



PROACTION – Generating Best Practices

Effectively Leading Your Lean Manufacturing Transformation: Part 3

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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 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 3 – Topics include:

- **Start with Success**
- **Dentists, Consultants & Lean**
- **Support & Confront**
- **Focus on Primary Constraint(s)**
- **Establish the Expectation of Accountability**
- **Keep it Measurable**
- **Kaizen, Kaizen, Kaizen**
- **A Final Thought on Delegation**

Start With Success

When you are first starting your Lean transition it is not as important what you do as how you do it. The visual, cultural, and physical benefits that directly impact your team are more important than the project you have chosen. Clean up an area with 5S "Visual Workplace", or streamline a changeover process from hours to minutes with SMED "Single Minute Exchange of Die"; do something that will be widely noticed, relevant to your company's success, and inspirational.

In short, make it a certain success and do it quickly. Follow-up with another needed improvement very soon after your first big win. Starting with a highly visible success, that everyone can understand will build confidence, interest, and most importantly, enthusiasm that will pave the way for the bigger, more complex and subtle successes.

Dentists, Consultants, & Lean

When you have a tooth ache do you pull out your cordless drill, some cotton balls, melt down the family silver and fix it yourself? Not likely. You make an appointment with a professional and trust that they have the necessary tools and expertise to relieve your pain and suffering quickly and with much less discomfort than if you were to attempt a "do it yourself root canal".

Lean consultants are professionals who will help you energize and educate your staff, find and alleviate your "pain" very quickly and generally save you hundreds of thousands, even millions in your Lean transformation process. Each of our consulting team members has worked as full-time "regular employees" in companies as Lean change agents. As "regular employees" it took us months, even years, to accomplish what we now do in a few short weeks as consultants.

Make the most of a consultant by using only those that seem like a “good fit” for your company and that satisfy three major criteria:



- 1. Guarantee Results** - Generally speaking most consultants will guarantee (fee contingent), anywhere from two times to ten times ROI on their fees. They have a vested interest in helping you succeed very quickly.
- 2. Communicate Your Vision** - Make sure your consultants are promoting your vision of Lean and quote you often. They will go away when their job is done, but while they are serving you they should be extolling your wisdom and virtues as a true "Lean Visionary" for whom they are just doing what they were asked to do. Consultants need no glory.
- 3. Transfer Training/Expertise to Your Staff** - From the first conversation with prospective consultants you need to assess their commitment to transferring training to your staff. They should consider it of utmost importance that they help make Lean experts of your team and be prepared to discuss how long that will take. Hold them to it.

Consultants that attempt to "move-in" are wasting your time. Most managers can move at a snails pace perfectly well on their own, there's no need to pay someone to help you go slow. Along with attaining immediate visible and dramatic results, the relatively minor expense of consultants is easily justified through speed of implementing cost saving measures, creating momentum for change, and the dollars they generate.

It is virtually certain that you will spend and/or waste more money and time by not hiring consultants and choosing to go it alone. This is not for advertising purposes it is a well-documented fact. Once your Lean team matures you will rarely need or want consultants around with the exception of occasional "fresh eyes" to evaluate your progress and help you better focus your efforts.

Support & Confront

Support all improvement efforts even if they fail sometimes. We call this progress. To support, you must provide genuine encouragement and needed resources. Sometimes you will support the improvement efforts by allowing a team to work a Saturday on a special project, other times they will need to purchase a few items that improve a work area. You should constantly be asking the teams and your Lean champions "Is there anything I can do for you? Is there anything you need?"

The other side of this principle is to gently confront your teams and champions when they are clearly regressing toward the "old ways" or "non-lean" ways of doing things. We like to ask just enough questions to get people back on track without disrespecting anyone. Occasionally we have let teams fail in minor ways so they could learn. They always figure it out; you just have to give them the opportunity to do so. Judicious and genuine person to person as well as public praise is completely in order and will energize your teams. Most adults would rather bust their butts for a firm handshake and a straight in the eye "thank you, well done," than some token monetary or impersonal reward of any kind.



Focus On Primary Constraint(s)

We are constantly promoting the practice of focusing Lean efforts on major constraints. Improvements on critical limiting systems and processes should always yield great returns. Essentially, TOC, "Theory of Constraints" methodology of finding your greatest constraint(s) is a great place to begin after you have had a victory or two on the shop floor.

A plant-wide "constraint" is practically defined as the slowest operation keeping products from moving out the door to customers. In other words, it is the gating operation or process for the plant as a whole. Enlarging and improving this one will enable the entire plant to produce more, and thereby to sell more. If your plant is on backorder, or seen as slow to respond, you'll make friends in the marketing and sales team if you make improvements on a true plant-wide gating operation or process.

Understanding TOC and your Value Streams are great for identifying where you need to focus your Lean attention. It is best to prioritize your constraints often and work on the greatest constraints sequentially or sometimes concurrently. Generally we prefer attacking constraints one at a time and re-evaluating the system.

There are many "ripple effects" (benefits & problems) that come from improving a major constraint. Normally, the #1 constraint in any given plant will bounce around through a few areas landing on similar processes and or machines repeatedly until major issues are resolved. Revisit the biggest constraint wherever it lands every time you find it. This will make the greatest difference to your company's throughput.

Establish the Expectation of Accountability

You really need to keep your finger on the pulse of your Lean team and how the implementation efforts are going. Conduct weekly meetings to assess progress, support the efforts, and accept action items that only you can complete to facilitate the team's success. These will often feel like victory parties and provide needed encouragement to your teams. If they aren't too exciting and the results aren't very spectacular you may need to raise the bar on your expectations.

Allowing your team to set their own goals will generally result in the creation of challenging, but attainable stretch goals. Remember you are also accountable as to how you support your teams. Make sure you get feedback in these meetings regarding your performance as well and make any needed adjustments immediately. It's that whole learning by example thing. Likewise, you will eventually want to incorporate an individual's commitment to Lean improvements into your evaluation process for promotions, performance appraisals, and wage reviews. It should become a well-known fact that "Lean Equals Opportunity".



Keep it Measurable

Don't be too concerned about measuring every little detail of every process as it is not Lean to do so and it is largely a waste of time, not to mention frustrating for your teams. What everyone really needs to know is "did we reach our goal?" Whatever the goal is, that is a yes or no question. Don't over-complicate simple things.

We encourage production areas to use small white "status boards" to demonstrate goal attainment. Hourly stats are written in green if they are "at or above goal" and red if they are "below" the stated goal. This makes for a quick visual assessment and sheds light on needed improvements.

Kaizen, Kaizen, Kaizen

Many "Kaizen" or "Improvement Events" can be conducted at the same time in most companies. Generally, selecting 6 to 10 people from the area you are improving and its' internal customer/supplier operations, works very well without putting too much strain on your manufacturing system. Keep kaizen teams going in all facets of your operation from maintenance to office functions.

If your company is hurting for cash, focus your kaizens on inventory reduction (by-the-way, this is a great way to fund all of your Lean efforts). If you need greater capacity, focus kaizens on your major constraint(s). If you need more workspace focus on creating work cells and streamlining processes and so on. Unless you run a very small company, have extreme demands on your workforce, or absolutely cannot keep up with customer demand after all you can do, you should have at least one kaizen (improvement event), going on at all times once you begin your Lean journey.

If a continuous Kaizen mode is far too taxing on your system we encourage you to commit to an "every other week" or "one week a month" kaizen schedule as bare minimums. Support this effort religiously and broadcast achievements broadly.

A Final Thought on Delegation

The stresses of management are largely so intense because of a basic failure on the part of managers to adequately delegate authority and responsibility. Both authority and responsibility are needed or you have delegated nothing. The most successful managers we know are also the most outstanding delegators we have ever met. If you delegate out 80% of your responsibilities you are left with 20% that only you can fulfill for one reason or another. The 80% you have delegated must still be followed through on, and all the other "surprises" that require top level attention are still yours.



Delegation prepares leaders for future positions, develops skill sets, and multiplies your effectiveness many fold. If there is any hope for sanity in accomplishing the tasks of running a company it will come from developing your team through a considerable amount of delegation.

A Lean implementation is always best accomplished through top-down leadership with a solid vision of what needs to happen, and then communicate that vision, and trust people enough to empower them through delegation. You can do it, but you can't do it alone.

Part 3 is the concluding portion of our extended article on Lean management, by Bill Hanover. We hope you have found it insightful and of value to you in your Best Practice quest.

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Best Practice Q & A:

Question: "I keep hearing from Lean enthusiasts that no software is needed for Lean success, that MRP/ERP is 'obsolete.' What's going on here? How do I sort this out?"

Answer: "As with so many things, there is some truth, but not the whole truth, with these assertions. The featured white papers below offer additional insight. We can summarize with some key points and example:

- The actual lean process itself, close in, on the shop floor, is not software based. Visual signaling systems, Kanbans, for example, in their simplest form are just cards on containers, or even less, such as an empty space or shelf.
- The Lean thinking process, of eliminating non-value added steps, eliminating waste, reducing cycle times, SMED, and other improvements are also not software.



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- Knowing and communicating inventory; a system of record – requires a good, well implemented ERP system; software.
 - Maintaining customer, vendor, product data and financial information, required for compliance under any requirements – all require a “system of record” – i.e., an ERP system.
 - Longer-range planning – beyond current demand – requires MRP-like logic, i.e., software.
 - Global supply chain operations – synchronizing and optimizing demand/supply; transportation & logistics, vendor costs, etc – all require software to do well.
 - Performing measurements beyond local, work center level information – requires a good, well-implemented ERP system.
 - Making your products available on a customer facing web site – requires software.
 - Vendor collaboration – requires software and a supplier-facing web portal.

See the pattern here? Software, i.e., ERP and other systems not only maintain data, but use it to perform a wide variety of critical tasks that are beyond the inherent short-term of most lean, kaizen, and 6 Sigma efforts. Note also the words “well-implemented.” Most complaints about ERP stem from poor implementations, not because the software is inherently a “bad idea” or is somehow obsolete.