



## World-Class, Lean Performance Tutorials and Case Studies - Tutorial 14 MANAGERS' "FORMULA": AN OBSTACLE TO LEAN IMPROVEMENT

I believe I have illustrated quite extensively what kind of obstacles every Organisation finds on its way to Lean - IF they decide to take the Lean road.

In this regard please [read my Tutorial 12 \(STUPIDITY: A MAJOR OBSTACLE TO LEAN MANAGEMENT\)](#) and also [read my Tutorial 13 \(LEAN MANAGEMENT: HOW TO SUCCEED, HOW TO FAIL\)](#).

But, possibly, I have not highlighted sufficiently another major obstacle to Lean practices: **Managers' "Formulas"**.

What do I mean by **Formula**?

Let me explain a simple mechanism of human mind applied to management. Every Manager worth the title sooner or later is "successful".

After all, if he/she has been appointed to a managerial position or recruited as a manager is a sufficient proof (to the Manager's eyes) that he/she has qualities, talents, abilities and/or expertise to deserve such title: "manager".

This means he/she is "successful", just because of the managerial appointment. Nothing wrong with that. So, here the simple mechanism that secretly starts taking place in the Manager's mind:

**"BUT, if I am worth such an appointment, it means that what I have been doing so far or what I have believed or shown so far is right and valid (otherwise I wouldn't be appointed....). And if it is right and valid, why change it?"**

Simple as that, and quite human.

What I call a "Formula" starts consolidating (James F. Welles calls it "schema" in his book 'Understanding Stupidity').

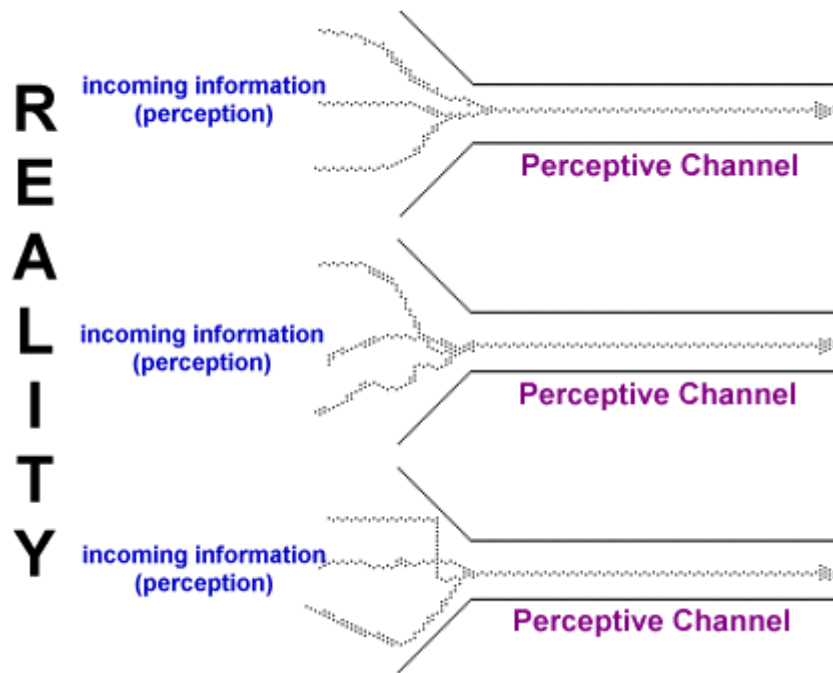
The "Formula" is not written, nor spelled out clearly: it develops in the Manager's sub-conscious, and gradually consolidates.

The "Formula" however contains all the **do's** and **don'ts**, all what is **right** (and must be perpetuated) and what is **wrong** (which must be discarded)... all the **correct ways** of doing things... and the **correct approaches**, the correct, valid and - in time - validated **behaviours**..... and the correct **answers** and **solutions** to problems, as well as the correct and valid **ways** of setting up strategies, policies, rules.... In time, the "Formula" will consolidate even more: every bit of experience (and every work situation, and every problem encountered) either fits with the "Formula" (so that it re-enforce it) or it doesn't (but still confirms the "Formula's" validity).

Eventually, the "Formula" may become extremely strong and powerful, to the extent it may even contain "**sacred cows**" (methods that **cannot** be questioned - approaches that **cannot** be changed - persons who **cannot** be "touched" - and so on....).

Also Edward De Bono explained very well this mechanism, when illustrating the "perception" phenomenon.

According to De Bono, in every real situation, incoming information goes through the perception stage: information may be "blurred" and "unfamiliar" initially. But eventually, there is a "**perceptive channel**" in our mind in which incoming information fit perfectly.



Actually, in the human mind's neuronal system, there are millions perceptive channels, formed and consolidated through experience (seeing, listening, communicating, reading, studying, learning, experimenting, etc.).

Every new bit of incoming information (a problem, a situation, etc.) will soon or eventually fit in one of those channels that "recognizes" the problem or situation and makes it "familiar" and ready to be dealt with.

Managers, like every human being, form and consolidate their perceptive channels with experience. Every "significant" or "important" experience (such as being appointed manager) consolidates even further and rather strongly a number of "perceptive channels" in the Manager's mind. Those perceptive channels become "**preferential**" (valid, correct, and further validated with time).

It's exactly the same mechanism as that of (what I call) the "**Formula**".

### **WHICH MANAGERS OBEY TO A FORMULA?**

The answer is very simple: ALL.

From Top level to Supervisory/Frontline level.

This follows directly from the above: in fact, every individual has a "formula". But when a Formula is associated with Power, things become more delicate and the effects may become remarkable - just because of the multiplying factor associated with Power.

The higher the managerial level, the more intensive are the effects and consequences of Formulas. Interesting to note that Formulas may *clash* with each other: a Manager's Formula may be rather different from the one of another Manager at the same level (for instance: between two Functional Managers).

If this is the case, just about any outcome is possible, depending on the diversity of the respective Formulas: from compromising to conflict, from gossip to open clashes....

A Manager's Formula may also be very different from the one of a higher-level Manager (for instance between an Operational Manager and Top Management).

Also in this case any outcome is possible, depending on respective Formulas' discrepancies: how many high/middle-level managers have been dismissed because of *difference of opinions* (as they call it....)? Finally, and this is diffused world-wide, how many misunderstandings, conflicts, clashes, frustrations, irritations, etc. etc. have been caused by substantial differences between Manager's and Collaborators' Formulas?

## EFFECTS OF THE FORMULA

Operationally, the Formula may contain a large number of parameters. A few examples:

- **Strategies, Methods** (of doing things) and **Approaches** (to do things): there are correct and valid methods and there are incorrect ones.  
For instance, when a problem spreads over several functional areas, the best and proven method is to call up an inter-functional meeting in order to tackle the problem.  
Or, when economies of scale are possible, the best method and approach is to go for them.  
Or, when a machine has reached its "economical" life-cycle, the best method and approach is to replace it.  
Or, when things get really tough and economy is bad, the only proven method that allows survival is cost-cutting (and/or job-retrenching).  
And so on....
- **People "Labelling"**: according to the Formula, there are "good" people and "not-so-good" (and even bad) people.  
Collaborators (and enterprise's people in general), get "labelled" very fast by many managers. Often, in a matter of minutes from knowing a new person, a Manager "stamps" that person with one of his/her "rubber stamps" (respectively: very good - good - so-so - not good - very bad). Every future contact Manager/Collaborator re-enforces the initial judgement and validates it. If the initial assessment was "so-so", that person will remain "so-so" for years to come.  
Besides, since our mind "*sees what is prepared to see*" (because of the "preferential channels", as De Bono states), a Manager will only see those collaborator's behaviours which belong to the class "so-so" (and validate the initial judgement) discarding or rejecting or neglecting those "possible" collaborator's behaviours which are better than "so-so", in a vicious circle that can only re-confirm itself....  
More: since a Manager's approach will adapt "situationally" to a collaborator's performance, the Manager will "transpire" "so-so" reactions to "so-so" behaviours: with the net conclusion that his/her collaborator has few choices left but to remain "so-so" and continue performing "so-so" (as it is expected by the Manager).  
Similarly, a Manager generally shows "good" reactions to (what he/she considers) "good" collaborator's performance, re-enforcing collaborator's motivation. And so on, for "not good" collaborators and "very bad" collaborators....  
The vicious circle gets wider and stronger.  
Peter's hilarious principle, according to which a person can perform up to a certain level (the "ceiling") and no more than that, is true once more.  
Like it's true once more that Managers "make" collaborators and "fabricate" their performance according to their assessment of each of them.... (**Pygmalion's** effect).
- **Problem Solving**: many Managers are "*Doctors*" (as De Bono states).  
A doctor solves problems, patients' problems. And produces results in terms of "prescriptions" (medicines, tests to be done, referral to a specialist....).  
Many Managers act very similarly, considering that solving problems is their main occupation (because "*we have lots of problems....*").  
Obviously, according to the "Formula", there are thousands of *pre-baked* and *ready-made* solutions to all sorts of problems, constructed over the years through experience.  
A "ready-made" solution is nothing else, obviously, than a "preferential" solution: because it has worked well in the past.  
With very few exceptions, most Managers will feel extremely comfortable with the suggestions displayed by his/her Formula.  
"Creative" Problem Solving becomes highly unlikely in most circumstances....  
This issue opens the door to another vicious circle very common in "traditional" Organisations with "traditional" managers: most efforts are dedicated to solving problems (which is *urgent*) whereas very little is done to identify the *root-cause* of each and every problem and eliminate it once and forever (which is only very *important*).  
The net conclusion is that problems keep resurfacing and showing up indefinitely, thus keeping managers very busy at overcoming them, and no time/attention is left for leaner approaches targeting at eliminating problems once and forever.  
This is possibly one of the most detrimental effect not only of *Managers' Formulas*, but also of **Corporate Formulas**, well diffused in most "traditional" Organisations.  
When *Corporate Formulas* are alive and kicking, is the entire Organisation's **business/industrial culture** that gets affected.
- **Rules**: how many "traditional" (and even modern) managers dislike *rules*? Not many indeed. Because without rules no Organisation can function well. This is true.  
But there is a major difference between **Rules for proper Functioning** and **Rules for the sake of Rules!**

Rules mean: policies, regulations, authorities, roles, responsibilities, procedures, job descriptions, and the like.

When Managers' Formulas are strongly rules-oriented, it is well possible that rules become excessive - often, counter-productive!

When something doesn't function properly in the organisational gearbox, or when certain problems keep coming up with tedious repetitiveness, how many Managers will resist the temptation of creating a new "rule" or drawing up a new "procedure"?

How many redundant, non-mandatory procedures are there in any ISO Quality Assurance System?

How many "traditional" managers have fallen into the trap of creating a procedure in order for those concerned to know which procedure to use in which case?

How many job descriptions are so exhaustive and so accurate that the job owner will refuse doing anything not reflected in his/her job description?

One could make endless examples of backfiring caused by excessive passion (and even fanaticism) for Rules. But, the "Formula" wants them....

- o **Control:** a massive item in every Manager's Formula.

Most Managers need desperately *Control* and to be "*in control*". Why? For a number of reasons, including:

# Control gives managers a sense of *Power* and a sense of *Authority*

# *Lack of Control*, on the other hand, gives Managers frustration, stress, anxiety.... a real bug in their brain

# Through Control Managers feel "*in charge*" and obtain subordinates' *recognition*

# Exercising Control allows Managers also to obtain *blessings* from Top Management or Board of Directors

The need to Control may become so exasperate that: many managers will just stick their nose into every detail - will demand reports, reports and more reports - will become irritable (sometimes furious) if there is any delay in obtaining some feedback they requested - will be extremely annoyed if some significant episode has gone hidden to them - and so on....

Due to their need to control, most managers will confer "**delegation**" (initially, as it seems obvious, with extreme suspicion) to their collaborators. BUT, most of them will be extremely reluctant, if not totally contrary, to confer any form of **empowerment**. Because *empowerment* is seen as usurpator of their authority and their power.

The net conclusion is that, in most traditional enterprises and organisations, the parameter *Control* may become an integral component of the **Corporate Formula**. A real block to any lean initiative....

### **FORMULAS: AN OBSTACLE TO LEAN**

Can Formulas (Managers' or Corporate') as described above become an obstacle to Lean initiatives of any sort and size?

Of course they can.

First of all, Formulas can be an obstacle to practically any form of functioning of any organisation ("traditional" or "leaner"). This should be obvious from what I said above:

**Formulas may create and support (or being incapable of eliminating) any type of organisational malfunctioning: from poor personnel management to excessive rules and bureaucracy - from limiting the effectiveness of ("traditional") improvement to not being able to improve at all (or simply launching spurious, fake improvement....) - from setting inappropriate strategies to completely inadequate (short-, medium- and long-term) planning - from fattening excessively the organisational structure to making tragically wrong decisions in critical times.**

**This is just because some "preferential" channels of Managers' or Corporate Formulas suggest actions that may have worked well in the past but are totally inadequate in a rapidly changing world.**

No wonder that most "traditional" private or public organisations struggle so much nowadays to keep pace with the changing environment.

What happens? What is the problem?

"Traditional" Organisations (or most of them) seem not to be able to cope with the complexity associated with the changing environment. The more pressure is put on them and the more corrective measures they try to adopt, the worse the results and the more the failures!

Instead of trying to understand what is the root-problem in their organisational DNA, they keep following old, known but very obsolete tracks: that's why we see call centres blossoming everywhere - that's why we see regulations of any sort reaching astronomical proportions - that's why we see Bureaucracy alive, kicking, and fitter than ever - and that's why we see level of service (and quality in general) decaying to 4 decades ago level, style and approach....

Dealing with complexity introducing more complexity has never worked and it never will.

And yet, that's what Formulas suggest and that's what creates the nefarious performances everybody can see in Organisations (public and private), in Societies, in Countries, in almost the entire world....

It's the final coma of *Taylorism* and the *First Industrial Revolution System*, culture and mentality.

The only way out of this vicious circle is a revolution in the opposite direction. That's where **Lean Management** comes to the rescue.

However, **Leaner Organisations** or in the process of **undergoing the Lean road** are not immune from **Managers' and Corporate Formulas!**

To the contrary, Formulas are present and active just everywhere....

The fact that an Organisation has decided to go "lean" (which is a very positive step towards excellence) does not represent nor offers - per se - any guarantee of immunity from Formulas and even from basic Stupidity. Formulas and Stupidity are there, in the background, ready to attack like tigers on the prey, and at any unpredictable time!!

In the past few years I have been called several times to assist private organisations willing to launch a company-wide Lean Project.

Which normally starts with a tailor-cut training for the entire Organisation's Management.

For me it's very easy to detect and classify Formulas in action: I can see it behind queries, comments, observations, hesitations and - generally - intervention of the concerned Managers.

After illustrating the Lean philosophy, tools and techniques, and discussing several case studies, time comes to present a suggested path of action for that particular Organisation.

In spite of being only "suggested" (and could not be otherwise), I can see all the "ifs" and the "buts" buzzing around in managers' minds. This is normal: Lean is simple, is basic common sense, is easy to digest. And yet, the resistance to Lean is generally there, just because of Formulas' parameters that do not coincide with (or can be completely opposite to) lean principles.

That's the time, however, when the highest possible level of shock among the attending managers has been created and - simultaneously - the lean momentum gets modelled and spinned. It's a *make or break* time.

That's when I would like to see commitment, "some form" of commitment.

And that's also when any obsolete parameter of the **Corporate Formula** (always present to some extent) plays a determinant role and generates two possible outcomes:

- Either the *Corporate Formula* contains a well distinct channel according to which "**change**" is nowadays positive and mandatory and "**readiness to change**" is a core issue in that Organisation
- Or it does not - or that channel is "blurred" - or it's of secondary importance

In the first case, the outcome "may" be rather positive. BUT, must be "reconfirmed" and "validated". How? By Top Management.

That's when my question to Top Management pops out: "*...are you convinced that Lean is the right road for your company?*"

Answers vary: from "*YES, we will go Lean*" (excellent) - to "*...we have no choice for survival, we MUST go Lean....*" (still pretty good).

Let's analyse:

# "*YES, we will go Lean*" is an excellent answer (the best I can get). It confirms to the entire company management that Lean is the way ahead and if change is required change will take place. All high- and middle-level managers get re-assured about the direction to follow and, if appropriate, they are notified they must touch-up some bits and pieces of their individual Formula. An answer like that, coming when the lean momentum has reached its apex, opens wide the road to Lean practices and to the necessary, associated cultural change.

# "*...we have no choice for survival, we MUST go Lean....*" is still a positive answer. It confirms that the only way out of the troubled waters is the Lean way. Though there is some residual reluctance and even resistance in some of the company's managers, an answer like that "forces" a change onto "traditional" channels of their Formula. So, there are good chances the Lean adventure will start on the right foot.

In the second case, the Corporate Formula is still strongly attached to "traditional" approaches, and "readiness to change" is very limited. Change is not in the company's dictionary - OR, if it is, it is not really believed and shared.

Generally Top Management's answer to my question is something like "...not sure, we have to discuss it internally first....".

Bad news. Rather than open to change and to exploring different avenues, the company is "static".

Possibly business is still good, so there is not much need to change - or, even if things are not going too well, the attachment to "tradition" is very strong.

I wonder why they called me to assist with Lean in the first instance.... Perhaps they thought Lean was something like a "magic wand", a technique to be deployed to reduce costs and become more efficient (which actually does....) but with no "cultural effort" associated and without disturbing too much the existing status quo.

Under the best scenario, an organisation showing this Corporate Formula may survive for years to come, perhaps with tendency to stagnation.

Under the worst scenario, the organisation will die rather than changing the Formula....

In conclusion, a **Corporate Formula** with considerable "traditional" content, may well be a serious obstacle to Lean initiatives.

Possibly, no Lean Project will ever start, at least in the foreseeable future. And, even if it starts, will be subject to regular control, pressure and verification from Top Management, to an extent that sooner or later (often very soon) it will stop altogether.

In a situation of this sort, generally most high- and middle-level managers will procrastinate lean exercises and lean plans - generally with the excuse they are too busy to find time for Lean. That's it: the vicious circle is in action!

Since a Corporate Formula is nothing else than years and years of consolidation driven by Top Management, it's like to say that Top Management's Formula is the main obstacle to Lean, and any failure is primarily or mainly their responsibility.

Most "traditional" Managers of that Organisation easily align and go along with that Formula - some more "modern" Managers see its braking force, but will not do much to provoke change....

And what about **individual Managers' Formulas**?

Assuming:

# Top Management is in favour of Lean initiatives and supports/drives Lean - or, at least, fully delegates a high-level Manager to drive the **Lean Project** (the "**Lean Project Manager**")

# And most high- and middle-level managers in the Organisation are also in favour of Lean - or, at least, they understand its power

# and eventually a Lean Project starts materialising

there is still no guarantee that some obstacles to the Lean Project will not be created by the Formula of some Manager (irrespective of his/her level).

Obstacles may come under many formats, from any management level, and at any unpredictable time.

A few examples (real examples):

# A Lean Project Team "maps" a process with several sub-processes (or performs a Value Stream Mapping exercise) and discovers that a Department (any) has a too complex, bureaucratic and time consuming system of recording essential/important data - moreover, many mistakes are made just due to the complexity of the system and the too many processing steps executed by different persons. What the Team suggests is a thorough simplification of the overall system - obviously without losing any effectiveness - by "empowering" several multi-skill/multi-function "process owners" in charge of the several different processes (this is a common lean practice).

But the Department Manager is a Control-fanatic, and is afraid of losing control. Therefore the Manager rejects the proposal, deciding instead to issue a more comprehensive procedure in order to prevent mistakes, and cuts a long story short because "...this is my department, I know what is going on here, you have no competence about the delicacies of our processes, lean may work elsewhere but not in my kingdom....".

Does it ring a bell?

# Ultraproducts - in the process of deploying lean practices - is in trouble. Due to the present recessive climate, the order book doesn't look any good, fixed and general expenses are too high, cash-flow is rapidly becoming a disaster. The Financial Manager calls up a meeting with Top Management and strongly recommends an immediate cost-cutting exercise, including some retrenchment if appropriate, with the target of saving \$ xxxxxxxx per month for at least the next 6 months - then the financial situation will be re-assessed.

Top Management, in despair, calls up a meeting with all high-level managers. The situation is presented rather brutally to everybody. All high-level managers are requested to produce a cost-saving plan of at least \$ yyyyyyy per each department for the next 6 months. A plan must be made with utmost urgency and presented to TM for approval within 4 working days. All un-necessary expenses must simply be cut (from company's vehicles and cellphones to redundant people retrenchment). Finito.

Going out from this meeting, one of the high-level managers makes a comments to his colleagues *".....I thought Lean was about waste cutting and not cost cutting....."*.

Does it ring a bell?

# Superplastics Ltd has already embarked on a Lean Manufacturing project from well over 6 months. Things have gone rather well, with high drive and commitment/support by all-level management. A *Lean Project Manager* has been appointed and finally a *Lean Master Plan (LMP)*, spanning over a period of 5 years, has been prepared and approved by Top Management.

One priority item in the LMP is a drastic reduction of the Mould Change time - in steps - so that it will be brought to one third of the present set-up time within 3 years. All those concerned, including technicians and team leaders, have been thoroughly trained in SMED (Quick Set-Up) techniques.

Eventually a *Pilot Project*, already selected and included in the LMP, starts at one of the Injection Moulding machines.

Joe, a veteran team leader (30 years of service in the company), gathers his team, explains the targets and the mechanism, sets initial deadlines as requested, then finally states *"....and don't worry too much, guys, this is another of those management inventions to make our life more difficult and aggravate our cholesterol... we are very busy and THEY want all this nonsense to be done on top of all what we have to do, which is terribly heavy.... again, don't worry: in a few weeks' time this nonsense will come to an end like it happened in the past with other projects suggested by those stupid consultants... we shall try to go along with what they say, but it won't work - me and you know it won't work... changing a mould of this size in 20 minutes is simply ridiculous, everybody knows it cannot be done... we know how long it takes and we are not stupid.... they are stupid with all these crazy ideas....."*.

Does it ring a bell?

Gloomy picture?

Not so much, if Managers are aware of the fact that Formulas exist but may be detected!

I started introducing the concept of Formula and illustrating its nefarious effects over 15 years ago: all delegates who have attended my training courses have been clearly told about Formulas.

More, I have even supplied them with a sort of "check-list" for self-detection of items of Formula present in the background of their minds.

More, I have invited many of them - when their Formula was transpiring from the comments they made - to be very careful with a specific "channel" of the Formula.

And yet, Formulas are still there, alive and kicking....

In the past few years, I have adopted a "stronger" approach, especially when I run an "in-house" Lean workshop. I simply tell the concerned Manager

(never mind at which level) of the bad effects of his/her Formula, and invited him/her to consider and re-consider some of his/her approaches - rather loudly. OR, he/she may jeopardise the goodness of a Lean Project.

For this, I have been called "a terrorist". Well, better be *"cruel to be kind"* than *"kind for nothing"*....

And here come the

## CONCLUSIONS

Formulas exist, there is no doubt about. They can strike in an "erratic" fashion and at the most unpredictable time. If they strike, a Lean Project gets a kick. The kick may be fatal, if it's Top Management's Formula striking directly or through a mysterious Corporate Formula. A number of kicks coming from other level Managers may also be fatal.

Before deciding - better: before even considering - to embark in a Lean Project of any nature and size, the "cultural" side of things must be put onto the scale.

Lean tools and techniques alone won't do much - in parallel, there must be a cultural shift in the Lean direction.

Readiness and opening to "change" are vital aspects of the cultural shift.

Instead of another check-list for detecting Formulas that are too "traditional", here is the opposite type of check-list.

I will list some of the main **Lean parameters** that are always associated with a Lean initiative:

- Lean is in favour of **simplicity**. Complexity is no good.
- Lean targets at output **Value** enhancement and parallel processing **Waste** elimination. These are everybody's tasks.
- Lean focuses on **processes** rather than on *functions*.
- Processes (or sub-processes) must have a **Process Owner**. A Process Owner is in full charge of the process, fully responsible and accountable for its output value.
- Lean is for **Flow** of activities, performed as a **Stream of Value-Adding steps** without any **Waste** in between.
- **Waste** awareness must be at highest levels, in order for **Waste** to be gradually eliminated. Waste reduction/elimination is a task of all Process' Owners.
- In order for Value-Adding work to Flow, **multi-skill/multi-function** Process' actors (Process Owner with or without a Process Team) are essential. This means **Re-Skilling** people who have been de-skilled by decades of labour-division, speciality-division and process' fragmentation.
- All Actors in a Process must be gradually **Empowered** (integral transmission of power/authority as well of responsibility/accountability). **Empowerment** is a Lean key-word. *Delegation* does not exist in the Lean dictionary.
- **Control** MUST gradually fade-off, released to those empowered to run processes.
- Every Manager must gradually become a **Coach**, providing technical training and instilling self-confidence to empowered collaborators (who own processes).
- **Improvement (Lean Kaizen style)** is a *bottom-up* approach rather than *top-down*: it must be continuous, and with active involvement of those concerned in every process to be improved. **Lean Excellence** is a moving target.
- In a Lean environment, **Customers' Satisfaction** is no longer sufficient: Lean rather aims at **impressing** Customers through outstanding performance (*WOW!!* effect).
- In a Lean environment: **People** come first - **Methods** (Lean Methods) come second - third (and only third) comes **Technology**.
- Lean needs continuous change and **Culture of Change**: opening and ability to *Learn* are extremely more important than qualifications, skills and expertise....
- Instilling, creating, supporting and sustaining **Lean Culture** is a major Top Management task.

**Is there anyone, in your Organisation, who may dislike or be against any of the above parameters?**

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