



Lean Summit 2016  
Lean Enterprise Academy  
November 16, 2016

# Lean Learning: Reflections on the Next Challenges

*Jim Womack*

*Founder and Senior Advisor, Lean Enterprise Institute*



# My Sum-Up of Where We Are

- Over the past 20 years we have described a full set of tools to apply lean principles:
  - ✓ VSM and extended VSM for identifying a value stream, it's current state, and it's ideal state.
  - ✓ Single-piece-flow for flow.
  - ✓ Kanban and heijunka for pull.
  - ✓ Kaizen for perfection.
- But what about value?



# My Sum-Up of Where We Are

- We have described a full set of methods for applying lean management principles:
  - ✓ Hoshin planning/strategy deployment.
  - ✓ A3 analysis for problem solving (kaizen and innovation.) (Read Art Smalley!)
  - ✓ Daily management for stability, to facilitate sustainable kaizen and hoshin/innovation. (Read Jim Lancaster on Lantech!)



# My Sum-Up for Where We Are

- We have also developed frameworks for lean transformation. (John Shook's Lean Transformation Model.)
- Dan Jones, Michael Balle, Jacques Chaize & Orry Fiume are now offering a way to think about lean as the strategy for every enterprise with a stable value proposition, learned by engaging senior management in seeing the work to change their thinking.

**Congratulations!**



# What We Also Lack

- A credible example of a complete Lean Enterprise in every industry.
- ✓ Leaving us far too dependent on Toyota.
- A problem we are trying to address as a community through continuing experiments with partner organizations and by knowledge-sharing about success stores.
- Proceeding through “normal” science.



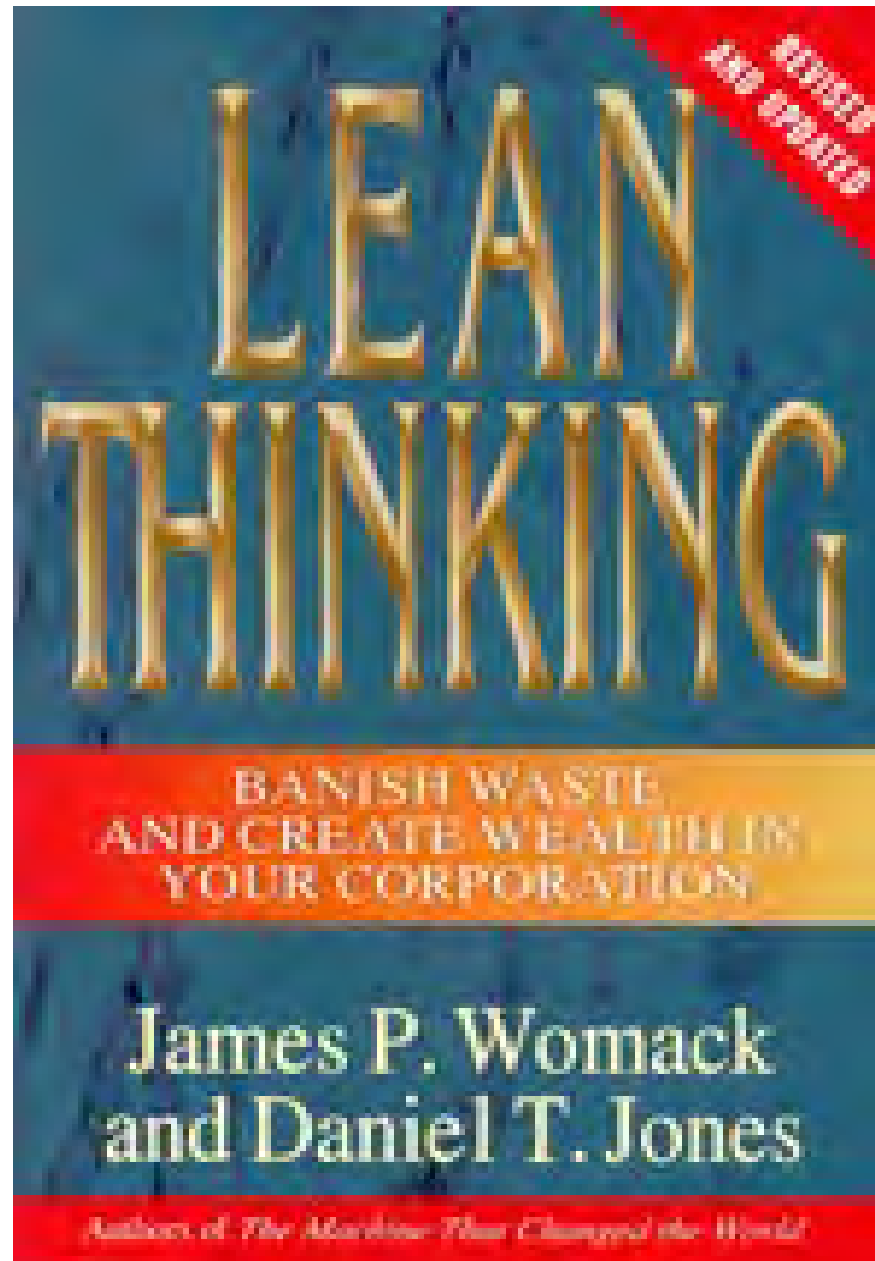
# Moving Forward

**Central concerns for  
Lean Thinkers:**

**Future of Value**

**Nature of Work**





# The First Chapter -- on Value

- Doyle Wilson the home builder who provided:
  - ✓ A “hassle-free experience” rather than just a “new house”.
- Steve Maynard, the Wiremold engineering director, who deployed:
  - ✓ A wire protection system that matched the ambience of the building and could be installed at the lowest total cost rather than a rugged, safe product bought at the lowest cost per foot.
- They “looked at the whole through the eyes of the customer” to create superior value.





Copyright © 2005, 2008

# LEAN SOLUTIONS

How Companies and Customers Can  
Create Value and Wealth Together



James P. Womack  
and Daniel T. Jones

Copyright © 2005, 2008

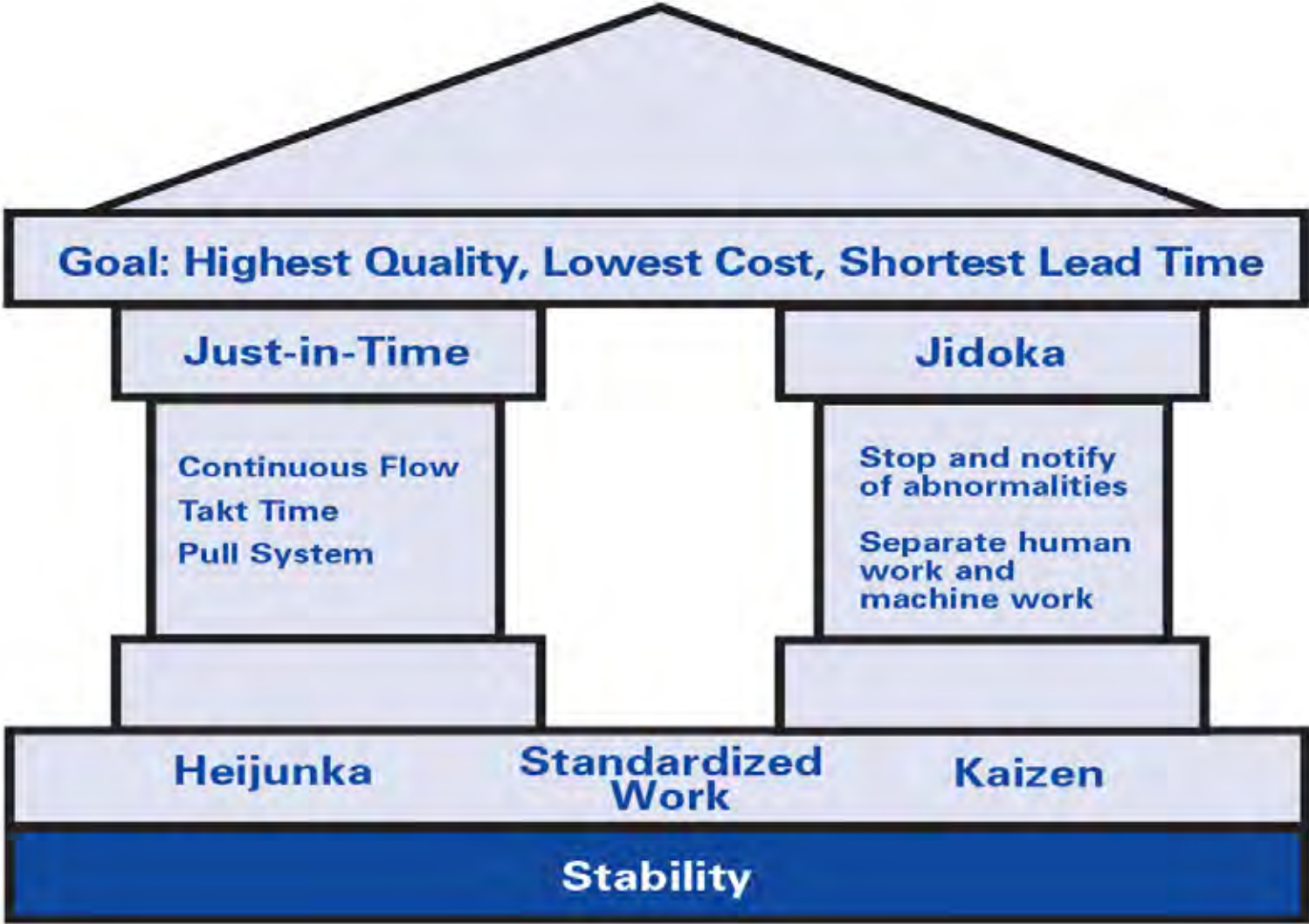
# Simple Premise About Value

- World is awash in brilliant products, offered at falling real prices with few defects.
- But consumers now want to solve their big problems – healthcare, shelter, mobility, food, etc. – cost effectively with no hassle rather than to obtain brilliant but disconnected objects that are hard to configure as problem solving systems.
- Fundamental unit of value is changing.

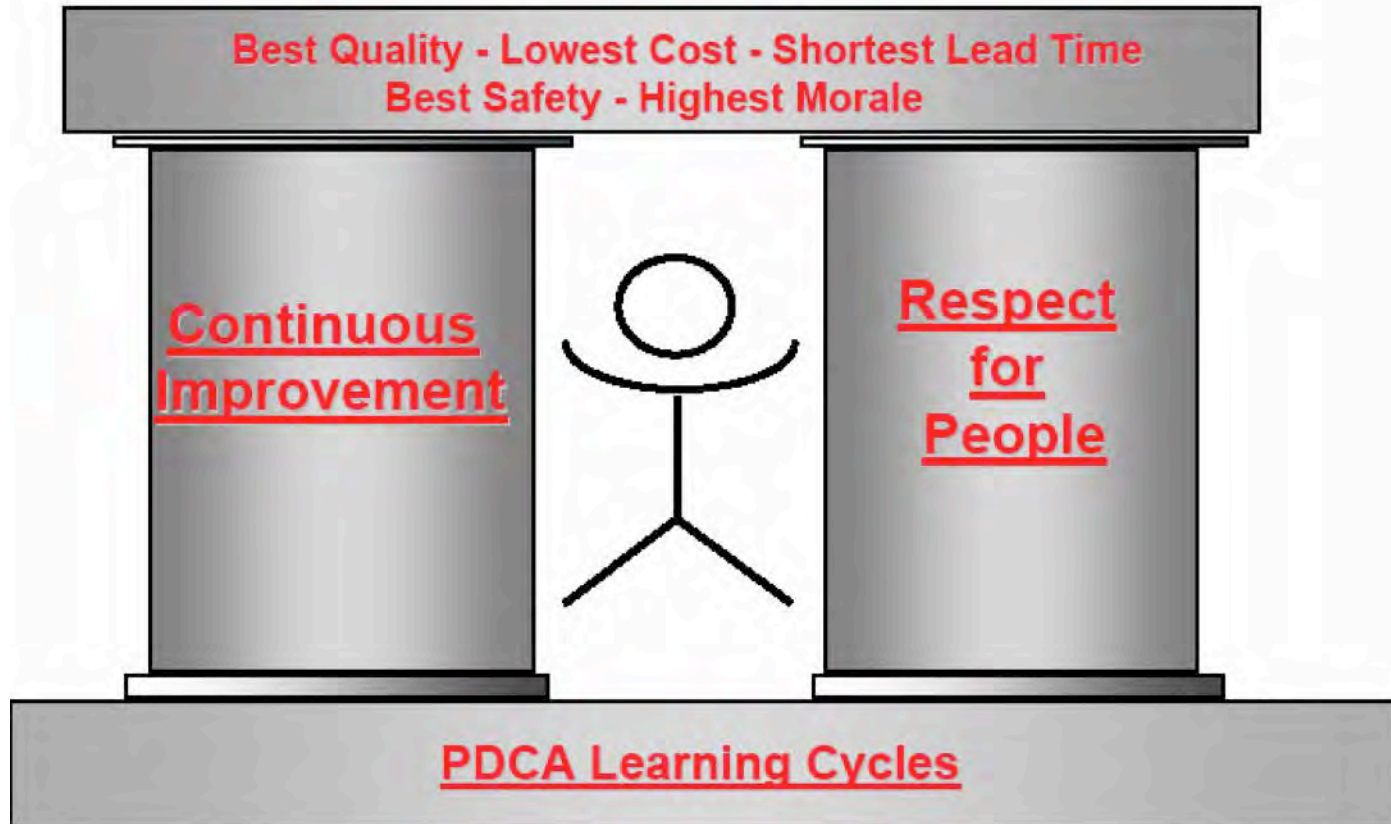
# Lean Thinkers Were Not Engaged

- Why the continuing narrow focus on objects (goods or services) offered with good quality & short lead times at low cost?
- ✓ Our origins are not just in discrete part manufacturing but in slow moving, massive automotive companies and their supplier networks.

# Toyota Production System House



# The Toyota Way House



# This Is a Big Problem

- We are at our best when we design value streams to deliver value in the best possible way by improving the value-creating work being done and minimizing the incidental work and waste.
- But...we can't do this successfully if we can't correctly specify value!
- So it's a time for a rethink of value.
- A great place to start is in the automotive industry from whence we came.

# Morphing of the Car Company: Mobility 2.0

- What is a car company moving forward?
- ✓ A great question for Toyota too!
- Most now say they want to be “mobility providers”.
- But what does this mean?
- And what is the fundamental unit of value for customers?

# Why Is This Happening Now?

- Four new technologies to serve redefined wants and needs, suddenly available in a time of slow growth, stagnant incomes & entrepreneurs:
  - ✓ Autonomy – for safety and to fully utilize assets.
  - ✓ Sustainable energy (stored in batteries or hydrogen) – to meet environmental demands.
  - ✓ Shared assets – to address cost problem for users.
  - ✓ Hyper-connectivity – to make “autonomous”, shared vehicles fully effective and to dynamically manage road networks and alternative modes.
- Promoted by new entrants: Google, Uber, Tesla.



# Mobility Provider

- Do consumers now want a “car” or do they want to solve their mobility problem while avoiding the creation of other problems (e.g., accidents, climate change, the waste of underutilized assets?)
- Some will always just want a “car” as a personal asset of affection.
- Most will want a solution.

# Mobility Provider

- Traditional modes – auto, subway, bus, rail, ride sharing – may disappear along with traditional car companies, to be replaced by entities able to put all of the pieces together in new ways to solve customer mobility (& logistics) problems!
- Incumbents, like Toyota, usually fail at inflection points like this!

(For further thoughts on mobility please see “Lean Thinking for Mobility 2.0”, [www. planet-lean.com](http://www.planet-lean.com), May 10, 2016.)



# The Task for Lean Thinkers

- Help define the value needed to “solve” the mobility problem.
- Help create the necessary value streams.
  - ✓ This will often mean working with start-ups.
  - ✓ This means working at the system level, not the value stream/process or point level.
- Otherwise we risk becoming irrelevant, relics of the “automotive age.”
- I’m doing my part! You should too!



# Moving Forward: Suppose We Redefine Value

- What is the future of the value-creating work needed to create that value?
- Jobs may be going away; work is not going away. But...
- Work is migrating to a higher level of designing and maintaining automated systems that do the work. All about that dreaded thing: software! We are there with scrum and agile and UX and continuous delivery...but it's not enough!



# The Nature of Work

- These work systems can only be designed, maintained, and improved (kaizen 2.0?) by workers with higher levels of skills than today's touch labor.
- Hence the political crisis.
- What is our role as a Lean Community?

(For more thoughts on the nature of work please see "The End of Work?" [www.planet-lean.com](http://www.planet-lean.com), October 26, 2016.)



# Value + Work

- System analysis, described in brief for mobility & logistics (mobilgistics?), can be performed for other important problems:
  - ✓ Shelter
  - ✓ Healthcare
  - ✓ Food
  - ✓ Information & knowledge management
  - ✓ Education
- Can this be a new focus for the Lean Community, moving us beyond our origins & making us relevant for the future?