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Everybody's Jumping on the Lean Bandwagon But Many Are Being Taken for a Ride

by Rick Pay, as Published in IndustryWeek

Manufacturers are climbing on the Lean bandwagon in droves. The Industry Week/MPI Census of Manufacturers, released in November, 2007, shows that nearly 70 percent of all plants in the US are currently employing Lean Manufacturing as an improvement methodology. But is Lean right for every company?

A further look at the same IW/MPI survey may provide a clue. Only 2 percent of companies who responded to the survey have fully achieved their objectives and less than a quarter of all companies (24 percent) reported achieving significant results. That leaves 74 percent of the responding companies admitting that they are not making good progress with Lean – at least at the time of the survey.

Through my experience consulting with a variety of companies implementing Lean, I've learned there are four major reasons that companies fail to achieve benefits:

- Senior management is not committed to and/or doesn't understand the real impact of Lean.
- Senior management is unwilling to accept that cultural change is often required for Lean to be a success.
- The company lacks the right people in the right positions.
- The company has chosen Lean as their process improvement methodology when a different process improvement program – or none at all – would have been the better choice.

Before deciding to implement Lean or any productivity improvement program, management must first examine its business strategy and ask the tough question: Will a productivity improvement program such as Lean contribute directly to the company's strategy? The answer is not always obvious.

Some companies' strategic focus, for example, is on competitive market positioning through new product development. In these companies, process improvement and productivity measures may not be perceivedas contributing directly to their competitive advantage. You can bet, therefore, that in these companies senior management may not support a Lean initiative if waste reduction on the shop floor is the focus. And, without the full support of top management, the likelihood of success of any process improvement program is jeopardized.

On the other hand, in companies where strong operational capabilities are viewed as a competitive advantage, top management will be more receptive to the process and productivity improvements that Lean (or other process improvement programs) can achieve. But they still need to be "sold" on its benefits, particularly if its champions were at the division level or in the manufacturing or operational areas. Why? Top management needs to fully understand the various stages of implementing Lean so they won't be tempted to pull the plug before results are achieved. In short, they need to accept Lean as part of their overall operations and business strategies and support it all along the way.

The second major reason companies fail to realize Lean benefits is their

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top management teams miss the point that Lean transforms an organization's culture – and they don't want theirs transformed! Most productivity improvement programs, including Lean, result in enhanced communications, more empowered teams, and the positioning of decision making at the lowest possible levels. These are simply the realities. If management is not ready to let go of the reins and let this happen, most productivity improvement programs will fail.

...Companies fail to realize Lean benefits because Lean transforms an organization's culture – and they don't want theirs transformed!

To be successful, top management, therefore, must be willing to accept and even drive culture change. The top team must invest in the transformation process in terms of both time and money.

The third reason that companies often fail to realize gains with Lean is because they don't have the right players in the right positions, especially at the line manager level. What's more, they don't support their team with strong training and development opportunities. This is an essential part of process and productivity improvement implementation. For each key position, management must answer the following questions:

- What are the four to six key short-
term priorities for the position?
- What attributes or characteristics should the person filling the position have?
- What experience and education should the person have?
- What measures will tell us we have the right person for the job?

Measuring current management team members against these criteria will quickly tell if the right people are in place.

Once companies have top-level commitment, a willingness to accept culture change and the right people in the right positions, they are ready to consider Lean or some other program. But which one is the right one for them?

While Lean is probably the one most talked about and currently the most popular, Six Sigma, Theory of Constraints, Toyota Production System, World Class Manufacturing and others are also very good programs and should be considered. Each one has its strengths and weaknesses, and some companies are even combining them to form approaches such as Lean Sigma.

To help decide which one is right for any organization, one must first address the following three questions:

What is the focus of the operations strategy for the company? Is it primarily on quality, cost, speed and flexibility, or innovation and custom products? Is the company process driven or value chain driven?

How is quality defined? Some companies such as Toyota define it as fit and finish, while others such as BMW define it as innovation and features.

Does the company have the necessary technical resources to lead the charge? Six Sigma for instance uses experts known as Black Belts and Master Black Belts to lead initiatives that are selected by management.

So which program is right for your company? Are any of them? Are you ready for Lean or Six Sigma or any of the rest? First, analyze your business and operations strategy against the goals of the process improvement program; assess your leadership's commitment to the program; determine your company's willingness to change its corporate culture; and decide if you have the right people in the right positions. Only then will you know for sure.

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