

Chapter One

CUSTOMERS FIRST

“He’s closing the plant!”

Closing the plant meant losing his job. Losing his job meant losing Malancourt. Losing Malancourt didn’t bear thinking about.

Driving blindly through the heavy spring rain, Andrew Ward rehearsed how he was going to break the news to his wife. He had dreaded this moment since taking on the job three years ago, but as months and then years had gone by, the fear had receded. Now the monster had suddenly sprung, showing him up for the failure he was.

Ward once had been a successful consultant. For a few good years, just out of University, he had lived the high life. Sharing an expensive flat in central London with a few yuppie mates, he made good money flying around the world to audit clients and recommend ways to improve their supply-chain effectiveness. Asia was waking up. Corporations were globalizing furiously. Oil was cheap, transport costs easily dismissed. Ward wore the suit and the bright-eyed smile, full of boyish charm, just as comfortable in the glass-and-steel headquarters from Prague to Singapore as the gritty warehouses in remote industrial zones. He dazzled management with his presentations. He palled around with material handlers in dusty distribution centers. And he threw back pints with the lads in city bars anywhere. Ward was born and raised in Richmond, London’s well-to-do suburb, where bankers and music-business execs met in pubs on the Thames. He had grown up in cities, lived in cities, and traveled around the globe from one major city to another. He enjoyed the bright lights and the crowds, the high streets, the bars, the working days, and the lively nights.

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He had become the plant manager of a French factory near the German border, on the outskirts of the Champagne region for the simplest and most confounding reason of all: true love. He'd fallen absurdly in love with a girl whose dreams had been about horses: riding horses, caring for horses, trading horses, breeding horses. She was working at a posh London riding club and moonlighting as a French translator. Because he had spent summers as a kid in his parent's Provence retreat, Ward had become accidentally fluent in French and was asked to supervise when she got hired to translate a corporate brochure for the Paris practice. Bang! Lightning had struck. In no time, they had moved into a dismal studio on Earl's Court. They were young, beautiful, and in love in London. Life was a ball.

Claire's father owned and operated the Malancourt Riding Center, a modest equestrian club not far from Metz, where she'd fallen in love with the big dumb brutes with whom she'd grown up. He often joked she'd been born in a manger. When her father had a bad accident, from which he recovered slowly, physically diminished, Claire decided that she could no more abandon the center than she could wipe out her childhood, and decided to take it over. While she had always considered this to be a distant possibility, Claire found herself totally unprepared when suddenly faced with the stark choice of committing to Malancourt there and then or selling or closing it completely. Worse, as she finally managed to have a heart-to-heart with her father, she discovered the whole business was heavily mortgaged, never made much in the first place, and that her parents' spending income had always come from her mother's wages as a school principal in town. Still, she'd resolved to save Malancourt. Ward could follow if he liked, but she would not be coming back to London.

Blame it on love. Still reeling from this abrupt change of affairs, two months into Claire's moving out of their pad, Ward had realized two basic truths. First, he couldn't live without her. It might sound terribly melodramatic, but he felt that this was a straightforward fact. Second, nothing in his high-flying, global consulting job had

qualified him for a paying job in rural France. For a few frustrating months, he'd tried shuttling between London and the middle-of-nowhere village of Malancourt, where Claire was learning the difference between actually running a riding center as opposed to just working there. A city boy, he'd found the sticks terrifying beyond words, but a man's got to do what a man's got to do. At the time, Ward had been part of a long-term mission for the Alnext Corp.'s automotive division, working for Lowell Coleman, the VP in charge of logistics. Coleman had been asked to rationalize the flow of parts through a division where one component could easily travel twice around the world before reaching the customer. In one of the projects Ward had worked on, they discovered that one part was assembled in 21 steps spanning 18 countries (counting components manufactured by suppliers). On several occasions, Coleman had hinted that he would like to hire Ward for his supply-chain office, but Ward had had no motivation to make the switch. Eventually, however, Ward shared his dilemma, and Coleman proposed a solution. Alnext's automotive division had a plant in eastern France whose plant manager was soon retiring. Since Ward had been trained as a lean/six sigma black belt, he could take the job of the plant's CIO (continuous-improvement officer) for a few months, with the aim of learning the ropes and taking over as plant manager when the older guy retired. Vaudon was a 40-minute drive from Malancourt. There would be no more traveling abroad. It was the perfect setup.

Everyone more or less expected this to be a stopgap solution. Coleman thought that Ward would tire of the operational role and eventually rejoin the corporate supply-chain team. A little hands-on experience couldn't hurt. Ward feared he would fail miserably at running anything as complex as a plant, but was buying the time he needed to find another job in the region. Once settled in France, he reasoned, it would be easier to look for work locally.

In the end, what was designed as a temporary solution evolved into something more permanent and satisfying. Jean Blanchet, the retiring

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plant manager, an old hand in molding injection, had taken an unexpected shine to the easygoing, hard-working young Englishman. Ward's engineering background became useful as he discovered, much to his surprise, that he liked working with machines and technical processes. He did well with various six sigma projects during his first year at the plant. Furthermore, due to the rapid turnover among managers, most of the management team was fairly young. They accepted Ward's nomination from corporate with an equal measure of equanimity and cynicism, not protesting too loudly over his ascent. After all, "parachuting" rising stars from central headquarters to completely screw up local operations was well established in both French industry and politics. And to be fair, Ward had turned out to be a decent plant manager.

Then Philip bloody Jenkinson took over the business and ruined it all, deciding to close the Vaudon plant without further ado! Goodbye job. Goodbye income. And goodbye Malancourt, Ward lamented. He could never find employment with the same pay grade in this godforsaken part of France, and there was no way Claire could keep the stable financially viable in the coming years. They'd survive it, but she would be devastated.

"Lowell?"

"Hi, Andy. I was expecting your call. He told you?"

"Yeah. He's closing the plant. You knew?"

"I did. Phil asked me not to say anything. He wanted to tell you himself, face to face."

"Well, he did. Do you think it's final?"

"What do you mean?"

"Jenkinson. You've been working with him? Is he really that tough?"

Ward heard the pause, and the indrawn breath.

"Yes, he's pretty tough. But he's not completely the madman people would have him be. He's not very good with people, you know,

chitchat. But he's quite clever. What happens is no one sees him coming. People here are starting to take him seriously, but it's so political that ... the usual."

"How so?"

"See, when he arrived, he didn't do anything for the first four or five months. No announcements, no decisions, nothing. He spent most of his time with engineering, and people figured out that he was an engineer. He ran *kaizen* improvement events in person—that threw some. He'd ask the entire plant management to attend, but never commented if some people didn't show up. He also started visiting customers directly at every complaint. Not with sales, though. He went straight to the lines, to understand how our products were fitted on the car. And then, suddenly, he starts a war on every front."

"The whole deal of selling the headquarters building and relocating every one in the plants?"

"That was just the tip of the iceberg. The real thing is he took program management away from sales. He fired most of the program managers who used to report to Wayne Sanders and put technical engineers in charge of programs. Remember that Sanders is the guy who brought the Univeq equity partners in. He was always considered more powerful than the CEO himself because he had his grip on all customer relationships—not to mention the investors. Now Phil tells him that the sales force is there to support the engineers, not the other way round. There is talk that Sanders blew up over this, but then he had to back down."

"Wow. I never realized. But relocating the engineers? These guys hate being told what to do. Didn't they quit in droves?"

"Not so much. Remember, he's been hunkered down with them for months, and he's given them a lot more latitude, so what's relocation compared to that? In any case, the move was only the start!" exclaimed Coleman, mixing outrage and wonder. "Then came the sale of the Toluca plant."

"The crown jewel, right? High-margin parts for SUVs?"

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“Again, the tip of the iceberg. Phil wants sales to go after more parts for small cars. It doesn’t make any sense because margins are so tight on the small-car market, and we think that the company *really* needs to improve its operating income right now. But Phil is adamant, and Wayne is fighting him every inch of the way. Wayne’s argument is that we need to keep focused on products with the higher margin, even if it means less volume. Phil’s point is we have overcapacity everywhere, so we need volume first, and that it’s his job to get the cost down to make operations profitable.”

“The Toyota thing, right?”

“How do you mean?”

“Well, uh, profit equals price minus cost,” stammered Ward, trying not to sound like a know-it-all. “You know, that lean slide we used to have in the presentations. Rather than calculate your cost, add the expected margin and try to sell at that cost, you sell at market price, and lower the costs until you make your profit target. Which is how Toyota attacks markets. They start with small cars, where margins are slim, but where the competitors don’t fight very hard because they consider the segment unattractive in the first place. At least that’s what we were told in the lean training.”

“No, no, you’re right. You’re right. That’s how he thinks. I wish he’d be more explicit about it, but that’s his strategy. In any case, Wayne is not having any of it, so engineering is now pulling toward pitching for smaller cars in the new bids, and sales is confused as hell. It’s a real awful mess. But I’ll say this about Phil, he doesn’t give up easily.”

“And what about his lean reputation?” wondered Ward. “He barely looked at any of the stuff we installed with the Alnext Business System.”

“Yeah, I know. Just doesn’t seem to care. Remember that we used to have a group of 15 high-potentials going around the plants and leading *kaizen* events? He’s closed that office, and given them all one month to either go back to line functions or leave the company. Claims that *kaizen* is the plants’ business, not corporate. There’s only Jared Sims left in charge of ABS now, and the poor fool is completely

clueless. Every time he asks a question, regardless of the topic, Phil answers, ‘Teach the plants to run their own *kaizen* events,’ as if that was completely self evident.”

“You mean no more ABS audits?”

“Not in the near future, that’s for certain. Don’t get me wrong. Phil is a fanatic for the Toyota stuff. We supply a couple of small parts to Toyota’s Georgetown plant for the Camry from the Bethany site, and Phil’s fired the plant manager over service to Toyota. He’s promoted some guy simply because he had experience supplying Toyota. The point is that whatever Toyota asks for, Toyota gets. Phil’s attitude is do it first, figure it out later. I believe he’s trying to develop more of a relationship with Georgetown, but he always plays his cards pretty close to the vest.”

“So, how come he’s not interested in our lean work?”

“Beats me! For my money, I suspect that what he means by lean is very different from what we meant by it. He never talks about ‘lean’ in any case, so it’s hard to know. Every time we’d tried showing him something from our lean program he just stares back, shakes his head, and moves on. Makes us all feel like complete idiots. But he’s certainly asking everybody to work completely differently, and no one is quite sure whether their job will still be there when they turn up in the morning,” Coleman said.

“He’s certainly asked me to look at the supply chain completely differently. He’s asked me to reevaluate all our parts-localization decisions from a lead-time perspective. He wants to have a picture of what the total supply chain would look like from the point of view of truck routes and frequency. This is different from our usual focus on unit transport costs, and I still haven’t figured out how to get reliable numbers out of the system.”

“Mean and lean, huh?”

“He’s tough, all right. I don’t know about mean. He’s a cold guy, for sure. Not the chatty type at all. He listens, and even appears to hear, what he’s being told. People underestimate him because he seems

so slow and doesn't speak up very often. He asks a lot of questions, but never lets you know exactly what he thinks. It's unnerving, but make no mistake, the guy is very bright and he's got the memory of an elephant. He's making a lot of enemies right now, for sure, but I don't think it's intentional. He's just difficult to work with because he's got a clear idea of what he wants, but won't tell you. Or when he does, it's hard to hear. As a result, there's a lot of resentment building up in U.S. operations. I suspect you're about to find out over there in Europe, now that he's looking your way."

"Indeed. I wish you'd warned me. He caught me completely by surprise."

"He does that," agreed Coleman, laughing quietly. "Listen, some people are keen on demonizing the guy, but my experience is that he tends to be a straight shooter. He does what he says."

"So the plant is screwed? He is going to shut us down? Is that what you're saying?"

Another long pause. Ward imagined he could literally hear the VP think it through, across the Atlantic.

"He closed the Peterborough site," Coleman finally answered.

Ward said nothing, digesting that. Peterborough had been one of the large, historical automotive plants of Alnext.

"I'll tell you what," Coleman added carefully. "Phil is determined, but he's also open-minded."

"Yeah, right!" exploded Ward, still smarting from the day's mortifying plant visit. Jenkinson had fired off questions without even waiting for the answers, or showing any interest in what he was being told.

"No, no," insisted Coleman. "He is. I've seen him change his mind. He's got this weird theory from reading the early texts of Taiichi Ohno, you know, the guy who's supposed to have invented all this lean stuff ..."

"I know who you mean."

"Anyhow, Phil believes that all of us are wrong half of the time. Himself included."

“For real?”

“Believe it. That’s why he’s so hot on trying things out. He’s convinced that the only way to figure out whether you’re right or wrong is by experimenting, trial-by-fire sort of thing. He’s a real old-fashioned engineer in that way, and he treats every problem in the same manner. Data won’t convince him, but any genuine attempt at doing something, no matter how small, will give him pause. He needs to touch it to believe it.”

“I don’t understand,” muttered Ward. “Is he open-minded or not? This sounds awfully close-minded if you ask me!”

“Think of it this way. Making an abstract case for something just doesn’t move him. He isn’t interested. And as an arrogant son-of-a-gun, he’s generally convinced his reasoning is better than yours. But show him a bona fide experiment, a *fact*, and he’ll listen. I’ve seen him radically revise a position on the spot when someone demonstrates by *doing* that there’s a better explanation or way of doing things. So if you want to convince him of anything, don’t build a paper case. Don’t argue. Show him something.”

“Thanks for the tip, Lowell,” Ward replied, deflated. “But I don’t quite see how this can help. If he’s made up his mind that the plant should be closed, what could we possibly show him?”

“I don’t know, kid,” Lowell answered. “I really don’t know, and I don’t have enough influence with the man to do anything about it at this stage. I wish I could help. If worse comes to worse, there’s always a place for you here on my team. We could use your help.”

“Thanks again, Lowell. You’re awfully kind. But you know Claire would never move.”

“How are they in any case? How’s the boy?”

“We’re fine. Charlie is going on eight months. Thanks for asking.”

“Hang in there!”

The Lean Manager

Ward had been excited yet apprehensive about the new CEO's plant visit. He had heard about Jenkinson's reputation as a tough customer and genuine lean hero. In his continuous-improvement role, Ward found it frustrating relating his book learning to the realities of a living, breathing plant. He was looking forward to seeing a "real" lean expert in action. He had carefully prepared the visit with his management team, making sure that all the Alnext Business Systems standards were in place, and creating slick PowerPoints detailing the results of its lean six sigma projects.

And all to waste. Jenkinson had barely spent an hour in the plant. He had driven a rental from Frankfurt and returned there after his whirlwind visit, leaving Ward standing numbly in the plant's lobby feeling like he'd been crushed by the passing tornado. Ward had slowly stirred himself up from his daze, intending to go back up the stairs to debrief with his management team, but then changed his mind. He didn't feel fit to face them. The shock had to wear out first. Instead, he crossed the soulless lobby and passed through the heavy doors that led to the shop floor. At that moment he had to admit how shabby the plant looked, with its yellowish walls full of impact traces, dirty skylights that made the light so dim, and aged presses working as well they could, given that there had been no investment that he could remember, and never enough staff for maintenance, let alone daily care.

Jenkinson had brushed off the prepared presentations. "Let's go to the shop floor," he said, without bothering to step upstairs into the meeting room to meet the management team. Embarrassed, Ward phoned his assistant to tell the other managers not to wait for them, and followed the big man into the press hall.

Ward was tall and thin, almost gangly, with a mop of straight black hair and boyish blue eyes. Jenkinson was even taller, and much wider. A large, ponderous man, he wore a studious frown behind his glasses and spoke infuriatingly slowly, with a lazy Californian twang that made you want to finish all his sentences for him. He had short, graying blond hair, square Nordic features, and the kind of rough skin leftover from youthful acne.

Jenkinson had walked slowly through the plant with Ward at his side, stopping here and there to look, asking question after question about operational details, most of which Ward hadn't known how to answer without getting someone to find out. Every time he obsequiously suggested he could ask for the answer, Jenkinson waved him away and walked on, leaving him standing with a sinking feeling in the pit of his stomach.

"You're making about 250 million euros in sales, right?" Jenkinson had finally checked. "That's about \$360 million."

"Just about," agreed Ward, his apprehension growing. "Our EBITDA is at 4.5 percent, which is on budget—but I realize it's far too low," he'd added hastily. "Our costs ..."

"Remind me, what are your customer ppms like? Bad parts per million?"

"Around 400," winced Ward. "We've got several visible parts ..."

"And internal?" interrupted Jenkinson.

"We're not even counting in ppm," Ward replied, "we've got between 3 and 4 percent scrap."

"I bet that's half your margin—no wonder your financials are so terrible."

Jenkinson stopped in front of a press, watching the robot hand slide in and out of the mold, picking up the finished part and dropping it on the conveyor, where an operator would deburr the part and place it in the customer packaging.

"Weekend shifts?"

"At the moment, we've had some press breakdowns so we need to catch up, and we've still got the parts that were supposed to be transferred to Romania. We're running seven days a week on those."

"Come on!" the CEO had exclaimed irritably, with an outstretched hand encompassing the press area. "Look around you, a third of your presses are standing idle!"

Ward kept his expression carefully blank, and said nothing. What was there to say?

“Inventory?”

“Overall, about 20 days.”

“Work in process?”

“I’d have to check. But I’d say about three days—four at the most.”

Jenkinson had stared at the plant manager then as if looking right through him, and Ward suddenly realized how bad things were, how poor his numbers sounded, how unkempt and messy his plant looked. He had managed to tap-dance his way out of trouble many times before but, in that instant, he knew the game was over. This was not the kind of senior exec he was used to. This was not a man who was satisfied with ballpark numbers and nutshell briefings. He *saw* the plant in a way Ward himself didn’t. This was different. Ward could see that the stakes were far higher than he suspected.

“Our benchmark plant in Bethany,” the CEO said, looking away, “has less than 15 customer ppm, three days of inventory overall with two hours of WIP, and an EBITDA of 20 percent of sales.”

“We need to talk,” he added. “Better do it in your office.”

“And then he tells me he’s closing the plant,” Ward said so softly that his wife didn’t hear him. He ended up getting directly into his car and driving home without a word to anybody, arriving just as Claire was giving their son his bath. He kept blathering on about the visit, finding it hard to get to the point, the end point, and its consequences.

“Most painfully humiliating day in my life,” he babbled on angrily. “He shows up at the plant with hardly a ‘Hello,’ ignores the presentation we’ve spent ages putting together, walks straight to the shop floor without a word, and just stands there looking.”

Ward pulled a long swig from his beer and sighed as his wife wrestled Charlie into his pajamas. She glanced at him from the corner of her eye, wondering what could possibly have happened. He was generally a happy soul who didn’t take work—or himself—too seriously.

She couldn't remember the last time she had seen him so dejected. Something was terribly wrong, but she had not yet realized what it was.

"What was your last customer complaint?" Phil asks. And to my total embarrassment, I can't tell him. 'Let me find out,' I say, but he just shrugs. 'What was your last lost time accident?' I can't answer either. 'Okay,' he says, and starts walking down the alley of presses. The third press he sees is not running, and there's no one around. By now I know what's coming, and I cringe. 'Why is this press stopped? Is it not loaded? Breakdown?' I don't know. 'Right this instant, how many of your 20-so presses are running or stopped?' I felt like a complete jackass."

"Hey, babe, you're the plant manager, you're not expected to know all the details, right?" Claire appealed, carrying the baby into the living room. When they'd moved into the farmhouse, they had pulled down walls to form two small bedrooms at the other end of the building and a large open living space with an American kitchen. Claire plonked the baby in his pen and turned to Andrew.

"Well," he hesitated. "That's what I thought on the spot. I'm supposed to have the big picture, yeah? I've got people to know the small stuff, right? But that's not quite true, is it? You would certainly know which one of your riders had an accident last. Hell, I can probably tell you that goose Melanie sprained her ankle a couple of weeks ago."

"Three weeks ago," she corrected absentmindedly. "And Frédéric Hainault cricked his neck badly on Monday."

"See? And you probably can tell exactly what sort of shape every one of your nags is in, right now."

"Darling, this is what I do. I take care of horses. You run a factory for heaven's sake! It's not the same."

"Isn't it? Isn't that the point?" asked Ward, staring up at Claire in a rare moment of self-doubt. "You've got more horses in that stable than I have presses in my plant. Surely I should be able to tell which one's up and running and which is not? And why?"

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“In any case, that’s all moot,” sighed Ward. “After beating me into the ground all around the plant, Jenkinson tells me he wants to talk one-to-one. So we get to my office, and he hits me with the good news: he has decided to close the plant.”

“He can’t be serious!” Claire started, aghast.

“Oh, he is. The plant’s been barely breaking even for the past three years.”

“But you’ve been on budget every year!”

“Yes, and we both know how weak the budgets were. He’s not blaming me, well, not as such. But he knows the numbers better than I do. And he tells me that, first, the budgeted sales for the plant are going to keep dropping this year, since the engine covers will move to Romania any time now, and then next year’s pipeline is empty.”

“But I thought they were committed to find work for the plant?” Claire protested, waving her arms in dismay.

“That was before the sale,” Ward muttered, rubbing his face. “Jenkinson’s argument is that plant costs are way too high, he’s got overcapacity in Europe, and spare capacity in either the Polish or Czech plants. In any case, our quality and delivery performance are not good enough to try making a special commercial effort to get products in.”

“Ouch!”

“Ouch indeed,” Ward concurred as he picked up Charlie, who had started crying, fed up with all the serious parent talk.

“You have to hand it to the guy, he gave it to me straight. It’s one of three things: He’s aware of how complex it is to close a factory here in France, so I can stay on to help him shut the factory down and do so in the best or the least-worse conditions for everybody involved, or he can fire me and find an interim manager to close the plant.”

“You mentioned three options,” Claire said, as Ward sank back in gloomy silence, absently playing with the baby, who gurgled happily.

“Yes, well,” he stirred, turning down his mouth in distaste. “I could also resign in anger—which would save the company coughing up severance pay.”

“Did he actually say that?”

“No, not as such. He didn’t have to. But why would he sock it to me like that! No, the bastard wanted me to quit right then and there,” he snapped.

It must have been bad, Claire realized anxiously, watching Ward swing from dejection to anger and back. He was one of the most even-tempered men she’d ever known, with a generally easygoing disposition and a self-deprecating humor she loved. She saw true rage and bitterness building up in his pale eyes and, suddenly, that scared her, sending a cold shiver up her spine.

“When he took over as a CEO, you used to think he was a good guy?”

“Just serves to show,” he muttered sullenly, passing Charlie to her and crossing the room toward the kitchen.

She heard him slam the fridge door and rummage for the bottle opener. This was so unlike him. She was normally the one to fly off the handle at the drop of a hat, to make a scene, complain and blame ... in his words, to be French. It unnerved her to see him so upset.

Ward finally fought the bottle cap off, and continued to brood. True, Jenkinson had been welcomed as a savior when the Alnext Corp. had decided to spin off its loss-making automotive division in what had largely been considered a firesale. Jenkinson had come in with something of a reputation. Ward remembered the PDF copies of *Forbes* being emailed around with Jenkinson on the cover and the caption, “The Lean Manager.” The man was hailed for turning around an electrical equipment company and multiplying its market value by a factor of 10 in seven years. Some academic had even written a book about the whole “lean” transformation that Ward had never bothered to look up. The main theme, he remembered reading somewhere, was that lean is “all about people.” Yeah, right!

With hindsight, Ward felt a fool for not having seen it coming. Far away from the corporate decision centers, he had first heard of the creation of Nexplas Automotive through the press. At the time, he had been overwhelmed by the birth of Charlie, not paid attention, and

kept his head down. Nothing had changed much for European operations at first. The deal had been set up by Univeq, a private equity group that had snapped up the division at a ridiculously low price. Under heavy Wall Street pressure, Alnext's top management had been scrambling to refocus on its profitable segments, and decided to spin off automotive. Jenkinson was rumored to have been handpicked as CEO for his turnaround track record as well as his willingness to sink a serious chunk of his own money in the venture, supposedly owning up to 20 percent of the stock.

For months on end, nothing much had been heard from Jenkinson, and operations went on with business as usual, no worse, but certainly no better. Ward had doggedly continued to struggle with his impossible customers, useless suppliers, and the nonstop demands for more reporting from corporate. He had abandoned all hope that the critical investment he needed to fix his struggling presses would ever be approved. After all, it had been refused for three straight years as the automotive division's numbers had melted away and corporate had pushed one wave of penny pinching and cost squeezing after another.

Then, out of the blue, Jenkinson had made a big splash with three sudden strategic moves. First, he had sold the Toluca, Mexico, plant, which had traditionally been considered a jewel in the crown of the division. He had come under intense fire because of this. The plant sold SUV bumpers very profitably to U.S. automakers, and was considered one of the few cash cows left in the company. Then, he'd closed one of the four U.S. plants, and announced the merger of two more, intending to halve the number of plants in North America by the end of the year. Far from the frontlines, Ward had been amused and cheered him on. But then Jenkinson took the third step of selling off the sprawling corporate headquarters and engineering complex in Ann Arbor, relocating all functions to the plants.

Throughout all of this, Europe had largely been spared. Reporting lines had remained unchanged. In the days of Alnext, the division had been organized along product lines, separating plastic engine parts

(the bulk of the Vaudon plant's activity), external parts such as bumpers, and a third branch that specialized in dashboards and all the involved fittings. To be sure, many execs had left the U.S. side of the business as a result of Jenkinson's changes, but Ward knew few of them personally. And since becoming a lowly plant manager he had made a point of keeping his nose clean and avoiding corporate battles. Now he was kicking himself. The war had finally come to Europe, and he had just become one of its first casualties.

He had met Jenkinson on a couple of occasions since the birth of Nexplas. In the early months, the new CEO had conducted a grand tour of all the facilities. This had been a formal affair, with Jenkinson constantly surrounded by apparatchiks. His hulking size, faded jean shirts, used chinos, and quiet demeanor couldn't have stood out more in the midst of the self-important suits who seemed to spend most of their time telling him how things really worked in automotive, or rather Automotive with a capital "A." What would this nerdy guy from a little electrical product company in a little equipment industry know about this industry of industries? Ward had also caught a glance of him at the companywide hoo-hah held in Fort Lauderdale to announce the changes to all executives. Jenkinson had introduced himself as the new CEO, and delivered an appallingly boring speech about people being the main asset and quality above all. Yeah, sure.

The dust had barely settled in the U.S. when Jenkinson dropped another bomb. Program managers would report to the engineering VP and no longer to sales, which, in a sales-driven company was a true revolution. Furthermore, he was doing away with the product line organization. He had attached the smaller plants to regional managers, essentially the plant manager of the largest regional site. Financial and administrative responsibility would remain region-based, which meant that Vaudon still depended on Neuhof for most corporate functions. It was all rather confusing. Klaus Beckmeyer, the manager of the Neuhof plant would become Ward's direct boss, but Jenkinson would oversee plant operations directly. The CEO had explained he

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would visit plants regularly by himself, as he did that day, and would phone each plant manager once a fortnight, on Friday mornings. “I’ll be looking forward to that,” groaned Ward under his breath. Even his favored Corona tasted sour as he blamed himself for not realizing that eventually Jenkinson would do to Europe exactly what he’d done in the U.S. Press overcapacity had been the elephant in the room all along, but none of the previous top management team had been willing to face this issue. And now the bill had come due.

“Here,” said Claire, pushing a cup of bubbly in his hand as he stood staring numbly into space. “Charlie’s asleep, so I thought we’d have a quiet drink.”

“Are we celebrating something?” asked Ward, with a puzzled smile.

“I don’t know,” she smiled back in forced good cheer. “Are we?”

“He means it. The Vaudon plant is history.”

She shrugged, and touched her glass to his, looking him in the eye. “You know what my father always claimed. The quicker you’re back in the saddle after being thrown, the faster the pain will fade—and the fear. ‘If you can talk, you can ride,’ the man said.”

“Oh, what the hell,” he submitted. “You’re right. I’ll get a fire going, and we can get drunk, you and I.”

“That sounds like a plan!”

Ward carefully placed the firewood in the ancient fireplace, and set a match to it. The flame stirred and crackled. A few minutes later, a cheerful blaze was warming the hearth. Claire had switched off the lights, and lit the row of orange candles she kept on the mantle.

Ward wasn’t fooled. In the flickering light of the fire, he could see the drawn lines of her face, the false smile. She was putting a good front on it, but they both knew the score. Since they’d taken over the old, fortified farmhouse and the adjacent stables, they’d been sinking a steady flow of cash into their upkeep. They’d already started converting one of the abandoned buildings into bed and breakfast

guest rooms. Without his paycheck, they'd probably have to give up their dream of restoring the place to its former grandeur.

"You'll find another job, you'll see. We'll be fine."

He sighed heavily and took another long sip, savoring its bite. Another perk of living so close to the champagne region, he thought. We couldn't afford anything half as good anywhere else. And with the taste of the wine chasing that last thought, the anger and frustration he'd been carrying all evening finally came together, congealing itself in a form of reckless defiance. It wasn't just the material implications for his family, for the plant, and everyone who would have trouble finding another job in this region. He couldn't remember ever feeling as ashamed at work as today. His pride and self-confidence had been cut to shreds by the unsavory certainty that he should have done better. Jenkinson had been brutal.

But, Ward had to admit, he had not been wrong. The plant was losing money. They had too many delivery and quality problems. It was getting by, but just barely. He had felt lucky to survive in the job, happy to be good enough and fly under the radar. Well, his luck had finally run out. He'd have to work at it now.

"I'm not closing the plant," he told Claire, with more confidence than he felt.

"What do you mean?" she wondered, clearly puzzled. "What can you possibly do?"

"I don't know yet," he admitted. "But, to start with, I can try reasoning with the man. Bloody hell, closing a plant in France is a mighty pain, so surely it can't be high on his agenda. There must be a way to buy some time."

Here's what I'll do," he resolved, rolling over the carpet to rest his head on his wife's legs. "He's visiting the Neuhof plant tomorrow. I'll drive to Frankfurt and try to talk him around. What can it hurt?"

The Lean Manager

As he cooled his heels in the Neuhof lobby, Ward thought to himself, here's a real plant. In the spacious reception area, several sleek, glass displays were showing off the products, a model of a car with the bumper and dashboard fittings tastefully accented by well-placed spotlights. Two pretty, uniformed *frauleins* smiled sweetly as a voice told him they were trying to locate the plant manager. Numerous cost-cutting exercises at Vaudon had long ago done away with live receptionists; visitors signed themselves in and called from a phone booth to get picked up.

Against his better judgment, he felt vaguely intimidated. The three-hour drive had been rather harrowing, particularly on the German highway where keeping pace with speed racing under the pouring rain had left him somewhat shaken. Time enough to have second thoughts about showing up uninvited. The enormous plush reception sofa was making Ward feel smaller and smaller, and he hoped that nobody would notice that he was shrinking by the minute.

"Herr Ward," one of the girls suddenly seemed to say, "Herr Ackermann will shortly come for you."

That was a relief. Hans Ackermann was the plant's continuous-improvement officer, and they'd slogged through several six sigma and lean training courses together. He was a big, buff chap with a drooping moustache. He had been promoted to his current job from being a mold maintenance technician. He had long given up on getting any lean started in Neuhof, but had taught Ward more about molding than any one else.

"Andy! Good to see you!" Ackermann beamed, pumping his hand vigorously. "Come through, they're at the paint plant."

Neuhof was about three times larger than the Vaudon plant. It had historically been the European administrative center for the Alnext Automotive division. Most of the European engineers were based there, as well as admin staff for all three units. Ward wondered about the current status now that Jenkinson had abandoned the branch concept, but things traditionally moved slowly in Neuhof, so he suspected the

tsunami had not hit yet. He didn't know the plant very well, as most parts made here were bumpers and dashboards. The other engine parts in Europe were largely in the Wroclaw site, in Poland, and some in the Czech site. Neuhof had a large everything: large press shop, large assembly shop, and, of course, large paint plant, the pride of the factory.

"How's it going?" Ward asked cautiously.

"A bloodbath!" answered the big man heartily, with an undercurrent of amusement. "We just spent at least two hours in shipping trying to figure out the *real* service rate."

"I know how it feels," agreed Ward. "I was through it yesterday."

"Logistics maintains that our service rate is 98 percent, citing data in the MRP. But it is unclear whether this refers to orders served in the day, week, month; how they count negotiation with the customer; and so on."

"Sounds familiar."

"So, Herr Jenkinson had them list all 27 of yesterday's trucks one by one, and made them detail customer orders per truck. Then he had them compare the data with what was actually sent in the truck, and count only the trucks with exactly what the customer asked for in the truck—no more, no less."

"And?"

"Four out of 27," Ackermann answered knowingly, "and 15 percent on-time delivery. He had Herr Kastner, the logistics manager, write it large on a whiteboard: 15 percent. Then he asked what they expected these numbers to be today. How many trucks would have exactly what the customer ordered in it? Herr Beckmeyer looked like he would blow up," Ackermann continued. He had been put in the role of CIO because corporate had requested a continuous-improvement office in every plant, but clearly no one in Neuhof had been very interested. He'd gone into the job full of enthusiasm and optimism only to discover he'd walked right into a dead end. He'd bitterly resigned himself to keep up all the paperwork required by Alnext's Business System, the so-called "lean" program, but had mostly given up on the shop floor.

The Lean Manager

Ward imagined that Beckmeyer would indeed be ready to explode if he were getting the same treatment from Jenkinson that he had received in Vaudon. The man was generally considered to be a competent administrator, even if widely disliked as supercilious. Ward couldn't deny that he shared this sentiment. Suddenly, coming all the way here sounded like a much better idea.

Nonetheless, Ward felt humbled by the quality of operations in the German plant. He envied its clean, neatly color-coded zones and indications helping people throughout. Where he thought he had made an effort in applying the corporate "lean" standards, this plant had done twice better. Large panels of Alnext's official "roadmap" to lean were posted along the gangways, as were huge boards displaying flurries of indicators. As they walked through the injection shop, he breathed in the familiar smell of burnt plastic, and marveled at the huge tonnage the presses needed for bumpers and dashboards. He had to admit that, at first glance, their machines appeared to be in much better conditions than his own, with none of the oil and water leakage one could find pooling around Vaudon. On the other hand, seeing the plant differently since yesterday's dressing down, he now noticed the waste of large numbers of people walking around, moving parts and equipment, or simply standing idle next to the presses, and generally keeping busy with non value-added work.

They had to don special coveralls to enter the paint installation, which was a massive white box in the center of the plant, surrounded with racks and racks of shining, colorful bumpers waiting to be fitted with components. The paint installation was kept under positive pressure to keep dust contamination down. Dust is one of the main enemies of industrial painting. Every little grain can show up in the paint as a defect in the finished product. Consistent with Alnext's previous strategy of delivering specialty parts to high-end vehicles, the plant catered to the German power cars, and quality was of the essence. Which, it turned out, was exactly what was being debated there.

Ward and Ackermann caught up with the group on the far end of the painting installation, in front of a steadily moving conveyor. Workers were picking the painted bumpers off the conveyor's jigs, inspecting the parts for paint defects, directing the bad parts to the rework stations, and placing the good ones in buffer racks from where they would be picked for assembly. Various fittings were assembled at individual stations there before being inspected again and then stored in a large, supermarket-like series of neatly marked shelves, where they would be picked in the right sequence to deliver to customers.

Klaus Beckmeyer was standing rigidly, looking livid. He was surrounded by a bevy of aides and managers, a few of whom Ward recognized. Ward could read volumes from their body postures alone: Jenkinson's tall frame seemed to lean over them all, as they wilted, like trees bending in a storm.

"What do you mean, you can't count the percentage of parts that are good on their first pass through the paint process?" Jenkinson was asking slowly.

"This is not what I said," Beckmeyer replied sharply. "All these figures are in the computer. As I said, I shall call the paint technical expert, and he will be able to answer exactly what you ask."

"I am not interested in what the computer thinks. And I am not interested in what the technical expert thinks," said Jenkinson, with exaggerated patience that bordered on being patronizing. "I am trying to find out whether the people doing the actual work know if they are producing good parts or bad parts. Look at how many parts you're reworking. No one is even counting. Do *they* know how well they are producing good parts for their customers?"

"Herr Jenkinson," replied the German general manager, clearly exasperated. "These are just rework operators. What would they know about the operation of a robotic paint plant? In any case," he added, clipping his words, "our quality is irreproachable!"

Ward noticed that Jenkinson had a nervous tick of pushing his glasses with his forefinger on the bridge of his nose when flustered, a

nervous movement he repeated a couple of times while listening to Beckmeyer. He frowned, and stood there with wide eyes, as if he had never seen the man before. The entire group felt the tension rise between them, and the operators could no longer just glance at them furtively: many of them stopped work to witness this showdown.

“First of all,” said Jenkinson, breaking the silence, “your quality is not irrefragable. Have you counted your customer claims lately?”

“Impossible expectations,” huffed Beckmeyer. “These are German OEMs. Their standards are the highest in the world.”

“Impossible or not, I’ve spent hours listening to your sales manager complain about how hard it is to try to discuss price or pitch a new program with a customer when the first thing he encounters is hell from the client for your poor quality. You should try it, some time, Klaus. In fact, I strongly suggest,” he added with a long pause for emphasis, “that you personally visit your customer about *every* quality complaint.”

“Second,” he pursued relentlessly, “your level of quality is higher than the other plants in the group. Much higher, I’ll grant you that. But you must understand that this quality is extremely costly. Look behind you.”

Jenkinson gestured for every one to turn around.

“Don’t look at me. Look at what they are doing. Rework and rework and rework. Quality here is purchased through inspection and rework. I cannot afford this any longer, and neither can you. This company is on the verge of bankruptcy because of *this*, everywhere!”

Unlike everyone else in the small group, Beckmeyer refused to turn around, standing his ground and glaring at Jenkinson. Considering his own poor level of quality, Ward felt like he should disappear into thin air. And yet he couldn’t help enjoying Beckmeyer’s misfortune with guilty pleasure. Especially after the beating he’d taken the day before, this felt like justice.

“Herr Jenkinson,” Beckmeyer said venomously, “if you care to reproach me, I would appreciate the courtesy that you do this in private and not in front of my staff.”

“These are not reproaches, Klaus,” snapped back the CEO. “These are *facts*. And I expect this plant and this company to work as a team. We *are* going to confront our problems, and we *are* going to solve them together. Any one not happy with this can leave right now,” he added, looking at each of them challengingly, as if expecting immediate resignations. Ward had half-a-second of a wild fantasy of doing so, followed by Beckmeyer, but, of course, no one even breathed.

“Now. Let me be very clear about this,” Jenkinson continued. “Making money is what we do. We make money when we service our customers by delivering the parts they want exactly when they want them and with the quality they require. Every time we send them a part they don’t like, we’re giving them an electric jolt, saying go and buy elsewhere. We make money every time we send them a part they can use, a part that has passed through our process without a hitch, which means first time through. This is how, and only how, we make money. Every time a part is reworked or repacked we lose money! Is this very clear for all? Because, in this company, every one, from the CEO to the janitor, must be obsessed with this simple idea: We make money when parts are RIGHT FIRST TIME. And we are going to make money together by putting ... our ... customers ... first.

“By customer I mean the *next person in the process*,” he continued after a moment’s silence. “Not just the end customer. This is going to be our obsession—all of us. Customers come first, before job descriptions, rules, systems, whatever. I expect every working area to track its own on-time delivery and defects, and to discuss them with the next step in the process. We need to understand what the next step needs from each of us to be able to do their work correctly: We need to work as a team, across departments and process steps. If everyone in the company does this, our final customers will be well served and we’ll finally have a chance to turn this thing around! No ifs. No buts.”

Ward had not heard Jenkinson make such a long speech before. It gave him time to reflect on the Vaudon operation from this point of view. The infuriating thing was that he actually made sense.

“Now,” the tall American continued with a deep breath, taking his glasses off and cleaning them on a pocket handkerchief, “if we’re all quite clear about this, I’d like to show you why we need to understand this together, starting with operators. Let’s go back into the paint area.”

The small group followed him through the pressure lock. Within the positive-pressure paint area, white-clad operators were inspecting and cleaning the black plastic bumpers and then placing them on the conveyor that would take them through the automated painting process. To Ward, paint plants had always been reminiscent of James Bond secret bases, with their technicians in lab coats buzzing around in the glaring light of the glossy white room. They all climbed a set of narrow stairs and walked in single file along a tight corridor where they looked through large windowpanes at the gee-whiz robots spraying the parts on the conveyor in gleaming metal booths. After coming down another set of stairs on the other side of the robots, they entered the paint mixing room, where they were overwhelmed by the strong chemical smell.

“I wonder what he’s seen,” whispered Hans Ackermann as he held the door for Ward. “We’ve been here before, and he said nothing.”

In the paint area, a network of tubes ran from giant vats to the paint robots. The place was covered with remains of dry paint, but seemed otherwise reasonably clean and well maintained to Ward. Jenkinson went straight to a low rack where paint pots were lined up. An operator was busy unloading more pots from a pallet truck.

When the little group had assembled around the rack, Jenkinson deliberately passed his finger over the cover of one of the paint pots, leaving a shiny trail on the lid where he wiped away the thin layer of dust.

Without commenting on this obvious problem, Jenkinson politely asked the German team to ask the operator to demonstrate how he opened a paint pot. After a lengthy discussion, the confused operator

finally understood what was expected of him. He picked up a screwdriver, and undid the lid of the next paint pot.

“Stop!” ordered Jenkinson in mid-operation. The operator froze, like a child playing a game of statue. Right then everyone could clearly see how in the movement of opening the can, he briefly tilted the lid over the liquid paint in the pot. With an emphatic finger jab, Jenkinson showed how the ill-fated dust would fall straight into the paint. Ward swore he felt the group wince, as everyone knew that every particle of dust could create a grain in the paint, causing the part to be reworked.

“Let’s go and see where you store the paint pots,” he instructed.

As expected, the paint pots were methodically lined in the storage racks of the incoming-materials warehouse, where dust motes could be seen lazily swirling in the light slanting through the high windows.

“*Results*,” lectured Jenkinson, “are the outcome of a *process*. What we want are *good* results from a *controlled* process, because they will be repeatable. Bad results from an uncontrolled process simply mean that we’re not doing our job. Good results from an uncontrolled process, however,” he added with a rare smile, “only mean we’re lucky. And in automotive, luck ran out years ago. Today, bad results from a controlled process just says that we’re stupid: we expect different results from doing the same thing over again.

“Now, I know that corporate has traditionally been interested only in financial results, regardless of how you deliver them. The guy with the results gets the bonus, right? And here, in this plant, you’ve been mainly concerned with controlling the process through increased automation, conveyors, and other methods like this. Yes?”

The Neuhof team shifted uneasily, wondering where this was going.

“What I expect,” he explained carefully, “is that every employee understand the link between their results and the process they use to get them. You are convinced that only the paint specialist can improve

the paint plant quality, and if he can't, no one can. But I tell you that only the operators that live and work here every day fully understand how the process works.

“Any operator could have told you about the dust contamination from the paint pot lids, if you had asked the right question,” Jenkinson said. “So what I expect from management is to get the paint specialists and the operators working together to fix problems and paint parts right first time, so that we can satisfy our customers *and* make money!”

The opulent meeting room was deathly silent as the group settled down for the visit's final debriefing. Coffee and cookies stood untouched in the center of the lacquered wood conference table. Although Ward was dying for a cup after his early morning start, he was reluctant to break the spell of immobility that seemed to have settled on the German team.

“Where is the HR manager?” asked Jenkinson upon entering the meeting room. “How the hell are we supposed to progress without HR involvement?” They had all looked at each other in confusion wondering what HR had to do with anything that had happened earlier on. Ackermann had finally picked up the company phone to locate the human resources director. Now they were all waiting for him to show up. Jenkinson sat slumped in one of the plush leather chairs, wearily rubbing his eyes. Beckmeyer stared obstinately at the distant pine-clad hills out the window.

The HR manager finally arrived, a mousy little man with a startled look on his face. He seemed to enter the room in segments—his head first, as if checking he'd really been asked to be here, then a hesitant torso, and finally dragging the rest of himself into the room. He took a seat next to his general manager. Jenkinson acknowledged him with a nod, and straightened up. He addressed the group, most of whom had sat as far across the polished table as possible.

“Three things,” he began slowly, while looking straight at Beckmeyer, as if no one else were in the room. “First, I want an ergonomic assessment of the plant from the HR department. I’ve noticed that the plant’s employees’ overall age seems high. And there’s a lot of handling of large and heavy parts, even with the conveyor, which, for other reasons, we will discuss again later. This assessment needs to be done quickly, and I expect to be copied with the report personally by the end of the month. Furthermore, now that the plants report directly to me, I’ll ask you to notify me of every lost time accident within 24 hours of its occurrence. This is not debatable.”

Ward couldn’t stop himself from nodding: Jenkinson had asked the same things from the Vaudon plant, although its operator population looked, on average, much younger than Neuhof’s.

“Second, you will immediately stop the implementation of your new MRP system.”

“You can’t mean . . .,” blurted one of the execs.

“I do mean it. Listen carefully. Stop the implementation. Send the consultants home. Don’t pay a penny more.”

“But the contract? The sunk cost? The . . .”

“The bank is closed. There is no more money for IT. Period. So you break out of the contract, and you write off the sunk cost. Clear?”

“Herr Jenkinson,” insisted the production manager, who seemed as confused as he was annoyed. “We have many problems with the current system. We need an improved version.”

“This is precisely the point. You need to learn to solve your own problems, and not expect the computer system will do it for you. It won’t. You’ve been producing parts well enough with what you’ve got. Keep on doing so. Learn to solve your problems. In any case, the decision has been made at the entire company level, so, again, no debate.”

Ward thought the stunned silence was a sight to see.

“Third, the cost of protecting the customer from the plant’s quality problems is simply too high, and needs to be reduced radically. To start with, I’ll ask you to cut the quality department by a third.”

This actually elicited gasps from around the table, and Ward wondered for a second whether he had heard correctly.

“Yes. I want you to shrink the quality department, while also lowering the number of quality incidents to customers.”

“Impossible!” exclaimed Beckmeyer out loud, as the room erupted in German.

“Maybe,” replied Jenkinson evenly. “But I’ve heard you use this word before, about your customers’ expectations. We can’t prove whether these things are possible or impossible in this room. We can only pursue this goal. And if this management team can’t do it, I’ll find one that can. As I mentioned earlier, using the same method and hoping for different results borders on insanity. This company needs a radical improvement of its quality, with an equally radical reduction of its cost base. Therefore, I am not asking to do more of the same and reduce quality complaints through your current approach. I want to clearly shift the responsibility for quality from the current quality department to production.”

The production manager, a thin, intense man sporting a shaved head and an ear-stud, looked shell-shocked. He opened his mouth to say something, but no words came out. The quality manager’s face was pale. Surprisingly, Ackermann seemed to wink slyly at Ward—or maybe he’d dreamed it. At least someone was having some fun. Ward guessed that for the continuous-improvement officer, after years of being under fire to “improve,” only to be blocked by the resistance of line management on one hand and the lack of interest of the support function on the other, today’s massacre must have been a satisfying comeuppance.

“Production is directly responsible for its quality,” repeated Jenkinson. “I don’t give a damn about any quality procedures or any quality-management systems you might have. It’s completely up to you whether you keep them or not, but I’ll now expect each area manager to answer for their quality performance, no one else.”

“You tell us!” exploded the production manager with a thunderous scowl. “How can we do that? You tell us? You say customers come first, and now you want us to cut the quality department! You tell us how!”

“Red bins,” answered Jenkinson evenly. “Or red racks. Every cell must have a specific location to place bad parts as they occur. Then you must conduct an analysis of every nonconforming part. To start with, I suggest, that you create a quality task force led by yourself, the quality manager, engineering manager, and whoever else you might think relevant. Tour all the red bins every shift to understand where and what your quality problems really are. This isn’t hard, it just demands organization and determination. And it always pays.”

“Pfff! Red bins!” scoffed the production manager, with an exasperated hand gesture. He then crossed his arms tightly and scowled at the table, refusing to look up.

“In any case,” continued Jenkinson unflustered, “let me be extremely clear. Production will take responsibility for its own quality. And you will take the heads out of the quality department, and the cost out of the business. What is more, I’d like you to do this smartly.”

Turning back to the terrified HR manager, he continued to drive his point relentlessly.

“I want human resources to provide the names of the real quality experts you have in this plant by next Monday. People who can recognize the difference between a good part and a bad one and know what part of the process causes what kind of defect. Even if they turn out to be the older people who are most likely to take a severance package. HR needs to explain to me how these people will be retained, not lost. So to make myself crystal clear: The quality department must be cut by a third, and none of the people leaving should be real process experts. Beyond that, who goes and who stays is completely up to you. Again, you can reshuffle people as you like internally, but I’ll expect the heads out of the business. Any questions?”

The strain in the room had become so high that it was almost palpable. Ward struggled to hold back a nervous giggle, as he found

himself wondering whether being told the plant was to be closed was not the easier way after all. This was the hard way. The silence pulled and stretched, as Jenkinson sat there looking at people one by one, doing nothing to alleviate the tension.

“Is there a timeframe to this?” Beckmeyer finally asked tersely, visibly struggling to contain his fury.

“The ergonomic assessment and the hold on IT development are to be acted on immediately,” Jenkinson answered without emotion. “In the next two weeks I’ll want to review your proposal of how you intend to carry out the quality streamlining. As for actual implementation, there is no deadline yet—we’ll discuss that when you’ve got a working plan.

“That more or less covers it, gentlemen,” he concluded, standing up. “If you have any questions, don’t hesitate to email. Remember, there will be a fortnightly call for the plant manager to discuss specifics. In any case, I’ll be coming back soon. Thank you for your welcome, and good luck.”

“Andy,” he turned to Ward, acknowledging directly his presence for the first time. “Did you drive up here?”

Ward nodded mutely, cursing himself for feeling so intimidated. I’ll be saluting next, he thought wryly. And calling him “sir.”

“Do you mind driving me back to the airport, then? I’m due on a flight home this evening. We can talk on the way.”

As the miles passed by on the way to Frankfurt, the CEO remained quiet, lost in thought. Jenkinson didn’t look much like a millionaire, casually wearing a navy blazer over a faded jean shirt and beige chinos, which Ward found rather tasteless. The only sign of real wealth the man sported was the flashy Rolex on his wrist. Other than that, he looked more like an archetypal engineer than a CEO, down to the nerdy collection of pens in his shirt pocket. More than anything else, he came across as *earnest*, in that particular way that Ward associated with Americans. The man also suddenly looked exhausted and jet-lagged.

The rain had stopped, but the weather remained moody and gray, and the road was still wet enough to force Ward to concentrate on his driving. As the airport got closer, he was feeling increasingly flustered, trying to work his nerve up to confront Jenkinson, reluctant to intrude into his obvious brooding.

Finally Jenkinson stirred, muttering to himself, “Why does it have to be so damn hard!”

“You could try explaining more,” answered Ward impulsively.

“You think?” asked Jenkinson, stretching in the passenger seat. “Probably. Never was much good at it. Too me, it feels like that’s all I’m doing: explaining, explaining, talk, talk. The more I explain, the more they find reasons *not* to do.”

“Maybe it’s because what you say is not what people expect.”

“That so?” Jenkinson asked with a chuckle. “Customers come first. Deliver good parts on time. Reduce your costs. Work with your people so that they solve their own problems. Original and unexpected, right?”

“You know what I mean,” insisted Ward, speaking more cautiously. “I certainly expected you to come with some lean stuff, you know, value-stream mapping, improve the flow, and that kind of thing. And there you are hitting us over the head with quality. I’m not saying you’re wrong. It’s disconcerting, is all.”

“Lean, lean, lean,” grumbled Jenkinson. “What the hell is lean? All I know is that Toyota didn’t get to where they are today by simply improving their flow and reducing costs. They build cars people buy, that’s the real trick. They build them better, faster, and cheaper. Lean is customer satisfaction first, before getting into eliminating waste. And in any case, the only way to do this is through people.”

“Customer satisfaction, eliminating waste, developing people,” repeated Ward. “I buy that. But what about flow?”

“Oh, don’t get me wrong. Flow is important. *Leveling*, flow when you can, pull when you can’t. Of course it is. But that’s just technique, it’s a way to reveal problems, nothing more. The fundamental issue is attitude. People have to be determined to put their customers first.

They have to be fanatic about developing people. They must understand that everything they do is ultimately all about the product—the product that customers buy. And this product must solve more problems for the customer than it creates. If we want customers to purchase from us, we should work tirelessly at keeping the inconvenience cost down. And for that, you need people.”

“You mean that people need to improve products to solve customers’ problems?”

“Yeah, making people before making parts, that’s what it’s about. Name of the game. But it is sure hard to get across.”

“Were you serious about that stuff back there?” asked Ward, after mulling it over.

“Usually am,” replied Jenkinson, rubbing his face tiredly. “What stuff did you mean, in particular?”

“Getting them to cut their quality department by a third. If you’ll excuse me for saying so, that sounded fairly ... radical.”

Jenkinson didn’t answer right away and, for a moment, Ward feared he had pushed his luck too far. He cursed inwardly as he almost missed the Frankfurt Airport exit.

“A few years ago,” his passenger eventually said, “I had the opportunity of visiting Toyota’s Cambridge plant in Ontario. The tour was nothing special, just industrial tourism. They put my group in a small train, sort of like a theme-park ride, and gave us the standard tour through the plant. Obviously, there is nothing more like an automotive plant than another automotive plant, and nothing looks more like a Toyota plant than another Toyota plant, so I didn’t expect to see very much, other than confirming what I’d seen in their other plants. But I did wonder about one thing.

“You see, that plant builds the Lexus, Toyota’s luxury high-end car. Now, legend had it that only Japanese plants had the necessary rigor and discipline to maintain the level of quality required for the Lexus. So, as we toured the plant, I wondered, what is so special about this plant that they get to build Toyota’s most demanding product?”

“So in the end, I asked them. The guys giving the tour weren’t execs. They were retired employees showing the tourists around, regular joes. But their answer really struck me.

“It’s because of the *kaizen* by team members and team leaders, they said. They believed that Toyota had given the plant its top product because of the problem-solving activities of their operators! In all my time in industry, I had never heard anything like this. Not because of superior engineering. Not because of new investments. Not because of better management. The plant earns the right to build the very profitable, high-end product because of the continuous-improvement activities of its operators. The idea is that in order to build the company’s most demanding product, what was needed were operators who would constantly seek small improvements and, hence, spot minute problems and find ways to solve them.”

“In a way, it’s common sense,” agreed Ward. “The most demanding product is given to people with the proven ability to solve all the small problems. Hell, I wish someone said that about my own plant.”

“Sense, certainly,” said Jenkinson, giving him a quizzical look, as if to say that he had been saying that all along. “Common, unfortunately not. Look, I don’t know if it’s true, and I certainly have no idea of how Toyota’s senior management actually makes its product allocation, but these guys certainly seemed to believe it. So I asked them how they did it. How come they had all this *kaizen* activity?”

“And?”

“Because of the work of the team leaders and supervisors. They have five to seven team members to a team leader, 25 to a group leader, and the leader’s job is to sustain *kaizen* efforts. ‘We are organized for problem-solving,’ they said.

“And that’s when the light bulb went on. You see, as managers, that’s what we do. We organize things. This is the one thing we should know how to do.”

“Yeah,” nodded Ward, but having serious private doubts about his ability to organize in that way.

“But our understanding is that we organize ourselves to deliver product, nothing more,” Jenkinson said. “Ship the product out the door; provide the service. Use the minimum resources, have clear job descriptions, build integrated systems, and deliver. Toyota was doing something radically different; it was organizing for problem-solving. Think about it. Is the problem-solving activity organized in your plant?”

“I guess, no. It’s sort of assumed that people solve problems as part of their work. Nothing special.”

“Exactly!” exclaimed Jenkinson, warming to his subject. “Problem-solving is not organized. Jobs are. Consequently, any issue is always someone else’s problem—particularly at interfaces and exchanges. And so the restrictions of the job become more important than serving customers first. I had been doing lean for years, but suddenly I saw the light. The line management had to be taught to recognize, address, and solve problems: customer problems, operator problems, process problems.”

Just as Ward was about to ask for clarification, Jenkinson pursued his thought, in full lecture mode.

“I think I’ve figured it out. I researched this topic all the way back to the late 19th century. In the old days, business owners used to be managers. They surrounded themselves with a few trusty people and ran the business centrally, with a strong line, few chiefs and many Indians, and very little structure. Sort of like having a secretary handling personnel files rather than a full-fledged HR department that does who knows what. As Peter Drucker explained, Frederick Taylor then arrives and convinces owners to delegate the running of their companies to professional managers, who will organize work scientifically.”

“Scientific management, right?”

“Yep. Taylor persuaded the bosses to invest in specialist functions to organize the shop floor. This meant paying for an engineer, staff, special equipment designed by an engineer, and getting back direct labor productivity. And it worked spectacularly well! This is how we ended up with the corporations we know, with Finance running the

show, IT organizing everything, and a weak line management whose main job is to deal with the unions and fight the fires. This enabled us to create mammoth global corporations. But it's incredibly *wasteful*."

"How so?"

"Taylor taught us to gain productivity by applying knowledge through staff structures. This is far better than not applying knowledge at all. But ultimately it relies on specialists whose knowledge of day-to-day, real-life conditions is tenuous at best. The solutions they invent might work, but they work very inefficiently. Come on, have you ever had an IT system that actually helped you? Or a quality department that solved quality problems?"

"Pass," answered Ward, chuckling.

"What specialist staff structures produce are *systems*: IT systems, quality procedures, human-resources manuals, automated lines, and so on. As a result, line management can't resolve any real problem because what is mainly asked from them is to implement the systems. Compliance, compliance, compliance, often at the expense of competence. Systems are far too general and devised too far away from local work conditions to be effective at improving detailed work."

"So, what's the alternative?"

"Applying knowledge through the line rather than through staff structures. This is what Toyota hit upon. It's the line management's job to *improve* operations day to day by working with operators, not just to implement systems invented by eggheads. This is a lot leaner because, first, all processes are improved by the very people who run them, and, second, staff structures are now composed of real experts rather than specialists. I don't need an IT department to run my system for me. I need one guy who can teach me how to really use my existing IT system. I don't need a quality department to produce quality procedures. I need someone who can explain to me exactly what goes wrong where in my process so that I can see how it creates specific quality problems. I don't need a financial function to run my ratios and tell me what I can spend or not spend. I need a real financial

expert who can teach me how to use my budget to manage my plant effectively. Overall, I need far fewer people, but with greater *expertise*. The key to a lean operation is that management organizes people to develop knowledge continuously.”

As they neared the airport they hit traffic, giving Ward time to chew this over. He wasn't certain he understood or even agreed with what Jenkinson was saying, but he recognized true belief when he heard it. The guy had a vision, that much was certain. It was maybe a totally crackpot theory, but he sounded sincerely convinced. Ward didn't know whether to be reassured by this or more worried. True believers tended to give him the jitters.

“You see,” Jenkinson started in again, “for years I've studied lean with various *sensei* who kept saying in one form or another that lean is not about applying lean tools to every process but about using the lean tools to develop *kaizen* spirit in every employee. When you're on one side of the mountain, it's so hard to see how the valley looks on the other side. Applying lean tools to every process is simple for us. We create a new structure, call it a lean office, staff up continuous-improvement officers, and then dispatch them to apply lean tools to every area. And meanwhile line management continues to do what it does, uninvolved, and uninterested. And then we are surprised that after gathering the low-hanging fruit, the whole thing sinks in the mud. And the whole effort is abandoned until the next program of the year comes along.

“Believe it or not, this company is far better organized than my previous business was. People have clear job descriptions. You have far better, more integrated systems. Procedures are much clearer. As a result, however, no one owns problems because they always belong to somebody else. It's precisely because the division was so good at doing the wrong things that it didn't make money for Alnext, and could be bought so cheaply. If I want to make this work and make money from it, if we all do for that matter, then I need to break you guys from your hope that clearer organizational charts, more structure, and neater

systems will improve the situation. The only thing that will make things better is a radical change in attitude, in which people learn to recognize problems and try things out until they're solved. And to understand what a problem is, you've got to put customers first."

"A lean company is an outfit where *everybody contributes directly to adding value to customers*. Adding value starts by solving problems. How do you get there? Start by making all your managers spend as much time as possible solving customer problems and eliminating waste as they fight fires and organize the problem-solving in their areas. Then you need to convince all your operators to contribute their ideas and suggestions so that the company is using their heads as well as their hands. And you need to do all of this before the customers pull out or the automotive market slides even lower, before materials inflation puts us out of business, before the banks call in the loans or increase interest rates, and before the board kicks me out of this job. Simple really. Not easy, but simple."

"Wow."

"So, here, I've explained," Jenkinson said, sounding amused. "Let's test your theory. You suggested that I need to do more explaining. Well, I just did. Does it help?"

"Yes," Ward said uncertainly, and added, "and no."

"There you go. What's the point of explaining? One only learns by doing."

"It does help in one way," Ward ventured. "It helps to feel that you know what you're doing. I mean, even if I don't get it all ... it's good to know there's a plan."

It sounded good, but he still worried about Coleman's comment that Jenkinson was taking program responsibility away from sales and placing it in engineering. Just as with cutting the quality department in Neuhof, the man seemed to have a strange way of putting customers first. Ward had always heard Alnext's honchos claim that "customers came first," Sanders in particular. What that usually meant is accepting any kind of crazy request and blaming production for not

delivering. Jenkinson seemed to have a different take on the phrase. What Ward understood was to solve existing customer problems or problems for the next step in the process rather than imagine extravagant solutions to vague customer wishes. One more troubling notion he needed to think through.

“In any case,” Jenkinson said, switching gears and turning to face Ward directly. “I’m sure you didn’t drive all the way here to hear me pontificate about lean. What did you want to talk about?”

“Ah,” hesitated Ward. “How should I put it?”

“Just shoot.”

“Now, then. Lowell Coleman says you believe you are wrong half of the time. Is that right?”

“He said that, did he?” chuckled the CEO.

“Indeed.”

“The trouble is knowing which half,” he laughed. “But that’s right. This is a core assumption of lean: No matter how confident we sound, we are all wrong at least half the time. The only way of knowing is by testing our beliefs, our hypothesis. This is nothing more than basic scientific thinking. Theories must be backed by empirical evidence. What makes you ask?”

“How can I convince you that you’re wrong about closing the plant?” asked Ward.

“Ah,” Jenkinson sighed, and then fell silent.

Ward took the slip road to the airport terminal while his passenger said nothing, and he worried again he might have overstepped the line.

Eventually he pulled the car into the passenger dropoff lane and cut the engine. Jenkinson just sat there, in no hurry to get out, mouth pursed in deep thought.

“What’s the plant’s problem?” he eventually asked.

“You told me. It’s not making any money right now and you don’t know how to put any new products in it.”

“And I’ve got overcapacity across the company,” completed Jenkinson. “So what’s the plant’s problem?”

“Its quality reputation is not good enough to earn the right to produce more parts for the company, and its operating costs are too high to run it as a second-tier job shop. I can see that. But I can fix it. I just need some time. And some help.”

To Ward’s surprise, this actually drew a smile from the man. Not a put-down sneer, but more of a genuine, somewhat wistful grin.

“Andy,” he said looking straight at him. “*You* are the help. *You* are the plant manager. *You* are all the help the plant needs. There is no cavalry to the rescue. We have no cavalry. The plant’s got *you*—and that’s it.”

“What about time?” asked Ward, taken aback by the man’s sudden intensity.

“Here’s the deal,” Jenkinson replied, after another pause. “People who know Europe better than I do tell me that closing a plant in France takes time and requires a lot of administrative work. Convince me that you’re working seriously at coming up with a feasible plan to shut the place down, and I’ll be willing to listen to alternatives. For starters, fix your quality problem. No more customer complaints. No more missed deliveries. If you can do that, it might not save you, but it’ll buy you some time. And sometimes, miracles can happen if you survive long enough.

“Remember,” he added with another slow grin, “80 percent of success is showing up. You showed up today. Now show me results.”

Put customers first by getting line management to own and fix quality and delivery problems. As compared to the current approach of relying on job descriptions, systems, and procedures, this definitely sounded like a shock to the system. Maybe it was exactly what Ward needed to stir things up at the plant. He also realized he’d have to start with the obvious: immediate, concrete complaints rather than some abstract notion of “customer satisfaction.” Delivering on-time, defect-free products sounded like a pragmatic place to get started, as opposed to

whimsical notions of what “customers” in the abstract would like in absolutes. The next process is the customer. Indeed.

Ward felt both reassured (slightly) and more worried (enormously) by his chat with the boss. He realized that he had to do something drastic. Otherwise the same causes would lead to the same results, and Jenkinson would not tolerate failure for long. To be sure, this would mean changing a lot of minds, starting with his own, he thought gloomily. Ward had never considered lean to be a management issue. It always struck him as a useful operations method. He'd always assumed that his management was basically sound, and that lean techniques reinforced this by smart cost-cutting. Disturbingly, Jenkinson seemed to think the entire management approach needed to be questioned. Probably the most startling takeaway from this conversation was the implied challenge thrown down by this way of seeing lean. Ward would have to rethink fundamentally his whole approach to everything that every person did in the plant in order to start building the kind of management in which everyone could contribute directly to adding value for customers.

To save the plant, Ward concluded sarcastically, he only needed to completely revolutionize its management approach as well as fighting the 1,001 daily fires. A walk in the park.

He was not surprised to see the light on in the old stone stables on the left side of the farmhouse. The house and adjacent barn were the best of what remained of the old fortified farm, with two other buildings linked by a ruined wall on the other side of a central pond. Over the years, Claire's father had kept the barn more or less in shape to hold three stalls, where he kept a few horses apart from the main modern stables across the road.

As he turned the corner to park the car, the headlights painted Claire in stark light, standing by the first stall, brushing a dappled

gray horse. She was grooming Pagui, an aged hunter who had been her favorite show jumper when she'd been a young girl.

"Hey."

"Hey yourself," she answered with a quick, anxious smile. "How did it go?"

"I'm not sure," hesitated Ward. "Not at all what I expected."

Pagui nickered and nuzzled her back, eliciting an automatic slap. Whenever she turned her back on him, he had the habit of butting his forehead between her shoulder blades.

"I've been thinking about it," she said, brushing away a stray lock of dark hair with the back of her hand. "All of this. We can do without, you know. It's not our life. We can move. Do something else."

He saw her involuntarily shudder in the dim light as she actually voiced the thought out loud, trying to put a brave front on it all. Malancourt had become their joint passion, their impossible dream, and simply hearing her mentioning the possibility of defeat broke his heart.

"Remember when you used to kid me about all these 'just so' stories I told to liven up my presentations?"

"Some of them were awful," she smiled.

"Remember the one from Herodotus, the old Greek guy?"

"The one about the thief and the horse?"

"Yes, just before being executed, the thief makes a bargain with the king. In one year he will teach the king's favorite horse to sing. The other prisoners all laugh at him—how can he teach a horse to sing? No one can. 'Well,' the thief replies, 'I've got a year, and who knows what might happen in that time? The king might die, the horse might die, and—perhaps the horse will learn to sing.'"

"Will you sing for me, Pagui?" she laughed, stroking the old warhorse's forehead.

"That's how I feel now. I think I've gained some time, so who knows what might happen? Jenkinson might leave, the plant might get sold again, or, perhaps, I'll manage to get it lean!"