Why Lean Doesn’t Work

A Conversation for Company Leaders
Industrial Solutions - ISI

- Consulting firm based out of Tulsa, OK
- Colin Reed, Owner
- Established in 1997
- Full-service lean manufacturing and management consulting firm
  - Training, Facilitation, Consulting
- Served hundreds of companies
- www.isiworld.net
Agenda

- Quick Diagnostic
- Your Role as Leader
- How to Make Lean Work
  - Strategy & Alignment
  - Vision
  - Communicate & Motivate
  - Develop Your People
Could it be...

“Significant effort and dollars are invested in lean initiatives each year in manufacturing plants across the United States. These investments can yield significant production and profitability gains if done properly. However, it is not uncommon for these initiatives to fail because of one or several key factors in management preparation for the lean journey.”

Jason Platt, President, Praestar Technology Corp
What Changes Need to Occur?

Management’s
• Focus
• View of labor, reward and compensation
• Organizational structure/chain of command
• Methods of evaluating decisions/results
• Data collection and analysis
In Other Words

The “Culture” is going to be affected if you try to implement lean manufacturing.
“Lean is 40% about the tools, 60% is about developing people”
Quick Diagnostic

- Please answer the questions on the sheet in front of you
- Calculate your score
- 5 minutes
Quick Diagnostic

• Next, please turn over the sheet
• List the 10 things you spent the majority of your time on last week at work
• 5 minutes
Priority Check

Were a majority of those lean activities?

• Is there a disconnect?
Priority Check

If you wrote, “went to the shop floor, or Gemba”,

• Did you go without a non-lean mission or task to do?
• Did you go just to listen?
• Did you actually stop to observe the work?
Priority Check

If you went to the gemba, there is no way everything is working perfectly…

…that doesn’t happen at any company.
Priority Check

Did you make on the spot corrections to…

Violations of:
- Kanban systems
- 5S rules
- System audits
- Inventory levels
- Standard work

Observations of:
- Stagnant Cross-training charts?
- Ancient A3’s?
- Unacceptable changeover times?
- Procedure abandonment?
Sustainment

Over time, lean gains in
• Processes
• Systems
• Culture
• Lead times
• Training levels

Atrophy
A Key?

The key to the Toyota Way and what makes Toyota stand out is not any of the individual elements, but, what is important is having all the elements together as a system.

It must be practiced every day in a very consistent manner, not in spurts.

Taiichi Ohno
We make time for what is important to us.
Priority Check

Is lean truly important to you?

If you don’t prioritize Lean, who will?
Think about it:
If you eliminated 20% of your waste, you could double your production capacity.

Isn’t that cheaper than:
• Adding a 2\textsuperscript{nd} shift?
• A new building or plant?
• Outsourcing work you could do yourself?
• Losing dissatisfied customers?

\textit{How could you not pursue lean to perfection?}
Leading by Example

Leaders need to:
• Lead the way
• Walk the walk
• Live the lean life
• Be dedicated to approach every decision from the lean viewpoint
If we have Leaders that are...

- Lean students first and foremost
- Lean visionaries second
- Lean motivators that keep all of us on track
- Lean teachers
- Lean practitioners ALWAYS!

- Leading by EXAMPLE
We will have followers who are..

- Lean students
- Lean practitioners
- Lean teachers - in their own realm
- Lean motivators - at their point of impact
- Lean visionaries - ultimately it is some of these very people who will ultimately carry the torch for the future
Ask yourself:

Can you:
• Explain to an operator how lean will help make his job easier in intimate detail?
• Conduct a 5S audit?
• A Systems Audit?
• Feel comfortable observing a cell for an hour, know what to look for, know what action to take?
• Lead an improvement event?
The Eight Deadly Wastes

**Overproduction**
*Making what is unnecessary, when it is unnecessary, and in unnecessary amounts.*

**Inventory**
*Goods that are being retained for any length of time, inside or outside the factory.*

**Transportation**
*Any transport or transference of materials, parts, assembly parts, or finished goods, from one place to another for any reason.*

**Defects**
*The defects themselves, the costs of inspecting for defects, responding to customer complaints, and making repairs.*

**Processing Waste**
*Operations and processes that may not be necessary.*

**Motion Waste**
*Movement that is not really needed to perform an operation.*

**Waiting**
*Idle time: Human and/or machine waiting.*

**Under-Utilized People**
*Not using the creative and problem-solving ability of people.*
The Lean Toolbox

Culture of Continuous Improvement

- Pull/Kanban
- Cellular/Flow
- TPM
- POUS
- Quality at Source
- Quick Changeover
- Standardized Work
- Batch Reduction
- Teams
- Visual Controls
- 5S System
- Plant Layout
- VSM

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So, if you’ve got a Lean initiative:

Why is change so hard?

• We focus on the externals of lean tools
• We miss the underlying dynamic of how an organization thinks and processes information
Bad Assumptions

• People function on a rational level
• Change is good and automatic
• Company culture is easy to change
Where Does Lean Reside?
How Do You Make Lean Work?

- **Strategy and Alignment**
- Vision
- Communicate and motivate
- Develop your people
Michael Balle answer to; ‘Can middle management drive the Lean initiative?’

- “It might be possible, but, personally I've never seen it happen. I even run into trouble when I work with the COO and the CEO is not into lean thinking. In lean we call this the canoe problem.”
Make Lean Work: Strategy and Alignment

Management Alignment – High Agreement

- Must come from top, then all levels of leadership
- Management team has to be pulling together
  - Must own the model
  - Must be committed to each other’s success
Management Alignment – High Agreement

• Just saying “I support Lean” is not enough, as a Leaders we need to live it
• Lean is about creating a learning environment, where people can flourish in a Culture of Solving Problems
Make Lean Work:  
Strategy and Alignment

Management Alignment – High Agreement

NASA Apollo Missions
Make Lean Work:
Strategy and Alignment

Culture Change

- Culture change requires a strategy and top level commitment, or your efforts will fail
- Real change occurs at the process level when people start to think differently
Make Lean Work:
Strategy and Alignment

Culture Change – at your company,

• What is people’s view of their work?
• What is important to management?
• How does the place look?
A Value Stream Flows Counter to the Current Culture

- Flow in a value stream is fundamentally different than the processes in traditional organizations that are organized along functional boundaries.
- Most of the effort in traditional companies is expended in managing the interface between the boundaries.
Make Lean Work:
Strategy and Alignment

State that we are moving to data based decision making, not opinions.

- Performance must be measured in continuous, rapid feedback loops
- Audits, Systems Audits
- Self-interests must be linked to clearly defined key performance indicators (KPI’s)
Make Lean Work: Strategy and Alignment

From those who’ve been there...

“We should have started the journey in each of the divisions (Sales, Engineering, Production) at the same time, so the greater value stream is maximized and not segmented.

Clay Davis
Value-stream Manager
McElroy Mfg.
How Do You Make Lean Work?

- Strategy and Alignment
- **Vision**
- Communicate and motivate
- Develop your people
Make Lean Work:

Vision

Create a Vision

• Simply stated
• Brief, but eloquent
Make Lean Work:
Vision
A Lean Enterprise Looks Different

Defining The Vision

- Workplace Order and Cleanliness
- JIT Production, minimum waste
- Superior Quality
- Continuous Improvement Culture
- Empowered Teams aligned with strategy
- Visual Management

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Make Lean Work: Vision

Lean Enterprise Vision Primary Goals

• Creating Flow along Value Streams in response to customer demand
• Eliminating Waste in the value stream
• Encompassing a comprehensive approach to the entire organization - Changing the Culture
Learning Organizations

• Organizations where people continually expand their capacity to create the results they truly desire
• Where new and expansive patterns of thinking are nurtured,
• Where collective aspiration is set free
• Where people are continually learning how to learn together

Attribution:
Peter Senge’s The Fifth Discipline
September 22-23, 2014
ISI Lean Implementer Class
Held at CMP Corp, Moore, OK
Quick Changeover Workshop:
GT202 Mill

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<tr>
<th></th>
<th>Before</th>
<th>After</th>
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<tbody>
<tr>
<td>Operator Foot Travel</td>
<td>4224'</td>
<td>63'</td>
<td>98.5%</td>
</tr>
<tr>
<td>Set-up Time (min)</td>
<td>185</td>
<td>9:50</td>
<td>94.6%</td>
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This machine averages 3 set-ups per week
= 9 more hours/week availability
Make Lean Work: Vision

“By the way, we are going to replicate the 10-minute exchange of dies next Monday morning. We are also committing to implement 10 minute changeovers in all cells by the end of 2015.”

Gerry Raubach
Director of Operations
CMP Corp.

September 26, 2014
How Do You Make Lean Work?

- Strategy and Alignment
- Vision
- Communicate and motivate
- Develop your people
Make Lean Work:
Communicate & Motivate

Push to keep the initial enthusiasm going
• Must come from top, then all levels of leadership
• Be in on or lead kaizen events
Motivate through Standard Work expectations

- “Trust, but Verified”
- Audits: 5S, Set-ups, procedures, kanban systems
  - When changes are made, ensure they stick
- Systems Audits
  - Find breakdowns of standards **pro-actively**
  - Measure for performance

**Make Lean Work:**

Communicate & Motivate
Manager, a Coach?

“The manager is a servant. His master is the institution he manages and his first responsibility must therefore be to it…

A manager's task is to make the strengths of people effective and their weakness irrelevant - and that applies fully as much to the manager's boss as it applies to the manager's subordinates.”

Peter Drucker
Make Lean Work:

Communicate & Motivate

People must believe there is a need for change

This is achieved through:

• Training
• Communication
• Awareness
• Metrics
Make Lean Work: Communicate & Motivate
Make Lean Work:
Communicate & Motivate
Employees

- How do you reward them?
- What is your break-room like?
  - Does it attract people to it?
  - Do you eat there? Would you?
- Do they see their ideas implemented immediately?
Make Lean Work: Communicate & Motivate

Make it Happen

- Do kaizen events on a strategic value-stream to jump start activity
- Don’t find excuses to not improve
  - ISO or API cert., expansion, new product, too busy
  - “We’re training management first.”
  - Only process changes will test their knowledge and commitment
How Do You Make Lean Work?

• Strategy and Alignment
• Vision
• Communicate and motivate
• Develop your people
Make Lean Work:
Develop Your People

Train, Train, Train!

“We’ll spend all that money to train people, and they’ll just leave.”

• You will never progress from where you are
• Who stays where they aren’t valued?
Make Lean Work:
Develop Your People

Xenon Engine

Deep Space 1
Train, train, train!
Concluding Statements

- Nothing of any significance will ever happen without the commitment and drive of top management.

- The landscape is strewn with the wreckage of companies that failed to understand the necessity of culture change.

- Lean Manufacturing is as much a state of mind as it is a process for excellence in manufacturing.
Thank You!

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