

Is free too expensive? Measure what you manage in Lean

By Dr. Timothy D. Hill

As an industrial and organizational psychologist specializing in Lean and human capital, I know that when something is free, it's difficult for us to assess usefulness. Our perceptions get in the way and we risk making bad decisions. People rush to free programs and forget to connect that program to measurable goals and a specific, sustainable plan. "Free" without a plan is a recipe for failure.

Many Lean service providers are offering "free" training — myself included. But people often can't align "free" with "useful." Two popular granting options (the Yves Landry Foundation's AIME Initiative and the CME's Smart program) both provide grants for Lean training. There is a window of availability and funds are limited. The rush to enrol and secure quick fixes puts Lean success at risk.

The books *Why Decisions Fail*, by P.C. Nutt, and *Mastering*

the Hype Cycle, by J. Fenn and M. Raskino, address the errors in this rush to poor decision-making. The authors argue that rushing into a one-off decision leads to an error rate in decision-making and implementation that is too expensive to ignore. In his book, Nutt clearly shows how 50 percent of all rush decisions about change are almost guaranteed to fail. While Fenn and Raskino write, "If something comes to us easily, we tend to overestimate its probability. Remember that in the 1990s, people heard about wildly successful dot-com IPOs and overestimated the chance of success for the next dot-com IPO, while ignoring all the failures and non-successes they never heard about but could have discovered if they'd looked."

The above is true for the dot-com story, the mortgage meltdown story and almost every Lean implementation failure story. Nutt argues that people do not implement carefully, fail to measure both sides of the story and rush to implement "an" answer over implementing a "good" answer. As a result, management decisions wind up operating at a 50:50 level.

If you think operating your business at a chance level is bad, it's worse if you don't have best practices on your human capital side. Your starting chances of success on the people side range from three percent to 50 percent. If you fail to hire good people, any plan is compromised.

Lean connects people to purpose. It can help to overcome human capital problems if there is a larger plan that links continuous improvement to accountability. Rushing to implement because it's free almost always overlooks this connection.

Our Lean deployments always succeed because we:

- **Begin with a baseline.** Start with the largest gaps and create value from reducing or eliminating these gaps.
- **Train into the world of Lean.** Manufacturers need to know that waste in production is as much a product of the office as it is a product of the floor.
- **Connect with the enterprise value stream.** People often still work in silos. Connect them to the whole value stream and show how upstream and downstream processes impact their work and vice versa.
- **Engage people in creating the current and future state value stream maps (VSM).** If you can help them see the current-future value gaps, they can more readily accept ownership for change. Use Pareto charts to rank gap sizes. Start with the biggest gaps, estimate real savings and deploy PDCA (Plan Do Check Act) plans through an A3 business case — a method for presenting continuous improvement suggestions. Many people will say that they've made suggestions before that were rejected or ignored. The VSM to A3 cycle creates compelling business case arguments that are hard to ignore. When improvement is tied to measurable gains, people listen!
- **Deploy and communicate.** Create the plan for sharing successes. Lean is contagious, but communication takes planning. Create the Lean board using simple tools. The number one motivator for most people is feedback, so keep the board updated weekly. This avoids the risk of people forgetting about Lean because they don't see change.
- **Keep it going.** Go back to the value stream work, pick the next actionable item from the Pareto chart ranking and work on reducing or eliminating that gap. Don't confuse the "best" answer with one that's "better." Best won't happen soon enough, but you can build better right away.
- **Finish with new baseline.** Today's challenges become tomorrow's standard work.

I heard this the other day, but I don't know who to attribute it to. "The Stone Age didn't end because they ran out of stones; they just got better tools." We need to move out of the Stone



Age, pick up better tools and show everyone how we're doing a better job with these better tools.

Dr. Timothy Hill is an Industrial and Organizational Psychologist and Certified Lean Six Sigma Black Belt with global expertise in human resources/human capital. He can be reached at drtim@kyoseicanada.ca.

QUESTIONS FROM THE PLANT FLOOR

Question: We've just started Lean in the office. Some of our biggest challenges are around getting people to see waste in the office. It's easy for people to see waste on the plant floor, but how do we help them see this in the office and administrative work?

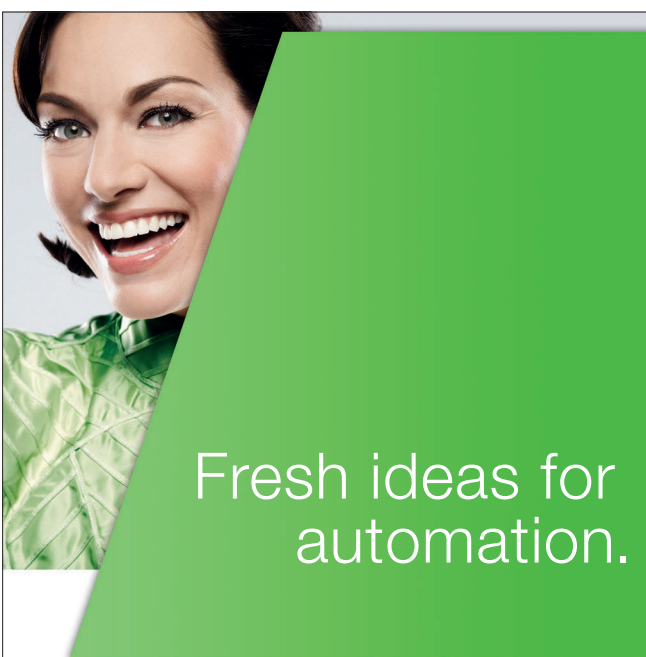
Answer: I often see Lean slowing down in office and administrative tasks because people blame long turnaround times on customers, but they don't have a customer relationship management (CRM) system in place. "I haven't heard back from them with the drawing approvals" is a popular excuse and builds delays into the work. Most often, contracts are late by the time the work order or shop order gets to the floor. Let your sales, marketing, engineering and other teams know that it's okay to call the customer back early. It's also a good idea to use a checklist for critical items that have caused delays in the past. If an engineering approval is needed, make that an item to check on the original sales call. Chances are your staff knows what went late on past work. Use that as the first gaps you want to reduce.

If you have a Lean question that you'd like Dr. Hill to answer, please send him an e-mail at drtim@kyoseicanada.ca.

BOOKS YOU SHOULD KNOW

Larry Rubrich. (2004). *How to Prevent Lean Implementation Failures: 10 Reasons Why Failures Occur (Making Companies Globally Competitive)*

This sounds like a bad news book, but it's not. Most Lean books try to overwhelm readers with how much the author knows and focus on what you should do. They assume your Lean efforts will be successes. I often tell people that "hope is not a strategy" and that they can plan for things that might go astray. Knowing what the risks are helps with planning. Think of this book as your GPS that tells you to avoid traffic problems along your Lean implementation roadmap. I recommend that business leaders give this book to their Lean leaders about four to six months into their Lean journey. Although many of us who have taken the Lean journey are aware of the potential pitfalls, this book brings them all together in a concise and easy-to-read format.



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