



World-Class, Lean Performance Tutorials and Case Studies - Tutorial 13 LEAN MANAGEMENT: HOW TO SUCCEED, HOW TO FAIL

Every Organisation already going into the lean road, or willing to - irrespective of the Industrial Sector (Manufacturing - Service - Project/Construction) - should consider seriously how many ways there are to succeed in the Lean project, and how many there are, unfortunately, to fail.

Lean is becoming fashionable: good news, it was really time!

However going Lean should never be taken too lightly: Lean is not to be confused with a (new) technique, or tool to be implemented (perhaps assisted by a consultant), or valid exercise to reduce or cut operating costs. To the contrary, Lean is primarily a new industrial culture, a philosophy, a way of life.

Irrespective of where and how the Lean project is going to be implemented - it could be in the shop-floor for a manufacturing enterprise, or in the Engineering dept. of a Project-driven organisation, or in the Customer Care section of a Service establishment, or in some processing area of a Public or Governmental institution - there are a number of rules to be adhered to in order to guarantee good chances of success, and there are as well a number of not-to-do-things that, if neglected, could lead to partial, temporary or even total failure.

THE WAY TO SUCCEED - THE MAIN RULES

- Primary Rule: Top Management MUST be fully acquainted with **Lean Principles**, fully convinced of the benefits that can be achieved when going leaner and leaner, ideally Lean fanatic (yes: fanatic!), fully aware of the difficulties and constraints associated with Lean, fully driving the Lean project from day 1, and fully prepared to undergo all (many) personal and corporate changes necessary to sustain Lean for years to come.
- Once the above is verified: there must be a loud, official declaration by Top Management to the entire Organisation, to main Clients, Suppliers and other important Stakeholders (such as Unions) announcing the Organisation's decision of embarking in the Lean journey: illustrating main features, prerequisites (such as total personnel participation/involvement) and benefits (to the Organisation - to its Personnel - to Clients - etc.).
The direction, the **Lean Direction** must be described without ambiguity.
The fact that the would-be Lean Project is targeting at reducing processing waste and not at cutting costs or retrenching personnel must be clearly highlighted.
The fact that the Organisation intends, through Lean practices, to enhance and maximise output value to all (internal and external) Clients must also be stressed.
- Immediately thereafter: an internal **Lean Project Manager**, in charge of Planning, Monitoring and Controlling the **Lean Project** throughout its lifecycle (= forever) must be selected and officially appointed by Top Management.
Irrespective of the size of the project itself, the selected Lean Project Manager (**LPM**) MUST have all features of a good, determined, mature Project Manager.
The selected LPM reports directly to Top Management in all phases of the Lean Project.
- And soon after, all concerned personnel must be thoroughly trained in all operational, technical and operational aspects of **Lean Management**, its principles and its techniques.
- Lean must be seen by all Stakeholders from day 1 as a Project, the **Lean Project**. It's invariably a long-term Project, possibly endless (there is not, in the entire world, one single Organisation that may proclaim itself to be 100% Lean - Lean is an endless road).
- However, the Lean Project targets should be subdivided into: short-term targets (few months to 1 year, depending on size and complexity of the Organisation) - medium-term targets (generally 2-3 years) - and long-term targets (5 years and more).

- To the purpose, the LPM must organise, within a time frame agreed upon with Top Management, the so called **Lean Master Plan**. In this respect, a number of sub-Project Teams, each lead by a Team Leader, must be identified and appointed.
Each sub-Project Team, co-ordinated by the LPM, contributes organically to the preparation of a section of the Lean Master Plan - once again distinguishing between short-, medium-, and long-term targets. All constraints and prerequisites must be identified. A time window, agreed upon with consent by the various sub-Project Team members, must be attached to each section of the Lean Master Plan. Clear **deadlines** for each lean activity/target must be set.
- Each sub-Project Team belongs to a certain operational area of the Organisation. Even in the simplest case of a Lean Project regarding, for instance, a certain shop-floor operational area of a manufacturing concern, other areas/functions of the Organisation "rotate" around that area: for instance, Stores, Materials Management, Logistics, Maintenance, etc. - therefore all the concerned areas "rotating" around the Lean Project area **MUST** be fully involved in the preparation (and then implementation) of the Lean Master Plan.
- The preparation of the Lean Master Plan may be rather time consuming, especially when complex investigations must be made using the **Value Stream Mapping** approach.
In any case, it is essential that the Lean Master Plan will be ready within the time window stipulated with Top Management.
- The Lean Master Plan must illustrate with sufficient accuracy **costs and benefits** associated with each step/phase of the Plan itself, for onward approval by Top Management.
- The Lean Master Plan must be officially approved and blessed by Top Management.
- In certain cases, the Lean Master Plan needs not to be done in the initial phase of the Lean Project.
In simpler cases, especially when the Lean benefits need to be first tested and verified through simple Pilot Projects, the Lean Master Plan preparation may be postponed to a later date. However, sooner or later it **MUST** be produced!
- The implementation phase of the Lean Master Plan, especially with regard to short-term targets, is with no doubt a very delicate, difficult and tricky process. Some failures and some delays are certainly to be expected.
However, there is an essential rule: the LPM cannot afford to let any important deadline go skipped, missed or ignored by the concerned implementation personnel. Only when really unforeseen circumstances are an obstacle to respecting a deadline (such as *force-majeure*, or a key team member falling seriously ill, etc.) a deadline may have to be postponed. In normal circumstances it must not!
After all, each deadline has been set by mutual consent with those concerned for the implementation: therefore everybody must make ordinary and extraordinary efforts to respect deadlines.
The professional maturity of the selected LPM will actually be verified through his/her capabilities of enforcing deadlines, without - ideally - Top Management having to intervene at each snag.
- A Lean Master Plan may certainly need to be amended, modified, touched-up and perfected while the Lean Project advances.
However, no major alteration should be necessary if the originally produced Lean Master Plan was well thought, conceived and seriously tackled by all those concerned.
- Each achievement must be adequately "**celebrated**". This is a golden rule.
Each result obtained through Lean has definitely required efforts, extra time, struggles, dedication, thinking and a bit of passion by all those concerned. This must simply but effectively be rewarded.
People need to "bring home" something positive from work: what better than a photo, a drink with management, a little gift, or just a "*well done, guys!*" as a sign of appreciation of those efforts?
- Last (or first?) rule: Top Management must regularly and often be "there", where the action takes place, *Gemba* style.
People need to see their management show active participation in their daily efforts, by talking with them, supporting them, and preaching Lean to obsession. This is possibly the most important cultural change sign that management can show to their employees.

THE WAYS TO FAILURE - THE POSSIBLE DRAW-BACKS AND THE NOT-TO-DO CHECKLIST.

This list could be endless. Judging from my past and recent experience, here are some items worth consideration:

- **Lack of direction.** Lean concepts and principles seem to be crisp and clear but are not. Primarily to Top Management and also to many key people (high, mid and frontline managers). Possibly, the Lean Training was not sufficiently effective. Or, if it was, in time lean concepts get more and more blurred, perhaps due to daily work pressure.
In all cases, the direction is lacking. Every obstacle people encounter during the Lean Project appears too tough to overcome. Failure is next step.
- **Lack of commitment.** Somehow related to the previous item, but frequent also when the direction is well clear. What is missing is commitment - and determination.
Urgent things dominate, and they must be done. Lean is not urgent, it is only important (but it may become very urgent, one day...). Trapped into daily pressure of work, people put Lean on the side (*not today, too busy - perhaps tomorrow or next week...*).
This is a tragic way of failing which can grab anybody, from supervisory level to top management.
Very often, the most dramatic feature associated with this style of failure is the horrific *confusion between urgent and important*: people, at all level, don't realise that the root cause of them being so busy and having to deal with many urgent matters is the **waste inherent in their daily work** - waste that they are supposed to reduce/eliminate through lean practices, but do not have the time to do so.
This is a horrific vicious circle: Lean gets more and more neglected, and the "traditional" mentality funded on waste reshuffling and waste administration becomes or remains predominant.
- **Lack of continuity.** Lean, in time, is seen as a sort of hobby to practice during week-ends, i.e. when there is time... Things get postponed to the nearest available time window that, possibly, may never become available. Strictly associated to the two ways above.
- **Lack of stability.** Lean is a major project, big in itself.
To be implemented smoothly it needs some functional and organisational stability, meaning that things should not change, especially during the initial stages of the Lean project: it is the Lean Project that brings the only, valid change that any Organisation needs.
However, too "traditional" top managers stick to their "traditional" practices of restructuring in their own style areas they don't consider sufficiently performing: so, key personnel lacking performance are removed or transferred - urgent improvement (improvement?) gets done out and aside the Lean project, forgetting that it is a primary task of the Lean project to bring up any improvement but in a lean fashion - new policies, rules, procedures are haphazardly introduced, thus confusing totally the issues - new functions are created - new technology is introduced - and the like.
Many people, the genuine lean believers, get terribly de-motivated and frustrated by sudden changes coming out of a blue, and spot the subtle conflict between Lean approaches and "traditional" approaches.
The net result is a gradual (often fast) decay of the Lean momentum.
- **Lack of readiness.** A subtle way of stalling the Lean project and then possibly scrapping it altogether.
Due to the urgency of things to be done daily by everybody in order to survive, the impression that the present time is not ripe for Lean may show up and increase its consistency.
Top Management may have the temptation of thinking that the Organisation is not structurally ready to go Lean, since too many parameters are lacking. Hence the temptation of
 - 1) First, let's get better organised
 - 2) Then we can go Lean full steam.Frankly, there is nothing wrong with this approach, except when it shows up AFTER the Lean Project has been launched. Why?
Because the lacking performance parameters should have been identified at Lean Master Plan preparation stage and included in it as integral part of the Lean transformation. If this was not done, the Lean Master Plan is inadequate.
Hence these attempts to "restructure", to "get better organised", to create missing functions, to potentiate lacking functions, to increase personnel where the urgency and mass of things to be done dictates it - and so on.
With one tremendous risk: of adding fat to fat, waste to waste, until all is covered up in a thick layer of non-transparent matter.
Lean becomes then practically impossible.

- **Lack of culture.** This item summarise all the above ways to failure. Lean is primarily culture, that must be fabricated day after day by everybody, starting from Top Management. Lean Culture cannot be bought, nor can be produced by an external consultant. Lean Culture means eating, sleeping and breathing Lean on a daily basis. Lean Culture is few % inspiration (possibly instilled by an external consultant) and most % perspiration. Perspiration and sweating must be done in house, while the Lean project progresses, and the one supports and generates the other.
Lean practices create Lean culture - Lean Culture drives Lean initiatives.
If this positive circle is not triggered, Lean may (and will) fail.
If the Lean vision is strong, diffused and shared - if everybody fights hard to get valid lean initiatives implemented as per Lean Master Plan - if people make that extra effort necessary to cope with urgent matters while dedicating simultaneously adequate time to Lean and stick to planned commitments and deadlines - if the drive and support by Top Management and LPM is continuously present - if Lean is preached repeatedly on a daily basis - if Lean achievements are celebrated and rewarded - if people bring home some sign of success at work and are proud of it - etc., Lean Culture will start materialising and will become stronger and more effective day after day.
If not, it will never develop, and the "traditional" DNA will regain any lost ground and then prevail indefinitely.

There are also some practical and tricky ways of failing or creating conditions for stall or failure. Only some macroscopic examples:

- **Inadequately planned Lean Master Plan.** For instance, launching a Lean Manufacturing type of Pilot Project (it could be improving the OEE - Overall Equipment Effectiveness - of a production line, or implementing a SMED or Quick-Change-Over project) without considering the necessary prerequisites and conditions to be fulfilled before, such as an Autonomous Maintenance program and personnel training...
- **Misinterpretation of Lean.** Far too often Top Management see Lean as a tool for cutting costs, reducing personnel, and regaining competitiveness in a way which is still fundamentally "traditional".
As such, especially in turbulent or recessive times, while a Lean Project is on the go, they may come up with announcements such as "*we need to reduce operational costs by 10% within X months, so bring up a cost saving plan...*" - or "*we are overstaffed, our payroll is far too high and is killing us, so we need to reduce 10% of our personnel and every department manager must produce a list of redundant employees in two weeks...*" - and the like.
Such announcements can only create panic, havoc, de-motivation and frustration at all levels. Even genuine believers find it strange that they have to cut costs instead of going for healthy waste cuts and waste reduction... There is a clash, a cultural clash.
Lean simply fails.
Lean means: doing more, better, faster and smarter with the same number people - NOT doing the same with less people!
- **Cultural misunderstandings.** Such as Top Management believing that the Lean project can be designed, tailor-cut and then guided by external consultants.
This is a major misunderstanding: Lean must be fabricated in house by everybody (generally under "instillation", guidance and coaching by external consultants)!
It's even worse when Top Management believe that the drive to fabricate some Lean Culture, capable of sustaining Lean achievements, can be created through an external "prescription" written by the family doctor, a Lean practitioner who takes care of healing the organisational illness.
There is no Lean consultant in the entire world who can write such prescription - the prescription must be conceived and written "in-house". Otherwise tragic failures can be expected.
- **Excessive confinement of the Lean Project.** In many instances, the need for Lean is identified in a confined area of an enterprise (for instance in a production line, or in a construction site, etc.).
Which is acceptable if that area embarks into a **Lean Pilot Project**, as part of a greater Lean picture. Otherwise, some form of failures can materialise.
An enterprise is a complex living organism: every operational area is somehow "in touch" with other operational or support areas (such as Stores, Procurement, Quality, Maintenance, etc.). Restricting the Lean exercise to a confined area, without considering the influence from and the interface with other surrounding areas leads - sooner or later - to some failure: actions or inactions from the surrounding areas, if they remain untouched by the Lean project, will cause poor sustainability in the concerned area and even total failure.

The above are just a few examples: the list, once again, could be endless. Instead of illustrating more examples, it might rather pay to find root causes of all ways of failing. By deploying the well known **5-Why Analysis** (a primary and simple Lean tool) it's rather easy to identify two major root causes:

- 1. LACK OF CULTURE**
- 2. HUMAN STUPIDITY**

Lack of **Lean, Industrial Culture** has been sufficiently dealt with.

Let's rather focus on **Human Stupidity** as primary cause of failures in the Lean road. Human Stupidity is an embarrassing subject, often unknown, often overlooked, easily neglected. I have discussed this topic in my previous newsletter (N. 12). Why should it be considered a major causal factor capable of jeopardising a Lean project?

Because it is diffused everywhere in the world, irrespective of race, level of education, age, sex, etc. There is a constant fraction (that C M Cipolla calls Σ) of stupid people, and that fraction is greater than one would rationally expect. Organisations, Enterprises, Private and Public Establishments also have such fraction of stupid individuals. Moreover, stupidity tends to be more detrimental and even nefarious when it is associated with power.

While one would expect to find some stupidity mainly in "traditional" organisations, it is a fact that Leaner Organisations are not exempted from the stupidity plague. Even if the % of Intelligent people is rather high in Leaner Organisations (or, at least, it should be) one can still expect some overtone of stupidity to be present and lurking around, or at least some sudden and unpredictable outflow of stupidity in otherwise intelligent individuals.

In fact, all (and other) ways of failing in the Lean path have some form of stupidity as common denominator and root cause. Why?

Because only stupid people:

- Cannot understand in full the power of Lean and the benefits it can bring to the entire Organisation.
Waste cutting means saving a minimum of 35% (yes, 35%) of the total Organisation payroll in just a few years - possibly much more. Isn't that an appealing target for any Private or Public establishment? It should be... And yet...
And enhancing and maximising output value to Clients, Customers, Users, and all concerned stakeholders, thus gaining competitiveness, credibility and reputation, is it not an appealing target? It should be... And yet...
- Can be so arrogant to pretend they know it all, and *how it should be done*, and *"we have always done well in this way"* and *"all the others are doing fine in this way"* and the like, etc. etc.
- And can be so naïve to believe that change, cultural change comes from without and not from within.

Enough now.

Don't be depressed, there is always hope. As Gianfranco Livraghi states:

""Yes, we can - with good humour.

The more we know how to understand stupidity, the better we can reduce its power.

We can't defeat it completely, but there is a lot that we can do to reduce the discomfort and the danger of living with this basic characteristic of human nature.

Sometimes it's fun, sometimes it isn't, but learning to be less stupid is a jolly good reason for good humour.""

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