

Lean Enterprise Academy

John Shook e-letter - January 2009

Back to Basics

I often take advantage of relaxing holiday time to go over old things, take care of less pressing matters that I often don't have time to get around to, and do a little 5S. Or one or two of the Ss. It's hard to work on all the Ss at once; in fact, the thought of it becomes so daunting that you tend to keep putting it off. In fact, when we lump them all together -- "5S" -- the meaning and value of each S tends to get lost. Taking them one at a time, I was able to make a little headway over the past couple of weeks.

The first S is, of course, to throw away things you don't need. That's called "Sifting" (from the Japanese Seiri) and I'm just not a natural at it. One look at my office is proof. I tend to hang onto things, "just in case". You have to sift and get rid of the things you don't need before you go to the second S, which is to organize or "Set in place" (Seiton in Japanese) what's left over after purging. Going through old documents, I found an assessment I wrote of the "state of lean" exactly ten years ago. Here's what I wrote for a lean manufacturing conference in 1998:

- Quality to the customer has improved but at huge cost due to end-of-line rework.
- Companies claim their people are their most important resource but still hire and fire as the easiest means to deal with fluctuating demand -- hardly a surprise, then, that labor and management still don't trust each other.
- The way manufacturing works with sales makes it impossible to schedule and run operations rationally. That problem is compounded with the way orders extend throughout the supply chain, resulting in demand amplification, stock-outs, and remaindered finished goods.
- The way we measure performance doesn't provide information useful to running operations, and often, in fact, encourages wrong decisions.
- Much existing capacity is old, inflexible, and designed for maximum economies of scale, thinking "bigger is better," ignoring the inevitable downturn, the cancelled order, the changes in demand.

Rereading 10 years after, it's striking how little things have changed. The dialogue around "lean thinking" is certainly much more sophisticated than it was 10 years ago -- many of the topics discussed in this Column would not have resonated with many people then -- but how much progress has really been made? It's popular now to make the observation that the tools and practices of lean are widely in place and that therefore current challenges lie in

"deeper" dimensions such as management or strategy. I've made those observations myself, and that's part of what spurred me to write MTL.

What lessons from the 2008 economic disaster are there for lean companies or companies that wish to be lean? I'm sure we'll be sorting out the answer to that question for quite some time to come. But, not unlike the way I began the New Year with a personal 2S campaign, I can't help but think companies would benefit greatly from a solid return to the basics.

A quick return to original Toyota TPS materials shows the following:

- Begin from need --TPS isn't a hobby, or a fashion statement, it's a means of solving a problem.
- Shorten your lead times -- the process of doing this forces you to improve everything and achieving it enables flexible response to whatever challenges confront you.
- Make work flow -- that's how you shorten your lead times while creating flexibility and efficiency.
- Build quality in at each process -- the above two points don't mean to shorten the lead time of flowing junk through your system.
- Get serious about standardized work and kaizen -- you know you haven't been.
- Treat everyone with respect -- that doesn't go away when times are tough -- when times are tough, more than ever you need everyone to pull together.

The purpose of these basics is to add up to these specific, game-changing results: Systematic reduction of total system costs and enhanced ability to respond flexibly.

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