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THE NATURE OF LEAN

Examining the synergies between lean thinking and a green strategy

Companies featured in this edition include:
Toyota, MITIE, Gemalto, Tesco, 3M, Brasil Foods

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The future of supermarkets: Tesco's success relies on a strong lean and green ethos. Experts from Cardiff Business School and Cranfield University in the UK explain

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Lean's Western beginning: In the final part of his article, *Richard Schonberger* provides an interesting account of the history of lean

Leaning and booming: This month LMJ travels to Brazil to analyse the adoption of lean in the South American country

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LMJ in conference: *Roberto Priolo* reviews the summit in São Paulo organised by the Lean Institute Brasil

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Dear reader,

Ice caps are melting, weather patterns are changing, the global temperature is rising. Don't worry, you haven't opened a Greenpeace brochure by mistake! But if you are wondering what the environment has to do with lean, the answer is, quite simply, more than you think!

Going green is not just an exercise in brand enhancement anymore, it's a crucial requirement. Customers are not only increasingly demanding with regards to the product quality, but also want to know that should they purchase it, they can be confident of its environmental credentials. And then of course there are the savings available from methodically and diligently reducing waste.

Which is where lean comes into the picture. The other day I saw a pie chart displaying greenhouse gas emissions by source, produced by the United States Environmental Protection Agency. Industry is the second largest source of CO2 emissions globally. And a large proportion of those emissions, either directly or as an indicator, represent waste in one or more of the seven ways we all know so well.

Excessive C02 emissions in logistics and supply, for example, represent costly inefficiencies in transportation and motion and may be indicative of rework or over production. These inefficiences will impact costs and lead times as well as the environment.

In almost every instance, leaner industrial operations require less energy consumption and therefore result in less energy expenditure and fewer emissions. But in addition being lean and green sits well with one of the underlying ideas of lean thinking – respect for people. What better way to care for our people, their families and communities than by not releasing tonnes of carbon dioxide into the air they breathe?

This issue of LMJ explores the interaction between lean and green, offering case studies from facilities management company MITIE and retail giant Tesco. There is also analysis of lean and green from editorial board member Keivan Zokaei (page 7).

Following my trip to São Paulo in August to attend the summit organised by the Lean Institute Brasil, I am also delighted to share the lean journeys of a number of interesting Brazilian companies. You can read about them in our It's a lean world special, on page 27.

This edition also contains part two of Richard Schonberger's article on the history of lean (on page 19) and an interview with Liam Hastie from SIMUL8 Corporation, a company offering a simulation software solution that represents an interesting approach to trying out new ideas before investing resources.

If you are reading this journal, chances are you are pursuing operational excellence and implementing lean… but this month the real question is: are you going green as well?

Happy reading,

Roberto Priolo
Editor, Lean Management Journal

INTRODUCING YOUR

EDITORS

Articles for *LMJ* are reviewed and audited by our experienced editorial board. They collaborate on comment against articles and guide the coverage of subject matter.

More information on our editorial board, their experience, and views on lean is available on the *LMJ* website: www.leanmj.com

Leadership and challenges on the brain

Editorial Board member and Chairman of XONITEK Group of Companies, *Joseph Paris,* comments on John Bicheno's article Brain challenge, appeared in the September issue of LMJ.

Last month's edition of Lean Management Journal contained a provocative article by John Bicheno entitled "Brain Challenge" – the major premise of which was a triad for successful lean leadership, which includes: the conditioning of the brain by repetition to perform certain routines as a means of realising the highest degree of predictability and quality results; the attitude of management to create an environment where the worker's ego is fed and confidence is gained; and the supporting the employee in their job growth by offering coaching and mentorship.

Whilst I agree that it is important for management to create and maintain a proper environment in which the employee might thrive and to offer support in coaching and mentorship, I am not convinced that memorisation of checklists alone serves to enhance the production results or the value of the employee to the company. The danger of relying too much on checklists is that it removes the "context of the circumstances" from consideration in their performance (thus actually jeopardising the achievement of the intended objective rather than ensuring it) or the stifling of innovation (thus risking the long term viability of the company).

Let us examine the first risk; removing the context of the circumstances.

Eastern Airlines flight 401 (an L-1011 Tristar , one of the most advanced aircraft at the time) flying from New York to Miami was on final approach for landing. As the flight-crew was running through their landing check-list, they noticed that the landing gear indicator-light for the nose gear did not light – signifying a possibility that that nose gear was not locked-down. The crew informed traffic control of the situation and decided to continue flying whilst they tried to resolve the problem. As the entire flight-crew was working diligently to determine the cause of the indicator-light not being lit (either the gear was not locked-down, the light-bulb was burned out, or there was some other system failure), they lost track of where they were in the sky and crashed into the Florida Everglades killing 101 people. In their zeal to follow the landing checklist to perfection, they lost sight of the main objective and responsibility – to fly the plane.

As to the second risk; stifling innovation.

I recently started two companies; one in Germany (a GmbH) and one in Poland (a Sp. z o.o.). Each of the companies took a minimum of three months to form – requiring several meetings – and with each entity costing approximately $5,000, including attorneys, notaries, filing fees, and trips to various government agencies and authorities. In addition, the German company required €25,000 in capital (almost all of which just sits idly in the bank – for what, I don't know).

Let's compare that process to a company I recently formed in the United States in the State of Wyoming; I went to Wyoming's Secretary of State website and downloaded the two-page (one front, one back) form, filled it out (the most basic of information), and sent it back with a $100 filing fee.

Then I went to the IRS website (the United States Federal Taxing Authorities) and obtained my tax-identification number. The entire process took one hour and cost $100 – I am ready to do business. And best yet, the function and performance of the entities is identical (in fact, the American entity offers more protections to the owners and officers than the European entities do).

My experience in Europe is that the government bureaucracy for starting an enterprise and doing business within Europe is incredibly slow, cumbersome, inefficient, and just plain painful. And everyone in Europe seems to know this is a problem and they speak of it openly – but nobody ever does anything to change it. A related inhibitor to doing business in Europe are the Draconian bankruptcy laws which are punitive (in financial terms and in personal terms) to the entrepreneur who has an idea and wishes to make a go of it – but fails. The result of having to endure such Kata's for forming and operating a business in Europe naturally motivates many of the best minds in Europe to leave and try their luck in the States.

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"A little over 10 years ago, I changed my entire business model from being hierarchal and top-down to being a high-performance organisation with nearly autonomous 'business teams'. As an elementary example, I no longer track vacation time and have not for almost a decade – what does it really matter how much time a person takes and when, so long as the projects are on-track and team-performance is not jeopardised?"

hierarchal and top-down to being a high-performance organisation with nearly autonomous "business teams". I ceased the focus on "inputs" and, instead, started focusing on "outputs". As an elementary example, I no longer track vacation time and have not for almost a decade – what does it really matter how much time a person takes and when, so long as the projects are on-track and team-performance is not jeopardised?

These new teams are all well-trained, well supported, and know to work within the mission parameters of the project – but are always wary of risks and threats to the projects and vigilant in their seeking opportunities that might lie outside these parameters – relying on their training to respond accordingly. People often ask me what it's like working with the new "teams" versus the old "staff"; I tell them, *"The new 'team' will face an obstacle and seek a way around it, over it, or through it. If there was a problem, I almost always hear about it 'past-tense', in that it has already been resolved. My old 'staff' would hit that same obstacle, sit-down, have a smoke, and wait for further instructions."* That is all the difference in the world.

Learning and performing Kata's is a valuable method for indoctrinating new employees and introducing existing employees to new responsibilities. But I believe we must place at least equal emphasis on encouraging employees to think, to share their thoughts, and to seek ways of improving company performance and the circumstances of those who work there.

Just like in Karate – when it comes to actual fighting; if you just run through your Kata's blindly and don't leverage that basic training into the context and fluidity of your circumstances, you are going to get your ass kicked.