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WHEN THINGS FALL APART

Analysing the reasons why many lean programmes fail and the importance of learning from mistakes

Companies featured in this edition include: Wood Group PSN, Louis Vuitton, PO Construction, Faurecia, Thales Group, Palo Alto Medical Foundation, Renault, CHU Grenoble

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When things go south: *Mike Riungu* of brownfield services provider Wood Group PSN, headquartered in Scotland, reflects on lean failure and how to avoid it

Get it wrong to get it right: Renault-Nissan Consulting's *David Howells* discusses the lessons that were learnt at Renault prior to its alliance with Nissan, and tells LMJ how they were key in making the car-maker successful

The model line approach: The story of the rapid adoption of lean as a management system at the Palo Alto Medical Foundation in California

Lean *au cœur*: LMJ travels to France and meets some of the country's leanest companies, including Louis Vuitton and a Parisian construction company

Once you pop you cannot stop: In the newest update within our Lean Diary, LMJ hears about SCGM's results a year after the implementation of lean started

Super-lean shop floor: Will Stirling attends a workshop at the JCB Academy in England

Once you pop you cannot stop



CEO Sandra Cadjenovic shares SCGM's lean progress, a year after the Serbian manufacturer embarked on its journey.

Dear readers,

It's been a year since lean knocked on SCGM's door. During our last meeting we went through the results that we have achieved over the past year, and I would like to share them with you.

Our external lean coach came in for his regular monthly visit on the same date as last year, a nice occasion to mark the first anniversary of the SCGM Way and discuss our accomplishments.

THE POPCORN METAPHOR

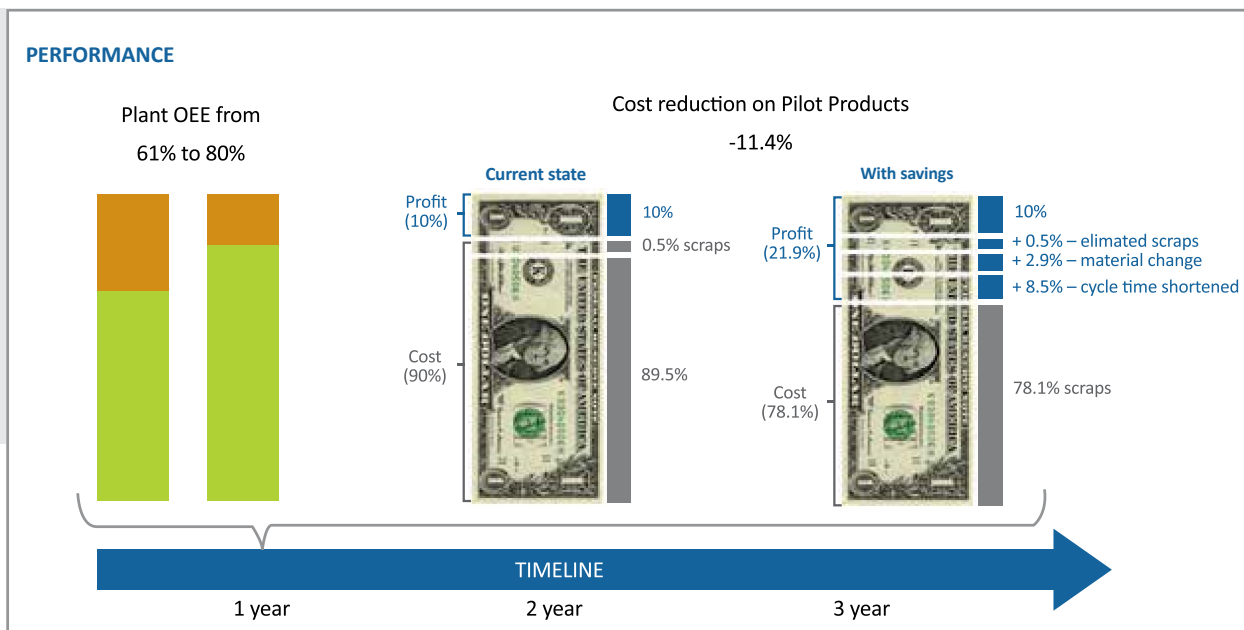
A year ago, it all started in a conference room with the steering committee, so that's where we gathered to discuss results. What we saw when entered the room was an electric cooker, a pan with its lid, oil and a bag of popcorn kernels. Surprised, we all took a seat and the meeting began.

The coach heated the oil, put the kernels in the pan in an even layer, covered the pan

and waited. As soon as the first kernels popped, he removed the lid, showing that not all of them had actually popped. "This is you after one year," he said.

In a company (the pan), employed by the owner (the person putting the kernels inside), people are all together (kernels placed evenly) working by using resources (temperature) and the right (lean) method (appropriate temperature set) with the (lean) standard (lid covering the pan). Complete lean implementation will take three years.

Figure 1: Performance



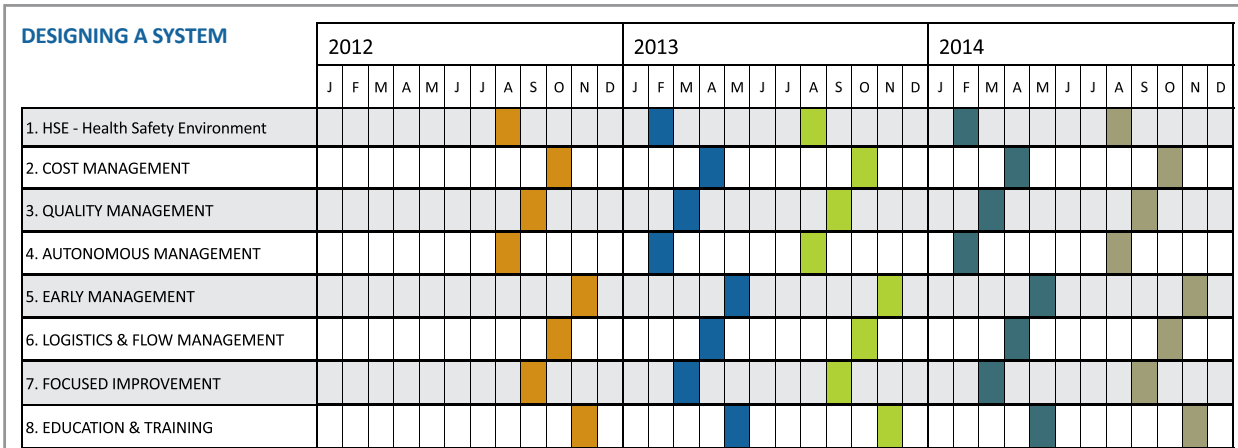
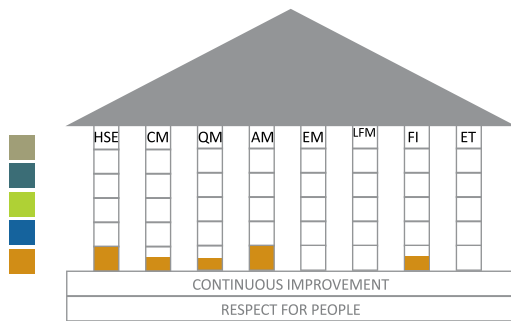


Figure 2: The SCGM Master Plan



Lean Quality Management was exceptionally good, as proven also by an external audit that we passed with regards to the SRPS ISO 9001:2008 standard.

In addition, here are some more important facts:

- We have won 50% more customers this year. Last year we had eight crucial clients, now we have 12;
- Headcount went from 52 to 62, all full-time employees;
- Customer satisfaction significantly increased this year.

Let's go back to people now, who are the foundation of the SCGM structure. Out of 62 people, 11 are now fully engaged in lean – to use the popcorn metaphor, 17% of our people “popped”. Our target for next year is grow the number to 50%, and to 100% the year after.

In order to achieve that, we will concentrate on improving communication. Managers have been complaining about the lack of information, which resulted in some problems being dealt with late. We have introduced a regular 15 minute meeting every morning, with all the participants sharing problems and actions for the day. Once they are all up to speed and agree on the actions for the day, they go back to work. So far, it proved to work extremely well.

Our following actions include turning to our next pillars, Early Management and Education and Training, and pushing ahead with the existing ones. The steering committee seemed pleased with the results they shared with the coach, and I am happy to say we have something to boast a year after we started our lean journey.

Back in the meeting, the consultant put the pan back on the cooker and gently shook it. We all heard further popping as a pleasant smell spread in the room. Three minutes later all the kernels had popped. “This is you in two years,” the consultant said, as we started serving the popcorns to our diligent lean people.

“Let’s see who popped,” the consultant said starting the discussion on the results achieved over the past year.

The SCGM Master Plan was showed, and we could see where we actually are at the moment. Orange squares represent where we have succeeded in taking up and completing the steps within the relative pillar.

As far as the Health, Safety and Environment pillar is concerned, the team leader informed us of the outcome on the field:

- Safety conditions have improved considerably;
- The number of injuries has been brought to 0 - KPI reached;
- People are becoming more pro-active and are thinking “safety”.

A current problem we have is that people are refusing to wear safety clothes, even though they have been provided to them. They complain that it is too hot to wear safety shoes, and too uncomfortable to wear safety glasses. The consultant suggested that all managers should set the example by wearing the clothes when on the shop floor. If employees see their supervisor wearing them, they will follow the model.

As for Lean Cost Management, we achieved savings of 11.4%. The Autonomous Management pillar has proved to work well. The first step was completed successfully and OEE average figures, calculated on three pilot machines then and now, went from 61% to 80%.