Are Your Lean Efforts Achieving Sustainable Maximum Results?

By Russ Scaffede

After the past 25 to 30 years of companies implementing the lean tools of Toyota it is estimated that fewer than one percent would achieve an A or B+ rating.¹ Many of the leading gurus of lean are now acknowledging this fact and are shifting to what is now called “Lean Management.” My first fear is this will take the focus from the tools of lean to a “student body right” formation of lean management. This will include consulting, training, and company focus with a heavy emphasis on lean management tools and changes. Although these are absolutely required to achieve a total lean company, I fear they will not represent the actual condition and requirements a company will need to get maximum success from your lean efforts.

So what is the missing element from our attempts to achieve Toyota type of success?

To accomplish total success² (Total Company Success= ∫(Value,Lean & Innovation)) in your lean efforts, the company executive staff, led by the CEO, must commit to making lean your “company’s operational competitive advantage.” I believe everyone who has looked at and studied Toyota’s success and development over the past 50 years does understand that within Toyota, the Toyota Production System is not just a set of manufacturing tools and a plant floor experience. It is a total

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¹ Jeffery Liker, The Toyota Way
² Baumgardner and Scaffede, The Leadership Roadmap
company enterprise system which requires an understanding and development of every functional department within the company.

If you think about what has been presented, taught, and implemented over the past several decades it has been a concentration of tools (standardized work, andon, kaizen events, kanban, job instruction training, etc). These are for the most part very visual and will yield some success for manufacturing improvements. These tools have been focused for the most part on the manufacturing floor with a desire to improve at the operations level. Within the company most functional departments usually view the lean effort as a manufacturing exercise.

By themselves these tools are very hard to maintain or apply to achieve continuous company success. Often introducing the next tool yields a “flavor of the month” experience in most companies. Also, you can be assured that your competition is taking the same training, dedicating the same resources, and getting the same results. You will not have an advantage if your goal is just to “keep up with the Jones.” To obtain a total competitive advantage requires the leadership team to integrate lean tools with a total company lean leadership development (lean management) and strategy.

I believe this quote from Fujio Cho, Vice Chairman of Toyota Motor Corporation, describes the use of lean tools and lean management the best. “Brilliant process management is our strategy. We get brilliant results from average people, managing brilliant processes. We observe that our competition often gets average (or worse) results from brilliant people managing broken processes.”
During my years working for Toyota Motor Manufacturing in Georgetown, Kentucky, after my years with General Motors, I realized very quickly that the Toyota System was a system driven by a few philosophies and extended to every department in the company. This was from the chairman, Eji Toyoda, President of TMM, and Fujio Cho and included every functional leader understanding the basics of the Toyota System and their part in supporting the success of the system. These philosophies are In-Station-Process-Control (Jidoka), JIT, Sequential Level Scheduling and the most important, absolute belief in employees and employee engagement. Around these philosophies the tools mentioned above were developed in guiding the employees to make changes, measure, and improve the processes for the better. With each improvement a new standard was established. This new standard becomes the basis of comparison for future improvements.

I also observed that the philosophies I mentioned were neither negotiable nor changed. The tools supporting these philosophies were at times changed for the better as long as it was taking the mission closer to the stated philosophy definition. Many have observed that Toyota is not concerned about showing the system openly. Once you have seen the visual while touring the plants, Toyota Teams are making hundreds of improvements and altering some of the tools to new levels. Also, we never see “behind the scenes” activities that allow these standards to be cascaded across the company and kept for all future products and processes.

I mentioned that the most important philosophy was the absolute belief in people and the employee involvement process. After working at Donnelly Corporation, I personally have come to the conclusion that a people system developed around the
Scanlon principles of identity, competence, participation, and equity integrated with the Toyota philosophies described above is the key to total company success. I can assure you that all four of these principles of Scanlon (although not referred to as Scanlon within Toyota), are used to a maximum benefit of the Toyota Lean Enterprise. The entire system is based on engaging every employee who wants to be a part of the improvement to have the opportunity and ability to be part of effecting positive change. Many of the tools of lean are used by the employees and leadership to analyze, problem solve, make improvements and reset the standard.

This is where lean management has not kept pace with lean tool development. The focus of improvement within the company is guided by a highly effective cascading annual plan. At all levels the goals of the plan must be established such that the team involved clearly understands how that goal relates to the team and company. This must be led by the CEO and executive team down to each individual supervisor and department leader in the company. Options for participation must be presented. The Human Resource Department has a large responsibility to develop the participation model and a competency training model. For lean management the leadership teams must be trained on how to use tools of lean and foster participation for continuous improvements for the good of all stakeholders.

Equity and job security well beyond financial must be studied, developed, and implemented for the entire company. If these are established with a true and sincere belief in people by walking the walk, the entire team will develop a renewed identity with the company that allows constant and sustainable success.
In conclusion, operation success is not chasing Toyota, lean tools, lean management or any of the other fads current or past. It is achieved by the executive team developing your company’s lean system including your philosophies, lean management direction, and lean tools used by the entire organization. It takes a total commitment by the entire leadership staff to develop and foster a lean enterprise system which will take several years to fully implement. We do believe there is a roadmap for this enterprise development by following the book *The Leadership Roadmap* written by Dwane Baumgardner and myself.

Good Luck on your lean journey.