



# LEAN MANAGEMENT JOURNAL

Issue 9 Volume 2 | November 2012 | [www.leanmj.com](http://www.leanmj.com)

## WHEN THINGS FALL APART

Analysing the reasons why many lean programmes fail and the importance of learning from mistakes

Companies featured in this edition include:  
Wood Group PSN, Louis Vuitton, PO Construction,  
Faurecia, Thales Group, Palo Alto Medical Foundation,  
Renault, CHU Grenoble

### IN THIS ISSUE:

**When things go south:** *Mike Riungu* of brownfield services provider Wood Group PSN, headquartered in Scotland, reflects on lean failure and how to avoid it

**Get it wrong to get it right:** Renault-Nissan Consulting's *David Howells* discusses the lessons that were learnt at Renault prior to its alliance with Nissan, and tells LMJ how they were key in making the car-maker successful

**The model line approach:** The story of the rapid adoption of lean as a management system at the Palo Alto Medical Foundation in California

**Lean *au cœur*:** LMJ travels to France and meets some of the country's leanest companies, including Louis Vuitton and a Parisian construction company

**Once you pop you cannot stop:** In the newest update within our Lean Diary, LMJ hears about SCGM's results a year after the implementation of lean started

**Super-lean shop floor:** Will Stirling attends a workshop at the JCB Academy in England



#### EDITORIAL

**Commissioning editor**  
Roberto Priolo  
r.priolo@sayonemedia.com

**Editorial director**  
John Bicheno  
picsebook@btinternet.com

**Contributors**  
Tim Brown  
Sub-editor  
t.brown@sayonemedia.com

#### DESIGN

**Art Editor**  
Martin Mitchell  
m.mitchell@sayonemedia.com

**Designers**  
Vicky Carlin, Alex Cole  
design@sayonemedia.com

In order to receive your copy of the *Lean Management Journal* kindly email b.walsh@sayonemedia.com or telephone 0207 401 6033. Neither the *Lean Management Journal* or SayOne Media can accept responsibility for omissions or errors.

#### Terms and Conditions

Please note that points of view expressed in articles by contributing writers and in advertisements included in this journal do not necessarily represent those of the publishers. Whilst every effort is made to ensure the accuracy of the information contained in the journal, no legal responsibility will be accepted by the publishers for loss arising from use of information published. All rights reserved. No part of this publication may be reproduced or stored in a retrieval system or transmitted in any form or by any means without prior written consent of the publishers.

Dear reader,

Well, well... The one-time golden boy of global manufacturing excellence did it again!

**Toyota has announced it will recall 7.4 million vehicles worldwide** due to faulty power window switches. This must raise some questions about lean. Has the Japanese car-maker become so focused on efficiency on the line that it has lost sight of product quality?

This edition of *Lean Management Journal* looks at what happens when lean fails. How ironically timely that it is being published a few days after the largest recall in the automotive sector for 16-years.

**Nobody likes failure.** We feel flawed and sometimes even stupid. Wouldn't it be great if we succeeded in everything we do? Personally, I think it wouldn't. OK, success is our final goal. But only by making mistakes can we better understand the situation we are trying to improve.

**You need to get it wrong to eventually get it right.**

Lean is often perceived as a great solution to the woes of an organisation, and it often is. Or it can be. But the reality, however bitter, is that the majority of lean programmes fail. We usually see some quick results – the ill-famed low hanging fruit – but before we know it, improvement plateaus and eventually stops.

In this issue, you will read an interview with Mike Riungu of brownfield services provider **Wood Group PSN** (see page 10) about the initial failure of the group's lean programme, and you will hear from Renault Nissan Consulting's David Howells, who reflects on how the difficulties Renault first encountered helped to eventually make it a better business (page 12).

We also meet several **French companies**, from Thales Group to Louis Vuitton. John Bouthillon, of Paris-based PO Construction, explains how common lean tools must be adjusted to be effective in a non-manufacturing environment (page 24).

The November issue of LMJ also features an interview with Kevin Duggan of the US-based Institute for Operational Excellence. Kevin talks through his view on lean and **operational excellence**, and explains why the latter is fundamental to put the former in context and ensure its success.

We have put together articles on failure that will help you understand the importance of lessons learned and that those who persevere will get long-lasting results – so don't stop believing, Toyota! Winston Churchill once said that success is not final and failure is not fatal. What counts is the courage to continue.

If you prefer a manufacturer's quote, here's what Henry Ford said: "Failure is simply the opportunity to begin again, this time more intelligently."

Happy reading,

Roberto Priolo,  
Editor, *Lean Management Journal*

C  
O  
N  
T  
E  
N  
T  
S

04 **Lean News**

05 **Introducing the editors**

06 **Better never stops**

*Bill Bellows* introduces this issue of LMJ, which concentrates on when and why lean fails, and how to turn a programme around.

PRINCIPLES & PURPOSE

07 **Back to basics**

Deploy lean without a plan for culture change in place, and your implementation will be set up to fail. Author *Larry Rubrich* discusses a lean model that builds on the methodology's core principles.

10 **When things go south**

*Mike Riungu* of Wood Group PSN, which provides services to the oil and gas industry, talks to LMJ about lean failure and how the company was able to re-energise a shaky lean programme.

12 **Get it wrong to get it right**

The mistakes made at the beginning of a lean implementation and the lessons learnt are powerful tools that a company can use in order to succeed. *David Howells* of Renault-Nissan Consulting explains the journey of discovery the French car manufacturer undertook.

SECTOR FOCUS:  
HEALTHCARE

17 **The model line approach**

The Palo Alto Medical Foundation is a multi-specialty group practice in California that went for the rapid adoption of lean as a management system. *James Hereford, Joy Hereford* and *Katie Anderson* discuss the power of the model line.

22 INTERVIEW

**A design for excellence**

Roberto Priolo speaks with *Kevin Duggan*, Founder of the US-based Institute for Operational Excellence, who analyses the differences between lean and operational excellence and explains why the latter is critical to ensure an organisation's rapid and lasting success.

24 IT'S A LEAN WORLD  
**Lean au cœur**

In its November special, LMJ travels across the Channel and meets with France's leanest companies. The case studies featured this month are Faurecia, Louis Vuitton, PO Construction, CHU Grenoble and Thales Group.

30 LETTERS AND  
COMMENT

Contributions in this edition come from *Alex Adamopoulos* of emergn and from editorial board member *Ebly Sanchez*.

33 BOOK REVIEW

Joseph Paris reviews Jim Bowie's *Lean Acres*

34 LEAN DIARY

**Once you pop you cannot stop**

A year after SCGM set off on its lean journey, CEO *Sandra Cadjenovic* shares with LMJ the results that were achieved, and discusses what's next for the Serbian manufacturer.

36 LMJ IN  
CONFERENCE

This section features reviews of the lean events LMJ attends. This month, the Lean Forum Konferens in Sweden, Lean Tech '12 in Serbia and the Lean Government conference in London.

39 THE FIFTH COLUMN

*John Bicheno's* regular column aims to provoke debate on the interesting and controversial topics in lean.

40 SPECIAL FEATURE

**Super-lean shop floor**

*Will Stirling* attends a workshop organised by the Lean Factory Group at the JCB Academy in England. Here he shows what he saw and learned.

42 EVENTS

Find out about the latest lean events coming your way

# INTRODUCING YOUR EDITORS

Articles for *LMJ* are reviewed and audited by our experienced editorial board. They collaborate on comment against articles and guide the coverage of subject matter.



**JACOB AUSTAD**  
LeanTeam, Denmark



**BILL BELLOWS**  
Pratt & Whitney  
Rocketdyne



**JOHN BICHENO**  
University of Buckingham



**NORMAN BODEK**  
PCS Press



**GWENDOLYN GALSWORTH**  
Visual Thinking Inc.



**BRENTON HARDER**  
Credit Suisse



**JEFFREY K. LIKER**  
University of Michigan



**JOSEPH PARIS**  
Operational Excellence  
Society



**PROFESSOR ZOE RADNOR**  
Loughborough University



**EBLY SANCHEZ**  
Volvo Group



**PETER WATKINS**  
GKN



**WENDY WILSON**  
Warwick Manufacturing  
Group, University of  
Warwick



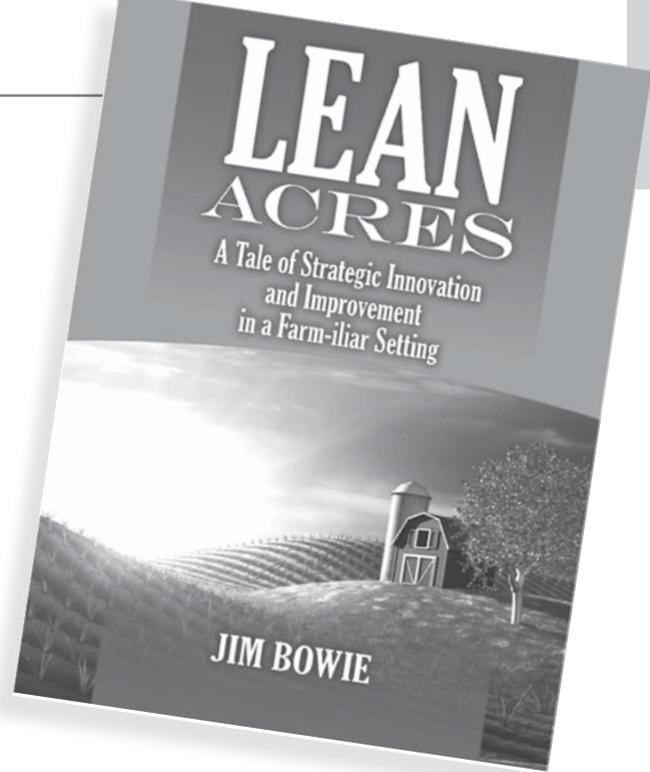
**DR KEIVAN ZOKAEI**  
SA Partners

More information on our editorial board, their experience, and views on lean is available on the *LMJ* website: [www.leanmj.com](http://www.leanmj.com)

## BOOK REVIEW



Joseph Paris reviews  
Jim Bowie's *Lean Acres*,  
Quality Press



**T**he biggest challenge faced by continuous improvement initiatives, and the reason they consistently fail to realise their potential, is that the understanding of what it's all about and what is expected never reaches the extremes of an organisation, namely leadership and the shop floor.

This is why I am always on the lookout for a good book that can “snap into focus” the mission, messaging, and value-proposition of CI initiatives to those who are not, themselves, continuous improvement professionals. And this is precisely why I am so happy to have found Jim's book. I believe you will be too.

*Lean Acres* is written as fiction; and I guess it is since it does not speak of specific “case studies”. Refreshingly, the setting is a farm and not a bicycle manufacturer. However, and unlike traditional fiction, the characters in the book do not have names such as “Ebenezer Scrooge”, but are merely referred to by what they are, the characteristics they possess, and the roles they play. The author assumes the role of narrator and then proceeds to introduce the others on the farm; starting with the Farmer himself (the CEO), and then the Dog, the Bull, the Sheep, etc – until we get to the Mice (those omnipresent busybodies who live in the shadows). If Deming had written *Animal Farm* instead of Orwell, it would have come out like *Lean Acres*.

The author takes many of the routine tasks on a farm to which everyone can relate regardless of their industry (such as supplying, working, production, etc...) and weaves the principles and methodologies of continuous improvement programmes and the lean six sigma toolset throughout. But unlike many books on the subject which concentrate on the tools

and their use, the author spends a great deal of time discussing the diverse perspectives of the lives and its priorities as seen from the various characters.

And this is perhaps one of greatest lessons in the book; the author realises that a farm, like a company, consists of a wide variety of personalities – each with different sources of motivation, but each necessary for the success of the farm. He effectively conveys the importance of empathy in an organisation and in seeking where mutual interests and inter-dependencies might be found so that team-building might occur.

Some of the specific take-aways from reading “*Lean Acres*” include:

- Being entertained while learning. Who says learning can't be fun, especially for those who will be touched by a CI programme, when it is not where their native talent might be?
- Fantastic fable to help educate and align any organisation through a strategic deployment;
- Dynamic cast of talking animals representing the personalities that exist in every organisation and that everyone will be able to recognise – and how effective teams might be built from seemingly incompatible participants with diverse personal interests;
- Step-by-step instruction on the application and value of each of the lean six sigma tools in the Continuous Improvement Toolbox.

I think *Lean Acres* should be a must-read for every first-year student of industrial and systems engineering and given by every continuous improvement leader to those who are about to be influenced by the programme – so that they can rapidly get “on-board” and know the nature and value of the journey of which they are going to be a part.

And as is on the farm, so is in real life – beware the jackass, or you may find yourself in the “Boo-Chair”.

# 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.

UPCOMING LEAN EVENTS INCLUDE:

## OPERATIONAL EXCELLENCE SOCIETY

With 2,500 active members and chapters located around the world, the Operational Excellence Society is growing – chapters have recently been launched in London, Ciudad de Juarez and Monterrey. The following is a listing of chapter meetings through the end of November. Type in the following link (<http://goo.gl/jMdqB>) for a full listing or contact Karolina Redzicka, Operational Excellence Society Liaison, at [RedzickaK@xonitek.com](mailto:RedzickaK@xonitek.com).

November 12:  
**Cologne**, Germany; **Warsaw**, Poland;  
**Dubai**, United Arab Emirates

November 13:  
**Atlanta**, USA; **Munich**, Germany

November 19:  
**New York City**, USA; **Frankfurt**, Germany

November 26:  
**London**, United Kingdom

November 27:  
**Abu Dhabi**, United Arab Emirates

## PEX WEEK ORLANDO 2013

**January 21-25, Orlando, Florida**

The voice of the customer is getting louder! PEX Week Orlando is back to make sure your process improvement programmes are customer centric and sustainable. Tapping into lean, BPM and six sigma, the PEX Network offers a week of training sessions, hands-on workshops, interactive keynotes and internationally recognised awards to assist you in your journey to process excellence. From financial services to manufacturing, the United States and beyond, the conference is a global hub for the process community to come together, benchmark, network and take away the tools to drive improved performance for the year to come. Speakers will flock to balmy Florida from organisations including i-nexus, The Quality Group, Kraft Foods, National Grid, McGraw Hill, IBM, Accenture, US Army Corps of Engineers, Fortegra Financial, Citi and many others.

## EUROPEAN LEAN IT SUMMIT

**November 22-23,**  
**Auditorium Paris Centre Marceau, Paris, France**

The 2nd edition of this summit will present some of the best examples of lean thinking and practice from the IT world, hoping to reinforce the foundations as taught by Jim Womack, Dan Jones and [theleanedge.org](http://theleanedge.org) authors. International lean experts Dan Jones, Steve Bell, Mike Orzen, Michael Ballé and Jean Cunningham have confirmed to speak at the summit, but there will also be new speakers. Philippe Laniesse, CTO of BNP Paribas, and Pierre Masai, VP CIO of Toyota Motor Europe, will be the keynotes. The conference will feature case studies from GE Healthcare, ING Bank Netherlands, MEI, Solar, Thalès, Tata Consulting and many others. Speakers will share their stories and explain how they successfully implemented lean in their IT operations.

To see the programme and register please visit the event's website: [www.lean-it-summit.com](http://www.lean-it-summit.com)

## LEAN SUMMIT

**November 27-28,**  
**Chesford Grange Hotel, Kenilworth, Warwickshire, UK**

Lean thinking means solving business problems by developing the capabilities of people to improve value-creating work using the scientific method. Learning, educating and sharing are central responsibilities of lean leaders and the theme of the Lean Summit 2012. The summit will explore these three themes across manufacturing, service and public sectors through eight presentations, four discussion workshops and two optional pre-summit lean masterclasses. Join experts and practitioners to share, discuss and practice these critical lean skills. Speakers include Professor Daniel T. Jones of the Lean Enterprise Academy, author Mike Rother, Laurie West of Westco International, Nick Rich of Cardiff School of Management, and Peter Watkins of GKN Land Systems.

To register, please visit the LEA website: [www.leanuk.org](http://www.leanuk.org)