

The Work of Management

A Daily Path to Sustainable Improvement

by Jim Lancaster

with Emily Adams

Foreword by Jim Womack

Lean Enterprise Institute



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Foreword

by Jim Womack

I am very excited about this book, in which Jim Lancaster tells the story of a 10-year journey at Lantech, the stretch-wrapper manufacturer in Louisville, Kentucky to install a lean management system and confirm its performance over an extended period. This is the inside view of the company as it proceeded from instability and an inability to sustain results of the kaizen work for which it was famous to a daily management system that creates stability for routine operations, sustains continuous improvement with A3 thinking, and facilitates big strategic leaps with hoshin planning while developing people at every level of the business.

In describing the journey, Jim demonstrates the key elements of daily management—a robust process involving every manager in every part of the business every day—as a flexible system able to deal with issues facing the business in real time. In plain language and illustrations, Jim shows a management system you can apply to your organization with dramatic results.

I first encountered Jim in 1994 when he was a young manager at Lantech, then at the end of a dramatic conversion of its production processes under the leadership of Pat Lancaster, Jim's father and the company's founder. It had been a remarkable effort to save the business by increasing velocity and shrinking lead

times while reducing costs and improving quality, all by applying lean principles through high-speed kaizen. Lantech seemed to be a great story with a happy ending, and Dan Jones and I quickly decided to include it in *Lean Thinking*, where it became chapter 6.

I was so taken with Pat's success that I asked him to be on the LEI board when I founded the organization in 1997. He served for the next 15 years, which gave me the opportunity to keep track of Lantech's continuing adventures. In particular, Pat embraced strategy deployment (hoshin planning) and was proficient enough that I asked him to help me master these techniques at LEI as we started up.

Over the years, I visited Lantech on many occasions and gradually began to see a troubling pattern. The company was great at kaizen, trying new ideas with dramatic experiments, and often achieved dramatic short-term gains. It also pursued big strategic leaps through its annual hoshin process. But it was much less adept at sustaining the gains from kaizen or actually achieving hoshin breakthroughs. Indeed, I saw backsliding to preexisting performance levels after bold leaps. This pattern was particularly interesting to me because it was becoming evident all across the lean community.

As this trend emerged, Pat was thinking about the transition to the next generation, and Jim was being groomed to take over as CEO. Jim will tell his own story in the pages ahead of what happened after he became CEO in 1995, but let me explain here that Lantech then employed what I call *entrepreneurial*, or *traditional, management*. Pat, the founder, was (and still is) a brilliant inventor who had gathered a group of colleagues who could execute on his vision for a new company in a new industry. Little formal management was needed. The team knew what Pat wanted, and they worked hard to achieve it. No detailed measures of performance

and no complex means for dealing with cross-functional issues were needed. The next new thing was always the focus of the team, not steady-state management of the growing and maturing business Lantech was becoming.

When Jim stepped up to be CEO, he brought along a very different approach to management. He hired a new president of the North American business unit who assigned objective performance measures to the work of subordinates and held them accountable for making their numbers. Longevity of service in the organization and loyalty to the founder were not the point. Results were. This is the familiar large-enterprise approach to management by results rather than management by process that I call *modern management*.

Soon into his tenure as CEO, Jim realized that the replacement of traditional with modern management was not working. Managers were bewildered and offended by the new system. Some rebelled and others quit. And most important, performance of the business did not improve.

Fortunately, Jim found a coach for his management issues, just as Pat had found one years earlier for his process issues. Jim's coach was Bob Morgan, whom I had met in 1993 even before I happened across Lantech. Bob was then the general manager of a steering-gear business in Wales in the United Kingdom that supplied both Toyota and Honda. He had been an early convert to lean thinking, but unlike many other managers at this time, he had focused on the management elements of the system, rather than just the process elements. He had balanced the social and the technical elements in a creative way. When I founded LEI a few years later, I was so impressed with what he had done in several companies where he subsequently worked as a senior manager that I also asked him to join the board.

Soon I noticed Pat and Bob were talking on the side at board meetings about the problems with the management transition at Lantech. This book is the story of what happened when Bob Morgan began to coach Jim Lancaster.

Through a series of experiments, Jim created a lean management system that could create and sustain stability in the performance of every value-creating process at Lantech. This daily approach to management has become the firm foundation for sustainable improvement through kaizen and successful hoshin planning. It was a new way to think creatively about what Jim calls “the real work of management.”

This book is therefore two things at once. On one level, it is a second Lantech story, also with a happy ending, this time proved to be sustainable over many years. I think you will find it inspiring and fun too. On a deeper level, it describes a method you can use to create your own lean management system in any type of business based on daily and weekly management for stable performance. This becomes the foundation for sustainable kaizen through A3 thinking, and successful big initiatives through hoshin planning—all done to the steady cadence of a daily and weekly management cycle.

It has been a great honor to share the confidence of Pat, Jim, and Bob over many years, often at times when they were struggling to find the way ahead. I have seen them face and solve one business problem after another, evolving from a small lean startup founded on a brilliant product innovation, to scaling up with efficiency and quality via lean production, to creating stability via a lean management system. Through their experiments I have learned much of what I know about lean management, and I am grateful they have agreed with our suggestion at LEI that they now share their learning and wisdom with you.

As always with LEI publications, we (and Jim) would love to hear from you about your experiments and results—good and bad. Simply contact us at info@lean.org. With some courage (which you must supply) and a lot of experiments (as described in these pages), we are confident that you and your organization can also master the work of management.

Jim Womack
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Barters Island, Maine
January 2017

This book is dedicated to the employees of Lantech, who show up every morning ready to work. Without their dedication and patience—their willingness to work alongside us as we all tried and failed at this system and then tried and failed and tried again—we never could have found the success and stability that we enjoy today.

– Jim

Stumbling

If I had only one word to describe myself as a CEO in the early 2000s, it would have been *frustrated*. If you had seen me standing there applauding the efforts of another cross-functional improvement team, you might not have known it. But I was.

My company was famous as a pioneer of continuous improvement, so my feelings were a kind of heresy. But I could not fail to see the problems on my plant floor, where I could watch a *kaizen*¹ team working with focused intensity to improve the manufacturing process of one product, trying to correct and perfect every bit of work, while another work area nearby completely fell apart. Most likely that area would contain a very expensive custom machine that was full of engineering errors and \$10,000 worth of structural rework, but no kaizen team would be working on the cause of this machine's very immediate problems. It seemed like I was always calling an angry customer to explain and apologize.

On one day in particular, I remember standing there watching some similar scenario play out—striving for excellence in one area while last year's fully improved and kaizened area fell apart, wondering why all of our problems came back—when a tour group

1. From the Japanese characters for “change” and “good,” *kaizen* is defined as continuous improvement of an entire value stream or an individual process to create more value with less waste.

came through. This happened a lot in those days. One of our continuous-improvement engineers was leading around a group of visiting engineers and executives, pointing out the lean features of our world-class manufacturing facility. I sighed and trudged up the stairs to attend another improvement team's report-out.

Sure, we all liked the attention and the praise, but I knew we had some fundamental problems and one very big secret. Lantech, the smart and enthusiastic company featured in the seminal book *Lean Thinking*,² was not delivering great business results. We were working hard. We were conducting multiple kaizen workshops every month, diligently removing waste from the system and continuously improving. Every week, teams reported savings of time and money, but it all seemed to evaporate before it could hit the income statement. How had we wound up here? Just a bit of history helps explain.

My dad, Pat Lancaster, started this company in 1972 with his brother, Bill, and it was a classic American success story. Pat had a good idea for building a machine that would secure a load of boxes, containers, or bags on a pallet for shipping. Instead of shrink-wrapping the pallet and load, he made a machine that wrapped the whole thing in plastic film. He called it stretch wrap. His method used less than half of the plastic per load and avoided the extra, expensive heating-step of a shrink wrapper.

Pat found good employees in our native Louisville, KY—local craftspeople who could read a set of blueprints and build from them. Then, he listened to his customers, watched how they used the equipment, and kept innovating. If a Lantech machine had a problem, we always showed up to fix it. We were known for our loyalty to customers and for product innovation.

2. James P. Womack and Daniel T. Jones, *Lean Thinking: Banish Waste and Create Wealth in Your Corporation*, 2nd ed., (New York: Simon and Schuster, 2003).

I had worked at Lantech since I was kid, sweeping floors, folding blueprints, learning to assemble machines. I had personally cleaned the bugs out of every lighting fixture in the building. But I had been away for several years, in school and working, when my dad lured me back from New York City in 1990. I liked working in finance and living in the big city, but I could not turn away from Lantech and Louisville. They were home. They were where I wanted to bring my new bride and raise a family.

The trouble was Lantech was in a lot of debt and struggling. We had just lost the protection of a critical patent (in a travesty of justice). My dad was working harder than ever, but the shop floor was drowning in inventory, and nearly every machine shipped out later than promised.

Great ideas from the past were killing us. The plant was filled with batches of machine modules that previous forecasts said we would need; the MRP system ensured we had lots of parts, just not the ones we needed. It took 14 weeks to build and deliver even a simple machine, which was why we built to stock. And valuable new product ideas lay dormant because our resources were absorbed in getting problem machines shipped.

Pat knew that he and his company needed to change. In the early 1990s, my dad learned about the ideas of the Toyota Production System and what would come to be called *lean* and embraced them with gusto. He hired a new director of operations, Ron Hicks, and he helped us remake operations. Working together in teams of people from throughout the company, assisted by a newly created group of lean experts in a Kaizen Promotion Office, we got rid of the old batch-and-queue methods and embraced one-piece flow.

The inventory evaporated. Within a few years we went from two inventory turns annually to 11, freeing up more than \$3 million in cash. The debt was paid off. Manufacturing lead time on some

machines dropped from 14 weeks to 8 hours. It is difficult to overstate the revolution that Lantech was experiencing.

In those early years, in the 1990s, I was on the road a lot, selling our machines and building the distribution network. I was a little jealous of Ron and Pat back in Louisville and the energy and excitement they were creating. Every time I came back into the plant, it seemed like it was a little cleaner and a lot easier to see how things actually got built. Lantech soon became a model lean enterprise, hosting public kaizen workshops where outsiders learned about lean and what we had accomplished while working on teams to solve our production issues.

By 1995 when I took over as CEO and my dad happily “retired” to our product-development efforts, we had freed something like 60 people from their old production and office jobs, and a lot of them joined Pat in product development. We had greatly expanded our distribution channel to absorb some of the capacity we had created. Then Jim Womack and Dan Jones came to visit. They featured Lantech in an article in the *Harvard Business Review*³ and then, shortly afterward, published their book that sparked a new definition of excellence. We were famous.

Working closely with Ron and Jean Cunningham, our CFO, we took lean thinking through our offices too. I described it as a kaizen blitz. We slashed the amount of time it took to enter an order from two weeks to just hours. Jean made so many improvements to the finance department—including slashing the amount of time it took to close the books every month to a single day—that she wrote a book about it with another lean CFO.⁴

3. James P. Womack and Daniel T. Jones, “Beyond Toyota: How to Root out Waste and Pursue Perfection,” *Harvard Business Review* (September–October 1996).

4. Jean E. Cunningham and Orest J. Fiume, *Real Numbers: Management Accounting in a Lean Organization* (Durham, NC: Managing Times Press, 2003).

Now, it was time to make my mark. Better production was great, but the financial benefits were becoming fewer and smaller. I decided it was time to expand Lantech by acquiring companies with similar product lines. In the late 1990s, Ron, Jean, and I went flying around the world, looking at acquisition candidates, thinking about how lean methods would remake each one.

In a ratty old barn in the middle of California, for instance, Jean and I visited a factory where they made the case-erector machines that automatically fold up the cardboard trays to hold fruit or nuts or vegetables. It was dirty. The barn smelled like sweaty old shoes, and their production methods were appalling—something like Lantech was doing 10 or 15 years earlier. So when we looked at their books, I was surprised to see they were showing profit of 12%–13% of gross revenue.

Back on the plane, I turned to Jean and asked how come we had people writing books about how good we were when our financial results were still just stubbornly average? We were not losing money, but we were averaging only 5% profit of gross revenue on our best years. We shook our heads over it, but neither of us had an answer.

In the Deep South a couple of weeks later, at the end of a long gravel road, I was in a factory that made conveyors. The owner was hoping to retire and spend more time squirrel hunting, so he was happy to show me around. Again, I found mountains of inventory and spare parts, a classic push system that acted without regard for the customer, and they were making 10% on gross income and had more than \$10 million in cash.

With our capabilities, Lantech should have been in the top quartile of the capital-equipment industry in terms of financial performance. We should have had double-digit revenue growth and made at least 10% bottom-line profit as a percentage of gross

revenue and even more EBIDA.⁵ Since we had a profit-sharing bonus program with our employees, everyone had a keen interest in our revenue and profit performance. But Lantech was realizing half its potential even while becoming famous as a powerhouse of lean production methods.

I would pose this dilemma—*If we're so good, how come we aren't leading the industry financially?*—to my executive team and get the same responses every time. Operations would say that we couldn't fully standardize and stabilize the process until we stopped changing the product so much. Service would complain that operations was sending out so many quality problems that they could not keep up with the field-fix demand. Sales would agree that we were making a lot of customers angry, requiring us to discount machines to keep customers. Pat in product development (aka my dad) would say his team had great new ideas and if we could just start building machines incorporating them, customers would be thrilled and demand would grow with good margins.

I was stuck. I knew it was wrong to let the department heads all point angry fingers at each other, but I couldn't stop it. Everyone's argument made sense. I did not know how to get out of the trap.

A few months went by as I clapped politely for kaizen team reports, wondering where all of those improvements went, and studied new acquisition targets. We bought a struggling shrink-wrapper equipment company in Florida and a case-erector equipment maker in the Netherlands.⁶ We went to work on converting the Dutch company to one-piece flow⁷ and moving the shrink-

5. EBIDA: earning before interest, depreciation, and amortization.

6. A case erector folds up flat pieces of preprinted cardboard to create boxes or trays in which product is stacked.

7. One-piece flow in assembly means lining up all of the process steps in tight sequence and assembling machines (product) as they move from station to station with no machines waiting between stations.

wrapper operation to Kentucky. And then, like most equipment manufacturers, we got hit hard by the recession of 2001, and sales dropped by 14%. I could see even our slim margins slipping and decided it was time to refocus on the shop floor.

In the next year, I struggled to get everyone focused again on production, finding waste, improving operations, and using resources freed up by the drop in demand. But we all seemed to be going in different directions. In the downturn, I should have been able to use our people who were unneeded on the production line (excess resources) to drive faster improvement, thereby justifying overcapacity by increasing the company's long-term capability and keeping all our folks employed. But after a year of trying, I saw little result and ended up laying off about 10% of our employees to rebalance production resources with reduced demand. It was a horrible, emotional experience that drove many of my decisions in the coming years.

In 2004, Ron and Jean left. And I ended up in Cincinnati, in Bob Morgan's living room, trying to pique his interest in Lantech.

For a number of years, Pat had served with Bob on the board of directors of the Lean Enterprise Institute, and we knew him as a thoughtful man of good, solid advice. A former senior manager in large automotive supplier companies, Bob was one of those rare folks who had led multiple lean transformations. Most people just talk. Bob had experience and was known for a deep understanding of lean principles and, most importantly, the ability to make the work come to life in real companies. I was sure he could turn around our record of disappearing improvements and stagnant earnings.

Bob turned me down flat when I offered him a job. However, he took pity on me and spent an hour or two talking about what was going wrong in my business. He had interesting questions and good suggestions, but in the end, I went back to Louisville alone.

Next, I turned for advice to a group of fellow business leaders I had learned to value for the diversity of their experience. I was inclined to agree when they told me, “Jim, you need to get a strong manager in there to help. You are a really nice guy, and you’re just not holding people accountable. You need to be focused on higher-level acquisition activities, and a strong manager is what you need, a person who will create an accountability culture.”

So, I hired a new CFO and a very experienced, results-driven leader as president of North American operations and let them run things their way. I thought maybe these new people could find a way to drive improvement to the bottom line.

The culture shock was huge and nearly did us in. The new president managed operations by hammering out agreements with operations leaders about what would be accomplished in the next week, month, and year. He did this without fully understanding those operations or what was actually possible. When those leaders failed to meet objectives, they were labeled as failures—sometimes in front of large groups of people. I lost good people in that year as I allowed the experiment to play out.

And then I went back to Cincinnati, to Bob Morgan’s living room, where I was lucky to catch him. Bob had retired from Delphi Automotive and was selling his house to set in motion his plans to leave the United States (he is British) and retire to his sailing yacht. He listened again to my tale of woe. Only this time, he said he might be willing to help me. He could not join us full-time, but he thought I was prepared to finally see and fix my problems, and he was prepared to mentor me.

Bob directed me to Mexico, to an automotive air-conditioning component plant that he had overseen while at Delphi.⁸ He flew in from his boat to meet me, and when we went out to the floor

8. Bob Morgan was vice president of operations in the climate controls sector of Delphi, with responsibility for transforming a number of large plants around the world.

together, I saw the production lines clicking along. Everything was clean and orderly and simply ... running. Then we went to a series of stand-up management meetings and that's where my jaw dropped.

Here were engineers, product managers, and maintenance and operations people talking about issues and performance abnormalities from the line that morning. They even had parts in their hands to talk about specific problems, and they were deciding right there what they were going to do. Operators and area supervisors had brought some of the issues to their attention. Other issues were on the managers' own tick lists. But here is what's important: they were not bickering and finger-pointing; they were talking about how to address those issues during the remainder of the day and who would be responsible for getting it done.

At Lantech, someone might complain about a problem to their manager, who might pass it along to their manager or put it up on large flip charts we had in each area. We called them barrier boards. This was where problems accumulated. Managers met once a week at the barrier boards to analyze the problems and decide which were the most important. We had meetings where we would look at 50 problems and argue about which were really important and then assign someone to get data so we could determine which of the really important problems were most important. Then, we could finally decide at a subsequent meeting what to do, and assign it to someone who would assemble a team, and meanwhile, we might be weeks later.

We were talking about what to do and deciding what to do and not actually doing all that much. What I saw in Mexico was managers responding immediately to anything that got in the way of an operator making a quality part safely, on time, and at cost.

The Mexican plant was one that Bob had transformed using professionals from Toyota and Delphi's own internal improvement teams and then used as a model factory to train other managers.

They introduced one-piece flow and conducted root-cause analysis and the plan-do-check-act (PDCA) method of problem solving. Everything was clean and in its place. They had a robust production system focused on customer pull, and they empowered people to find and solve problems, often the same day.

The difference was management *at every level* was actually involved in operational issues on a daily—even an hourly—basis. They had a two-hour series of interlocking *gemba*⁹ walks and stand-up meetings in each area, with updates every morning on the resolution of problems encountered the previous day. At the end of those two hours, every person in the management team was updated on every aspect of operations needed to support the frontline work. That was everyone's job: supporting the frontline work, the value-creating activity of the company.

This ability to resolve frontline problems immediately was the piece we were missing at Lantech. For all of our amazing production breakthroughs, we had never stabilized our value-creating processes. But here was a system where all the brains of an organization were systematically focused on solving immediate operational issues without emotional scenes.

I knew from our kaizen experiences in the 1990s that when we really focused in on the work, the effort was repaid in multiples. Moving to one-piece flow saved our business because we achieved control—even temporarily—over how we made things. We lost that control when we looked up from the work and focused too much on other things. With a daily management system, focusing on the work in every department would become part of everyone's day.

9. The Japanese term for “actual place,” often used for the shop floor or any place where value-creating work actually gets done.

Fundamentally it felt right. Bob agreed to work with us in Louisville, but only for a couple of days each month. He warned me that he would not be telling anyone what to do. His job would be to teach us how to see and think about work, and how to organize ourselves to enable value creation by frontline associates. In short, he would teach us how to manage work. He would give workshops and assign homework. The rest would be up to us.

Also, he said my presence and active participation were required if he was going to help. In truth, I had not spent much time on the shop floor since I was a teenager. Lately, I had spent a lot of time with our recent acquisitions and was letting the new executive team have all the space they needed.

I asked Bob who would do my job while I was down on the shop floor. He said, “What job? You mean, going to all those meetings you say are useless? Taking care of a planning process that does not get executed?”

I asked Gina McIntosh, who was then the team leader for manufacturing and is now director of operations, to keep an eye on things in the office while I got to work.

There was an awful lot of mess and waste on that shop floor. It was disappointing, considering all of the work we had done in the 1990s to clean it up. But the sight of that low-hanging fruit energized me, too, as we started to fix things.

I invited our president of North American operations and the CFO to join me, along with Steve Clifford, the manager of our lean transformation team, when Bob delivered his first workshop on standardized work in 2006. Of course, we thought we had been doing standardized work for more than 10 years at this point. It was humbling to realize that I had never understood the full nature of

this concept, but I had little time to be embarrassed. We were going out on the shop floor, I told the president and the CFO, to find out what was really happening there.

We began with the feeder cells for the S-Auto, our automatic stretch-wrapping machine. The feeder cells make the modules that are assembled together to make an S-Auto. These include the electrical panel, the safety gates, the film delivery system, the big wrap arm—which sends the film delivery system speeding around a load of goods on a pallet, wrapping it up tight—and the automation module. It's probably not important that you know exactly how these modules interact, but we needed to know everything about how these pieces get made. We chose this area because the feeder cells had both downstream customers and upstream suppliers and because quality issues made the S-Auto both a critical business problem and an opportunity.

Bob set up a table in the middle of the area, gave us some instruction on how to characterize what was going on, and then sent us into the feeder cells with pencils and paper to sketch the work. Every day, I showed up at 6 a.m. in my steel-toed boots and went directly into the cells to sketch and look for work flows that were hard and tedious for the operators.

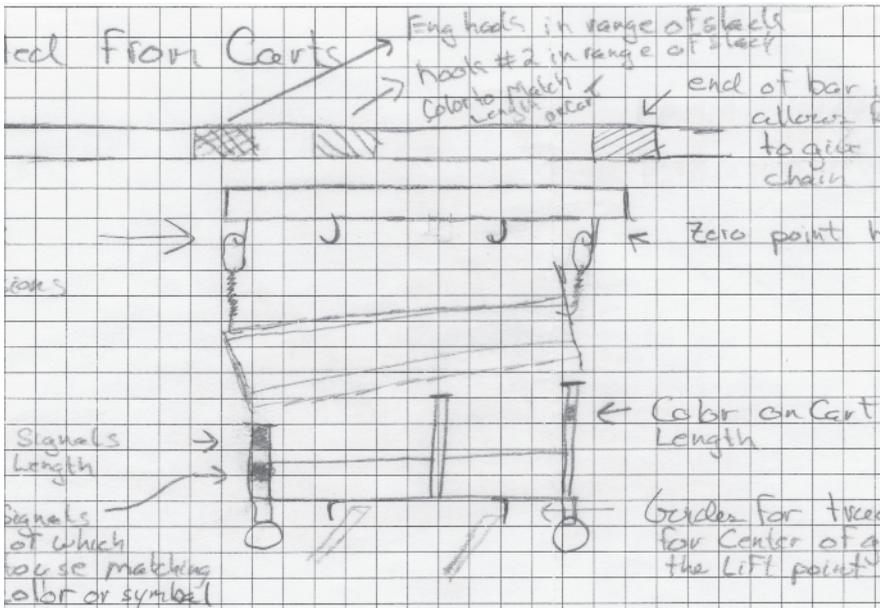
We were conscious of being respectful to the people working in the cells and tried to stay out of their way as we drew tools, hands, workbenches, and components. We drew arrows between steps to show the order and flow of work as it happened. And then Bob came around and pointed out our errors. He would ask, "Where did this tool come from? What was the missing step between these two processes? How did the materials and tools interact with the hands of the associates?"

Sketching forced us to both observe the work and translate it onto the page. On paper we learned to see the gaps—the missing pieces of work that we had not noticed—and then go back

and look at the work process again. Filling in the gaps forced us to see and consider all the little bits of activity that make up the whole of a work process. We could not begin to improve, Bob taught us, until we really saw.

After we sketched the process, we improved it. Then we standardized the process, making it easily repeatable within the available time, and stayed there fixing issues until the process was completely stable and producing a good result every time. We were used to creating work processes that were significant improvements upon the former processes. Now, these needed to be improved, reexamined, and perfected. It was hard work but exciting too. When I got back to my office at 3 p.m. every day to deal with the mountain of other issues, I felt as though I understood my company better.

Detail of a Sketch from the Paint Line Observations



A few weeks later, Bob would come back and go directly to the area where we had been working to observe our improvements. Inevitably, something would be askew. There might be extra work-in-progress (WIP) on a bench or people wandering around looking for information or missing parts.

We would say, “Well, today isn’t a normal day because ...”

Whatever our excuse, Bob would tell us to go back in and find out what was wrong and fix it.

“Today is perfectly normal,” he told us. “It is normal because something unusual is always happening.”

After a couple of months of this, we began looking forward to our next topic on Bob’s learning tour—a workshop to teach us how to set up frontline management. We would schedule this workshop. Then Bob would arrive on the appointed date, go to our “improved” feeder cells, point out the instability, and cancel the new workshop in favor of fixing the feeder cells. He’d say that we could not move on until we really understood and could design good work. It was like failing first grade over and over again, and that went on for months.

My new executives were not happy—especially the president of North American operations. He wanted to debate this path we were on. A lot. He argued that there was little value in spending his very expensive time on something that a \$12-an-hour operator could be doing. I took his point. After all, I had good leaders who had risen through the ranks and were really interested in the way that work gets done. It turned out that his time really was too expensive. Within about six months he exited our company. I got back to work.

That was later in 2006. What I learned in the years that followed—from Bob Morgan, the Lantech shop floor, and the people who work there—is that it is a chaotic world we live in. Parts supply and quality are unstable. Employees and customers

can be unsteady. Tools are unreliable. We spend a lot of time trying to organize the elements just enough every day so that products get shipped, people stay safe, and money gets made. We do this with our daily management system (which I will describe in detail in the next chapter).

Bob says that keeping operations running smoothly is like maintaining a sand castle. If you keep after it every day—adding a little more sand here, a little water there, shoring up a support wall—you keep it intact. Turn your back and let the waves have their way and you have to build it all over again.

Working with our daily management system, I have learned that instability acts like a gravitational force, but management can organize itself to consistently make the right corrections. Doing so creates a different kind of stability—one that is not stiff and unbending but flexible and responsive to today's demands.

For us, this management system and the principles behind it have made a big difference. Production processes today are far more controlled. The majority of problems get solved when they are still small. We can see deterioration of a process very quickly and hold it back, allowing improvements to stick and then accumulate so that we actually affect financial performance.

At the end of 2007, we put the skeleton of the management system in place in a single week. In that first year we focused only on quality, taking baby steps with our new way of managing. Still, we saw number of defects per machine drop 70%–90% in most areas.

In the second year, as the Great Recession rolled across the country, we added cost measures to the mix and dramatically lowered monthly expenses while improving our gross margin. Like most companies in our industry, we had a significant revenue drop, but we were able to maintain profitability.

In the years that followed, we steadily deepened our commitment to the system and learned that the stability it created permitted us to sustain our kaizen efforts as never before and to tackle strategic initiatives that we could never have hoped to succeed with before.

I do not want this to sound like magic. Too many books about business improvements seem to promise some kind of fairy dust that will make profits soar. A daily management system, by definition, requires daily attention and dogged discipline. As a pilot—flying planes is what I love to do when I am not tending to my business—I know the value of ingrained habits such as checklists. That’s what this management system feels like to me: a good and useful habit.

To those leaders who are willing to show up every day, who are committed to a morning management routine and to supporting those people who are doing the value-creating work of the company, this system will be a revelation. It will take 60 or 90 minutes out of your morning, but those will end up being the most important minutes of the day. And you will soon have more rather than less time available for activities focused on improving and expanding your business.