



Summit Reflections

**John Shook
Rookie CEO**



Lean Transformation Summit

Multiple themes:

- Frontiers and Fundamentals
- Big Company – Little Company
- Capability Development
- Extended Value Stream
 - System Kaizen



Lean Transformation Summit

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- Leadership, Management



Lean Transformation Summit

Multiple themes:

- Frontiers and Fundamentals
- Big Company – Little Company
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- Extended Value Stream
 - System Kaizen
- Leadership, Management
- Personal Transformation



Lean Transformation and Me

**It's easier to act your way
to a new way of thinking
than to think your way to a
new way of acting.**



Lean Transformation and Me

“We are what we repeatedly do. Excellence, therefore, is not an act but a habit.”

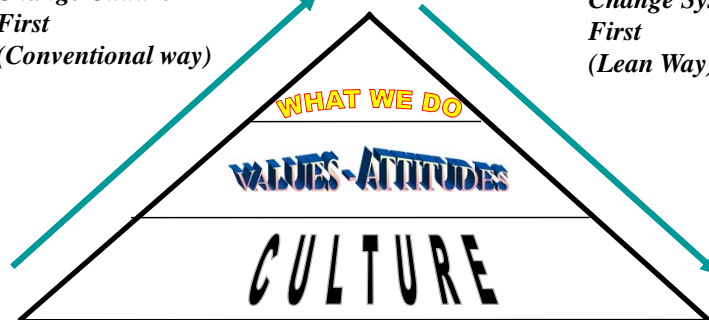
- “Repeatable routines”
- “Kata”
- “Culture and leader behavior”



Lean Transformation

*Change Culture
First
(Conventional way)*

*Change System
First
(Lean Way)*



Where Do You Start - From Top or Bottom?



Lean Enterprise Transformation



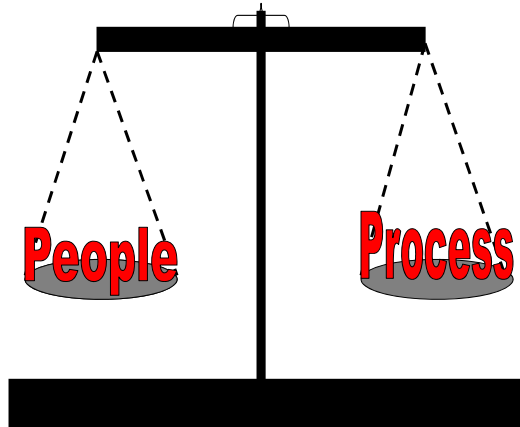
**It's easier to act
your way to a
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**Act your way to a new way of
thinking...**

**“We are what we repeatedly
do. Excellence, therefore, is
not an act but a habit.”**

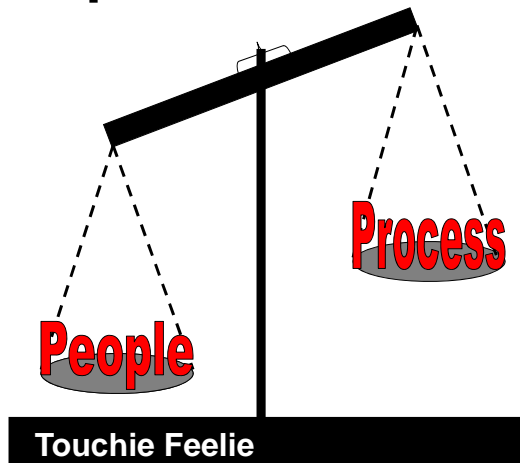
-- Aristotle

Lean Transformations: Social and Technical



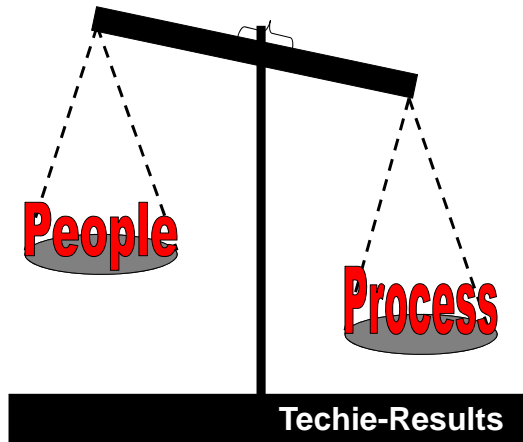
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Lean Transformations: People and Process



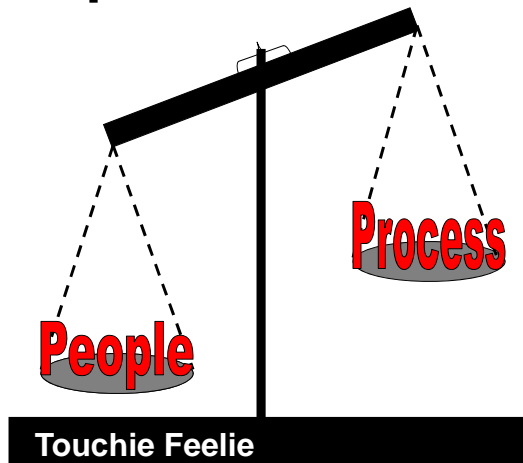
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Lean Transformations: People and Process



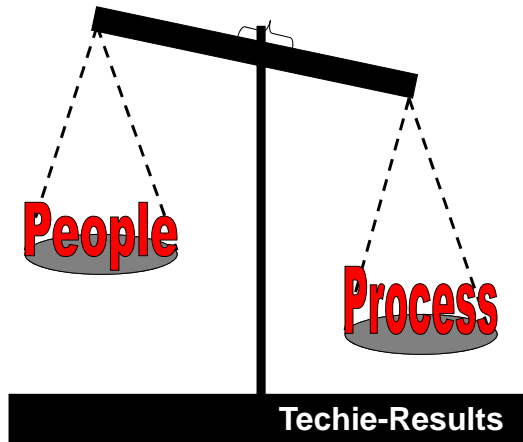
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Lean Transformations: People and Process



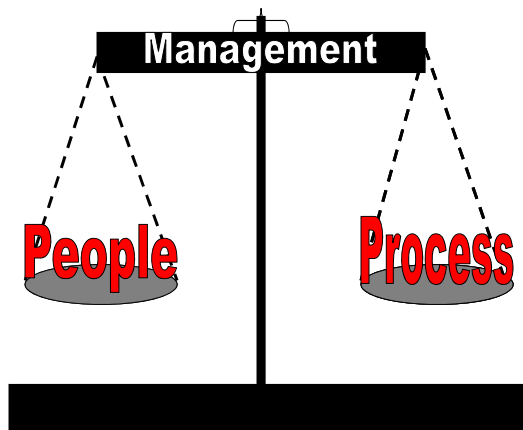
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Lean Transformations: People and Process



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People & Process Balanced by Management



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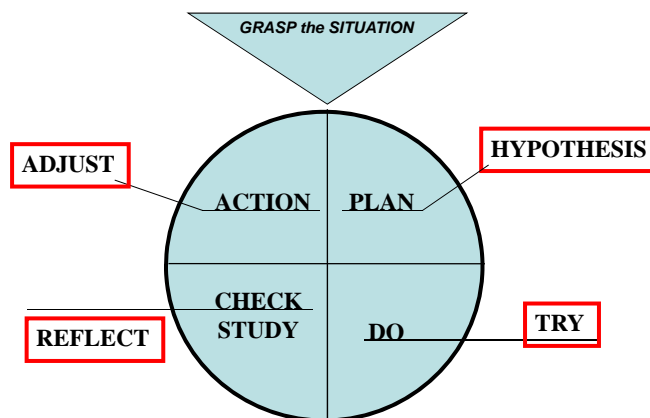
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Lean is...

- Lean is “process-focused”:
 - The process of developing people
 - The process of developing processes
 - The process of solving problems
- → all through “root cause thinking”
- → aka the scientific method
- → aka PDCA



P-D-C-A Mgmt Cycle ≠ Scientific Management = The Scientific Method



**Science will give us a
technical answer...**

**But, being technically
“right” is half the “battle”**



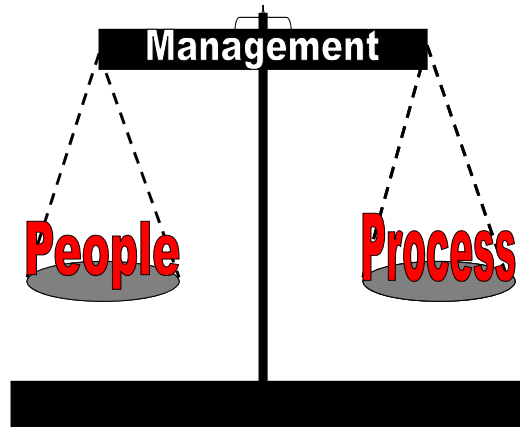
Lean is also...

Lean is “people-focused”

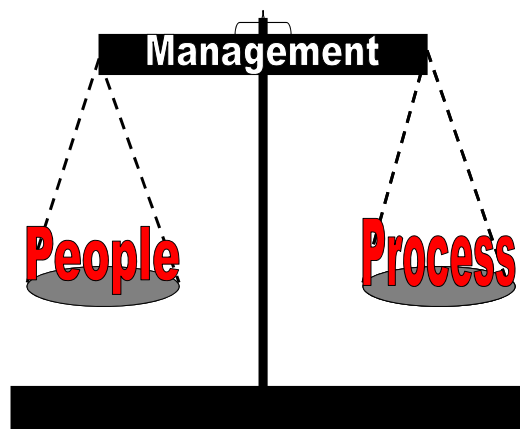
- *Respect people*
- *Rely on people*
- *Develop people*
- *Challenge people*



People & Process Balanced by Management



Balanced by Management -- But How??



Lean Capability Development

“It’s easier to act your way to a new way of thinking than to think your way to a new way of acting.”

**Therefore:
Build processes that develop people as they do their work.
Manage and lead accordingly.**



The various lean tools (processes)...

- Even more than the “mechanical” or tangible benefits they bring...
- They are learning and improvement structures, designed to make it:
 - Easy to see problems
 - Easy to improve
 - Easy to learn from
- (What is calculus??
- A solution? Or a means to derive solutions?)



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Learning

What do we know about how people learn?

Conceptual understanding through:

- books, lectures, discussion, etc.

Behavioral change through:

- Experience
- Mistakes
- Experimentation and trial & error

➡ Build structured opportunities for people to learn the way they learn most naturally.



Developing People

- How can we build structured opportunities for people to learn the way they learn most naturally?
- P-D-C-A as a model for **OPERATIONAL LEARNING**



Standardized Work as Structured Learning

What is Standardized Work? What is Kaizen?

They are two sides of the same coin – if you try to have one without the other, you will encounter one of two types of very serious problems:

1. *Standardized Work without Kaizen;*
2. *Kaizen without Standardized Work.*



Standardized Work as Structured Learning

1. Standardized Work without Kaizen

- Employee motivation killed, human creativity wasted
- Problems repeat, unidentified and unsolved
- Employees don't take initiative, improvement stops

➡ Operations – like economies, like companies, like cultures, like species – either progress or decline



Standardized Work as Structured Learning

2. Kaizen without Standardized Work

- Chaotic change, saw-tooth effect
- Problems repeat, PDCA not followed, no root cause analysis
- Progress impossible to identify, Improvement stops

➡ Kaizen – like the Scientific Method – requires a baseline of comparison



Standardization ≠ Commonization Standardized Work ≠ Work Standards

- Work Standard
 - What to do
- Standardized Work
 - How to do it
- Commonization
 - Common practice everywhere
 - IF that's what you want and need!



Standardization ≠ Commonization Standardized Work ≠ Work Standards

- Work Standard – what to do
- Standardized Work – how to do it
- Commonization – same everywhere
- What is it that you want to “commonize” or “roll out”?
 - The actual solution?
 - Or the means of deriving the solution?

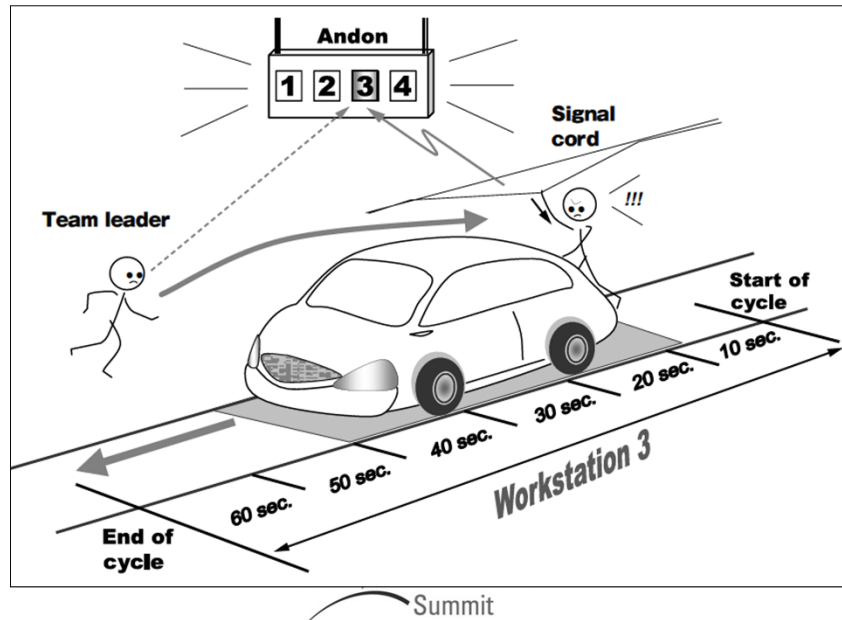


Lean People and Process Development

- The operating processes
ARE people development
processes



Integrating People and Processes



For any endeavor, basic skills are required

- For any basic skill...
- you need:
- Practice
- Practice
- Practice
- → 10,000 hours?





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“Stop the Line”

Make success understandable and do-able

- Design a worker-friendly process, provide training

Make it easy to see problems

- Anything that gets in the way of successful completion of the work

Make it clear what to do when a problem is encountered

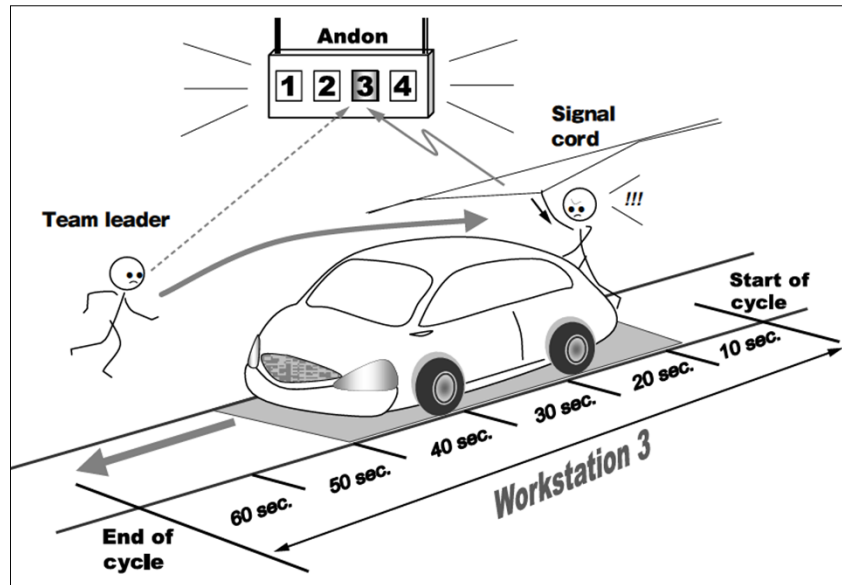
- Contain and notify

Make it clear what will happen after notifying

- Help will come within the cycle of your work
- You will participate in root cause problem solving

Lean Transformation Summit

Understand the purpose...



“Stop the Line”

Make success understandable and do-able

- Design a worker-friendly process, provide training

Make it easy to see problems

- Anything that gets in the way of successful completion of the work

Make it clear what to do when a problem is encountered

- Contain and notify

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- Help will come within the cycle of your work
- You will participate in root cause problem solving

Please don't interrupt...



Flinders Medical Centre, Adelaide Australia



For any endeavor, basic skills are required

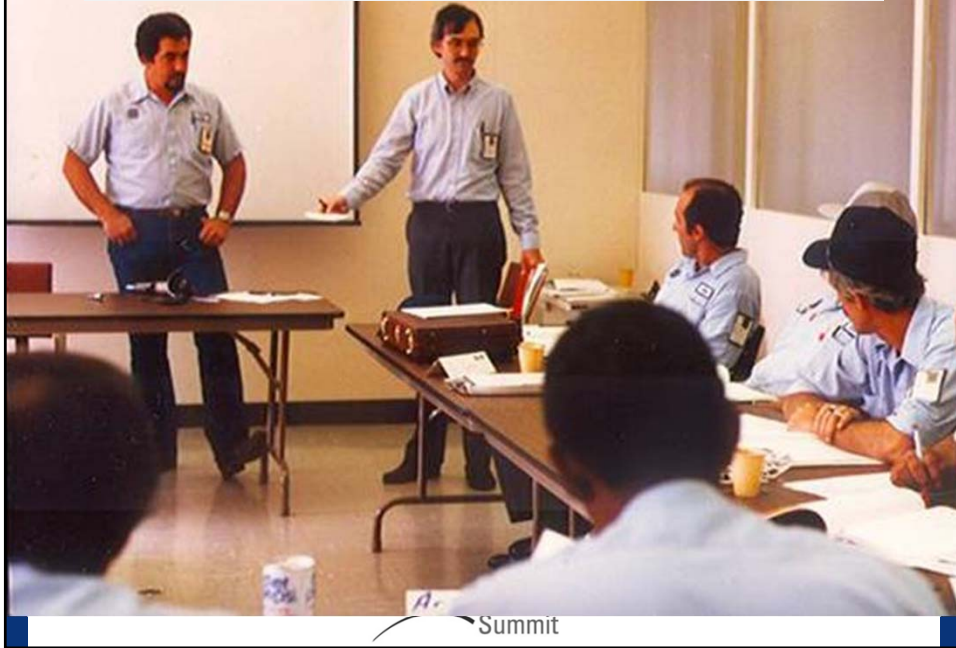
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•



Training (capability development) at NUMMI



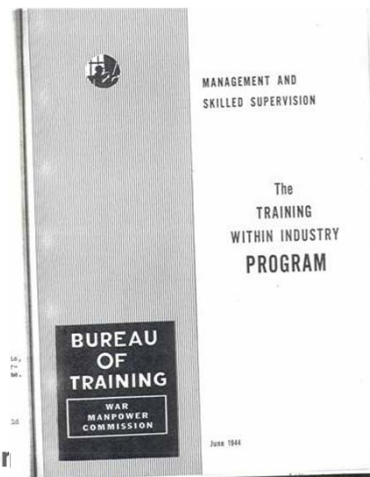
Training Within Industry

TWI - The training program instituted to support the U.S. war production effort from 1941 – 1945

Almost 2 million of Americans trained over five year period.

This training is (was) forgotten in the US. But, now making a comeback!

It formed the basis of Toyota's core training. Toyota still uses much of it to this day!



How do we learn?

- COPY
- ASSIMILATE
- INNOVATE



-- Sonny Rollins

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Individual improvement *and* Aligned Direction



Lean Management

- The operating system IS the management system.
- You cannot separate “management” from how the work is done.



What is a system?

A process (or network of processes) with inputs, outputs and a feedback loop that enables adaptation.”

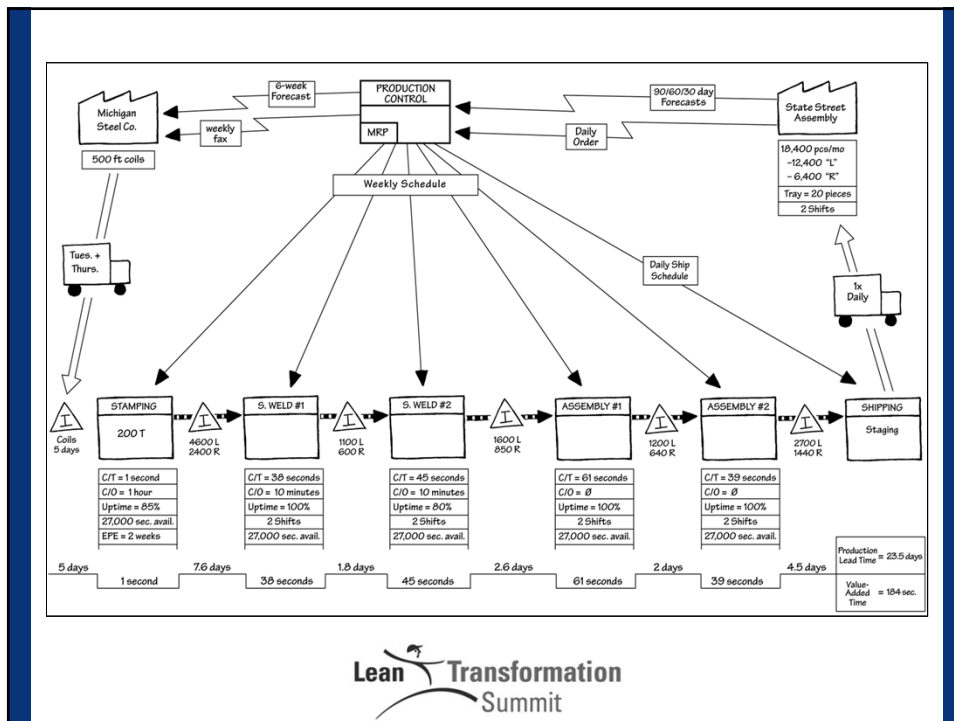
For example...

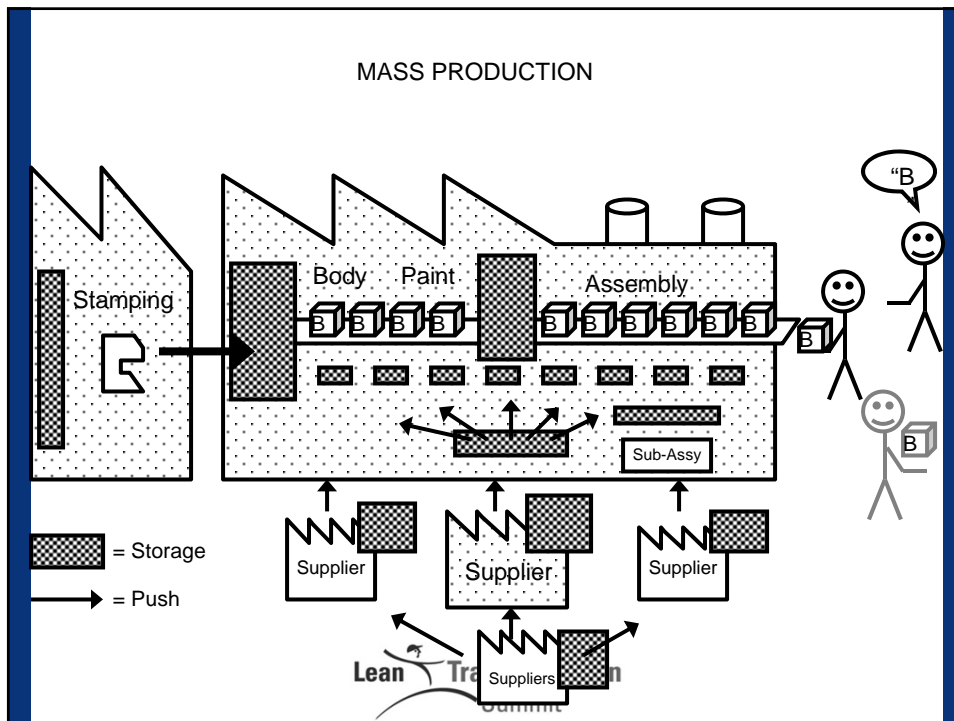
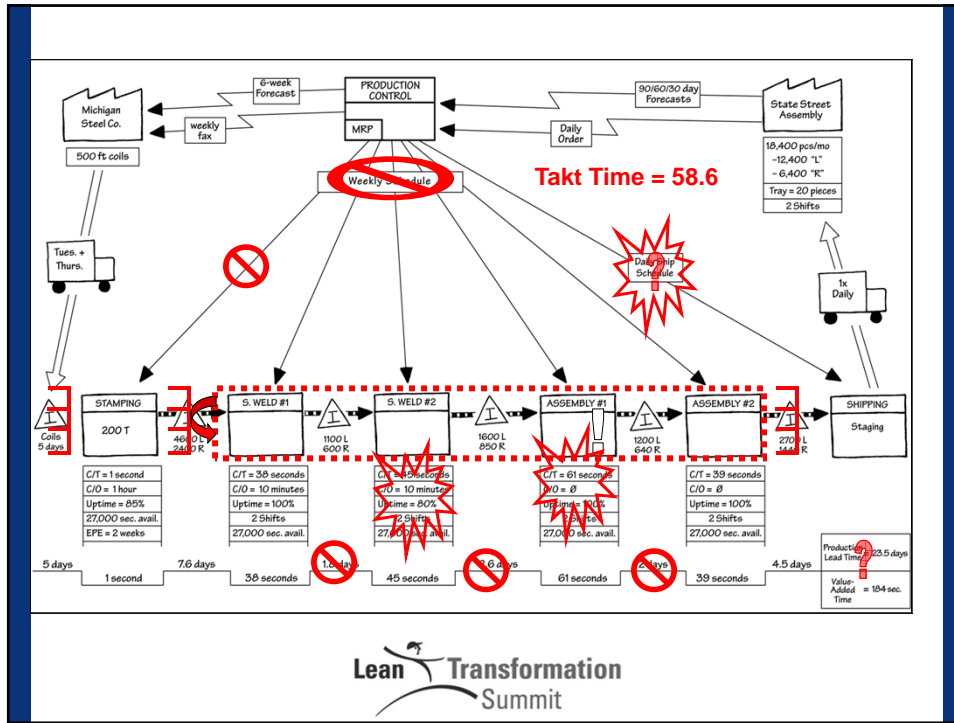


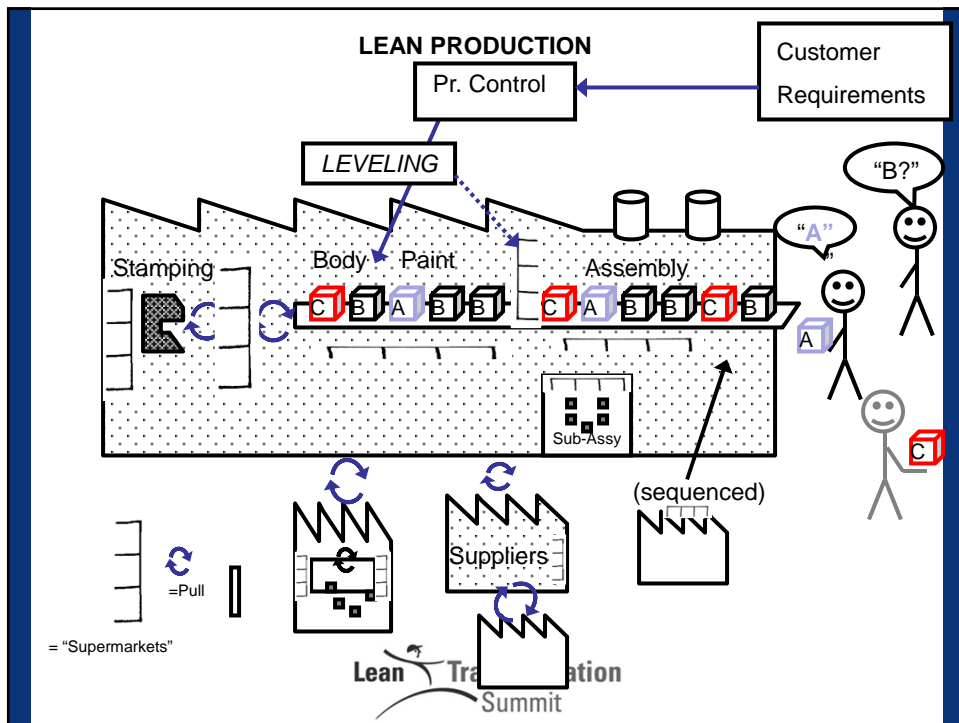
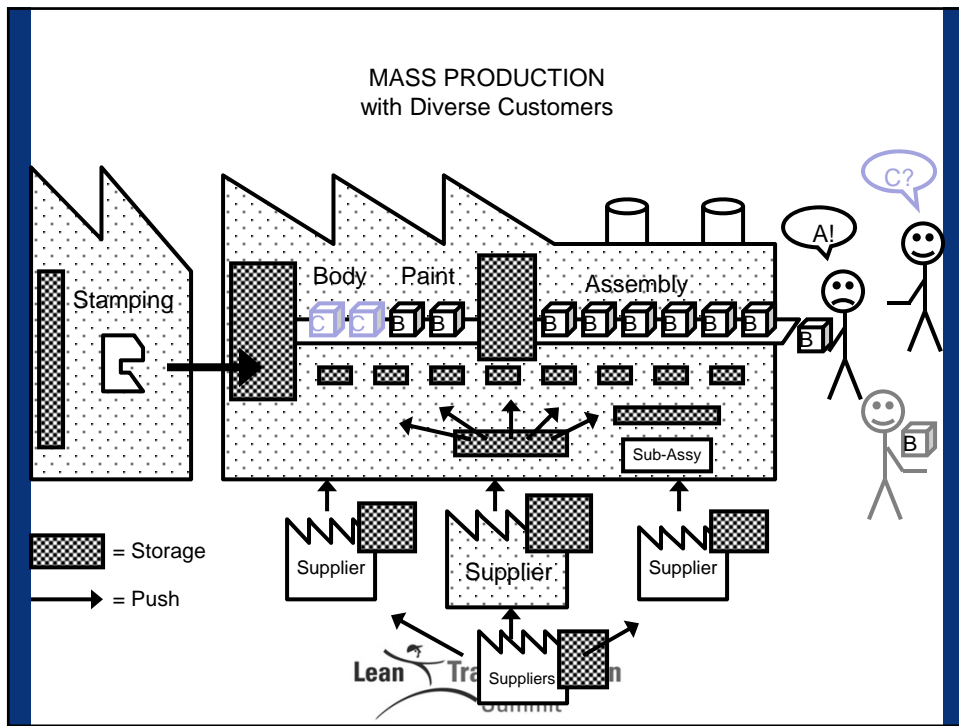
What is a lean system?

“Many good companies try to practice kaizen and use various TPS tools. But what is important is having all the elements together as a system. It must be practiced every day in a very consistent manner -not in spurts -in concrete way on the shop floor.”

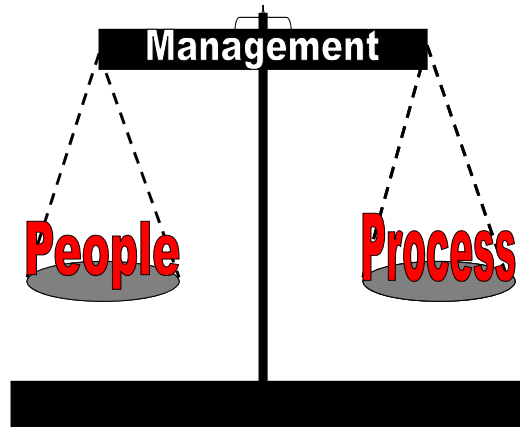
- Toyota Chairman Fujio Cho







People & Process Balanced by Management



LEAN – call it something else?

We don't need to call it something else, but we do need to refine our understanding of what it is.

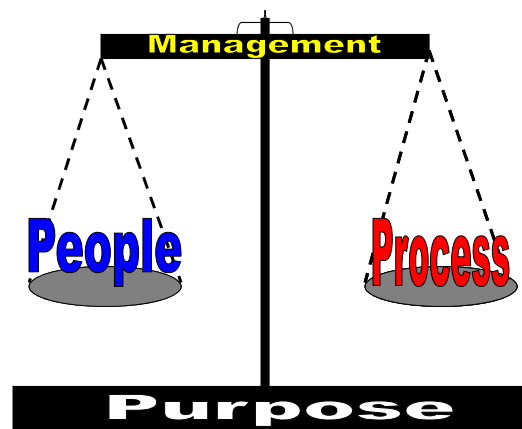
What is a system?

“A network of interdependent components that work together to try to accomplish the aim of the system. A system must have an aim. Without an aim, there is no system.”

- W.E. Deming






Lean Transformations: Aligning People – Process – Purpose!

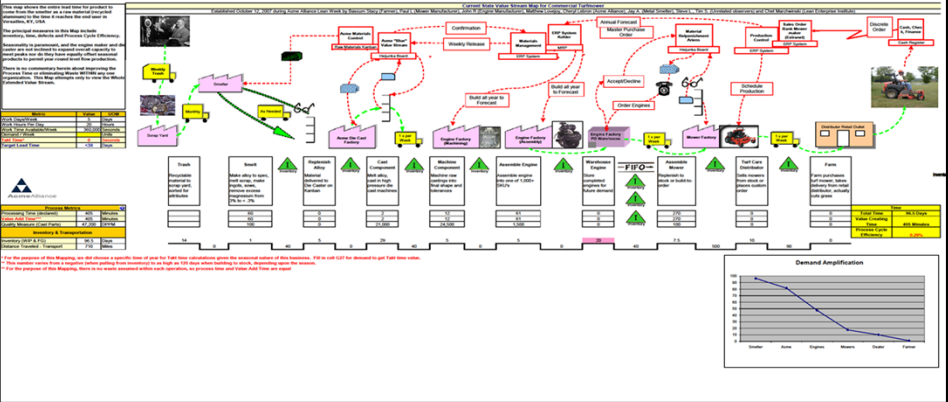


Four Companies We Know Well




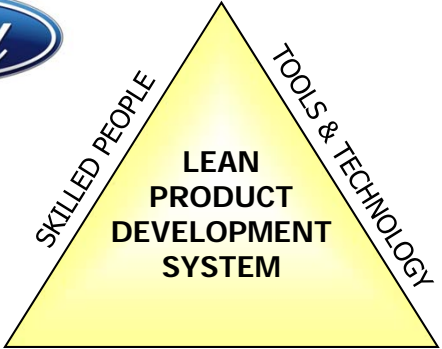




AcmeAlliance AcmeAlliance AcmeAlliance



E X T E N D I N G
THE VALUE STREAM

A Systems Approach

**LEAN
 PRODUCT
 DEVELOPMENT
 SYSTEM**

PROCESS

**MUTUALLY SUPPORTIVE
 ALIGNED ELEMENTS**

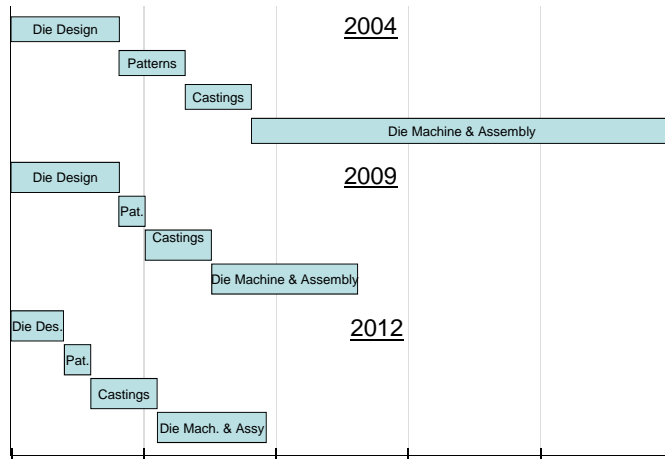
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GUIDE 69



Lead Time Improvement

Tool & Engineering Timing



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SLIDE 64

Explorer Vehicle Quality Comparison

2011 Explorer



2010 Audi Q5



**EXPLORER HAS ACHIEVED
BEST IN SEGMENT
CRAFTSMANSHIP**

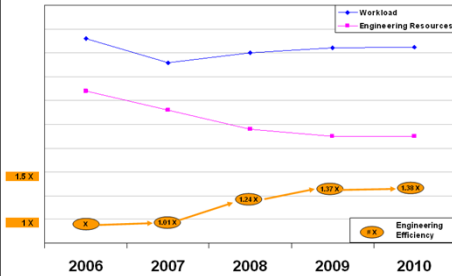
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SLIDE 65



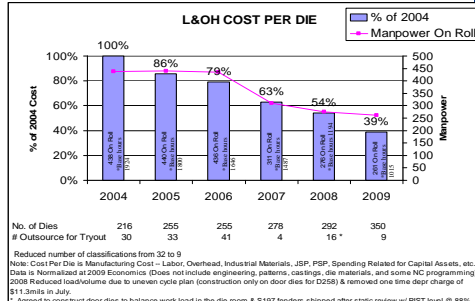
Engineering & Tooling Efficiency Improvement

Global Workload Index Trend



40% Improvement

Tooling Cost Reduction



61% Improvement From 2004



SLIDE 63

Include The Extended Enterprise

Bloomberg Businessweek

Ford Boosts Supplier Standing in Placing Among Top 3

May 16, 2010, 4:31 PM EDT

(Updates closing share prices in the eighth paragraph.)

By Doron Levin

May 10 (Bloomberg) -- Ford Motor Co., following its first annual profit since 2005, became the only non-Japanese automaker in a survey of suppliers.



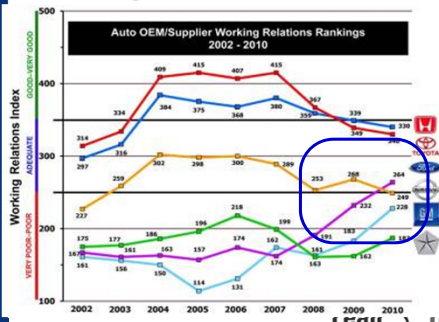
Ford, UAW retooling work rules

Changes at Dearborn plant may serve as model for more efficient factories in the future.

By Bruce G. Harman

DEARBORN — Ford Motor Co. is working a change to the retooling North American factories. The competitive air between...

Study Shows Ford Climbs to #3 Overall in 'Working Relations' With Suppliers; Honda and Toyota Still #1 and #2, but Slipping; GM Gaining



SLIDE 64

Quality – 2010 JD Power IQS

J.D. Power and Associates
2010 Initial Quality Study™ (IQS)

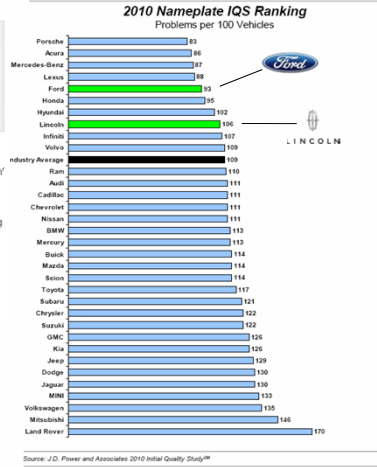
J.D. POWER: FORD BRAND NOW HAS THE HIGHEST INITIAL QUALITY AMONG ALL NON-LUXURY BRANDS IN THE INDUSTRY



J.D. POWER: FORD BRAND NOW HAS THE HIGHEST INITIAL QUALITY AMONG ALL NON-LUXURY BRANDS IN THE INDUSTRY

Some of Ford's most popular nameplates received top honors for their respective segment, including Ford Focus, Taurus and Mustang.

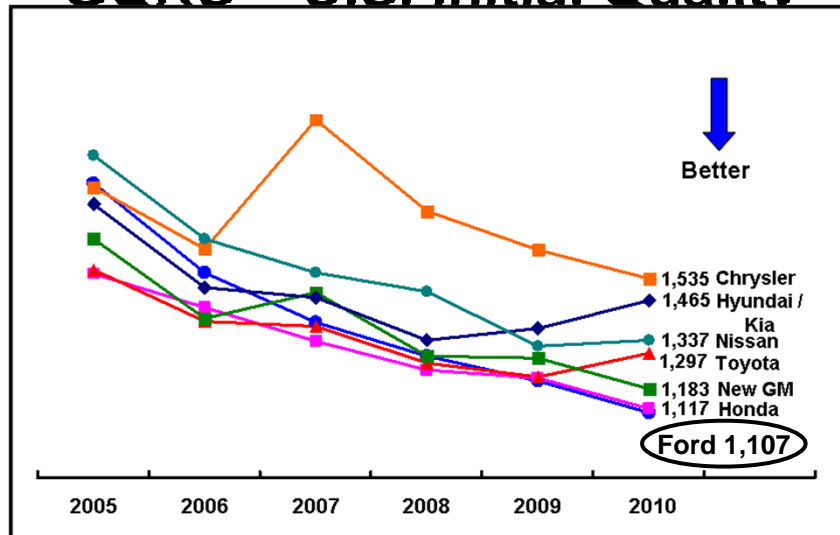
* Ford brand now has the highest initial quality among all non-luxury brands, according to J.D. Power's closely watched Initial Quality Study



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SLIDE 65

GQRS – U.S. Initial Quality

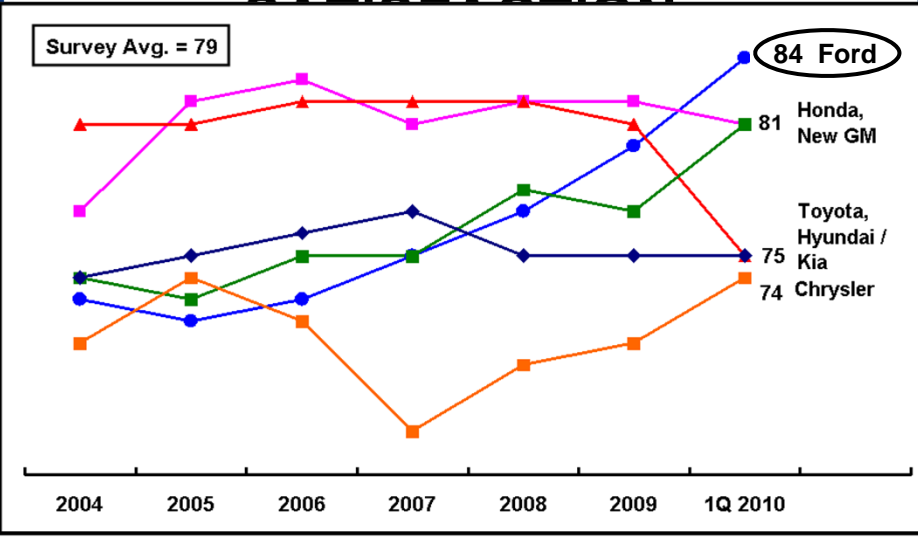


Global Quality Research System - Independent study for Ford Global Consumer Insights completed by RDA Group

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SLIDE 66

U.S. CUSTOMER SATISFACTION



Global Quality Research System - Independent study for Ford Global Consumer Insights completed by RDA Group



SLIDE 67

Coke's True Accomplishment: System Kaizen!



Target Area	Original State '09	Current State '10	% Improvement
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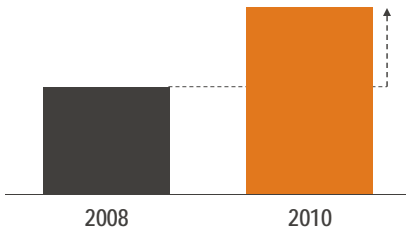
Customer Service (OOS)			28.5%
Customer Service (OTIF)			17%



Results: System Improvement

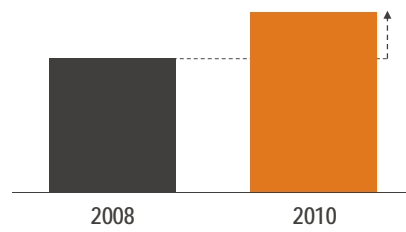
Overall Customer Satisfaction

Percent Highly Satisfied



Productivity

Transactions per labor hour used



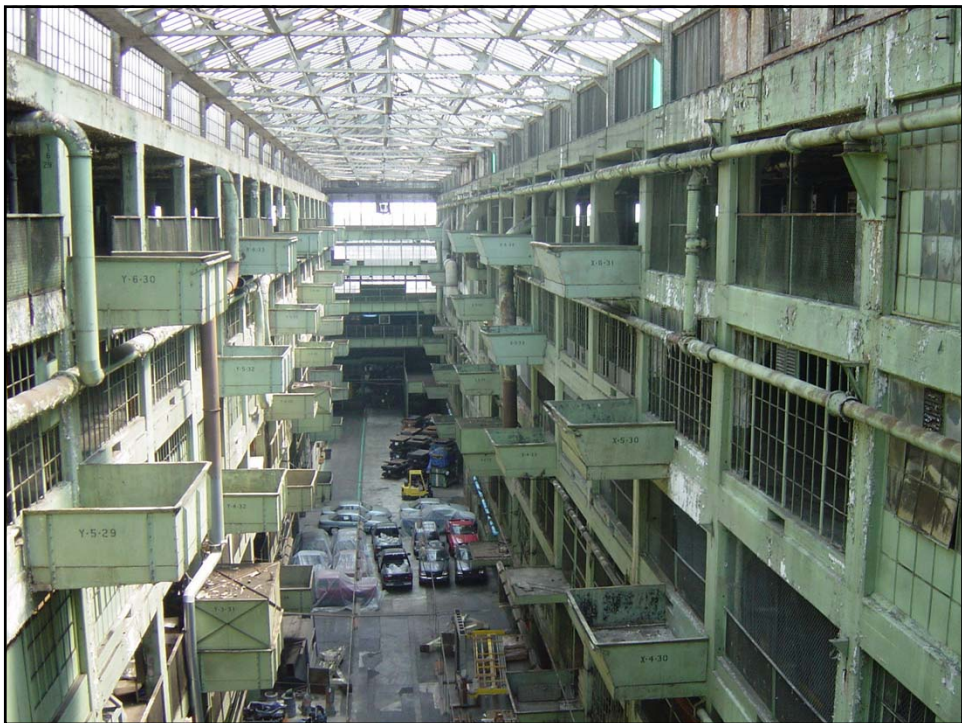
Partner Satisfaction Also Up!



JIM WOMACK GEMBA WALKS

FOREWORD BY JOHN SHOOK







JIM WOMACK
GEMBA WALKS
FOREWORD BY JOHN SHOOK

“Assess how an organization is doing on its path toward Lean Enterprise.
By means of a walk along important value streams.”

The image shows the front cover of the book 'GEMBA WALKS' by Jim Womack. The cover features a map of East Asia, including parts of China, Taiwan, and the Philippines. A small inset image shows the author, Jim Womack, standing on a map. A speech bubble on the right side of the cover contains a quote: "Assess how an organization is doing on its path toward Lean Enterprise. By means of a walk along important value streams."

What is the role of leaders in a lean transformation?

- I frequently hear...
- “I can’t get people to do this. How can I get people to do *this*...?”
- How to reply...?

I frequently respond...

How do you *want* to manage?

Change – the leader’s role...

- “John, How do I get my people to do this...??”
- How can you get others to “do *this*”...?
- → Only one way...



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 - System Kaizen
- Rookie CEO...



Lean Transformation Summit

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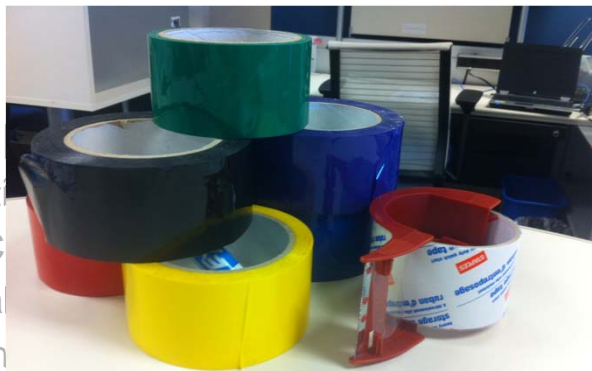
- Frontiers and Fundamentals
- Big Company – Little Company
- Capability Development
- Extended Value Stream
 - System Kaizen
- Rookie CEO led by capable staff



Capable Staff... who put forth great effort!

Multi

- Front
- Big C
- Capa
- Exten
- S



- Rookie CEO led by capable staff...



Capable Staff... who put forth great effort!



➤ Rookie CEO led by capable staff...

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