create truly process-focused enterprises others can observe. (We can then quit talking about Toyota so much!)

All members of the Lean Community should work on these tasks, but we have taken them on as our special mission in the next phase of the work of the Lean Enterprise Institute. I hope you will help us plan our campaign by participating in our annual survey at www.lean.org/community/survey. We'll report the results shortly in a special communication.

With high hopes and with best wishes for the New Year,

Jim

Jim Womack
President and Founder
Lean Enterprise Institute, Inc