

Lean Management and the Role of Lean Leadership

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Lean Management and the Role of Lean Leadership



James P. Womack
Lean Enterprise Institute
Founder and Chairman



John Shook
Lean Enterprise Institute
Senior Advisor



Webinar “Housekeeping” Tips

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Webinar “Housekeeping” Tips

Asking questions

- Use the “question” box in the lower left corner
- Submit questions as they occur to you by typing in the box, then click submit
- Questions will be answered during the Q&A session at the end of the presentation.



Question and Answer

We will do our best to answer as many questions as possible in the allotted time.

Answers to the questions that we cannot get to during the webinar will be answered on our website soon.

We will notify you when they are available.





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Today's Speakers



James P. Womack, Ph.D.

- founder and chairman of the Lean Enterprise Institute, a nonprofit training, publishing, and research organization founded in 1997 to help companies create value and eliminate waste.

Co-author of:

The Machine That Changed the World (Macmillan/Rawson Associates, 1990)

Lean Thinking (Simon & Schuster, 1996)

Seeing The Whole: mapping the extended value stream (Lean Enterprise Institute, 2001)

Lean Solutions (Simon & Schuster, 2005)



Every Organization Must Address

- Purpose – Provide value to customers in order to prosper.
- Process – Through smoothly flowing value streams for design, make, and use.
- People – By engaging every employee touching value streams (including support streams) to sustain and improve the flow.

Most Organizations Struggle

- Purpose is not clearly defined in terms of solving the customer's problems.
- Processes are not clearly specified.
- People are not engaged in optimizing the whole value stream rather than the point where they work.

Lean Management

- Addresses the purpose problem by identifying product family value streams for specific customers:
 - ✓ Makes value easier to specify.
 - ✓ Makes the flow of value easier to see.

Lean Management

- Addresses the process problem by assigning a leader to each value stream:
 - ✓ Makes current condition of entire process clear to everyone.
 - ✓ Proposes a better “future state” process and takes responsibility for implementing it.
 - ✓ Makes condition of the new “current state” clear to everyone.
 - ✓ Proposes a still better “future state”. Etc.

Vertical Versus Horizontal

- Most organizations place the organization chart and assets in the foreground:
 - ✓ Managers think vertically to optimize their area, department, or function.
 - ✓ Horizontal flow of value to customer easily gets lost.

Horizontal Versus Vertical

- Lean management places the horizontal flow of value in the foreground:
 - ✓ Lean managers think horizontally, with the help of value stream leaders. However...
 - ✓ Functions are still strong (or even stronger):
 - Repositories of deep technical knowledge
 - Home base for employees
 - Guardians of career paths

During Lean Transformation

- Some organizations:
 - ✓ Create dedicated product/value-stream teams.
 - ✓ Dramatically lessen role of their functions.
- Other organizations (including Toyota):
 - ✓ Create strong horizontal advocates for product (e.g., Toyota chief engineer.)
 - ✓ Create even stronger functions, focusing on knowledge capture and career paths.

The Matrix Problem

- If the primary focus in a lean organization is the horizontal flow of value, as overseen by a responsible person, yet there are strong functions...
- How do those doing the actual work in the functions avoid the dreaded “two boss” problem?
 - ✓ By negotiations between the value stream leader and the function ahead about what is needed from the function to support the product.
 - ✓ The employee has only one boss: the function head.

Lean Thinking

Five step approach:

- Find a change agent.
- Find a sensei (to get the knowledge.)
- Seize or create the crisis.
- Map your value streams.
- Get started on creating better value streams.

But...how do lean leaders lead this process?





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John Shook

- senior advisor to the Lean Enterprise Institute; learned lean while working for ten years at Toyota, helping to transfer its production, engineering, and management systems from Japan to overseas affiliates and suppliers.

- first American employee at Toyota's headquarters in Toyota City, Japan
- first American kacho (manager) at Toyota Japan
- former deputy general manager of the Toyota Supplier Support Center
- former director of the University of Michigan's Japan Technology Management Program
- co-author of *Learning to See* (Lean Enterprise Institute, 1999)



First, a note on “What is *Lean*”?

Narrow definition

- tools
- cost cutting

Broader definition

- thinking, systematic
- entire enterprise, business system



Second, a note on “What is Leadership”?

Peter Drucker on Leadership:

“The greatest leaders of the 20th century were Hitler, Stalin and Mao: If that is “leadership”, I want nothing to do with it.”



The leader's job at Toyota...

First, get each person to take initiative to solve problems and improve his or her job.

Second, ensure that each person's job is aligned to provide value for the customer and prosperity for the company.



The Toyota Production System

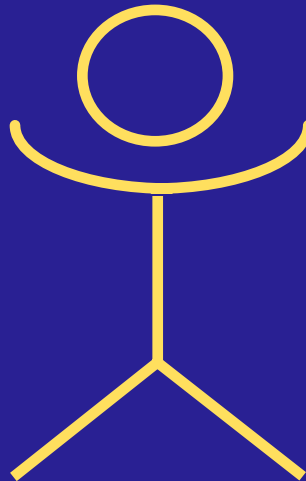
Best Quality - Lowest Cost - Shortest Lead Time
Through Shortening the Production Flow By Eliminating Waste

Just in Time

“The right part
at the right time
in the right amount”

- Continuous Flow
- Pull System
- Takt Time

HEIJUNKA



Jidoka

“Built-in Quality”

- Automatic Machine Stop
- Fixed Position Line Stop
- Error Proofing
- Visual Control
- Labor-Machine Efficiency

*Production Lines
That Stop for
Abnormalities*

Standardized Work and Kaizen

Mutual Trust; Employee Development
Stability; TPM; 5S

Robust Products and Processes
Supplier Involvement





April 30, 1984

Toyota Motor Corporation



Kan Higashi to Gary Convis...

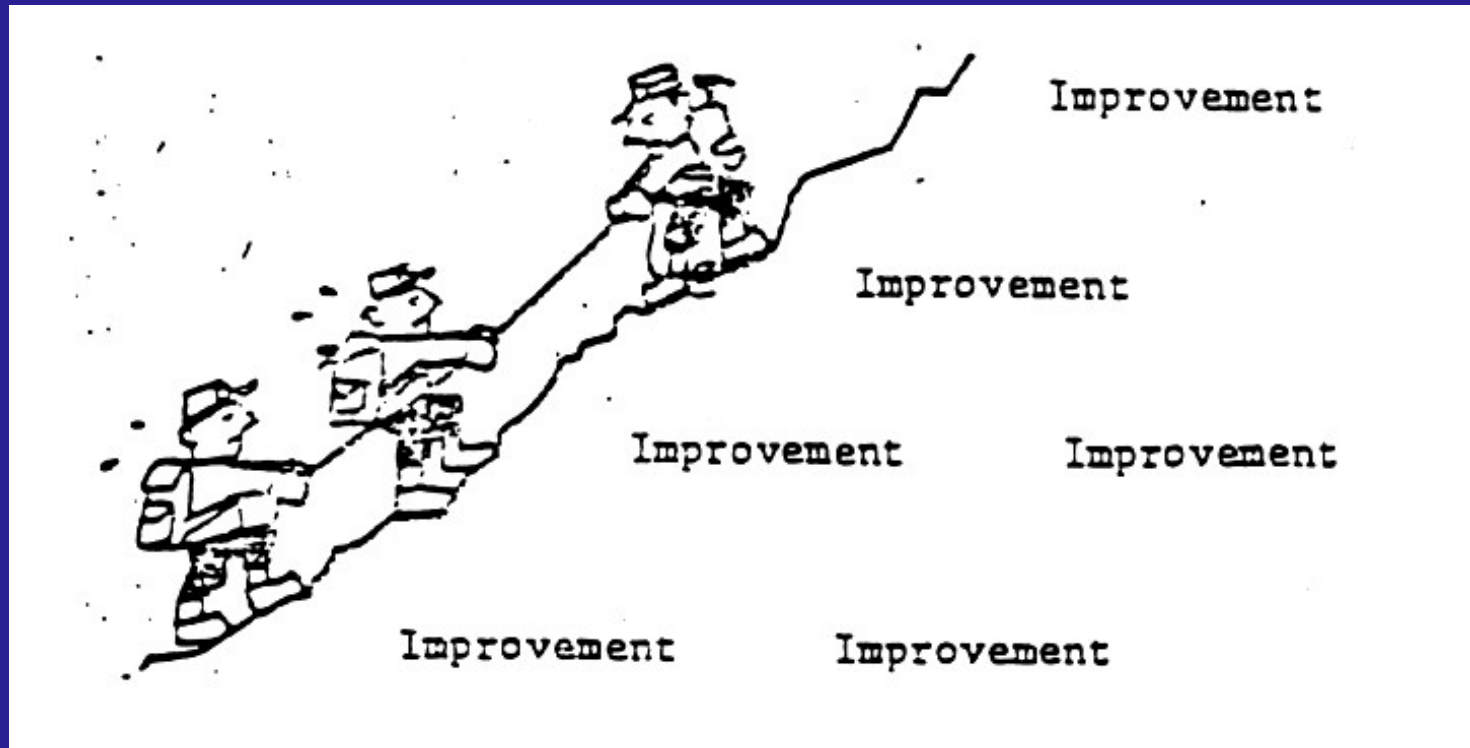
(NUMMI's senior Japanese and senior American leaders)

“Lead the organization as if you have no power.”

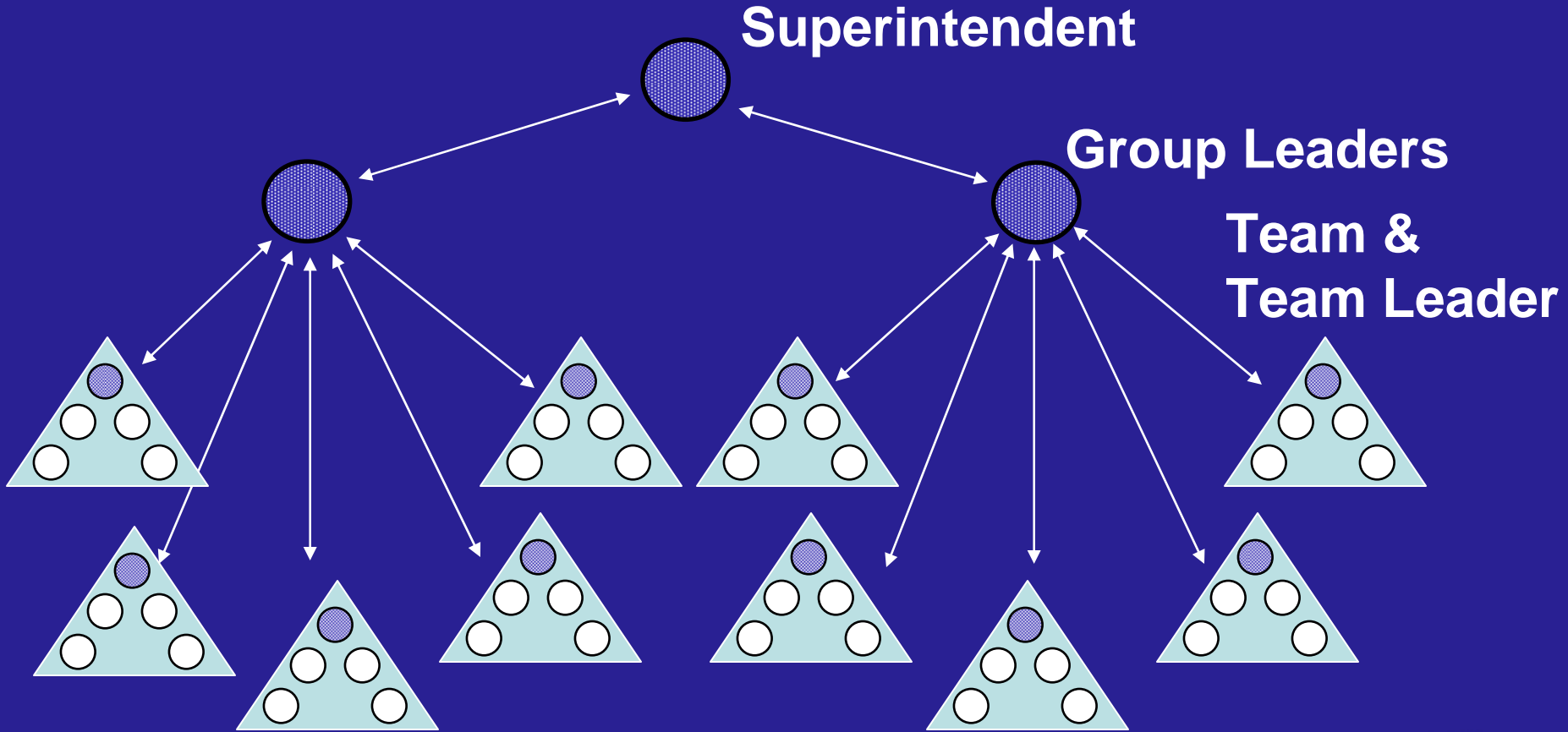
The Leader's job is to develop his or her people

SPIRIT of Lean Mentorship:

"If the learner hasn't learned, the teacher hasn't taught"



Extensive Support and Coaching at the Front Lines of the Organization



Leadership: Three Models

Old “Dictator” Style:

“Do it my way...”

1980s “Empowerment” Style:

“Do it your way...”

Lean Style:

“Follow me...
and let’s figure this
out together ”



Leadership at Toyota-

From managing numbers to managing the process

Leaders at Toyota, like leaders anywhere, want to see measurable results.

But they know that the financial result is a *result* of a *process*.

They also realize that the financial results reflect the *past* performance of that process.

Far better is to create a process that can be managed right NOW.



Leadership at Toyota-

From the Five Who's to the Five Whys

Good Toyota leaders don't jump to conclusions or solutions – they try to first size up the situation and then ask “Why?”

This focuses on the work and problem at hand, avoiding finger-pointing seeking of where to place the blame.

It also keeps responsibility with the person who is doing the work,

This is what truly engages and empowers the workforce.



Leadership at Toyota

From Problem-hiding to Problem-solving

All actions at Toyota revolve around planning and problem-solving.

It is assumed that there will be problems, that everything will not go according to plan.

“No problem is problem.”

For the system to work, problems must be exposed and dealt with forthrightly.

Hiding problems will undermine the system.

Leadership at Toyota

Control with Flexibility

Toyota's way provides extraordinary focus, direction, "control."

While at the same time providing maximum flexibility.

I believe this solves the age-old dilemma – control vs. flexibility – that encumbers all large organizations.



Leadership at Toyota

P-D-C-A

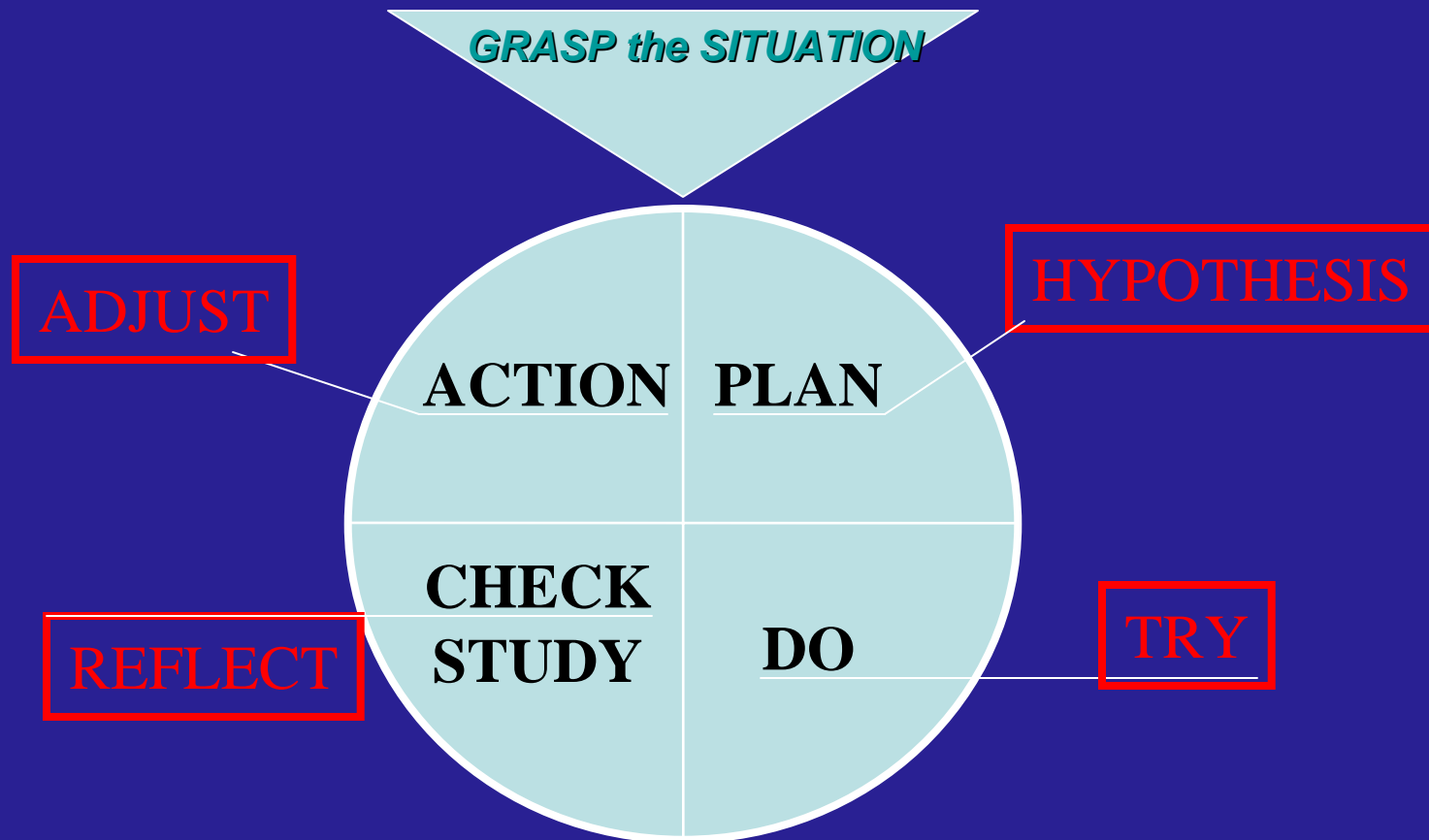
Toyota would say this is essentially the P-D-C-A management cycle they learned from Dr. Deming.

Yet, my own observations say this is precisely the thing that most companies can't seem to do.

Why?

Surely one major reason for this is the way we lead and manage.

P-D-C-A Cycle

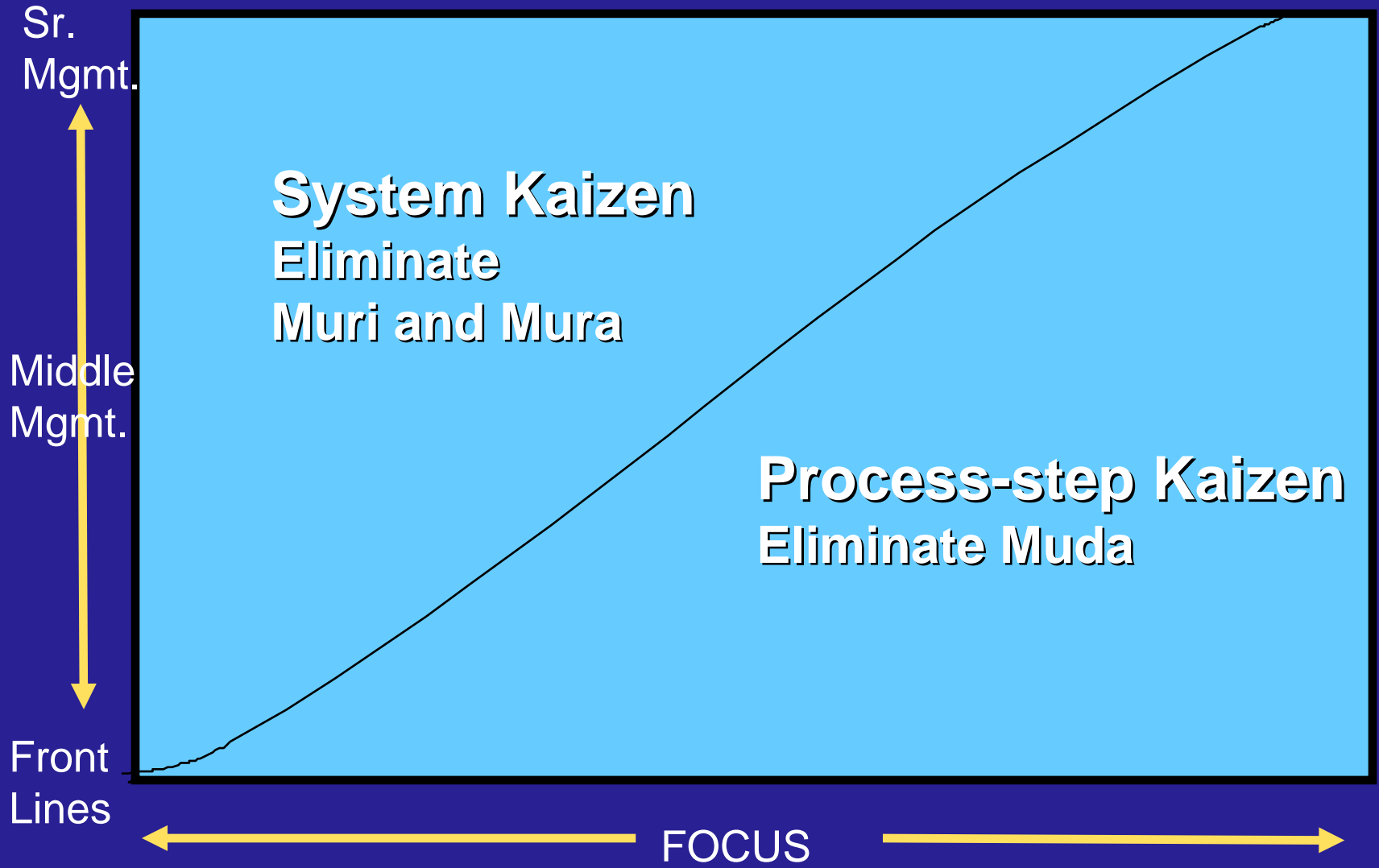


Lean Leadership

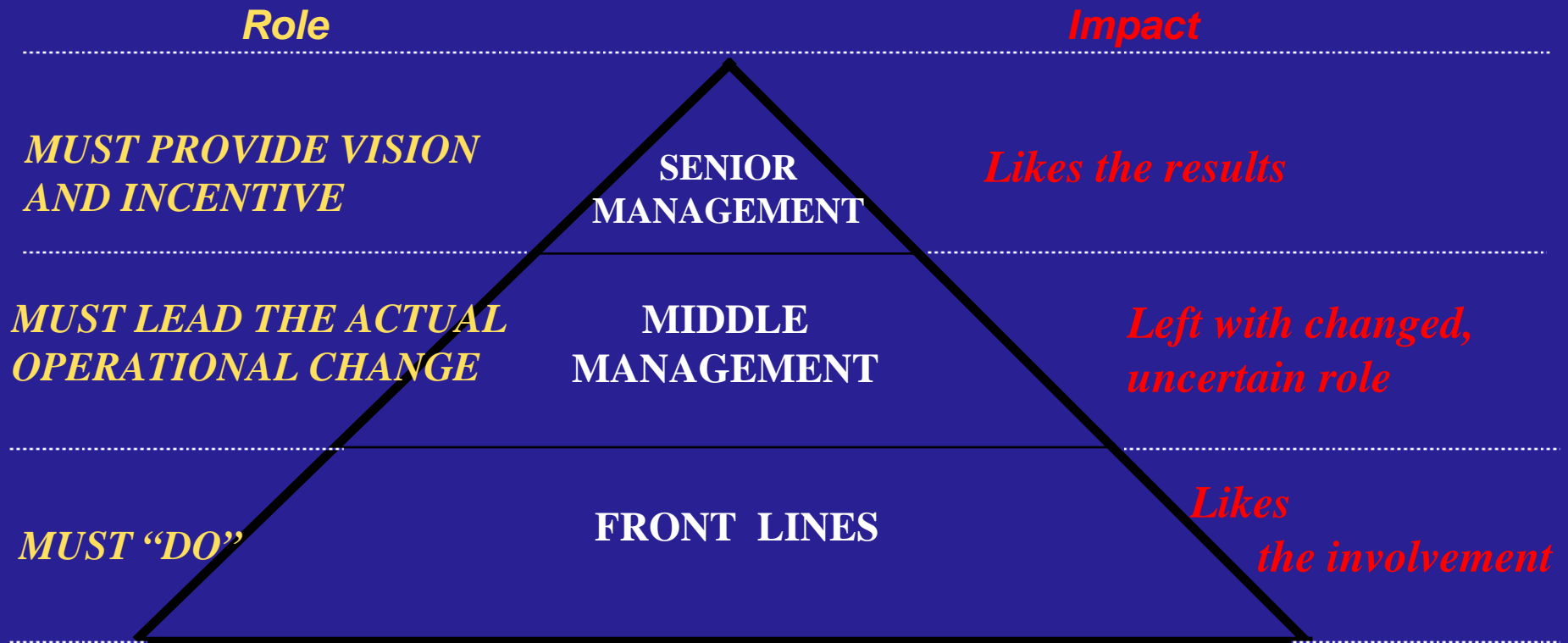
The Lean Leader leads a very different way:

→ It is as different from the commonly accepted notion of the “enlightened modern manager” as it is the old command and control dictator.





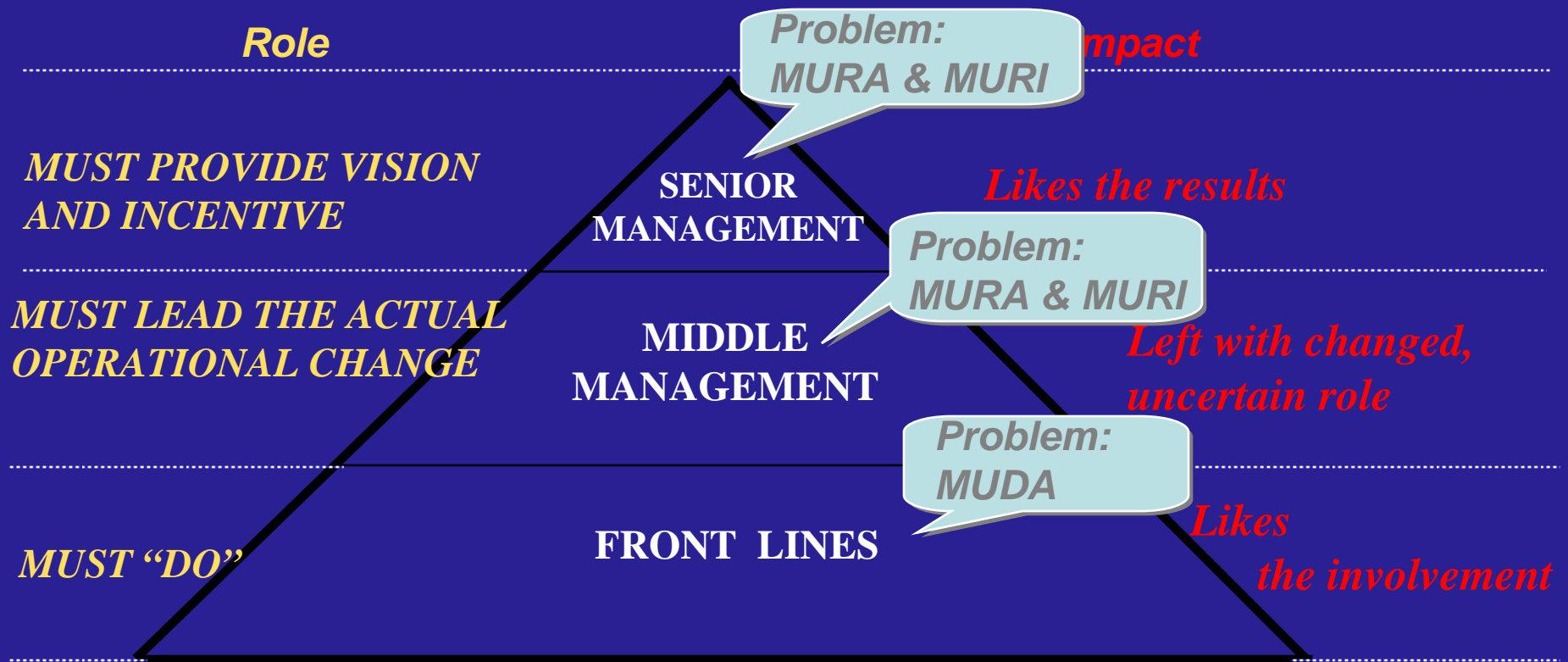
Problem and PDCA Tools for different levels



A Difficult Struggle at the Mid-management and First Line Supervisory Level



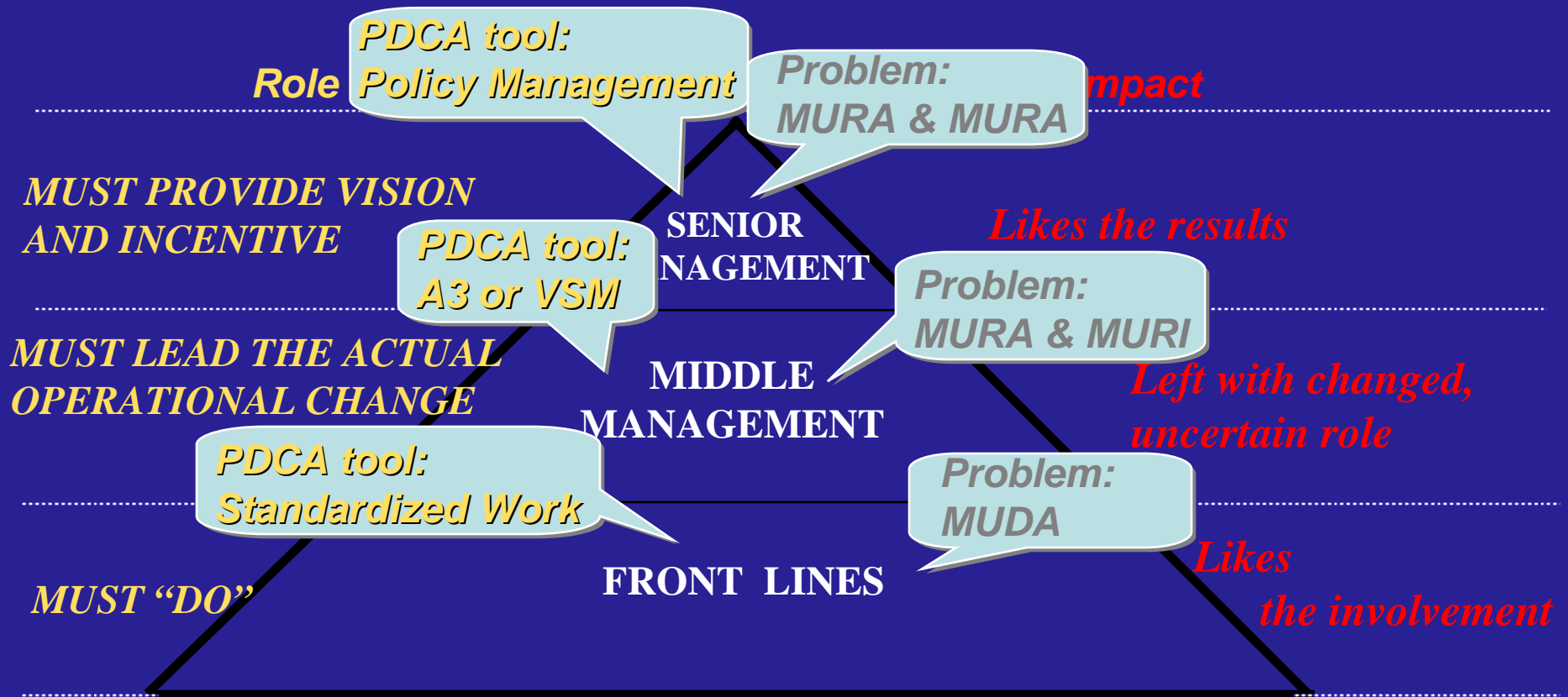
Problem and PDCA Tools for different levels



A Difficult Struggle at the Mid-management and First Line Supervisory Level



Problem and PDCA Tools for different levels



A Difficult Struggle at the Mid-management and First Line Supervisory Level



Chairman Cho of Toyota: Three Keys to Lean Leadership



Go See.

- “Sr. Mgmt. must spend time on the plant floor.”

Ask Why.

- “Use the “Why?” technique daily.”

Show Respect.

- “Respect your people.”



The Thinking Production System

Best Quality - Lowest Cost - Shortest Lead Time
Through Shortening the Production Flow

Getting people to think and take initiative is the key!

Just in Time

“The right part at the right time in the right amount”

- Continuous Flow
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HEIJUNKA



- Automatic Machine Stop
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Production Lines That Stop for Abnormalities

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Mutual Trust; Employee Development
Stability; TPM; 5S

Robust Products and Processes
Supplier Involvement



Learning and mistakes

“There are sometimes too many nay-sayers. In the early days of TPS we were able to just try things, to make mistakes and learn from them. That’s the spirit we need.”

Mr. N. Hayashi

Former general manager of Toyota’s TPS Office

Learning and mistakes

“Continuous improvement comes from making mistakes and learning from them.”

Cheryl Jones, Toyota Group Leader

“Hilly Krystal gave us a place to try and fail.”

Patti Smith



Learning and mistakes

“It is a mistake to suppose that men succeed through success; they much oftener succeed through failures. Precept, study, advice, and example could never have taught them so well as failure has done.”

Samuel Smiles

British author of “Self Help”

(favorite of Sakiichi Toyoda in late 1800s)





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Questions & Answers



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Lean Events

February 28th to March 1st

Lean Transformation Summit

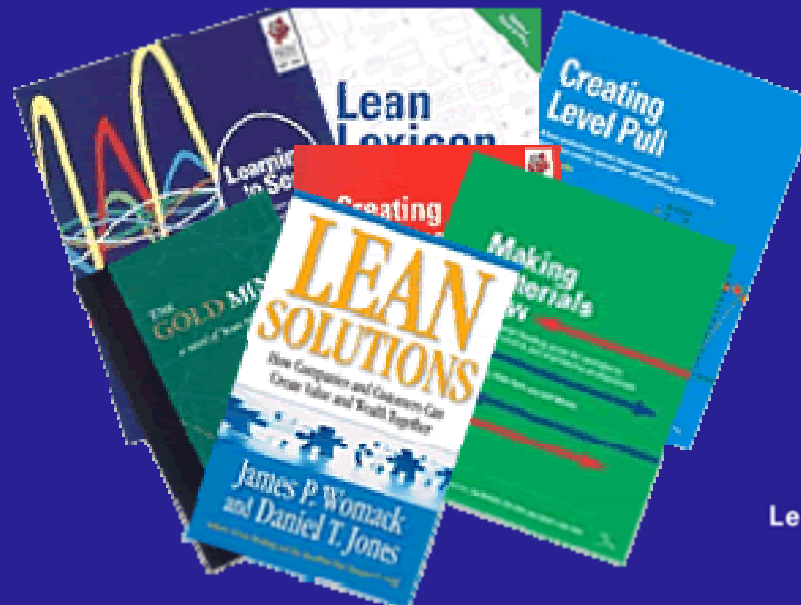
Join the Lean Community at the Grand Hyatt, Atlanta, GA, for the first annual Lean Transformation Summit sponsored by the Lean Enterprise Institute.

For more details visit: www.lean.org

LEI Bookstore

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