

Improve the Work,  
Develop the People

**Lean Transformation**  
Summit 2014  
March 5 & 6, 2014 | Orlando, FL



THE BUILDING BLOCKS FOR CONTINUOUS INNOVATION

**Lean Enterprise Institute**

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Develop the People

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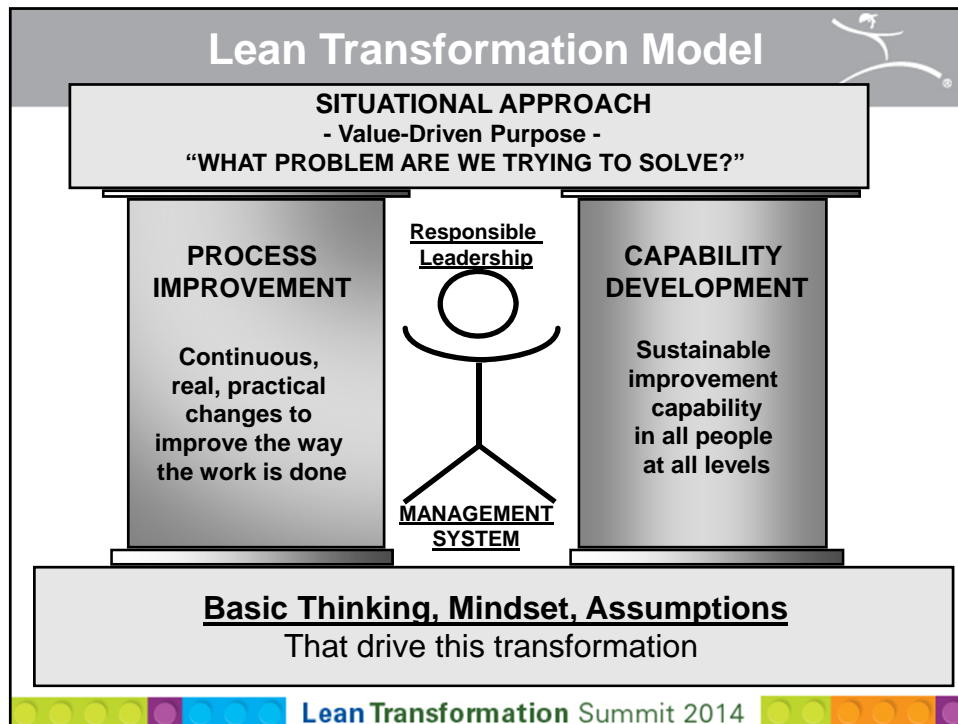


THE BUILDING BLOCKS FOR CONTINUOUS INNOVATION

**Mark Reich**  
**Lean Enterprise Institute**

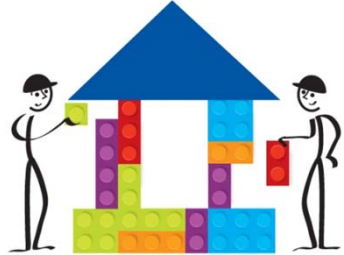
**Lean Transformation**  
Summit 2014





## Transformation Questions

1. What is our *purpose* or what *problem* are we trying to solve, what *value to create*?
2. How do we *improve the actual work*?
3. How do we *develop the people*?
4. What *role* must *leadership* take and how does the *management system* support the new way of working?
5. What *basic thinking* or *assumptions* underlie this transformation?



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# Learnings Captured Yesterday



How did each session address the questions of the Lean Transformation Model?  
 (Note: Not every sessions will – nor will each of your lean initiatives – address all questions equally!) (OPTIONAL) Name: \_\_\_\_\_ Company: \_\_\_\_\_

	Wednesday, March 5 <sup>th</sup>	Cardinal Health	Learning Session #1
<b>Purpose</b> What is the purpose? What situational problem did they need to address?			
<b>Process Improvement</b> How are they improving the actual work?			
<b>Capability Development</b> How are they developing the people?			
<b>Leadership and Management System</b> What leadership behavior and management system do they need?			
<b>Philosophy and Basic Thinking</b> What basic assumptions or mindset underlies the changes?			

Email this form to [model@lean.org](mailto:model@lean.org)  
 Responses will be added to an online gallery



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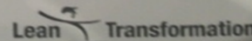
# Learnings Captured Yesterday



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	Wednesday, March 5 <sup>th</sup>	Cardinal Health	Learning Session #1
<b>Purpose</b> What is the purpose? What situational problem did they need to address?	MOVE FROM BOTTOM QUARTILE TO TOP QUARTILE IN KEY METRICS	CREATE A COMPANY 05 TO BRING BEST IN CLASS PERFORMANCE	SPOT COACH HELP PEOPLE SOLVE THEIR OWN PROBLEMS - BECOME BETTER PROB. SOLV
<b>Process Improvement</b> How are they improving the actual work?	WORKED ON 19 VALUE STREAMS - CREATE COMPANY OPERATING SYSTEM	OPEX TEAM 10 PRINCIPLES TRUST => CAPABILITY PRESS	PROFESSIONAL TRAINING - 5 STEP PROCESS
<b>Capability Development</b> How are they developing the people?	200 PEOPLE DEDICATED TO TRANSFORMATION PROGRESSING PEOPLE - TAKES TIME	OPEX TEAM & LEAN LEADER DEVELOPMENT	COACHING
<b>Leadership and Management System</b> What leadership behavior and management system do they need?	TRANSFORMATION CYCLE TIME - RIE ADDI EACH AREA'S MDI	TRYING TO MOVE ALL LEADERS - BUT NOW 300/1300	SITUATIONAL LEADERSHIP
<b>Basic Thinking</b> What basic assumptions or mindset underlies the changes?	PEOPLE TIME SPENT IN GENRA MDI	10 PRINCIPLES	I'M CURIOUS

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What you said		
	Wednesday, March 5 <sup>th</sup>	
	Ingersoll Rand	Cardinal Health
<b>Purpose</b> What is the purpose? What situational problem did they need to address?	<ul style="list-style-type: none"> <li>Cash challenges</li> <li>Did not have a strong urgency for change despite poor performance against competition</li> </ul>	<ul style="list-style-type: none"> <li>Shifting Market and changing customer expectations</li> <li>Huge cash tied up in inventory</li> </ul>
<b>Process Improvement</b> How are they improving the actual work?	<ul style="list-style-type: none"> <li>Worked on 19 value streams</li> <li>Enlisted help from outside coach</li> </ul>	<ul style="list-style-type: none"> <li>Started with kaizen events but shifting to daily kaizen</li> </ul>
<b>Capability Development</b> How are they developing the people?	<ul style="list-style-type: none"> <li>Several hundred people dedicated to improvement – commitment</li> <li>CEO himself mentors on the floor</li> </ul>	<ul style="list-style-type: none"> <li>Develop lean leaders in key areas of the business as seeds to change</li> </ul>
<b>Leadership and Management System</b> What leadership behavior and management system do they need?	<ul style="list-style-type: none"> <li>Leadership demonstrated by CEO going to the genba – trying to see all plants</li> </ul>	<ul style="list-style-type: none"> <li>Strong alignment of expected behaviors and metrics</li> <li>Developing problem solving capability through lean leader</li> </ul>
<b>Philosophy and Basic Thinking</b> What basic assumptions or mindset underlies the changes?	<ul style="list-style-type: none"> <li>Competence for sustainable change did not exist</li> <li>Focus on process will yield the results</li> </ul>	<ul style="list-style-type: none"> <li>The focused, strategic development of leadership can drive enterprise-wide change</li> </ul>

What you said		
	Ingersoll Rand	Cardinal Health
<b>Purpose</b> What is the purpose? What situational problem did they need to address?	<ul style="list-style-type: none"> <li><b>Business need - Cash challenges and poor performance</b></li> <li><b>Culture - no strong urgency for change</b></li> </ul>	<ul style="list-style-type: none"> <li><b>Shifting market and changing customer expectations</b></li> <li><b>Huge cash tied up in inventory</b></li> </ul>

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What you said		
	Ingersoll Rand	Cardinal Health
<u>Process Improvement</u> How are they improving the actual work?	<ul style="list-style-type: none"> <li>• Worked on 19 value streams</li> <li>• Enlisted help from outside coaches</li> </ul>	<ul style="list-style-type: none"> <li>• Started with kaizen events but shifting to daily kaizen</li> </ul>
<u>Capability Development</u> How are they developing the people?	<ul style="list-style-type: none"> <li>• Several hundred people dedicated to improvement</li> <li>• CEO provides direct mentoring on the floor</li> </ul>	<ul style="list-style-type: none"> <li>• Develop lean leaders in key areas of the business as seeds to change</li> </ul>

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What you said		
	Ingersoll Rand	Cardinal Health
<u>Leadership and Management System</u> What leadership behavior and management system do they need?	<ul style="list-style-type: none"> <li>• Leadership demonstrated by CEO going to the genba – trying to see all plants</li> </ul>	<ul style="list-style-type: none"> <li>• Strong alignment of expected management behaviors and metrics</li> <li>• Generating problem solving capability through development of lean leaders</li> </ul>
<u>Philosophy and Basic Thinking</u> What basic assumptions or mindset underlies the changes?	<ul style="list-style-type: none"> <li>• Build competence for sustainable change - did not exist before</li> <li>• Focus on process will yield the results</li> </ul>	<ul style="list-style-type: none"> <li>• Focused, strategic development of leadership can drive enterprise-wide change</li> </ul>

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## An LEI Co-Learning Partner Example



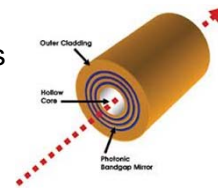
### Business Challenge

How to reflect and channel CO<sub>2</sub> laser energy through a hollow-core flexible fiber.



### Solution

The Intelliguide™ Laser System enables surgeons to use CO<sub>2</sub> energy in microsurgical, and robotic-assisted approaches with its revolutionary flexible-fiber delivery platform.



*The most compelling application of this breakthrough is its use to treat patients with afflictions ranging from cancer to infertility with minimal thermal spread and reduced injury to surrounding healthy tissue.*

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## How LEI Uses This Model for Co-Learning

### Omni-Guide

- What Business Problem are they trying to solve?

*Product fails 30% of the time in the field*

- Here's how we helped:
  - Utilizing Job Instruction to improve reliability in the field
  - Building in quality to the manufacturing process
  - Hoshin/management system

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## What We Are Learning



Omni- Guide	
<b>Purpose</b>	<ul style="list-style-type: none"> <li>Quality that meets/exceeds customer expectations through deep understanding of how the product is used specifically in the field</li> </ul>
<b>Process Improvement</b>	<ul style="list-style-type: none"> <li>Sales – clear Job Instruction for Surgeons using the instrument</li> <li>Daily shop floor kaizen facilitated by frontline management</li> <li>Standardized Work in manufacturing</li> </ul>
<b>Capability Development</b>	<ul style="list-style-type: none"> <li>Job Instruction to strengthen capability of sales staff to train surgeons to use the product</li> <li>Manufacturing – Capability to rapidly improve quality</li> <li>A3 coaching by managers at all levels</li> <li>Leader Standardized Work</li> </ul>
<b>Leadership &amp; Management System</b>	<ul style="list-style-type: none"> <li>Structured Hoshin Planning at all levels</li> <li>Leaders as coaches asking effective questions</li> <li>Management structure and practices facilitating daily kaizen</li> </ul>
<b>Basic Thinking</b>	<ul style="list-style-type: none"> <li>Customer centric thinking where sales closely supports the user of the product</li> <li>Frontline led daily kaizen on the shop floor</li> </ul>

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## LEI Mission



Making Things Better Through  
Lean Thinking and Practice

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