



PROACTION – Generating Best Practices

Effectively Leading Your Lean Manufacturing Transformation: Part 2

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Lean Management - Series Summary:

“Effectively Leading Your Lean Manufacturing Transformation” is an article in three parts authored by Bill Hanover, a PROACTION Associate with many years of hands-on experience implementing lean manufacturing methods. For the next three PROACTION Best Practice Newsletters we will be featuring this excellent, insight-filled article.

Lean management is itself a Best Practice. All 4 Essential Factors of the Best Practice path are closely linked to effective Lean initiatives. It is an integral part of continuous improvement programs, requires on-going education and training, depends on effective systems and processes, and especially requires effective leadership and culture, the focus of this article.

Much of Bill’s message in these articles is focused on leadership, motivation factors, and in creating a lean-enabling culture at the company. As Bill says, “Creating a Lean Organization that is strong and capable will be one of your greatest achievements.” The three parts are:

- **Part 1 - Self-Correction** – recovering from past failings; leadership characteristics of those who have succeeded in leading a Lean transformation at their companies.
- **Part 2 - Preparation** – This article discusses preparations before beginning your Lean process.
- **Part 3 - Execution** – Provides further practical recommendations and time-saving tips to ensure a smooth and efficient transition to Lean and World Class Excellence.



Part 2 – Topics include:

- **If Not NOW – When?**
- **Communication Your Vision**
- **Delegate & Empower**
- **Prepare Support**
- **Absolutely Never Punish for Lean Success**
- **How to Handle Extra People from Lean Successes**

If Not NOW, When?

There is never a "good time" to begin your Lean Journey. Often we hear managers tell us "well, as soon as we do this, that, or the other we will begin Lean". This is defeatist thinking. Now is as good a time as any other to begin saving money and being more efficient through Lean. No doubt you have dozens of projects, deadlines, and demands on your time but it is a bit like taking the time to put gas and oil in your car. You need both all of the time. Without gas you stop going forward and without oil you'll ruin your engine. Lean improvements give you what you need now and in the future to keep your business running at least side by side with your competitors, if not ahead of them. Without Lean you will eventually fall so far behind that there may be no way to re-enter the race. This is a fact of global competition. The entire world is going Lean. You must do it very soon. You must do it better than your competitors. And then you must go beyond Lean. (Going beyond Lean is a subject for another day.)

What that means in real terms is that you must commit to the following practices and traits discussed below before, during and after you begin your Lean journey. Committing to these practices before you officially begin your Lean transformation will set a distinct standard and build confidence in your leadership throughout the process.

Communicate Your Vision

As a Leader of Lean – you must publish it, talk about it, get your staff talking about it, create posters about it, roll your sleeves up and become part of it. Simply put, do whatever you need to do so there can be NO misunderstanding regarding your commitment to implementing Lean and expecting your team's success.

It has been said "In Boldness is Greatness". This is no time to be timid. Due to your position and legitimate authority people will generally get behind you and follow if you will show them where you are going. Failing to communicate your vision can easily bring about your downfall as a leader resulting in a lackluster or even a failed Lean implementation. The importance of communicating your vision often and with real conviction can not be overemphasized. Do it often, do it everywhere you go, and do it with passion.



Delegate & Empower

Lean is best accomplished with the talents and enthusiasm of many people. Before you begin and during your Lean implementation you must get as many people directly involved in the process as possible. We like to encourage managers to first seek volunteers for various responsibilities and then make or encourage assignments according to needs and skills.

Perhaps one of your maintenance supervisors would make a great TPM (Total Productive Maintenance) coordinator? Maybe a skilled, out-going operator with a good attitude could become a successful SMED (Single Minute Exchange of Die) champion? And so it goes.

When you give a little trust, encouragement, and accountability it will generally end in happy, motivated champions for your cause who will greatly multiply your effectiveness. It is also wise to never forget you have a stewardship to develop your people to someday replace you and other leaders as promotions, retirement, and other opportunities arise. Your Lean process will serve to illustrate where your talent base lies.

Prepare Support

As you are communicating your Lean vision, be sure to give fair warning and encouragement to your support staff at all levels. Very often improvement efforts need the support of maintenance crews, purchasing, facilities staff, and others.

Prime your staff to go out of their way to help any improvement efforts succeed. Make sure they know you expect their complete cooperation. If priorities are difficult to ascertain you will need to make the call.

Take the time to personally follow-up on situations where support is withheld for Lean initiatives. This single step will raise expectations and follow-through where it most needed.

Absolutely Never Punish For Lean Success

If you have never started a conversion to Lean you have a great opportunity to assess your staffing needs and make necessary adjustments (provided they are really necessary), before you begin your Lean transformation. If you are very heavily staffed and natural attrition will not resolve your bloated staffing issues, you must make your cuts quickly. In reality, you probably needed to get rid of some non-contributing dead-weight and lack-luster performers. Now is the time. Don't over do it as customers can always surprise you with orders beyond your ability to fulfill them, but take this action decisively if you must.

We are not advocates of cutting people in "the name of Lean", but if you know you must remove some excess workforce do it before you even mention the term "Lean Manufacturing".



Once you have stated your intention to transform to Lean you must also commit to a policy of only laying-off or terminating based on the following criteria:

- **Individual Performance** - The employee does not meet minimum company standards of performance and merits termination. This includes all the reasons you terminate any employee *except* saving labor dollars due to Lean improvements.
- **Market Performance** - If your company simply cannot sustain its workforce based on market changes i.e., loss of market share, obsolescence of your products, lack of sales, etc., then you might need to make some individual cuts to keep the company going as a whole.
- **Natural Attrition** - This is the primary method for reducing staff as needed in a Lean environment. People will retire, graduate from college, find other jobs, get sick, die, and basically move on in some way or another. Let them do it.

It is not uncommon to reduce your staff by about 1/4th to 1/3rd as you make a full transition to Lean. Be careful with these numbers. It takes time to allow attrition to trim a company by 1/3rd and it may never actually need to happen. Almost without exception when companies become Leaner they reduce lead-times, improve quality, and substantially increase on-time delivery. Any of these benefits may generate increased sales.

You may even wind-up hiring people to meet the demands of increased market share as your Lean efforts make your company more competitive. The hiring of a second, third, or fourth shift to deal with increased market share and rising demand is a great problem to have.

How to Handle Extra People from Lean Successes

Keeping excess staff employed when they're not needed is often difficult to justify to people who pay more attention to the bottom line than the overall and long-term needs of the company. Your Lean team may reduce the staffing needs of a particular operation or department by 5 or 10 people after a one week Kaizen Blitz (improvement event). In keeping with your "Never Punish for Lean" promise, what do you do with 5 or 10 extra people? Here are a few suggestions:

- **Volunteers:** Ask for volunteers to move to other areas that need their help. Using TOC "Theory of Constraints" rationale you may choose to use this excess labor capacity to off-load your major constraining process(s). Sometimes assignments to other areas must also be made.
- **Project Teams:** Form a project team out of the surplus employees to accomplish a stated goal like setting up a new work area, developing a product, cleaning up the plant, etc.
- **"Loaners":** "Lend" employees to sister companies, suppliers, and customers. All of these actions result in benefits to your company as well.



- **OJT:** Allow some "Job shadowing" to serve as on the job training and prepare back-up process experts.
- **Training:** Permit increased training opportunities to temporarily displaced workers and rotate who the "temporarily displaced workers" are. No one should be made to feel they are "on the bubble" for a layoff at any time.
- **Creative Scheduling:** Offer a shortened work week and/or rotate who gets to work the shorter weeks.
- **The Last Resort -** As a *last* resort ask for layoff volunteers if you have exhausted all other options and cannot foresee a need in the next several weeks or months for the surplus employees.

Remember, you cannot impose a layoff and keep people motivated to continue working on Lean improvement. If you have a successful lean initiative, resulting in extra people, who are then laid off – this will be the *end of your lean program*. You will have communicated clearly to people that if they participate in the lean initiatives you are leading, they can lose their jobs as a result.

There are in nearly every company a small handful of employees who would gladly accept a layoff for any number of personal reasons. Cautiously investigate this alternative only if absolutely needed.

It is always cheaper and a better long-term investment to keep a few extra people employed when you don't need them rather than layoff even one person and jeopardize losing the hearts, minds, passion, and creativity of everyone. The sense of security you give by committing to these practices will pay huge dividends even though it may seem like a leap of faith to abide by them.

We occasionally become aware of companies that periodically justify layoffs in the name of Lean Manufacturing. **This is a huge mistake and always hurts the overall success of the company.** Sure, corporate officers, shareholders, and others are demanding higher profit margins, but the temporary reduction in labor costs exponentially sacrifices the gains of an energized Lean team. Would you improve yourself out of a job?

Enthusiasm Is Contagious!

Lean is great fun and always challenging. You have the power to inspire your team from the onset. Take advantage of this truly exciting opportunity; you won't regret it.

Next – now that self-correction and preparations are completed, you are ready to move into action. In Part 3, we'll provide practical advice and time saving tips to ensure a smooth and efficient transition to Lean and World Class Excellence – true Best Practice company status.



Best Practice Q & A:

Question: “I have a real problem with all this touchy-feely stuff in business. Isn’t it the responsibility of management to tell people what to do, how to do it, kick butt if they don’t do what you want, and take responsibility for results? How does this square with “empowerment” and “inspiration?” Work is hard, seldom fun; don’t you have to *make* people work at their jobs?”

Answer: “I continue to be amazed at the durability of this illusion, the illusion of effective power over people. Even the US Army gave this model of leadership up decades ago, of how to manage people. Fear, and this is what we’re talking about here, puts people in business for themselves, since for sure, no one else is looking out for their interests. A friend of mine is on an 8 man rowing team. How well would the boat do if each man couldn’t trust the leadership of the coxswain, or the work of the other men?”

The Japanese, who gave the world the kamikaze, the ultimate in blind obedience, learned, however slowly, to honor their employees, to empower them, support them, and to pay very close attention to their morale. The man who had the most to do with this lesson was W. Edwards Deming, a serious Christian, who even composed religious music as an avocation. (see “W. Edwards Deming: The Story of a Truly Remarkable Person,” by Robert B. Austenfeld, Jr., p. 76)

There is no question that Deming’s value, based on his faith, shaped his views about how people should be empowered, supported and enabled to have real pride in their work – i.e., to *own* it. Read his 14 points and you’ll see these values clearly.

Does this make money; profits, growth, market share, etc.? Look at Toyota’s financial results to get a clue. Then look at GM’s, *still* in command and control mode – “kicking a__ and taking names.” Empowerment of your people is where the money is.