


Lean-er Thinking for Harder Times



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“When the going gets tough, the tough get going!”

Joseph Kennedy

Good News....Bad News

- This is a good opportunity to get buy in on your lean effort (people are motivated)
- But it is hard to get money or time
 - This is a good place to develop your creativity (do things with no money)
 - When times are slow people invent ways to “look busy” (needed)

Are You Preparing for the Future?

“You know what worries me is that we are setting ourselves up to operate at this low level and when things come back, and they will come back, we won't be ready to take advantage of it.”

Plant Manager, January 2009

What is Toyota Doing?

“Toyota must grow so lean it would realize profitability even if its worldwide sales fall as low as 7 million vehicles.”

“We must change to become more slim, muscular and flexible.”

Katsuaki Watanabe, Toyota President

Looking into the Crystal Ball

“In 3 to 5 years when the cycle turns the other direction, Toyota will quietly devastate the competition.”

My prediction

What is the Difference?

- Growing Lean does not mean cost reduction in the traditional sense
 - Reducing resources (capacity)
- Toyota will have a COST basis of 7 million units, but a CAPACITY basis of 9 million
- When things rebound Toyota will be even stronger

A Challenge of Human Nature

- Our survival instinct prompts us to “conserve” during hard times
- We must make conscious decisions that are in opposition to our instinct
- We must decide to work HARDER

Reality

- Traditional cost reductions may be painful, but they are easy
- These “solutions” represent lazy thinking
- It takes greater effort to find real solutions

The Process is the Same

- What is the current state?
- What do we want for the future state?
- Why is it important to get there?
- What is preventing us from getting there?

Role of Leadership

- Communicate, communicate, communicate
 - Now is the time to work harder
- Insist on value creation
- Breakdown barriers, silos, red tape, etc.
- Provide necessary resources
 - There is no free lunch, but there are daily specials!

Role of Leadership

- Set aggressive challenges
 - Reduce previous timelines by ½
 - Changeover times
 - Lead times
 - Throughput times
 - Project timelines
 - Improve results by 50%
 - Quality, safety, delivery

Clarifying Expectations

- What is fair game for reduction?
 - Improved Process (build in future needs)
 - Reduced energy cost (air, water, electricity, gas)
 - Reduce product cost (simplify)
 - Reduced indirect costs (facilities upkeep)

Clarifying Expectations

- What is not fair game for reduction?
 - Reduce people
 - Sacrifice quality or safety
 - Negative impact on customer
 - Reduce future capability

Clarify Needs and Expectation

- Clarify immediate and future needs
- Focus efforts specifically (not random improvement)
- Clarify parameters to guide effort
- This is not to “keep people busy”

Clarifying Expectations

- Improve Process
 - Work more on quick changeover to increase flexibility
 - Improve Flow to shorten lead time (flexibility)
 - Create more value

Dig Deep into the Details

- Take time to examine EVERY detail
- Where is the cost?
- Ask everyone to look and think.
- No thinking is too small!

Go to the Gemba

- Go for a walk during non-work time
- Look, listen and smell
- Do you hear waste?
- Are machines, lights, etc. on?
- Are processes consuming air, water, electricity?
- Do not pass ANY opportunity!

Look From a Different Point of View

- You can't look at the same things the same way and expect to see something different!
- Look from the vantage point of WASTE rather than your notions of possibility!
- In a crisis many things are possible that previously were not

Structure to Improve

- Improve your ability to get things done with less “bureaucracy”
- Make everyone responsible for implementation (not committees)
- Leaders must execute quickly

Long Term Focus

- Develop People
 - Deepen ability for problem solving and kaizen
 - Create greater levels of discipline (establish process)
 - Cross Train (of course, but this is a “lazy” option)

Conclusion

- Avoid the easy route
- Charge the hill!
- Don't "hunker down"
- Use this as your "burning platform" to energize your lean implementation
- In a crisis you can ask whether you really need the layers of bureaucracy in your organization
- Focus, focus, focus