The Realities of Lean

• Implementing Lean is the easy part – sustaining those changes is what’s hard.
  A crisis may be the best way to get people to understand the need for change, but it is a very poor way to run daily operations.
• Implementing Lean reveals problems and internalizing policies for corrective action, but it does not ensure that everyone continuously works on these problems.
• Lean Manufacturing relies on the involvement of everyone and Kaizen Events alone will simply take too long to involve everyone.
Why 9 out of 10 Companies Fail to Implement

The Communication Barrier
Only 5% of the workforce understands the strategy

The Alignment Barrier
Only 25% of managers have incentives linked to strategy

The Resource Barrier
60% of organizations don’t link resources/budgets to strategy

The Management Barrier
85% of executive teams spend less than one hour/month discussing strategy

More often than not, corporate culture predicts the outcomes and results – e.g. Execution Success!
The Realities of Kaizen

- Continuous improvement never seems to be continuous.
- People resist change, and this mindset will cause people to backslide and abandon improvement.
- Supervisors and managers often leave improvement until after “making the numbers.”
- People typically rely on others for improvements.
- Even when people want to improve, they don’t have improvement skills.
- Companies tend to rely on Kaizen Events to make even small changes.
Lean Enterprise Institute 2007 Lean Survey

- 2,500 respondents

Top three obstacles to implementing lean production:

1) Middle management resistance
   - Lean exposes problems in traditional systems, which often is threatening to middle managers

2) Lack of implementation know-how

3) Employee resistance

- Backsliding to old ways of working dropped from #1 to #6
Obstacles to Lean Implementation

- Middle Management Resistance: 36.1%
- Lack of Lean Knowledge: 31.0%
- Employee Resistance: 27.7%
- Supervisor Resistance: 23.0%
- Lack of Crisis: 17.7%
- Backsliding: 14.2%
- Unknown: 9.4%
- Flavor of the Month: 6.8%
- Value Not Recognized: 4.9%
- Fail to Overcome Opposition: 3.9%
- Failure of Past Projects: 3.3%
- Budgets: 2.3%
Lean Management

• Lean management practices like all other aspects of lean. Concepts easy to grasp, difficult to consistently execute.

• Organizational culture either enables or inhibits change.

• Typical “brownfield” lean transformation, 20 percent or less involves physical change.

• To successfully implement lean management the organization must “extinguish” existing practices that do not support lean practices.
Lean Management ≡ Process Focus

• **Conventional Management Process**
  
  – **Goals:** Did we meet the schedule?
  
  – **Process:** Set up and attend many meetings to discuss problems
    
  – Occasionally work on the floor with operators

• **Lean Management Process**
  
  – Get rid of the “do whatever it takes” approach
  
  – Focuses on the process as well as the results

• **Create metrics that measure the efficiency of the process as well as the results**
## Principal Elements of Lean Management

<table>
<thead>
<tr>
<th>Element</th>
<th>Key Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visual Controls</td>
<td>Charts and other visual tools are used for tracking actual vs. expected performance for production and non-production processes alike.</td>
</tr>
<tr>
<td>Daily Accountability Process</td>
<td>A hierarchy of short, structured meetings to assess results, assign follow-up, close performance gaps and review current status of existing work assignments.</td>
</tr>
<tr>
<td>Leader Standard Work</td>
<td>Daily, weekly, monthly, etc. checklists that state explicit expectations for what it means to focus on the process.</td>
</tr>
<tr>
<td>Discipline</td>
<td>Consistently following and following up on adherence to lean processes including the first three elements.</td>
</tr>
</tbody>
</table>
## Secondary Elements of Lean Management

<table>
<thead>
<tr>
<th>Element</th>
<th>Key Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Root Cause Analysis</td>
<td>Focus on eliminating the causes of problems rather than settling for workarounds.</td>
</tr>
<tr>
<td>Progressive Discipline In A Lean Environment</td>
<td>Applying discipline for performance as well as for conduct as a source of support for expected performance in a lean environment.</td>
</tr>
<tr>
<td>Rapid Response System</td>
<td>&quot;911 system&quot;. Summoning help from support groups and management. Relationships between support groups and production areas are a critical factor.</td>
</tr>
<tr>
<td>Improvement Process</td>
<td>Management of Improvement activities that exceed the scope of the daily task assignment boards.</td>
</tr>
<tr>
<td>Human Resource Policies</td>
<td>Management compensation plans, hourly classifications and pay grades, job rotation, problem performers, schedules, communications, etc.</td>
</tr>
</tbody>
</table>
Lean Leadership: Managing for Daily Improvement
Lean Leadership Responsibilities

- Ensures Reliable Machines
- Ensures Good parts
- Ensures parts are delivered on time
- Assists in writing Standard Work
- Assists in implementing poka-yokes
- Assists in writing Safety Improvements
- Assists in maintaining 5S
- Assist in meeting Takt Time
- Build Quality
- Maintain 5S
- Work Safe
- Meet Takt Time
- Build Quality
- Maintain 5S
- Work Safe
- -Ensures the area is safe and Ergonomically correct
- -Ensures adherence to Standard Work
- -Eliminates Abnormalities
- -Develops the people
- -Sets the Production initiatives for the supervisors
- -Maintains Hour by Hour board
- -Ensures good communication
- -Strong Supporter of Lean
- -Sets Primary Guidelines to drive improvement
- -Sets the Productivity initiatives for the supervisors
- -Maintains Hour by Hour board
- -Ensures good communication

Customer

Plant Manager
Production Manager
Supervisor
Group Leader
Operators
Support Staff

Reliable Schedule
Define Leadership Effectiveness?
Lean Leadership Effectiveness:

- Lean Principles:
  - Focus on customer value
  - Implement flow, pull & takt
  - Strive for the goal of perfection
- Visual Management:
  - Implement, sustain and improve 5S
  - Use SQDC metrics to drive improvement
- Lead Leadership Organization:
  - Follow Leader Standard Work
- Process Effectiveness:
  - Institute Work Management & Accountability:
  - Focus Root Cause Problem Solving
- Organizational Development:
  - Standardize Processes & Develop Skills
  - Create Work Teams
- Change Management:
  - Communicate, Communicate, Communicate
Focus on Customer Value

• Only the customer can define value.
  Value is only meaningful when expressed in terms of goods/services which meet customer’s needs at a specific time at a specific price.
• Value is defined in terms of the whole product—the entire chain of events in the process of acquiring and utilizing the product.
• Cost is a critical element in defining value.

Focus on Lean Principles.
Implement Flow, Pull & Takt

• The principles of flow, pull and takt must be implemented to surface wastes and abnormalities.
• Disruptions to flow are a sure sign of waste.
• Pull and takt facilitate flow.
• When leaders are distracted and oblivious to flow, processes become wasteful.

Focus on Lean Principles.
Strive for Perfection

• "Perfection" must be the long term goal for the operation.
• Never accept a current or targeted level of performance as being "best".
• “Best” is the enemy of “better”.
• Perfection is never attained, there is always additional opportunity.
• Incremental goals towards improvement keep the organization stretching its capabilities, innovating, and continuously improving.

Drive continuous improvement.
Implement, Sustain And Improve 5S

• 5S is a “lean giveaway” of operational efficacy.
  – An unorganized workplace is an unsafe workplace.
  – An unorganized workplace is plagued with waste!
  – An unorganized workplace is a sign of reactive managing!

• 5S is a core capability for successful Lean Transformations.

• 5S builds the necessary discipline for lean through organization.
  – A place for everything and everything in it’s place.

5S is a core capability within lean.
Use SQDC Metrics To Drive Improvement

- SQDC performance metrics must be used to drive focus and problem solving.
- The boards must be meaningful, up-to-date and understood by everyone.
- Long-term trends must be visible.
- Countermeasures must be developed for top causes of performance misses and permanent solutions must be implemented.

Require robust SQDC metrics and countermeasures.
Follow Leader Standard Work

Management standard work shows what to do and what not to do:
• Management’s priorities are to 1) ensure that processes run as designed and 2) continuously improve processes.
• Management Standard Work must include coverage of visual controls, work management and review of subordinate’s standard work.

Utilize Leader Standard Work.
Institute Work Management & Accountability

- Lean focuses on maintaining and improving the process.
- Leaders have two areas of focus:
  - 1) Running the business (today’s goals, yesterday’s results, special items)
  - 2) Improving the business
- Basic project management process is used:
  - 1) Assessment of conditions
  - 2) Assignment of tasks
  - 3) Follow-up on results

Develop and implement basic project management processes.
Focus on Root Cause Problem Solving

- Root cause problem solving requires a new way of thinking and different expectations of management.
- Problem solving requires time, effort and skill to determine and correct root causes.
- Problem-solving is mandatory for long term improvement.

Develop and teach problem solving skills.
Standardize Processes & Develop Skills

- Leaders are ultimately responsible for creating, implementing, and sustaining Standard Work.
- Without Standard Work, safety, quality, deliver and cost will be inconsistent.
- Management must promote skill development of the operators.
- An active cross-training program is critical for flexibility and labor planning.

Institute Standard Work and develop operators.
Create Work Teams

- Teams work together towards a common goal.
- All members contribute to the team’s performance and are accountable.
- Being called a team does not make a team.
- Problem solving requires time, effort and skill to determine and correct root causes.
- Problem-solving is mandatory for long term improvement.

Form and coach natural work teams.
Communicate, Communicate, Communicate

- You must be able to talk with factual information and data in order to be a good communicator.
- You must also have a personable touch when communicating with so many different types of personalities.

Demonstrate strong communication skills.
Copyright and Licensing

This training material is not free. Please do not distribute it except as permitted by the terms of the license you purchased. These licensing and restrictions apply even if you received this presentation as part of a promotional offer.

This presentation is intended for use in training individuals within an organization. The handouts, tools, and presentations may be customized for each application.

The Files and Presentations are distributed on an AN-IS basis without warranties of any kind, either expressed or implied.

A summary of this license is included at the end of this presentation.

Questions? Contact Pete Abilla at shmula@shmula.com or at 801-400-3895

Shmula.com
Improve the Customer Experience
Special Licensing Information

All material contained within this presentation is protected by copyright law. All rights are reserved except as noted below:

Corporate License Terms:

1. This material is licensed only. No ownership of content is transferred.
2. The purchaser may only use the training material within a single corporate reporting entity. This includes, but is not limited to, reporting divisions or subsidiaries of larger organizations. A good rule of thumb is that one license is required for each president in the organization.
3. This training material may be modified to suit the needs of the purchaser. The original training material or its derivative works may not, however, be sold or otherwise distributed outside the purchasing company.
4. This license may not be transferred.
5. This presentation is intended for use by a single organization to train its own employees, or people with whom they regularly do business, such as members of its supply chain or other vendors.
   a) It is not intended for third-party training, such as, but not limited to, training conducted by consultants or corporate trainers.
   b) The material in this presentation or its derivative works may not be sold by any party except Shmula, LLC.
   c) No compensation may be received for the use of the material for training purposes or for any other reasons.
6. If any part of this license is not enforceable, the other provisions remain intact.