Our Webinar

- Welcome
- Webinar will last about 1 hour
- We will invite you to complete a few Polls
- Q&A session

Lean in the 21st Century™
Welcome!

- Frederick Taylor invented the business system used by organizations throughout the 20th Century
  - Cost is the focus
  - Scientific Management System
  - Functionally organized by expertise
  - Built for internal efficiency
  - Not fit for the global, competitive environment of the 21st century
  - Relies on traditional management to be effective
  - Objective is to minimize the time it takes to do value added processes

90% of problems in business are caused by management, 10% by the workman.  
*F. W. Taylor, 1912*

- Peter Hines has invented a business system of the 21st Century
  - People are the focus
  - Value Management System
  - Organized by value delivered
  - Built for productivity in an extended enterprise
  - Fit for the global, competitive environment of the 21st century
  - Relies on leadership disposition and language to be effective
  - Objective is to reduce or eliminate non-value added activities

**Professor Peter Hines**
- Co-founder Lean Enterprise Research Centre, Cardiff University
- Chairman, S A Partners
- Adjunct Professor, University of South Australia
Research conducted by Professor Peter Hines identified 5 key elements of success:

- Link business system to a one to two year strategy through Policy Deployment
- Dismantle traditional, siloed, functionally-focused business processes
- Deploy human resources aligned to value to be delivered
- Develop leadership to be effective in a 21st century business system space
- Synchronize business systems with suppliers and customers

We encapsulate this in an evolutionary business model rooted in time tested customer, quality and lean thinking

The Lean Business Model
Original source: Professor Peter Hines
Benchmarking Toyota’s Supply Chain: Japan vs U.K.
Long Range Planning, February, Volume 31, Number 6, pp. 911-918, 1998, ISSN 0024-6301
The Principles

- purpose
- process
- people
- pull
- prevention
- partnering
- planet
- perfection
Top 10 Reasons for Failure

- Lack of a clear executive vision
- Lack of an effective communication strategy
- Failure to create and communicate a real sense of urgency
- Poor consultation with stakeholders
- Lack of structured methodology and project management
- Failure to monitor and evaluate the outcome
- Failure to mobilise change champions
- Failure to engage employees
- Absence of a dedicated and fully resourced implementation team
- Lack of sympathetic and supportive Human Resources policies

Source: Lucey, Bateman & Hines, 2005
True Lean

Utilization of Lean tools will deliver performance improvement. However, behaviors focused on Continuous Improvement / Pursuit of Perfection will provide sustainable long term improvement.

- **Kaizen Blitz**
  - Short term gains made

- **Lost and repeated results due to no sustainability**

Awareness, education, organization structure created to support lean.

- **Improvement leveled off and eventually stopped due to lack of realizing “true” lean opportunity**

- **Results could be lost entirely if organizational structure not aligned to support and education level of all employees not increased.**

Greater, sustained results achieved

Adapted from C. Craycraft, Whirlpool Europe
Poll #1

• Which curve are you more like?
  – Green: mostly true lean
  – Red: mostly kaizen blitz
  – About half and half

• Please select one answer
Avoiding the 5S ‘S’ Curve

- WIIFU
- WIIFM

Target

Time

Improvement

80%
60%
40%
Poll #2

• How sustainable is your approach?
  – We frequently have improvements that fail to sustain
  – We sometimes have improvements that fail to sustain
  – We rarely have improvements that fail to sustain
  – We never have improvements that fail to sustain

• Please select one answers
Creating Perfection

Performance Level

1) Envision the most advanced position

Current State

Targeted Future State

Implementation Projects

Achieve Target

Ideal State

Feasible Future State

2) Back off to what is currently possible

3) Back off to chosen target

New Targeted Future State

4) Establish new target

Time

Complexity
Intervention Styles

Balance Zone

Diagnostic Led

Results Led

Learning Led

Happy Mappers

The choice is context specific

Blitz Heads

Perpetual Students
Original source: Professor Peter Hines
Benchmarking Toyota’s Supply Chain: Japan vs U.K.
Long Range Planning, February, Volume 31, Number 6, pp. 911-918, 1998, ISSN 0024-6301
Creating your Roadmap – a 3 step process.

- Step 1: Understand Current levels of Maturity
- Step 2: Envision a compelling Future
- Step 3: Develop the roadmap

The diagram illustrates the process with arrows connecting each step.
Step 1 – Lean Assessment

The Milestones of LEAN MATURITY

Stage 1
Reactive
1. Reactive Approach
2. Little / No Involvement
3. Adhoc Learning

Stage 2
Formal
1. Formal Structure
2. Only Specialists
3. Team Learning

Stage 3
Deployed
1. Goal Oriented
2. Selected Team
3. Value Stream Learning

Stage 4
Autonomous
1. Driven Deployment
2. Majority Involvement
3. X-process Learning

Stage 5
Way of Life
1. Autonomous habit
2. Full Empowerment
3. External Learning

Key Characteristics
1. Ways of Working
2. Employee Engagement
3. Learning Best Practice
Step 2: Compelling Future

Where are we now, where will we be in 3 Years time and after the 1st Roadmap?

**Maturity Level Index**

<table>
<thead>
<tr>
<th>Milestone Attribute</th>
<th>Reactive</th>
<th>Formal</th>
<th>Deployed</th>
<th>Autonomous</th>
<th>Way of Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Associate autonomy</td>
<td>2. Little / No involvement</td>
<td>2. Only specialists</td>
<td>2. Selected teams</td>
<td>2. majority Involvement</td>
<td>2. Full empowerment</td>
</tr>
</tbody>
</table>

Strategy Deployment

Value Stream

People

Tools & Techniques

Extended Enterprise

- Current: Own team
- Current: External view
- 1st Roadmap: April 2011
- Future State: November 2012
Intervention Design - The ‘3 Systems’ Model

- The way the workplace is structured, organised and oriented to satisfy customer requirements at the best value “how the work works”
- The way issues and opportunities are surfaced & then resolved and the way in which appropriate metrics drive the right improvement behaviour at the right level and pace
- The way in which leaders at all levels lead, engage and coach their people to maintain and improve against standards
Creating Sustainable Improvement

System of Thinking & Behaviour

System of Work

Mobilisation

Reactive

Formal

Deployed

Autonomous

Way of life

Benefit

Time
Step 2 – Envisioning the Future

What will the business be like?

Shared Vision

Strategy Deployment
Engaging, Consistent, Inspired, Measurable, Targeted, aligned

Extended Enterprise
Associates externally focused, speed to existing and new markets, vertical integration, choiceful collaboration, SC Interdependency

People Enabled Processes
Line managers are line coaches, Associates understand and are engaged Lean education is utilised and deployed, talent rich environment with successors

Tools & Techniques
Appropriate Lean community in the BU. Standard process that is enabling & liberating. Associates able to solve problems. Real ownership for performance improvement. Capabilities to design effective processes

Up / down Supply Chain

Tools aligned to need

VSM
Differentiated Efficient, Sustainable Meaningful value Effective. Integrated Customer-focused Value-maximising
<table>
<thead>
<tr>
<th>Element</th>
<th>Current State</th>
<th>Year 1 Key Activities</th>
<th>Year 2 Key Activities</th>
<th>Year 3 Key Activities</th>
<th>Vision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy Deployment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>People Enabled Processes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value Stream management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tools &amp; Techniques</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extended Enterprise</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Multi Site Lean Straw Man

Key:
- Site level
- Food Co. Academy level
- UK Level
- Key For Detailed Input

1. Identify Lean Champions
2. Corporate Lean Activity
3. Other UK Management
4. Operations Manager Briefing
5. Awareness For Senior Supply Chain Management Team
6. Site Senior Mgr Awareness & Roadmap Workshops
7. Middle Manager Awareness
8. Site Lean Comms & Strategy Deployment
9. Undertake Value Stream Mapping
10. Identified Projects & Targets
11. Identified Key Value Streams & Processes For Improvement
12. Act Phase
13. Identified Further/ Wider Training Needs
14. Undertake Lean Coach Iceberg Training & Mentoring
15. Skilled Coaches & Other Team Members
16. Review Results Of Projects & Lean Change

Pre-Plan Phase 2008
Plan Phase 2008-9
Do Phase 2008-2009
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009

Identify Lean Champions
Plan Phase 2008-9
Check Phase 2009
## Survey Findings

<table>
<thead>
<tr>
<th>Answer Choice</th>
<th>Issues you are Facing</th>
<th>Biggest Single Problem</th>
</tr>
</thead>
<tbody>
<tr>
<td>We cannot seem to get senior management buy in/support</td>
<td>52%</td>
<td>42%</td>
</tr>
<tr>
<td>We cannot engage the middle management</td>
<td>44%</td>
<td>21%</td>
</tr>
<tr>
<td>We cannot engage the shop floor</td>
<td>33%</td>
<td>8%</td>
</tr>
<tr>
<td>We have been doing lean/lean six sigma/operational excellence for 3-5 years and seem to have got stuck</td>
<td>19%</td>
<td>4%</td>
</tr>
<tr>
<td>Why do so many lean programmes fail?</td>
<td>19%</td>
<td>4%</td>
</tr>
<tr>
<td>How do you do lean in my sector?</td>
<td>19%</td>
<td>4%</td>
</tr>
<tr>
<td>We have trained our people as Green Belts / Black Belts (or equivalent) but they don’t seem to do any/many projects after the training</td>
<td>15%</td>
<td>4%</td>
</tr>
<tr>
<td>We want to streamline and integrate our processes and want to know how</td>
<td>11%</td>
<td>4%</td>
</tr>
<tr>
<td>We want to move from lean manufacturing to lean across the whole business</td>
<td>11%</td>
<td>4%</td>
</tr>
<tr>
<td>We know we need to train our people but how many and in which courses?</td>
<td>11%</td>
<td>4%</td>
</tr>
<tr>
<td>We want to do lean but are not sure where to start</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Other Responses</td>
<td>37%</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>274%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Poll #3

• What of these is a major problem for you in preventing you from achieving perfection?
  – Senior management buy-in
  – Middle management buy-in
  – Lower level buy-in
  – We have got stuck on our journey
  – We seem to have poor sustainability

• Please select one or more answers
The Shingo House

GUIDING PRINCIPLES

- Create Constancy of Purpose
- Focus on Process
- Lead with Humility

SUPPORTING CONCEPTS

- Create Value for the Customer
- See Reality
- Stabilize Processes

- Enterprise Alignment
- Continuous Process Improvement

- Measure what Matters
- Solve Problems
- Rely on Facts & Data

- Cultural Enablers
- Assure a Safe Environment

- Operational Excellence
- Effortless Flow

- Supporting Concepts
- Root Cause Analysis
- Value Stream Mapping

- Guiding Principles
- Standardize Daily Management
- Value Stream

- Supporting Concepts
- Value Stream
- Standardize Daily Management

- Guiding Principles
- Standardize Daily Management
- Value Stream
Poll #4

• What further activity would you like?

• Please select one or more answers
Further Questions

• If you would like to discuss anything coming out of the webinar please contact me at: peter.hines@sapartners.com

• Please also link up with me at: uk.linkedin.com/in/profpeterhines/

• Or join me at my Lean Business System LinkedIn group: http://www.linkedin.com/groups/Lean-Business-System-1801885?trk=myg_ugrp_ovr

• Or join me at my Lean & Green LinkedIn group: http://www.linkedin.com/groups/Lean-Green-1826144?trk=my_groups-b-grp-v

• See also the previous webinars at: http://www.sapartners.com/webinars-2/
Learn • Share • Grow – Achieve Lean Excellence at
Aimia Foods, Haydock, UK)
16-17 January 2014
Join Professor Peter Hines at Aimia Foods to understand how lean thinking provides the basis for a profitable, growing and customer-focused business
http://www.sapartners.com/achieve-lean-excellence-event/

For further information please contact jo.maniatt@sapartners.com
Or visit http://www.sapartners.com/uk-events/ for our full event schedule – New 2014 schedule to be released soon.
Australian events

- **Lean Thinking** *a 1 day introduction to Lean Principles.*
  Dates throughout 2014

- **Lean Team Member** *a 4 day workshop for Lean Practitioners*
  Dates throughout 2014

  * Internationally recognised qualification accredited by Cardiff University

- **Lean Leadership** a 2 day workshop for senior managers
  Dates throughout 2014

Don’t miss our Shingo Institute Workshops in Sydney and Melbourne Feb 2014

For further information contact Chris Butterworth on 0447783877,
[chris.butterworth@sapartners.com](mailto:chris.butterworth@sapartners.com) or visit our website