

Putting Lean Into Orbit

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Last January Jim Womack sent an e-letter to the Lean community titled "Beyond Lean" [1], meaning that it was time for the Lean community to move beyond its benchmark company, Toyota. Perhaps so, but there is still much to learn from them, including how Lean thinking is not actually part of anyone's DNA. Lean leaders can make decisions that are just as dumb as anyone else. While it may be appropriate to move beyond Toyota, we must remain firmly fixed on the "Continuous Improvement" and "Respect for People" principles, practice Lean management in a non-zero-sum manner, and achieve flow in demand-driven buyers' markets for goods and services.

Jim's call to move forward reminds me of the time 20 years ago when I was part of a team of young up-and-coming engineers assigned to work on a new strategic plan. Our leader shared his vision with us and helped frame the strategic plan that he had in mind. But the more we thought about what the boss wanted, the more we realized how impossible his vision was to achieve. You see, the boss was unhappy with the current state and proposed a leap to a future state. This could not have been achieved because the organization was simply not prepared. We were poor at doing basic teamwork in the current state and therefore unprepared to take the first steps towards the future state. The boss's vision was incongruent with the organization's capabilities, something he would never publicly admit and did not want to hear from us.

In his e-letter to the Lean community, Jim said:

"Lean methods for product development, fulfillment from order to delivery, supply stream management, customer support, and management of the overall enterprise are now well known and widely accepted in concept. We've won the battle of ideas on how to operate and improve processes. But creating management systems and organizations that can practice (not just preach) lean every day year after year turns out to be a lot harder. "

While the last sentence is accurate, I very much disagree that Lean methods are "now well known and widely accepted in concept" and that "we've won the battle of ideas." If that were true - even only in concept - there would be a year of headlines in The Wall Street Journal about the death of conventional management (the editorial page would go berserk); neoclassical economists would torch their shops and take the insurance money; Yasuhiro Monden, Art Byrne, Gary Kaplan, Brian Maskell, and Cliff Ransom would become full-time analysts on CNBC; and every course in business schools worldwide would undergo massive revision.

In cases where this statement may be true, we normally witness the actual practice of Lean as zero-sum, limited to tools that are often misunderstood and misapplied, and devoid of the signature characteristics of Lean management: profit sharing, the "Respect for People" principle, and the qualified job guarantee. What have you really got if you do not have these three things?

The concept that has been "well known and widely accepted" and the "battle of ideas" that we have won is nothing more than hybrid conventional-Lean management, including, in most cases, a continuation of zero-sum outcomes for key stakeholders. After decades of effort, it is clear that we have made progress but are far from having won.

Jim goes on to say:

"Toyota will be fine. It is the world's largest car company and it will remain the world's largest car company for decades to come because it still has the ability to do hansei and make necessary course corrections when it stumbles."

Not so fast. Toyota has 10-plus years of bad habits under its belt. Most of the senior managers currently in place were part of the management team that became well-versed in faulty thinking and in not asking questions. The bad habits will take time to correct and some may not even be correctable. In addition, if you look closely you will see that some of management's recent decisions were made much too slowly (engine sludge, production cutbacks, floor mat / gas pedal) and seem to lack the critical thinking that Toyota was once famous for (e.g. spend one billion dollars in advertising, discounts, and dealer money to revive sales). Hopefully Toyota managers have abandoned at least one bad habit: any desire remain the world's largest car company. But you can't count on that either. We will simply have to see what happens over time.

Jim then gets to the main point:

"It's our task on our watch to put lean in orbit, by which I mean creating sustainable lean enterprises in every industry in every country."

Okay, that seems like a reasonable goal at first read, but keep on thinking. How was this goal established? Is it an arbitrary goal? Why is this goal important? Why do we need to do this? What is the purpose of this goal? Is this goal an end unto itself, or is it to validate or perpetuate Lean management, the LEI, or something else?

The "what" is very clear: "creating sustainable lean enterprises in every industry in every country," but the "why" is not clear. One "how" is articulated in Jim's e-letter: "community PDCA" (plan-do-check-act) on the gemba. Jim said:

"But we now need to work collaboratively as a group of experimenters from different organizations... We need to fully share the results of many experiments, decide what doesn't work and (hopefully) what does, and then move on to the next issue... A far better bet is to work together as a Lean Community to list and gain agreement on the most important problems, to encourage many organizations to try experiments directed at finding countermeasures, and to report and share the results."

Working together collaboratively, now, is a great idea, but the Lean community does not yet know how to do it. For over three decades we have worked mostly independently from each other, not realizing that one day we might get into a pinch and need each other. Had we prepared better (nemawashi), we would have worked collaboratively from the start - especially given the magnitude of our challenge [2]. Not having done so is a major error that has greatly disadvantaged our cause.

Additionally, deciding what works and what doesn't can perpetuate an unhealthy best-practices mindset in which ideas, tools, and processes are taken out of context and applied in other organizations. Predictably, the best-practices (i.e. cherry-picking) approach to process improvement usually fails and partly explains why we have so few examples of REAL Lean enterprises. So we must be very cautious here.

We also have to contend with very different perspectives on what are "the most important problems." Many people will cite a lack of leadership, non-uniform commitment among senior managers, problems with middle management, issues with unions, impatient investors, uncooperative suppliers, flawed reward systems, shifting definitions, etc. - all of which are genuine problems that need attention. From my perspective, however, the Lean community has a

staggering disregard for history. It thinks the problems it faces today are different from previous efforts to establish sustainable progressive management practices in every industry and every country. That is simply not the case.

For example, today we share 95-plus percent of the problems faced by the Scientific Management community in the 1930s, including: excessive focus on tools, confusion over terminology, failures of management, faulty training, and rewarding the wrong behaviors. We need to learn from them and others. The deficit in knowledge of the history of progressive management needs prompt attention before money, time, and effort is spent identifying and conducting experiments whose outcome may be already known.

I have written a five-volume series of books which explains, among other things, why Lean management has been very difficult to establish broadly and why the few who succeed have great difficulty sustaining Lean management, including extensive analysis of the history of progressive management. I could care less if you buy the books, but what I do care about is that you understand one thing: the problems of establishing Lean management more widely and of sustaining Lean in organizations are far more complex and nuanced than meets the eye. For example, it upsets long-held (and closely interconnected) social, economic, and political beliefs among executives that the Lean community has yet to recognize and thus has done almost nothing to address in over 30 years as it focused almost entirely on Lean tools. Hence, we repeat the same mistakes.

It is therefore disingenuous and self-serving to claim victory and suggest a solution for a seemingly arbitrary goal whose purpose is ambiguous. Empirical analysis and pragmatic Lean thinking clearly inform us that we have to do many more different and varied things than community PDCA to identify barriers and conduct five experiments to overcome them [3] - when none of these experiments are actually necessary. The Lean road is long and bumpy, and filled with confusing dead ends and seductive shortcuts that will always take people back to the beginning. Like it or not, Lean deceives.

We must also recognize that requiring sustainability to be part of the goal sets us up for unending failure and arms our critics. Two of the many reasons why Lean is so difficult to sustain is due to changes in company management and ownership. Nobody can predict the future, but, like death and taxes, we know with one hundred percent certainty that managers will come and go and that companies are bought and sold. What are the countermeasures? To set as a goal to create sustainable Lean enterprises is very different than creating Lean enterprises - the latter being much easier than the former. And we all know that creating Lean enterprises is not so easy.

Perhaps the Lean community should promote the creation of Lean enterprises in every industry in every country, hopefully using all available resources, but do so only for a clearly articulated, selfless purpose: to better satisfy customers and improve social and economic conditions for people.

In addition, Lean management can help developed nations get out debt and help under-developed nations enjoy the fruits of prosperity. Both are pressing opportunities, but national debt is a serious problem that requires business and economic policy to focus on the activity whose value creating potential is greatest: making things. They must focus on manufacturing, while important but lower value-added service industries will continue to follow manufacturing's lead in improving productivity just as they have been doing over the last 10 years or so - but hopefully in non-zero-sum ways.

Government leaders and corporate executives made huge mistakes in allowing such a massive and rapid transfer of manufacturing to low wage countries in the 1990s and 2000s - we are now

seeing only the tip of that iceberg of a problem. We desperately need high value-added manufacturing (and exports) to pay off debt which imperils our future, to grow wages for workers, and to generate jobs and create a more stable economy. Manufacturing is patriotic. This, in addition to helping business become more eco-friendly, is why we need to put Lean into orbit. But we must never forget that gravity is ever-present and vigorously seeks to undo our heartfelt work.

So what is the right goal? Maybe the goal should be to create Lean enterprises in every manufacturing industry in every country. Is this even attainable [4]? Can we really get thousands of leaders of established manufacturing businesses to correctly understand and practice Lean management: the language, the principles "Continuous Improvement" and "Respect for People," the processes, and the tools? Can we get them to embrace the signature characteristics of Lean management: profit sharing, the "Respect for People" principle, and the qualified job guarantee? Can we get them to understand and practice non-zero-sum Lean? We have not been able to do so thus far, but who knows; never say never. If this is all that is achieved, then we will have done excellent work on our watch. Sustainability? That's another matter [5].

Finally, let us not forget our watch is coming to an end and that a shift-change will take place in the next 10 years or so. The transition to the next generation of Lean advocates and Lean leaders must be handled proactively, with lots of careful planning and diligent execution. Let's start planning now so that execution goes as smoothly as a well-timed baton hand-off in a relay race. A dropped baton means we will be out of the running for a generation, maybe longer.

Notes

[1] "Beyond Lean," James P. Womack, e-letter to the Lean community, 7 January 2010, <http://www.lean.org>.

[2] See "[Free Money, Free Love](http://www.superfactory.com/articles/featured/2009/0911-emiliani-money-love.html)," <http://www.superfactory.com/articles/featured/2009/0911-emiliani-money-love.html> and "[A Message from the Future](http://www.superfactory.com/articles/featured/2010/1001-anonymous-message-future.html),"

<http://www.superfactory.com/articles/featured/2010/1001-anonymous-message-future.html>

[3] "Back to Work," James P. Womack, e-letter to the Lean community, 16 February 2010, <http://www.lean.org>.

[4] Assuming ten Lean enterprises are created in every industry (there are 74 industries listed in the Fortune® 500), in every country (195 countries), and there are 50 managers per company means: $10 \times 72 \times 195 \times 50 = 7$ million managers globally need to be trained in Lean management. Of course, maybe 10 Lean enterprises per country is too many; not every country has 74 industries, such as Vatican City; and not every company has 50 managers. Regardless, you can see that this is a goal of transcendental proportions - to be achieved on our watch, no less (the next ten years or so). This begs the following questions: Has Lean really advanced to the point where this is a stretch goal (i.e. only 5 barriers remain)? Or is it a goal that is so impossible to achieve that it only serves to demotivate Lean people - or, worse yet, give them false hope? Maybe we should begin this new journey at Vatican City to find out.

[5] If you are truly interested, see REAL LEAN Volumes One through Five, especially Volume Three: The Keys to Sustaining Lean Management.

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