

# The Lean Employer

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Want Better Employees?  
Be a Better Employer.

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## What's an Employer?

- An organization, not an individual (e.g., a stand-alone sensei, coach)
- With jobs – bundles of activities performed by individuals, some of which create value (= work), some of which are incidental work, and some of which are waste.
- Whose employees (job holders) collectively create more value than cost.
- If  $\text{cost} > \text{value}$  (= revenue from the customer) the employer disappears!
- If  $\text{value} > \text{cost}$  the employer can protect its employees, survive & grow.
- ✓ About 27 million in the US; 18,000 with more than 500 employees.



## How Do Normal Employers Behave Today?

- Create a lot of waste in addition to value, leaving the customer with no choice but to buy a bundle of both. (The gap and the opportunity for lean.)
- Don't protect employees through economic cycles and industry disruptions; don't think they have a responsibility.
- Don't upskill employees; don't think they have a responsibility.
- Accept wages set by labor markets for employees doing a specific type of job; don't think they have the responsibility for increasing real wages.
- Engage in a downward spiral of declining responsibility to employees and declining loyalty from employees that has social as well as business consequences.

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## How Do Lean Employers Behave?

- Help employees steadily improve their work to increase the ratio of value to waste to create much more value than cost (= profits.)
- Protect their employees from efficiency gains by creating more value and growing.
- Protect their employees through economic cycles and disruptions by committing financial resources.
- Pay their employees better for the “same” job than normal employers.

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## How Do Employees Respond?

- Engage energetically in improving the work while doing the work.
- Become “loyal” through repetitive cycles of improvement to remove employee struggles with the work and do a better job for the customer.
- Contribute more and more to the organization through continuing cycles of learning.

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## Can Any Employer Actually Do This?

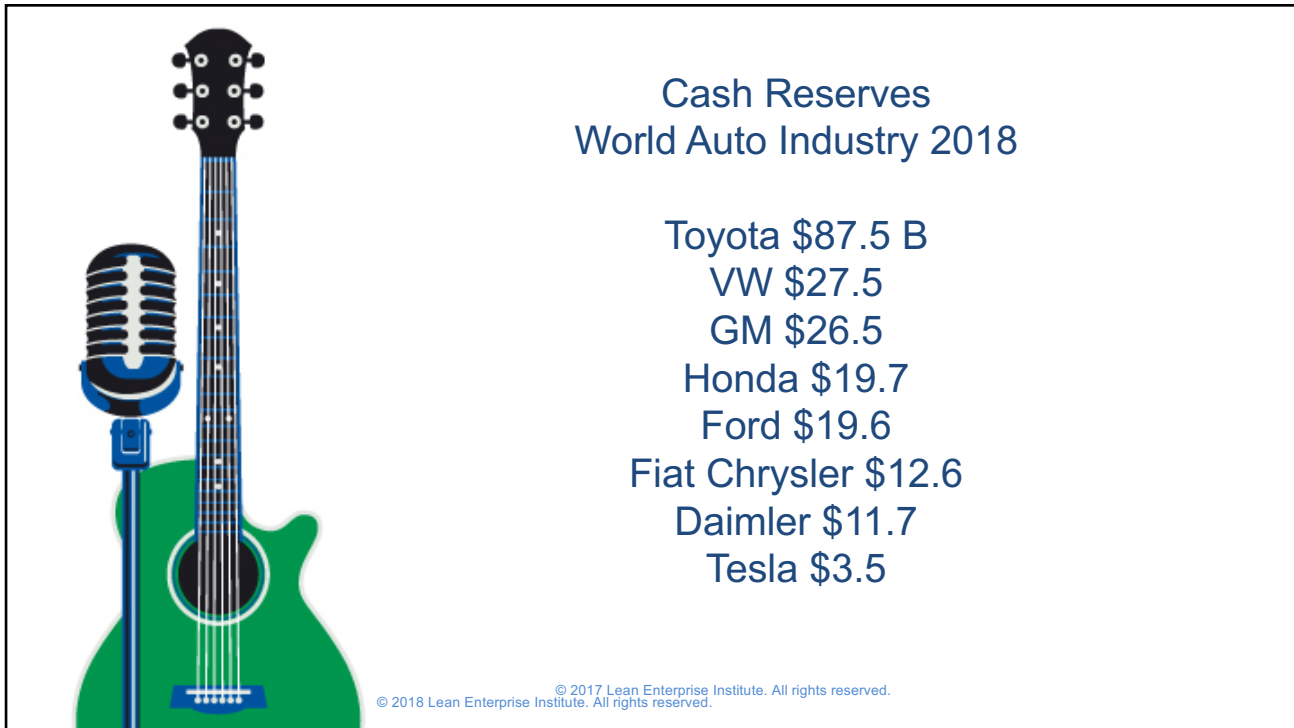
Toyota as one example:

- Hires at an early age; promotes from within; has a life plan for every employee; expects every employee to be an employee for life.
- Maintains a large cash reserve, since the crisis of 1950 when it could not protect its employees.
- One of the very few employers to protect all of its permanent employees in 2009-2010.
- One of the few employers thinking about how to shield its employees from industry disruption – Mobility 2.0.
- In consequence, Toyota employees steadily create more value using less resources over many years; Toyota keeps reserves to protect them.

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## Can Any Other Companies Actually Do This?

- What about Trader Joe's, Costco, Quik Trip, Mercadona?
- Companies profiled in *The Good Jobs Strategy* that ignored industry wages and learned to create enough value to pay double the industry standard while making money for their owners through:
  - ✓ Multiskilling/cross-training, to permit steady hours of employment
  - ✓ Standardization, to permit improving the work
  - ✓ Operating with slack, to create time to countermeasure problems
  - ✓ Selling only the variety customers actually value.

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## How Can You Be a Lean Employer?

What's not sufficient:

- Just be nice/good – Whole Foods
- Just be a good place to work – Fortune 100

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*Fortune* and Glassdoor 100 best companies to work for lists – note that Toyota, the one company that actually defended its employees in the Great Recession, is at the bottom of the list or not on the list!



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## How Can You Be a Lean Employer?

What you can do:

- Read *The Work of Management*
- Introduce daily management; start with front-line work, create basic stability.
- Perform hoshin planning to identify and prioritize your biggest problems/opportunities.
- Continuously improve every value creating process through kaizen beginning with the biggest problems/opportunities.
- Protect your employees (social heijunka for employees – predictable schedules, full-time work, steady work in the downturns.)
- Remember to keep cash!
- Stop making employees the shock-absorbers for the business – an idea that needs to go away.

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## Why Protect Your Employees?

- Because creating ever more value with ever less waste is a team sport.
- It can only work when everyone is learning together how to do better.
- Daily management, hoshin, and sustainable kaizen are hard to learn & do.
- Cycles of learning over extended periods are essential.
- ✓ Gig economies don't get better; they just shuffle people from one job and company to another.

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## How Can You Help Your Employer (Client) Become a Lean Employer?

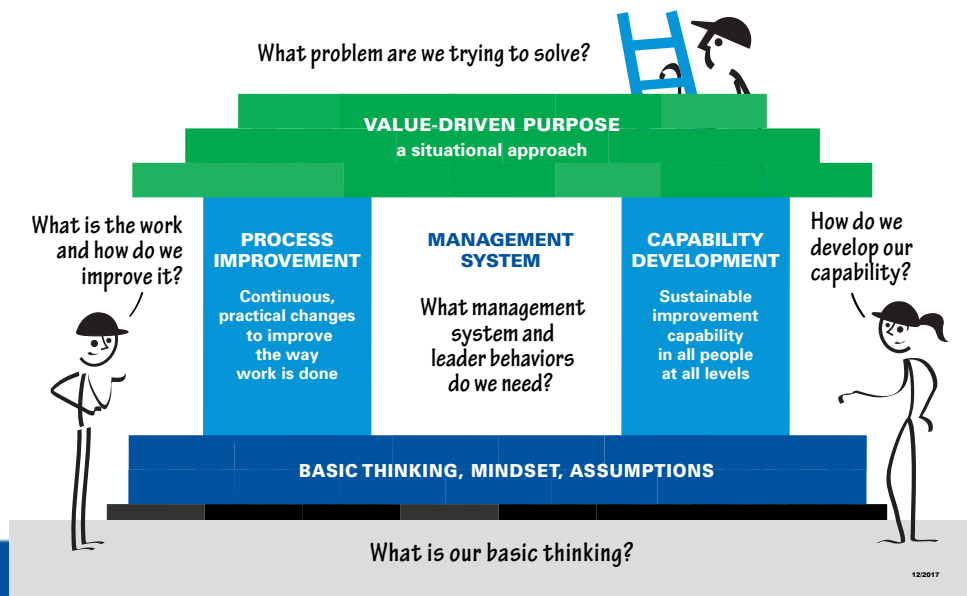
- By helping managers at all levels work through the five elements in the Lean Transformation Framework.
- Asking for each element what social context is needed for transformation.

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## Lean Transformation Framework



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## The Virtuous Lean Spiral

Lean employers:

- Make work more engaging for their employees (who do the work and improve the work while eliminating struggles with the work)
- Who become steadily more productive
- Which permits employers to pay them more than traditional employers can for the “same” jobs and protect employees from the economy
- Which causes workers to stay and become “loyal” to employers
- Which increases the rate of learning.

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## The Virtuous Lean Spiral

These are:

The lean employers I hope we all want to create & lead.

The lean employers we all want to work for.

The lean employers who create a stable, prosperous society in which we all want to live.

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## Now, Get to Work Creating Lean Employers!

But first a bit of discussion with the aid of Slido.

And, be aware that a text version of my presentation is available this morning at [www.planet-lean.com](http://www.planet-lean.com), the journal of the Lean Global Network.

It's this month's Yokoten column, which appears the fourth week of every month.

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## This Morning's Plenaries

Two employers working hard to create lean enterprises by improving the work and here to share their stories:

- **Brink's**  
Mike Beech, Executive Vice President
- **TechnipFMC Schilling Robotics**  
Tyler Schilling, President  
Andy Houk, Vice President, Product Development

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