

Lean Leadership for a Lean Transformation

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What Is a Leader?

Peter Drucker, the management writer, was once asked why he never wrote about leadership:

“Stalin, Hitler, and Mao were the great leaders of the 20th century. If this is what is meant by leadership, I don’t want anything to do with it.”

And surely we agree.

What Is a Leader?

Yet many executives still have a “dictator” image of organizational leadership: “Do what I say!”

While many have an opposite, “empowerment” image: “Do it your way.”

Which is actually the same as the management by objectives (MBO) leader: “I don’t care how you do it; just make your numbers!” (“Here’s your dashboard with your metrics showing the results you need to achieve.”)

What Is a Lean Leader?

By contrast, the lean leader says, “Let’s figure this out together.”

“Let me ask you some questions about your objectives, your value streams, and your way of problem solving; about your purpose, your processes, and your people.”

The Logic Behind Lean Leadership

- Organizations flourish by solving their customers' problems.
- They do this by providing the value customers seek.
- All value created for any customer is the result of a process (value stream.)

The Logic Behind Lean Leadership

- The three primary processes touching customers:
 - ✓ Product and process development.
 - ✓ Fulfillment from order through production to delivery.
 - ✓ Support of the customer through the life cycle of products.
- Innumerable internal “support” processes: hiring, training, accounting, improving, etc.

The Logic Behind Lean Leadership

- A process produces exactly what it is capable of producing (to paraphrase Dr. Deming.)
- The lean leader therefore focuses on the process and the means of improving it rather than the results.
- ✓ “If the process is right, the results will be right; if the process is wrong and the managers don’t know how to fix it, no amount of incentives will make any difference.”

The Logic Behind Lean Leadership

- All processes are installed, operated, sustained, and improved by people.
- Everyone touching a value stream needs to be engaged in steady state operation and steady improvement.
- The best way to engage people is by:
 - ✓ Assigning them responsibility.
 - ✓ Making everything visual.
 - ✓ Asking lots of questions! (But don't give answers!)

Three Keys Methods of Lean Leaders

- **Go see:**
 - ✓ Go to the gemba where value is created.
 - ✓ Turn data into facts through direct observation.
- **Ask why:**
 - ✓ “Why is there a problem?” (“No problem is a problem.”)
 - ✓ “Why do you think this is the best solution?”
- **Show respect:**
 - ✓ By assigning clear responsibility for every problem.
 - ✓ By asking insightful questions about employees’ work.

Where Does a Lean Leader Start?

- Perhaps you should begin by changing your culture?
- ✓ Our consistent finding: It's easier to act your way to lean thinking than to think your way to lean acting!
- It's far better to begin by changing your behavior as a leader.

Where Does a Lean Leader Start?

- Lean leaders can emerge from many levels of the organization: CEO, business unit head, function head, product line leader, plant manager, even area manager.
- Tackle whatever you can take responsibility for!
- All value flows horizontally across organizations toward the customer but all organizations are vertical and grant authority vertically. (“My department; my plant; my area.”)
- Challenge authority by taking responsibility!

What Does a Lean Leader Do?

- Asks about customer purpose: “What problem does our customer want us to solve?”
- Asks about the current gap between what the customer wants and the organization can deliver.
- Identifies the value streams (processes) that need to provide the desired value.

What Does a Lean Leader Do?

- Makes someone responsible for each value stream.
- Asks about the problems with the current state.
- Asks about a better future state.
- Asks who must do what when in order to transition from the current state to the future state.
- Asks what the evidence will be that the problem is solved.

What Tools Does a Lean Leader Employ?

- Strategy deployment (or policy management or hoshin kanri or whatever term you prefer for your planning process.)
- A3 analysis.
- Standard work with standard management.

Strategy Deployment

- Determining organizational purpose by reaching agreement on what the customer really wants and what the organization really needs.
- ✓ Hint: Customers today often want organizations to solve their problems rather than push isolated goods & services.
- ✓ Observation: Most organizations run “assets backwards”; want to solve problems the organization is configured to solve rather than problems the customer wants solved.
- ✓ Hint: Doing wrong thing the “lean” way leads to failure!
- ✓ Observation: Key role for the lean leader is to insist that existing assets and mindsets must change dramatically.

Strategy Deployment

- Reaching agreement on who needs to do what when to achieve customer and organizational purpose.
- De-selecting actions which are nice but not necessary.
- ✓ Most organizations start too many initiatives and try to solve too many problems at once.

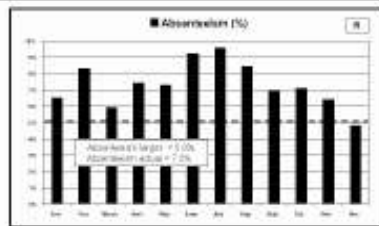
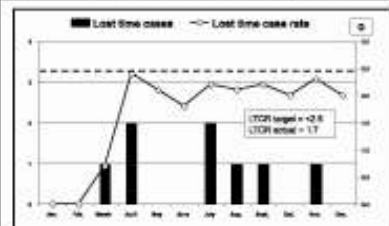
A3 Analysis

- Toyota's brilliant problem solving method for any organizational problem.
- ✓ Starts by asking what the problem is.
- ✓ Asks about current state of process causing the problem.
- ✓ Asks about a better future state process which could solve the problem.
- ✓ Asks who will do what when to transition from the current to the existing process.
- ✓ Asks what will indicate the problem has been solved.

A3 Analysis

- An elegant and practical application of Dr. Deming's Plan Do Check Act cycle to permit "management by science."
- Largely worthless without the lean leader's thought process behind it: Go see. Ask why. Show respect.
- The point of A3 analysis is the intense dialogue between the manager (the sensei) and his or her employees (the deshi) to truly understand and solve problems. A3 without intense dialogue = wallpaper!
- The key to organizational learning!

Performance, gaps, and targets



Last year: LTCR target = 2.0
LTCR actual = 1.7

Last year: Absenteeism target = 5.0%
Absenteeism actual = 7.2%

This year: LTCR target = 2.0

This year: Absenteeism target = 5.0%

Reflection on last year's activities

Activity	Rating	Key results / issues
Implemented observation-based safety (OBS)	G	Fewer incidents; more involvement
Implemented "Three Strikes" program	R	Did we communicate well?
Turnover-reduction plan	R	Targets: hourly = 5%; salary = 5% Actuals: hourly = 6.8%; salary = 11.2%
Problem-solving training	R	Target: All group leaders certified Actual: four of 17 certified Training was "waste of time"

Analysis / Justification to this year's activities

We're losing key people. Exit interviews cite overtime, anxiety over future, and heat in summer. Absenteeism causes of production loss. Three Strikes policy badly planned. (GL involvement?) Observation-based safety involved employees. How to leverage? This year we need to:

- 1) Relaunch Three Strikes policy. Involve group leaders up front.
- 2) Use OBS as conduit for broader team member involvement and problem-solving.
- 3) Reduce overtime through kaizen and communicate clear direction to reduce turnover.
- 4) Teach and apply a simpler problem-solving process.

Signatures:

This year's action plan

Goals	Activities	J	F	M	A	M	J	J	A	S	O	N	D
A. Relaunch Three Strikes Program Targets All GLs and TLs certified by Sept. 30	1. Feedback sessions with GLs and TLs 2. Adjust training and implementation plan 3. Pilot new training; adjust per feedback 4. Full implementation												
B. Strengthen Involvement through OBS Targets 20 audits/GL/month	1. Expand training to all departments 2. Set up OBS boards in each shop 3. Teach problem-solving to core OBS members 4. Extend problem-solving training												
C. Reduce turnover 25% through communication (Focus: business plan) Targets One Town Hall per month Communication boards in all departments	1. Communication boards in all departments 2. Post A3 strategies and monthly dashboard 3. Strengthen Town Hall meeting 4. Ensure kaizen events target overtime reduction												
D. Teach and apply simple problem-solving process	1. Identify different problem-solving approaches 2. Pilot training and adjust per feedback 3. Train all TLs and above 4. Develop support processes (database, etc.)												

Followup / Unresolved issues

1. Need to improve Hot Work plan for hot summer months.
2. Need to generate sense of optimism about plant's future.
3. Three Strikes program may result in termination of repeat offenders. — Monitor for morale effect.

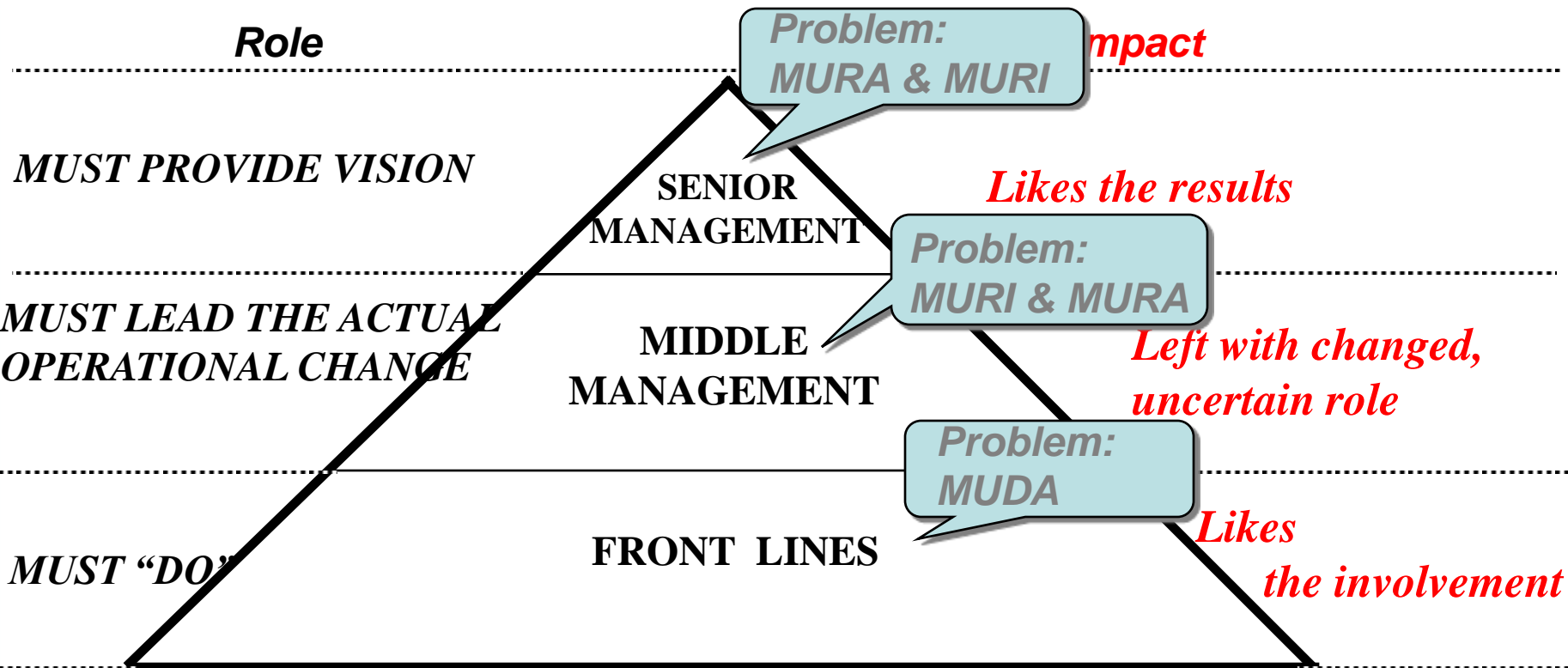
Standard Work

- Standard work requires dialogue with everyone touching a process to agree on the best currently known way to operate it.
- Objective is for every step in the process to be capable and available so it is stable, eliminating the mura and muri that cause muda.
- Requires visual control so everyone can see the state of the process and whether anything is abnormal.

Standard Management

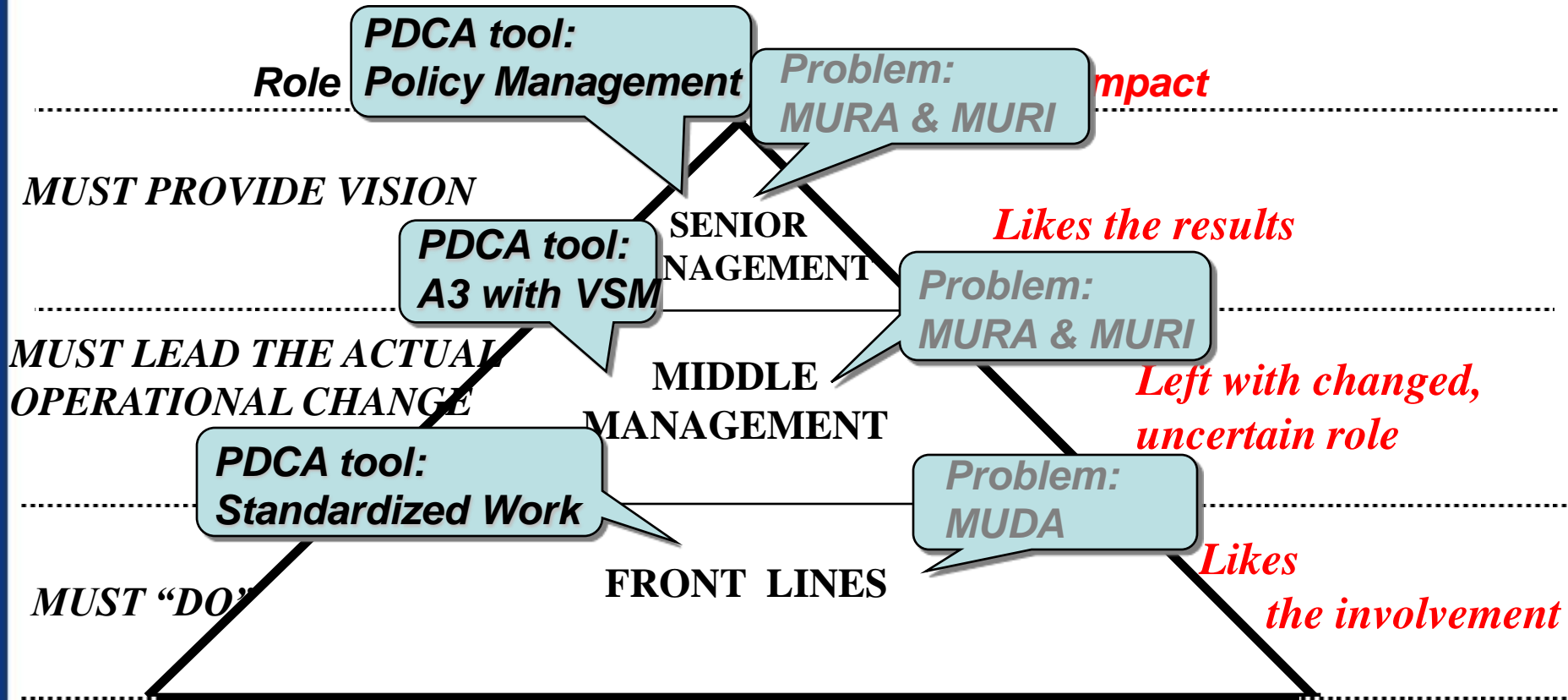
- Monitoring every process on a steady cadence and asking why whenever anything is not operating to standard.
- Most organizations find strategy deployment and A3 easier and more attractive than standard work and standard management!

Lean Leadership at Different Levels



Senior levels must create stability and provide resources

PDCA Tools for Each Level



Define mid-management's role and provide tools and support

Lean Leadership in Summary

- No organization spontaneously becomes lean!
- Transformational management by lean leaders is always required.
- Starts with someone who says “the future will be different (and better) from the past because of me.” (Maybe you are in this room today?)
- Easiest at the top but can begin anywhere.
- Takes a determination to go see, ask questions, and show respect.
- Not a program but a new way of behaving!
- Takes courage and five years to see through.