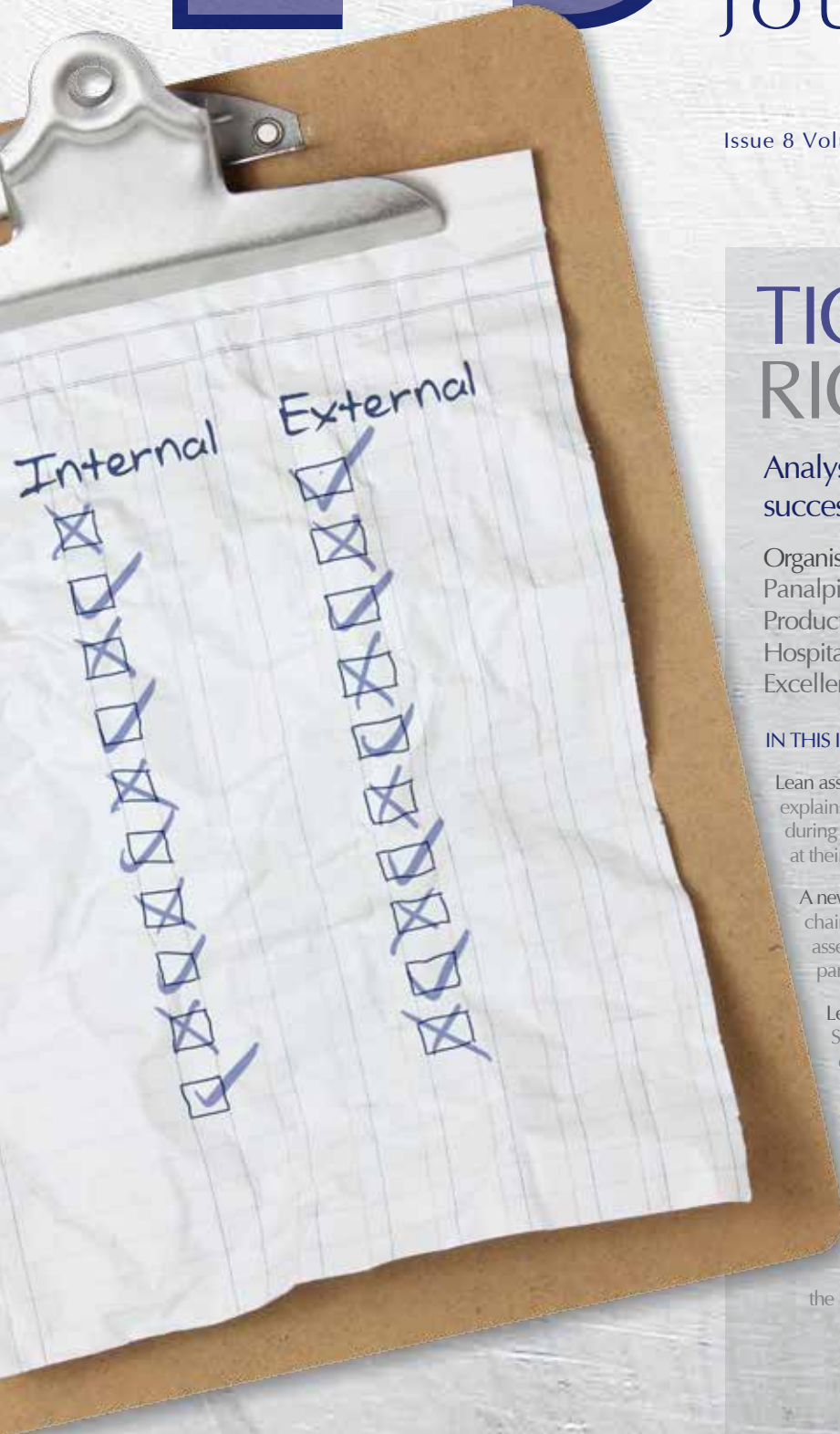




LEAN MANAGEMENT JOURNAL

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TICKING THE RIGHT BOXES

Analysing assessment tools to ensure successful lean journeys

Organisations featured in this edition include: Panalpina, Renault-Nissan Consulting, Productivity Alberta, BAE Systems, St. Boniface Hospital, Association for Manufacturing Excellence, Edinburgh Napier University

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Lean assessments; the rally-point of the journey: Joseph Paris explains how the correct assessment procedures before and during a lean journey can ensure everyone involved arrives at their intended lean destination.

A new approach to assessments: LMJ revisits supply chain solutions organisation Panalpina to see what assessment tool it is implementing to truly make lean part of its DNA.

Lean goes back to school: Stephen Yorkstone, Senior Consultant at Edinburgh Napier University, deconstructs the university world to show how implementing lean in universities can ensure students are properly prepared for life during and after schooling.

Typhoon's two-week drum beat: Can the final production phase of a €90 million jet fighter happen in only two weeks? Matt Heritage from BAE Systems Military Air & Information explains how the incredible manufacturing time frame of the Eurofighter Typhoon takes place.



J. J. Tudor

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Dear reader,

If you want to discover if you have an embedded culture of continuous improvement into your organisation, leave and return after six months, visit the gemba, and I am sure you'll have your answer.

This is the slightly tongue-in-cheek advice I once gave to a senior lean practitioner who asked me how he would truly know if lean was embedded into his organisation. The person in question was obviously concerned about the progress of his lean journey. This is an issue any lean enthusiast or implementer should seriously consider while making a transition. This issue of *Lean Management Journal* focuses on benchmarking and assessment, and the differing approaches to understanding the current state of an organisation or individual.

The starting point of a lean assessment as suggested by Ian Robinson of Renault-Nissan Consulting on page 10, is to apply lean principles to assessment activity from the outset. By stepping back and asking yourself what you would value from the activity, you can remove any non-value adding waste from the process of assessment.

The success of any lean assessment programme requires the application of standard work, not only its delivery, but also the selection and management of any examiners. Having been involved in several lean assessment programmes myself, I can say that focus must be given to ensure a standard work approach, from the questions asked through to the deployment of feedback. This made me think about my role again this year as the Chair of the World Class Manufacturing judging team for *The Manufacturer* magazine. From my previous experience, I knew it was critical our standard work was improved, and that this was a vital element in ensuring the event reached its high quality and standard we set out to achieve.

Over the past decade there has been a plethora of lean certification providers from the USA and Europe providing assessment and accreditation. Many of these are well respected institutions and organisations all promoting off-the-shelf assessment models. Unfortunately, the alliances and collaborations of several of these organisations to create a unified standard to lean certification appear to have failed. While this may be the case, this issue of *LMJ* explores some of those tools which are available, as well how they were developed and how to correctly implement these to ensure lean targets are reached.

However, it is just not enough to implement an assessment tool, let it run its course and accept it has achieved what you wanted it to achieve. The frequency of assessment must be considered to achieve any real benefits from the assessment programme. The Shingo prize for operational excellence, which I managed in the UK for several years, exemplifies the issue. While following up on Shingo award winners, organisers discovered few past winners actually sustained the lean excellence that was fundamental to their original success. Assessment programmes require continuous re-assessment to deliver the benefits they were intended to provide.

On a final note, it is a case of out with the old and in with the new here at *LMJ* as we wish bon voyage to Roberto Priolo as he moves on from his role as Commissioning Editor. Everyone at Sayone Media wishes him well on his journey after delivering two years of excellent service to the *LMJ*. In turn we welcome Callum Bentley to the role. Callum will continue to develop and expand the *LMJ* in terms of quality and coverage. Please contact him at c.bentley@sayonemedia.com with your thoughts, articles and best practice.

Please enjoy the issue, and in the spirit of the first lean principle, please let us know what we can improve on in the *LMJ* and where we can further add value.

Editorial Director, Jon Tudor

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Lean assessments; the rally-point of the journey



As all great explorers have proven throughout the ages, all journeys must start with proper preparation. *Joseph Paris* from the Operational Excellence Society emphasises the importance of self-assessment prior to and during any lean journey to ensure your organisation arrives at its intended destination.

READ ABOUT:

- Internal vs External self-assessment
- What to be aware of with certifications
- Progressing with lean journeys

So, you are thinking about embarking upon a lean journey at your company. Or, more than likely, you are going to be RE-embarking upon a lean journey at your company.

But where do you start? At the beginning, of course.

But is it enough to take that first single step? Is it not as important, if not more important, to know where you are going? How are you going to get there? What provisions and skills might you need on the journey? Do you think that Edmund Hillary woke up one morning, decided he was going to be the first to scale Mount Everest, and by the end of the afternoon he was on top of the world?

There are a lot of “certification mills” out there which will offer a certification for little cash and little effort. The question to ask yourself is, “If someone were to query me as to where I obtained my certification, would I be embarrassed to tell them?” If the answer to that question is yes, then don’t engage //

No Sir. As with Hillary and Everest, your lean journey needs preparation – and lots of it.

The first step is to define your destination. Where are you going? This needs to be defined up front so that you can measure progress against the plan.

What plan? This is the second step. You need to know how you are going to get to your destination.

This is obviously going to be a long journey and not a day trip. What are you going to need? Hillary had Tenzing Norgay as his Sherpa – the guide who knew the mountain and carried the provisions. Who do you have as your Sherpa and what are they carrying? Is it enough to reach the top?

Most critically, where are you NOW? There are two points in any journey - where you are starting and where you are going. These two points define the journey – you cannot end your journey unless you have determined your destination – and you cannot begin your journey unless you know where you are and what you will need.

Assuming a defined strategy (or future state) in the lean journey exists, the process of planning starts with the assessment. In its most simple form, an assessment is an evaluation of the present state of something. In school, students are assessed as to their position and the progress of their education by a series of tests which evaluate their knowledge of a subject and their readiness to proceed with the material. In a lean assessment, this evaluation determines where an organisation is in respect to its intended destination and the state of readiness in which to progress forward.

Internal Self-Assessment: This is an evaluation performed by an organisation using its own resources. Sometimes the organisation will obtain and leverage external assessment tools that are available on the internet.

- **Example:** An example of a successful self-assessment programme can be found at United Technologies Corporation (UTC) and its Achieving Competitive Excellence (ACE) Program, which is billed as UTC’s “Operating System”. A core belief of ACE is that every employee, from the highest position to the lowest position, is involved in the efforts to improve the company with the shared goals of eliminating waste and “delighting” customers. As such, UTC is in a continual cycle of assessing, planning, acting, and evaluating.
- **Pros:** A benefit of an internal assessment is that it is highly customisable and specific to the company creating the assessment. The company that is doing

the self-assessment can identify a desired outcome from the effort, target specific areas to assess, and determine the assessment criterion.

- **Cons:** The integrity of self-assessment can be compromised and the results skewed by politics and self-interest – “If I don’t like the results, I can just make the numbers work.” In addition, a company that does a self-assessment does not have the opportunity to benefit from the fresh eyes of an outsider.

External Assessment: This is an evaluation performed by resources which are external to that of the organisation. Almost always, the company that hires out an assessment is one that is facing considerable challenges and has lost its faith in its internal capabilities based on past performance.

- **Example:** Private equity and “turn-around” firms which take an ownership interest in distressed companies will believe (rightfully or wrongly) that the company is in distress because of an inability of the present resources to perform. Because of this lack of confidence, they will almost always seek external resources to perform an assessment.
- **Pros:** In challenging times, internal people become increasingly anxious about their future and might not be willing participants in an improvement initiative because they fear it might mean losing their jobs by redundancy or performance. Introducing trusted outsiders with fresh eyes, and whose allegiance is aligned with ownership, might accelerate the achievement of necessary improvements for the company to overcome its challenges – and, in the case of distressed companies, even to the point of becoming viable.
- **Cons:** The minimal leveraging of existing knowledge of the business, or the past “lessons learned” from those who have worked there, might return results that are less than what might have been achieved if existing knowledge were more actively sought or engaged.

“ Many firms will seek recognition for their efforts. They would then be able to leverage this recognition to gain respect among peers, and also demonstrate to customers (and vendors) that they take their improvement programmes seriously. But the winning of a “prize” should not be the goal, and is not a guarantee that the company can be considered a viable long-term partner // ”

Hybrid Assessment: This is an evaluation performed by the organisation which utilises internal resources in conjunction with external resources. This approach is found to be the approach most companies take, especially when they are new to the disciplines of lean and they are not in a “turn-around” or distressed situation.

- **Example:** Most companies that do not have a mature and successful lean program seek to accelerate their journey by engaging an outside consulting firm that specialises in lean program development. There are many such firms that exist, but it is important for companies to realise that sustainable success depends upon building internal capacity and capability, and they should not hire consulting firms merely for engaging projects (where the knowledge will leave – along with the consultants – after the engagement is complete).
- **Pros:** The company gets the benefit of using fresh eyes and at the same time leverage the knowledge and capacity of the people who worked the processes (usually, for a considerable amount of time).
- **Cons:** There is a potential for friction between the internal resources and the external resources which needs to be guarded against.

Many mid-sized manufacturing companies will leverage government-sponsored programmes for improving competitiveness. Through such programmes, companies can obtain services from resources at a discount from market-value (or as a source of funding for a company to hire a consulting firm of their choosing). In the United States, this mission is often accomplished by the National

Institute of Standards and Technology’s Manufacturing Extension Partnership (or NIST-MEP) which will, as a function of its value-proposition, perform assessments in conjunction with the existing company staff.

In addition to partnering with consulting firms and leveraging government programmes, many universities also have programmes for conducting lean assessments. One such University (which is also an MEP) is Purdue University in Indiana, USA. In addition to offering degrees in industrial engineering (including the disciplines of both lean and six sigma), Purdue’s manufacturing assistance offerings are very robust. Of course, there are other universities with similar programmes, and a quick internet search will probably return a result that is suitable for almost any company, almost anywhere.

Many firms will seek recognition for their efforts. They would then be able to leverage this recognition to gain respect among peers, and also demonstrate to customers (and vendors) that they take their improvement programmes seriously. But the winning of a “prize” should not be the goal, and is not a guarantee that the company can be considered a viable long-term partner. For instance, consider the case of Delphi Corporation. Although Delphi was a serial recipient of the prestigious Shingo Prize for Manufacturing Excellence from 1999 to 2007, Delphi declared bankruptcy in 2005.

However, there are other factors to consider. On certifications for individuals, the advice is “*Caveat Emptor*”, Latin for “*Let the buyer beware.*” There are a lot of “*certification mills*” out there which will offer a certification for little cash and little effort. Do not be duped into engaging one. The question to ask yourself is, “*If someone were to query me as to where I obtained my certification, would I be embarrassed to tell them?*” If the answer to that question is yes, then don’t engage.

There are numerous legitimate organisations where an individual might become lean certified, including from the Institute of Industrial Engineers (IIE), Villanova University (USA) and the University of Michigan (USA). Of special note and worthy of inquiry is a new joint programme offered by an alliance of the American Society for Quality (ASQ), the Society for Manufacturing Excellence (SME), the Association for Manufacturing Excellence (AME), and the Shingo Prize.

In the end, it is important to remember that a lean assessment is only the starting point. To be successful, a company needs to know where it is going (strategy), how it is going to get there (tactics), and what it needs for the journey (logistics). And, of course, a lean assessment is not worth doing at all unless you are dedicated to embarking upon the journey.

“*Dans la légion, vous marche ou crève*” - In the Legion, you march or you die.