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Lean Management

The Realities of Lean

- Implementing Lean is the easy part – sustaining those changes is what's hard.
- A crisis may be the best way to get people to understand the need for change, but it is a very poor way to run daily operations.
- Implementing Lean reveals problems and internalizing policies for corrective action, but it does not ensure that everyone continuously works on these problems.
- Lean Manufacturing relies on the involvement of everyone and Kaizen Events alone will simply take too long to involve everyone.

Why 9 out of 10 Companies Fail to Implement



More often than not, corporate culture predicts the outcomes and results – e.g. Execution Success!

The Realities of Kaizen

- Continuous improvement never seems to be continuous.
- People resist change and this mindset will cause people to backslide and abandon improvement.
- Supervisors and managers often leave improvement until after “making the numbers.”
- People typically rely on others for improvements.
- Even when people want to improve they don't have improvement skills.
- Companies tend to rely on Kaizen Events to make even small changes.

Lean Enterprise Institute 2007 Lean Survey

- 2,500 respondents

- Top three obstacles to implementing lean production

- 1) Middle management resistance

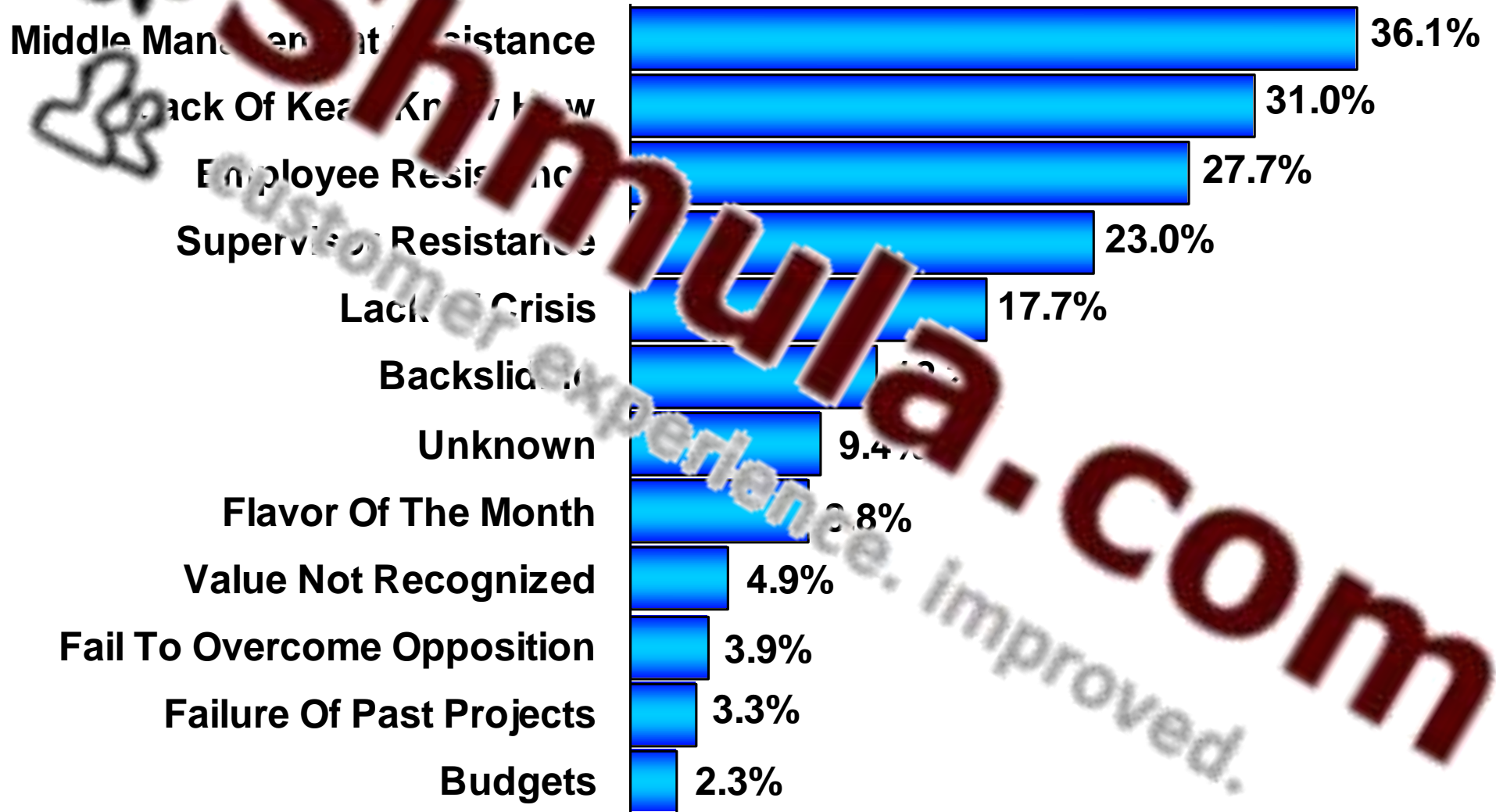
- Lean exposes problems in traditional systems, which often is threatening to middle managers

- 2) Lack of implementation know-how

- 3) Employee resistance

- Backsliding to old ways of working dropped from #1 to #6

Obstacles to Lean Implementation



Lean Management

- Lean management practices like all other aspects of lean. Concepts easy to grasp, difficult to consistently execute
- Organizational culture either enables or inhibits change.
- Typical “brownie” lean transformation, 20 percent or less involves physical change.
- To successfully implement lean management the organization must “extinguish” existing practices that do not support lean practices.

Lean Management \equiv Process Focus

- Conventional Management Process

- Goals: Did we make the schedule?
- Process : Set up and hold many meetings to discuss problems

- Occasionally go on the floor with operators

- Lean Management Process

- Get rid of the “do whatever it takes” approach
- Focuses on the process as well as the results

- Create metrics that measure the effectiveness of the process as well as the results

Principal Elements of Lean Management

Element	Key Characteristics
Visual Controls	Charts and other visual tools are used for tracking actual vs. expected performance for production and non-production processes alike.
Daily Accountability Process	A hierarchical, short, structured meetings to assess results, assign follow up to close performance gaps and review current status of existing work assignments.
Leader Standard Work	Daily, weekly, monthly, etc. checklists that state explicit expectations for what it means to follow the process.
Discipline	Consistently following and following up on adherence to lean processes including the first three elements.

Secondary Elements of Lean Management

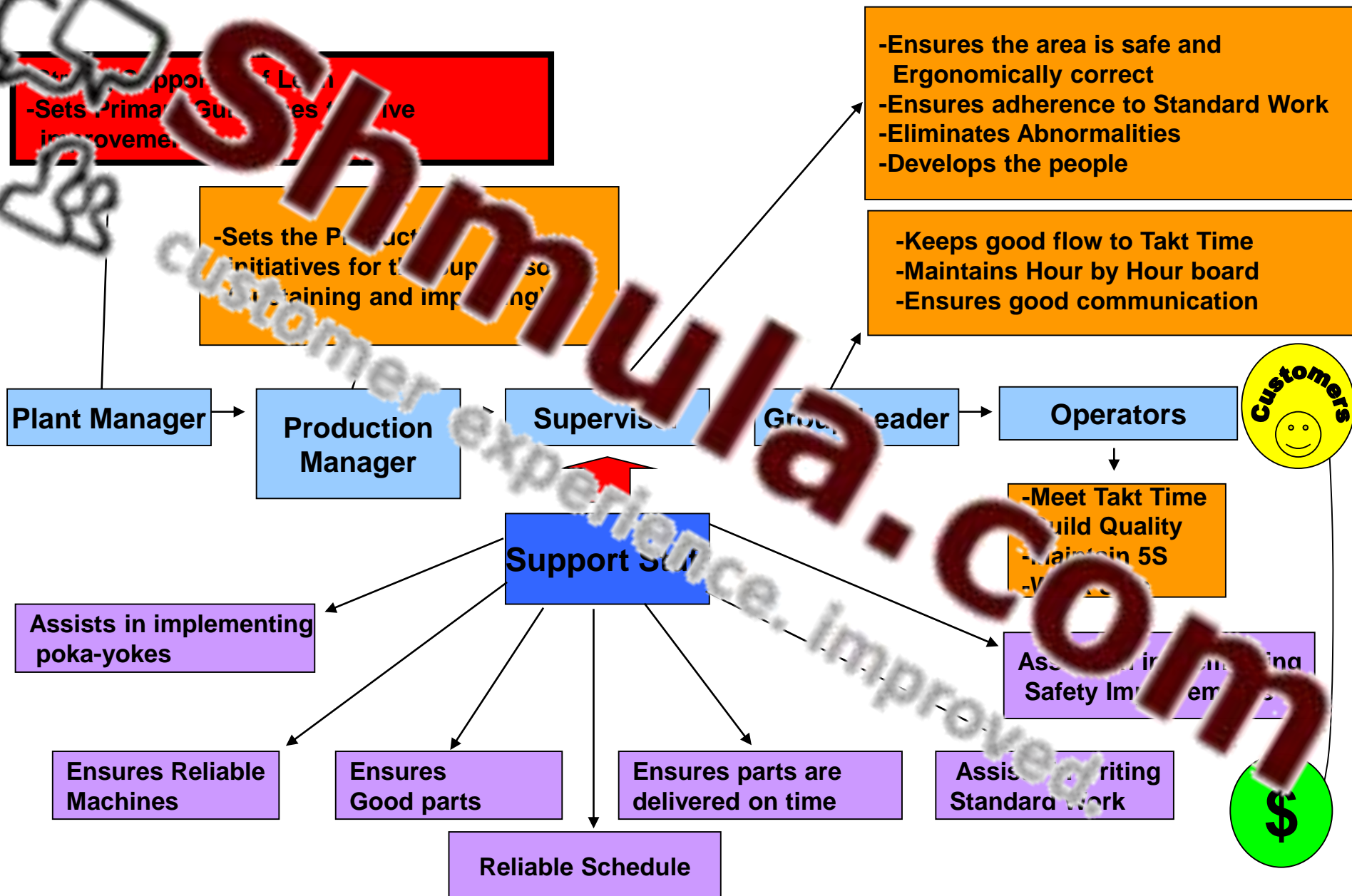
Element	Key Characteristics
Root Cause Analysis	Focus on eliminating the causes of problems rather than settling for workarounds.
Progressive Discipline In A Lean Environment	Applying discipline for performance as well as for conduct as a source of support for expected performance in a lean environment.
Rapid Response System	“911 system”. Summoning help from support groups and management. Relationships between support groups and production areas are a critical factor.
Improvement Process	Management of Improvement activities that extend the scope of the daily task assignment boards.
Human Resource Policies	Management compensation plans, hourly classifications and pay grades, job rotation, problem performers, schedules, communications, etc.



Lean Leadership: Managing for Daily Improvement

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Lean Leadership Responsibilities



Define Leadership Effectiveness?



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Lean Leadership Effectiveness:

- Lean Principles:
 - Focus on customer value
 - Implement continuous improvement taking small steps
 - Strive for the goal of perfection
- Visual Management:
 - Implement, sustain and improve 5S
 - Use SQDC metrics to drive improvement
- Lead Leadership Organization:
 - Follow Leader Standard Work
- Process Effectiveness:
 - Institute Work Management & Accountability:
 - Focus Root Cause Problem Solving
- Organizational Development:
 - Standardize Processes & Develop Skills
 - Create Work Teams
- Change Management:
 - Communicate, Communicate, Communicate

Focus on Customer Value

- Only the customer can define value.
- Value is only meaningful when expressed in terms of goods/services which meet customer's needs at a specific time at a specific price.
- Value is defined in terms of the whole product—the entire chain of events in the process of acquiring and utilizing the product.
- Cost is a critical element in defining value.

Focus on Lean Principles.

Implement Flow, Pull & Takt

- The principles of flow, pull and takt must be implemented to surface wastes and abnormalities.
- Disruptions to flow are a sure sign of waste.
- Pull and takt facilitate flow.
- When leaders are distracted and oblivious to flow, processes become wasteful.

Focus on Lean Principles.

Strive for Perfection

- “Perfection” must be the long term goal for the operation.
- Never accept a current or targeted level of performance as being “best”.
- “Best” is the enemy of “better”.
- Perfection is never attained; there is always additional opportunity.
- Incremental goals towards improvement keep the organization stretching its capabilities, innovating and continuously improving.

Drive continuous improvement.

Implement, Sustain And Improve 5S

- 5S is a “lean giveaway” of operational efficacy.
 - An unorganized workplace is an unsafe workplace.
 - An unorganized workplace is plagued with waste!
 - An unorganized workplace is a sign of reactive managing!
- 5S is a core capability for successful Lean Transformations.
- 5S builds the necessary discipline for lean through organization.
 - A place for everything and everything in its place.

5S is a core capability within lean.

Use SQDC Metrics To Drive Improvement

- SQDC performance metrics must be used to drive focus and problem solving.
- The boards must be meaningful, up-to-date and understood by everyone.
- Long-term trends must be responsive.
- Countermeasures must be developed for top causes of performance misses and permanent solutions must be implemented.

***Require robust SQDC metrics
and countermeasures.***

Follow Leader Standard Work

- Management standard work shows what to do and what not to do
- Management's priorities are to 1) ensure that processes run as designed and 2) continuously improve processes
- Management Standard Work must include coverage of visual controls, work management and review of subordinate's standard work

Utilize Leader Standard Work.

Institute Work Management & Accountability

- Learn focus on maintaining and improving the process
- Leaders have two areas of focus:
 - 1) Running the business (today's goals, yesterday's results, special items)
 - 2) Improving the business
- Basic project management process is used:
 - 1) Assessment of conditions
 - 2) Assignment of tasks
 - 3) Follow-up on results

Develop and implement basic project management processes.

Focus on Root Cause Problem Solving

- Root cause problem solving requires a new way of thinking and different expectations of management
- Problem solving requires time, effort and skill to determine and correct root causes.
- Problem-solving is mandatory for long term improvement.

***Develop and teach
problem solving skills.***

Standardize Processes & Develop Skills

- Leaders are ultimately responsible for creating, implementing and sustaining Standard Work.
- Without Standard Work, safety, quality, deliver and cost will be inconsistent.
- Management must promote development of the operators.
- An active cross-training program is critical for flexibility and labor planning.

***Institute Standard Work and
develop operators.***

Create Work Teams

- Teams work together towards a common goal.
- All members contribute to the team's performance and are accountable.
- Being called a team does not make a team.
- Problem solving requires time, effort and skill to determine and correct root causes.
- Problem-solving is mandatory for long term improvement.

Form and coach natural work teams.

Communicate, Communicate, Communicate

- You must be able to talk with factual information and data in order to be a good communicator.
- You must also have a personable touch when communicating with so many different types of personalities.

Demonstrate strong communication skills.

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