



# LEAN MANAGEMENT JOURNAL

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## MOVING AS ONE

Exploring the role and characteristics  
of good leadership

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**Do it yourself!:** Does self-management work? *Joseph Ricciardelli*, director of Tecla Consulting, looks at how (and if) a leaderless company can function.

**Managing maintenance:** In this article, *Ian Tindle* and *Peter Watkins* talk about a new approach to maintenance that GKN's Rockford plant in Illinois successfully adopted.

**A chat with Toyota:** In our interview, Mark Adams, Vice President of purchasing at Toyota Europe, talks about automotive supply chain in UK and Europe and explains how Toyota recovered from the recall crisis and, later, the tsunami in Japan.

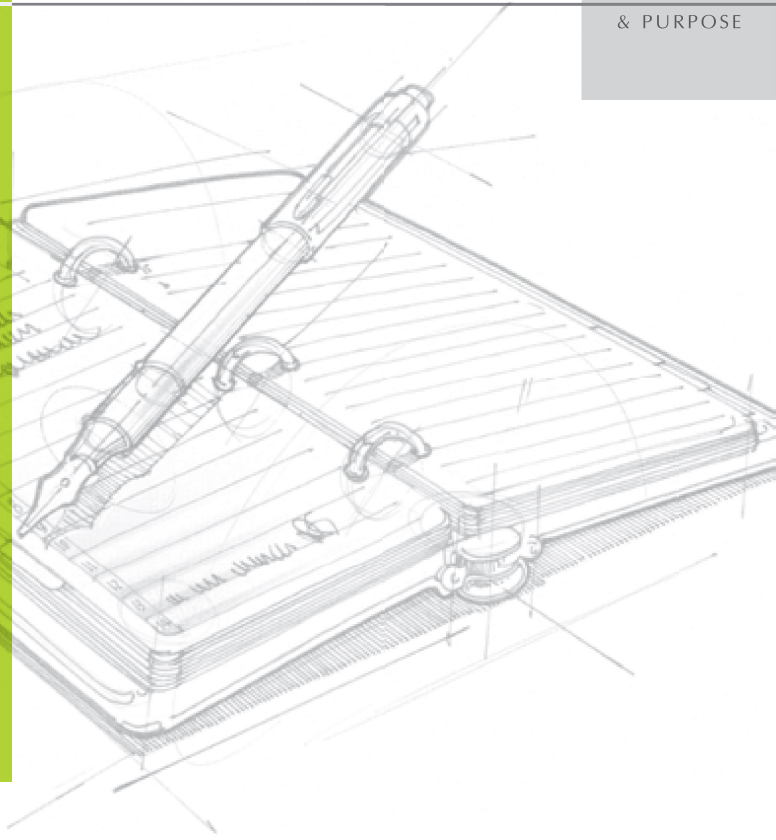
**Winning Shingo bronze:** *Noel Hennessy*, continuous improvement Director at Lake Region Medical, shares with LMJ the company's model for standard work, which played a big role in LRM achieving a Shingo Accreditation Bronze Medallion.

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# Do it yourself!



*Joseph Ricciardelli of Italy- and Serbia-based Tecla Consulting offers a step-by-step approach to true lean self management.*

## THE STORY OF A PIPE AND A JOINT

A few weeks ago I was taking a gemba walk at a company in Central Europe, looking for waste and losses along the value stream. I was by the assembly line of a low volume product, focusing on the basic condition restoration in the workplace. Just a few hours earlier, the plant manager had told me how worried he had been about the air leakages around the site.

After hearing that, the group of people taking the gemba walk with me started to focus their attention on all the areas and places where air leakages could be found. The hissing sound betraying the presence of the air leakage near the spot where an operator was finishing using a tool was easy to detect. The leakage was both on the pipe and the joint. The solution was simple: to replace them both. It was simple but not applied. The question is why.

Common answers we heard were all blaming the operators either for not seeing the problem, not having contributed to finding a solution, not having the will to find a solution or not having an idea on how to do it.

So we asked John, the operator, if he had noticed that the joint and the pipe were cracked.

“Yes, I have. And I told Mark, the team leader.” We went directly to Mark and asked whether John had in fact informed him about the issue and he replied: “Yes, and I forwarded the information to Robert, who is responsible for maintenance.” In turn Robert said he had passed the problem to Chris, the assembly manager. We called Chris and he said that if nobody was telling him what kind and quantity of pipes and joints he had to buy he couldn’t do it. Chris recognised he had to act immediately, especially because there was a group of people staring at him and waiting for him to do something.

He called the supplier asking him to come to the plant as soon as possible. When the supplier arrived and, together with Chris and Mark, prepared an internal order to buy what was needed, that was sent on to the Purchasing Department deputy manager. It turned out that this person had then to send it to his boss, that is, to the purchasing manager for approval. At the end of the day, we went to the purchasing manager to check the status of the order and he said: "You know there are clearly defined rules here. The total amount for 10 pipes and 30 joints is €285. I have to wait for another order and put them together for the total of €500. Only then will I be able to send it to the Central Purchasing Department in France." By then, I was literally screaming.

Going back to the hotel that evening, I was thinking about my job of helping develop lean management systems in companies. I realised the difficulty the company I had just visited was facing throughout its structure. Later that night, I was talking with my second child, three-year-old Marco, who was telling me about the difficulties he has with plank building. I wished to share my troubles with someone and told him the problem I had had during that day. That very instant, he said to me: "Daddy, it is not difficult. Why is John [the operator] not going to buy that thing himself? Doesn't he have money?" For the rest of the evening I thought about my son's answer, feeling embarrassed for the fact that I, an experienced consultant, could not have come up with such a simple solution.

The next day, a meeting was organised and all the people from the day before participated. I brought up my idea and theirs followed. We discussed the situation at hand, coming to a solution: giving Mark, the team leader, a €500 budget every month to spend on small repairs.

Cells are for the human body what people are for an organisation. Nowadays many companies are introducing lean in their organisations, but in most of the cases these lean programmes merely result in cost-cutting exercises //

## LET "LOWER LEVEL" PEOPLE HAVE HIGH LEVEL OBLIGATIONS

This was just one of several examples which assured me that giving more responsibilities to a "lower level" employee means being able to take initiative more easily when a problem arises. The sooner the person does it, the faster the problem is solved: a mission accomplished for him is a mission accomplished for the company.

This philosophy of empowering people at all levels is something that Morning Star, the US-based tomato ingredient processor, and Toyota have in common, even though they are different in size and have different ways of doing it.

Morning Star is a company with no managers. Unbelievable as it may seem, everybody is managing their own activities without taking orders from others, but sticking to the following business model rules:

- **Mission is the one and only manager:** employees are entitled to write their mission statements on how they plan to contribute to accomplishing the company's clearly defined objectives;
- **CLOU (Colleague Letter of Understanding) as agreement:** a mission-based operating plan is created and negotiated among at least 10 associates. The outcome is numerous formal relationship formed among full-time employees.
- **Employees are empowered to take up different roles and are autonomous:** in case equipment is needed, employees act like purchasing managers, having their own P&L statement. After wisely assessing the need and the impact of their decision, they simply order and pay. In case of staff deficiency, they are the ones that take the initiative and recruit extra workers.

This is a self managed organisation where there is no career ladder to climb; where titles do not speak for people, but results do; where accomplishments, not a position, bring income.

“Lean (self) management is impossible to develop all of a sudden; it is a multi-year continuous improvement process, with long lasting excellence results”

Toyota’s system, on the other hand, is very hierarchical. The company believes that leaders must be developed at all levels and their job is to coach, teach and engage the next level down.

At Toyota factories, one will find group leaders (the role of the first-line supervision), team leaders (hourly team members who take on leadership responsibility) and team members.

Whenever an issue in following disciplined processes to perform the work or improve the work is identified, Toyota looks at the group leader level first. Have they developed team leaders effectively? Are group leaders and team leaders engaged with the work and engaged with the team members to identify and solve problems? Are the group leaders and team leaders structuring daily activities around continuously improved processes?

In a leaderless group, team members may in fact make improvements, but these are not likely to be based on disciplined problem solving, and they are not likely to be focused on the most important problems. There will be no discipline: some people will work more, some will work less and there would be nobody to control the situation.

In *The Toyota Way*, Jeff Liker gives the example of a service parts warehouse manager in the United States who deliberately launched the new warehouse based on a top-down approach. He intentionally didn’t introduce the team leader role at first and focused on developing the skills and leadership capabilities of group leaders. Only when the process was stable, standardised work was being followed, and the group leaders proved to be strong leaders did each group earn the right to have team leaders to develop. Group leaders and team leaders continue to play a critical role in maintaining discipline in performing and improving jobs. On the other hand, team members are highly engaged in making suggestions and participating in problem solving.

These two highly successful companies both show that people come up with various constructive ideas if they are

empowered, free and encouraged to think outside the box. Like them, you should use “Your Way” to achieve that. However, beware the direction you take. Here is the reason why.

### EVER TRIED A DIET?

If you reduce calories, do you also reduce weight? The biggest revolution in today’s weight reduction programmes is represented by the fact that calorie balance does not matter anymore. Several experiments have showed that, when you reduce the incoming calories, you start losing weight but you cannot reach the high objective, for, if you take in less, the body will adapt to producing and consuming less energy.

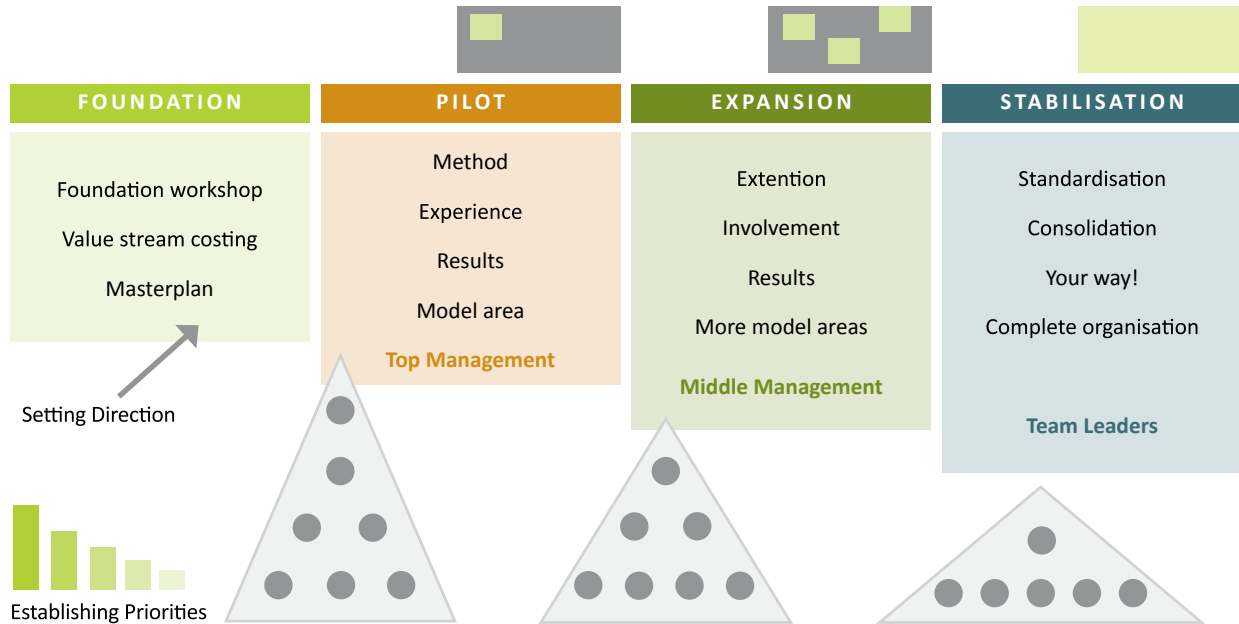
The body is made of cells, living and self-adapting entities, and driven by metabolic rules according to which they will use less energy to survive if needed.

### EVER TRIED TO BECOME LEAN?

Cells are for the human body what people are for an organisation. Nowadays many companies are introducing lean in their organisations, including the company in Central Europe that we previously mentioned (which, by the way, has won awards for its internal lean programme), but in most of the cases, these lean programmes merely result in cost-cutting exercises.

But if I reduce costs, will I become leaner? The answer is no.

Going back to John and the pipe, we can conclude that the real reason of all his problems was a global stock reduction programme that resulted in high pressure on the management system, where everybody is worried about spending money. Cost reduction can actually generate losses and even higher costs for non value-added activities. This results in a very lengthy and costly decision making process; for low level organisations it simply means cutting on equipment.



In some companies you hear people say: "What's with all this improvement talk? My boss won't even buy a bolt for me! I need tools and spare parts, not lean management!" These situations contribute to reducing people's ability to think at work, discourage them from suggesting fresh ideas as they continue to serve the company's needs at their best while at the same time trying to adapt to the new low-cost regime.

### STEPS TOWARDS LEAN SELF MANAGEMENT

Organisations need a lean systematic approach that will focus on finding where waste is and cutting it, and not merely on cost reduction, which puts people on a harsh "diet", depriving them of what they need for excellent performance on the pretext of saving.

By leaning out, a company will also free its people from one more daily obligation: fire fighting. Every organisation faces problems, fires that start out of the blue during the course of a working day. One cannot foresee them, but one has to extinguish them.

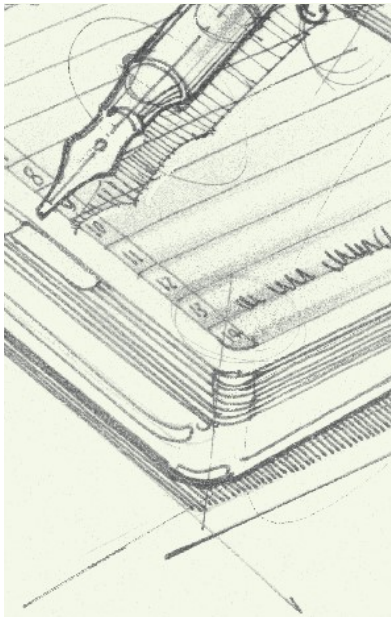
People often end up spending a great part of their working hours just fighting fires. Lean management is a way of reducing the number of fires by strategically developing the organisation.

Some managers may think: "To develop something, I will have costs. What happens to my benefit?" Then we show them the choices, as if they were at a crossroad: a standard way and a systematic (lean) way. If they take the first one, there will be standard costs but also standard benefit, barely reaching the profit target. Going the lean way, they will have short term costs for the sake of the long term benefits reaching way above the target.

These managers may then say: "It is nice to hear it, but how is it possible to achieve practically?" Once a company decides to take this approach, we warn them it is not an overnight change. Lean (self) management is impossible to develop all of a sudden; it is a multi-year continuous improvement process, with long lasting excellence results.

The road to those results is paved with:

- **project extension**, to cover every company area;
- **methodology width**, continuous problem solving and sustainment of the results;
- **people involvement**, with the aim of involving 100% of them.



“ So, how to remove the cloud of uncertainty and move decisively ahead? The answer lies in the creation of a master plan at the very start. It embodies all that we want to achieve through meticulously planned steps with a reasonable time frame of six months for each of them - just enough time to take each step and to solve problems, should they arise ”

## PROJECT EXTENSION

When designing an improvement system, we divide the three-year period into phases - a preparation phase and three project phases (pilot, expansion and stabilisation).

In the pilot phase, the steering committee is directly involved in leading the project together with the pilot teams formed. The data is collected, performance measurement is undertaken and specific loss type deployment to identify critical areas to attack is conducted.

In the expansion and stabilisation phases, the application of the methodologies in the chosen critical model areas is applied on other intervention areas to extend all the proved-to-be-successful ideas and the lessons learned. The responsibility and direction has passed from the steering committee to middle management, whereas the stabilisation phase involves all the levels of the company that would contribute methodology stabilisation.

## METHODOLOGY WIDTH

We know where our START and FINISH lines are, and approximately how to reach the goal, but the path is still unclear and blurry, full of *what ifs*, unforeseeable obstacles and issues we cannot predict. So, how to remove the cloud of uncertainty and move decisively ahead? The answer lies in the creation of a master plan at the very start. It embodies all that we want to achieve through meticulously planned steps with a reasonable time frame of six months for each of them - just enough time to take each step and to solve problems, should they arise.

There are three phases, deployed in five steps, which we have to go through in order to reach real self management.

### 1. Reactive

- Analysis of the current situation
- Loss elimination

### 2. Preventive

### 3. Proactive

With the reactive phase we find, attack and eliminate losses one by one, by applying and turning the PDCA wheel, until we come up with effective solutions. We standardise those corrective measures and then train people on the new operative methods.

During the preventive step, according to the experience acquired, we adopt corrective measures in order to prevent occurrence of already known or similar problems. The last phase, the proactive one, is where we tend to initiate change rather than just reacting to events. Hidden causes are removed and we plan actions according to risk assessment. Reaching this step means that the whole organisation is ready to apply lean autonomously.

## PEOPLE INVOLVEMENT

During project development, through the three phases and through working with different methodologies, all the activities are performed with one main aim: to train and empower people in operating autonomously, and to involve all of them.

This article showed that you can empower people “your way”, but that you need to be careful and avoid common lean traps: you need to consider your people as human beings, let them use their brains and make them autonomous; you may have no managers (like Morning Star) but you must not make your organisation leaderless (Toyota, the one far ahead of other companies in the self management capabilities of its workers, has always believed there is no chance of an effective team management without leadership development).

If we look back at our first example, the monthly budget to be managed for the entire team was given to Mark, the team leader, and not to the operator.