THE ULTIMATE GUIDE TO SUCCESSFUL LEAN TRANSFORMATION

Top Reasons Why Companies Fail to Achieve and Sustain Excellence through Lean Improvement

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THE ULTIMATE GUIDE TO SUCCESSFUL LEAN TRANSFORMATION: TOP REASONS WHY COMPANIES FAIL TO ACHIEVE AND SUSTAIN EXCELLENCE THROUGH
LEAN IMPROVEMENT

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Introduction

Many companies are complaining that lean didn't achieve their long-term goals, and the improvement impact was very short-lived. 7 out of each 10 lean projects fail as companies try to use lean like a toolkit, copying and pasting the techniques without trying to adapt the employee's culture, manage the improvement process, sustain the results, and develop their leaders. When the Toyota production system was created, the main goal was to remove wastes from the shop floor using some lean techniques and tools. What was not clear is that this required from Toyota a long process of leadership development, and a high commitment to training and coaching their employee. A Failure to achieve and sustain the improvement is a problem of both management and leadership as well as the improper understanding of the human behavior, and the required culture to success.

Throughout the years, lean leaders have become experts at improving processes. But in most cases, that's only a half-step. True lean leadership involves coaching and training your people so the improved process doesn't slip back from the ideal state, and the plan-do-check-act cycle is a remarkable tool for teaching.

The Toyota Way is held up by two main pillars: Continuous improvement and respect for people. And the good industrial manager knows that respect for people, which is about coaching, developing, supporting and valuing the workforce, is the foundation of continuous improvement.

Actually, people are more important than the process, and companies that put process before people will not earn sustainable results. People are the ones who build, operate, modify and improve the process. Therefore, developing people should be your company's highest priority. Focusing only on the process often will lead to system failure.

Early on, Taiichi Ohno, co-developer of the Toyota Production System, refused to document or write the system down for fear that people would focus narrowly on the tools and the theories. When he finally wrote it down, it was presented as a house because a house is a system. If you take away any of the structures that hold up the roof, the roof and entire system will collapse. One of

Ohno’s students said Toyota made a mistake calling it the Toyota Production System. Instead, Toyota should have called it the Thinking Production System because the real point was to make people think, and people are the value of the system.

Distinction between Lean Leadership and Classic Management Approach

Unfortunately, while many companies say that they value their people, they actually focus more on the process when using methodologies such as lean or Six Sigma. To develop a culture of improvement, you have to continuously coach and develop your people to change their habits, making improvement a routine.

In a classic management environment, managers who don't get results put pressure on their employees and push improvements. They are seeking quick results and short-term financial gain, not the long-term viable health of the organization. In bureaucratic management, managers take targets from the top and cascade them down to their workers, continually evaluating people using metrics. The ones who get the results are rewarded. The ones who fail might be punished.

Such leaders often are working to a financial plan, with the only care being climbing ladders rapidly and getting results at any cost. This is a classic example of managing people. And such leaders are separated from the reality of work because they don't take gemba walks to figure out what is really happening on the front lines.

On the other hand, the lean leader takes the target, breaks it down into manageable pieces and goes to the gemba to train, develop, improve and apply the method. This leader works horizontally to align the effort, method and plan across different functional departments with the company's business goal. This leader is seeking sustainable results. He works with people to solve problems. He goes to the gemba to learn deeply, develop himself and help others to learn and see. This leader is seeking the right process to get the right results by developing people through process improvement.

In the bureaucratic management system, people tend to hide their problems for fear of being blamed. This creates a dysfunctional culture unlike lean, which encourages problems to surface so they can be solved. Unfortunately, bad management habits will develop a negative culture that will continue to prevent organizational success.

MBO	**Industrial Management using Hoshin Kanri for**

	direction planning and deployment
Invented by Peter Drucker 1954.	Originated in Japan in 1961 and used successfully by Toyota and top-tier companies in US and Japan.
Management based on command and control.	Management is based on empowering, motivating, and developing people on problems solving skills.
Focus on the results.	Focus on the process not the results this include the plan, the method, the innovation, and people development & training on problems solving.
Recognize individuals.	Rewarding system is based on teamwork, overall performance and accomplishments.
Promote individualism.	Promote teamwork.

Top-down method.	Top-down with linkage to shop floor.
Managing process via distance and rely on reported metrics.	Managing on shop floor (gemba principle) and base management decisions on facts.
Use metrics to evaluate people and results.	Give people degree of autonomy and use metrics to monitor the work progress and understand the obstacles need to be removed to improve the process.
Focus on the strategic thinking only.	Link the strategic thinking to shop floor, use gemba as a management principle, and use visualization, standardization to improve the work.

MBO was first presented by Drucker (1954). MBO is considered a method of planning and control to achieve the quantitative results. The method is also called management by results MBR.

The approach involves setting some objectives along with an incentive program in order to achieve the business goals. Unfortunately, such an approach and the other management techniques are still being taught in many business schools neglecting the bad habits of the modern management and making the lean journey harder.

Indeed, there are many ways to achieve the quantitative targets without making real improvement. The MBO method may have worked in the earlier decades when the market condition was different. Now with the world events necessitating the reduction in wastes and maximizing the efficiency, the demand for real improvement has been increased.

For example, “10 percent cost reduction.” Actually, there are many ways to reach this target, either by cutting some resources or improving the way of doing things. In the first option, you want to achieve a quick reduction and remain the same at what you are doing, in the second option you are searching for obviously perfection for longer-term financial benefit.

In MBO, since the objectives are focused on specific results the business needs, the top management sends this message to the down: “here is what we need and how your performance will be judged-go do your jobs and bring back the