

BREAKTHROUGH

Lean Implementation & Training Resource Publication
Brought to you by Lean Manufacturing Solutions Partnership, Inc.

BEGINNING THE LEAN JOURNEY

By Aaron Styles

THE QUESTION: WHERE DO I START?

This is a question that befuddles many an executive. In fact, 70% of companies who have embarked upon a Lean Journey are dissatisfied with the results they've achieved (McKenzie & Bain study). Millions of dollars are spent each year by companies hiring consultants, creating Continuous Improvement departments, attending training and seminars, doing Kaizen Events, moving equipment, and implementing Lean tools. Yet most companies who do this are not happy with the return on investment. Why is this?

The biggest reason is the misconception that Lean is nothing more than a set of tools. Part of the fault lies with the term "Lean Manufacturing" itself. That term was coined to market the Toyota Production System (TPS) to western manufacturers. In addition, much of the early teaching on the subject in the USA was focused on the implementation of Lean Tools. If we had kept the original name, it would have clued us in to the fact that what we are talking about here is a System (a holistic system, at that), not a collection of independent tools. Another problem is that western managers are not in the habit of deeply understanding problems. So when they began to look at Toyota, they took a very superficial look at what Toyota is doing. What they tend to see are the surface things: a clean, well organized shop floor (5S), low levels of inventory (pull systems), lights and sounds indicating when problems exist (Andon), a focused workforce (standardized work)...you get the picture. So the typical westerner is going to think it is a matter of tools and endeavor to learn and implement the Lean tools, not understanding that each Lean tool is a countermeasure to a specific problem (this is a profoundly important point).

FALSE STARTS

From this superficial understanding of Lean, several false starts can be initiated. One of the common false starts is the idea of a "model line" or "focused factory." Typically, the train of thought runs along these lines: "If Lean is nothing more than a set of tools, and I don't have experience with those tools, then I'm going to pick a small area where I can apply the tools and learn to be proficient with them. Then I will expand what I learn to the rest of the factory." On the surface this seems perfectly logical. However, Lean is not a collection of "tools"; it is a system for management (more on this later). The problem with the model line concept is that once you get to a certain point, you start to have two very different systems running concurrently in your plant, which causes all kinds of conflicts and inefficiencies. All supporting systems (logistics, maintenance, management, engineering, accounting, human resources, shift structure, union contracts, supply chain management, etc.) are set up to support traditional manufacturing and most often do not adequately support a Lean model line. This causes the Lean model line to perform poorly. Because the model line conflicts with the existing support systems, Lean Manufacturing gets a bad reputation within the organization.

Another false start is to attempt to implement Lean through Kaizen events. Typically this involves picking a specific area and implementing a specific tool (cellular manufacturing, SMED, 5S, etc.). A number of these events are executed throughout the year and Lean is "sprinkled" throughout the organization. The idea is that as you plant the Lean "seeds" throughout the facility, Lean will begin to grow.

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FALSE STARTS, CONT'D.

One problem here is that of planting the right seeds in the wrong soil. The culture of a traditional mass manufacturing organization is not the kind of environment that will nurture the proliferation of Lean Manufacturing. Quite the opposite, such improvements are difficult, if not impossible, to sustain and the area improved slowly degrades until it eventually runs like the rest of the plant. Another problem is that an area is picked and a tool is picked, but the problem (if there is one) is not understood. Many Kaizen events solve problems that don't exist. A third potential pitfall with kaizen events is that you solve a problem, but it isn't a high-leverage problem, so that it yields minimal bottom-line results.

Still another false start is to designate (or even hire) a Lean or Continuous Improvement Coordinator (some firms even create entire departments of Lean specialists). Such specialists are not cheap. A competent, experienced practitioner will command a salary well over \$100,000 per year. This Coordinator is usually a middle manager, 1-2 levels removed from executive management on the organization chart. This individual is given the task to "implement Lean"; however the rest of the organization is still managed in a traditional way, by "functional silos". So this middle manager and his/her department of specialists are trying to "swim upstream" against the prevailing corporate culture - trying to change an organization which lacks the same expectation and/or desire to change. The result is that it takes monumental effort on the part of the manager and his/her specialists and an extraordinary amount of time to implement Lean. Executive management gets frustrated because of the slow pace and low return on investment. The middle manager and his team of specialists get frustrated at the organizational barriers to implementing change and the lack of support from executive management in removing them. The rest of the organization gets frustrated at the team of specialists that keeps trying to get them involved in annoying projects that don't help them meet their goals and that take away their "real work." The type of cultural change required to effectively implement Lean cannot be led from middle management, it must be led by executive management.

Yet another type of false start is to attempt to audit your way to Lean. This approach involves creating an audit, then auditing each department at some frequency. Generally, some amount of contingent pay for most or all employees is tied to the results of the audit scores. There are myriad problems with this approach. The primary pitfall is the fact that it is impossible to create an all-encompassing audit that perfectly fits every situation (even within one facility). The audit will be well-suited to some areas/products and poorly suited to others. However, since pay is tied to it, employees will do what ever is within their power to get the desired audit score. Very often managers will adopt the practice of looking at the audit, seeing where the most points are available and focusing in that area. It may be an area that yields little, if any bottom-line results. So the audit score improves, but business results don't. Toyota would never spend time on such activities. A few months ago, a large manufacturing plant held their annual plant-wide meeting. One key performance measure after another was reviewed. All measures were below goal and were trending negatively. The plant is projected to lose money this year. However, at the end of the presentation the Vice President stated, "On the positive side, we did meet our target score on our Lean Manufacturing Assessment." What an alarming message! Universally, plant performance was poor, but the score on the assessment was on target. Sadly such disconnects between audit scores and tangible results are common.

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AVOID THE SHOTGUN START

Probably the worst type of false start is the "shotgun approach". Using this approach, you take all lean tools and apply them one at a time to the entire organization. The idea behind this approach is that if a company copies all the Tools from TPS, then they will get results comparable to the results that Toyota gets. Unfortunately, the typical result is that every department gets, for example, a pull system, regardless of whether there is sufficient stability to implement a pull system and regardless of whether there is a problem that indicates the need for a pull system. A lot of time and money get invested in solving problems that don't exist. I have seen companies spend hundreds of thousands of dollars implementing Lean Tools without knowing the answers to the following basic questions: (1) What problem are you trying to solve? (2) What results do you need/expect? (3) How much will it cost? (4) What is the return on investment? It is possible to spend a lot of money and realize minimal results using this approach.

The root cause of all these ineffective approaches to implementing Lean Manufacturing is the lack of fundamental understanding of what Lean Manufacturing is...a system for managing all aspects of the manufacturing enterprise. Next month, we will give the specific answer to the question, "Where do I start?" Don't miss it!

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BEGINNER'S FEEDBACK

"In my four and a half year career, I have not heard anything approaching this level of on-topic communication. Before the workshop I thought that lean was another ball in the game of buzzword bingo. Now I have a higher opinion of lean and a desire to implement it. I also have a better opinion about my organization's ability to succeed. The instructor was actively involved."

"My previous lean training was with a university. This training was way above any lean training I have received. It attacked my way of thinking."

"As the HR Manager, I was concerned about resistance and misunderstanding of goals. But we now have a consensus. LMSPI knew the material well and was able to give examples throughout."

"The training really opens your eyes toward a different direction. It was motivating, exciting, and thought provoking. He (the instructor) makes you want to jump in now and start running."

Stay tuned!

This is part 1 of a 3 part series about Beginning the Lean Journey. We will continue next month with THE ANSWERS to these questions in part 2...