

Big Company Disease – *What is it? What's the Remedy?*

Lean Pathways Inc
Pascal Dennis

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Homework

- ✦ What is Big Company Disease?
- ✦ Draw out your answer
 - ✦ Don't worry if you "can't draw"
 - ✦ Stick figures, arrows & boxes are fine
 - ✦ Have fun!
- ✦ Purpose: to clarify, simplify & lock in understanding



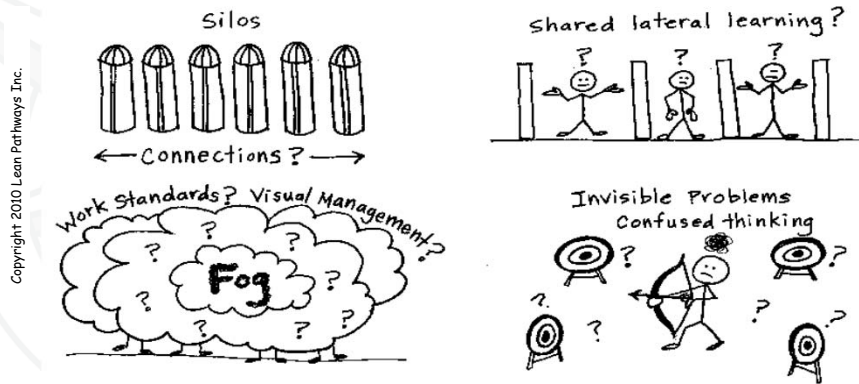
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What is Big Company Disease?



Source: *The Remedy – Bringing Lean Out of the Factory to Transform the Entire Organization* (Wiley: NY 2010)

Big Company Disease



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Symptoms



- ✦ *Silos* -- unit efficiency, not overall effectiveness
 - ✦ Internal connections?
 - ✦ Customer connection?
- ✦ Alignment, focus?
- ✦ Standards?
- ✦ Problems visible?
- ✦ Shared, experiential learning?

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Why Should You Care?



- ✦ Big company disease afflicts even the best...*
 - ✦ Toyota
 - ✦ Microsoft
 - ✦ HP, Boeing, Disney, Merck, Xerox...
- ✦ It almost killed*
 - ✦ IBM
 - ✦ GM
 - ✦ Other...
- ✦ *Can it also afflict not-so-big companies?*

* Source: *How the Mighty Fall*, by Jim Collins (McGraw-Hill: New York 2009)

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Deming's Deadly Diseases



1. No constancy of purpose
2. Emphasis on short-term profits
3. Evaluation of performance
 - ✦ Based on narrow, end-of-pipe metrics
4. Management mobility
5. Running the organization on visible figures only

* Source: *Out of the Crisis*, by W. Edwards Deming (MIT CAE, Cambridge 1986)

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Stages of Big Company Disease



1. *Hubris borne of success*
2. Undisciplined pursuit of more
3. Denial of risk & peril
4. Grasping for salvation
5. Collapse into irrelevancy or death

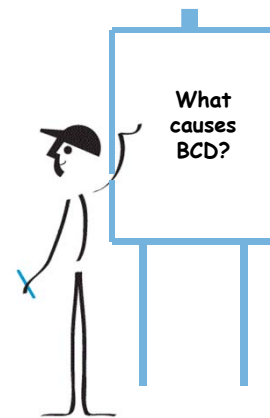
* Source: *How the Mighty Fall*, by Jim Collins (McGraw-Hill: New York 2009)

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Homework



- ✦ What *causes* Big Company Disease?
- ✦ Draw out your answer
 - ✦ Don't worry if you "can't draw"
 - ✦ Stick figures, arrows & boxes are fine
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What is *Hubris*?



- ✦ Overbearing pride
- ✦ Arrogance
 - ✦ *The pride that blinds...*

- ✦ *He who the Gods would destroy, they first hold high...*
- ✦ *Pride goeth before destruction...*

* Source: *How the Mighty Fall*, by Jim Collins (McGraw-Hill: New York 2009)

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Contributing Factors



- ✦ Size – *out of sight, out of mind...*
- ✦ Complexity
 - ✦ Many, deep silos
- ✦ Self-absorption; the inertia of large objects
 - ✦ → “Product out” versus “Customer in” thinking
- ✦ Absence of shared concepts (e.g. TPS, DBS...)
 - ✦ Multiple *languages* across silos
- ✦ How we keep score
 - ✦ Standard cost accounting

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Big Companies – then & now



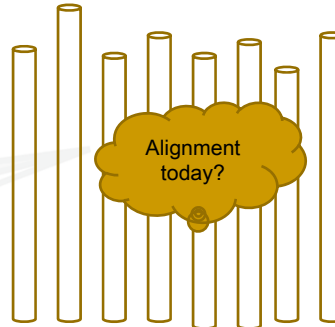
Alignment
in 1950
Informal
Collegial



1950

Fewer silos
Less deep
Less complex

Source: *Chasing the Rabbit*,
by Steven Spears



Alignment
today?

Today

Many more silos
Much deeper
Much more complex

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Spider Web Metaphor



How do complex
systems fail?



- Complex systems fail when wrong combo of filaments breaks at the wrong time.
- So how do complex systems *succeed*?

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How Do Complex Systems Succeed?



- ✦ In *nature* complex systems in nature achieve order & stability through application of *simple rules*
- ✦ E.g. birds successfully migrate year after year by following rules:
 - ✦ *Try to go the same direction as all the other birds*
 - ✦ *Try to stay in the middle of the flock*
 - ✦ *Try not to hit anything...*
- ✦ Can man-made systems achieve stability in this way?

Source: *Chasing the Rabbit*, by Steven Spears (McGraw-Hill New York 2009)

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'Lean' is.....



“A business system involving **all employees** which constantly pursues the **elimination of waste & variation** to shorten the lead time of a process.”

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A Business System...

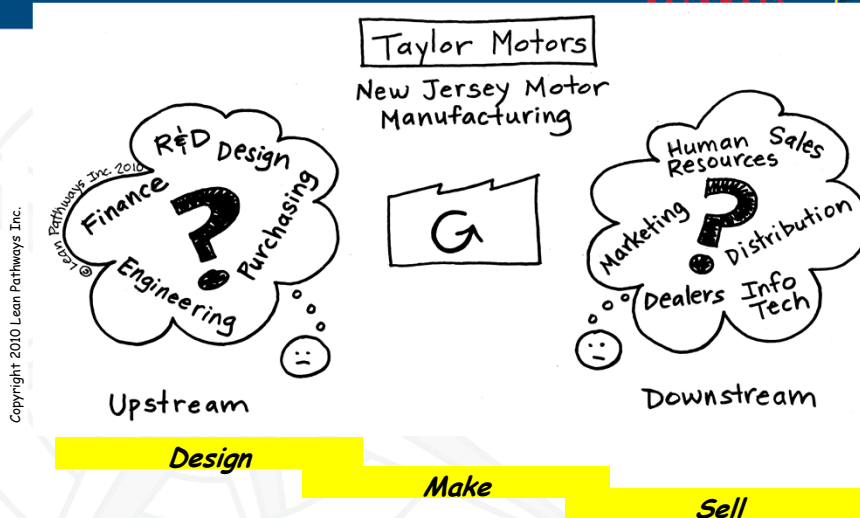


- ✦ Most industries entail 3 phases
 - ✦ Design
 - ✦ Make
 - ✦ Sell
- ✦ Where is most of the delay?
- ✦ Where do we usually focus?
 - ✦
- ✦ → The Remedy: bring Lean *out* of the factory...



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Why Lean Outside the Factory?



Source: *The Remedy – Bringing Lean Out of the Factory to Transform the Entire Organization* (Wiley: NY 2010)

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Lean Outside the Factory



- ✦ Sales
- ✦ Marketing
- ✦ Design & Engineering
- ✦ Planning & scheduling
- ✦ Distribution
- ✦ Retail
- ✦ Human Resources
- ✦ Other?

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Homework



- ✦ What is *Value* in Marketing?
 - ✦ ...
 - ✦ ...
 - ✦ ...
- ✦ What kind of waste do we see in Marketing?
 - ✦ ...
 - ✦ ...
 - ✦ ...
- ✦ What are common mental models?
 - ✦ ...
 - ✦ ...

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Homework



- ✦ Answer the same questions for
 - ✦ Sales
 - ✦ Design & Engineering
 - ✦ Planning & Scheduling
 - ✦ Retail
 - ✦ Finance, Human Resources...
- ✦ *What is Value?*
- ✦ *What kind of waste do we see?*
- ✦ *What are common mental models?*

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So How Do We Avoid *Hubris*?



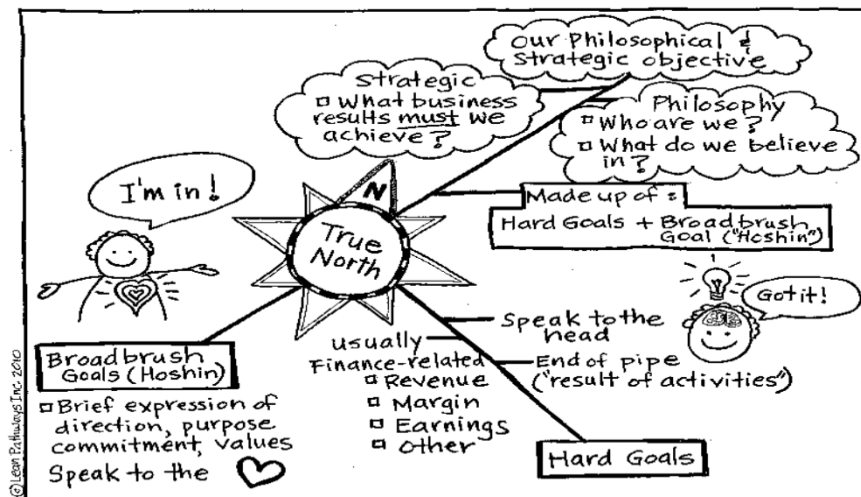
- ✦ By applying Lean Fundamentals across the entire value stream
 - ✦ Strategy Deployment*
 - ✦ *The Four Rules*
 - ✦ And thereby *making problems visible*

* Reference: *Getting the Right Things Done – a Leader's Guide to Planning & Execution*
by Pascal Dennis (LEI: Cambridge 2006)

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We Begin by Defining...

LEAN
PATHWAYS



Source: *The Remedy – Bringing Lean Out of the Factory to Transform the Entire Organization* (Wiley: New York 2010)

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The Four Rules

LEAN
PATHWAYS



1. All work is highly specified
2. Every customer/supplier relationship is direct, binary & self-diagnostic
3. The pathway for each product & service is simple, pre-specified & self-diagnostic
4. Problems are solved using scientific method at lowest level supported by a capable teacher



Source: *Chasing the Rabbit*,
by Steven Spears

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Rule 1: Standards - All Work is Highly Specified



STANDARD WORK ANALYSIS SHEET

OPERATION NAME: R RR DOOR OPERATION NUMBER: #1

| ELEMENTS OF OPERATION | TIME | SEC |
|--------------------------------------|------|-----|
| ① PICK SKIN/END OF PARTS | 1 | 2 |
| ② LOAD SKIN TO NEXT AREA | 1 | 1 |
| ③ PICK SUB-ASSEMBLY | 2 | 1 |
| ④ INSTALL SUB-ASBY TO SKIN | 6 | 3 |
| ⑤ PICK FR SKIN | 2 | 1 |
| ⑥ LOAD FR SKIN | 2 | 2 |
| ⑦ PICK RR SKIN | 8 | 2 |
| ⑧ LOAD RR SKIN | 2 | 2 |
| ⑨ PICK RR DOOR INNER | 1 | 1 |
| ⑩ INSTALL WELD NUT | 2 | 1 |
| ⑪ LOAD ASBY JIG (INCLUDES WELD NUTS) | 9 | 1 |
| ⑫ PICK FRAM & HINGE SID | 3 | 1 |
| ⑬ INSTALL FRAM & HINGE SID | 9 | 1 |
| ⑭ LOAD HINGE SID JIG | 7 | 1 |
| ⑮ WELD SUB-ASBY HINGE SID | 6 | 1 |
| ⑯ PICK WELD CRASH BAR | 14 | 2 |

NOTE: PLACE [] [] [] [] []

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Rule 1: Embedded Tests



Job Element Sheet Date Created: 06/01

1. Pick horn & gun M-1

2. Align bolt through horn bracket (per diagram 1)

3. Align bolt into rad support (per diagram 2) & tighten

Keep 20 - 25 bolts in Tool pouch

First hole from Right fender

Torque target 12 Nm (Min 10 Nm, Max 15 Nm)

Loose or cross thread Condition not allowed (see diagram 3)

Revisions: 1. BOLT CHANGE WITH LOCK WASHER 07/01

Initials: [] [] [] [] []

Safety Key Points: 1. WEAR YOUR PPE: CAPTION GUARD'S SAFETY GLASSES SAFETY SHOES 2. DO NOT TOUCH FINGERS.

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Rule 2: Customer-Supplier Connections



- ✦ Direct
 - ✦ Customers and suppliers communicate directly
- ✦ Binary
 - ✦ Do/Don't Do and Good/No Good signals
- ✦ Self-diagnostic
 - ✦ Problems are immediately obvious
- ✦ *Effect*
 - ✦ An information-rich workplace



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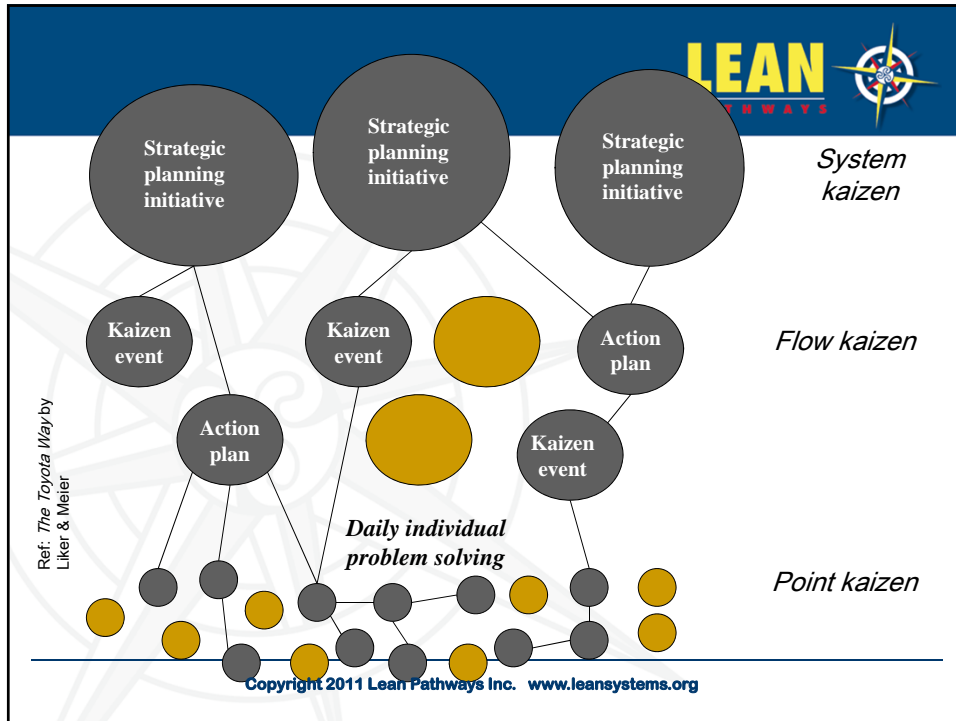
Rule 4: Improvement



Our Problem Solving approach is:

- ✦ *Structured*
 - ✦ It's a "drill"
- ✦ *Standardized*
 - ✦ We share our approach laterally
- ✦ *Self-diagnostic*
 - ✦ Every iteration contains tests
- ✦ People who do the work are responsible for improving it
- ✦ Each person is assigned a capable teacher

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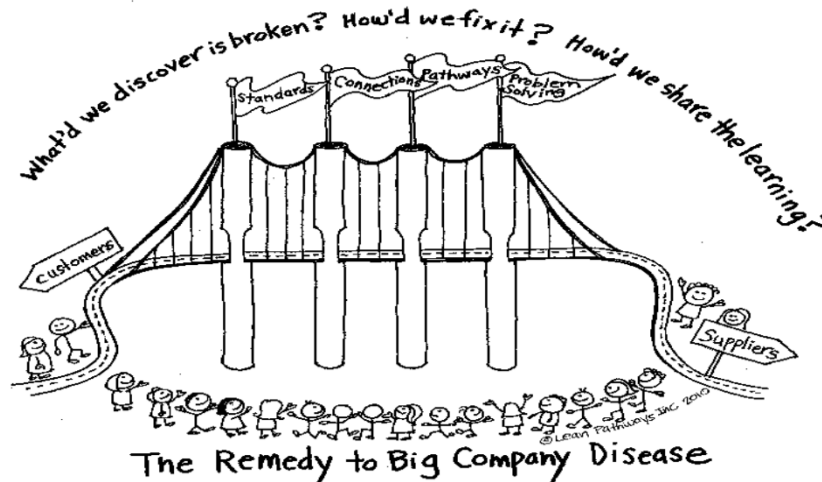
Homework

- ✦ Draw out the Four Rules of Lean
 - ✦ Don't worry if you "can't draw"
 - ✦ Stick figures, arrows & boxes are fine
 - ✦ Have fun!
- ✦ Purpose: to clarify, simplify & lock in understanding

The Four Rules?

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What's the Remedy?



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What Can Leaders Do?



- ✦ Understand the nature of Big Company Disease
- ✦ Develop a shared language of improvement & disseminate it across the value stream
- ✦ Implement the Four Rules in your zone of control
- ✦ Improve how we keep score
- ✦ Other?

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What are you going to do tomorrow?



✦ Come up with at least three ideas that will help alleviate Big Company Disease in your organization

✦ ...

✦ ...

✦ ...

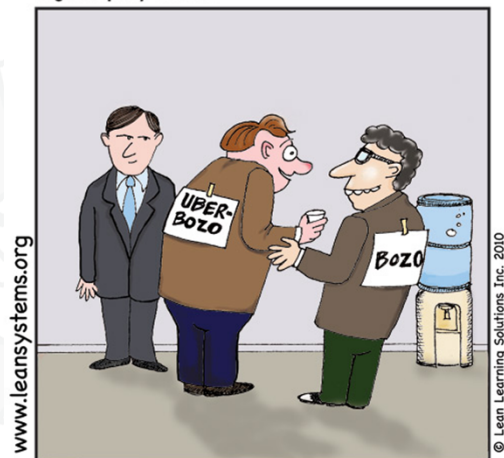
✦ ...

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Keep It Light

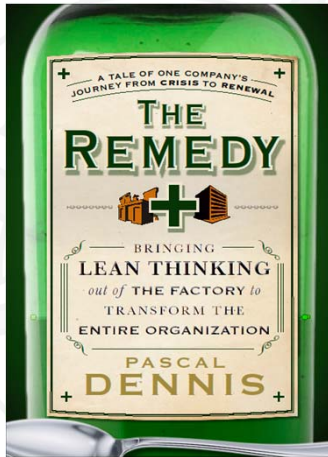


Big Company Disease

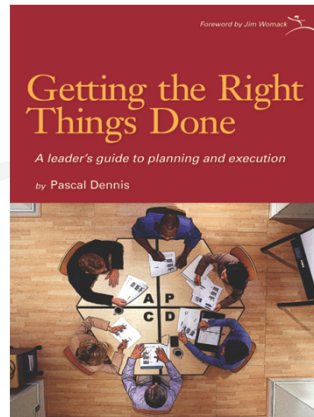


Wilson began to experiment with the idea of "make problems visible".

Recommended Reading



www.amazon.com or www.barnes&noble.com



www.lean.org

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