



LEAN MANAGEMENT JOURNAL

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ALL WILL BE WEIGHED AND MEASURED

Understanding lean assessment methods.

IN THIS ISSUE:

The Shingo model for operational excellence: *Bob Miller* discusses the Shingo model and explains how firms can use it to assess their performance while aspiring to company-wide improvement.

The central nervous system of lean: *Matt van Wyck* looks back at its experience with designing an improvement programme for DeBeers.

Take company uniqueness into account: Stay away from prescriptive approaches to lean accounting. *John Darlington* on the risks of adopting methods that are recognised as successful but do not necessarily match the characteristics and needs of a business.

Unstoppable: This month LMJ attends the Lean Management Summit in Amsterdam and meets some of the best companies presenting there, for the *It's a lean world special* on the Netherlands.

Critical Initiative Support: improving operations in Afghanistan: *Tim Clancy* and *Adam Sommers* of IBM Global Business Services explain how Critical Initiative Support can help bring change about in difficult situations where results are needed quickly.



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This has generally always been the case, but today's challenge lies specifically in "integratively" executing all people, process and technology elements of the business operating strategy in aligned and synchronous execution programmes and initiatives. Integration is sufficient but not enough!

In particular, it's not an easy task to connect people, process, and technology dots across the business and build new sustainable process capabilities through projects and a project management office (as stated in a previous article). Leaders like P&G, DuPont, Toyota, and Kellogg's have built integrative improvement management systems to guide the transformation journey.

The integrative improvement system codifies the transformation of traditional supply chain, IT, human resources, demand planning and continuous performance strategies and functions into end-to-end process capabilities. Integration of a set of projects and systems focused on cutting costs and improving functional cycle times is no longer enough!

"Integrative" is a new term, but one familiar to the life sciences industry. It refers to the following recommendations I made in the last two LMJ articles:

1. The transformation journey is multi-year and top down across the end-to-end business;
2. The journey must simultaneously accommodate and address globally different markets, cultures, and states of change readiness across the business;
3. Integrative improvement means systematically progressing along performance improvement capability stages while maintaining goal alignment and business process integration at every stage of the journey. This all while the business keeps operating (not unlike changing the design of an airplane while it is in flight);
4. Systems, enablers and platforms such as IT, organisation structures, change management, and CI must evolve with the stages of performance improvement maturity.

Leaders already on this journey have been working the "integrative angle" for years.

The net result is that these businesses are already seeing outcome results. For example, one leading consumer goods company returned 300% of the business impact of a stock out problem back to the business by looking end-to-end. This return was used to fund the business transformation.

The key takeaway is to deploy an integrative improvement system that codifies the capability building journey and guides the transformation work across the business.

Lean six sigma must be a waste of energy



Joseph Paris, chairman of XONITEK says continuous improvement initiatives need stewardship to be successful.

It seems that everywhere I look – every subject matter expert to whom I speak, and every talk to which I listen – the message appears to be the same: lean six sigma fails. Depending upon the source, lean six sigma initiatives might fail 25% of the time or even 70% of the time. Some even claim that it never fulfills its promise or realises its potential. In fact, there are so many articles and lectures on how often and how much lean six sigma fails that it is amazing anyone would even bother to try to implement it, or otherwise select it as a path for improvement.

As a long-time member of the Institute of Industrial Engineers (IIE) and being on the Advisory Board of its Process Industries Division, as well as being on the Advisory Board of Binghamton Universities System Science and Industrial Engineering (SSIE) Department, I have been intimately exposed to the material on the subject being taught and decided to investigate the "root cause" of such poor results being reported and the increasingly poor

expectations associated with continuous improvement initiatives.

During this exercise, and for both academia and industry from sources around the world, I examined the curriculum offered and reviewed the books and other materials used in the teaching of the disciplines associated with CI in general, and lean six sigma in specific. I also examined the websites and articles written by practitioners and consultancies (including my own).

Almost all of the material I read referred to the forensics of the disciplines – a focus on the “how”, including the “tools” of the trade and the “methods” of their leveraging and deployment. One book had an emphasis on 5S, another on VSM, kanban, kaizen, and so on. Another book went at great lengths to talk about the importance of flow and roadmaps. And every book I read made some reference to the miracles performed at Toyota and advocated how they can be replicated in any business anywhere.

Which brings me to the other underlying theme that was shared in everything I read: the “why”. All of the books and materials I have read and the lectures I have attended have discussed in great detail the benefits of embarking on such programmes. All of them create a vision of a better place – a better set of conditions under which a business might operate and the great benefits which will be realised as a result. They all create a very compelling and pretty picture of what the world can be like if only we embrace the disciplines of lean six sigma as the approach for a CI programme.

All of this knowledge and instruction is necessary, well and good. I would support any argument that it is important to know how to properly use the tools in your toolbox; which one to grab under any given circumstance

and how to wield it for maximum effectiveness. And I would also support the vision painted by the proponents of what could be achieved.

But the one thing I noticed in almost all of the material I reviewed - very subtle in nature, but with a profound impact on the results - was that the consistent references to the singular. There were many mentions of “you” and of “me” and of “I”, but very few to “we”, or to “us”. It is almost as if any results that might be achieved in a continuous improvement programme are solely the consequences of an individual’s efforts and not that of a team – not to mention an entire company. If leadership, programme management, and communication skills are mentioned at all, they are usually given short shrift and tucked towards the back of the book.

Maybe all of this is natural. There is an obvious distinction between being a “leader” and being a “practitioner”. The leader mainly operates above the details and has a propensity to think strategically with sights set beyond the horizon. Whereas the practitioner lives more in the here-and-now with an emphasis on training and experience that is more logistical and tactical in nature – the person who implements the strategy. And perhaps this is why the material written about leadership does not delve deep into the requirement details of continuous improvement and lean six sigma – and the material written about continuous improvement and lean six sigma does not address the importance of effective leadership and the required skillsets.

In my opinion, herein lies the “root cause” of why CI and lean six sigma initiatives fail to realise their full potential. In a word, stewardship. Or in this case, the lack thereof.

Merriam-Webster defines “stewardship” as *“the conducting, supervising, or managing of something; especially: the careful and responsible management of something entrusted to one’s care.”*

Unlike leadership, which is removed from the details, and unlike being a practitioner, which is all about the details, stewardship is a cross-over function that bridges the strategic, through the tactical to the logistical. To be a steward, you must have something entrusted to your care – and you must be careful with, and responsible to, that which has been entrusted to you. As a steward, you are not only “conducting”, as a practitioner would; you are also supervising and managing, as a leader would. And as a steward, you are not alone – but a member of the community over which you preside; a community that depends upon you as much as you depend upon it in order for both to be successful.

Which comes to my recommendation: I believe that addressing the need for stewardship and teaching stewardship skills are critical to the success of any CI programme. Stewardship establishes the necessary precursor environment only through which the full achievement of the benefits of any CI programme is possible and will result in the realisation of the maximum potential reward associated with leveraging the tools and methods of lean six sigma. I also believe that the teaching of these stewardship skills should be moved to the front of the curriculum and materials – and not as an elective or after-thought. As an individual member of the community – whether your role in a project or a business is that of a practitioner or that of a leader – the steward will ensure everyone is working as a team. And working as a team makes all the difference.

EVENTS

There is currently an expanding pool of events available for the development of the lean community. They offer both general and sector specific opportunities to renew your enthusiasm and gain new perspectives through communicating with lean contemporaries.

LMJ EVENTS INCLUDE:

LMJ ANNUAL CONFERENCE 2012

May 29-31, The Hilton Metropole, Birmingham NEC
www.leanmj.com/annualconference

The Lean Management Journal invites you to the flagship event for lean and continuous improvement professionals. Speakers from North America, UK, Europe and South Africa will give an international dimension to this year's conference as they share the latest insights, best practice and thinking in three days of unrivalled personal development.

New features of the 2012 Annual Conference include:

- Ideas Exchange Sessions, informal group sessions to exchange best practice tools and techniques;
- Post-conference workshops followed by site assessment visits;
- Lean Leaders Networking Dinner on Tuesday 29th May.

Now in its third year, the LMJ Conference helps you understand the fundamental concepts you need in order to improve your way of doing business and achieve excellence, drawing on best practice from organisations and lean leaders and focusing on the integration of both lean and systems thinking.

Day One 29th May: Main Conference

Speakers include: Steve Welch, group continuous improvement manager, Yeo Valley; Peter Watkins, global lean enterprise and excellence director, GKN; John Bicheno, director of MSc Lean Operations, Lean Enterprise Research Centre; Gwendolyn Galsworth, p resident, Visual Thinking Institute; Richard Holland, managing director, TBM, UK, India & South Africa; Bob Hafey, president, RBH Consulting; Bill Bellows, president, In2In Thinking; and Dr Nick Rich, honorary fellow, Cardiff Business School.

Day Two and Three 30th & 31st

- Thinking for Lean Workshop – 30th May
- Lean Accountancy Workshop – 30th May
- Lean Safety Workshop and Site Assessment Visit – 30th & 31st May
- Visual Thinking Workshop and Site Assessment Visit - 30th & 31st May

For delegate enquiries, please contact Benn Walsh on 0207 202 7485 or email b.walsh@sayonemedia.com

THE MANUFACTURER OF THE YEAR 2012

Call for entries

The Manufacturer of the Year Awards 2012 is a rare chance for you, your team and your company to receive industry-wide recognition for your achievements. The World Class Manufacturing Award is one of the most heavily competed categories of the awards and recognises the manufacturing plant that is achieving the highest levels of operational excellence. The Awards programme entry deadline is July 31, site visits will take place in October and the Awards Ceremony and Gala Dinner in November. For award enquiries and further details, contact Laura Williams on 01603 327006 or l.williams@sayonemedia.com

WORLD CLASS MANUFACTURING FACTORY TOUR

May 22, New Holland Agriculture, Basildon

Winner of the 2011 World Class Manufacturing award, *New Holland Agriculture (part of the CNH Group)* will be providing a unique one-day event combining a best practice site tour together with a deep dive development session to illustrate the World Class Manufacturing Pillars that have helped the company to achieve world class status and to be crowned winners of this coveted award. Delegates will have the opportunity to see how New Holland Agriculture has and continues to implement WCM - and to be on the never ending road to developing a continuous improvement culture within its plant. By seeing the tools in action and talking to the pillar champions, delegates will have a clear understanding of the building blocks the plant is using to construct a truly world class manufacturing operation. To register a place, please contact Benn Walsh on 0207 202 7485 or b.walsh@sayonemedia.com

OTHER EVENTS INCLUDE:

2ND INDUSTRIAL LEAN PRODUCT AND PROCESS DEVELOPMENT (LEANPPD) WORKSHOP

June 14, Cranfield University

The objective of the workshop is to showcase the state-of-the-art methods and tools, as developed by Cranfield University (sponsored by EU-FP7) based on action research with the industry. This can enable the organisations to introduce and implement lean thinking in product design and development. The main topics are: Set-Based Concurrent Engineering, Lean Knowledge Life Cycle, Lean Design, A3 Thinking for Problem Solving and Change Management toward LeanPPD Environment. Several industrial perspectives and case studies will also be presented by speakers from BAE Systems, Elektta, Rolls-Royce and Visteon Engineering Services. For more information, please send an email to leanppdcu@cranfield.ac.uk or contact Dr Ahmed Al-Ashaab on a.al-ashaab@cranfield.ac.uk

LEAN SIX SIGMA MIDDLE EAST

June 10-13, Millennium Hotel, Doha, Qatar

Organisations in the Middle East are continually exploring methods to drive productivity and accelerate the operational performance of their organisation. Lean and six sigma are strategies being utilised across multiple industries to achieve business agility and a culture of continuous improvement to optimise customer processes and service quality throughout your organisation. The Summit will highlight the use of these strategies in different sectors and departments to significantly maximise your revenue and increase the effectiveness of your improvements. Speakers will include Osama Jbarah of Qatar Petroleum, Mohammed Nasser of Eli Lilly Saudi and Anand Venkateswaran of Gulf Bank.

LEAN HEALTHCARE TRANSFORMATION SUMMIT

June 6-7, Minneapolis, Minnesota

At the 3rd Annual Lean Healthcare Transformation Summit, you will learn how innovative experiments are changing the way we deliver and pay for healthcare and how consumers and employers are driving a healthcare value focus by demanding transparency of cost and quality data across the system. You'll learn from thought leaders and pioneers forging new paradigms for the healthcare system. There will be special keynotes by John Toussaint, Harold Miller, and John Shook, coupled with down to earth, real experiments from pioneers forging new ground every day. Come spend two intense days, learning from thought provoking keynotes, a topical panel discussion, interactive learning sessions and the industry's very best networking.

OPERATIONAL EXCELLENCE SOCIETY

Meet leaders and professionals from your local business community and discuss the most common problems companies experience in trying to achieve excellence. You will go home with many ideas and a lot to think about,, and with new interesting contacts.

May's highlights:

Warsaw, May 14, 6pm

Venue: Terere Restaurant

Kazimierz Grabski, LQS Service Delivery Manager at Lionbridge, will give a presentation entitled "Operational excellence and dialogue". For information please contact Malgorzata Krukowska on krukowskamj@xonitek.com

New York City, May 21, 5.30pm

Venue: I tre merli

Leigh Brand of Brand Consulting Group will give a presentation entitled "Operational Excellence in Government". For information please contact Richmond Hulse on hulserj@xonitek.com

Other Operational Excellence Society chapter meetings include:

Munich, May 8, 7pm

Venue: Restaurant Ludwigs

For information, please contact Martin Haack on haackmf@xonitek.com

Dubai, May 14, 5.30pm

Venue: to be determined

For information, please contact Andy Gibbins on andy@glasconsulting.org

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