



Using PDCA Leadership to Build a Culture of Continuous Improvement

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Presentation Goals:

1. Share & discuss lean transformation from staff perspective
2. Help you think & reflect on your own personal and organization CI journey to map a successful future course

Three Areas of Focus



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Leadership Endorsement

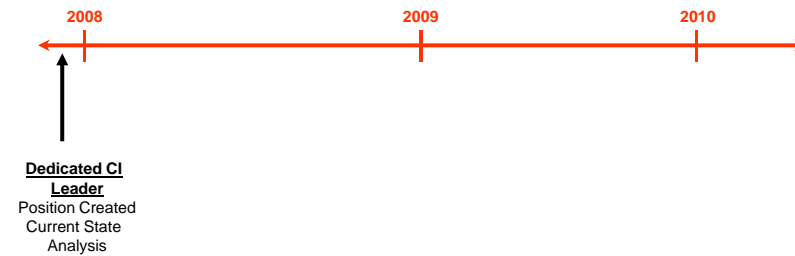
1. Stockholder's earnings expectations
2. Customer's perfect order service expectations
3. Competition & consolidation
4. Operating expense reduction
5. Grainger value proposition

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Key Events That Enabled The Current State



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2007 Current State Analysis:

What is CI at Grainger?

Not Sure

Six Sigma

ISO 9000

*We Don't Do
That Here*

*Anything I
Want To Do*

Consultants



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2007 Current State Analysis:

Why are/aren't you practicing CI?

*Didn't Know
I Was
Supposed To*

*Don't Know
What CI Is*

*Boss Doesn't
Expect Me To*

*Don't Have
Time*

*Don't Have
Any
Help/Support
Resources*

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2007 Current State Analysis:

What do you think we should do to get better at CI?

*Pick A Method
Stick With It*

*Get Help From
Externals*

Train Leaders

*Provide
Support
Resources*

*Solve Real
Customer
Problems*

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2007 Current State Analysis:

What CI Method Should We Use?

*Get's All
People
Involved*

*Achieves
Results*

*Is Easy To Use
On The Job*

*Isn't Too
Complicated*

*President-
"Use Lean"*

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Key Events That Enabled The Current State

CEO Staff Review
Method: Lean
U.S. First



Dedicated CI
Leader
Position Created
Current State
Analysis

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Outcomes - CEO Staff Review

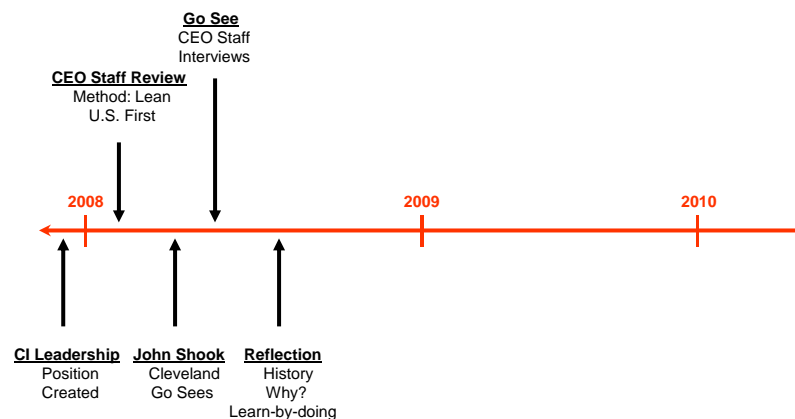
1. Decision: Lean is our method
2. Get external learning/thinking help
3. Leaders learn first / U.S. business first set of leaders

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Key Events That Enabled The Current State

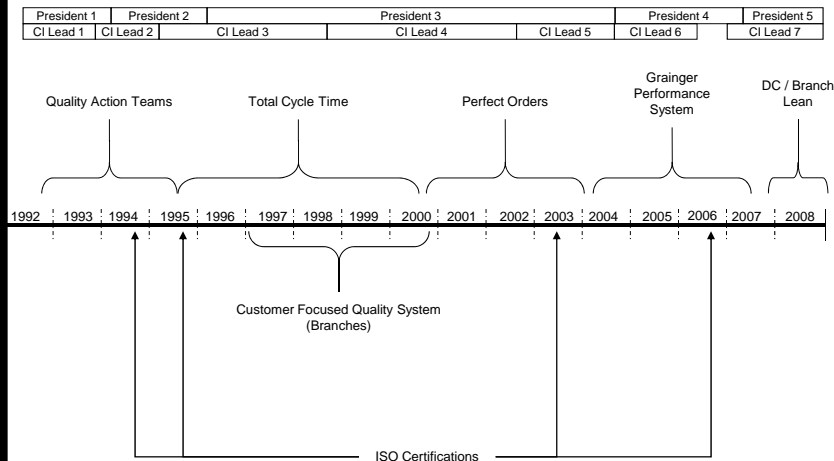


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Grainger U.S. CI Journey



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History Lesson Observations

What were the patterns of previous CI attempts?

- Leadership changes prevented consistency / carry-over
- Programs that didn't attempt to change employee behavior
- Inadequate buy in from middle management
- Perfect Order was easy to understand – GPS sounds too complicated
- Leaders not accountable for CI in their functions – someone else's job – supporting versus driving
- No / inconsistent communication
- Dissonance about strategy
- Focus on program & form not substance of processes and business value
- Consultant driven methodology

What can we do now to ensure we don't repeat the mistakes of the past?

- Simplicity is key
- Be more patient / be less patient
- Focus CI efforts on the customer / service
- Leaders must be willing to get into guts of processes – go and see
- Leaders need to create pull or context for CI in their functions
- Have a constancy of purpose
- Make CI culture about the way we lead not the tools we use
- All employees understand cost structure / be more transparent about major problems
- Give the why – communicate
- Find ways to sustain over long term
- Define behaviors to change
- Measure & monitor progress of change

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Outcomes – U.S. CI Workshop

Decisions:

1. CI is the way we work - not a program/initiative
2. Leaders first
3. Learn by doing
4. Coaching support is needed



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Benefits of a CI Timeline History:

1. Made the journey visible
 - Variety of CI programs
 - Impact of leadership changes
 - Time and effort expended for results achieved
2. Made it discussable
 - Why did we do those programs?
 - What were the leaders trying to achieve?
 - What was going on in the business?
 - Why didn't that program stick?



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Benefits of a CI Timeline History:

3. Helped leaders grasp our situation
 - Why do we need CI now?
 - Why is pull important?
 - Why is lean the right method?

4. Helped leaders see & decided what to do different
 - How will we lead CI?
 - How will we get everyone involved?
 - How will we sustain CI over the long run?



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Benefits of a CI Timeline History:

5. Facilitated PDCA leadership
 - What is our plan?
 - What will we do?
 - How / what will we check?
 - When / how will we adjust?



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Learning Leadership Engagement

- External help can be a useful – if positioned and used carefully
- Leaders first – they set the tone, expectations, pace, direction and example for improvement
- No substitute for go see / ask why – get leaders out to see what workers are doing and how/why
- Reflection, study and analysis of current state of CI by leaders is hard but healthy – can produce new thinking and behavior



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Breakout Exercise

Making a Visual CI History & Timeline



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Breakout Exercise

Step 1 – Identify past CI eras, programs, initiatives, activities, projects, and other key events that shaped your CI history

Step 2 – Identify the leaders involved.

Step 3 – Draw the story as a visual picture.

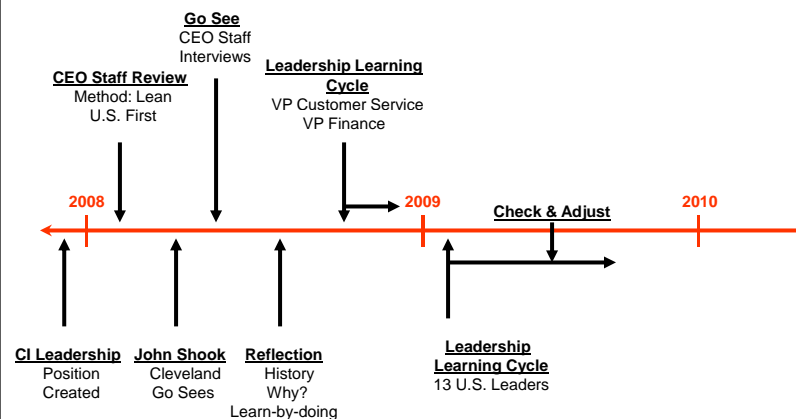
Step 4 – Reflect & Study

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Key Events That Enabled The Current State



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Leadership/Coaching Approach

7 Factors for a Successful Lean Transformation



1. Clear business case
2. Leadership endorsement
3. Clear roles, responsibilities, and focus
4. Dedicated internal resources
5. Structured method
6. Simple metrics to track performance
7. Frequent performance reviews

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1. Teacher

Teach CI principles, tools and concepts

Learning:

- Learn by doing
- See one, do one, teach one
- Tools help to cultivate thinking & behaviors



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2. Expert

Lead kaizen project teams

Learning:

- Must be leader led
- Need to shift from project work to daily work
- Transition from optional-ism to expectations



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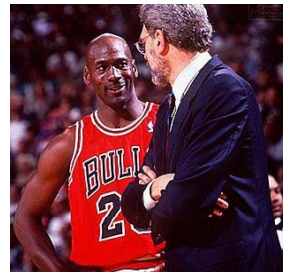
25

3. Support Coach

Develop leaders as coaches

Key Concepts:

- Leader is coach
- Leaders lead problem solving
- Focus on leadership behaviors
- Expectations are set by their “boss”
- Develop daily problem solving skills

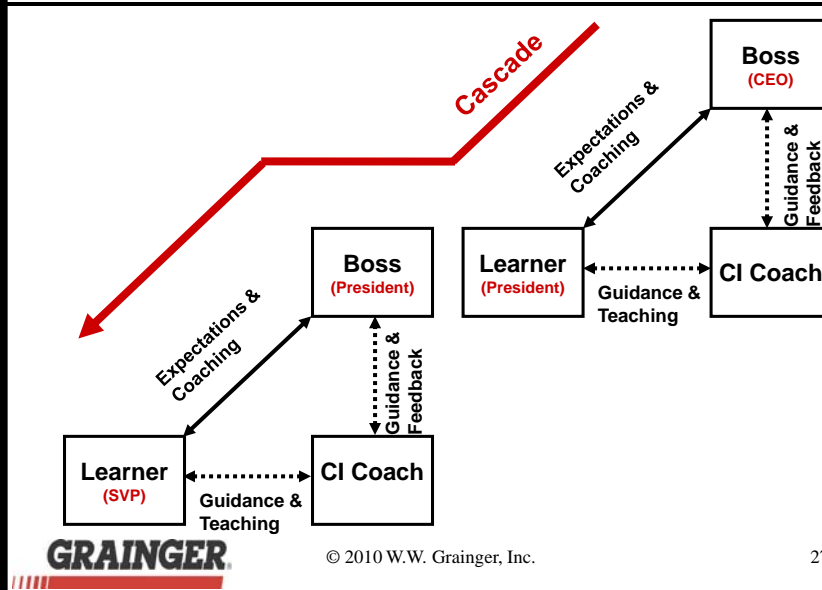


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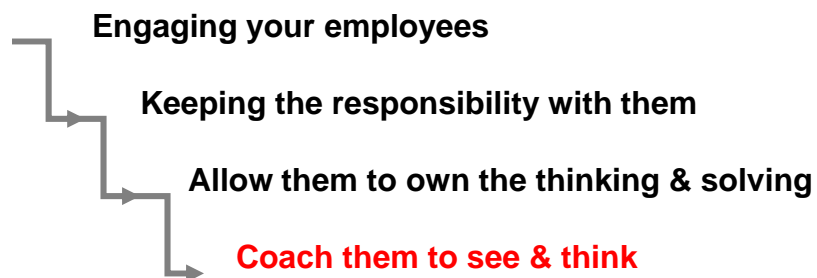
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Coaching Framework



Leadership/Coaching Approach

Goal: Develop a community of problem solvers



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Practice

Your Director of Sales is trying to reduce the time it takes to set-up large customer contracts. You realize that they are looking at the problem only from their department's perspective. Therefore, they are only working within their Sales silo and do not have the customer in mind.

You feel they should:

1. Organize a "customer council" to better hear the customer's voice.
2. Create a more cross-functional team to see the problem from a value stream approach.

What questions could you ask to help them see and think better?

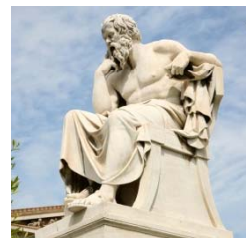


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Key Coaching Concepts

- Ask open-ended questions
- Silence is good
- Seek to understand...not your next question
- Keep the responsibility on them
- Provide teaching moments sparingly
- Keep them honest to CI principles & behaviors



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30