Lean Change Management

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- Co-author of The Gold Mine
- Doctorate in Theory of Knowledge
- Have studied lean transformation for 15 years
- Many try, few succeed. Those who succeed do so spectacularly
Lean change management

1. What is a lean transformation?

2. Is there a “lean” theory of change?

3. Sustaining lean implementation

4. Leaning lean programs
Lean construction
Lean construction
Lean construction

Don’t apply    So-so    Try hard

Excellence Systems Group
Consultants
Lean transformation

- **Sustainable results:**
  - Increase market share through customer satisfaction
  - Increase OTD, decrease stocks
  - Increase productivity, decrease non-quality
  - Increase innovation, lower overall capex

- By using the lean method

- In developing lean thinking in every employee

- To forge a lean business culture
What is so special with lean?

Lean is the first management method to focus explicitly on knowledge creation.

Lean aims at organising the flow of problem solving (knowledge creation) as well as the flow of work to produce parts or services.
Lean transformation in practice

1. Stretch targets on key indicators

2. Creating and maintaining Just-in-time conditions

3. Developing employees by teaching them to solve problems all the time and improve their own processes

4. Improve operations, improve processes, improve product quality
Stretch targets

- In two years:
  - 0 accidents
  - 50% reduction in quality complaints
  - 100% customer service
  - 30% direct labour productivity
  - 50% inventory reduction
Just-in-time conditions

- Levelled production plan in volume and mix
- Pull system with kanban cards for frequent withdrawal
- No defective parts delivered to the next process (red bin process)
- Reactivity on every late kanban card (team leader, supervisor, management): immediate countermeasure and root cause analysis
- Kanban cards are reduced every month: reduce batch size, increase reliability (manpower, machine, material, method)
Develop and involve employees

- Reveal problems by making standards visible

- Teach people to get back in Just-in-time conditions immediately

- Then ask ‘why?’ until the root cause is apparent and the process can be improved

- Train management to teach operators to recognize waste and make suggestions

- Involve workers in improving their own workstations
Better thinking, better products

- By visualizing production, one “clears the window” and reveals problems.

- The first problems to be solved are operator issues: training, understanding, practice.

- Then manufacturing problems can be resolved: better equipment, more reliable components.

- Which reveals opportunities for improving the design of the products, and lasting competitive advantage.
Lean culture

- Management goes to the real place (shop floor, customer, supplier) to see for themselves

- Clarifies the problem, the purpose of the kaizen and its targets (customer satisfaction, waste reduction)

- The management line solves its own problems by responding rapidly to abnormal situations, with expert help if necessary

- Workers are involved in the improvement of their work environment - all difficulties are taken seriously
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Change in the lean sense

1. Changing production frequently - the aim is to fit production to demand by making products 1x1 in sequence

2. Continuous improvement of workstations, production processes and products

3. Successful Start Of production for new products
Lean’s theory of change

- Change is supported by knowledge

- Knowledge is the result of individual responsibility to solve problems in teams

- Problems are defined as a gap between actual conditions and standards

- Standardized work/Kaizen is the key lean driver to change

- Global change is the result of individual change
Lean’s theory of learning

1. People learn from their bosses

2. People learn by doing

3. People learn by confronting their opinions to other’s perspectives

4. People learn by self-measuring

5. You only learn when you discover something you believed in is wrong!
People learn from their bosses

- For most people work relationships are overwhelmingly asymmetrical
- In lean, hierarchies are seen as knowledge concentrations
- Lean managers are required to be teachers first, managers second (70% teaching, 30% fire-fighting)
- The boss helps to grasp the problem and set targets, but never specifies what to do
- Bosses must treat people as individuals, let them know how they’re doing and be careful not to let them down
Learning by doing

- ‘Just do it’ is the first learning step, riding a bicycle is not the same as having a theory about riding a bike

- Trial-and-error works if the hypothesis being tested is clear, and if test results are properly interpreted (PDCA)

- Learning occurs through tackling typical problems and typical solutions several times in a row - kaizen events are a great learning tool if standard methods are used

- Learning to solve unstructured problems is more demanding: A3 management is a coaching mechanism
Confronting opinions

- Wise men change their ways: learning occurs when realize we are wrong (50% of the time). Unfortunately the brain’s main job is to tell us we are right, no matter how wrong we are.

- Most groups are only comfortable discussing information that is already in common (it’s safe) - the challenge is in sharing information that one person knows and not others.

- Conflicting opinions should be debated in an environment defined by common purpose: understanding the problem is more fruitful than debating solutions.
Self-measurement

- What gets measured gets done - self-measurement is the key to individual learning (as opposed to assessment by bosses, staff specialists).

- To self-measure, simple indicators must be created at work level (visual indicators if can be) - agreed with senior executives.

- Action is seen in lean as a working hypothesis.

- Check is planned in the Plan phase of Plan-Do-Check-Act.
The hard part

You only learn when you discover that something you believed in is wrong!
The hard part

- Lean discussion only happen at the Gemba: real place, real people, real things
- Data is important, but in lean, the focus is on facts
- Every tool has to make sense for the operators
- Every one, every day need to solve their own problems
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Sustaining lean implementation

Lean sustains itself the moment senior managers realise lean is a management system based on learning

“Leaning” (turning waste into work) comes from continuously producing knowledge (about people, processes and products) with every part produced
The lean revolution

- Knowledge is produced by the management line, not just by staff structures (less specialist departments, more real experts without staff)

- Managers are teachers

- Organization reflects knowledge accumulation

- Managers don’t manage the process - the pull system does - they manage gaps to standard
Only the CEO can

- Go to visit every department regularly

- Make sure that people are doing what they’re trained to do - and are properly trained by their own management

- Challenge employees on what they should do, rather than what they can do, and sustain the kaizen spirit

- Clarify problem understanding and pull the management “andon” chord if they see an issue to large to be dealt with locally

- Make sure that “bad news first” - anyone can mention any problem
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The problem

- To be successful, lean programs should be run in a lean perspective, rather than trying to implement lean through a traditional “change” program mindset.

- This can be a problem as the people in charge of program deployment are typically not lean experts, and vice-versa.

- Lean programs should be lean - touch a greater number of people with a minimum of dedicated lean guys: no “lean office” (or a small one!)
Change your mind

A lean program is an executive development program for operational managers: coaching a football team, not building an edifice
Suggestions for lean programs

- The CEO visits all the sites all the time, and looks at problems and kaizen efforts
- Managers must involve themselves in kaizen events personally
- Site managers are answerable to the CEO for the budget-level results on their indicators, and for obtaining these results in a lean way
- The lean program manager must report straight to the CEO. He/she doesn’t have a department, but one full time correspondent by site
Suggestions for lean programs

- Site managers must meet regularly on the shop floor to compare results and experiments - and share difficulties.

- The CEO sets the challenges per site, and the lean manager teaches the method rigorously.

- The site lean expert runs kaizen events as training sessions to teach the tools correctly to the middle-management.

- The lean manager must make sure the kaizen rhythm is respected in all sites, and that results are consistent with targets.
Sustainability tips

- Don’t give them the tools - help them build them by themselves (with a nudge if they can’t do it)

- Use the PDCA relentlessly - build a check mechanism with every tool implemented

- Define the management reaction loop from the operator to the plant manager for every tool implemented
Making it stick

Lean transformation *is* lean management

Every cycle should bring us towards a leaner organization, leaner processes, and leaner products: transforming waste into work