

PEOPLE

A leader's day-to-day guide
to building, managing and
sustaining lean organizations



Steve Gran • Robert Martichenko • Walt Miller • Roger Pearce

People: A leader's day-to-day guide to building, managing and sustaining lean organizations

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Introduction

Being a lean leader is an inherently rewarding job. You don’t need to wait for a quarterly report or annual performance review to know that you are making a difference. Improvements happen all the time, and everyone you work with can see and feel them.

But being a lean leader also can be immensely difficult and — at times — seemingly impossible. In a complex work environment run by people (who naturally make mistakes and can be uncomfortable with change) performing multiple processes (which naturally become less efficient and effective over time), building and sustaining a continuously improving culture takes never ending effort, a laser-like focus on principles and purpose, and constant realignment.

Many books teach application, but we have seen few that guide leaders through the day-to-day requirements for transforming organizations for long term success through development of lean people. Yet, without effective daily leadership, lean gains are subpar and/or difficult to sustain.

This book addresses that gap. It is a collection of what we have learned by leading lean teams for more than 20 years within all types of organizations and functions. The 15 chapters cover the high-level concepts, activities, principles and practices that a lean leader must intimately know and constantly apply. This is not a tactical workbook for improving point processes. We are assuming that readers have a basic understanding of lean management and some experience with lean tools. We discuss fundamental tools and principles, but we do so in the context of leadership with a simultaneous focus on short-term results and long-term sustainability.

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In addition to the main text, we've used several elements to present information in each chapter:

Figures: Tables, graphics and illustrations that further support the text.

Figures that are referred to repeatedly are listed in the front of the book and subsequently referenced.

Key Concepts: Ideas that are crucial to lean leadership success. They must be clearly understood and consistently applied.

Real World Advice: Tips from the trenches — challenges we've faced in our careers and solutions that have worked for us.

For Your Information: Ideas that are not a formal part of lean theory, but are widely used and are complementary to lean.

Checklist: At the end of each chapter, we relist the sub-topics in the form of a checklist.

We hope this guide becomes a constant companion on your lean-leadership journey. The guidance has come from both the darkest and brightest moments in our careers. You will experience both as a lean leader, but we hope that by

sharing our knowledge with you, your brightest moments will outnumber and outshine your darkest.

Sincerely,

Steve, Robert, Walt and Roger

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Prologue:

The Lean Enterprise System and The Lean

Leader

The lean leader is an essential component of any lasting lean culture.

Probably, one of the first visuals you encountered when learning about lean theory was the “house of lean” or some variation. Figure 1

on Page 9 is a version we use and will refer to in this book. How does a lean leader fit into the house of lean?

Below is an explanation of the leader's role as it relates to people, purpose and process. Figure 2 on Page 9 provides a visual depiction of this role. As you read, keep in mind how both concepts work together.

People — The lean leader:

- Effectively collaborates cross-functionally across the organization and the supply chain.
- Encourages people to expose problems and stays with them to implement true solutions.

- Uses continuous coaching and dialogue to empower people to solve their own problems.
- Builds future lean managers and leaders.
- Supports organizational learning.

Purpose — The lean leader:

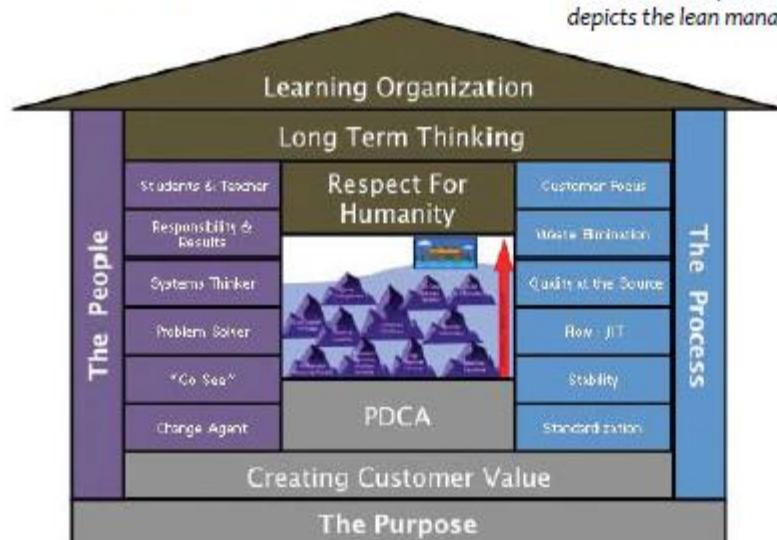
- Creates and delivers customer value at the lowest-possible total cost.
- Creates flow through the entire value stream through cross-functional collaboration.
- Develops a problem-solving culture where problems are identified and fixed at the root cause.
- Engages in relentless pursuit of continuous improvement.

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Figure 1: Lean Organization: Creating Customer Value, and Respect for People, Purpose, Process

The "house of lean" illustration visually depicts the lean management philosophy.



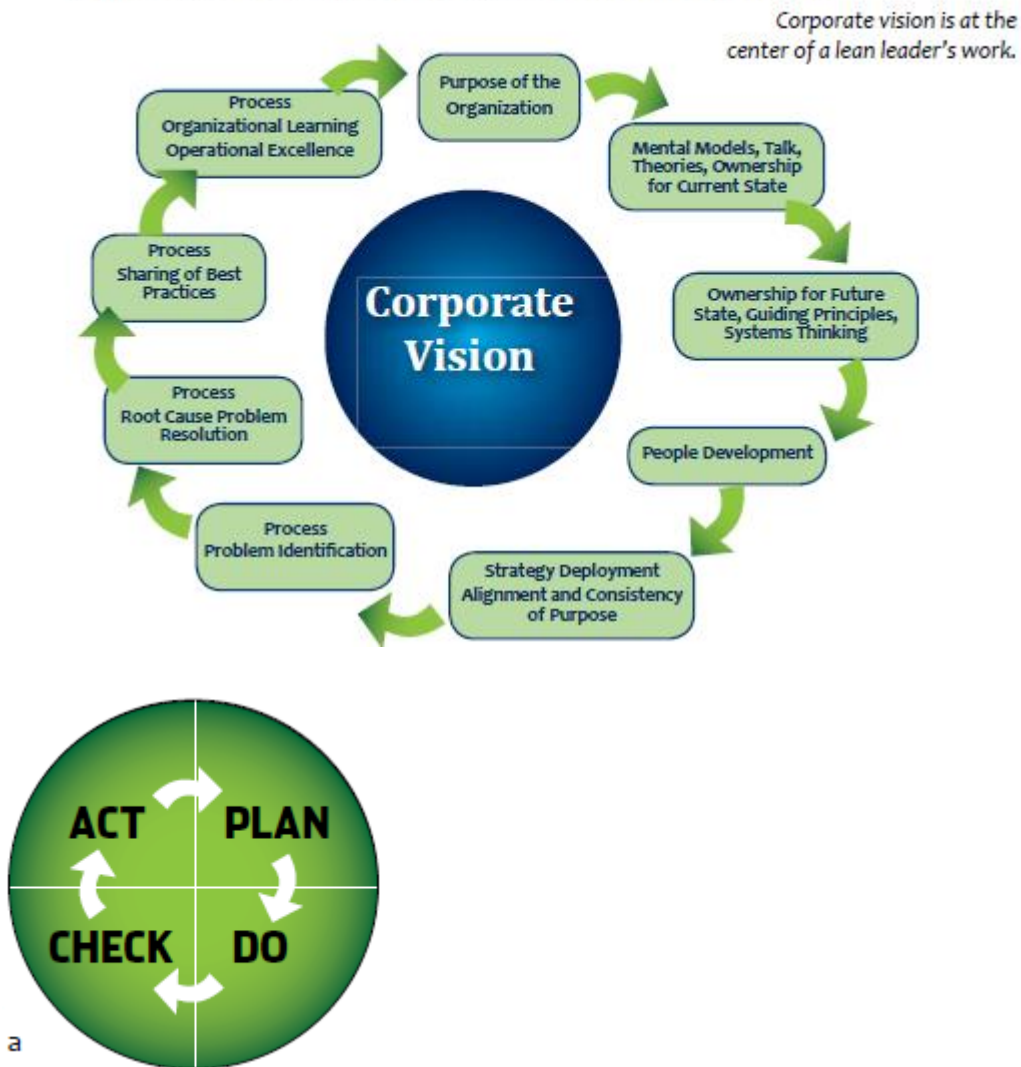
- Ensures that the company takes a long-term view, yet is sensitive to the need for immediate actions and waste reduction.
- Creates the learning organization inside the company.

Process — The lean leader:

- Understands how to articulate the implications of an action or choice (systems impact) throughout the entire value stream.
- Goes to the worksite to understand and solve problems at the root cause.
- Knows not to be complacent with current processes.
- Teaches fundamental problem solving (PDCA) to find problems, define them, fix them, and keep them from coming back.
- Creates a formal, effective process for sharing best practices.

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Figure 2: The Lean Enterprise System and the Lean Leader



Why Lean Leaders Use PDCA:

Figure 3: PDCA Cycle

Plan, Do, Check, Act

Throughout the book we refer to the PDCA problem solving tool. This is a cycle of four steps that ensures everyone is solving

problems permanently when it is used as a standard methodology. It starts with a plan to solve a problem and ends with adjusting the plan as needed based on results in the check phase. It can be used for a onetime solution or for ongoing work, such as part of a daily work plan for a team.

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Champion	Department	Date Completed	Start Date	Est. End Date
Voice of the Customer Ultimate Customer: Quality-Cost Reduction-Innovation Returnable Focused Internal Customer - Plant: Availability, Usable, Smaller, Ease of Handling, Space Utilization, Visible, Standardization, Part Protection Internal Customer: Logistics: Packaging Cost, Standardization, Trailer Utilization, Visibility, Supplier-Lean Discipline, Standard loading procedures Internal Customer-Management: Cost Reduction, Standardization, Sound Lean Principles, Quality Suppliers: Availability, Visibility, Part Protection, Repair + Maintenance Transportation: Trailer Utilization, Part Protection + Damage Reduction				
Project Goals - Vision 1. Standardize Packaging - Container Types 2. Returnable Management Process - Physical Flow 3. Reduction of SPQ (Standard Pack Qty) 4. Calculator for Container Qty Required 5. Tracking System (# of containers in system) 6. Rules for container Qty determination 7. Repair + Maintenance Process + Infrastructure 8. PFEP up to date and accurate - Process 9. Cost Reduction - Transportation, Inventory, Damages 10. Measurement System for Returnables 11. Process for determining Returnable or Expendable 12. Packaging Cost Calculator 13. Corporate Packaging Infrastructure		Business Case - Justification 1. Downtime due to lack of returnables 2. Scrap from material damages 3. Transportation Cost - Trailer Utilization 4. Packaging cost reduction - cost visibility 5. Lean implementation 6. Standardization 7. Logistics Discipline 8. Ownership and accountability of process		
Current Condition - Problem Statement - Reflection 1. Lack of standardization, discipline, process, visibility, measurement, cost management, quality assurance. 2. No positive communication structure, collaboration with Suppliers. 3. Lack of operational control, resulting in low confidence to support the purchase of new containers.		Current Measures No formal measures in place		
Project In - Scope 1. Production materials		Project Out of - Scope - Parking Lot 1. Labeling Requirements - Supplier Burden 2. Suppliers designing own containers...need to be involved		
Team Member / Title / Phone & Email 		Team Member / Title / Phone & Email 		
Signature Title / Date				

Figure 4: A3 Document

Why Lean Leaders Use A3 Documents

An A3 document is an effective way to visually depict continuous improvement work because it limits problem-solving planning and execution to one piece of paper. This limitation forces a team member or a team to succinctly document a problem, the analysis of the problem, the corrective action(s) plan, and responsibility.

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Figure 4: A3 Document

[illegible]

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Chapter 1:

A Deep Understanding of Lean Thinking

To be a successful leader in a continuously improving organization, you need more than hands-on and classroom knowledge of lean. You need a deep understanding of lean thinking. This is because while lean concepts are straightforward, applying lean in a complex work environment can be extremely difficult. Competing priorities and unforeseen obstacles challenge focus and decision-making each day.

This chapter covers concepts that you need to deeply understand, internalize, and act upon to build a successful lean enterprise.

Key Concept: Building The Learning Organization

The core activities of a lean organization are:

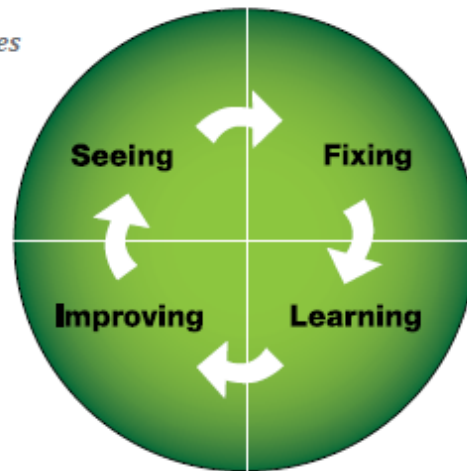
- Seeing problems.
- Fixing/solving problems.
- Learning.
- Sharing the learning to continuously improve.

We'll refer to the Core Lean Activities cycle throughout this book. It applies to all types of lean organizations in all industries; and to both short-term (tactical) and long-term (strategic) work. Fundamentally, your job is to create and sustain a workplace where the Core Lean Activities are part of *everyone's job each day*. No one of them is more important than the others, and no two alone are enough to build a successful lean organization.

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Figure 5: Core Lean Activities

Core Lean ACTIVITIES



Chapter 1: A Deep Understanding of Lean

Here's how they work together:

When we can see problems and fix problems at their root causes using lean tools, we learn how to be more efficient, which, when shared with others, improves our ability to create the highest quality customer-defined value at the lowest possible cost.

During this cycle, progress happens in small-but-simultaneous steps that can cumulatively yield substantial and permanent business gains over the long term. The wider and deeper the adoption of this cycle within an organization, the more resilient the organizations becomes

— as long as leadership support continues.

To gain and sustain the needed support, you'll need to work with directors and managers to build the tactical infrastructure that propels the cycle of seeing, fixing, learning, and sharing to continuously improve. This work can't begin, though, until everyone in the organization understands the organization's common goals and collective purpose.

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Articulate The Organization's Purpose and Customer Value Proposition

Make sure everyone knows what customers value and how everyone's work adds that value to products and services. This gives meaning to work and keeps all work focused on supporting the organizational purpose.

This point has several common pitfalls to avoid:

- **Saying it once is not enough.**

People will forget. But when you perform value-creating work alongside team members and team leaders, the company's purpose is articulated clearly and repeatedly in both words and actions.

- **Asking once is not enough.**

Customers' needs change, as do the needs of employees, suppliers, investors, and other internal customers. What's very valuable today might be marginally valuable tomorrow. Ask external and internal customers often — even daily — what they value and what they need.

- **Respect, but don't live by, the spreadsheet.**

Performance targets and measurements are necessary tools for a business to make a profit. They are not, however, what actually *makes* a business profitable. People do. Don't make numbers more important than people.

Show Respect for People Using Knowledge, Resources and Action

How do you unleash a team member's ability to contribute to profitability? First, show respect. Do this by:

- **Asking those who actually do the work what problems they see and how they would fix them.**

They either already know or are more likely to see immediate problems and solutions before someone who is unfamiliar with their work.

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- **Providing the things that people need to do their work safely and efficiently.** Outside of standard safety practices, ask people what they need to work more safely and efficiently. Often, doing this unearths a simple, low-cost solution that is superior to a costly high-tech one.

- **Banishing blame.**

When you find a problem, don't be surprised or frustrated. Take action. Remember that fixing problems is an essential part of learning; also, don't allow others to blame. Teach them to focus on facts and solutions.

Show Respect for Process Using Stability,

Standardization and Quality-at-the-Source

Team members can't be pulled away to fight fires if they are going to create the greatest amount of value they can at peak efficiency.

Creating a level and predictable flow of work from end-to-end will minimize firefighting. Here are the steps to get there: 1. Stabilize processes that are unstable.

2. Preserve the stability by creating standard work that is documented and repeatable.

3. Teach quality-at-the-source at each value-adding point to minimize errors.

4. Build in a work-review mechanism that holds people accountable to standardized work and quality-at-the-source. Preferably, this would be PDCA (Plan, Do, Check, Act).

Make Problems Visible and Solve Them in Real Time

Making problems visible can be painful, but it is necessary to permanently correct them. When company leaders and team leaders stop placing blame, team members are less afraid of problems and so solve them quickly and permanently. Don't lengthen or complicate the problem-solving process by collecting too much data or involving too many people. The most efficient way to solve a problem is to fix it the moment it becomes visible.

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At LeanCor's headquarters in Florence, KY, team members don't need to guess what the organization's biggest problems are. They are displayed as "LeanCor's Five Most Wanted," on this board.

Real World Advice

Lean can mean different things to different people. We have seen where people think having a lean culture means simply adding a 5S program. Talk to your teams about what lean means to your organization. Define it and publish the definition so everyone is singing from the same songbook.

Problems will become visible only if people look for them. Help everyone to see problems by teaching them to look for waste.

Chapter 1: A Deep Understanding of Lean Thinking

R

If team members feel overwhelmed by the size or number of problems that need to be corrected, however, they will stop looking for them.

Prevent this by checking each day on what problems were fixed yesterday and which ones are being worked on today. Give team members guidance on putting projects on a priority list and/or breaking big projects into smaller ones.

Another thing to check on each day is how problems were fixed yesterday. If the solution is not repeatable and hitting the root cause, then the problem was not resolved.

Eliminate Waste and Waste-Creating Work Every Day

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PDCA Cycle, See Page 11

There are three kinds of work: value-creating work, waste-creating work, and necessary-but-non-value-creating work.

- Value-creating work is absolutely necessary to satisfy the needs of your customer.

- Waste is work that is not absolutely necessary to satisfy the needs of your customers.

- Necessary-but-non-value-creating work doesn't create value for the customer, but is needed to keep things running smoothly, such as safety training and audits.

Work each day to eliminate wasteful work! The most important question you can ask is, *Why are we doing this?* If the work isn't creating value for the customer or needed to keep things running smoothly and safely, stop doing it.

Focus on the Work

From a tactical perspective, clearly articulating organizational purpose and customer value proposition happens at the worksite, where the work is being done. For this reason, you need to know how each job in the value-creating process is done — whether the end product is a finished good, an answer to a loan application, or a medical procedure.

Many leaders have not been connected to the actual work of their organizations for a long time. This is unfortunate because it is impossible to be a good teacher without intimately knowing the material. The worksite is

where teachable moments present themselves. You need to be familiar enough with the work to know where waste exists and then guide team leaders and members to see that waste by probing how each action creates — or fails to create —

value.

Also, without being familiar with the work, how can you teach quality-at-the-source? When problems aren't stopped, they travel farther and farther away from the root cause and closer and closer to the customer.

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Use the Power of PDCA

PDCA is a powerful tool used to see and solve problems. It incorporates the key concepts we've discussed in this chapter by:

- Ensuring that the Core Lean Activities are happening daily.
- Reiterating organizational purpose and what customers value.
- Embedding a standard way to keep asking external and internal customers what they value.
- Showing respect for people and process by providing a regularly scheduled opportunity to gather feedback and check in.
- Establishing priorities and steps in the process so team members are not overwhelmed.

These key concepts sound simple and straightforward. You might even be saying, "*We already do that!*" However, a deeper look at how lean concepts compare with traditional leadership reveals why instilling them into a workplace's culture — not just in sayings and speeches —

can be extremely difficult. But organizations that have successfully done so have a competitive advantage that can't be copied, stolen or otherwise threatened.

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Chapter 1 Checklist:

A Deep Understanding of Lean Thinking

I understand how to:

- ☐ Build the Learning Organization with Core Lean Activities
- ☐ Articulate The Organization's Purpose and Customer Value Proposition
- ☐ Show Respect for People Using Knowledge, Resources and Action
- ☐ Show Respect for Process Using Stability, Standardization and Quality-at-the-Source
- ☐ Make Problems Visible and Solve Them in Real Time
- ☐ Eliminate Waste and Waste-Creating Work Every Day
- ☐ Focus on the Work
- ☐ Use the Power of PDCA

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Chapter 2:

Traditional Leadership Vs. Lean Leadership

Resistance to lean at all levels of an organization often comes from tribal knowledge and experiences accumulated under decades of traditional leadership. This is why creating a lean culture can be so difficult and time consuming — you are teaching behavior that is radically different from the norm. Understanding the differences between the two leadership philosophies can help you to recognize the roots of resistance and craft a strategy to overcome it.

Key Concept: The Differences Between Traditional and Lean

Thinking

This is why ***observation*** and ***communication*** are the foundation of the tactical infrastructure of lean. Everyone must be trained to observe processes to look for waste, and then find the root cause of waste by asking questions:

Do we know who the customer is, what they expect, and are those expectations visible? Is there standard work in place for critical processes? Is the current status of the process visual for all to see? Is there a process for gaps between plan and actual to be identified?

Manage the Balance Between Tools and Thinking

Your job isn't only to teach how to *do*; you must also teach how to *think*. Team members have been encouraged to get things done without stopping to

think about what they are doing or why they are doing it. The lean enterprise is different. The Core Lean Activities cycle is composed mostly thinking/learning/sharing.

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Traditional Thinking	Lean Thinking
Push, economies of scale, unit cost, "make the numbers."	Pull, make/move only what the customer has ordered.
Batch and queue, make/order and move big batches.	One-piece flow, move small batches and keep them moving.
No standards; or complicated standards hidden in a binder	Simple, visible standards for all critical processes for all to see.
Move the product and let defects flow down the supply chain.	Stop the process immediately to deal with defects at root cause.
Engineers solve problems and create the best way to do work.	The people doing the work design it and solve the problems.
Hire brilliant people to try to fix broken processes.	Empower regular people to improve upon brilliant processes.
Hide problems by throwing inventory and resources at them.	Expose problems by reducing inventory and resource levels.
Managers work in offices and manage with data and reports.	Managers "go and see" and manage with data and facts.
Execute fast and go on to the next "new" thing.	Plan, Do, Check, Act to get the <i>right things</i> done in the <i>right way</i> .
A problem is an unclear opportunity. It is optional to fix it	A problem is a deviation from the standard. It must be fixed.
The cause of a problem is people, so we ask who?	The cause of a problem is the process, so we ask <i>why</i> ? (We ask it five times to get to root cause.)
We become defensive if others suggest problems in our area.	We are thankful others see what we do not see ourselves.
The business is a collection of independent departments.	The business is a system of inter-dependent processes.
Focus on outputs and cost reduction.	Focus on inputs and lead-time reduction.
If it's not broken, don't fix it.	It can always be improved.

While tools can be introduced in a classroom, learning to think comes from experience. So you need to challenge team members to increase their output of *thinking* in addition to *doing things differently* using lean tools.

Real World Advice

Resistant team members might be clinging to doing and be uncomfortable thinking because they have been discouraged from thinking. This is an opportunity to show respect for people by continuing to ask questions about their work and how they would make it less frustrating and more efficient. Frequently, employees have already done some thinking about this. Unearth those thoughts. Let them elaborate; and then explain that through lean continuous improvement, they can take ownership of making their work less frustrating and more fulfilling.

Base Decisions on Facts Observed Where the Work Is Being Done

Traditional leaders make decisions based on reports prepared by others about what is happening in the business. This is highly ineffective because the nature of these reports has evolved over time so that they:

- Are usually cleansed of information that is factual and meaningful.
- Are limited to the author's perception of a situation.
- Look backward at what *has* happened, not forward at what *should* happen.
- Foster distrust because only a few people within an organization are allowed to see them.

Software-driven business-information reporting tools have made it particularly easy to replace observation and thinking with columns and rows of numbers. But there's always context around data — a story —

and if a leader doesn't know the story, he won't truly understand the data.

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For Your Information: Why "Story" Is Important: Narrative Leadership

"Stories provide illustrations of how an organization might go about adapting to change and transition. One senior leader recently invited members of his organization to see the new vision that was in front of them. To achieve the new vision required reorganization and tremendous organizational flexibility. During the presentation of the new vision to the entire organization, he used the story of Lewis and Clark's expedition as an example of what the organization would face. As he told of the many unexpected twists and turns in Lewis and Clark's campaign, he noted their willingness to adapt along the way. Through the story, he called on his organization to appreciate and cultivate the same disposition." — David Fleming, "Narrative Leadership: Using The Power of Stories," Strategy & Leadership, Volume 29 Number 4, 2001

Be Tough on Process and Talk to People about Their Work

When you discover a problem, start talking to team members about their work, i.e., the process. Ask *why* and not *who*. If a team or organization is not providing good quality to the customer, it's because *the process* is not providing good quality to the customer. This is perhaps the most striking difference between the two leadership styles, and hence is often the concept traditional leaders find hardest to accept.

By making problems visible and people accountable, lean management makes blaming a pointless practice. The facts are there for all to see. Furthermore, by focusing on process failure instead of people failure, you take responsibility for that failure because it's a leader's job to make sure effective processes are in place and standard work is being followed.

Give Credit for Good Work to the People Doing the Work In a lean organization, team members own their work, not managers or executives. So when a team improves their work so that it aligns

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more closely with organizational purpose and the customer-defined value proposition, give the glory to the members of the team. Your reward comes from quietly shining at the back of the room while they take a bow.

Ask Good Questions and Be Straightforward

Sometimes, a person *is* a problem because they haven't been properly trained, have a bad attitude, are violating rules, or are doing something else that harms the performance of the team or organization. If you identify that a team member is the problem, be sure that you've come to that conclusion after going through problem solving around the process first.

At times such as these, be straightforward. Instead of beating around the bush, using analogies, or wasting time on a warm-up preamble, show respect to those around you by addressing problems head on and asking pointed questions that will identify the root cause, and ultimately, a solution.

(Think about all of the wasteful policies and practices that you've encountered in your business and personal lives because someone didn't address a problem directly!)

Be Humble, but Confident; Fair, but Diligent

Learning starts with identifying what you don't know, so it's O.K. to say you don't understand something or lack an answer to a question.

This can be devastating for a traditional leader. On the flip side, it can be devastating for a lean leader to say he understands something when he doesn't know the full story.

Humility in leadership is discouraged in a traditional management structure; but in a lean organization, humility is essential. You alone can't solve the problem. You need the knowledge that resides within other people, and to

elicit that knowledge and the performance needed to fix problems, you must show respect to those doing the work.

At the same time, be confident and diligent as you set high standards and expectations. This also demonstrates respect for people and feeds

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the never-ending quest to reduce waste: As more and more wasteful work is removed, value-creating work expands, so lean process improvement — through improvement events, standard work, PDCA

— spreads throughout the organization.

Never Be Satisfied: Current State, Progress and Self-Improvement

Over time, you'll start seeing opportunities for improvement everywhere and expecting the same from those around you. So you'll need to learn to be diplomatic and forward-focused when talking to team members about problems,

and accepting of their weaknesses as inherent challenges that need to be managed accordingly. When you take time to see weaknesses as things to be managed instead of roadblocks to progress, you are developing people for long-term success.

Examine your own weaknesses as well, and learn how to manage them so they don't impact the team. Mitigate instead of wasting energy trying to fix them.

And make time in your standard work to learn yourself based on your own self-reflection. As the wise Greek philosophers said, "*I know that I know nothing.*"

Learn from Mistakes and Capture Learning by Teaching In addition to reading and studying, learning comes from recognizing and correcting

mistakes, so use mistakes as learning opportunities to further develop team members' skills and knowledge.

Ultimately, aim to create an environment where people have the skills, support and confidence they need to fix problems on their own. When you achieve this, step back and give the team support from a farther distance while still keeping opportunities for observation and other check-ins in your standard work.

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Chapter 2 Checklist:

Traditional Leadership Vs. Lean Leadership

I understand how to:

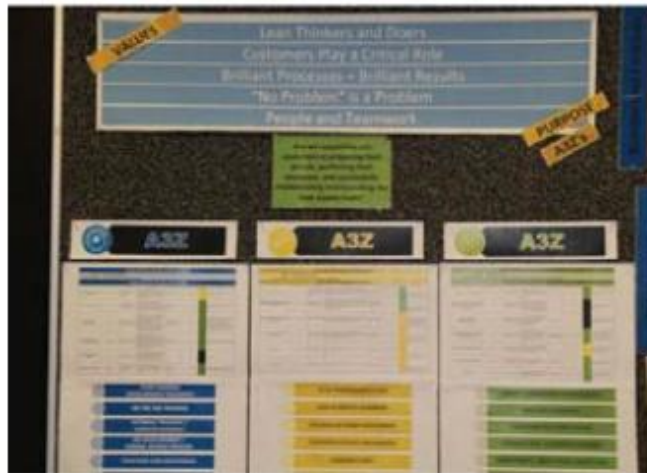
- ☐ *Manage the Balance Between Tools and Thinking*
- ☐ *Base Decisions on Facts Observed Where the Work Is Being Done*
- ☐ *Be Tough on Process and Talk to People about Their Work*
- ☐ *Give Credit for Good Work to the People Doing the Work*
- ☐ *Ask Good Questions and Be Straightforward*
- ☐ *Be Humble, but Confident; Fair, but Diligent*
- ☐ *Never Be Satisfied with Current State, Progress and Self-Improvement*
- ☐ *Learn from Mistakes and Capture Learning by Teaching*

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Values and purpose are displayed at the top of this board.

Chapter 3:

Leading with Purpose and Principles

You might think that everyone already knows the purpose and principles of your business, and everyone might — but how can you be sure? Your job is to align everyone — and keep them aligned — by articulating the business' purpose and principles, which, like everything else in lean management, starts with the customer.

Key Concept: Leading from High-Level Principles (Values)

Display your principles for all to see.

A principle is something that you believe to be right without data to support it. Lean leadership is based on timeless principles. These are the values of time, people, customer, process and trust, all of which drive lean leaders to ask questions, make observations, reflect, challenge thinking, teach, coach, and aid in the development of tools and processes to create value, solve problems and grow people.

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Know, Communicate and Support the Purpose of the Business

Profits are important. They enable growth; pay for benefits, bonuses and incentives; and help to make workplaces safer and more efficient.

But profits are a by-product of purpose, not a purpose themselves.

Your business' purpose is to satisfy a customer need or solve a customer problem with the highest-possible quality at the lowest-

possible cost.

Clearly defining and articulating this purpose provides direction and guidance. This is a prerequisite to teaching *anything* else about lean.

When articulating purpose, you must convey the urgency of change, i.e., why team members should care. Address the issue directly and with straight talk. Sometimes, organizations adopt lean after receiving an ultimatum from customers or competitors — change, or close your doors. Sometimes the message comes from headquarters or investors.

Verbally articulating purpose and urgency once is not enough. You need to convey these messages through sincere actions every day.

Team members need to know that leaders understand how important their jobs are to them and their families and are committed to success because of this. If there is any insincerity or ambiguity in a leader, the leader won't gain trust.

Know, Communicate and Support the Operational

Principles of the Business

Operational principles are different from the high-level principles discussed earlier as a Key Concept. Operational principles are tactical in nature. An organization driving lean may use any of these operational principles: principles: continuous flow; standard work; quality-at-the-source; leveled work; and pull replenishment. Having these principles allows us to refocus and realign when needed.

Know Who You Need To Support To Live Your Principles You will need to communicate these and other lean principles constantly to make sure that everyone in the organization

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understands them. One of the telltale signs that an organization is struggling with lean transformation is that people are arguing about lean principles. Don't let these arguments start. They waste time. Your organizational purpose and operational principles are non-negotiable.

One reason people argue about lean principles is that they can be counterintuitive. For example, level loading through increased delivery frequency often requires more expense and/or more work up front; but over time, as the process stabilizes, firefighting decreases, and less action and fewer resources are needed.

Keep this in mind when you see people struggling with change. The benefits of a lean transformation are cumulative. As more processes reach higher levels of quality and efficiency, *everyone's* work gets easier. Document the lean principles you are using by putting them in writing and making sure everyone sees them. Refer to them as you guide others through the process of identifying problems, thinking about them, and then fixing them permanently.

Align People and Processes Around Customers' Needs A lean organization serves multiple customers — end customers consuming goods and/or services; other external customers such as investors and the local community; and internal customers within the value creating continuum. You need to know the needs of all customers and align people and processes around them.

Key Concept: Value-Stream Thinking

A value stream is “all of the actions, both value-creating and non-value creating, required to bring a product from concept to launch and from order to delivery.” A leader uses value-stream thinking to see and manage the whole of a system or enterprise, as opposed to sub-optimizing single processes or silos. When doing process-improvement work, it is common to make a map of a value stream so that all of its connected parts are visible. This is called a current state map. The mapped vision of the improved value stream is called the future state.

“Lean Lexicon: A Graphical Glossary for Lean Thinkers, Fourth Edition,” 2008, The Lean Enterprise Institute, Cambridge, MA, USA, www.lean.org.

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When a company's vision is displayed clearly and visually, everyone is singing from the same songbook.

Get used to thinking in terms of value streams. It is a straightforward way to identify where value is being created, where it is not being created, and how best to streamline and accelerate value-creating processes for both internal and external customers. When done on an enterprise wide level, value-stream management makes the intersections of creating processes clearly visible, which is an important piece of information when identifying waste because much of it occurs during hand-off between processes.

Know and Communicate Where People Need to Start

Maps tell people where to go next: "Here's the current state. Here's the future state. Here's a map to show you how to get to from the current state to future." Your instructions should be that clear.

Expect people to feel overwhelmed with the idea of a lean transformation.

In addition to being scary, it is an enormous undertaking. Your team members will look to you for guidance on where to start and what to do at each step. A good place to begin is with the customer. What does the customer want? And what has to change in order to deliver this?

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Observation might tell you to begin by stabilizing processes, but you won't be able to do this immediately, so don't "put off" making obviously needed changes until processes are stable. Some improvements will fall into the "just do it" category, such as workplace organization, eliminating unnecessary paperwork, and relocating value-stream team members into the same space (if that makes sense). These small improvements will help to build momentum and support because their benefits will be seen and felt right away. At the same time, rigorously oppose efforts to make changes that don't support your organization's purpose and principles. Stay on course by referring back to these often.

If you find yourself struggling with how to start, stop and do some of your own thinking about the customer while still observing processes.

Most of lean leadership is thinking about what to do. If you get stuck, think your way to the next step.

Chase Improvement, Not Numbers

Too many organizations have metrics and measures driving misguided improvement efforts. You'll need to manage to these metrics at times, but understand that these numbers are *outputs* of the process. Expect to meet resistance in the form of someone quoting "discouraging"

metrics during a lean transformation.

Here are two responses to that resistance:

- Some metrics tend to get worse before they get better in a lean transformation because hidden waste is now visible and being reduced. Inventory is a great example. Inventory is an asset to accountants. So when fewer finished goods are on warehouse shelves, it appears on a spreadsheet that assets have decreased.

Before long, this decline will be more than offset by increased cash flow, lower cost of quality, lower storage costs, and less damaged and obsolete finished goods. Idle inventory is really just frozen cash.

- It's normal to have performance setbacks while transitioning to lean.

This could cause discouragement in team members who feel they are working harder and are less productive. The antidote to this is a highly visible lean leader who sees what is happening before the team members do and is ready with explanations and

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Real World Advice

When talking to someone about their fears, use straight talk and probing questions while reassuring them: What is it about lower inventories that scare you? Why does electronic-funds-transfer frighten you and paper processing make you feel secure?

When they respond, listen; and then point to the observations and facts that you have gathered. Remind them that waste will always make their work more stressful and jobs less secure. Lean will make the worksite less stressful and jobs more secure.

encouragement. Unlearning behavior is very difficult, and learning new behaviors can be scary. Show people that you have confidence that they can make the transition, no matter what the output numbers are; and that processes and standard work can be adjusted if something just isn't working.

Understand and Address your Fears and the Fears of Others

People will be scared. Ask them what they are afraid of and address those fears. If you don't, fear will get in the way of your work. Some people will resist because they'll think: I'm losing this power that I've had for years.

Address the fears with patience and encouragement, and they will diminish them over time. Results are the ultimate way to eliminate fear, and as people see the results of their commitment to lean, they will realize how vital their role is and that they have nothing to fear.

Embrace the True Reality of the Current State — as Bad as it May be

The reality is that every business is broken. Some have more cracks than others, but there is always something that can be fixed and/or

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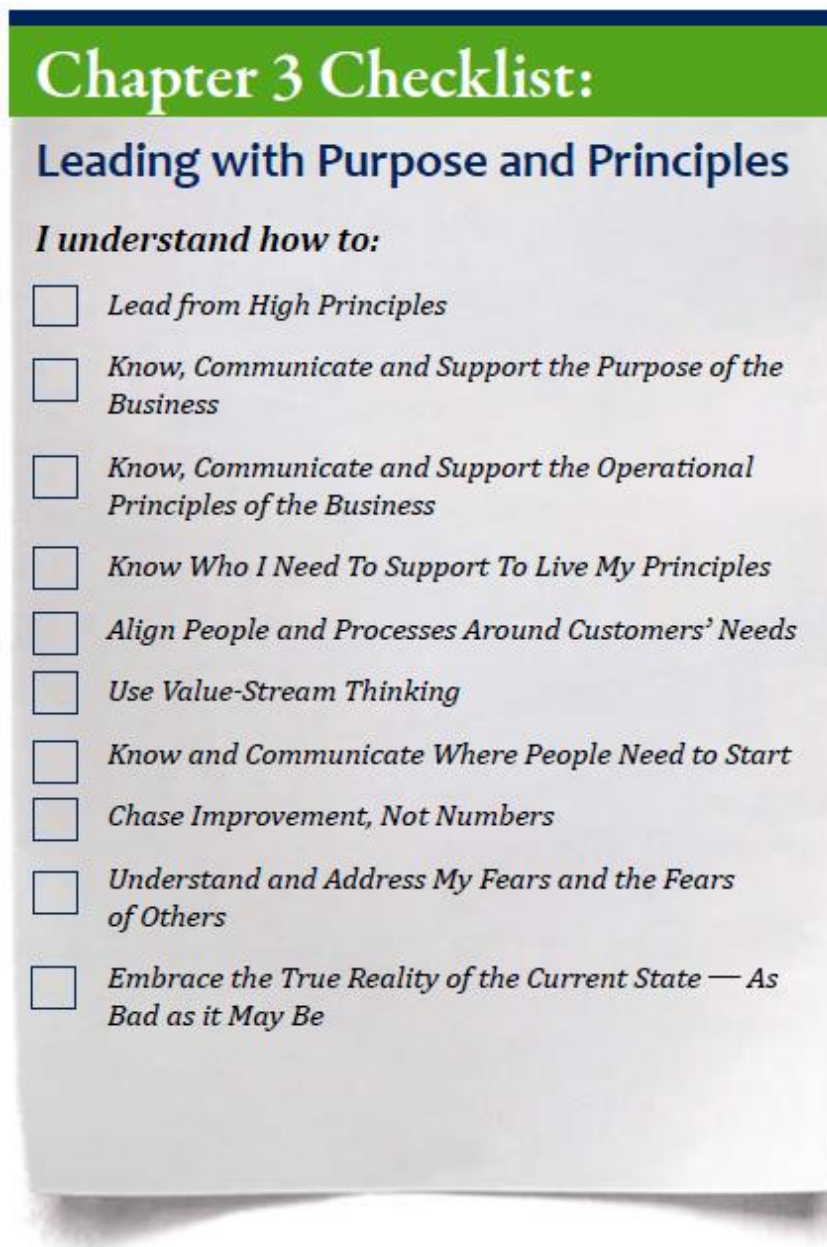
improved. If you think your business is not broken, you are not taking responsibility for the current state.

Although by definition the current state is not where you want to be as an organization, it is where you will find the roadmap to the future state. The problems you and your team find will become the pathway to change; and working together to identify problems, talking about them, and then solving them will provide many opportunities to remove fears and cement changed behavior.

Don't be too aggressive with timelines. The danger of trying to solve problems too soon is that you will put the wrong solution into place or one that just pushes the problem or waste upstream or downstream.

Give yourself and your team the time and mental space that is required to make good decisions and permanent fixes.

The crux of moving from the current state to the future state lies in what customers expect from your organization. Gathering this information is not something done only once, however. Because customer demand drives purpose and principles, it's essential to have a clear definition of what customers want and align focus on this vision each day. The next chapter discusses how to make this part of a lean culture.

A checklist titled "Chapter 3 Checklist: Leading with Purpose and Principles" with a green header. It lists 11 items, each with an unchecked checkbox and italicized text.

Chapter 3 Checklist:

Leading with Purpose and Principles

I understand how to:

- ☐ *Lead from High Principles*
- ☐ *Know, Communicate and Support the Purpose of the Business*
- ☐ *Know, Communicate and Support the Operational Principles of the Business*
- ☐ *Know Who I Need To Support To Live My Principles*
- ☐ *Align People and Processes Around Customers' Needs*
- ☐ *Use Value-Stream Thinking*
- ☐ *Know and Communicate Where People Need to Start*
- ☐ *Chase Improvement, Not Numbers*
- ☐ *Understand and Address My Fears and the Fears of Others*
- ☐ *Embrace the True Reality of the Current State — As Bad as it May Be*

Leading The Vision — Focus, Alignment and

Constancy Of Purpose

What does leading with purpose and principles look like on a day-to-day basis? It starts with the question, *What does the customer want from us, and are our processes designed to deliver that?*

If they aren't, you need to call the discrepancies out, and make sure immediate discussion and action occurs. This should happen at all levels and in all processes each day. No inconsistency or problem is too small.

Start With the Perceived Customer Wants and Work

Toward Real Customer Value

Oftentimes an organization will define what a customer wants based on accumulated experiences with other customers. While this seems to be a logical course, it goes against the basic lean principle of basing decisions on gathered facts and observations. How do you know for certain what a customer wants unless you observe and ask questions?

While you don't want to delay early lean improvements until you have gathered all of the information needed to define customer wants —

start with customer need — closing this gap is an essential part of lean infrastructure and should begin as soon as resources are available and processes stabilized.

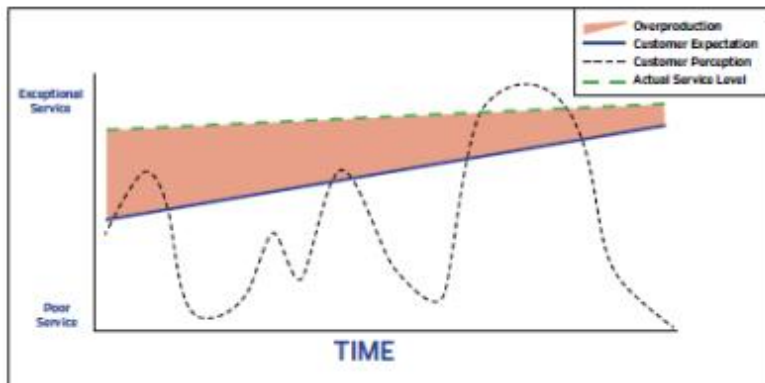


Figure 6

Customer Expectation and Perception

Key Concept: Voice of the Customer

What does the customer want? Everyone's work should be focused on delivering only what creates value from the perspective of the customer.

To understand this, you need to answer two questions:

- What is the customer's ***expectation*** of cost, quality and delivery?
- What is the customer's ***perception*** of cost, quality and delivery?

Finding the answers is best accomplished by surveying customers face-to-face to determine Voice of the Customer.

The gap between a customer's expectations and their perception of services is a measure of satisfaction. Perceived service should match expected service. However, this presents an inherent challenge: Once customer perceptions meet their expectations, expectations will increase. This reality needs to be addressed by ongoing Voice of the Customer research and tools such as PDCA to continuously improve customer service.

Know the Difference Between a Need and a Want

A need is binary, whereas a want is some arrangement of expectations. In order to satisfy wants, you will first need to have

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Real World Advice

Defining what is important and making it visual can be very difficult. Visuals themselves are not the end game. The purpose of a visual is to add value to people doing their work in support of adding value to the customer. If the visuals could go away today, and the team wouldn't care, then the visuals are not adding value. Keep working on your visuals until the team says, "without this visual we could not effectively do our jobs."

stable processes that can consistently satisfy needs. In this way, you'll have standard processes with room to satisfy variable wants.

For example, on an assembly line, a cell needs parts from the prior cell to produce its work as scheduled each shift. This is basic — if this doesn't happen, the end customer won't get what he needs, which is finished goods. But when the supplier elevates the process from serving only needs to serving customer-defined wants — such as perfect assemblies delivered at precise times in precise quantities and packed in a precise way — the supplier is delivering something of much greater value with the same amount of resources.

Ensure a Common Direction and Common Message

Once you have defined customer needs and wants, ensure a common direction and common message by making sure team members know the organization won't be able to deliver customer wants and needs if they don't do their work properly. This can be done during teaching problem solving at the worksite (*See how if this doesn't happen properly, we can't complete the next step?*) and through visual depictions of roles, responsibilities and accountability — such as on process maps and A3s.

In addition, people need to know how their individual roles support the organization's strategy. So always bring teaching and problem

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Visual displays tell everyone the current status of the operation, enabling them to manage and correct problems in real time.

solving back to the organizational purpose of satisfying customer needs and wants.
er 4: **leading The V**

Define What is Important and Make it Visual

In addition to defining what is important on a strategic level, you need to define and make visible what is important on a tactical level each day. How many trucks are we going to get out today?

How many suppliers are we going to engage with today? How many customers are we going to talk with today?

Define this information for employees through visuals, whether they are boards, standard-work instruction sheets or electronic signals. And don't be afraid to be redundant with the visuals. You can't go wrong

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														correlation / contribution				Accountability			
M	M	S	M	Implement Standard "Dashboard" for Measurement	M	M	S	S	S	S	S	S	S	M	X	X					
M	M	X	X	Develop Internal Supply Chain Council - Collaboration	M	M	M	M	M	M	S	S	S	S	X	X					
M	M	M	M	Implement Weekly Operations Review - PDCA	M	M	S	S	S	S	S	S	S	M	X	X					
M	X	X	S	Balance Delivery Frequency with Transportation Cost	M	M	M	M	M	M	S	S	S	M	X	X					
M	M	S	S	Trailer Yard Layout and Visual Management	M	M	M	S	S	S	S	S	S	M	X	X					
S	M	S	S	Receiving Schedule Implementation	M	S	M	M	M	M	S	S	S	M	X	X					
S	M	M	S	Daily Logistics Design Process Implementation	S	S	S	S	S	S	M	S	S	M	X	X					
S	M	M	S	Logistics Design Infrastructure	S	S	S	S	S	S	M	S	S	M	X	X					
M	S	M	S	PFEP Completion and Sustainment of File	S	S	S	S	M	M	S	S	S	M	X	M					
				Tactics																	
Leveled Flow - Pull Replenishment Quality at Source - Error Proofing Pipeline Visibility - Visual Management Disciplined Logistics Engineering Strategies				Performance Targets - 24 Mths Complete PFEP File by July 2007 - All Parts Daily Design - by May 2007 - All Suppliers Cube Utilization - Improvement + 10% Transportation Equipment Productivity +10% Miles Ran - Reduction in Miles - 7.5 % Material Handling Productivity + 15%										team members							
				Breakthrough Goals																	
S	M	M	S	Transportation Cost Reduction	\$5,000,000	10.0%	\$500,000	5.0%	\$225,000	S	S	S	S	S	M	Legend M = Medium Correlator					
S	M	M	S	Material Handling Cost Reduction	\$250,000	10.0%	\$25,000	5.0%	\$11,250	M	S	M	M	M	M						
S	S	S	M	Inventory Reduction - at 20% Carrying	\$6,000,000	15.0%	\$180,000	15.0%	\$162,000	S	S	M	M	M	M						
Total						\$705,000		\$398,250													
Total Savings - 24 Month Projection									\$1,103,250	correlation / contribution											

Adding a visual element to PDCA also can be highly effective for communicating what is important. Really, PDCA at its most basic function is a way to ensure that assets are deployed most effectively; or, as the saying goes, “that you are getting the most bang for your buck.”

In a given year, an organization has only 52 weeks to reach annual improvement goals. This makes visual depiction of what’s most important essential since time is the scarcest and most valuable resource anyone has.

Key Concept: Cascading Vision to Strategy to Tactics with an A3 Document

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An A3 is a document that was originally named for the size of paper that was used. It doesn’t matter what size of paper is used, but what makes an A3 effective is that it is limited to one piece of paper. This limitation forces a team member or a team to succinctly document a problem, the analysis of the problem, the corrective action(s) plan, and responsibility.

We once knew a manager who loved to review A3 plans with his team because, he said, “That is where I get a chance to look at that manager and identify where his opportunities for improvement are.” His sole purpose was not necessarily the final result, but making better leaders.

“In the past, I was the fire chief in the firehouse,” he explained. “With this new way of thinking, I am developing people to make sure the fires never get started.”

Manage Execution of Focus and Alignment in Real Time Every day brings new opportunities and unforeseen challenges. You can’t rely solely on a written plan or budget to reach your goals. You need to be checking on alignment and making adjustments to stay aligned in real time. A tiny

misalignment that goes unnoticed will travel through the value-creating process, growing bigger, and ultimately reaching the customer.

Constancy is important because if you don't address all problems in the same way, you are sending the message that lean can be applied inconsistently. It can't if you want to be successful.

This is where the check-adjust side of PDCA is so important. If you see someone going off of the original plan, it's important to talk straight in real time. Ask, *Why are we doing this?* and then recalibrate to get back on track. If you do this, you will be leading by showing others how important the plan that was articulated through value-stream maps and A3s is.

Recognize When Others Are Tampering With the

Business: Follow Standard Work First

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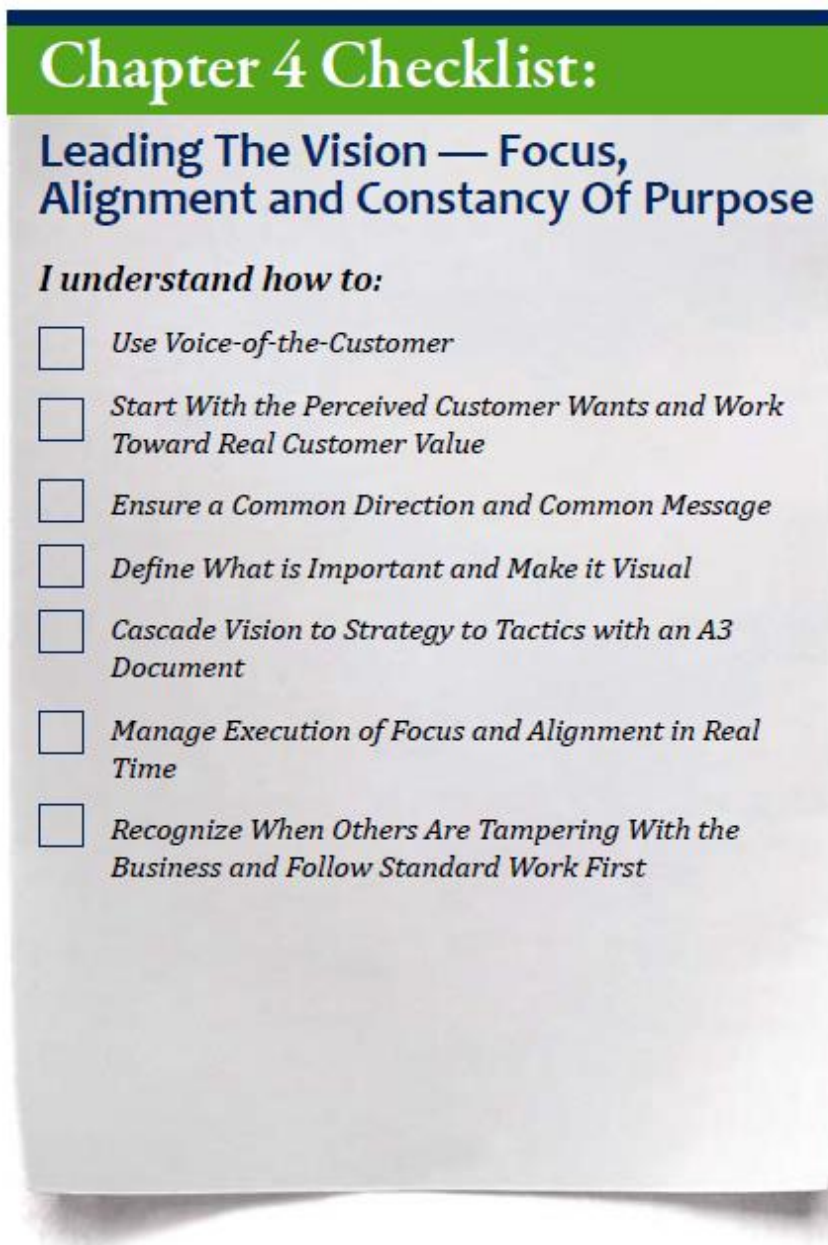
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Tampering is when someone wants to disregard a plan already in place as an over-reaction to a single event.

When someone wants to go off of plan, you need to step in, probe the situation with questions, and rely on facts to determine if the event truly calls for a change in plans. What's most important is to stick to constancy of purpose and lean principles; and to focus on inputs that will drive outputs, not outputs themselves.

View such attempts at tampering with the plan as opportunities to both teach and learn. Not everyone in the organization will be as close to lean principles as you are. This doesn't mean they are not hard-working, valuable employees. They lack information about lean, and you lack information about their point of view. Start a conversation —

being a teacher and a student is part of being a lean leader.



Chapter 5:

Leader as Student and Teacher

Learning is everyone's job in a lean organization, and this includes you.

Later, we'll discuss setting the highest bar possible in order to achieve optimal performance, but this starts by setting the highest bar possible for yourself.

Understand What You Need to Learn and Create a

Personal-Development Plan

We have observed a competency gap in many businesses — as a leader's work becomes a larger and more important part of the business, he has less time to learn. Because learning is a foundational element of lean, you need to find the time and space to learn. Make learning part of your standard work and stick to it.

There is a Learning Opportunity In Any Situation: Be Willing to Learn

Learning also will take place every day if you are open to recognizing the learning opportunity in any situation and be willing to learn. Any time you interact with other people — whether upstream or downstream — there is an opportunity to learn.

Some people have a natural sense of urgency to learn that is awakened by being encouraged to ask questions and seek solutions. If you have someone who is asking why all the time, feed that appetite.

Challenge them by providing reading material and opportunities to gain additional hands-on knowledge. You are nurturing a future lean leader.

Listen and Uncover the Problem Before Talking and

Jumping To Solutions

This is an absolutely critical point relative to lean leadership for two reasons:

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Figure 7: Core Lean Activities: Action



- First, traditional leadership has taught us to jump to solutions before completely understanding the problem. Instead, try to really understand the current state of the problem, the cause of the problem, and the right solution. It's a lean principle that the right solution becomes evident when you truly understand the problem.

- Second, learning is part of the lean foundation, and the most effective learning takes place during problem solving. Think about it

— if you just give kids the solutions in school, they don't learn. So why do we do that in the business world?

Embrace the Fact that People Learn By Doing

Let's take a look at the Core Lean Activities again. Remember how much of the cycle is action-oriented? Three-quarters. When we read books, we can gain insight into concepts and principles and even tactical roadmaps, but until we go out and do, our learning is not

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solidified. When we go out and do, we often find out what actually happens is not what we think is happening.

You can't learn how to ride a bike by reading a book, nor can an athlete become professional without training. The same is true for workplace learning.

Make Problems Visible so People Can Learn by Solving Problems

The challenge at a lot of organizations is that they don't see their problems as preventable problems. They see them as unique aspects of their work, such as their industry, company or culture. But when we are honest with ourselves, we can't deny that all businesses are broken and could be made better by fixing problems.

So how do you make problems visible? First, recognize that problems can be hidden by many things, including inventory, spreadsheets, space, racking, reports, and excessive movement. Look for problems beyond these barriers by questioning how they are adding value.

Undoubtedly, you'll find an excess of shelving, stockpiled inventory, wasted movement, and reports that say nothing.

Help your team to get the barriers removed so that they can observe the situation, gather facts, think about how to fix the problem, and then implement the best solution.

Look for and Take Advantage of All Opportunities for Teaching

You should not only be assessing your strengths and weaknesses, but also your team members. Sometimes this means taking a leap of faith and giving somebody a task that they're not totally ready for. Match people with opportunities that will facilitate learning.

For example, if you have an opportunity, do you put in your most experienced root-cause-analysis team member or your least-experienced one? It may take longer and cause more momentary stress to put the weaker team member in, but you're all about

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Author Walt Miller takes advantage of a teaching opportunity.

teaching, and doing this will give you information that you need to teach, i.e., what training the less-experienced team member needs.

By the same token, if someone catches a quality problem, give lots of public praise. This is how a lean leader takes advantage of a teachable moment at the worksite.

What if a student isn't ready for the next lesson? This could be because they need more time to reflect and process the previous lesson. Assign them some homework in the form of questions for reflection and/or a go-to-the-worksite

task that requires deep observation. Then, allow them time to process what they learned before checking back in.

Key Concept: Capture the Teaching Moment

We transfer knowledge so individuals and teams can increase skill to achieve desired outcomes. This transfer could potentially take place anywhere or any time.

In fact, teaching opportunities are everywhere in the workplace.

Follow these guidelines as you capture the teaching moment:

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- The teaching process should go at the speed that is necessary for the student.
- Different methods can be used, but the structure should always follow PDCA.
- Check-Adjust is a must!
- Go to where the work is.
- Get others involved, especially those who have control or influence over the process.

Check for Understanding of the Lesson Through

Questions and Actual Application

Lean leaders are not micromanagers. But they do check for understanding and application, always keeping in mind that teaching and learning should support organizational purpose and principles.

This is a way to show respect for people and process because it highlights the importance of learning and people-based knowledge.

When checking for understanding and application, keep in mind:

- **Lessons should relate back not only to the larger principles and purpose, but also to lean tactics and tools.** Ask, *Do you see how this relates to lot size? To first-time quality? To the purpose of our work?* With these check-in moments, you are transforming a student into a teacher. Imagine if this were going on at all levels of the business, what power that would create.

- **Be aware of and embrace that everybody has different learning styles and personalities.** Just handing everybody books on lean and expecting them to learn is disrespectful. Everyone has very different learning styles — some by reading, some by seeing, most by doing.

This does not need to be complicated. Just ask team members how they prefer to learn and what you can provide to help them learn.

- **Teaching and learning are experiments.** Use multiple ways to teach and learn and don't be stuck in one way. We once knew a teacher

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Real World Advice

Look for and find a mentor. Having somebody take time to mentor you can be the most important part of personal development. Ask your mentor to tell you their story, what mistakes they have made and what lessons they have learned. Share your ideas and what you are thinking with your mentor and ask them to challenge your thinking.

who said it is a lean leader's responsibility to keep tuning the radio dial until you find the frequency where a person will learn.

- **Look for and develop as many teachers as possible.** They are everywhere. Coach and mentor to bring the teacher out

Know the Difference Between Education, Training,

Coaching and Mentoring

Education is teaching that is centered on the transfer of knowledge with no pre-planned expectation of results. It is up to the student to decide what to take as “golden nuggets” of learning.

Training is teaching that is centered on the transfer of knowledge with an expectation of “please do.” The “golden nuggets” are preplanned and effectively communicated.

Coaching is teaching that is centered on skills development, building a relationship and driving accountability. Strong on inquiry, this form of teaching helps students to achieve their goals.

Mentoring is teaching that is supportive and consultative. It can bridge the professional and personal (life skills). This approach helps the student to reach full potential.

A lean leader does all of these and knows when and how to use advocacy and when and how to use inquiry. The next chapter describes what these two concepts mean in a lean setting and when to apply them.

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Chapter 5 Checklist:

Leader as Student and Teacher

I understand how to:

- ☐ Create a Personal-Development Plan
- ☐ See a Learning Opportunity In Any Situation and Be Willing to Learn
- ☐ Listen and Uncover the Problem Before Talking and Jumping To Solutions
- ☐ Embrace the Fact that People Learn By Doing
- ☐ Make Problems Visible so People Can Learn by Solving Problems
- ☐ Look for and Take Advantage of All Opportunities for Teaching
- ☐ Capture the Teaching Moment
- ☐ Check for Understanding of the Lesson Through Questions and Actual Application
- ☐ Know the Difference Between Education, Training, Coaching and Mentoring

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Advocacy	Inquiry (Listening)
Advocating a point of view.	A process that has the aim of augmenting knowledge, resolving doubt, or solving a problem.
Stating or defending your opinion.	Get to the point by asking questionsg
Act of pleading or arguing for something.	Seeking to understand other points of view while withholding judgment.

Chapter 6:

Advocacy Vs. Inquiry (Listening)

Lean leaders need to know the right time to advocate and the right time to ask and listen (inquiry). Both are needed in a lean culture, and each has its own techniques. Some key points regarding advocacy and inquiry are:

- Advocacy and inquiry should always be supported by the organization's guiding principles.
- As a leader, you will be more successful by increasing the percentage of the time you spend inquiring.
- When a leader uses inquiry well, it sets an environment where others can listen and contribute without fear or retaliation. It can also result in more creative ideas, better team communication, and a greater willingness to engage.

When is the right time to inquire/listen? If people are emotional; if what you are trying to advocate is not clear to them; or if you observe frustration because things you have advocated seemingly aren't working — this is the time to ask questions to get to the root causes of the emotions, lack of understanding and

frustration.

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What about the right time to advocate? This is when you are trying to sell your ideas and get people to come closer to how you think things should be done. Advocacy is not negative. It's explaining what's going to happen on the

process-improvement journey you will be leading, and trying to convince others that you want them to join you.

Understand the Power of Advocacy and Inquiry

At the start of a lean implementation, listening — and usually lots of listening — needs to happen before advocacy. You won't be able to convince anyone of anything if they don't trust you, and trust is developed through listening and demonstrating respect. This does not mean collecting feedback via an employee survey. We're talking about one-on-one, face-to-face talking and listening. You don't have to say you agree. Your goal is to keep asking questions in an effort to understand an opinion or point of view as you keep an open mind.

Inquiry should not be used as a weapon to “convict” someone, but a tool to gain understanding and learning.

When advocating, it's important to do so, again, without judging. Also, don't attempt to advocate a change until you completely understand the problem (i.e., why someone thinks it's a problem, the root cause of the problem, why it has persisted as a problem) and how what you are advocating will correct the problem and improve the current state.

If you don't have deep understanding of both of these, go back to inquiry. Advocacy shouldn't originate from gut feel.

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Real World Advice

Here's a drill to show others the importance of listening. Pick two students to come to the front of the group. Give them each their own sheet of paper with an informative two-paragraph statement written on it. Instruct them to read together, but in a voice that is loud enough that the other person can't be heard. Keep asking them to do this at progressively louder levels with some fun poking, i.e., "We can still hear Bob!" then "We can still hear Mike!" After this exercise escalates to a screaming match, stop the two students and ask them what they learned from the words they were reading. Their response will be that words didn't matter as much as keeping up with the yelling. The lesson — you have to listen to learn.

Learn the Techniques of Effective Advocacy and

Inquiry

Effective inquiring requires:

- Listening intently to understand the other person's mental models and position.
- Understanding what assumptions/data are used to form this understanding.
- Directing questions to the problem and process, not the people.
- Using questions that aren't leading or interrogative, but are exploratory to improve your own understanding.
- Offering your own views and advocacy.
- Discussing the gap analysis of the different things being advocated and looking for solutions.
- Listening for the larger meaning that may come from open sharing of ideas.

Effective advocating requires:

- Stating what you are advocating and showing an example.

- Stating your understanding of the problem and the root cause of the problem that come from:

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- The data you have used, and
- Going to see/observe where the problem exists.
- Inviting people to challenge your ideas.
- Refraining from being defensive.
- Openly revealing where your ideas are weak.

Use Questions to Deeply Understand the Problem

In the prior section, we said that listening to a person's pain is a skill.

Develop this skill by using these practices:

- **Put yourself in the other person's shoes:** This is a basic human skill.

Why are they seeing the situation like this? What have been their personal experiences? Only by attempting to walk in someone else's shoes will you understand their idea. Vs.

- **Consider the other person's perspective to be a lesson.** We often think we know what the other person's view is, but when we stop the conversation and listen deeply, we learn something new.

Listening and learning from others is part of the standard work of a lean leader.

- **Use the 5 Whys:** Repeatedly ask why until you get to the root cause of a person's feelings, opinions, resistance, and thoughts. But don't do it in such a

matter that the person is threatened.

- **After listening, describe back** — using the person's words — what their perspective is. This shows respect by demonstrating you are making the effort to clearly understand and reflect upon what the person is saying.

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Asking critical questions and listening will facilitate progressive learning.

- **Listen at multiple levels:** Unlike most people, a lean leader goes beyond the first question when listening.
- **Level 1 (what):** What are you saying? What is being promoted or questioned?
- **Level 2 (how):** What information is the person sharing and by what means? How do I interpret the means? Is there meaning in the emotion?
- **Level 3 (emotion):** What is the emotional state of person sharing with you? Do I understand what they are trying to say? Do we understand the subtleties? Have subtleties been translated into direct points?

- **Check back later on how their perspective has changed.** This shows respect. A word of caution: None of this will work if you have an ulterior motive. Using these techniques to “move someone along”

to your way of thinking or acting is insincere, and people are very good at spotting insincerity.

Inquire to Create Progressive Learning

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For Your Information: The Socratic Method

The Socratic Method (or Method of Elenchus or Socratic Debate), named after the Classical Greek philosopher Socrates, is a form of inquiry and debate between individuals with opposing viewpoints based on asking and answering questions to stimulate critical thinking and to illuminate ideas.

Inquiry is also a teaching/learning tool. Asking questions to gain knowledge and insight goes back to the Socratic method of teaching.

But the art here is coming up with the questions that are going to challenge everyone in the group. Why do we think this is a problem?

Where is the problem coming from? Do we understand what the root causes may be? Do we understand how this problem arose? How have we made this problem appear to go away before? How has our culture allowed us to tolerate this situation? **Method**

Coming up with critical questions in a non-threatening way will create progressive learning. A lean leader asks these questions not because he already knows what the answer is, but because he knows he alone doesn’t know what the answer is. So together, through the dialogue, everyone progressively learns.

That's why we use the 5 Whys — because it is a progressive problem solving model.

Use Inquiry to Engage People at All Levels

Don't be afraid to inquire across the organization, from the board members and CEO, all the way down to the front-line employees. We have encountered lean leaders with the mentality that lean is fine on the floor with the employees, but when they move up the ladder and are around the executives, they are silent. Dialogue needs to happen at all levels of the organization.

You need to use inquiry with your boss and your boss's boss because the higher up in the organization a person is, the farther away they are from where the actual work is being done. That's not to say executive

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level leadership is not important, but it is fair to say that executives tend to be more disengaged with the realities of where value is being added. So as a lean leader, you need to inquire both downstream and upstream.

If you're going to get lean work done, inquiry needs to happen up and down the organizational chart. If you find yourself stuck while inquiring or advocating, ask, *Why are we having this conversation? Am I trying to learn? Or am I truly trying to blame/ disrespect/humiliate somebody?*

Just say it out loud. If your answer is anything other than learning (either information about a problem or information that resides in another person), then you are producing waste. End the conversation, go reflect, and come back at it later to continue to take those progressive steps forward.

Use Advocacy to Challenge the Situation and Drive

Critical Thinking

You have to use facts and real examples while advocating challenging the situation and driving critical thinking. In a workplace, you will often hear people use words such as *I feel, I think*. These can be based on opinion at times, not fact. Through inquiry and walking the floor —

you'll be able to advocate lean principles based on gathered facts and observations.

When advocating, explain yourself this way: I am advocating that we do THIS because of THIS. For instance, in the lean fulfillment stream, we advocate making customer consumption visible. Well, why do we advocate that? Because customer consumption is what should be driving all activities in the fulfillment stream, so if we don't see customer consumption, how do we know how many to make or how much to order from our suppliers?

Invite Challenges, and Don't Be Defensive

A lean leader should frequently say “challenge my thinking” because they are both teacher and student. Remember, as a wise person, you know that you know nothing, so hold your ego and defense mechanism at bay during this exercise.

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Real World Advice

Identify the most resistant person in the group and put extra effort into trying to understand their point of view. If through inquiry and advocacy you can change that person's mind, then you can change the mind of everyone else in the group. An additional benefit is that the person will go from being your staunch enemy one day to your right-hand person the next day; or perhaps you'll even change your mind.

Of course, such discussions need to take place within the normal constraints of business. Challenging thinking should be used to move action along.

To keep challenges focused and productive, use demonstrations and testing in the field to show what you are advocating rather than just telling. Don't get locked in a meeting room with back-and-forth discussion. Demonstrating something is a more efficient way to be an advocate than talking about something.

And if a challenge to your thinking causes a change in direction, don't be afraid to say you were wrong and someone else was right. The focus is on improving processes, not proving who is "right." If you find a challenge isn't going anywhere, it's time to take a break and say, "*We're not going to get anywhere today. Let's both reflect and come back together later.*"

Be Willing to Change your Mind, But Don't Compromise Rules and Principles

Don't ask questions if you aren't open to changing your mind. People will read right through you if you aren't willing to see a better way and/or shades of gray.

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This doesn't mean allowing people to break rules. For example, removing safety devices or skipping precautionary steps to speed up a process is not lean. It is wrong. Likewise, don't change your mind when it comes to principles and purpose. Always connect what you are advocating to lean principles and guiding purposes.

Doing so requires a safe environment for problems to occur, be called out, be deeply examined, and then be fixed. The next chapter discusses how to create such an environment.

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Chapter 6 Checklist:

Advocacy Vs. Inquiry

I understand how to:

- ☐ *Advocate and Listen*
- ☐ *Use the Power of Advocacy and Inquiry*
- ☐ *Use the Techniques of Effective Advocacy and Inquiry*
- ☐ *Use Questions to Deeply Understand the Problem*
- ☐ *Inquire to Create Progressive Learning*
- ☐ *Use Inquiry to Engage People at All Levels*
- ☐ *Use Advocacy to Challenge the Situation and Drive Critical Thinking*
- ☐ *Invite Challenges without Being Defensive*
- ☐ *Be Willing to Change my Mind without Compromising Rules and Principles*

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Chapter 7:

Respect for People

Learning is one of the Core Lean Activities. Without it, the other activities won't take place. So a crucial part of your work is to foster learning all the time and everywhere. Here's how to do it.

Key Concept: Respect for Humanity

Respect: To have a high regard for someone or something.

Humanity: The total experience of existing as a human. This includes psychological interpretation of things that drive our actions, thoughts and feelings in distinctive ways.

Humanistic philosophy shows that personal relationships give meaning to life. Therefore, a humanistic leader would view each person's life as important.

Create a Safe Environment for Learning, Both Physical and Emotional

Everybody understands why having a safe environment is important for physical health. But lean cultures also need to be safe for making mistakes, identifying problems, and proposing ideas and solutions.

Here's an example of a leader fostering fear and a leader fostering a safe emotional environment by how they verbally respond to a production cell that has fallen short of making its assigned number of widgets in a shift:

Fostering Fear: "You only made 25 pieces! Why didn't you make the 30 pieces that you were supposed to?"

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Fostering Safety: “We were supposed to do 30, and we only did 20.

What problems did you have, and how can I help?”

Be cognizant of tone of voice and attitude in addition to the words that you use. You are there to help, not blame.

Educate People and Transfer the Knowledge Needed For Success

Sharing knowledge in a “no-blame” learning environment is essential for lean success.

Very often in a work environment, knowledge is power. In a traditional organization, typically we see that there are a few people who have all the knowledge, and everything centers around their actions and decisions. In a lean organization, everybody has access to knowledge, and everybody has power to make decisions. For organizational purposes, knowledge refers to the importance of the industry; the history and current challenges of that industry or cause; the organizational purpose and principles; competitors yesterday and today; and how work at the organization supports the customers of the organization. Transferring this knowledge means making

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someone else aware of new information regarding any of these points.

Ask How You Can Help

Transfer of knowledge doesn't happen overnight, and it is ongoing.

An important question to constantly ask employees is, *What do you need to know and learn to be successful?* Sometimes the answer is training; sometimes simply talking about the work is the answer. Even shadowing another person for a day to see how they do their job is a beneficial way to transfer knowledge.

Learn to See Together with No Blame

"How can I help?" is a question the lean leader should be asking frequently on a micro level. On a macro level, the lean leader should be identifying opportunities within the wider organization where he can use his position to further progress.

A great opportunity to inquire about helping at both the micro and macro levels is when a lean leader is reviewing A3s that team members have created. A lean leader can help by coaching, removing roadblocks, and by sharing examples from past problem-solving successes.

Assisting and sharing knowledge in this way builds trust. Sharing knowledge about company operations also builds trust. Use straight talk in this case, i.e., explaining why employees need to work six days a week for a temporary period or why a product line is being discontinued. Be honest and upfront. Keeping information secret breeds distrust. But if there is knowledge that a lean leader can't share because it is private or proprietary, he should explain why he can't share it.

Build Trust Before Moving the Furniture

People need to be comfortable with what is being done and how it is going to affect them before you change the world around them. If you don't have this trust, actions will be wasteful because people won't

Real World Advice

Integrity is the workability of the system. You won't have integrity if you don't do what you say you are going to do. If you say you are going to check in, check in. And if something unforeseen prevents you from checking in, apologize, explain, and check in the next day.

comply to lean principles. The consequence is over-checking on compliance, a waste.

Don't choose a tool before asking operators what their problems are.

People often start a lean project with 5S because it “seems to be” a good way to start. But this shows disrespect to the operators doing the actual work. The same can be said for introducing lean at a company by first holding an “executive-level rapid-improvement event.” What does this say to front-line employees? For many, this would mean business-as-usual — another “flavor-of-the-month”

program that will be dictated to them. This is the opposite of trust.

Integrity is the workability of the system. You won't have integrity if you don't do what you say you are going to do. If you say you are going to check in, check in. And if something unforeseen prevents you from checking in, apologize, explain, and check in the next day.

Let the People Doing the Work Solve their Own Problems A lean leader is not a super-hero who swoops in with all of the answers. Instead, give the responsibility of solving problems to those who own the problems while providing the tools and education to support them.

Why don't people solve their own problems? Because no one asks them to, they don't know how, or they don't have the tools. Make team members aware that there is an expectation that they solve their own problems, and give them the right tools, time and support to solve them.

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Figure 8: The ORLOE Model

	Operate	Do the Work & Identify the Problem
		Plan & perform the work. Identify gap between plan vs. actual condition.
	Review	Define the Problem
		Document & validate current state. Develop a clearly defined problem statement.
	Learn	Determine Root Cause
		Identify all possible causes to the problem. Isolate critical few root causes to the problem.
	Optimize	Identify Solutions
		Develop solutions that address the root causes to the problem. Ensure the solutions support the entire value-stream.
	Execute	Implement & Sustain the Solution
		Communicate, train and implement the solution. Measure and monitor the impact of the solution.

We have created and use a highly valuable tool for empowered problem solving called The ORLOE Model. It is based on five phases of activity, with each phase divided into Purpose, Tollgate Questions, and Processes and Tools (Figure 8).

On the next five pages, we lay out the ORLOE Model in detail (Figure 9). We hope that you find it as invaluable as we do in our lean leadership work.

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Figure 9: The ORLOE Model: Operate

	OPERATE
Purpose	Do the Work & Identify the Problem Plan & perform the work. Identify gap between plan vs. actual condition.
Tollgate Questions	Do we know who the customer is, what they expect, and are expectations visible? Is there standard work in place for critical processes? Is there a visible plan for the activity today? Is the current status of the process visual for all to see? Is there a process for gaps between plan and actual to be identified? Has a gap been identified as a problem that needs to go to the review stage?
Processes & Tools	Voice of Customer CTQ Checklist Team Member Standard Work Visual Management Run Charts Scoreboards Leader Standard Work

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Figure 9: The ORLOE Model: Review

	REVIEW	
Purpose	Define the Problem	
	Document & validate current state. Develop a clearly defined problem statement.	
Tollgate Questions	Did we “go see” to ensure a deep understanding of the facts?	
	Do we need to implement immediate containment processes?	
	Have we collected data that is relevant, accurate, and visually formatted to allow effective inquiry into root causes of problems?	
	Did we map the process to understand it from a value stream perspective?	
	Does the problem statement clearly define the gap between plan vs. actual?	
	Is the A3O completed effectively to define the problem?	
Processes & Tools	A3O (A3 ORLOE Problem Solving Model)	
	Go See Management	
	Data Collection	
	Process Map	
	Swim Lane Map	
	Current State Value Stream Map	

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Figure 9: The ORLOE Model: Learn

	LEARN	
Purpose	Determine Root Cause	
	Identify all possible causes to the problem. Isolate critical few root causes to the problem.	
Tollgate Questions	Do we have the data, facts, and story required to identify possible causes?	Have we identified all possible causes of the problem?
	Have we isolated a root cause or a “critical few” root causes?	Has the root cause taken me out of my span of influence?
	Did I identify the right team of people to develop solutions to the root causes?	Is the right team of people engaged and committed to collaborate around the root causes of this problem?
	Pareto - Critical Few	Brainstorming
	Cause & Effect	5 Why Analysis
	5 Why Analysis	

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Figure 9: The ORLOE Model: Optimize

	OPTIMIZE
Purpose	Identify Solutions
	Develop solutions that address the root causes to the problem. Ensure the solutions support the entire value-stream.
Tollgate Questions	Have we explored multiple options for solutions?
	Is the chosen solution getting root cause of the problem?
	Does the solution fix the problem without “raising of the water level”?
	Do we truly understand the solution’s impact to the entire value stream?
	Is the solution aligned with corporate strategies?
	Is the right team of people engaged and committed to implementing the solution?
Processes & Tools	Future State Improvement Tools
	5S
	Visual Management
	Standard Work / Checklist
	Quality at the Source - Error proofing
	Velocity - One Piece Flow
	Leveled Flow
	Pull Systems
	Time and Motion Chart
	Takt Time Calculation
	Future State Maps & Gap Analysis
	XY Matrix for Prioritization

Figure 9: The ORLOE Model: Execute

	EXECUTE	
Purpose	Implement & Sustain the Solution	
	Communicate, train and implement the solution. Measure and monitor the impact of the solution.	
Tollgate Questions	Do we have a visible plan in place with tollgates?	Do we know what will go wrong and have we pro actively worked to prevent challenges from happening?
	Do we have a measurement system in place to show we are making progress?	Do we have a plan for monitoring (Check and Adjust of the implementation)?
	Have we communicated the implementation plan to all people that need to know?	Did we celebrate success with the team?
	Implementation Plan	Timeline
	FMEA	Dashboards
	Communication Plan	Review Process

Ask for and Encourage Open Communication from Everyone Here are some common workplace barriers that prevent people from owning their own

problems: data, which frequently masks problems and does not always reflect facts; reports, which give a limited view of the truth; and computer systems, which have become a way to hide problems electronically.

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Problems need to be visible. They need to be bothersome. If they are hidden, no one will take ownership of them, and they won't get solved.

Not letting people own their own problems also thwarts sustainment of improvement.

Create an environment where everyone is communicating: employees, suppliers, service providers, customers — verbally and visually. Only when everyone is talking and listening about the business — internally and externally — can everyone create a roadmap for improvement?

Give People the Time, Tools and Resources to Practice Problem Solving

Problem solving is no different from participating in a sport — you have to practice to keep your skills competitive. In lean, this means practicing problem solving using lean tool. It's unacceptable for a leader to expect people to firefight for the whole workday while also improving the business and implementing lean principles.

It's the nature of work these days that there is never enough time. So it's understandable that some would question the value of setting aside an hour for a continuous-improvement team meeting. The challenge is to make such meetings as productive as possible by having the team focused on continuous improvement. Also, work with operations managers to plan the time for improvement. Don't let all learning take place while reacting to problems. Everyone's schedule needs time dedicated to improvement-project work, and that work should be checked to make sure it is adding value in an efficient manner.

Challenge the Team to Pursue Perfection

You need to constantly show confidence and faith that if you work as a team, you will be able to achieve great things. The best way to demonstrate this confidence is to challenge your team to pursue perfection.

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We see mediocre performance in many workplaces where leaders are perplexed about how to elevate performance. When we see this, we ask, *What are you doing to challenge your team to be world class? Or are you setting the same standard year after year?*

All leaders should be challenging their teams to pursue perfection because this is what leadership is about — leading people to a place they haven't been. We should be challenging performance to zero defects, to 100 percent on-time delivery, and other stretch goals. This is what forces people to think, learn and grow. Apply the concept of pull here. By setting the highest-possible goal, you are pulling elevated performance through the organization.

Within a lean organization, performance can be measured in many ways: individually, by cell, by plant, or any team-based process. Not all of these measures will make it into a high-level score card because doing so would be wasteful. So how should you organize work so that performance can be measured in a meaningful way yet supports lean principles?

This is answered in the next chapter, which describes why process and value-stream thinking are vital to lean sustainment.

Chapter 7: A Respect for People

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Chapter 7 Checklist:

A Respect for People

I understand how to:

- ☐ *Have Respect for Humanity*
- ☐ *Create a Safe Environment for Learning, Both Physical and Emotional*
- ☐ *Educate People and Transfer the Knowledge Needed for Success*
- ☐ *Ask How I Can Help*
- ☐ *Learn to See Together without Blame*
- ☐ *Build Trust Before Moving the Furniture*
- ☐ *Let the People Doing the Work Solve their Own Problems*
- ☐ *Ask for and Encourage Open Communication from Everyone*
- ☐ *Give People the Time, Tools and Resources to Practice Problem Solving*
- ☐ *Challenge the Team to Pursue Perfection*

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Chapter 8:

Process and Value-Stream Thinking

Successful lean leaders are process and value-stream thinkers. They understand that a product- or service-provider's value proposition comes from a series of process steps that create the product(s) or service(s) and that these process steps work most efficiently (doing things right) and effectively (doing the right things) when there are no silos or walls between them. Each step and each function participates in flowing streams that create value — value streams. Silos disrupt the flow of value and create waste.

Key Concept: Process Management

It's a lean leader's role to manage the value-adding operations and processes that connect with customers.

Why?

- To create management work that plans and improves the stability of work that produces the value proposition.
- To reduce waste and solve critical problems of instability and variation.
- To keep the focus on total cost reduction.
- To teach and train front-line team members on lean principles and their application.

Define, Visualize and Articulate the Value and the Value-Stream Map

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Figure 10: Value-Stream Map



Articulating the value stream with a value-stream map (pictured on wall) makes processes clearly visible and improvement opportunities easier to see.

Work is complex, but a value-stream map simplifies complexity and visually displays how work gets done. This alone makes it an invaluable tool for objectively assessing organizational performance.

But value-stream mapping is powerful for other reasons. For instance, it depicts how important it is for linked processes to work together smoothly in order to create value. When something is blocking the flow of value, it shows up on a value-stream map in very clear terms as waste, i.e., piles of inventory,

long wait times for a task to be performed, duplicate work, unnecessary processing.

And it does so without placing blame because people are not being mapped — processes are.

The value-stream map also is fact-based and objective. Unlike a report, the map shows what is happening, not what someone thinks is happening.

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Real World Advice

When communicating with those willing to change but still holding on to fear, take the conversation back to the customer and explain why lean is better for the organization and its employees. When a company is operating based on what the customer defines as valuable, it is organized into value streams; when it is operating based on what employees define as valuable, it is organized into rigid functional silos. A value stream's purpose is to fulfill a customer need as completely as possible, which makes everyone successful. Silos mainly fulfill the needs of the people within the silos, and success is limited as well.

Understand, Visualize and Articulate the Processes That Make Up the Value Stream

Another thing value-stream mapping does is ensure that all processes within the stream are following the same improvement plan — from the current state to the future state. It is a critical tool for getting your entire organization to work as one.

This is another area where you could meet resistance. Part of the work that begins after mapping is that team members' thinking has to change from , *I work only for myself and/or my department*, to *We all work in the same value stream within the same organization*. This can be a difficult transformation for some employees because it requires maturity, flexibility, and humility. Some people just don't have these qualities.

They will be the first to leave when they realize that the lean culture change is for real.

Understand That the Value-Stream Map Is Not the End Game —

It's About Improvement

As important as a value-stream map is, it is just a tool. Improvement requires action. When everyone has agreed to the current state and future state maps, it is time to decide the next step using the map as a guide. The gaps between the current state and the future state will be your guides, and A3s and problem solving will be your tools.

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Figure 11: Visual Management and Flow



A single value-stream map should result in multiple improvements that align with the group's KPIs. Making major improvements in only one area of the map is not a success. Likewise, don't stop at one map. As the synergy of your continuous-improvement effort builds, your teams should be identifying multiple areas to apply value-stream mapping.

Some of the maps will result in a quick transformation from the current state to the future state; and others will require more time.

Focus on Material and Information Flow Throughout the Value Stream

The value-stream map depicts material and information flow. Most organizations are structured vertically, but material and information flows horizontally. So you need to be working within those constraints of vertical functions while focusing on the horizontal streams of material and information flow.

Figure 11: Visual Management and Flow

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A traffic intersection is a perfect example of the need for visual management. The intersection is a place where people and process connect. Therefore, visual management is required to ensure people see as a group, know/decide as a group, and act as a group. Think about the chaos that would be caused if there were no visual management at a traffic intersection. The street lights and signs connect people to people, people to process and process to process. However, consider the lack of visual management required in a roundabout. This is due to the fact that the roundabout is based on flow. With continuous flow, processes are not decoupled, and therefore we do not need visual management to connect people to process or process to process. The only thing required is a very good understanding of standard work.

When you begin your value-stream mapping, one of the things you'll see is lack of information flow. This is often an "ah-ha moment" for people.

We have given information technology a lot of credit for being a productivity booster, but seeing information breakdowns on a value-stream map makes people realize how important they are in achieving this productivity by removing information blockages.

Pounce on these improvement opportunities, identify them and then prioritize them for projects.

Manage Connections: Processes-to-Processes, People-to-People and Processes-to-People

Managing the connection points of this information and material is key to value-stream improvement. In an organization with perfect flow, there would be no disconnects. But this is not reality. Processes are decoupled and disconnected, and it is here where waste tends to result, collect and go

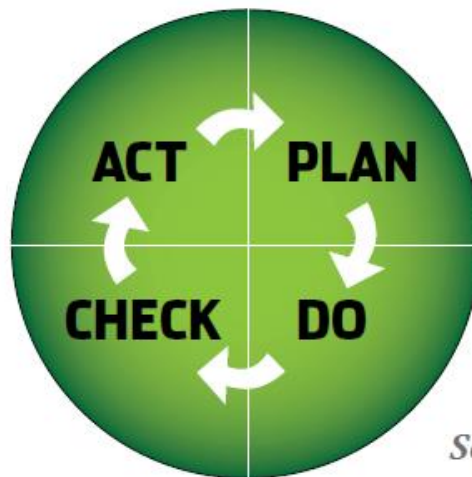
undetected. These connection points are fertile ground for problems because hand-offs are common spots for flow to stop, and information and material to accumulate.

Processes are prone to breaking down and always will be. By expecting problems and waste to occur, you can defuse the blaming of people for these problems and create a safe and predictable environment to fix them and remove the waste.

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PDCA Cycle



See Page 11

For Your Information: Why Processes Fall Apart

In a system, a process that occurs will tend to increase the total entropy of the universe.

Second law of thermodynamics



Entropy

- ➔ *A measure of the disorder or randomness in a closed system*
- ➔ *A measure of the loss of information in a transmitted message*
- ➔ *Inevitable and steady deterioration of a system or society*

System: *A group of interacting, interrelated, or interdependent elements forming a complex whole.*

Know That Processes Want to Fall Apart and Implement PDCA as a Countermeasure

Create a PDCA process around operational processes and keep going to the worksite to gather facts. Further along in a lean implementation, these two practices also supply ongoing opportunities for learning and training with internal and external customers. Chapter

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For Your Information: Why Processes Fall Apart This point is key when it comes to evaluating management systems. If your lean organization is not able to detect problems before they become so big that the customer suffers, and then take time to review your management systems and ask, *Why didn't we detect this problem earlier?* Getting to the root cause will provide guidance on how to adjust management systems to be more proactive.

Here are rules to follow during a PDCA drill or meeting: 1. Send agenda to all participants a minimum one hour before call.

2. Start on time, do roll call and delegate meeting responsibilities.

3. Speak clearly, succinctly and professionally.

4. Review action items from previous PDCA drills.

5. Identify new problems and have a logical flow of topics.

6. Identify and record actions: Who? What? When?

7. Discuss effectiveness of PDCA; use standard questions.

8. End on time and thank all participants.

9. Distribute actions items to all participants within one hour of meeting.

10. Complete actions items by promised date.

Total Cost Prevents “Whack-a-Mole” Cost Management Every decision made within a value stream has an effect on the entire value-stream. Part of the learning that goes on around value-stream mapping is to understand the cause-effect relationships of business decisions.

This changes how cost is measured. Value-stream thinking requires us to ask, *What is the total cost of this decision on the entire value stream?*

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Focus on and Manage the Total Cost of all Business Decisions Machine maintenance provides a good example of the cause-effect relationship of business decisions. Let's say a trauma department manager makes a decision to cancel a routine maintenance check on an x-ray machine in order to save time during a hectic shift transition.

Lots of patients are waiting, and he doesn't want to add 20 minutes to their wait for the machine tests. Nurses, doctors and the admitting staff have been pressuring him to skip the machine check. After all, it's hard to put machine maintenance before the needs of patients with traumatic injuries.

But when the machine later stops working, the trauma team is forced to spend less time with the patients as they scramble for a solution.

The seemingly good decision has reduced quality for trauma patients, who now have even longer waits; disrupted non-trauma schedules as other departments' machines are tapped; and reduced quality for the patients in those non-trauma departments.

Remember this example when you see non-adherence to standard work. It is an opportunity to educate the team member, who likely thinks he has made a good decision.

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	INBOUND						
Variables	Purchase Price	Inbound Freight	Storage	Receiving / Handling	Quality Assurance	Material Ordering	Raw & Packaging Inventory
Decrease order to receiving lead time-raw			↓	↑			↓
Increase inbound delivery frequency		↑	↓	↓		↑	↓
Increase production frequency							
Decrease C/O cost and time							
Increase run-size flexibility							
Decrease order to delivery lead time-finished goods			↑				↑

Drive Economies of Time Vs. Economies of Scale

Everything that we are doing should be getting us closer to the customer from a time point of view. Often, we are guessing when our customer will need our goods or services again because of a lead-time inequality. We are not as fast as our customer. Our customer's expectations are out of sync with our ability to get material in and value out. So, process improvement isn't just about costs; it's also about time. The challenge is: Can we produce what the customer wants, when the customer wants?

By reducing the guesswork, we reduce the amount of wasted time.

When companies achieve this, they start benefiting from their lean

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COSTS									
PRODUCTION				OUTBOUND					
Labor	Energy	Other	Changeover	Customer Freight	Internal Freight	Storage	Handling	Finished Goods Inventory	Obsolescence
						↓		↓	
			↑	↓	↓	↓	↓	↓	↓
		↓	↓						
		↑	↑		↓	↓	↓	↓	↓
		↑		↑		↓		↓	

efforts at an accelerated pace because higher customer satisfaction is driving up revenue growth as ongoing efficiency improvements are driving down costs.

This dual-purpose goal is why lean principles can seem counterintuitive to improvement, such as the x-ray machine example as well as increasing delivery frequency while reducing lot size. (*We are increasing deliveries and reducing lot sizes. Won't that drive up costs?*) What the lean leaders sees in such a scenario is the building of a new process that will deliver what the customer wants when the customer

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wants it. We have seen repeatedly that when businesses can do this, customers will buy more from them.

Achieving to this level of accelerated benefit through lean will become an increasingly dominant competitive advantage in the future. To rise to this level of performance, a company needs to tap the intellect of everyone — not just senior leadership.

In fact, it is the marrying of leadership and management that propels lean organizations to this accelerated-benefits level. The next chapter describes how lean leadership systems and lean management systems work together.

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Chapter 8 Checklist:

Process and Value-Stream Thinking

I understand how to:

- ☐ *Manage Processes That Create Value*
- ☐ *Define, Visualize and Articulate the Value and the Value-Stream Map*
- ☐ *Understand, Visualize and Articulate the Processes That Make Up the Value Stream*
- ☐ *Understand That the Value-Stream Map Is Not the End Game*
- ☐ *Focus on Material and Information Flow Throughout the Value Stream*
- ☐ *Manage Connections: Processes-to-Processes, People-to-People and Processes-to-People*
- ☐ *Know That Processes Want to Fall Apart and Implement PDCA as a Countermeasure*
- ☐ *Focus on and Manage the Total Cost of all Business Decisions*
- ☐ *Drive Economies of Time Vs. Economies of Scale*

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Chapter 9:

Management Systems and the Role of the

Leader

People with authority, control and the ability to create policy use management systems to maintain smooth operations. Leadership systems are more about taking responsibility and getting things done

— without necessarily having policy-level authority. Although leadership systems are necessary in a lean organization, leaders can't lead without management systems.

Understand the Difference Between Leadership and

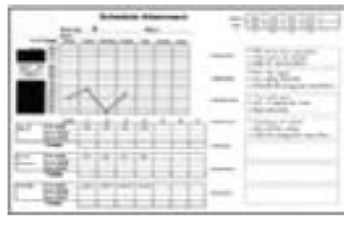
Management Systems

Management systems are about authority and control. Leadership is about taking responsibilities for results in the absence of having authority or control. Management systems create stability, and leadership systems create momentum. Both are needed to progress at a steady and even pace over the long term.

Stable management is necessary for lean leadership. When an organization spends too much attention on building leadership systems and not enough time on management systems, expect the brightest leaders to burn out quickly. On the other hand, if working properly — management systems will automatically replenish the leadership system by training new leaders.

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Figure 13: Management Systems That Support Lean Thinking, Examples

Key here is to make problems visual and review hourly with key team members for corrective action if possible. If not train team on importance of collecting good data to use later in problem solving		
		
Team Performance Board, tracking Actual against Takt or Cycle time	Team tracks recurring issues that cause downtime	During meetings teams decide which problem is the most important to tackle and then they do an A3

Develop Management Systems That Support Lean Thinking Management systems drive things like human resources, finances, succession planning, and compensation. For you to drive lean, you need to teach and implement other types of management systems, such as those described in the “house of lean.”

Let’s take a look at two such systems: problem solving and visual management systems.

Problem-solving management systems execute problem solving methods to close gaps to targets. They:

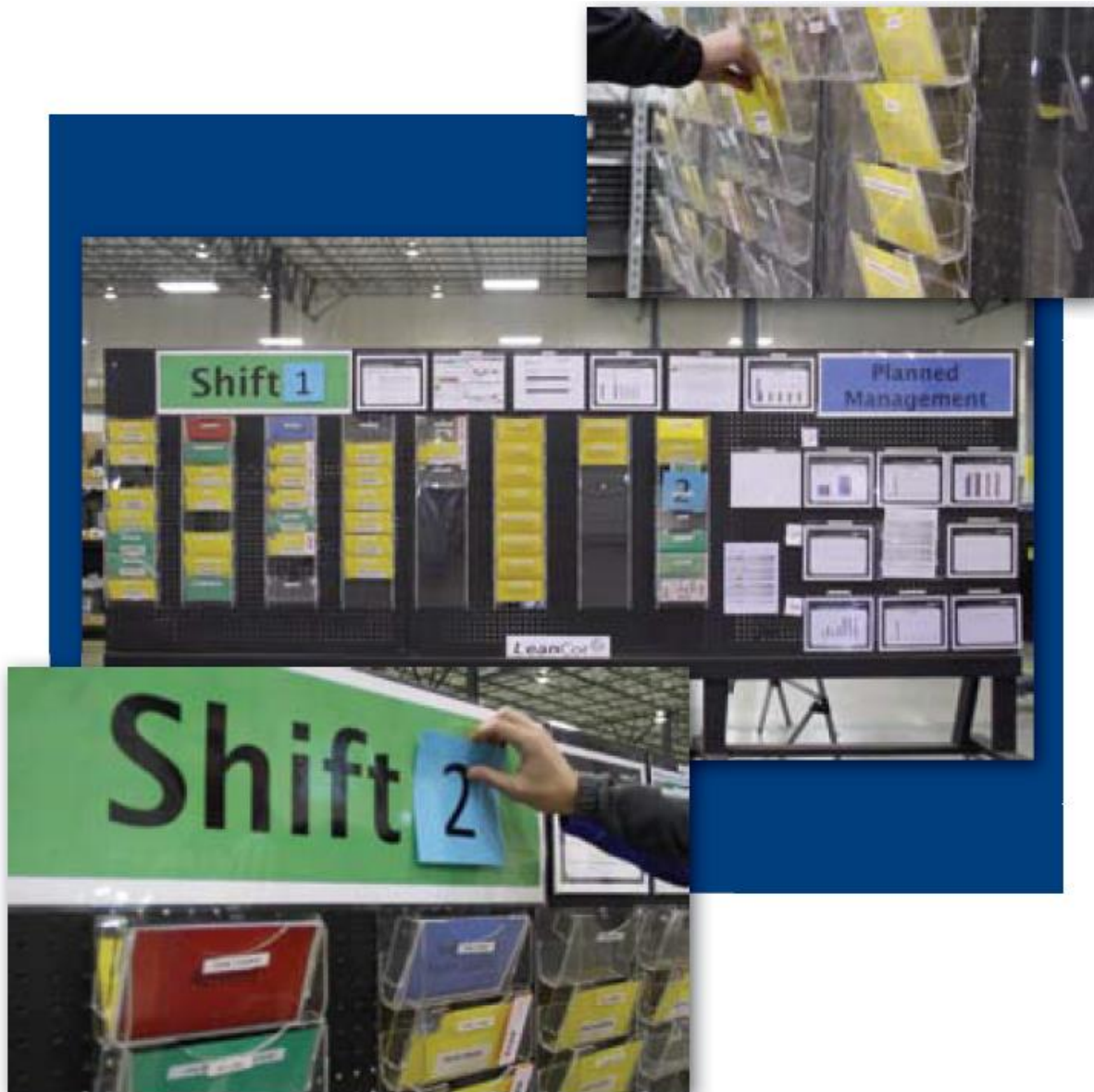
- Solve problems that are sources of instability and waste.
- Define the right approach to solving problems.
- Link improvement priorities to voice of customer.
- Establish problem solving teams to solve problems and support them.

Visual management systems create a self-explaining work environment.

They:

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- Create visibility into processes and metrics that can easily be reviewed and checked.

- Produce the ability to see abnormalities in any process.
- Create mechanism for control and monitoring processes.
- Apply visual management principles to both front-line and leader's work.

Such components insert questions into workaday practices that will ensure adherence to lean principles: Are we solving problems at root cause?

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Real World Advice

Effective meeting management: Create value-added meetings that produce actions that increase the value of work.

- *Effectively use resources by honoring people's time.*
- *Use PDCA thinking for all types of meetings (formal and informal).*
- *Create visibility to action items that support plans, problem solving, and provide updates on performance.*

Using standardization? Creating flow? How do our management systems support these things?

The shift team members can check the status of the operation and the work plan by looking at one visual board.

A management system also provides direction. Without a management system, people won't have direction, resulting in confusion and failure. Create direction with tools such as PDCA, visual management and problem solving.

Know Your Role and the Role of Others

Organizations have multiple roles within their management and leadership systems. It's true that this can mimic a "traditional"

organizational chart in some ways, but a lean organization's chart is more about dividing work and establishing accountability than about displaying who has power over whom.

Here are some common organizational roles and what the work and accountability for each is in a lean culture:

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A CEO needs to:

- Set the tone to help build the culture by completely supporting the lean transformation. The CEO message must be: Lean is Plan A, and there is no Plan B. We will be creating a safe environment for problems to be identified and solved, for value-stream thinking to take over silo thinking, and for everyone to be recognized and rewarded for their role in improvement.
- Provide a vision of the transformed company so that people can see an end goal. In a best-case scenario, this is defined in a multiyear plan created through the strategy deployment process.

Continuous improvement is ongoing, but having a goal-filled vision keeps the organization aligned and focused.

- Check for alignment at a strategic level in value-stream management as well as in functions such as sales, accounting, human resources, training, purchasing — the whole organization.
- Provide resources and time to directors and managers for continuous-improvement work.

A director/vice president needs to:

- Be the first level of lean leadership in an organization, which means the first one that front-line employees will be watching for clues about how lean will work.
- Support the CEO by working on the organizational vision's tactical elements with these tools: financial statements, a list of problems, a list of goals and plans to reach the goals.
- Bring their peers in the organization into strategy discussions because these are the people who can break down barriers and move thinking from silo-based to total-cost-based.

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Even “safety” can be turned into a system.

A manager needs to:

- Understand that the manager role in a lean environment can be very challenging.
- Be the conduit of the vision from CEO down to the day-to-day question: What are we going to do?
- Balance pressure from multiple roles with multiple goals, i.e., R&D, sales, marketing, regulation and compliance; and do so while maintaining value-stream principles.
- Challenge the directors about the roadmap, tollgates and the goals to ensure they are aligning with lean principles.
- Spend a lot of time with supervisors and team members observing what is happening, inquiring about what's happening, and advocating what should happen.

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- Recognize when problems will not be able to be solved by a team without help from senior leadership.

A supervisor needs to:

- Ensure the integrity of standard work.
- Apply and maintain visuals that convey direction to team members and information about processes.
- Spend a lot of time with team members asking about what problems they are having and how they are going to solve them.

Another aspect of management systems is how they measure performance. In a lean management system, these measures focus on processes and value streams and not individual performance. The next chapter elaborates on how to establish these measures.

Chapter 9 Checklist:

Management Systems and the Role of the Leader

I understand how to:

- ☐ *See the Difference Between Leadership and Management Systems*
- ☐ *Develop Management Systems That Support Lean Thinking*
- ☐ *My Role and the Role of Others*
- ☐ *Work with CEOs based on their roles*
- ☐ *Work with directors/vps based on their roles*
- ☐ *Work with managers based on their roles*
- ☐ *Work with supervisors based on their roles*

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Chapter 10: Using Effective Measurement Systems

Chapter 10:

Using Effective Measurement Systems

Why does your organization employ people? An obvious answer is that employees do work. Why do they do work? They do work so the business can produce something that a customer values. Team members, then, could be as prolific as possible and paid little, but the business will still fail if no one wants its products or services.

Lean cultures have embraced this truth, and their measures of performance reflect that. Instead of using pure economies-of-scale measures that are far removed from the customer (i.e., labor hours per X), they use economies-of-time measures that are tied directly to what the customer wants (i.e., the perfect order).

Measure the Performance of the Process, Not People People are there to manage processes, so lean measurement systems need to measure how the process is performing. Further, they need to measure what the customer defines as valuable.

- How fast should the process be? Fast enough to deliver what the customer wants when the customer needs it.
- How many should we make? As many as the customer needs.
- How many employees should work per shift? As many as needed to fulfill demand-based takt time, which is producing to the beat of customer demand.

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Let those working the process come up with their own measures as long as they support lean principles.

In situations where customer demand is not always visible, such as a retail sales forecast or a hospital emergency room, process performance is pegged as closely to demand as possible, and measures are added/adjusted to maintain flow and stability to balance variability.

For example, if the customer is a chain of retail stores and the producer makes seasonal products, they could adjust takt time to increase throughput during peak demand months. And a hospital might have a practice of scheduling “floating” cross-trained employees during peak emergency room hours.

Let those working the process come up with their own measures as long as they support lean principles. This can be a big step forward in enabling people to own their work and think deeply about how it could be improved.

Create Metrics That Enable Monitoring and Improvement of the Entire Value Stream

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If your organization is measuring activity or behavior unrelated to the value stream, ask why. Likely, these will be measures of an individual's performance, and they just as likely will be wasteful and harmful.

The reality is that once you tell a person that their livelihood will depend upon how they do X/Y, they will focus on X/Y rather than value-stream or process performance.

Performance metrics should measure the entire value stream — overall first-time quality, overall inventory in the system, overall lead time and other value-stream metrics.

Measuring individual performance will:

- Have a negative impact on the overall business. The classic example of this is a salesman overpromising delivery of an unusually high quantity of widgets without consulting Operations because he has to make a sales quota. One of two things happens:

The delivery is incomplete, and the customer is not satisfied; or the plant meets the number, but has to pay so much overtime to do so that the profit margin is eroded.

- Mask problems. Our eager salesman likely walked away with a fat commission, while the plant manager was told he has to cut labor costs next quarter to make up for overspending this quarter. But what was the root cause of the problem?

- Cause firefighting and instability. Measures should be able to tell you to act before a problem occurs. If everyone is gaming their own metrics, no one has visibility into the end-to-end process and can't see problems as they persist and build up.

Measure Inputs and Outputs; Articulate Cause and Effect It's common for businesses to emphasize measure of outputs, such as sales per quarter. But what are the inputs that go into top-line sales, and if we improve them, will we improve sales?

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For Your Information: Brilliant Processes

If it's all about processes, I guess we better know what a process is:

Process: a systematic series of actions directed to some end

Process Elements

➔ *Supplier*

➔ *Input*

➔ *Procedure*

➔ *Timing*

➔ *Output*

➔ *Measure*

➔ *Customer*

$$Y = f(x_1, x_2, \dots, x_n)$$

Y=output X=processes

Business is about taking inputs from somewhere and transforming them into outputs that our customer will see value in. How well we do this will determine how well our organization performs.

Spend some time reflecting on the inputs that go into your organization's major outputs. You might realize that some things that are assumed to be inputs are really not. The same output would have happened without them. Is this a necessary process then?

This reflection will also prepare you for the inquiry and advocacy that will need to take place to align the entire organization with value-stream thinking. To do this, you'll need to understand and be able to articulate the cause-effect relationship between inputs and outputs.

Process: a systematic series of actions directed to some end

Identify and Eliminate Measures That Drive Functional Silo Behavior

As you lead the transition to a lean organization, you will need to not only avoid using individual- and silo-focused metrics, but will have to actively seek out where they are being used in the organization and work to eliminate them. This is an opportunity to use inquiry and advocacy.

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Don't Use Silo-Based Measures To Motivate	Use System-Wide Measures To Motivate
Piece price alone	Total Cost
Transportation cost alone	
Inventory levels alone	
Labor cost alone	System inventory levels
Local inventory levels	
Local process productivity	
	System productivity (i.e., value-stream throughput)

Such metrics cause instability and all of the waste that comes with it.

This is an ongoing danger at publicly held companies because of pressure to meet monthly or quarterly performance expectations.

Indeed it is ongoing not because of out-of-touch investors and market advisers, but because leaders allow the problem to persist instead of fixing it.

Call out this problem, bring it to the table, and enlighten others about the waste that is being created. This will require persistence and courage.

But don't be dissuaded. Point out that metrics need to drive behavior that makes the business stronger, and living by the metrics of outsiders will only make the business weaker in the long run.

Create Measures That Drive and Encourage Teamwork and Problem Solving

These don't have to be complicated. How many problems did we solve at the root cause today? How many new problems did we identify?

How many hours per week are we dedicating to observation?

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Other System-Based Metrics To Consider
Value-stream metrics
Total process lead-time
Value-add percentage of total lead time
Total quality
Number of problems identified
Number of root causes identified
Employee engagement

Fight the tendency to collect data for stretches of time and then look for problems in the data. Trend data is important, but every business has problems that can be solved immediately. Your measurement system should encourage people to look for problems where they happen and fix them right then.

Also, fight the urge to create metrics or choose measurements that will always make you and your team look good or to fall back on the excuse that your situation is “unique.” Rarely do organizations have truly unique challenges.

Above all, be honest and consistent with what is measured and take action instead of placing blame when problems are found.

Don't Filter and Cleanse Data to Make the Story Better No one wins when leaders make a process seem to perform in a way that it has not. We have actually seen people change customer orders of 100 to 80 (with customer consent) because the process failed, but managers don't record the incomplete order. Not only is this dishonest, but it closes the door on an opportunity to improve fill rate.

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Real World Advice

Here are some guides to maintaining truthful and meaningful measures:

- If you ever see a bar or measure that is 98 percent, ask questions. Processes usually don't perform at this high of a rate. A lot of processes are working between 50 percent and 80 percent.*
- Have an appropriate number of KPIs. Managers with an excessive number of KPIs don't understand the business and are creating waste by forcing people to track more than they need to.*
- Be cautious with averages because these can mask variation. Seeing variation is important because it either means a problem needs to be addressed or there is natural variability in the process that needs to be proactively managed.*
- Tell a story with your metrics. Choose a set of KPIs that will give insight into each other as well as insight into the value-stream as a whole.*



Figure 14: Display Metrics Visually

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Use Measurement Dashboards to Create Dialogue and Active Problem Solving

When your metrics tell a story through a visual display — such as a dashboard — it’s easier to create a dialogue around problem solving.

But we must caution against a mistake we see repeatedly. Don’t fall in love with your dashboard the way the Wicked Queen falls in love with her mirrored image in Snow White. Gazing at a dashboard is wasteful.

A meeting to review measures should be brief and moving quickly into A3 planning to solve identified problems. It’s ironic that we tend to create waste

even as we measure efficiency, but this is our nature. So manage this tendency by not spending too much time with numbers.

The end-goal of measurement is action.

When lean teams review performance by looking at numbers, it's an example of reflection, which needs to be part of everyone's standard work in a lean culture. The next chapter explains what is meant by reflection and how to use it.

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Chapter 10 Checklist:

Using Effective Measurement Systems

I understand how to:

- ☐ *Measure the Performance of the Process, Not People*
- ☐ *Create Metrics That Enable Monitoring and Improvement of the Entire Value Stream*
- ☐ *Measure Inputs and Outputs, and Articulate Cause and Effect*
- ☐ *Identify and Eliminate Measures That Drive Functional Silo Behavior*
- ☐ *Create Measures That Drive and Encourage Teamwork and Problem Solving*
- ☐ *Not to Filter and Cleanse Data to Make the Story Better*
- ☐ *Use Measurement Dashboards to Create Dialogue and Active Problem Solving*

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Chapter 11:

Reflection

Everyone gets the experience; some get the lesson. – T.S. Eliot

Most working people are thoughtful and smart. They want to do a good job. If you tell a person you need their help to solve a problem, chances are, they will be eager to help. Before jumping to action, engage them in reflection about the problem. This will help to prevent wasted action.

Learn the Techniques and Methods for Effective Reflection Reflection is necessary for lean leadership because it enables structured thinking about process, operations and alignment. A person can reflect on his own or with a team; during a formal period as part of standard work, or spontaneously when a problem is discovered.

Formal reflection time can occur monthly, weekly or even daily. We have seen some cell teams take time to reflect every 30 minutes.

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Figure 15: Build Reflection into PDCA Processes

Leader Standard Work - Meetings and Daily Task - Make the most of these meeting or it is just a waste of time						
Time	Todays Important Input or comment	Monday	Tuesday	Wednesday	Thursday	Friday
5:30am						
6am						
6:30am		Set My Standard Work for the day	Set My Standard Work for the day	Set My Standard Work for the day	Set My Standard Work for the day	Set My Standard Work for the day
7am		Turnovers Production Mtg	Turnovers Production Mtg	Turnovers Production Mtg	AEM / i/o Turnovers PRD Mtg	Team Turnovers Production Mtg
7:30am		Gemba Walk with Walt OE Coach	Gemba Walk with Walt OE Coach	Gemba Walk with Walt OE Coach	Gemba Walk with Walt OE Coach	Gemba Walk with Walt OE Coach
8am		PLT Huddle	PLT Huddle	PLT Huddle	PLT Huddle	PLT Huddle
8:30am		PLT Floor A3	PLT Walk	PLT Floor A5	PLT Floor A6	PLT Floor A7
9am		HSE Even Wk PQC L3 Odd Wk	PLT Walk		GPCM ASSM	
9:30am		HSE Even Wk PQC L3 Odd Wk			GPCM ASSM	
10am		CFT Impeller	CFT Gamma	CFT S&W Flex CFT Delta	GPCM ASSM	CFT Gamma
10:30am		CFT Impeller	CFT Gamma	CFT S&W Flex CFT Delta	GPCM ASSM	CFT Gamma
11am		MRB Machining	MRB Machining	MRB Machining Freedom	MRB Assm GPCM	MRB Machining
11:30am		MRB Assm	MRB Assm	MRB Assm Freedom	MRB Assm GPCM	MRB Assm
12pm		Gemba Walk with Walt OE Coach	Gemba Walk with Walt OE Coach	Gemba Walk with Walt OE Coach	GPCM ASSM	Gemba Walk with Walt OE Coach
12:30pm		Lunch				
1pm		PQC L4	PROD Scenario	PLT Staff	Dept Staff Mgt	
1:30pm		PQC L4	PROD Scenario	PLT Staff	Dept Staff Mgt	VPI / VPC
2pm		OPS Tech Staff	PROD Scenario	PLT Staff	Dept Staff Mgt	VPI / VPC
2:30pm		OPS Tech Staff		PLT Staff	Dept Staff Mgt	VPI / VPC
3pm		Turnovers	Turnovers			Turnovers

Reflection - What went right? What went wrong?

What's one thing you did well at today? What's one thing you need to improve on tomorrow?

Name _____ Comments _____

Legend:

- Green = Good
- Yellow = Fair
- Red = Poor
- Blue = Not Done

Schedule standard reflection time to align with the cadence of the process(es) that make up a team or person's work. The only absolute requirement of reflection in a lean workplace is that it be used to determine facts. This is not an exercise in emotional reflection. After reflecting, a lean team member should be able to replace *I think* with *I know*.

Build Reflection into Daily, Weekly, Monthly and Annual PDCA Processes

One of the most common tools for reflection is a manager's performance board. If the team is on a daily PDCA cycle, the reflection part of the board would be used to reflect on yesterday's work. Did we meet the goal? What problems did we have? What caused the

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Real World Advice

There will always be 100 reasons not to take the time to reflect. But lean is about learning, and often the learning happens only when we step back to reflect on the past. When something really good or really bad happens, make sure you take the time to assemble your team and ask yourselves "what happened"?

problems? How did we fix them? Like reflection itself, the board tells the story of what happened and lays a path for where to go next.

This type of daily team reflection shouldn't take long. (Later we'll discuss instances where reflection could require a longer period of time.)

Indeed, if everyone is reflecting, reflection should be going on constantly and at all levels in a lean organization. It is a skill, like observation.

When individuals are creating their standard work, ask about reflection time if you don't see any scheduled. Even 10 minutes at the end of a day to think about what went well and what didn't — and then at the start of the day to think about what will be different today

— can help a person to keep aligned with lean principles and organizational goals because the reflection acts as a "mini-reminder."

It also trains people to take ownership of their work and allows them to "let go" at the end of the day, which shows respect for people and creates a safe

Use Reflection to Better Understand the Dynamics of Your Business

A great use of group reflection is to challenge the cultural norms and values that have resulted in where your organization is today, especially silo thinking. Ask: *What mental model do we have in our business that has brought us to make this decision? Is it about measurement? How we treat people? How we view our customers?*

After such a talk, try some experiments in response to the facts the reflection uncovered. Follow each experiment with another period of reflection: *How did it work? Did we learn any new facts?*

Use Reflection to Enable Cross-Functional Collaboration

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Figure 16: Use Reflection As Part of the Improvement Process

ORLOE A3-REFLECTION		LeanCor®
Good:		
-	New Opportunity identified	
-	Have TM 1 on board	
-	Lot of good learning to take away and improve project management process going forward	
-	Delivered tons of value to the customer	
-		
Bad:		
-	Feel like captured VOC many times, but continuously realized we didn't	
-	We had trouble getting the customer to verbalize what they wanted or needed	
-	By the time we left the goals shifted quite a bit	
-	End in mind was difficult	
-	Daily PDCA occurred, but was not entirely effective because we never got to what was needed	
-	PDCA was in place internally but was not effective in avoiding early end of project	
-	Hand-offs between leadership were ineffective (need more formal plan and to stick to it)	
-	We did not do a good job of making sure they were communicating well internally	
-		
-		
-		
-		
What We Will Do Differently Next Time:		
-	Ask the right questions up front to make sure they are communicating our purpose well internally (setting expectations)	
-	Should have supported TM 1 in more duration and more hands on (more time from leadership on-site)	
-	Needed to do a better job of customer PDCA outside of TM 1 (driven by leadership in the beginning)	
-	On-boarding needs to be formalized and less rushed (even in the face of customer pushing us to start)	
-	Address internal communication and stakeholders up front	
-	More rigorous project planning is needed and it is critical to have the project manager leading the charge	
-	Need more rigorous alignment process with the customer	
-		
-		
-		
-		

As you reflect on problems, you will see that many of them happen because of silo thinking. People's egos and fears make breaking down silos difficult. Reflection is an excellent tool to overcome defensiveness that results from trying to break down silos. Here's your message:

We clearly have some business challenges. This is a safe environment, so let's reflect on some of the things going on in your departments and functions.

You can't always change people's minds during the busy workday. So if your challenge is to change how people are thinking, schedule some time to meet them away from the day-to-day work.

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Reflect To Create Stories for Mentoring Young Leaders Human beings by nature are storytellers, and people tend to learn a lot through storytelling. Use stories about the business' history and your history — combined with reflection — to mentor young leaders. They will learn from yours and others' past mistakes.

There's a distinction between informative learning (education, training, coaching and mentoring) and experiential/transformational learning, which happens through stories. People remember stories. A good thing to ask is: *What is your story/experience?*

As powerful and essential as reflection is for lean leadership, the reality is that the day-to-day needs of work tend to push reflection far down on our "to do" lists, and sometimes it falls off the list altogether.

To counteract this, make reflection part of your standard work, which is the planned value-creating work that you must do every day to achieve the organization's lean goals. The next chapter elaborates on how to make this happen.

Chapter 11 Checklist:

Reflection

I understand how to:

- ☐ *Learn the Techniques and Methods for Effective Reflection*
- ☐ *Build Reflection into Daily, Weekly, Monthly and Annual PDCA Processes*
- ☐ *Use Reflection for Learning, Problem Solving and Driving Continuous Improvement*
- ☐ *Use Reflection to Better Understand the Dynamics of Your Business*
- ☐ *Use Reflection to Enable Cross-Functional Collaboration*
- ☐ *Reflect To Create Stories for Mentoring Young Leaders*

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Figure 17: Leader Standard Work Example

Leader Standard Work - Meetings and Daily Task - Make the most of these meeting or it is just a waste of time						
Time	Today's Important Input or comment	Monday	Tuesday	Wednesday	Thursday	Friday
5:30am						
6am						
6:30am		Set My Standard Work for the day	Set My Standard Work for the day	Set My Standard Work for the day	Set My Standard Work for the day	Set My Standard Work for the day
7am		Turnovers Production Mtg	Turnovers Production Mtg	Turnovers Production Mtg	AEM / I/O Turnovers PRD Mtg	Team Turnovers Production Mtg
7:30am		Gemba Walk with Walt OE Coach	Gemba Walk with Walt OE Coach	Gemba Walk with Walt OE Coach	Gemba Walk with Walt OE Coach	Gemba Walk with Walt OE Coach
8am		PLT Huddle	PLT Huddle	PLT Huddle	PLT Huddle	PLT Huddle
8:30am		PLT Floor A3	PLT Walk	PLT Floor A5	PLT Floor A6	PLT Floor A7
9am		HSE Even Wk PQC L3 Odd Wk	PLT Walk		GPCM ASSM	
9:30am		HSE Even Wk PQC L3 Odd Wk			GPCM ASSM	
10am		CFT Impeller	CFT Gamma	CFT S&W Flex CFT Delta	GPCM ASSM	CFT Gamma
10:30am		CFT Impeller	CFT Gamma	CFT S&W Flex CFT Delta	GPCM ASSM	CFT Gamma
11am		MRR Machining	MRR Machining	MRR Machining	MRR Assm	MRR Machining
11:30am		Set My Standard Work for the day	Set My Standard Work for the day	Set My Standard Work for the day	Set My Standard Work for the day	Set My Standard Work for the day
12pm		Turnovers Production Mtg	Turnovers Production Mtg	Turnovers Production Mtg	AEM / I/O Turnovers PRD Mtg	Team Turnovers Production Mtg
12:30pm		Gemba Walk with Walt OE Coach	Gemba Walk with Walt OE Coach	Gemba Walk with Walt OE Coach	Gemba Walk with Walt OE Coach	Gemba Walk with Walt OE Coach
1pm		PLT Huddle	PLT Huddle	PLT Huddle	PLT Huddle	PLT Huddle
1:30pm		PLT Floor A3	PLT Walk	PLT Floor A5	PLT Floor A6	PLT Floor A7
2pm		HSE Even Wk PQC L3 Odd Wk	PLT Walk		GPCM ASSM	
2:30pm		HSE Even Wk PQC L3 Odd Wk			GPCM ASSM	
3pm		CFT Impeller	CFT Gamma	CFT S&W Flex CFT Delta	GPCM ASSM	CFT Gamma
3:30pm						
4pm						
4:30pm						
5pm						
5:30pm						
6pm						
6:30pm						
Color Code / Type of Meeting						
		Staff/Dept Mgtg	MGT CFT: MGR / Leaders CFT	Shop CFT MGR	PLT Wide A3	

Chapter 12:

Time Management and leader's

Standard Work

You can't reclaim wasted time. Fifty hours a week is not a lot of time for doing both leader's standard work and continuous-improvement work.

It's disrespectful to waste part of someone else's 50 hours. It's your job to make sure that if someone is giving you time, that the time is being used to create value for customers. This job requires time management and sticking to leader's standard work.

Understand That Your Day is Made up of Routine and Non-Routine Work

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Creating Leader Standard Work: Types of Work
Value-Creating Routine Work: Most important — always do.
Non-Routine Work: Plan for, but work to move into routine work or eliminate.
Non-Routine, Non-Value-Creating Work: Work to eliminate.

Time management is a critical piece of what you need to both teach and practice. In a lean culture, time management starts with the work

— specifically, understanding routine and non-routine work and ensuring that all work creates value.

No matter who you are — from the CEO to a team member on the line — some of your work will have to take place regularly to do your job.

This is routine work. Additionally, there will be non-routine work, which can be part of standard work to a certain extent. For example, putting in regular blocks of time in your standard work for non-routine work — such as adhoc meetings or assisting others with short-term needs — helps to prevent non-routine work from disrupting routine work.

However, non-routine work should be the subject of regular reflection because often, upon closer inspection, non-routine work is revealed as either routine work or waste. Your goal is to keep non-routine work to a minimum. Leader's standard work is the tool that will drive more non-routine work into routine work. You'll never get to where all work is routine, but that should be your goal. Don't neglect this, or you will start to have non-routine work take over.

Documenting your work will help you to identify what you must do routinely and what is preventing you from getting those things done.

Plan your Value-Adding Routine Work and Stick to it No Matter What

Value-adding routine work has to be your priority. This category should include all of your work that supports lean principles, such as going to see work being done, asking questions about work being done,

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Real World Advice

We have sometimes had team members who don't get their work finished and have given this reason why: Someone called a meeting. Our next questions are, Why did you go? Did you make them aware of your schedule?

helping team members to identify waste, reviewing A3s that team members are using to solve problems, participating in the many PDCA cycles your team has planned, validating process- and value-stream thinking, and reflecting on issues such as silo-thinking.

The amount of leader's standard work you'll have could be daunting.

Use visual tools to help manage the work.

Document your Non-Routine Work to Understand the Root Causes

Keep a log of the non-routine work you do and reflect on what's driving it. Is it all necessary and creating value? Often non-routine work that keeps coming up and is not part of standard work indicates a problem.

Sometimes we hear that the higher up in the organization you are, the less capable you are of having leader's standard work. This isn't true.

There are regular things everyone must do to get their work done.

What are the things that take you away from your leader's standard work? Look critically at these activities, and then take action.

Make the Value-Adding Non-Routine Work Routine

Give yourself enough time to document non-routine work so that you can start asking, *Why does this keep happening? What is the root cause? Is this actually value-adding work? Is it helping me to expose problems and engage employees?* If it is, then make that work part of your leader's standard work.

Real World Advice

If someone tells you that their supervisor is constantly disrupting their standard work by calling unscheduled meetings or other non-routine work, encourage them to start to document the disruptions, create an A3 that addresses the issue, and then meet with the supervisor to work out a solution. Check back with that person after they have done this to see if the problem was solved. You might need to intervene, but try to let the person own the problem and solve it with lean tools first.

We tend to think of routine work as work that needs to happen daily or weekly. But after looking deeper at non-routine work, you might see that it is work that is routine, but needs to be scheduled on a monthly, bi-monthly, quarterly or annual basis.

Stop Doing the Non-Value-Adding, Non-Routine Work

Have the courage to stop doing non-value-adding, non-routine work.

There might be a time when you need to have a discussion about the work with others. This is not part of my/our standard work. It is not creating value. And I/we are not going to do it anymore.

Formally Plan for Improvement Work Every Day and Stick to It Ask yourself and those on your team as standard work is planned: *How many hours per day are you going to spend working on improvement work, and if you don't get to it, how much time are you going to spend reflecting why not?*

Making continuous improvement part of everyone's work benefits the entire organization in multiple ways. It:

- Gets everyone moving in the same direction together instead of allowing an “everyone for himself” mentality.
- Builds morale and trust among teams and team members.

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- Builds trust between roles and functions.
- Cuts down on firefighting, which frees up time for value creation and builds a safe, predictable environment for solving problems.

Formally Plan Time for Worksite Observation and Stick to It Ask yourself: *Where are the places I need to go? How often do I need to go there? How much time do I need to spend there?* The answers to these questions become part of the lean leader's standard work.

If leaders don't go see, then they don't know what is happening because they haven't gathered the facts. They'll advocate based on I think instead of I know, which will cause lengthy delays in improvement due to disagreements and arguments. So making go-see part of your standard work prevents waste, and not sticking to it will create waste.

Make your Standard Work Visible to the Team to Drive Accountability

Share your standard work with your team so members see what is important and hold you accountable for doing that work. Use reflection before you commit to a schedule of standard work. Don't over commit because if you regularly fail to complete standard work, you will lose credibility. Above all, control your time, and don't let time control you. Know the difference between what is urgent and what is not.

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You don't have to be a lean guru – just a lean leader. But both lean gurus and lean leaders need to focus on what's important every day.

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Chapter 12 Checklist:

Time Management and Leader's Standard Work

I understand how to:

- ☐ *Recognize That my Day is Made up of Routine and Non-Routine Work*
- ☐ *Plan my Value-Adding Routine Work, and Stick to it No Matter What*
- ☐ *Document my Non-Routine Work to Understand the Root Cause*
- ☐ *Make the Value-Adding Non-Routine Work Routine*
- ☐ *Stop Doing the Non-Value-Adding, Non-Routine Work*
- ☐ *Formally Plan for Improvement Work Every Day and Stick To It*
- ☐ *Formally Plan for Worksite Observation and Stick to It*
- ☐ *Make Your Standard Work Visible to the Team to Drive Accountability*

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Chapter 13:

Visual Management and

“Go See” Leadership

In previous chapters, we touched on relying on visual management while performing your go-see work. We elaborate on both in this chapter because together these are your key tools for maintaining level flow of information and material. Remember, when this flow stops, value creation stops, and waste build-up begins.

Key Concept: Fundamentals of Visual Management

Visual management engages people by bringing the operation to life

— team members can see as a group, decide as a group and act as a group.

Time and again, we have seen that the better the visual management in a workplace, the better people are at solving problems. Supervisors who spend a lot of time firefighting tend to have very few visual cues to warn them that a problem is coming.

There is no single best visual tool. There are lots of ways to convey information visually. But, all visual management should have a purpose; otherwise, it is waste at best and harmful at worst. So start with a purpose:

Why do we need a visual tool for this information? Once you know your purpose, don't spend too much time trying to make the perfect visual tool. Start simple and experiment until you find what works best.

Make the Status of the Operation Visible for All to See

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Start simple: What's the status of the work being done right now?

The tools that convey this should be available for all to see and use, and leaders should be using them alongside everyone else. Doing so tells your team that you expect them to use the tools.

Visual management can be used — and eventually should be used —

in every department and function. What's the status of HR? Or payables and receivables? Putting this information in a place for all to see is a powerful way to support collaboration, emphasize unity of purpose, and show respect for people.

Create Operations That are Self-Explaining and Where Problems are Visible

The ultimate goal is to create a self-explaining workplace where problems and urgency are visual. With one look at any visual tool, a team member should be able to tell what's going on:

- A hammer is missing from the work cart.
- Four new mortgage applications have come in today.
- Tomorrow is a compressed work schedule.
- Cell 5 needs some help.
- We have one box of tubing left.

If someone has to stop and explain for 10 minutes what the visual means, then it is a wasteful tool.

“Getting it” should be immediate.

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Give People Visibility into the Score of the Game

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People like to know the score of the game. We recognize this in recreation and team sports, but we seem to forget about it in the workplace.

Yet, knowing the score is what will tell us if our work is creating value at the highest-possible quality and at the lowest possible cost. What are the objectives we want to attain today and how close or far are we from attaining them? In a lean workplace, simple visual tools answer this question.

Effective visual tools convey facts that prompt action. When we give team members the score, we are practicing the check phase of PDCA; then, based on the score, we decide what we will do in the adjust phase.

Use Visual Management to Keep Information and Materials Flowing

If we had perfect flow, we would not need visual management. But the reality is that processes tend to be decoupled. Process connections are the first places a lean leader should put visual signals so that the team can monitor that work is being handed off as planned.

These visual signals should be dynamic and flexible. Work plans tend to change quickly when they are driven by customer demand, so visual signals need to be able change quickly. When people are working according to a plan that is not the plan any more, waste is created.

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Real World Advice

Take the time initially to go and see a customer and their operation. You will learn a lot by seeing what your customers do and in particular what they do with your product or service. We have seen new products and services developed on the spot when going to see a customer and learning about problems they need to have solved.

World Advice

Use Visual Management to Produce Facts That Result in Knowledge to Act

One way to tell that information or material is not flowing seamlessly at process connections is that WIP (work-in-process) will accumulate.

This is especially true if the connection point is between functions.

Examples:

- *Why weren't the reports delivered on time?* Because Susie does the reports and she is on vacation this week.
- *Why did the baby formula spoil?* Because the pharmacy tech was pulled away before she could deliver the cart to the OB department.
- *Why weren't these put on a single pallet as the customer requested?*

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Because no one told me that the customer wanted them that way, so I did it the way I always do.

All of these are opportunities to solve problems using visual management.

Remember that these connection points can be process-to-process, people-to-process, or people-to-people.

Combine Visual Management with Leader's Standard Work to Drive Problem Solving

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Figure 18: Combining Leader Standard Work and Visuals

VISUAL PERFORMANCE BOARD

CARDS

1st Shift

2nd Shift

PROBLEM/COUNTERMEASURE INFORMATION					
#	OK	NG	Problem Statement	Root Cause	Countermeasure
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					

B AUDIT CARD #6

Check points

1. **Standardized Work**
Is the team member working to correct sequence?

Is the Standardized Word filled out correctly?
2. **Work Instruction**
Is all information correct and inclusive of key points?
3. **PPE**
Is the team member wearing proper personal protective equipment (PPE)?
4. **Visual Aids**
Is everything in its place and is there a place for everything?
5. **TPM**
Are tooling, jigs and equipment in good condition?

B AUDIT CARD #6

Check points

1. **Standardized Work**
Is the team member working to correct sequence?

Is the Standardized Word filled out correctly?
2. **Work Instruction**
Is all information correct and inclusive of key points?
3. **PPE**
Is the team member wearing proper personal protective equipment (PPE)?
4. **Visual Aids**
Is everything in its place and is there a place for everything?
5. **TPM**
Are tooling, jigs and equipment in good condition?

Once you have your value-creating routine work scheduled as part of standard work, the standard work becomes twice as effective when combined with the self-explaining workplace. You'll be able to identify and solve problems simultaneously.

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Tips For Effective Observation
Visit everyone and focus on process and improvement.
Go frequently and don't go alone. Sometimes daily standup meetings aren't enough.
Don't bypass middle management, i.e., don't change priorities, requirements or design.
Observe, ask questions and LISTEN to the full answer.
Be genuine, have fun and strive to catch team members doing something right and not something wrong.
Share your dreams and vision.
Don't "disturb" the work going on.
Take notes and follow up on them quickly. Take care of any problems you found right away. If someone had a problem, tell them when it has been solved.
If you keep a personal log for those you manage (great idea), record praise as well as any discipline issues you discussed.
Ask questions such as "why" or "how": Why is it that you do that? How do you do that? You should not tell people what or when or how they should do their work.
Look for the waste, burden and unevenness. The latter two often are missed and can cause safety and quality issues during the day. Write them down.
Watch for the process. Can you see it? Is it being repeated? If not, ask why. Do not blame people; always blame the process.
Be respectful and not threatening. You are asking questions because you want to help.
Limit visits in one area to 30 minutes. Team members can take only so much of management at a time without feeling uncomfortable or worried.

Gain Understanding Through First-Hand Observation of Where Value is Being Added

“Go and see” is a key principle of your job because in order to truly understand a situation, you need to go to the real place where work is being done in order to:

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- Experience where value is being added.
- Deeply understand what the customer wants and provide that value.
- Engage with other employees in improving the process and eliminating waste.

This means talking directly to customers, suppliers and team members to receive objective feedback.

Act immediately in response to problems you identify through visual tools and observation; and make following up on them part of your standard work. When people see you do this, it increases their respect for you as a leader, and you will be reinforcing what is most important in everyone’s work. You’ll also be reinforcing the value of teams, which is the subject of Chapter 14.

Chapter 13 Checklist:

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Chapter 13 Checklist:

Visual Management and “Go See” Leadership

I understand how to:

- ☐ *Use the Fundamentals of Visual Management*
- ☐ *Make the Status of the Operation Visible for All to See*
- ☐ *Create Operations That are Self-Explaining and Where Problems are Visible*
- ☐ *Give People Visibility Into the Score of the Game*
- ☐ *Use Visual Management to Keep Information and Materials Flowing*
- ☐ *Use Visual Management to Produce Facts That Result in Knowledge to Act*
- ☐ *Combine Visual Management with Leader’s Standard Work to Drive Problem Solving*
- ☐ *Gain Understanding Through First-Hand Observation of Where Value is Being Added*

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Chapter 14:

Building Teams

Lean leaders are not mavericks. They don't see themselves as the hero who alone can save the day. They value collaboration and synergy because teamwork is how the detailed tasks of continuous improvement get done.

Understand That All People Have Different Personal Styles To have an effective team, you have to bring together people who have different skills, talents and work styles. Traditional leaders want to put like-minded people together, but you should value diversity because different perspectives yield a variety of ideas for problem solving.

One person might see a problem or a solution where another can't.

How many times have you tried to solve a problem on your own with no success, then you ask someone for help, and they are able to solve the problem quickly?

Often, it's a team member's weakness that gives them a particular strength. For example we've observed that sometimes people who are less verbal than their peers during problem-solving dialogue are the ones who in the end, come up with best solution. Perhaps this is because they are spending their mental energy listening instead of talking.

Know People's Capabilities and Willingness to Work on the Team

Understand that the most effective teams are those composed of the right mix of personalities and skills.

Here are some tips for building effective teams:

- Consider both skills and attitude. Someone might be excited about a team but be below the skill level of peers. This person's enthusiasm could be a benefit to the team, and working with more skilled peers

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would be a good learning opportunity. Another person might be less enthusiastic but have a particular skill that would benefit the team.

This person has a role.

- Tackle the willingness issue up front with straight talk. What are people's fears? Use inquiry and advocacy to address them.
- Recognize that not everyone is going to contribute the same skills and talents. Do your best to draw the best ideas and input out of everyone, but it should not be a goal to have everyone participate equally. Remember that your role is to make the process that the team is working on better. Think of yourself as the coach of a Major League Baseball team, not a Little League team.

Building an Effective Team is About Choosing the People Who are the Best Fit

It's part of your job to manage people's weaknesses. If a team member is charismatic and outgoing, but has a problem with organization and has difficulty with details, this person could take a leadership role for envisioning a future state but a secondary role for implementation.

Sometimes though, a team member's resistance or lack of skill can hold back progress. In these cases, tell this person to move on. Your inability to do this will cause a delay in the flow of improvement of processes.

Use straight talk and don't go behind anyone's back.

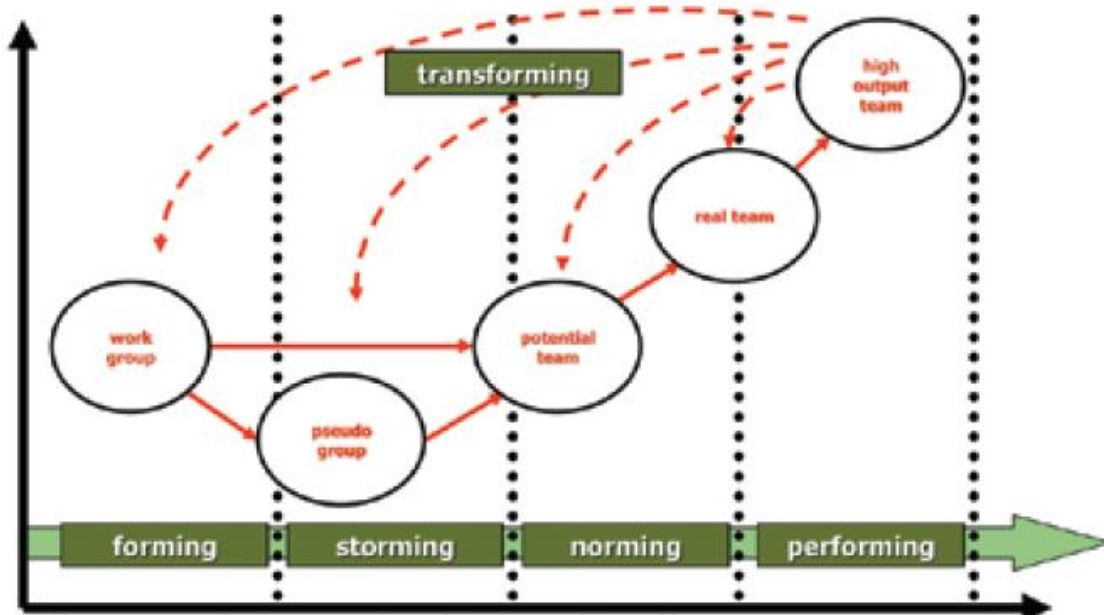
A convert is worth more than a cut. But understand that you can't continue to have the team go at the speed of the straggler.

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Real World Advice

Make sure you recognize and celebrate teamwork when it produces excellent results. Like any sport or hobby, a team will become cohesive and proud of their work when they are winning. Winning creates confidence, and confidence creates more winning. As the old saying goes, Don't tell me that a small team can't accomplish great things in the world, as history shows it's the only thing that ever has.

Figure 19: Team Performance Dynamics



**Embrace the Natural Progression of Team Formation —
Especially Storming**

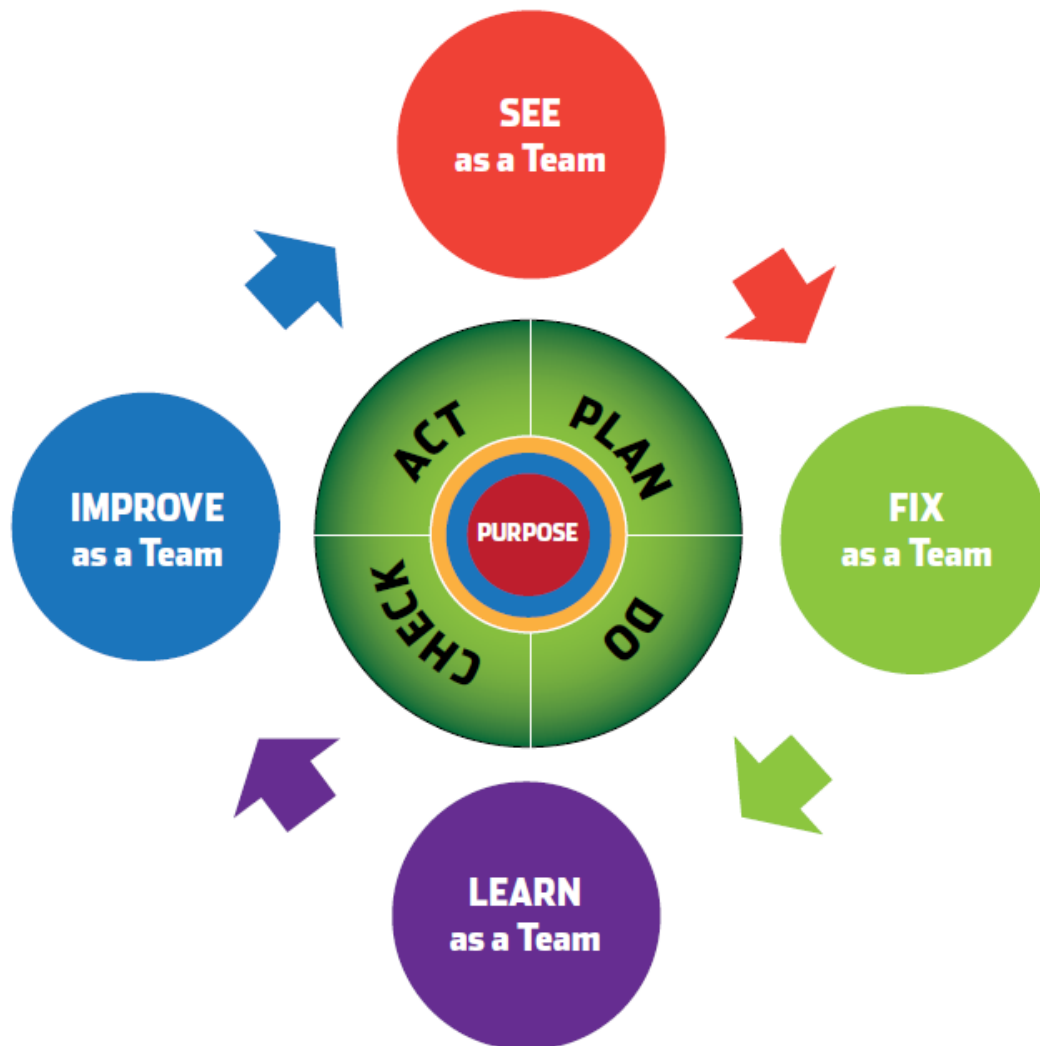
The classic team cycle is form, storm, then norm, and then perform.

Traditional leaders tend to be surprised by problems when the team is in the storming stage, but the storming stage is critical. It's rich with good dialogue and discussion, and it is where people are developed and allowed to become leaders. Facilitate the storming stage and make it as productive and healthy as possible.

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Figure 20: Core Lean Activities as a Team



But keep focused and quickly move on. In a lean culture, the role of teams is to make the business stronger. Teams have to have results.

Teams are there to form a huddle to attack a problem. If they aren't producing results, management shouldn't support them.

Use lean tools to keep teams productive. The structure of the A3 will help people storm productively. Visual management and standard work also help. When a team's work is done, its members should be able to say *We know* instead of *We think*.

Drive Teams to be Self-Managed and Committed to the Work Team building is about quality-at-the source and getting upfront work done that makes the coming improvement work successful. Teams are most efficient when they are self-managed, but that doesn't mean they work independent of supervisor observation and participation.

□□□□□□□□

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Ensure All Teams are Responsible and Accountable for Results



All of the things that are going on elsewhere — questioning, teaching, PDCA, standard work — are part of teamwork. Supervisors play a key role by coaching, teaching and removing roadblocks so team members can solve problems. Think about teamwork this way: The team members have all the knowledge, and the supervisors have all the authority. Together they are more effective in making changes than if they were working separately.

Ensure All Teams are Responsible and Accountable for Results Use PDCA and A3s to ensure that teams are responsible and accountable for results; and to help them sequence their work.

Use Teams to Identify and Develop Future Leaders

Everybody develops at different speeds and possesses their own capacity for passion. When you see passion in a team member, give them your time, which is your most valuable asset as a leader. Give them more of your time in the “leadership” system, but balance this with work in the “management system” for everyone. All team members who are willing and able to learn should be given time and respect for this.

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This is important for a lean culture because a lean culture builds leadership from within, unlike a traditional culture, which tends to favor bringing leadership in from outside. This is a major competitive advantage of lean management because the organization holds on to a huge amount of skills and knowledge. It also maintains consistency of purpose and process.

Be careful, though, not to promise that being a lean protégé will ensure a future job. It's not your job to this. For sure though, you can tell the protégé that the knowledge they gain from lean training is theirs to keep forever.

Share Successes of Teamwork Across the Organization as Best Practices

A lean organization also keeps the knowledge it builds by sharing lean best practices. This is absolutely critical in a highly competitive global economy. This goes back to standards, which maintain quality, consistency, and purpose: *If I've got a process in India, I have the same process in Wisconsin.*

If we don't share success, there is no organizational learning, and sustainment of lean gains will fail.

Celebrate and Reflect Upon Team Success and Failure Part of preserving and sharing best practices is reflecting upon team success and team failure. When a team fails, it's a time for learning.

When a team succeeds, it's a time to celebrate the addition of the new knowledge to the organization.

These moments of celebration can demonstrate the power of lean to team members who struggle with lean thinking. An important thing for you to accept though, is that part of your standard work always will be convincing others about the value of lean and dealing with those who resist changing their thoughts and behaviors.

Our final chapter tells you how to make this part of your standard work.

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Chapter 14 Checklist:

Building Teams

I understand how to:

- ☐ *See That All People Have Different Personal Styles*
- ☐ *See People's Capabilities and Willingness to Work on the Team*
- ☐ *Build an Effective Team by Choosing the People Who are the Best Fit*
- ☐ *Embrace the Natural Progression of Team Formation — Especially Storming*
- ☐ *Drive Teams to be Self-Managed and Committed to the Work*
- ☐ *Ensure All Teams are Responsible and Accountable for Results*
- ☐ *Use Teams to Identify and Develop Future Leaders*
- ☐ *Share Successes of Teamwork Across the Organization as Best Practices*
- ☐ *Create and Reflect Upon Team Success and Failure*

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Real World Advice

To be successful, organizations must move forward despite resistance, and so confronting opposition is a painful necessity:

- *Attempt to head off resistance by anticipating probable reactions to change.*
- *Try to see the change from another's point of view.*
- *Plan or seed early wins in the program. Nothing speaks better than success.*
- *Beware if no resistance is apparent; it may be lying just under the surface.*
- *Use communication methods to allow people to raise concerns.*

Chapter 15:

Convincing People on Lean Thinking and Dealing with Resistance

Make no mistake: You will encounter resistance. Humans no longer need to hunt and gather to eat, but we still have survival mechanisms, and so sometimes we feel threatened when others are trying to change our environment.

Create a Sense of Urgency and Articulate the Source of the Urgency

One overarching responsibility that never ends is to articulate why change is urgent and maintain that level of urgency in people's work.

In some industries, this is not difficult to do. Entire industries that were once based in the United States have moved overseas, and in all

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Show People the Whole Vision so They Can See the Big Picture



sectors the promise of long-term employment followed by free healthcare and a hefty pension in retirement is gone.

If immediate job loss is not creating the urgency in your organization, something else is. For some, it will be new leadership; or the need to redesign an entire product line; or a new technology or regulation that threatens your value proposition. Whatever it is, use honesty and straight talk to describe the urgency.

You need to convince people across the organization of this situation.

After the initial introduction of urgency, constantly create challenges on the business that force people to improve. It's human nature to want to relax, and it takes a significant event for us to move urgently.

Don't create a false sense of urgency, though. This will immediately kill your leadership credibility. There's enough going on in globalization and technology that all companies should have a sense of urgency to get better and be leaner.

Simultaneous to creating urgency, you need to be able to show people the whole picture, which includes what a transformed

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organization, will look like and how it will address the urgent need.

Focus on the work when doing this. Remember, the lean transformation is about people, and improved revenues and profits are by-products of the transformation.

Give a lot of time and thought to how you will describe how your organization will become more competitive with lean. Use simple language, metaphors and visuals that people can understand.

Show People How They Fit into the Big Picture and Honestly Describe Coming Hurdles

The future you describe and illustrate needs to clearly articulate how each job fits into the larger scheme. No matter how good a job you do with this, though, there will be resisters. Expect this, and plan for it.

The easiest way to deal with resistance is to let team member's know you understand why they are resisting. They will cite many hurdles to change. Agree with them when they are right, and tell them: *We know that this will happen, so we'll plan for it. When we face the challenge, we will be able to overcome it and move on. So there is no reason to be afraid.*

Throughout the transformation, fight resistance by making sure team members always know what's coming next. This will calm their fears.

Think about being on an airplane when the pilot comes on the speaker and says, "Folks, we're going to encounter some turbulence ahead."

This prepares people for the bumps so they aren't afraid of the unknown. Watch your fellow passengers the next time this happens.

When the ride gets bumpy, no one panics.

Recognize though, that a source of resistance you can't fight is pain avoidance. People are afraid of going through pain, even when they know their lives will be better when it's over. Think about friends who have gone through divorces or major illnesses requiring painful treatment.

They might be happy months or years after the pain is over, but they still had to go through the pain. On the job, listen to the person's fear,

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acknowledge their pain, remind them how life will be better, and then encourage and expect them to move on to their work.

Recognize How People's Work Will Be Impacted and Manage the Negative Impacts

A lean transformation can have dips that are painful. For example, some employees have gotten used to overtime pay in their household budgets and will resist change to protect their dependents. Their overtime is funding college or medical bills or mortgage payments.

They might understand and agree that their workplace needs to change, but they don't want to hurt their loved ones.

Also, there will be times when some team members feel overwhelmed as they need to work simultaneously in the current state and the future state. A business can't stop serving customers as it embarks on a lean transformation, and this puts extra pressure on people early on, which is discouraging and can breed resistance.

When facing all of the dips, use straight talk and encouragement.

Storytelling can also help if you have led other transformations and have seen people ride out the valleys and rise to new peaks. Keep going back to lean

principles, organizational purpose, and respect for people. Tell people: *We need you. We need your skills, your intelligence and your attention. And the better we get as a business, the better work will be, and the more we'll need you. Don't give up.*

When Challenges Arise, Go Back to the Vision to Validate You Knew They Were Coming

Expect challenges from executives as well as team members. It's not uncommon for a CEO to see a dip in revenue or other performance and call the lean leader into his office for an inquisition. In times like these, remember that even executives can be afraid of the unknown.

Go back to the original vision and say: *Look, this is where we were planning to be, and we have prepared for it. Things aren't out of control.*

They were out of control before. The rewards will build up and be much greater than the early stumbles.

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If there starts to be executive resistance, don't change your focus.

It should still be on people and process. Don't get sucked into a lot of meetings to explain what you are doing and why numbers are dipping.

Be honest, use straight talk, and then insist that for the transformation to be successful, you need to get back to work. Remind the executives that everyone is focusing on the goals that they set and will eventually get there. As President Ronald Reagan famously said, "The most important thing is to stay the course."

Appreciate where resisters are coming from and accept resistance as normal. Continue support and communication, insist on following the rules, but don't get discouraged. Sometimes, you'll just need to wait out a person's transformation, like a parent waiting out adolescence.

While waiting out a discouraging period or personal transformation, be supportive of that team member by:

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- Scheduling trips to sites of lean excellence and exposing executives and team members to the gory stories of that transformation as well as the gleaming results.
- Planning improvements that are big enough to make an impact but small enough to be able to quickly depict the power of moving from the current state to a future state.
- Keeping a sense of humor, and talking about your own challenges in the transformation. Show everyone that you, too, are taking on pain in the name of improvement. Also, look for light-hearted moments to encourage laughter. It reduces stress and reminds team members that work can be fun.

Choose What You Believe in and Get on With the Work Work to support your own beliefs. By now, you should know that your core belief as a leader is that lean principles will make your business stronger. Respect yourself by finding teachers and coaches that share your belief, and communicate with them often. Set up some personal KPIs and that will feed reflection on how far or close you are to your personal goals.

Then, get about the journey and enjoy the trip.⁵ Checklist:

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Chapter 15 Checklist:

Convincing People on Lean Thinking and Dealing with Resistance

I understand how to:

- ☐ *Create a Sense of Urgency and Articulate the Source of the Urgency*
- ☐ *Show People the Whole Vision so They Can See the Big Picture*
- ☐ *Show People How They Fit into the Big Picture and Honestly Describe Coming Hurdles*
- ☐ *Recognize How People's Work Will Be Impacted and Manage the Negative Impacts*
- ☐ *When Challenges Arise, Go Back to the Vision to Validate I Know They Were Coming*
- ☐ *Choose What I Believe in and Get on With the Work*

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The Lean Enterprise System and the Lean Leader



Conclusion

Successful lean leaders are focused primarily on people, purpose and process — the pillars of lean continuous improvement — but people are what make purpose and process possible. That's why we chose this pillar as the title of our book. In fact, lean management and all of the benefits it has delivered and will continue to deliver could not be possible without people.

So your primary role as a lean leader is to be successful at managing people to create a continuously improving environment. We know from experience what a monumental task this is, but we have also been fortunate enough to experience the deep satisfaction that comes from watching people achieve goals that they never thought possible.

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The news is filled with stories about damage caused by dishonest and misleading corporate leadership, questionable short-sighted management decisions, and ongoing fear of global competition. It's no wonder most working people are distrustful and disgruntled. We know though, that these same people long to be part of a team that creates true and lasting value for customers. They need only be made aware that there is a better way — that their leaders care about what they think, what they can do, and what they are capable of learning.

Politicians and economists can debate and argue about trade, regulations, taxes and all of the other “roadblocks to competitiveness,” but they will never find a solution in these things.

We have found a solution. It's people. If you agree with us, use this guide as you lead your team on a journey that will change you and them forever. Be principled and purposeful, go to the customer and the worksite for your guideposts, listen to those doing the work, draw the map the future, and then get busy leading. Even if you're knocked off the path by unforeseen circumstances, the learning and knowledge you and your team members have gained is for keeps and will continue to lead to more successful work.

Finally, please share the knowledge that you gain with us as we, too, are students. Our email addresses are listed in our biographies.

Good luck to you, your teams and your organizations as you build a successful lean enterprise.

Sincerely,

Steve, Robert, Roger and Walt

Conclusion

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***Steve* GRAN**

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As an educator, Steve works with The Ohio State University as a project coach and instructor for the Masters in Operating Excellence and Executive Six Sigma Black Belt Programs. Steve also taught at St.

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Through these roles Roger has had the opportunity to manage various supply chain and manufacturing teams while constantly learning through applying lean thinking firsthand.

Roger complements his industry experience with a bachelor's degree in logistics from Auburn University and a Lean Six Sigma for Supply Chain Black Belt. He resides with his wife, Ginny, and son, Charlie, in Tampa, FL. Roger can be reached at **roger.pearce@o8o.com**.

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Founded in 2005, LeanCor is a trusted supply chain partner that delivers operational improvement and measurable financial results.

Robert has more than 20 years of lean supply chain implementation, logistics and organizational transformation experience. He's worked with companies such as Mitsubishi Caterpillar, General Mills, Kimberly Clark, JC Penney, Starbucks, Nestle and Toyota Motor Manufacturing.

In addition to leading LeanCor, Robert is a senior instructor for the Lean Enterprise Institute and the Georgia Tech Supply Chain and Logistics Institute, as well as a frequent speaker for professional industry groups' events.

Robert complements his professional experience with a bachelor's degree in mathematics, a master's degree in finance, and a Six Sigma Black Belt. Born in Timmins, Ontario, Robert now resides in Charleston, SC, and enjoys family time with his wife, Corinne, and two daughters.

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Over the last 18 years, Walt has held front-line management positions as well as senior level management positions within manufacturing and supply chain settings. He is also a Navy veteran and worked as a material specialist. He holds a master's degree in business management as well as a certified Six

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