LEAN MANAGEMENT JOURNAL

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GET WITH THE SCHEDULE

Examining the importance of structured flow.

IN THIS ISSUE:

The meaning of flow: Planning and scheduling should be part of any lean transformation. *Kate Mackle* of Thinkflow and *John Darlington* of Value Flow Consulting share their thoughts on why these functions are essential if a business is to achieve results.

Standard work: how Weetabix does it: *Jon Parry*, performance improvement manager at cereal manufacturer Weetabix, discusses the implementation of standard work for front line team leaders.

Sustaining lean in a financial institution: *Reuben Karuna-Nidhi* of Deutsche Bank shares with LMJ readers the main topics being discussed at the bank as it embarks on a lean programme in its Global Technology Production organisation.

Lean, a must-do: This month LMJ looks at lean in Germany, focusing in particular on an increasingly popular improvement methodology, the Toyota Kata.

Designing the system: In this month's update on SCGM for the Lean Diary, Sandra Cadjenovic talks about the Pilot Phase of the company's continuous improvement programme.

CI? Not good enough anymore: Most continuous improvement programmes fail, and yet we seem not to be able to stop following the old ways. *Ýr Gunnarsdóttir* of Nimbus and *Brenton Harder* of Credit Suisse discuss why CI as we know it needs to change, and how this can be accomplished.

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Dear reader,

Toyota Motor Corporation demonstrated the supremacy of a lean production system over conventional mass production decades ago. Back then American and European car makers held excessive inventory and did all they could to avoid halting the production line, favouring rework over a structured approach root cause analysis. By contrast, the Japanese understood the importance of creating real flow.

By analysing demand and knowing the needs of customers, a lean company can effectively understand where to allocate resources, in terms of people, equipment and time. It is no coincidence that flow is a core lean principle: it helps identify problems, which are nothing but opportunities to eliminate waste and improve processes.

Yet, scheduling is not as easy as many assume. This issue of LMJ will help you to understand this important activity better.

Contributions in the April issue come from John Darlington and Kate Mackle (page 11), who explain the importance of coupling flow and pull with planning and scheduling in order to create a business-wide lean system. On page 7, Mark Spearman looks at the characteristics of a dynamic risk-based scheduling system.

Our Process Focus this month concentrates on financial services. Reuben Karuna-Nidhi of Deutsche Bank shares the institution's approach to change (page 24), while Brenton Harder of Credit Suisse talks about how BPM can help banks to react better to increasingly stringent regulation (page 19).

For It's a lean world LMJ travels to Germany to examine how the "Toyota Kata movement" for practising creativity is gaining momentum in the country (p29). Expanding on this theme, this month's special feature proposes a new improved model for continuous improvement for, despite constant advances in lean research and the refining tools and approaches, too many programmes still fail to achieve real, sustainable results for businesses.

I hope you enjoy reading this issue of the journal and look forward to meeting old and new faces at LMJ's annual conference in Birmingham on May 29th. We have great things in store for this year's event, with a number of headline speakers already confirmed and sessions devised which will guarantee food for thought. For more information, go to the Events pages at the end of the issue.

Happy reading,

Commissioning Editor, Roberto Priolo

Effectively engaging leadership

Richmond J Hulse, managing director of XONITEK Consulting, looks at the characteristics a leader must have if an operational excellence programme is to succeed.

I recently attended a meeting of New York City chapter of the Operational Excellence Society and had the great pleasure of listening to a discussion by Michael Johns, a senior executive at FSBO (a consultancy) and former continuous improvement leader at Honeywell/ Allied-Signal, entitled "Effectively Engaging Leadership".

Johns did an outstanding job netting-out the fundamentals that a CEO and his/her leadership-team need to have in place to ensure the highest probability of success for an operational excellence programme. Leveraging the acronym "CEO", he highlighted what he believes these letters truly stand for: C for Commitment, E for Engagement and O for Ownership and creating a resultant "action plan" for defining and executing in each area.

He went to great lengths to convey that solid and obvious commitment from the company's leadership to the improvement initiative was a prerequisite to success. This commitment cannot be just in the form of words, but must also be in deeds. There needs to be a collaborative approach to developing the charter for the operational excellence programme with stakeholders having the opportunity to contribute so that a sense of ownership, and the resultant accountability, can be established. And, above all else, there must be tangible commitment as demonstrated by the allocation of proper resources and appropriate budget.

But the role of company leadership is not over once the programme has been defined and deployment has commenced. For the initiative to maintain, even increase, momentum, leaders must continuously practice active engagement with those directly involved with effecting OpEx as well as those who will be incrementally influenced, and ultimately transformed, by the efforts of the programme.

Johns shared an anecdote which highlighted the impact of a CEO randomly engaging a Black-Belt at one of the facilities and showing interest in his work within earshot of as many people as possible. This seemingly random act of showing overt support incrementally energised those directly or indirectly involved – and helped in the transformation of the company culture so that each employee became consciously aligned towards the achievement of excellence.

It is at this point that ownership, and the subsequent benefits of a successfully deployed operational excellence programme, needs to occur; ownership of the role by the individual professional, ownership of the objectives and means of the initiatives, and ownership of the results. Johns stressed that ownership is never given, but rather taken. If the leadership creates a programme in a vacuum and then thrusts it upon people to implement, when it fails there exists a credible argument that it failed because of a lack of commitment and engagement – and the transfer of ownership never occurred.

During the meeting, I saw a lot of heads nodding - the audience could find little fault with the major hypotheses of the discussion, but rather focused the follow-on discussion and debate in exploring the details of CEO - with a great emphasis placed on deployment and the pitfalls to avoid.

One of the biggest (and most energetic) debates was related to how much involvement - and how much latitude and power - does the leadership relinquish to the stakeholders in the initial stages when the objectives and programme are being defined. There is a fine line where the leadership must make a decision to stop the analysis and begin to implement; but at the same time they need to ensure the ownership transfer occurs successfully.

If leadership gives too much control of the process away in hopes of building ownership, the operational excellence team might have a tendency to over-engineer the development of the programme until it is all-consuming. The risk is a programme definition and plan that is too big to approve and which is delivered too late. And, once proposed, any significant change will be interpreted as disrespect of the efforts and the necessary taking of ownership will not occur.

However, if leadership retains too much control of the process, the result will be an operational excellence team which feels disenfranchised. This will result in a delay in the programme development, as participation will be half-hearted, and a failed transfer in ownership.

By the end of the evening, it was generally settled that this transfer of ownership will not happen unless the OpEx group generally agrees with the integrity of the structure of the programme. And in the end, it became obvious that this is the most critical and also the most subjective point in the programme development. Proper navigation requires expert leadership.

EVENTS

There is currently an expanding pool of events available for the development of the lean community. They offer both general and sector specific opportunities to renew your enthusiasm and gain new perspectives through communicating with lean contemporaries.

2ND INDUSTRIAL LEAN PRODUCT AND PROCESS DEVELOPMENT (LEANPPD) WORKSHOP

June 14, Cranfield University

The objective of the workshop is to showcase the state-of-the-art methods and tools, as developed by Cranfield University (sponsored by EU-FP7) based on action research with the industry. This can enable the organisations to introduce and implement lean thinking in product design and development. The main topics are: Set-Based Concurrent Engineering, Lean Knowledge Life Cycle, Lean Design, A3 Thinking for Problem Solving and Change Management toward LeanPPD Environment. Several industrial perspectives and case studies will also be presented by speakers from BAE Systems, Elekta, Rolls-Royce and Visteon Engineering Services.

For more information, please send an email to leanppdcu@cranfield.ac.uk or contact Dr Ahmed Al-Ashaab on a.al-ashaab@cranfield.ac.uk

NORDIC ENTERPRISE AND PROCESS EXCELLENCE FORUM

May 30-June 1, Stockholm, Sweden

If you are unclear on how to maximise efficiency within your processes, you wonder what actions other businesses take to ensure efficiency and effectiveness and what is happening with enterprise and process excellence in Scandinavia, this IQPC event is right for you. In its 4th edition, the Forum will include 16 sections and will feature speakers like Martin Hoffman, VP of operations development at SAS Scandinavian Airline, and Roger Johansson, VP commercial aftermarket BRE at Volvo Buses. In this turbulent economic climate no business can afford not to be utilising modern and effective processes: in 2011 H&M's net profit fell by 11%, but Volvo reported a phenomenal 63% growth. Attend this event to know what processes companies like Volvo have used to ensure this success.

2012 SHINGO PRIZE INTERNATIONAL CONFERENCE

April 30 – May 4, Hyatt Regency Riverfront, Jacksonville, Florida

The 2012 Shingo Prize International Conference will focus on the Shingo transformation process, featuring keynote addresses from leading experts who will share how sustainable cultural transformation is achieved through principle-based leadership. The mission of The Shingo Prize is to create excellence in organisations through the application of universally accepted principles of operational excellence, alignment of management systems, and the wise application of improvement techniques across the entire enterprise. For more information visit **www.shingoprize.org/2012conference**

OPERATIONAL EXCELLENCE SOCIETY

Meet leaders and professionals from your local business community and discuss the most common problems companies experience in trying to achieve excellence. You will go home with many ideas and a lot to think about, and with new interesting contacts.

April's highlight:

New York City, April 16, 5pm
Venue: I tre merli.
Eliot Fumagalli, former corporate director of supply chain performance at Emerson, will give a presentation entiled "Lean & Six Sigma in the Supply Chain"

For information, please contact Richmond Hulse on **hulserj@xonitek.com** or Trinity De Mars on **demarstk@xonitek.com**

Other Operational Excellence Society chapter meetings include:

Dubai, April 9, 5pm
Venue: Dusit Thani Hotel (tentative)
For information, please contact Andy Gibbins on **andy@glasconsulting.org**

Munich, April 10, 7pm
Venue: Restaurant Ludwigs, "Marktsalon"
For information, please contact Martin Haack on **haackmf@xonitek.com**

Warsaw, April 11, 6pm
Venue: TERERE Tea Restaurant
For information, please contact Malgorzata Krukowska on krukowskamj@xonitek.com

Frankfurt, April 26, 7pm
Venue: Restaurant Steinernes Haus
The inaugural meeting of the Operational Excellence Society Frankfurt chapter will be run by Joseph Paris and Klaus H. Merz. For information, please contact Martin Haack on haackmf@xonitek.com

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