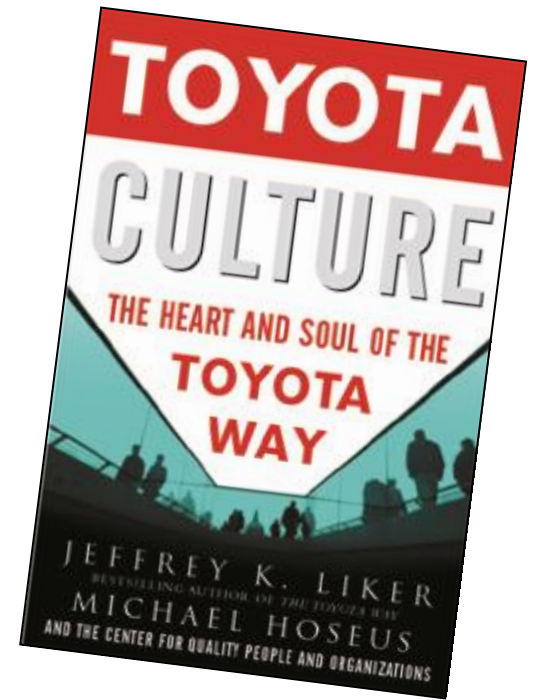




Kentucky Lean Tour



Mike Hoseus

Author, President, Lean Culture Enterprises

Executive Director, Center for Quality People & Organizations (CQPO)

mike.hoseus@gmail.com or 859-699-2235

Lean Transformation

❖ Not Lean Implementation with tool focus

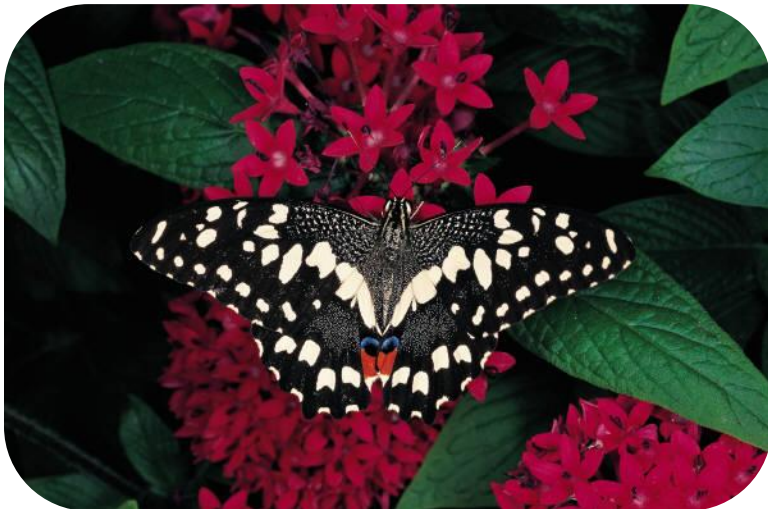
❖ System focused journey across the enterprise

❖ Develops all employees as problem solvers

❖ Competitive advantage

❖ Bottom line profits

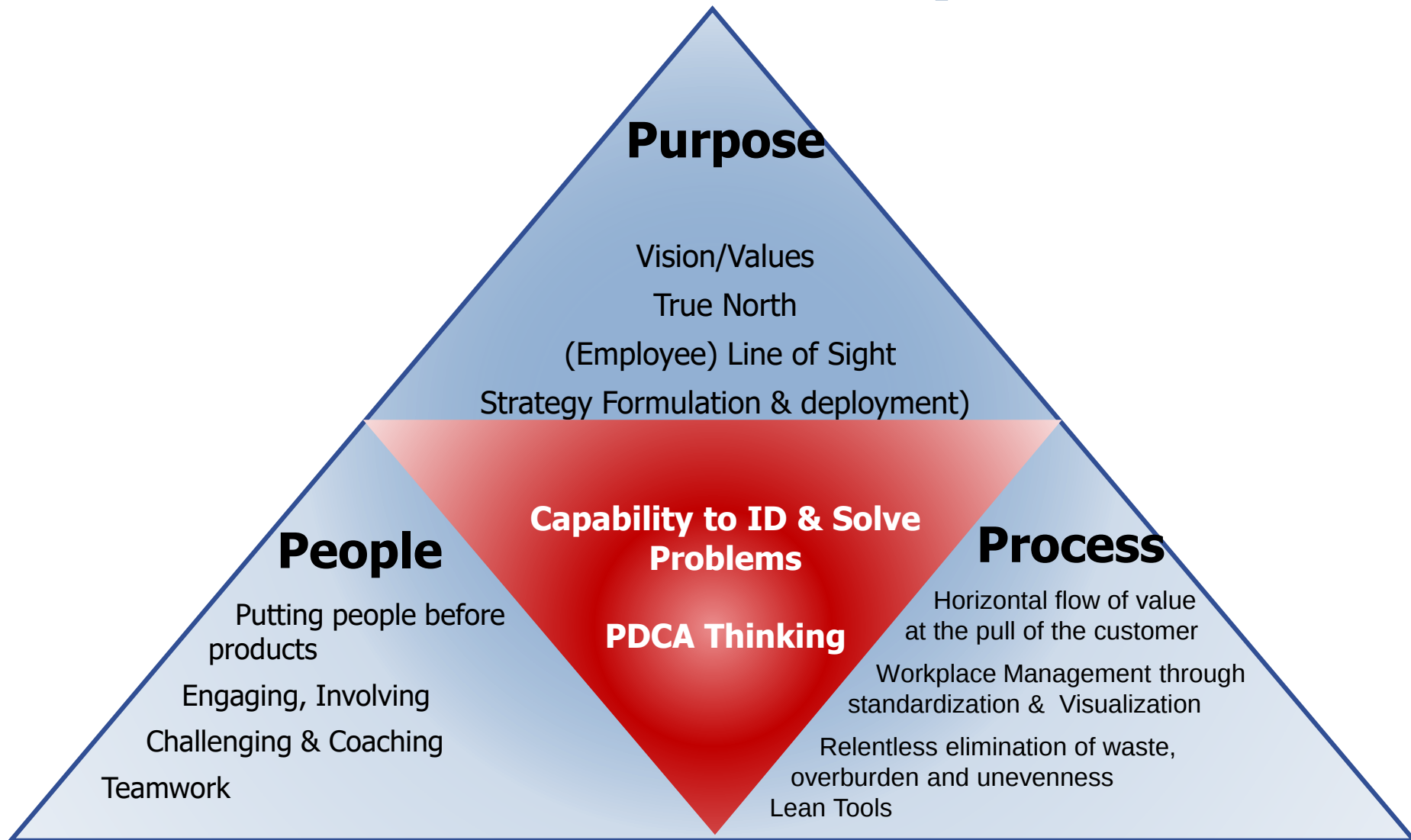
❖ Mutual long term prosperity for all stakeholders



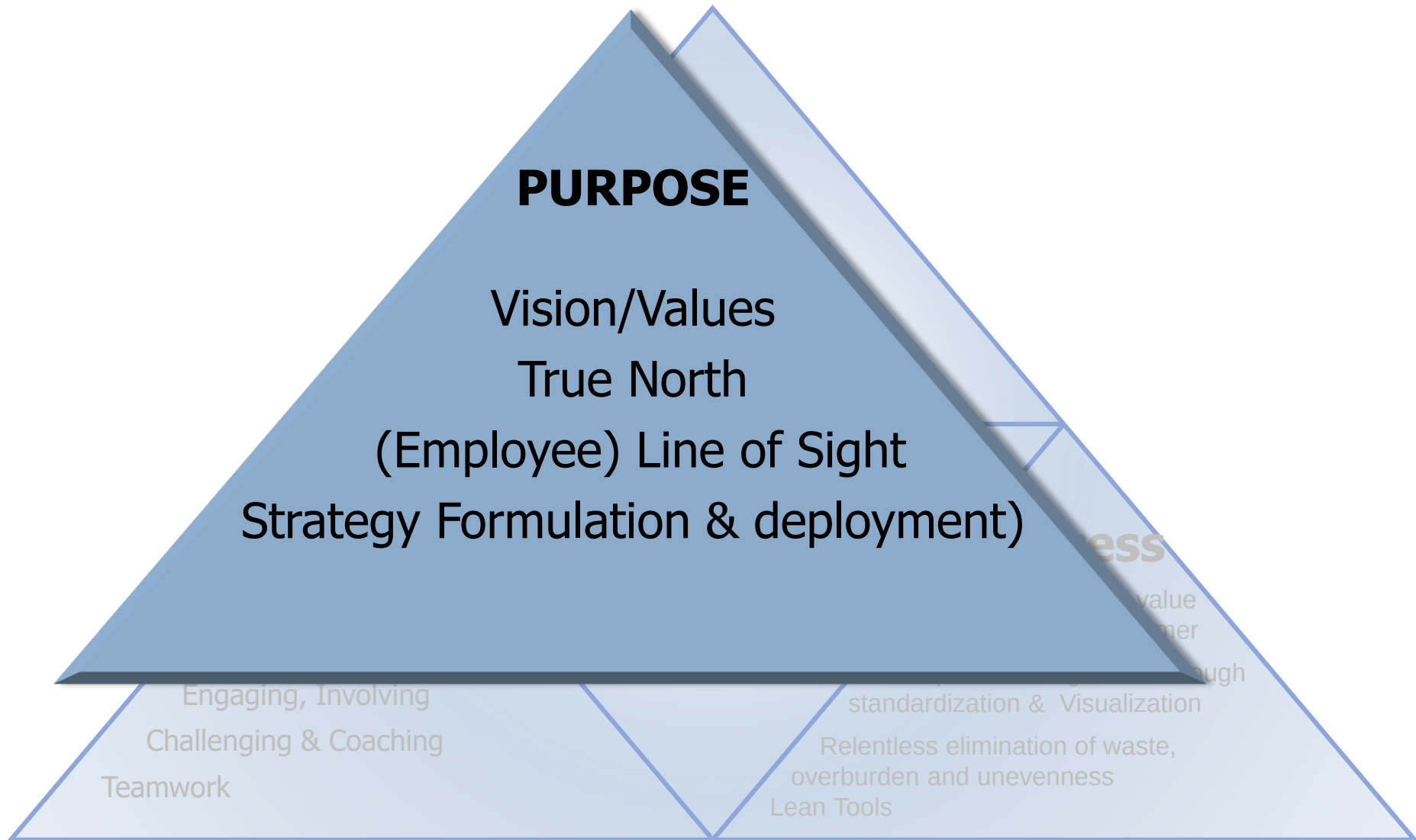
Addressing the “TOP TEN”

- Using lean in order to cut costs
- Leaders “delegating lean” to others
- Not identifying the proper roles for “everyone” in the organization
- Too much focus on “lean tools”
- Not involving HR properly
- Processes and improvements not connected
- Using the wrong measures for success
- Not being proactive in preparing for a financial crisis
- Not linking lean to the “daily work”
- Not objectively assessing their current progress

The Lean Enterprise

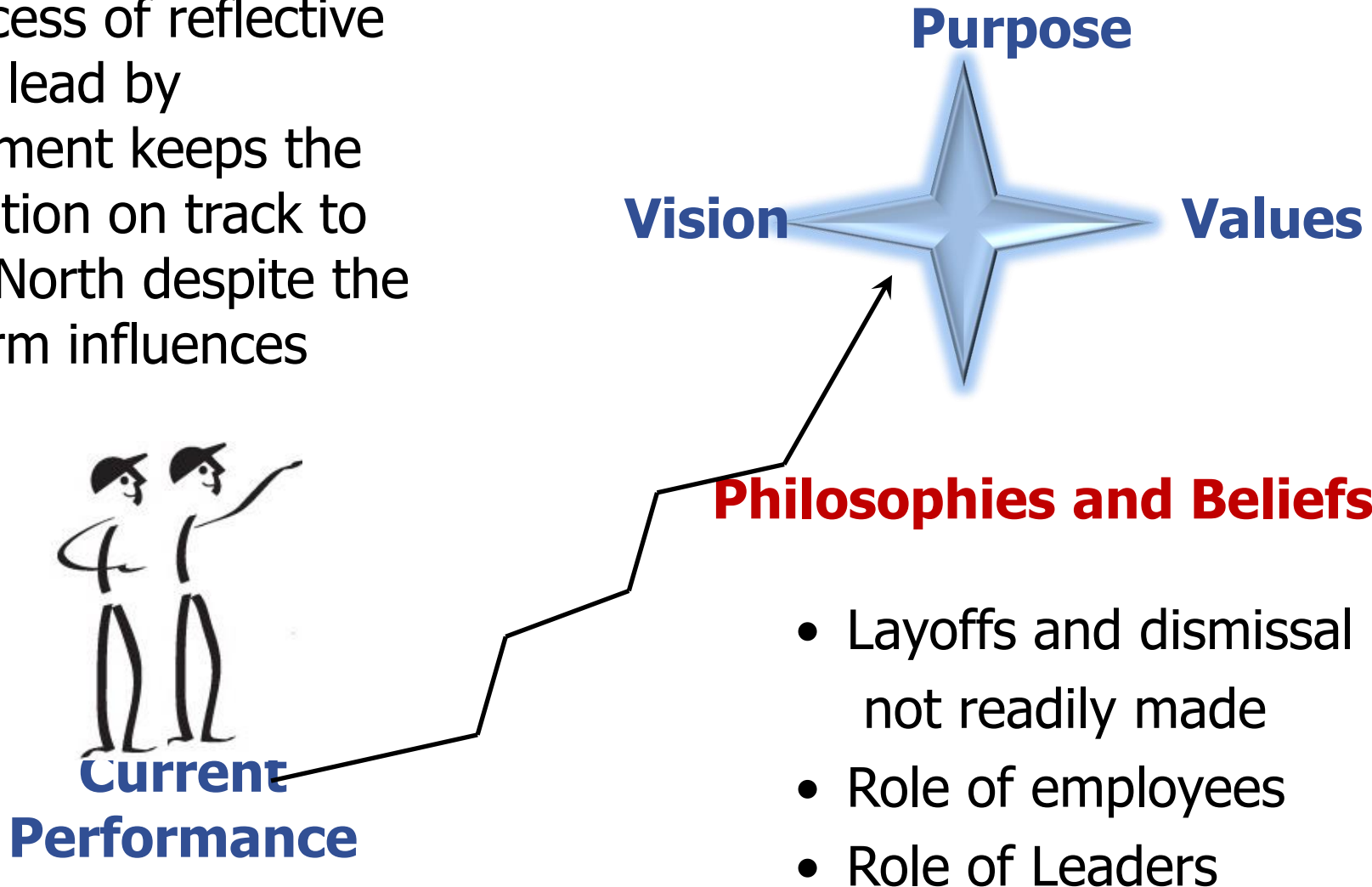


The Lean Leadership System

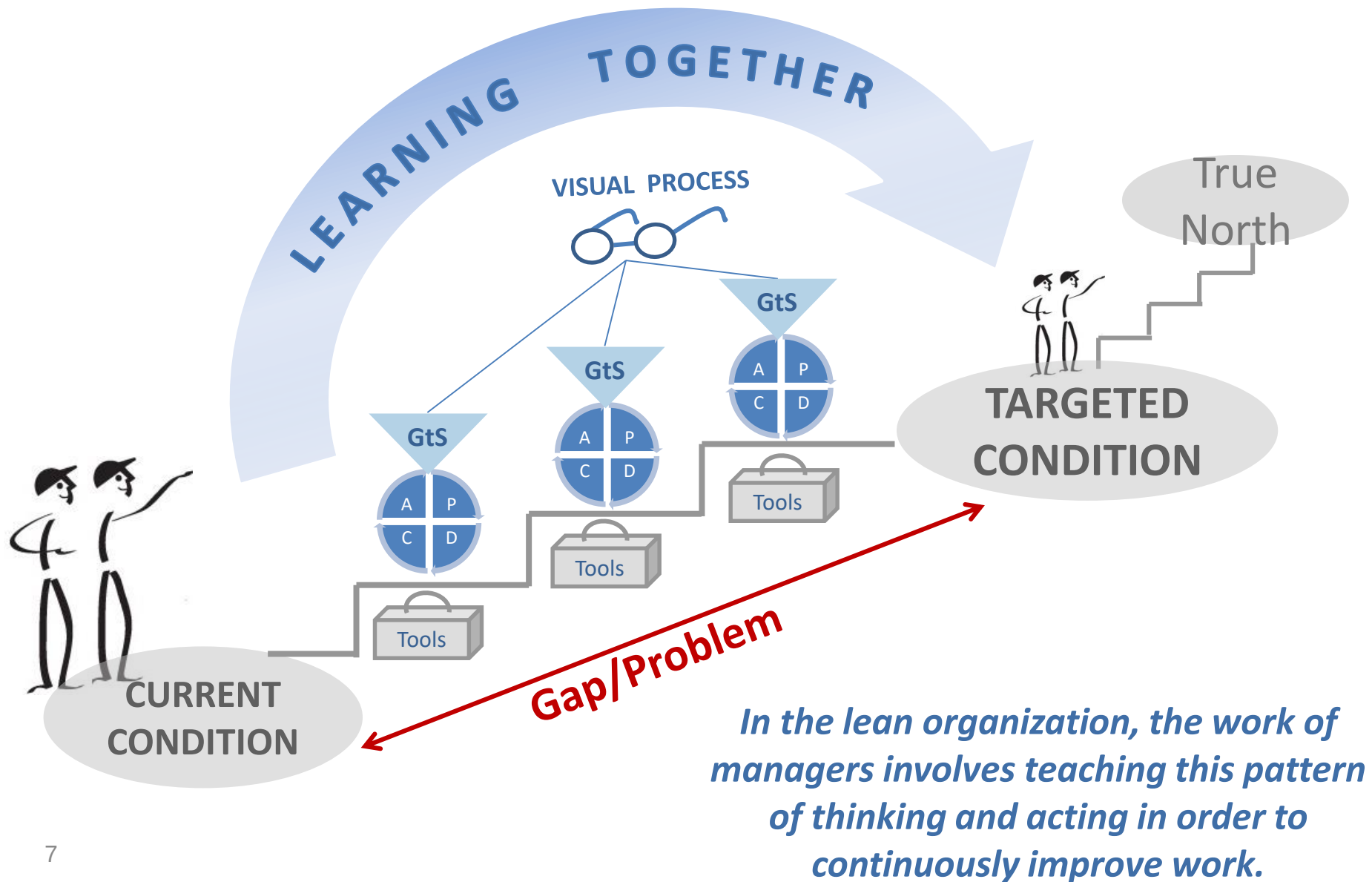


True North (Hoshin)

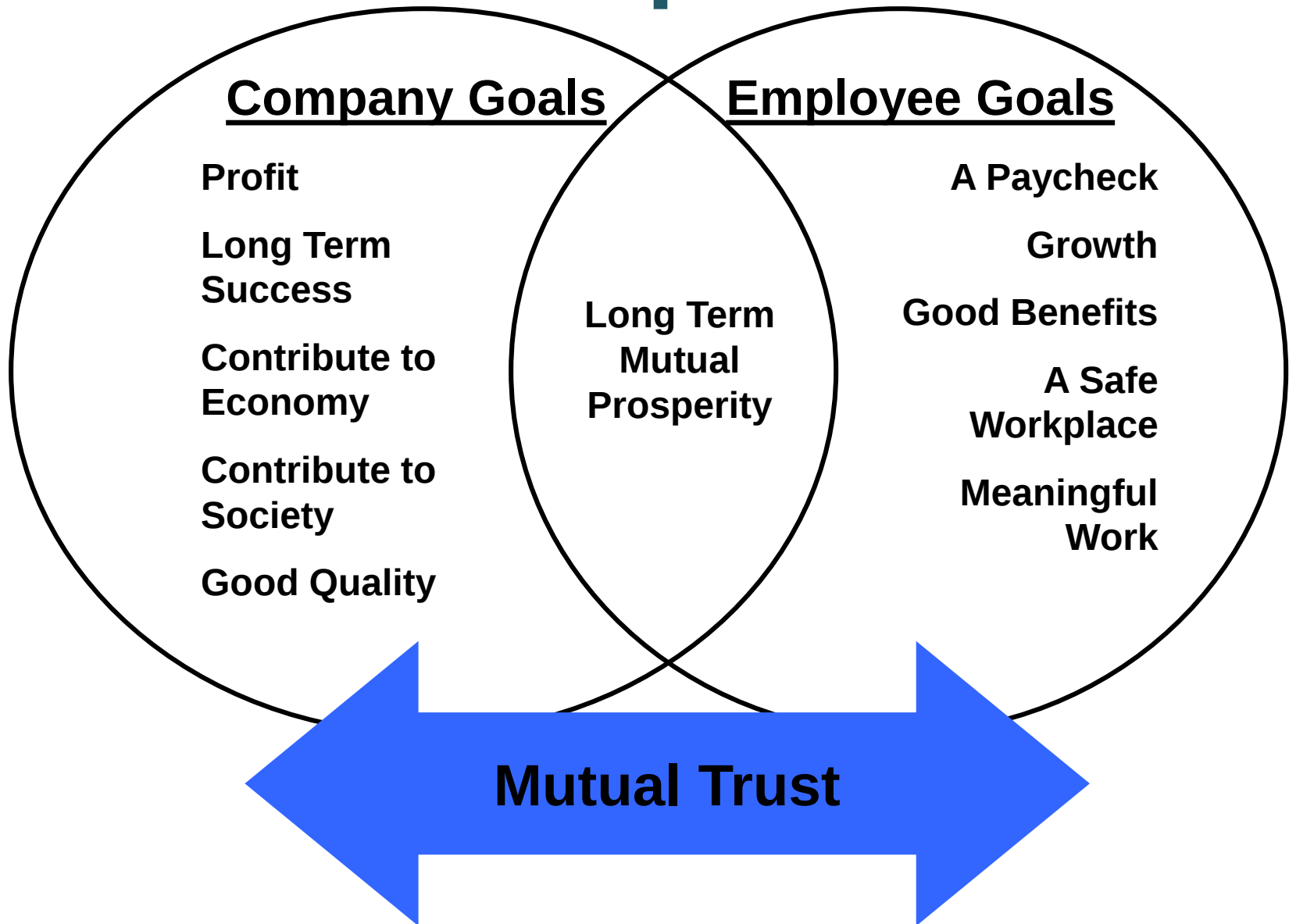
The process of reflective learning lead by management keeps the organization on track to its True North despite the short-term influences



Managing for Improvement



Purpose



A Partnership between an Organization & its Employees

Organization provides Stable Employment & Sustains or Improves Working Conditions

Organizational
Prosperity is
achieved
through
Continuous
Improvement

Respect
Partnership
Mutual Trust
Continuous
Improvement

Employees
Satisfaction is
experienced
through the
Continuous
Improvement
Process

**Employees Contribute Efforts to Realize
Company Objectives**

Benchmark-Toyota Way



The Toyota Way 2001 is an ideal, a standard and a guiding beacon for the people of the global Toyota organization. It expresses the beliefs and values shared by all of us.

It Starts with Values



Values

Beliefs

Thoughts

Actions

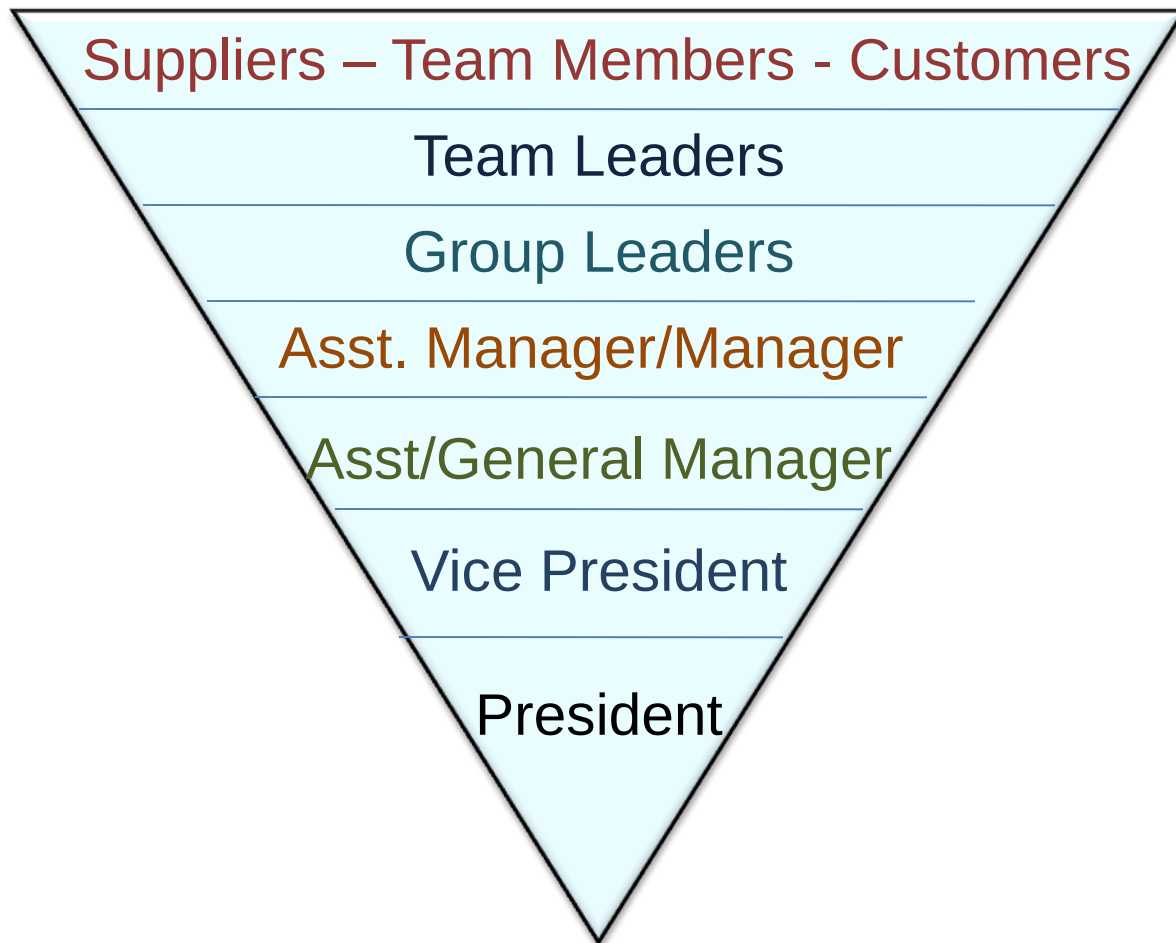
Habits

Character

Culture

Servant Leadership

Leadership develops the capacity that allows team members to improve what needs to be done



Toyota True North Example

	Ideal State	Current State
Why (Purpose)	Mutual Long Term Prosperity for all Stakeholders	
How (Values, Production System)	Toyota Way Values Toyota Production System Processes and Tools	
What (Vision)	Build the Highest Quality Car at the Lowest Possible Cost while respecting those who do the work	
Philosophy and Beliefs	Layoff Philosophy, Role of Employees and Leaders, Org Structure	

“What’s Your True North?”

- Exercise

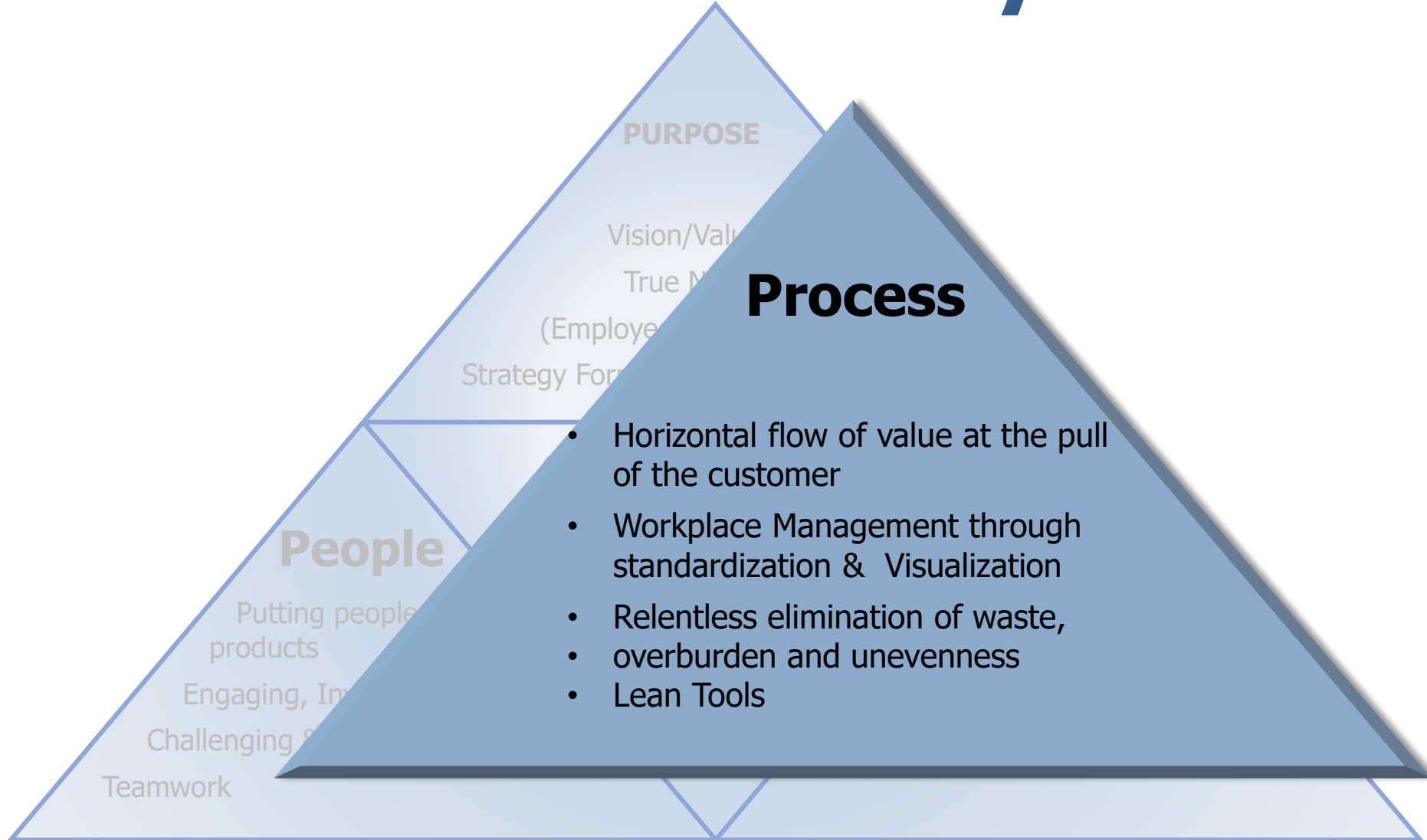


- Complete the table titled “What is Your True North?”
- Determine both the ideal state and current state of the following:
 - Why (Purpose)
 - How (Values, Production System)
 - What (Vision and Goals)
 - Philosophy and Beliefs (Layoff policy and Roles for members, leaders)
- Identify Gaps where you have no Current Standard or where your Current state doesn’t match your Standard

WHAT IS YOUR TRUE NORTH?

	Ideal State (or Current Standard) (What we “talk”)	Current State (What we “walk”)
Why (Purpose)		
How (Values, Operating System)		
What (Vision, Goals)		
Philosophy and Beliefs		

The Lean Work System



Value & Work Flows Across Functions

Big horizontal business processes

Sales

Marketing
R&D

Supply
Chain

Human
Resources

Finance

IT

Growing the Business

Fulfilling Customer Orders

Growing and Developing People, Leaders

Suppliers

Customers

Most important problems are cross-functional



TPS=

Make problems & opportunities for kaizen visible.

PDCA

Set up
Standard

Check
Abnormality

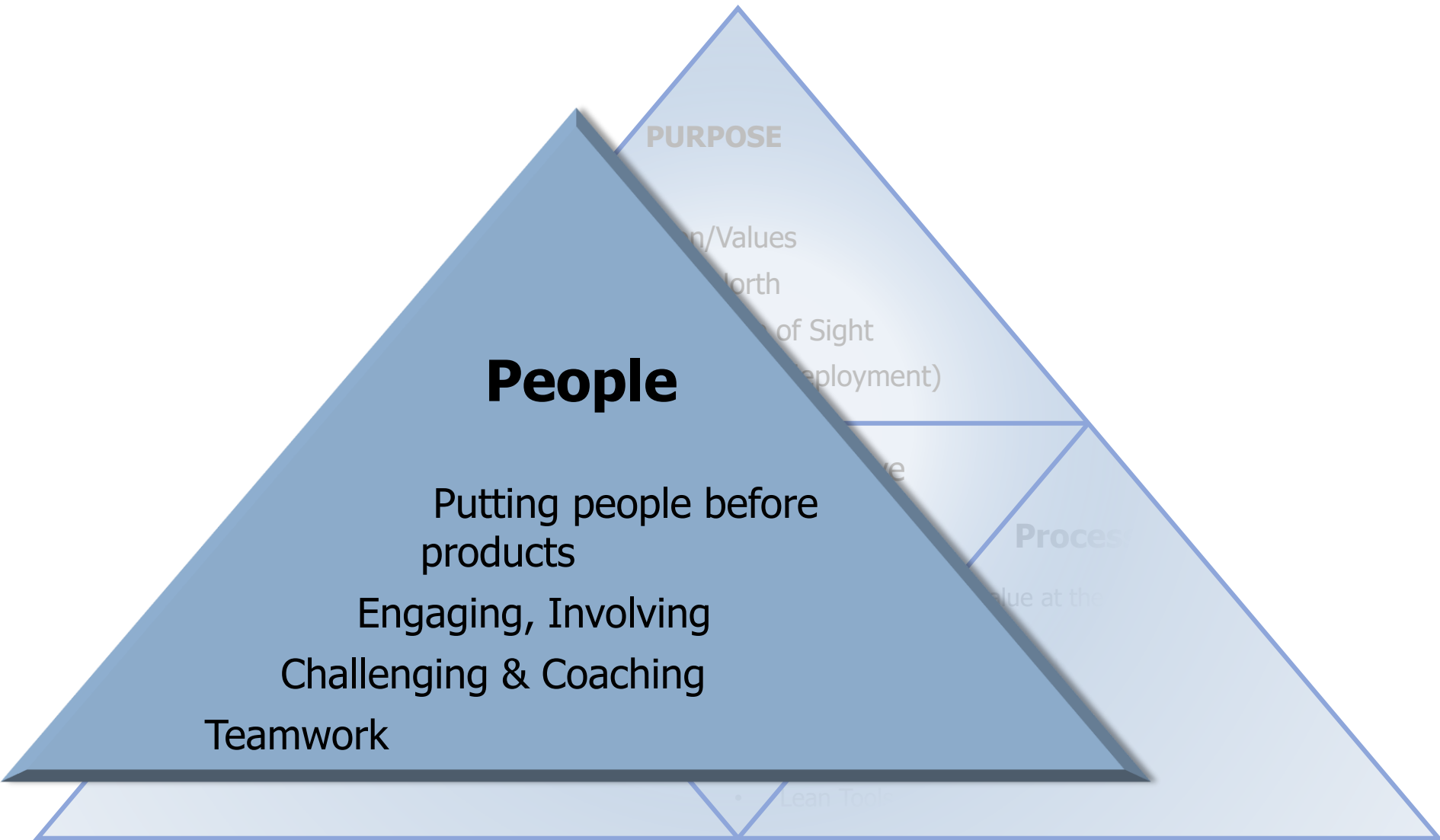
Kaizen

Safety	Quality	Productivity	Cost	HR
Standardized Work, 5-S				
Visual Control & Management				
Problem Solving				

A Lean Operating System - How

- **Value-Stream** - Horizontal flow of value to the customer
- **Elimination of Waste** (Muda), **Overburden** (Muri), and **Variation** (Mura)
- **Stability**
- **Standardization**
- **Jidoka** - stop the process to fix problems
- **Continuous Flow**
- **Pull rather than Push** when you can't flow
- **Heijunka** - smoothing or leveling
- **Just In Time** to customer requirement
- **Visual Management** - make out-of-standard conditions visible
- **Kaizen** – continuous improvement

The Lean Development System



Principal Roles – For ALL

“The Lean Management System”

1. Go and See:

Understand the real situation, the real process, from the real people who work it, at the real place of action.

2. Define Normal Conditions

Is the Current Condition (ab)Normal? Prove it.

Can you define (ab)Normal? Write it.

Can you SEE (ab)Normal? Visual Management

When is it (ab)Normal? Tracking Metrics

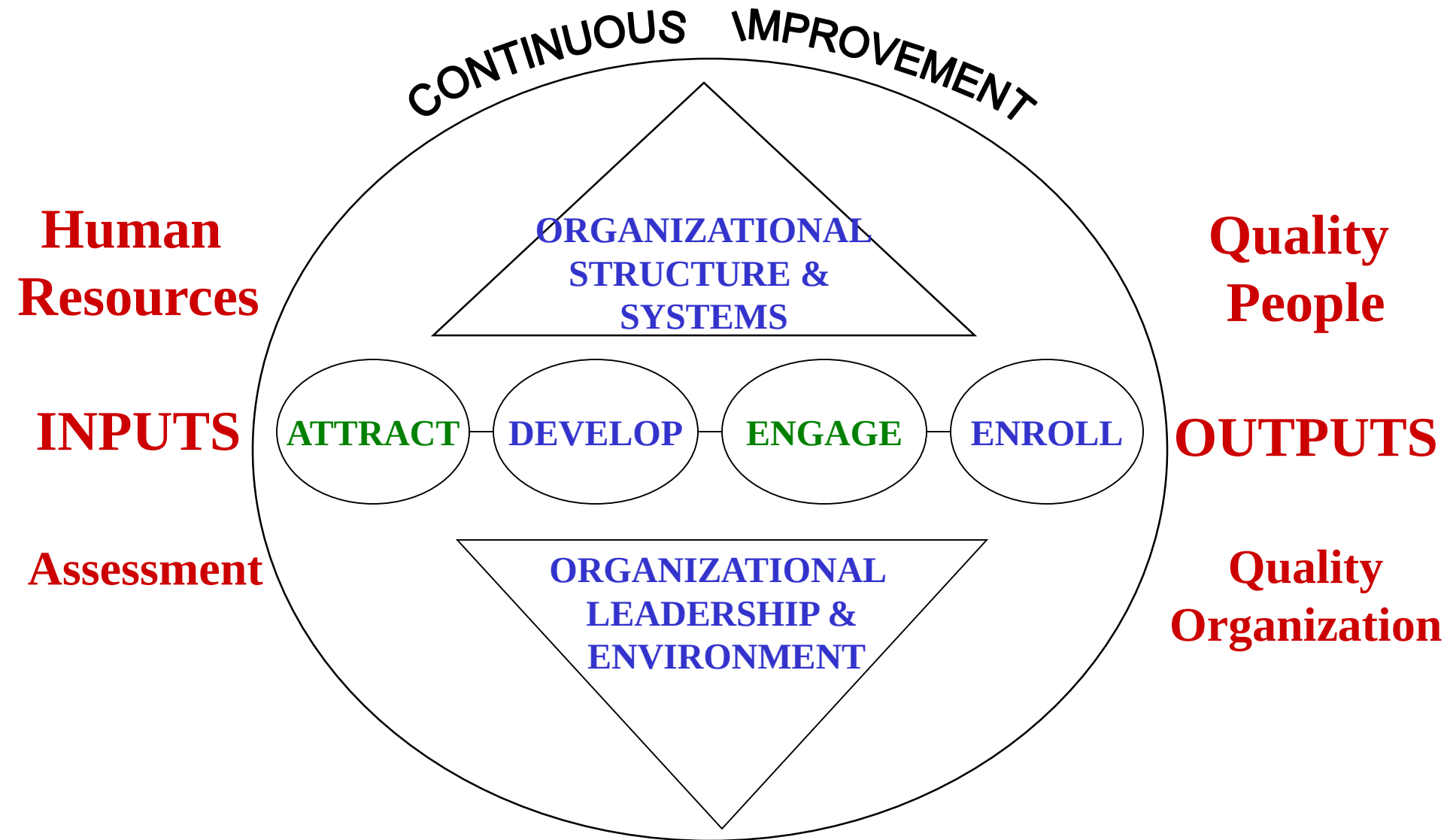
3. Solve a Problem

Teach the METHOD for Problem Solving – get involvement.

Implement Solutions / Permanent counter measures.

4. Sustain and Nurture the Processes/People

LEAN CULTURE OVERVIEW MODEL



Role of HR

- “The keeper of the values”

- ♥ Determine organizational competencies
- ♥ Use demonstration of competencies to link hiring, training, evaluation, promotion, recognition and compensation
- ♥ Ensure fair and consistent policies
- ♥ System of “checks and balances”
- ♥ System of “PDCA” culture



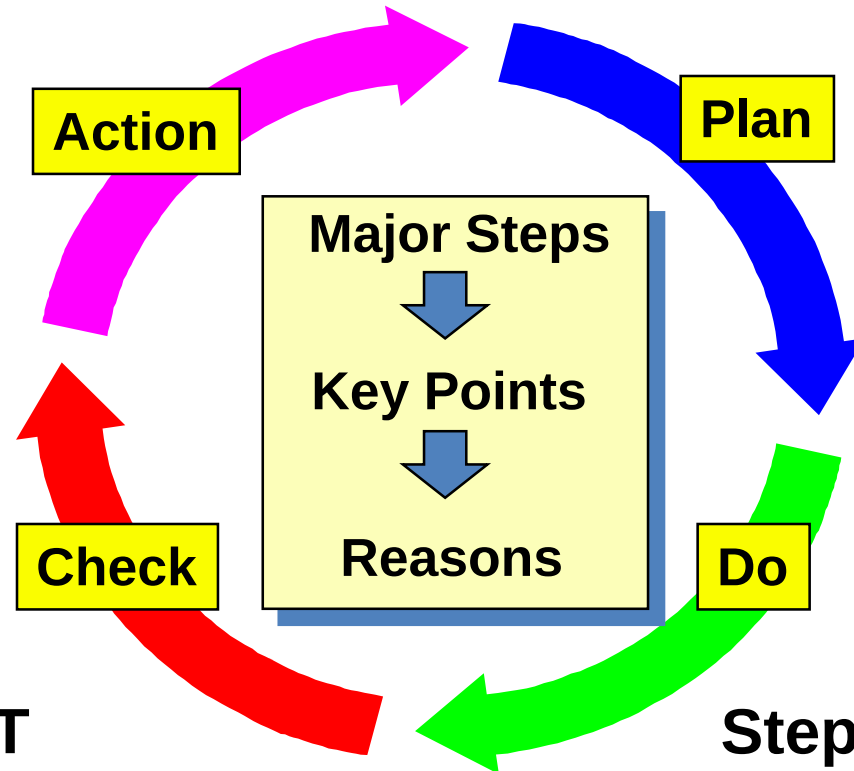
The Objectives of Standardization

- *Reduce variability, increase predictability*
- *Enhance repeatability, confidence, consistency*
- *Clarify procedures*
- *Enhance communication*
- *Improve Problem Solving*
- *Set good discipline*
- *Develop awareness*
- *Establish “Problem Consciousness”*
- *Establish a basis for education and training*
- *Establish a baseline for performance*
- *Improve Quality, Safety, Delivery, Cost*
- *Provide the basis for Improvement*

The Four Steps of JI

Step 4: FOLLOW UP

**Step 1: PREPARE
WORKER**



**Step 3: TRY OUT
PERFORMANCE**

**Step 2: PRESENT
OPERATION**

Typical Flexibility Chart

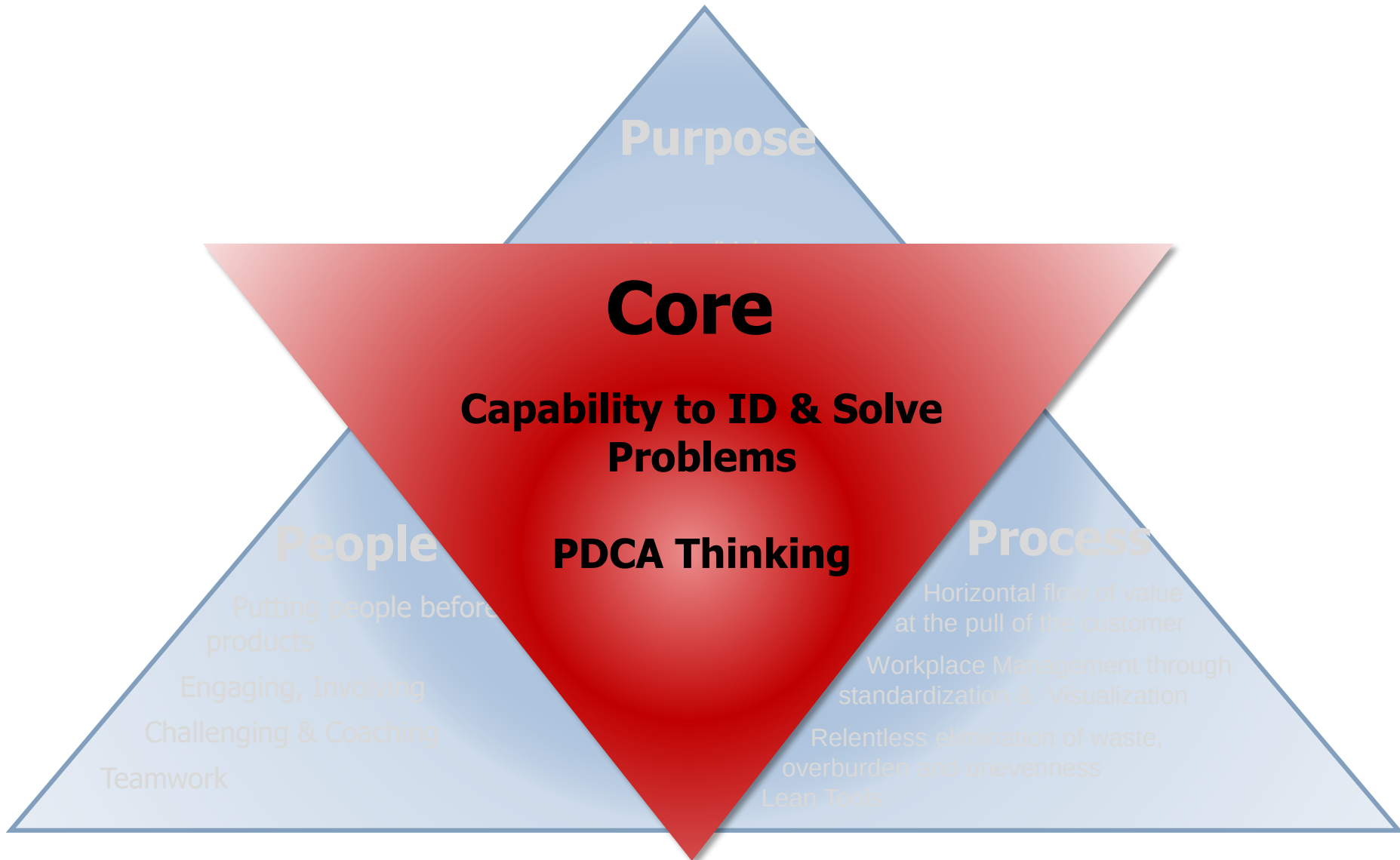
Author: J. Smith		Process Nr.	1	2	3	4	5	6	7	8	9	10	11	12	of processes		Target (Man/Job)	
Sectionnr. 10 A	J O B																#	%
Teamnr.: 1	N A M E																D	F
Date: 6/98																	1M2J	%1M2J
Name & Position		ASSEMBLY INSPECTION	TOE IN ADJUSTMENT	HEADLIGHT ADJUSTMENT	ROLL TEST	BRAKE TEST	EMISSION TEST	FINAL DRESS CHECK TEST	WATER LEAK TEST	DVT							Plan	Act
John Jones																	3	2
Joe Bates																	3	2
Wendy Smith																	2	2
Geoff Smith																	2	1
Tom King																	3	2
George Whiteside																	1	1
Danny Nelson																	1	1
Tony Abila																	1	0
Ken Anderson																	1	1
John Smith (TL)																	9	6
per process	Plan	4	3	3	3	2	1	2	2	2							is (in training)	
	Act	3	3	3	4	2	1	0	0	2							n job to quality and ot in takt	
Target (Job/Man) 1J2M		✓	✓	✓	✓	✓				✓								
Target % 1J2M		66%																

EVALUATION		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Group leader													
Section manager													
Department manager													
GMIO Standard Form (flexchar.xls)													

Plan vs.
Actual

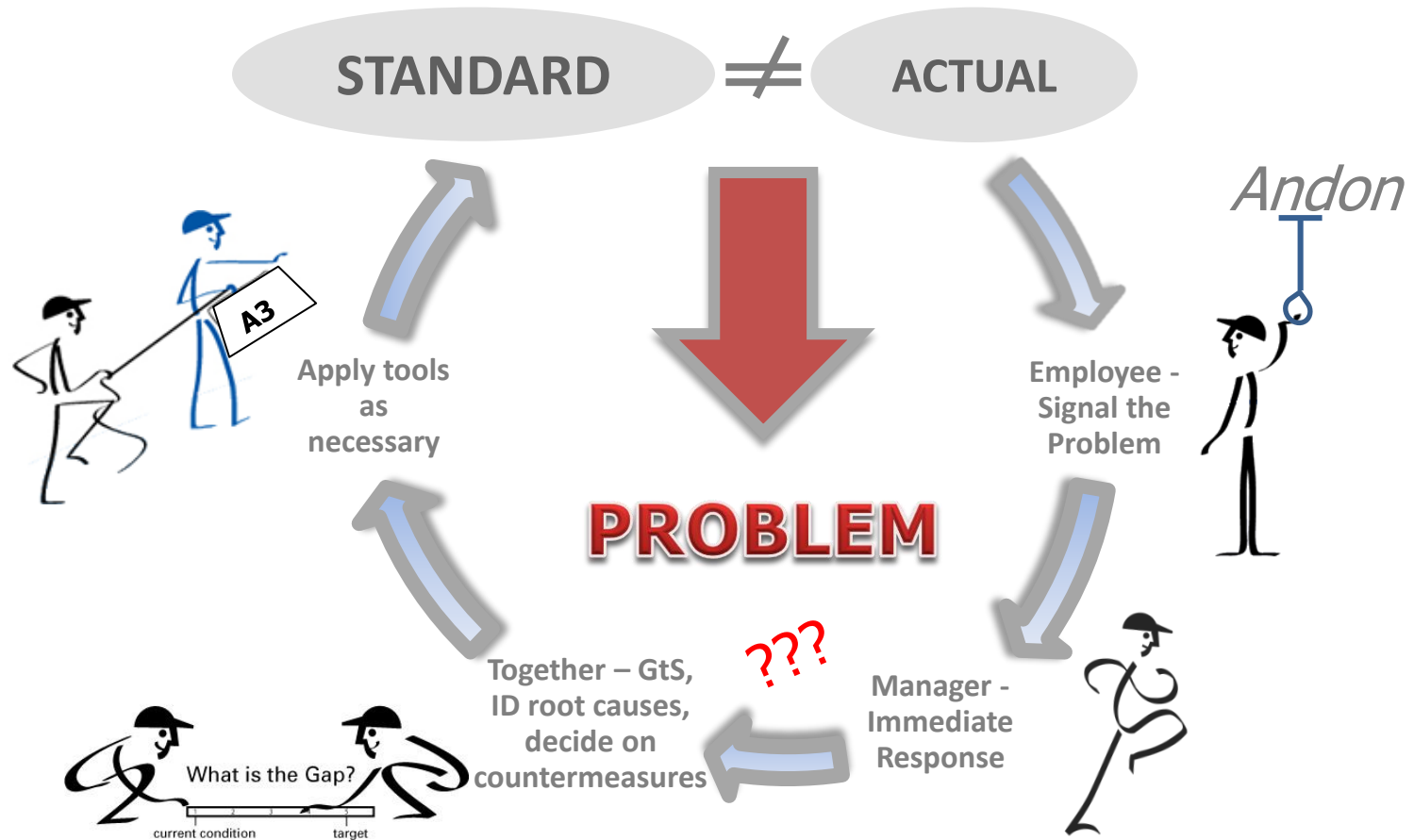
Monthly
Evaluation

The Lean Management System



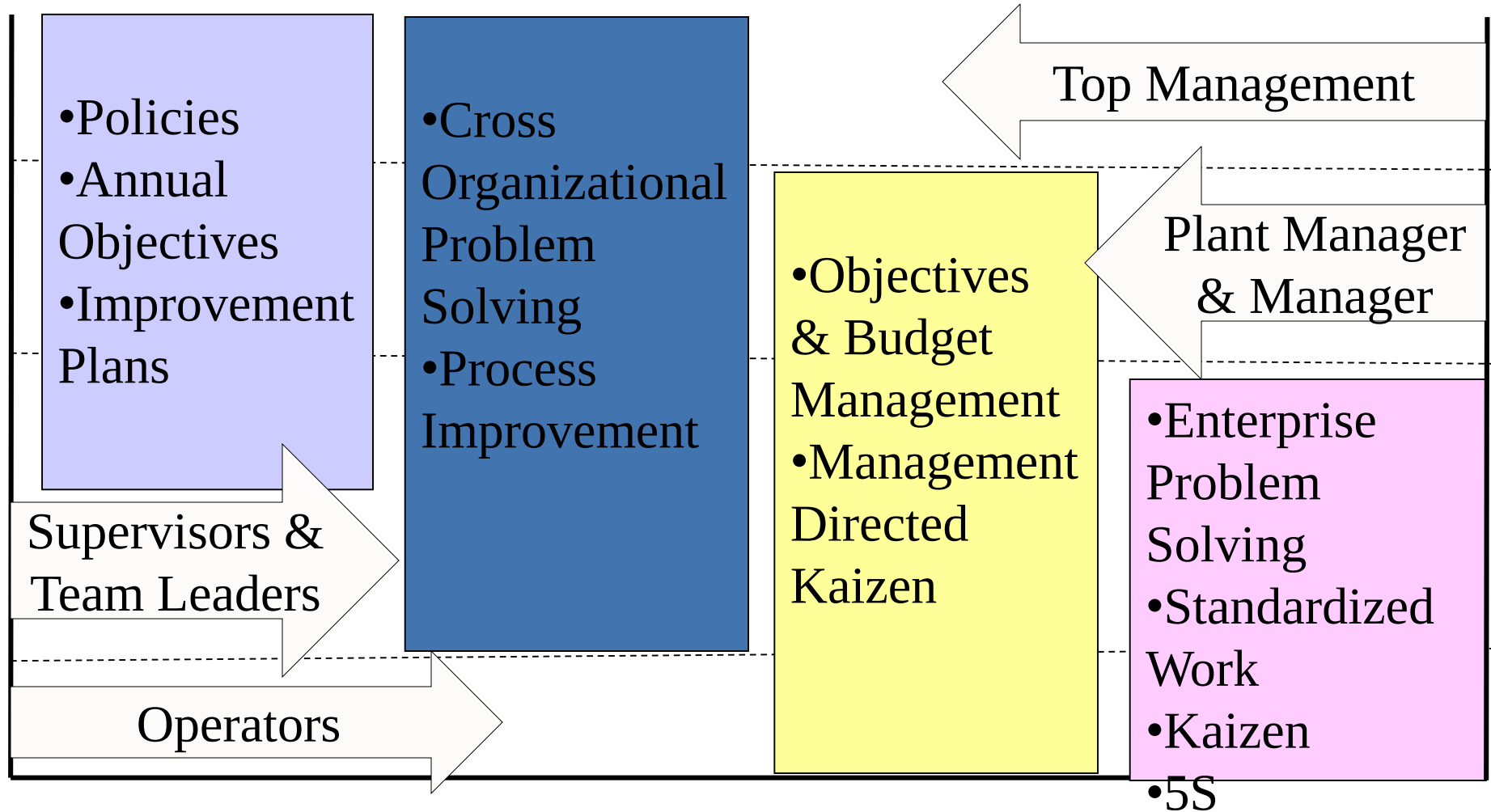
The Work of Leaders-

*Developing Systems & People to set Standards
& Identify and Correct Out-of-Standard Conditions*

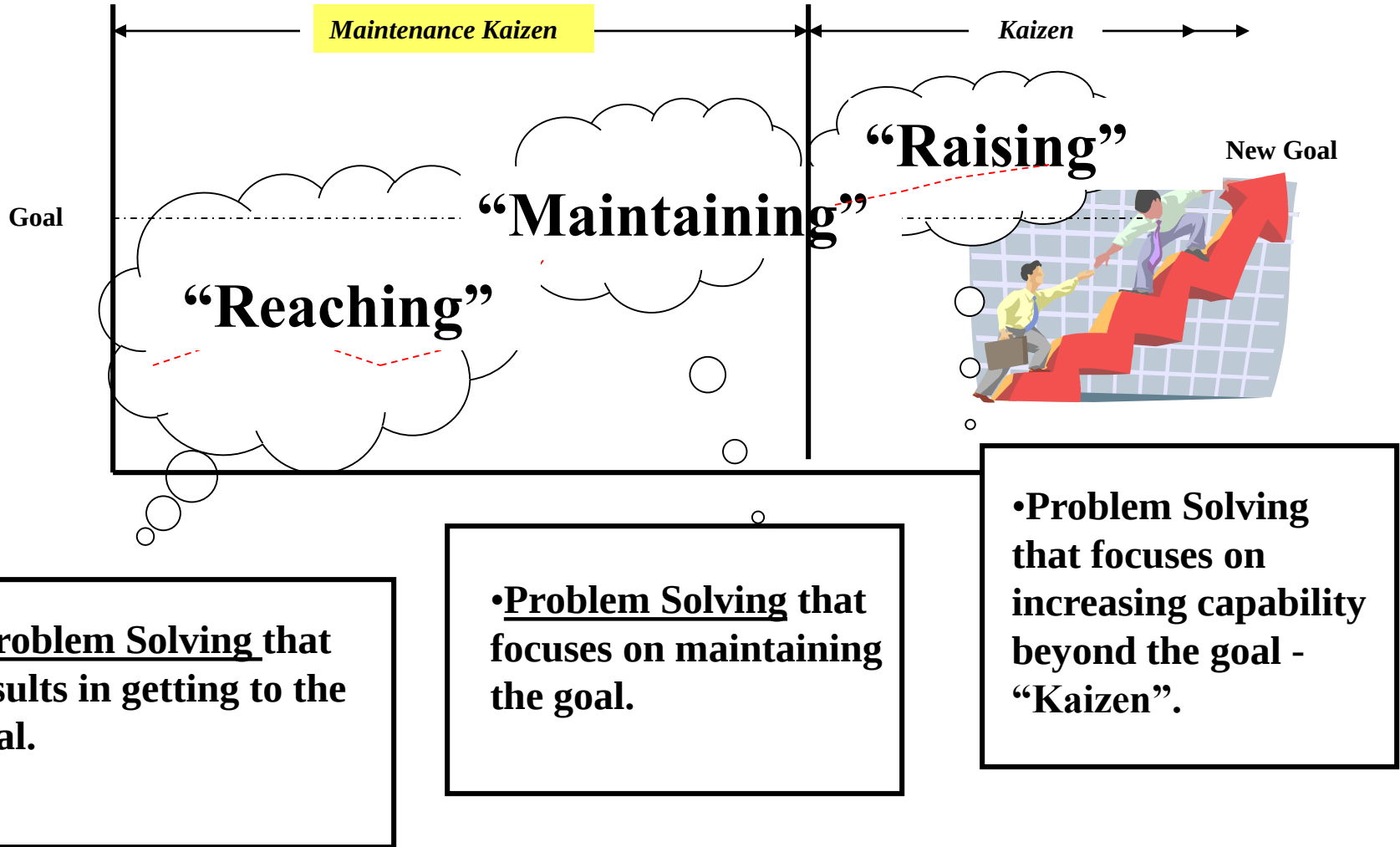


In the lean organization, the work of managers involves putting in place the system for signaling problems and responding to them.

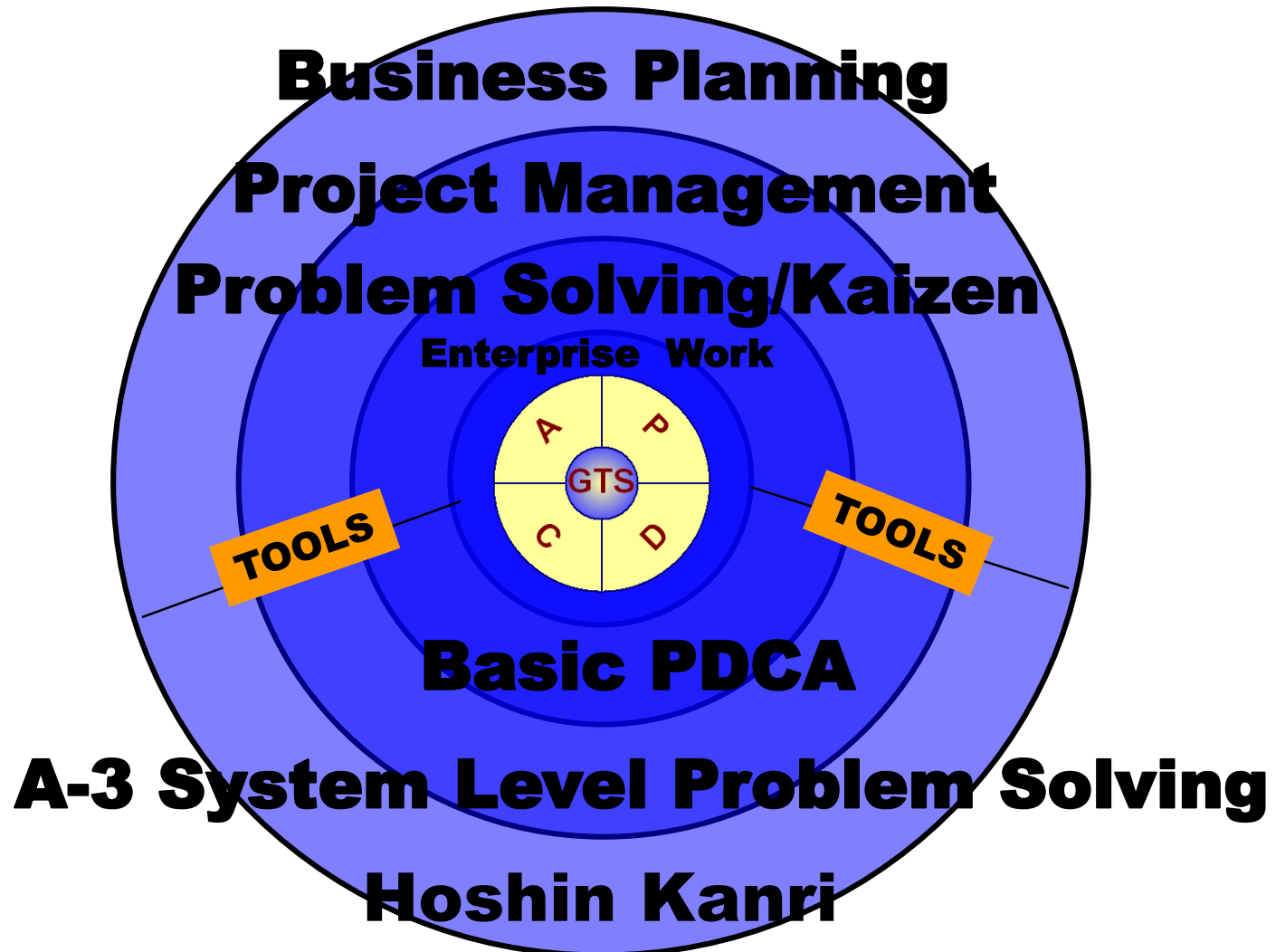
Problem Solving at all Levels



Three Stages of Problem Solving



3 Levels of Problem Solving



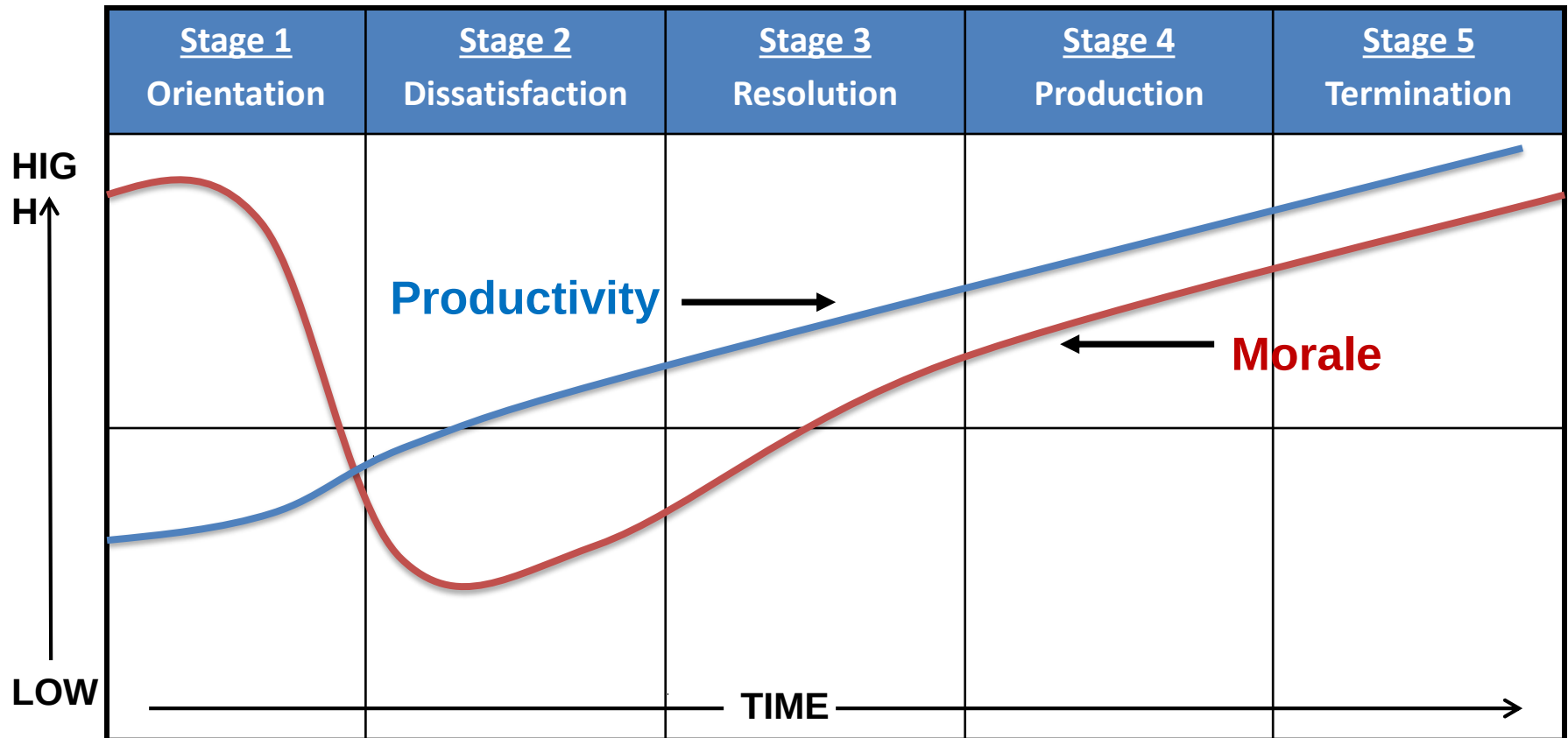
Suggestion System

To encourage all team members to look more creatively at what they do and to take an active part in the development of an outstanding company.



Employee Involvement Teams

Team Development Model



Adapted from R. B. Lacoursiere, The Life Cycle of Groups

Linking the 8 Steps with PDCA and Drive & Dedication

Concrete Actions and Processes

P

1. Clarify the Problem
2. Break Down the Problem
3. Target Setting
4. Root Cause Analysis
5. Develop Countermeasures

D

6. See Countermeasure Through

C

7. Monitor Both Results and Process

A

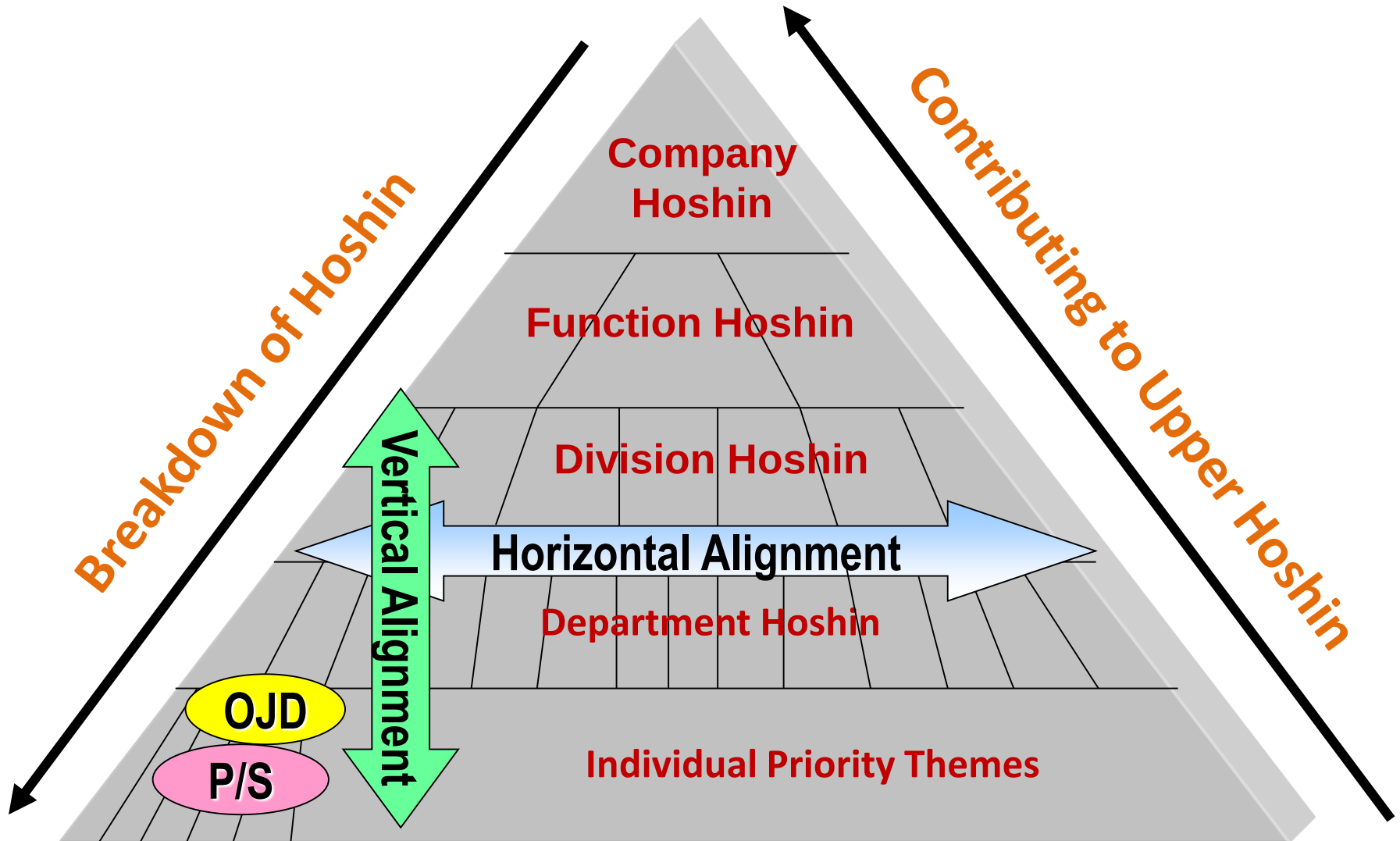
8. Standardize Successful Processes

Drive and Dedication

- Customer First
- Always Confirm the Purpose of Your Work
- Ownership and Responsibility
- Visualization (MIERUKA)
- Judgment Based on Facts
- Think and Act Persistently
- Speedy Action in a Timely Manner
- Follow Each Process with Sincerity and Commitment
- Thorough Communication
- Involve All Stakeholders

Hoshin Kanri

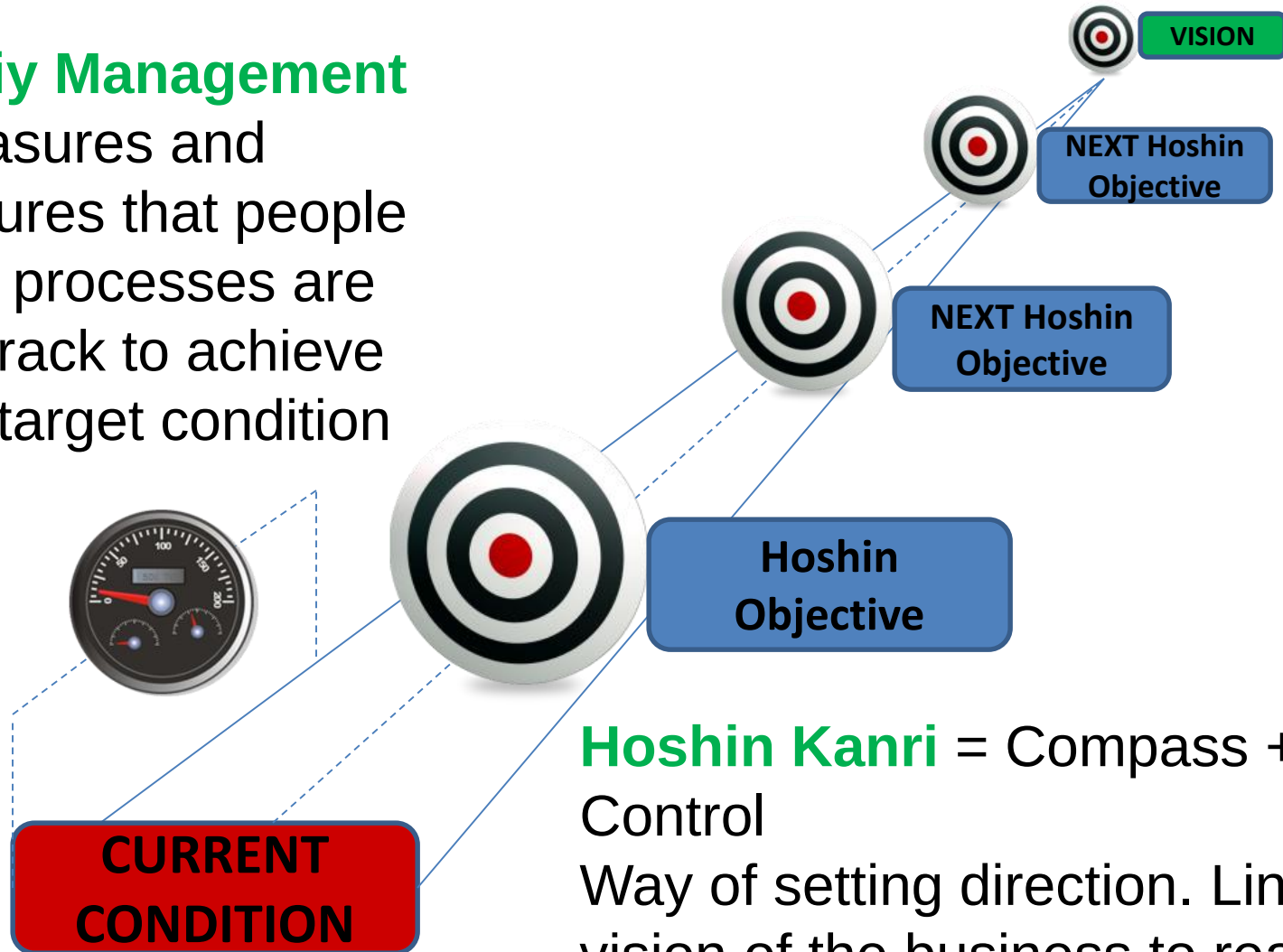
= Direction Management



Daily Management and Hoshin

Daily Management

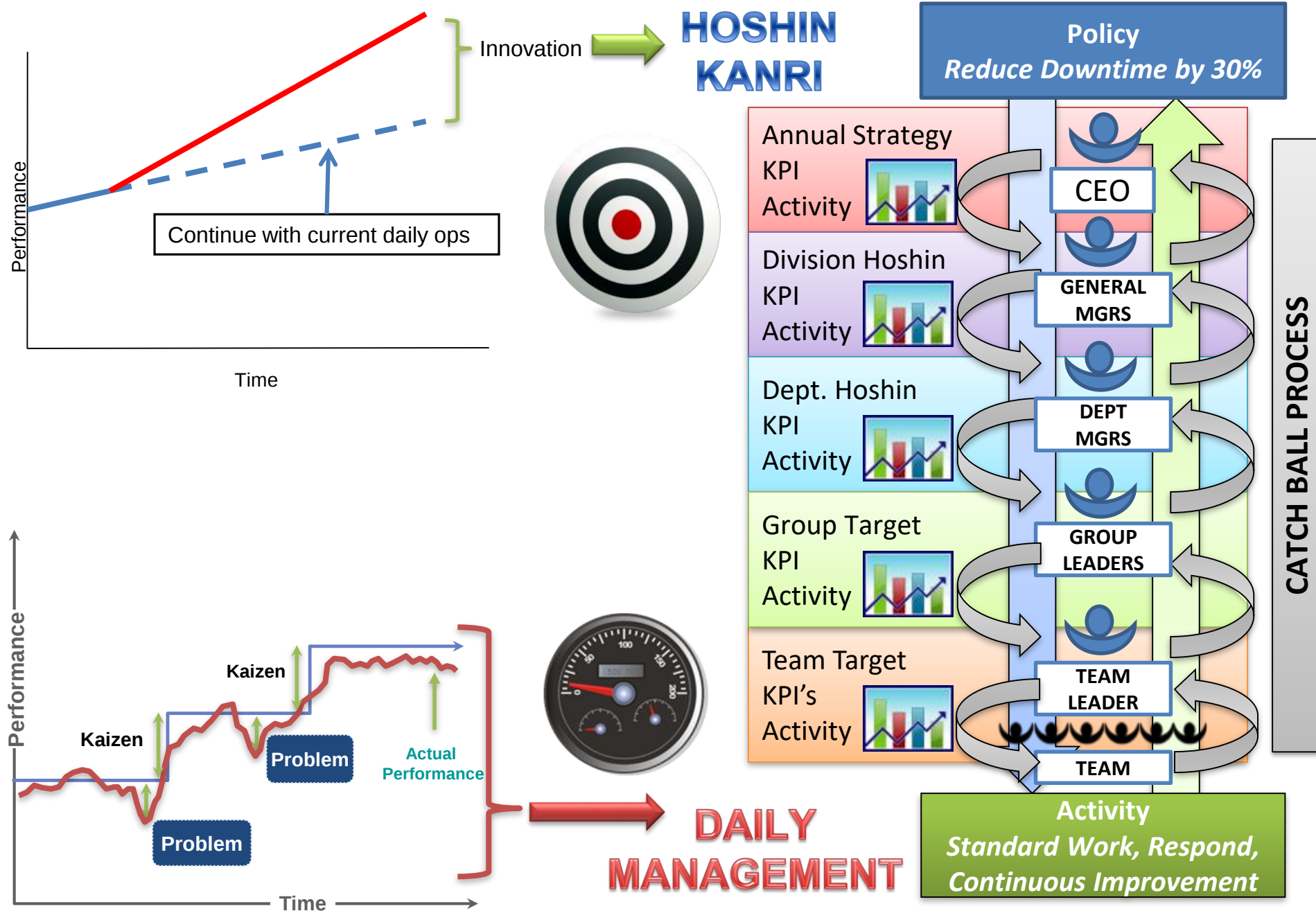
measures and ensures that people and processes are on track to achieve the target condition



Hoshin Kanri = Compass + Control

Way of setting direction. Links the vision of the business to real objectives

Daily Management and Hoshin



Team Board-Floor Management Development System



Enterprise-wide Business Management Development System

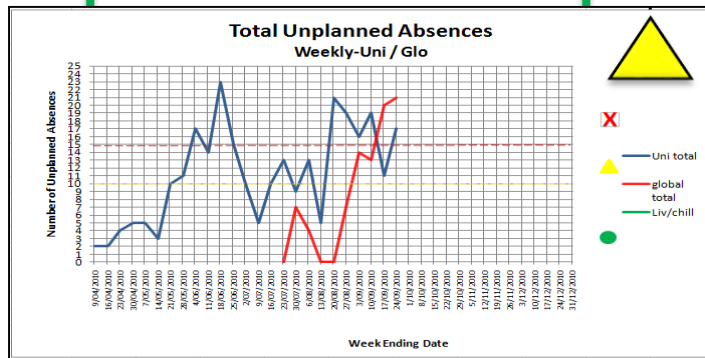
Sales	Product Development	Supply Chain	Execution Operations	Execution Support	Finance
Revenue	Quality	Order Fulfillment	Safety	HR Turnover	ROI
Growth	Time to Market	Forecast/ Actual%	Quality	Safety Medical Cost	EBITDA
Customer Satisfaction	Cost to Budget	Material Shortage	Service/ Delivery	QA	Direct Margin
Sales Pipeline	Productivity/ Delivery to Target	Supplier Report card Quality	Cost		COGS Margin
Sales Forecast to Actual	Problems ID'd timely	Order to Cash Lead Time	People		Debt
Business Acquisition Process	Problems solved timely	Inventory turns	Environment		Accts Rec
Sales, Leads, Calls	Master Plan	Master Plan			

KPI Development

Hoshin Objective

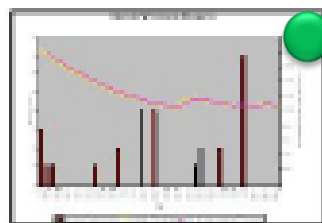
PRODUCTIVITY

MAIN KPI



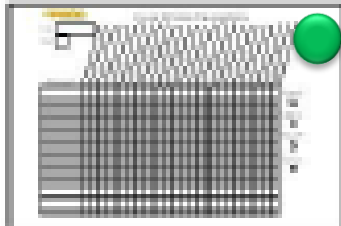
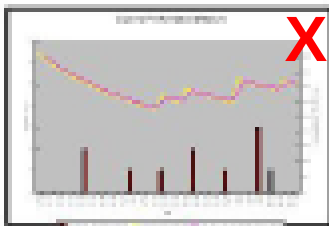
Main KPI - KPI's selected through catch-ball process that will be primary indicator to align with Hoshin.

SUB KPI



Sub-KPI's - KPI's that link to main KPI and are important to measure for dept/area/group/team.

PROCESS KPI'S



Process KPI's – Measuring critical processes and metrics that align with sub-KPI's through to Hoshin.
(dependent on maturity of area for these KPI's)

Standard work for all levels

WORK BREAKDOWN SHEET		Process Name: Updating Team Activity & Team Leader Boards	
Tools		Reference No:	Last Revised: 29/9/2010
Blank template graphs, Data collection sheets, coloured pens, calculator			
Seq. No.	Operation Elements	Key Points	Reasons Why
1	Team Activity Board (Collecting Data)	Find file under - L:\Teams\Process Floor\Team 1_Team\Daily Activity Board (People, Safety, Quality, Productivity, Sustainability)	To make it easier to collect the right data.
2	Place the blank data collection sheets in the plastic pockets on your Team Activity Board.	Board on right hand side.	To keep the sheets clean and dry.
3	Collect data daily or as often as required per Shift/per Run and mark on the data collection sheets	Eg: unplanned absences, safety incidents, quality concerns, team audits	To use to populate the graph templates and visually show the data.
4	Team Leader Board (Graph Data)	Use coloured pens according to the graph legends to show data in the graph formats	To show difference between runs, quality concerns, universal/global shifts, etc.
5	At the end of each week, update the Weekly/Monthly Trend Graphs with the weekly totals	Use blue pen for Universal and red pen for Global.	To distinguish between Universal and Global data.
6	Group Leader Board	Complete "Daily Data Collection Sheet for Group Leader" and leave in yellow cardboard folder	To ensure Group Leader is able to update the Group Leader Board daily.

I have been trained according to the Breakdown above and fully understand how to do this job. I also agree that it is my responsibility to follow these steps.

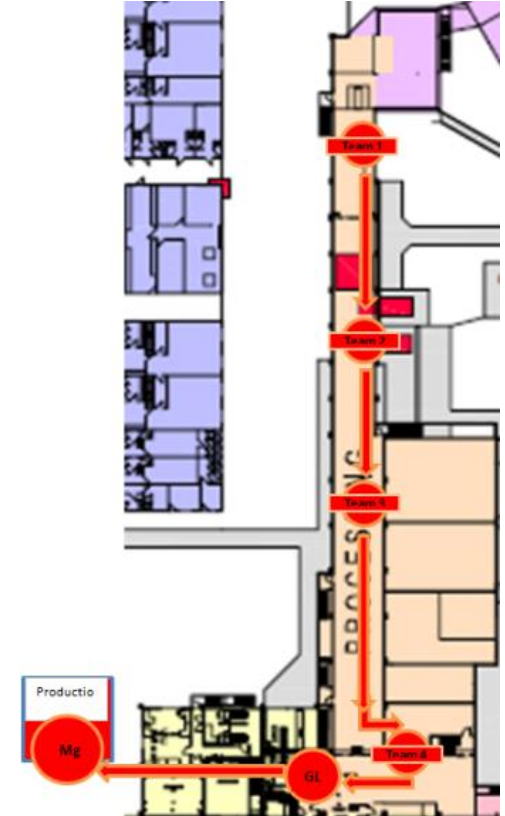
Team Member: _____ Trained by Team Leader: _____ Approved by AEM or Manager: _____

Date: _____ Date: _____ Date: _____

Standard work for gathering data, analysing data and status and reporting for all levels

Daily Management Boards - Audit Checklist		Date
Team Leader Boards	1	Current day's data
	2	Trend data updated
	3	Correct status marker shown (u, v, o)
	4	Neat and tidy with everything in its place
	5	Current day's data
	6	Trend data updated
Group Leader Board	7	Correct status marker shown (u, v, o)
	8	Neat and tidy with everything in its place
	9	Current day's data
	10	Trend data updated
	11	Correct status marker shown (u, v, o)
	12	Neat and tidy with everything in its place
Manager Board	13	Current week's data (updated at 8am each morning)
	14	Trend data updated
	15	Correct status marker shown (u, v, o)
	16	CA launched if there is one week of "u" or two weeks of "v"
	17	Neat and tidy with everything in its place
	18	Coloured pens in their place at the board
Standard Work at the board		
Current week's data (updated at 8am each morning)		
Trend data updated		
Correct status marker shown (u, v, o)		
CA launched if there is one week of "u" or two weeks of "v"		
Neat and tidy with everything in its place		
Coloured pens in their place at the board		
Standard Work at the board		
Total		
Overall Audit Comments/Actions		Who?
1		
2		
3		
4		
5		
6		

Standard audits or boards at all levels. Explains what to check with simple 'yes' or 'no' answers. This also creates audit of leader standard work



Standard path for conducting audit within a value stream. I.e. Start here, then here, etc.

Fujio Cho, Chairman, Toyota Motor

Former President, Toyota Motor Manufacturing,
Kentucky:

3 Keys to Lean Leadership:

1. Go See.

- “Sr. Mgmt. must spend plant floor.”

2. Ask Why.

- “Use the ‘Why?’ technique daily.”

3. Show Respect.

- “Respect your people.”

