

The Future of Lean

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The Power of
Purpose

The Future of
Lean

What's "Lean"

- It's about results: Creating more value for the customer with:
 - ✓ Less resources (by eliminating waste.)
 - ✓ Better employee experience.
 - ✓ Better supplier experience.
 - ✓ Better results for the investor.
- An activity that is truly "lean" will create perfect value for the customer with zero resources, so...
- We are just trying to be progressively leaner.

Lean Before Toyota

- Emerged when solving consumer problems required complex processes with many people:
- The Venetian Arsenal.
- The American System.
- Frederick Taylor (for better and for much worse) – Scientific Management.
- Henry Ford – flow production.
- Modern management – GM and GE.

Toyota

- Went beyond Ford (high volume with low variety with less waste) to lower volume, higher variety with much less waste.
- Introducing a combination of:
 - ✓ Brilliant tools for production (e.g., JIT & jidoka), product and process development (e.g., set-based), supplier management (e.g., target costing) & customer support (e.g., anticipative sales & service.)
 - ✓ A brilliant management system: hoshin planning, A3 analysis with PDCA, and daily management.

Path of Lean Diffusion after 1973

- Automotive. (Massive copying of Toyota, which is why the future will be harder for Toyota than the past.)
- General, discrete-part manufacturing.
- Complex manufacturing – aerospace, industrial equipment.
- Electronics - starting with board stuffing & final assembly.

Diffusion after Mid-1990s

- Financial services – insurance & banking.
 - Retail, logistics, and distribution.
 - Healthcare.
 - Government and non-profit services.
- ✓ Now being applied somewhere in most industries in most countries & yet being sustainably applied in pure form in very few places.

The Big Problem

- Success with “lean” requires superimposing lean production methods on mass production and replacing traditional and modern management with lean management.
- We have had considerable initial success with the first task but very limited success with the second, which often makes the initial successes with the first task unsustainable.

Why Have We Struggled?

- One reason was that most of us outside of Toyota learned about “lean” from the Operations Management Consulting team Toyota created in the 1960s to teach TPS to suppliers, and its many consultant spin-offs and copiers.
- We presumed that experts optimizing points and creating model lines to demonstrate the superiority of lean methods would cause line managers to embrace lean behavior.

Why Have We Struggled?

- We missed Eiji Toyoda's remarkable achievement in creating a lean management system as a replacement for traditional and modern management.
- As we think about the future of lean we need a transformational model to help us move toward this system
- Understanding how the system works inside Toyota is an important first step

Where Does Lean Go from Here?

What is the Key to
Sustainable
Lean Transformations?

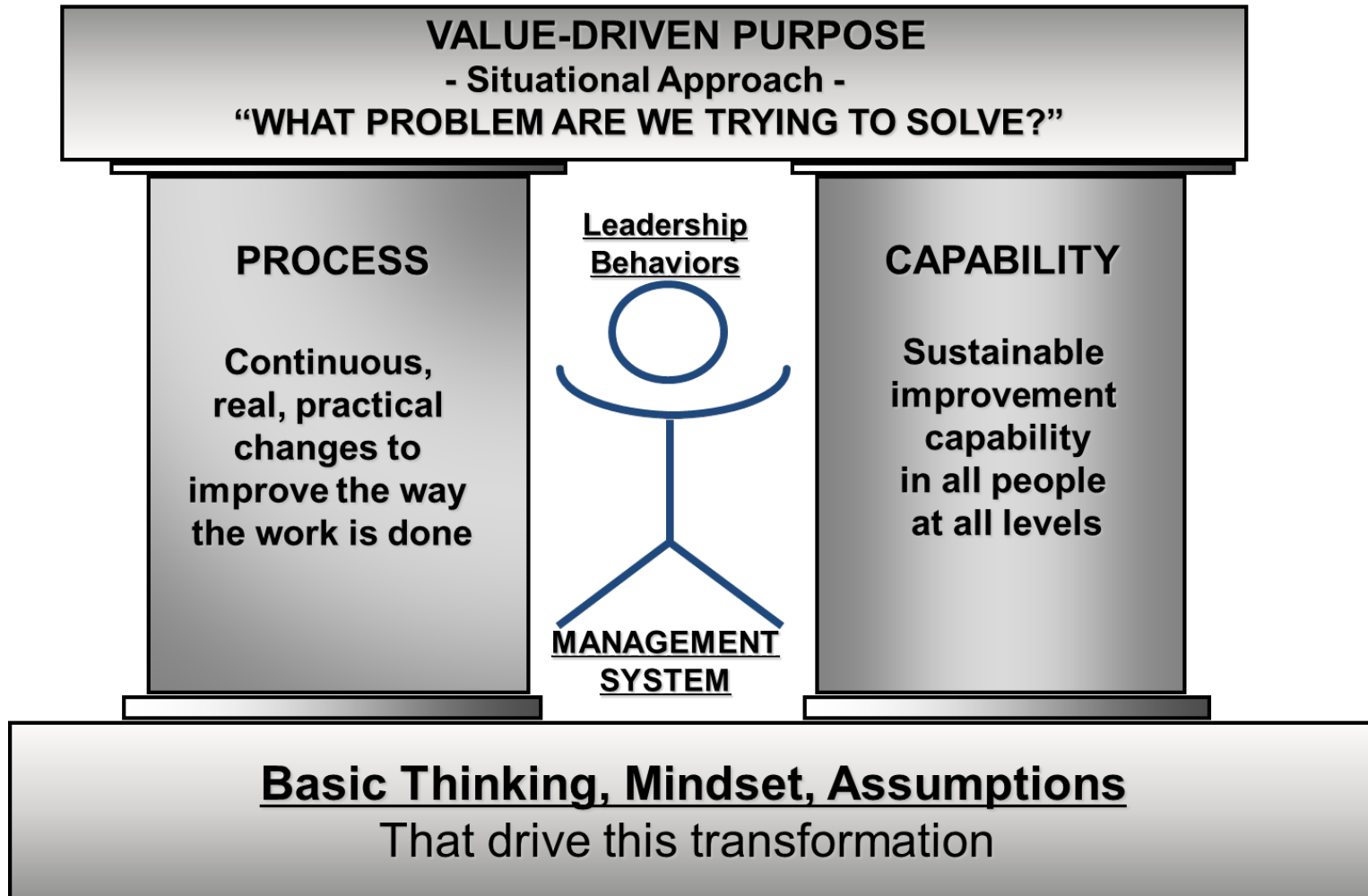
Taichi Ohno - Father of the Toyota Production System

“Whatever name you may give our(Toyota’s) system, there are parts of it that are so far removed from generally accepted ideas that if you do it only half way, it can actually make things worse.

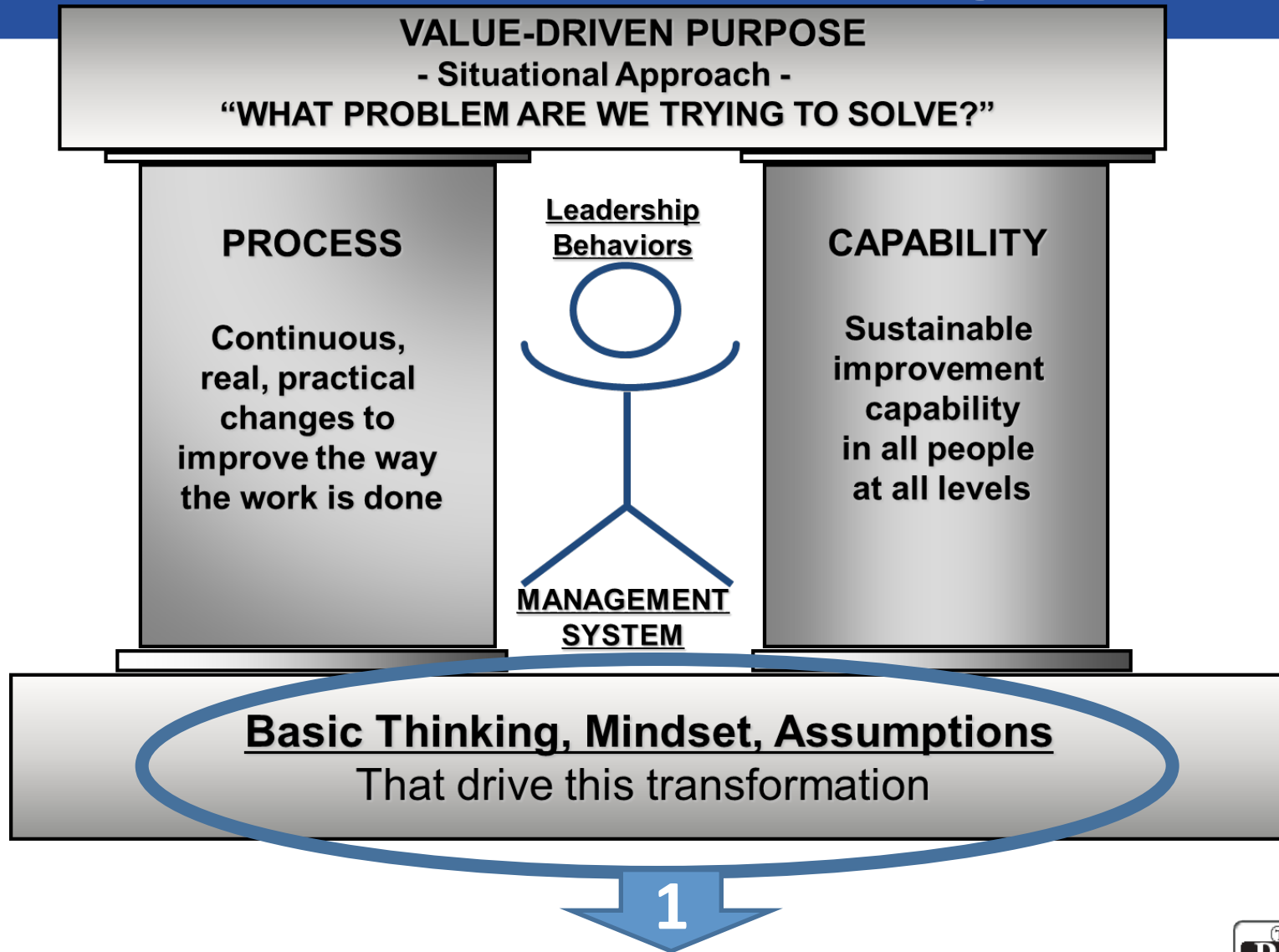
If you’re going to do TPS you must do it all the way. You also need to change the way you think.”



Lean Transformation Model



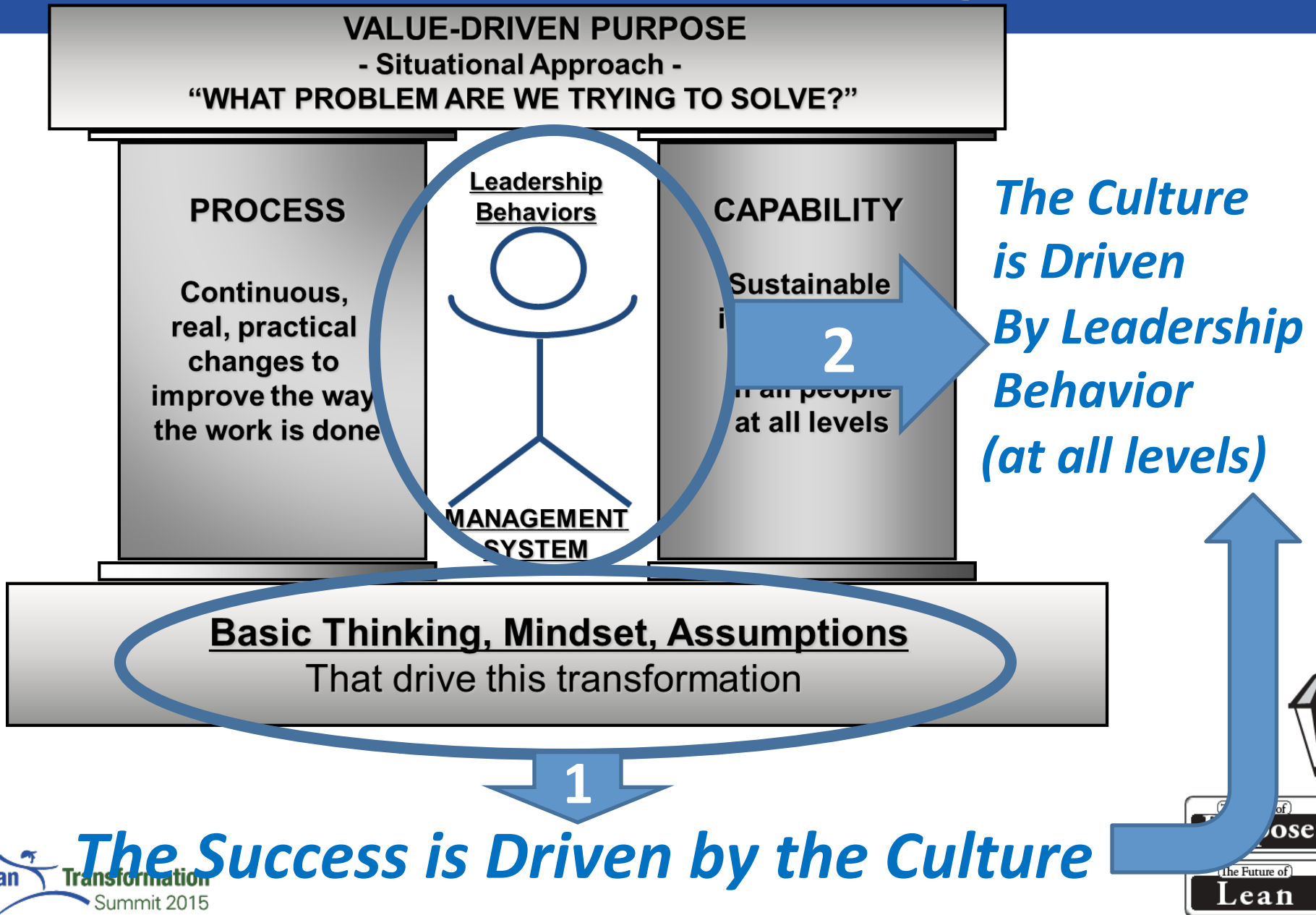
What I Learned Inside Toyota



The Success is Driven by the Culture



What I Learned Inside Toyota



What I Learned Inside Toyota

Toyota Corporate Culture:

- All Team Members should be improving their job everyday
- Continuous improvement requires continuous capability development

Conclusion:

For this to be successful, line management must take the responsibility to develop their people...or it doesn't work

Managers at all levels are responsible to:

- a) Continuously improve their team's processes
- b) Improve results
- c) Develop people through that process

→ My responsibility was to develop my successor

→ Focusing on improving the team's output without developing people was not acceptable

“Your job is to work yourself out of a job”

This is threatening to most people

What I Experienced Inside Toyota

How do I build capability for someone to step up...?



How do I develop capability of my team?
(What development “path” is needed?)



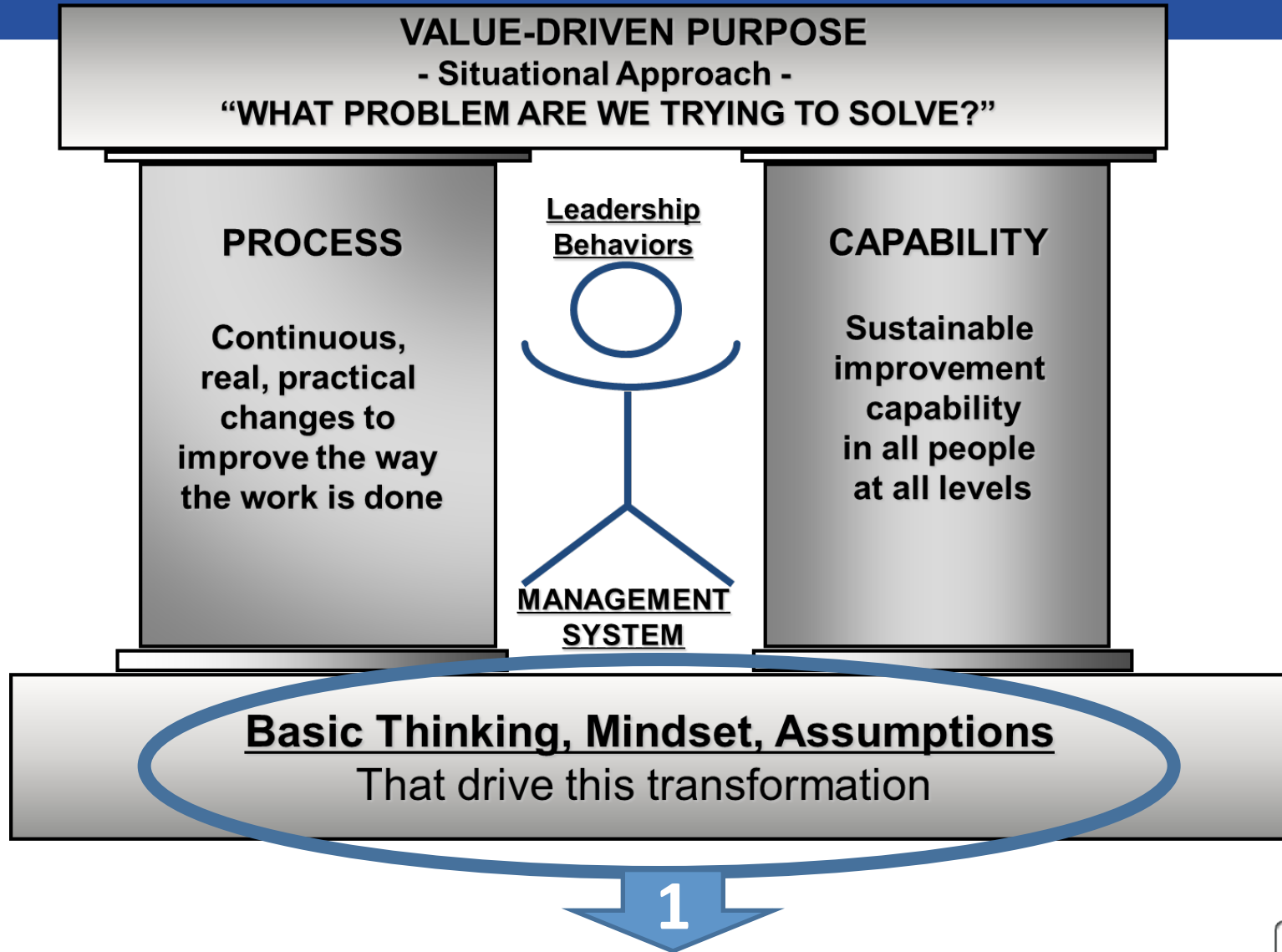
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Toyota builds capability for the business to grow by developing people

- As an organization's resources grow in technical and management capability, the company will accommodate these capabilities in new ways
- It is not about promotion or \$
It is about how we challenge people:
 - to grow
 - to add more and more value
- And to make them feel that the value they add makes a contribution to the world

What I See Outside Toyota



Achieve Results any Way Possible

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What I See Outside Toyota

VALUE-DRIVEN PURPOSE

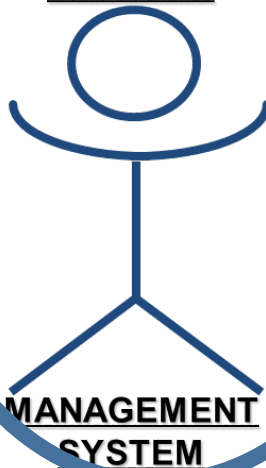
- Situational Approach -

“WHAT PROBLEM ARE WE TRYING TO SOLVE?”

PROCESS

Continuous, real, practical changes to improve the way the work is done

Leadership Behaviors



CAPABILITY

Sustainable
in all people
at all levels

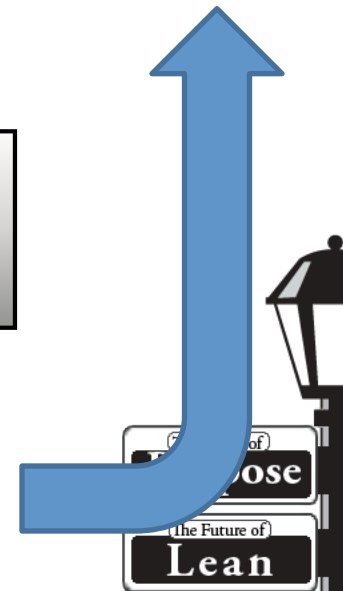
Leadership Behavior is driven solely by metrics

Basic Thinking, Mindset, Assumptions

That drive this transformation

1

Achieve Results any Way Possible

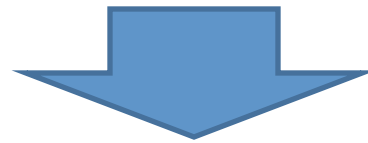


Individuals are responsible for results and get rewarded for individual and organizational results no matter how they are achieved

→ Not rewarded for developing people

→ Rewarded for individual achievement

Result is: People compete for achievement of individual results



Little sense of teamwork

**Managers do not take responsibility
for continuous improvement and for
developing their people**



Continuous improvement becomes
the responsibility of a special
Group(OPEX), not everyone.

The Future of Lean

Individual managers(You) take responsibility to develop your people

- **What skills are needed for Lean thinking and practice?**
- **How do You develop Your Skills?**
- **Your Team Members' skills?**

Start by setting an example and creating your culture!

Don't wait for someone else to do something.



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The Future of Lean – Self Reflection

Leaders in the Lean Community(like LEI)

- Focusing on the Technical and Managerial side of lean is important.

But we need to be helping companies learn how to better coach and develop their people:

1. What basic thinking is needed?
2. How do we develop skills for coaching and mentoring?
3. What role should HR play in this?

**How do we be better stewards
of this lean movement?**

Let's Have a Discussion About

- Where you think we have gotten: What has worked? What hasn't worked?
- Where are we going next?
- What challenges (barriers) do we face?
- What countermeasures should we be trying as a community through PDCA?

2015 Lean Transformation Summit

