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IMMEDIATE RELEASE

Tough Times Will Separate True Lean-Thinking Companies from the Pretenders

A recent Lean Transformation Summit conference organized by the Lean Enterprise Institute offered service and industry executives advice for getting back to the basics of lean thinking to improve market share and position during the recession.

Cambridge, Mass. -- March 23, 2009 -- The economic crisis will separate the truly lean companies from the “fashionably” lean companies, according to business author and lean management expert John Shook.

Shook made his remarks during a keynote speech at the [Third Annual Lean Transformation Summit](#), March 4-5, 2009, at the Hyatt Regency Atlanta. Sponsored by the nonprofit Lean Enterprise Institute (LEI), the Summit and pre-conference workshops drew approximately 300 executives and managers from service and manufacturing companies that are taking lean beyond the application of isolated tools to the creation of lean business systems built on lean management.

Lean Manufacturing Fundamentals

Shook, a senior advisor to LEI, said the worldwide recession will “separate the lean wheat from the chaff.” Truly lean companies won’t abandon continuous improvement efforts, he explained, but will redouble their efforts by getting back to the basics of lean thinking.

“In the rush to meet demand of some boom periods of the past ten plus years – first the dot.com boom, then the China phenomenon, then the loose credit of the subprime mortgage debacle – basic principles of lean thinking, such as overproduction, became forgotten,” he said.

“The processes and practices of lean thinking align around objectives which prevent overproduction and shorten the lead time for providing products and services for customers. That creates flexibility and generates cash. That provides value for customers and prosperity for companies.

“The words and deeds of Toyota’s early innovators, spoken during the company’s era of crisis in Japan’s war-torn economy, fit today’s economic crisis with no need for updating. Consider these

words of Toyota Production System founder Taiichi Ohno. ‘An increase in production volume shouldn’t necessarily mean a decline in unit costs any more than a decline in volume should mean an increase in unit costs. Those sorts of things happen as the result of arranging things poorly.’

“It’s as if those words were spoken about the current situation of too much and wrong capacity everywhere,” Shook said. “Moreover, these words are powerful reminders of the importance of making do with less — a basic principle that even executives at Toyota lost sight of in recent years to their profound regret.”

The Birth of Lean Production

John Shook <http://www.lean.org/WhoWeAre/LeanPerson.cfm?LeanPersonId=4>

John Shook learned about lean while working for ten years with Toyota, helping that company transfer its production, engineering, and management systems from Japan to its overseas affiliates and suppliers. He is co-author of the popular *Learning to See* workbook that introduced the value-stream mapping technique. His recently published *Managing to Learn* book describes the A3 management process at the heart of lean management and lean leadership.

Shook helped translate the just-published LEI book *The Birth of Lean*, a compilation of first person accounts by Toyota executives such as Eiji Toyoda, Taiichi Ohno, and Kikuo Suzumura, whose work created the Toyota Production System, the first lean business system.

What is Lean? <http://www.lean.org/WhatsLean/>

The term “lean production,” or more correctly “lean management,” refers to a complete business system for organizing and managing product development, operations, suppliers, customer relations, and the overall enterprise that requires less human effort, less space, less capital, less material, and less time to make products with fewer defects to precise customer desires, compared with traditional management.

Toyota pioneered lean management as a complete business system after World War II. During the late 1980s, a research team headed by James P. Womack, Ph.D., at MIT’s International Motor Vehicle Program coined the term “lean” to describe Toyota’s system.

About the Lean Enterprise Institute

The Lean Enterprise Institute, Inc. (LEI) was founded in 1997 by management expert [James P. Womack](#), Ph.D., as a nonprofit research, education, publishing, and conferencing company with a mission to advance lean thinking around the world. We teach courses, hold management seminars, write and publish books and workbooks, and organize public and private conferences. We use the surplus revenues from these activities to conduct research projects and to support other lean initiatives such as the Lean Education Academic Network (www.teachinglean.org) and the Lean Global Network (www.leanglobal.org). For more information visit LEI at <http://www.lean.org>. Lean Enterprise Institute and the leaper image are registered trademarks of Lean Enterprise Institute, Inc.