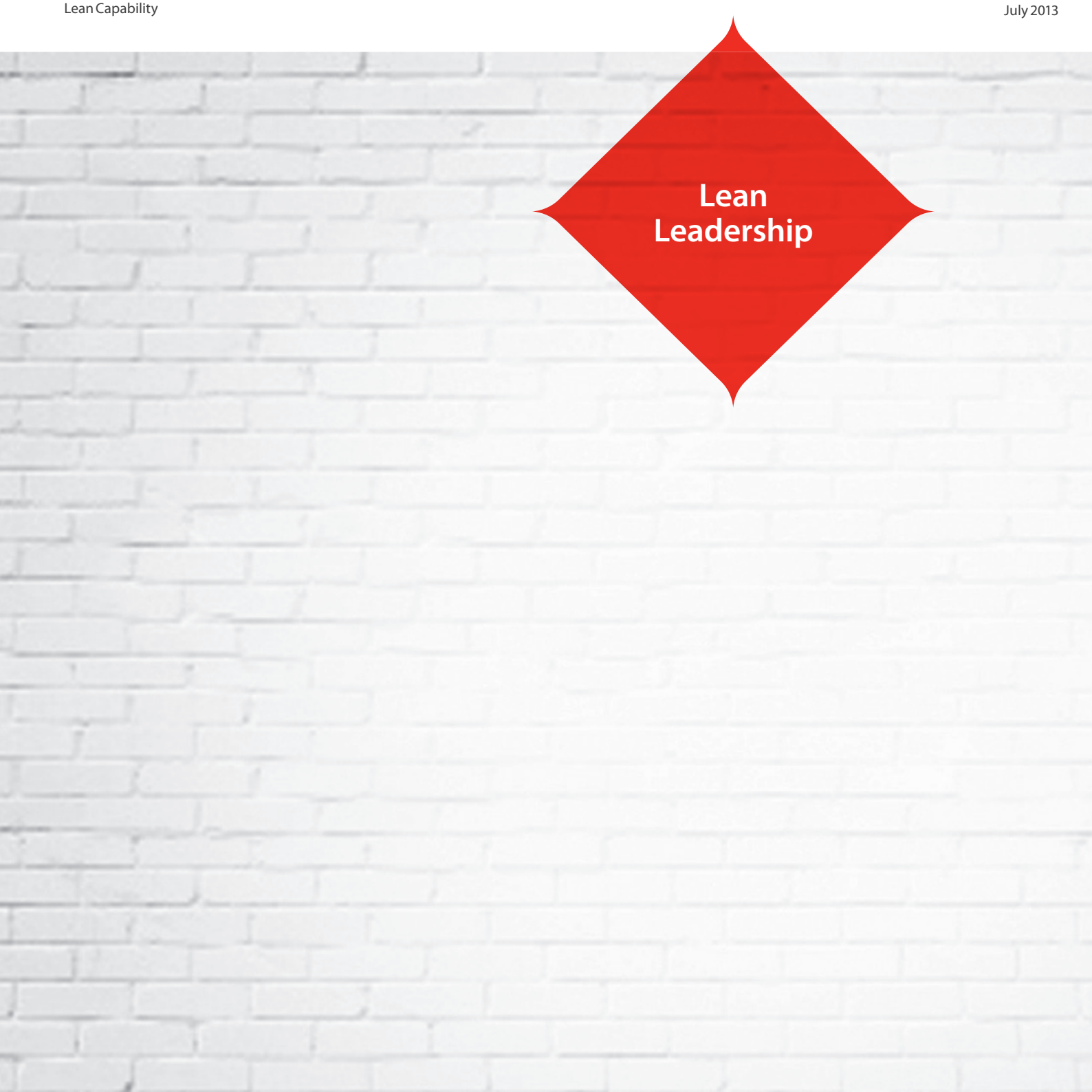
Hitachi Consulting
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# Thought Leadership
# Have you hit the wall of your Lean journey?

Lean Capability

July 2013



# Hitachi Consulting's experience with a European automotive manufacturer provides real lessons in Lean Leadership.



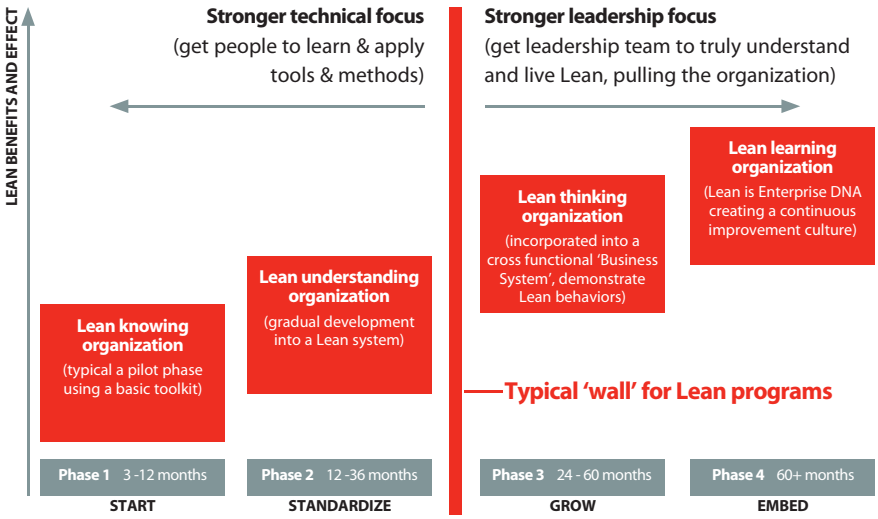

**Too many Lean initiatives fail to realize their full potential, say Jonathan Gray and Mark Hughes, Vice Presidents Operations.**

Since 'The Machine That Changed The World' was published in 1990, most businesses around the world have embarked in one way or another on a Lean initiative, in pursuit of higher productivity, lower cost, and greater customer loyalty. Unfortunately, few organizations have realized the full potential of the Lean system. In fact, many businesses have failed to show significant progress beyond an initial year or so of waste reduction. Like a marathon runner who begins strong, but soon runs out of energy, many Lean efforts have the feeling of 'hitting the wall'. When this happens, senior management often concludes that either Lean is 'done', or that the theory was over-hyped and not as powerful as they were initially led to believe. Both of these conclusions are wrong. In fact, Lean is a transformational journey which changes the fundamental values and behavior of an organization. Along the way, there are a number of critical success factors which enable the progress and learning required to advance to the next level of maturity.

Hitachi Consulting has been working with a European car manufacturer in 2011 and 2012, which, like many other companies, was feeling a slowdown in their Lean journey. Their situation was typical: over a decade of experience in applying Lean techniques, a strong focus on tools/methods, and strong push from management to implement. They achieved significant improvements over the first few years and even starting feeling that they were approaching 'world-class' levels of Lean performance. But for some reason, the initiative began to lose energy. And in fact, the harder they pushed for results with Lean, the more the progress seemed to slow down. Why? What was happening? What could be done to get over the wall?

## Understand where you are on your journey.

Let's take a closer look at their situation. The scope of Lean was initially limited to the work cell and production line. Their efforts were mainly focused on team work, waste reduction and standardized work. To achieve this, the workforce had been trained to apply the basic Lean toolkit. A strong awareness had been created in the Lean roll-out and management was strongly communicating the importance and measuring progress. This produced some good initial results, as the low-hanging fruit was harvested. In Hitachi Consulting's Lean Leadership Model Maturity™ Scale this was a typical 'Phase 1- Start' experience, which is an effective way to begin the Lean journey. Over time the basic Lean toolkit organically grew into a production system, incorporating the broader manufacturing organization into the Lean journey with a strong set of working standards as defined in 'Phase 2 - Standardize'. The available toolkit grew significantly, the level of education increased throughout the orga-




**Hitachi Consulting's Lean Leadership Maturity Model ™**

nization with the development of a Lean Learning Academy as did the centralized governance structure required to drive compliance to the installed elements of the production system. It was at this point Hitachi Consulting were asked to step in and undertake a wide spread assessment of the manufacturing organization to understand why this more advanced Lean system was not delivering the step change in performance as expected.

The assessment highlighted a gap in fundamental Lean understanding of the workforce, applying the toolkit without considering the real essence of Lean and thus achieving a compliance only approach to improving performance.

The organically grown production system had become complex and core Lean principles were not articulated clearly. The system needed to become simpler, more logical and easily able to articulate both the why, what and how of Lean.

In addition, some of the key prerequisites were not in place to provide the enviroment for the workforce to execute Lean effectively. The organizational set-up did not provide enough capacity for people to consistently drive improvement activities, the performance management system did not put Lean at the forefront of achieving performance targets, leadership was not providing the level of support required for the teams to be successful and as a result overall organizational climate was low.

## Leaders must make a conscious choice.

Leadership were openly sponsoring the Lean journey but not actively role modelling a Lean way of working. The reason they were hitting the wall was mainly due to leadership behavior. The role of leadership during Phases 1 and 2 includes creating awareness, setting clear expectations, energizing teams and measuring results. It usually has a very top-down style, which is often prescriptive. While this leadership approach is necessary to get Lean started, it soon outlives its usefulness. And unfortunately, most leaders do not feel it necessary to fully understanding Lean yet many say they have done Lean. For many, Lean simply becomes a trendy moniker for cleaning up the shop floor and reducing cost.

At this tipping point leadership must make a conscious choice. Take the safe route and make the required structural changes; re-design the production system and tweak the organizational set-up to create capacity providing others with a greater chance of success on their Lean journey or move to Phase 3 – Grow'.






# Support experimentation, encourage creativity.

In phase 3 your organization starts to think Lean. It requires a shift in leadership behavior, moving from driving compliance to supporting experimentation, encouraging creativity without losing the importance of standards and structure. It is now that people start to take their own Lean journey, applying it to themselves and their environments taking accountability to improve and with the right support committing to stretching goals and targets.

When leaders unlock the full potential of Lean, the workplace transforms in some dramatic ways. Employee engagement, creativity, teamwork and pride reach new levels, and continuous improvement becomes ingrained in the daily work culture. As continuous improvement becomes a reality, seemingly impossible levels of performance become the new norm.

**If you find your Lean journey has hit the wall, what choice will you make?**

## Why Hitachi Consulting?

Hitachi Consulting is the global management consulting and IT services business of Hitachi Ltd., a global technology leader and a catalyst of sustainable societal change. In that same spirit – and building on its technology heritage – Hitachi Consulting is a catalyst of positive business change, propelling companies ahead by enabling superior operational performance. Working within their existing processes and focusing on targeted functional challenges, we help our clients respond to dynamic global change with insight and agility. Our unique approach delivers measurable, sustainable business results and a better consulting experience.

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