



**Lean Enterprise Institute**

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*The LEI senior executive series on ...*

## **Lean Leadership**

As part of a continuing series on leading lean transformations, the Lean Enterprise Institute (LEI) will interview executives from a variety of companies to explore the challenges lean transformations present to senior managers.

What follows are perspectives from Robert Martichenko, LEI faculty member, author of *Building the Lean Fulfillment Stream*, and president of LeanCorr, and Joel Zeller, director of logistics for Polaris Industries, a \$1.7 billion company that designs, engineers, manufactures, and markets all-terrain vehicles, including the Polaris Ranger snowmobiles and Victory motorcycles for recreational and utility use.

**LEI:** *Why did Polaris launch a lean transformation in the fulfillment stream? What were the business reasons?*

**Zeller:** For the first year-and-a-half we focused on the outbound metrics and I really wanted to get the focus on the inbound because I really didn't have good data to understand what was happening.

**LEI:** *How did the transformation begin?*

**Martichenko:** It began with value-stream mapping, going to the gemba, and talking to people to determine what the opportunities were if the company drove drive lean principles into the supply stream.

**LEI:** *What did you find were the biggest challenges? How did you tackle them?*

**Martichenko:** I think you always have challenges around the process and you have challenges with people. So at the end of the day, one of the biggest challenges was making sure the suppliers, and the materials planners, and transportation providers all understood the vision of what we were trying to accomplish and why there is value if you work hard, stay the course, get through the



*Joel Zeller*



*Robert Martichenko*

hard times when you're exposing all the problems as you're trying to implement a lean system.

**LEI:** *Joel, during the lean transformation did you find that you had to change the way you managed in order to get results?*

**Zeller:** The main thing I had to do was to do more encouraging of people than I had done. If my team was taking all the arrows, I had to make sure they understood that we still were doing the right thing.

**LEI:** *You both just co-presented a keynote at the Lean Enterprise Institute's Transformation Summit. There were a lot of questions from the audience about how you used a daily plan-do-check-act phone call to improve logistics. Can you explain how that worked?*

**Martichenko:** What we are doing is exposing problems, such as with the supplier fill rate, or transportation performance, or the performance of the overall inbound network. So the daily telephone call is where we address all the issues that we uncovered from that morning or the previous afternoon. We are in a regular cadence of talking about the problems we've uncovered, and no problem is older than 24 hours.

**LEI:** *What were the reactions of suppliers involved in the phone call?*

**Zeller:** When I mentioned earlier about the arrows we took, a lot really came from the supplier base. Suppliers wanted to be good suppliers so they didn't want to complain [about the lean transformation]. But it's very important for them to bring up issues early so we can start working on them. What happened in the beginning was they didn't tell us, didn't tell us, didn't tell us, about issues and then there was a groundswell of everybody complaining at the same time. Now we're working through the training issues and the communications issues because they were doing extra work that they didn't have to do, but they were doing it because they didn't understand there were some things they didn't have to do. Now when we get our IT systems completely integrated, it will get them completely out of working in two different systems.

**LEI:** *This is a structured phone call. There is an agenda for this; it's not a casual phone call?*

**Zeller:** We decide what has to be reviewed based on the phone calls and emails that we receive during the course of the day. So basically it's a look at what has to be looked at today and assigning someone to investigate each item and then we do a follow-up or a review of what actions we took yesterday.

### **Joel Zeller**

Joel Zeller is director of logistics at Polaris Industries, Inc., a \$1.7 billion designer and manufacturer of recreational and utility all-terrain vehicles (ATVs), snowmobiles, and Victory motorcycles. Zeller is responsible for inbound and outbound transportation, production scheduling, and international compliance in serving approximately 400 suppliers and 1,700 dealers. He has over 11 years experience in logistics, predominately in warehouse and transportation-related posts. Before joining Polaris, Zeller worked at Maytag Corporation for 23

years where he had responsibility for eight regional distribution centers and two call centers. He holds a BBA from the University of Iowa.

**Robert Martichenko**

Robert Martichenko is President of LeanCor LLC, which delivers logistics and supply chain management services to organizations embracing lean production principles. Martichenko began his lean journey working at Toyota Motor Manufacturing Indiana and has over 15 years of lean supply chain and third-party logistics experience. A six sigma black belt, Martichenko co-authored the business management book *Lean Six Sigma Logistics*. He also wrote the leadership handbook *Success in 60 Seconds* and teaches global business at Saint Louis University's John Cook School of Business. He is co-author of *Building the Lean Fulfillment Stream: Rethinking Your Supply Chain and Logistics to Create Maximum Value at Minimum Total Cost*. (Lean Enterprise Institute, 2008).