



Managing To Create Problem-Solvers

Lean  Transformation
Summit 2017
Carlsbad, CA | March 7-8, 2017

The Work of LEI & the Work of Management

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25 Years of Lean Summits

- Beginning in 1992.
- Designed to:
 - ✓ Bring lean thinkers together.
 - ✓ Share knowledge about transformation.
 - ✓ Acknowledge those doing great things.
 - ✓ Give everyone the courage to do more!



Re-named Lean Transformation Summit in 1998

Joined by:

- ✓ Lean Healthcare Transformation Summit in 2010 (June 7-8, 2017, Palm Springs)
- ✓ Lean Coaching Summit in 2012 (July 19-20, 2017, Austin)

Here today to continue our transformation journey.



20 Years of LEI

- Non-profit education & research organization since 1997.
- John Shook, Dan Jones and Jose Ferro as Senior Advisors.
- Objectives (the value-creating work):
 - ✓ Write down lean knowledge.
 - ✓ Teach this knowledge in workshops.
 - ✓ Organize summits to share experience.
 - ✓ Conduct experiments with co-learning partners.
 - ✓ Communicate, through www.lean.org and www.planet-lean.com .
- Here today to continue our journey of lean transformation.



What We Have Learned

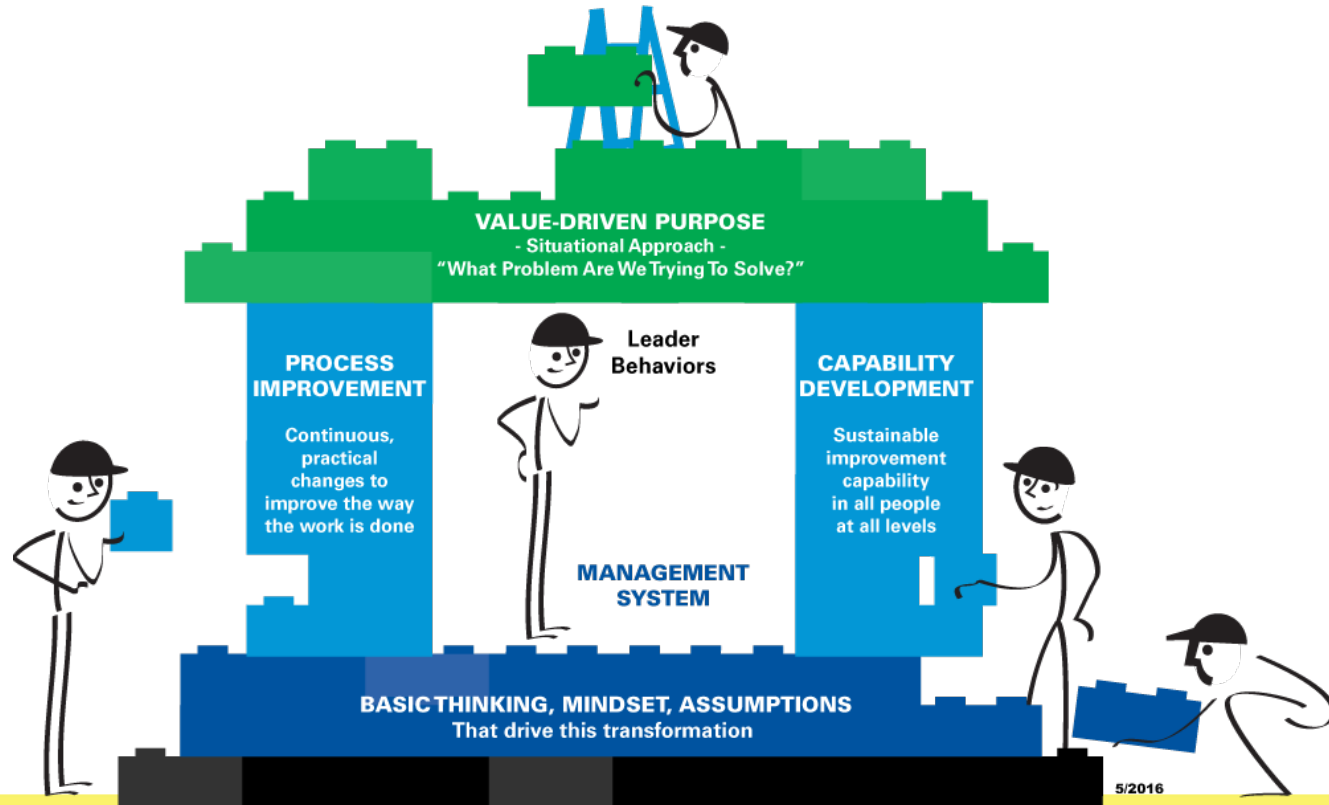
Transformation is a process.

Five critical elements:

- ✓ Clarity of purpose.
- ✓ Improvement of every value stream.
- ✓ Sustained by creating capability in every person, every level.
- ✓ Led through a lean management system.
- ✓ Grounded in lean thinking.



Lean Transformation Framework



Reflections (Hansei) on the Journey

- Strong on process improvement & capability development. (Pillars.)
 - ✓ Lots of really good tools!
- We have been less focused on grasping the situation. (The roof.)
 - ✓ Too many instances of solutions searching for problems!
- We have been less attentive to management systems and basic thinking. (The center and foundation of the house.)
 - ✓ We (!) underestimated the entrenchment of traditional and modern management; inadequately explained lean management & thinking.



What We Have Needed to Explain

The Work of (Lean) Management:

- Create basic stability in every value-creating process, with clear performance standards. (Iji.)
- Seize new opportunities by raising the standard. (Kaizen.)
- Decide the most important big issues for an organization to tackle. (Hoshin planning/ kaikaku.)
- Create lean managers, through repeated cycles of the first three elements.



To Pursue Objectives LEI Published Lean Tools

Getting the Right Things Done: hoshin planning/strategy deployment.

Managing to Learn: A3 analysis.

But perhaps not in the correct order?

Toyota began with creating basic stability through daily management while we started with improvement, preferably in big leaps.

Improvement without basic stability is usually kaizen on chaos.

With regard to daily management, we needed to focus less on tools – andon, production boards, walks – and more on thinking & beliefs.

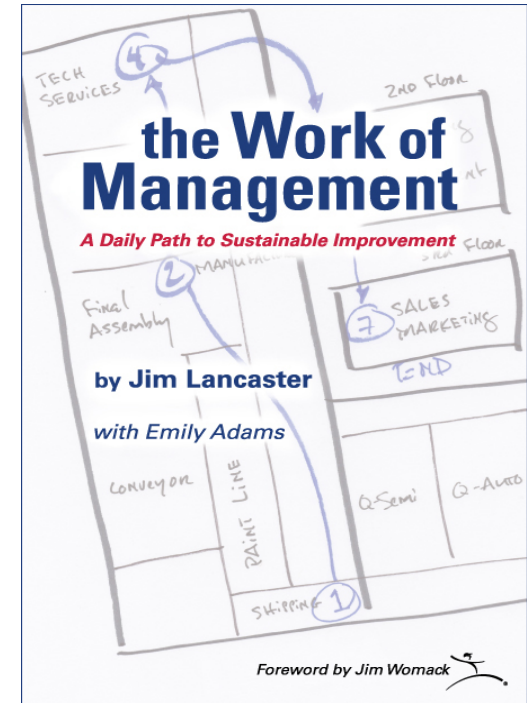


So We Are Trying to Set Things Right

At this Summit on the 20th anniversary of LEI we are launching a new book:

The Work of Management by Jim Lancaster.

My work for the next few minutes is to introduce Lantech, Jim Lancaster, and his book.



Lantech and the First Lean Leap

The stretch wrapper/case erector people, in Louisville, Kentucky, and Cujik (cow-k), Netherlands.

On a lean journey since the early 1990s.

Brilliant practitioners of kaikaku -- leap from process villages/long lead times/make-to-stock to single-piece-flow/short lead times/make-to-order.

Freed up cash, eliminated debt, improved quality, made customers happy: Saved the company.

Worthy of a chapter in a book! (Chapter 6 of *Lean Thinking*.)



Lantech After the Revolution

Unable to sustain further improvements & slippage over time from what was achieved in the first lean leap in early 1990s.

Stubbornly average profitability.

Reaching the limits of ***traditional management***.

Time for the next generation to take the reigns while founder Pat Lancaster continued inventing new technologies to address new problems.



Jim Lancaster CEO

Decided Lantech needed objective performance measures.
New COO to negotiate KPIs & hold managers accountable.
Modern management to replace traditional management.
A disaster: Good people left; results didn't improve.
Time to try **lean management** as coached by Bob Morgan.
Jim will explain how he changed his beliefs and basic thinking
about the work of management and his behavior as a manager.
But first...



The Consequences

Lantech has sustained and improved it's daily management system every day for 10 years in Louisville and 8 years in Cujik.

Created basic stability (as evidenced by stable run rates for every activity and the steady decline of fire-fighting.)

Facilitated *sustainable* improvements through kaizen (now led by line managers with freed up time rather than staff experts.)

Achieved success with hoshin plans, now mostly met.



The Happy Ending to the Second Lean Leap

Steady, significant growth in share & profitability to more than double the post-kaikaku level of the early 1990s.

Worthy of a book, not just a chapter in a book!

Now all we need to know is how Jim changed his beliefs and thinking about management to change his behavior as a manager to lead Lantech on the second leg of the lean journey.





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