Hitachi Consulting
We make it happen. Better.

Case Study
Sustaining Operational Excellence through Lean Leadership



Business Challenge

The client is a premium automobile manufacturer with a global reputation for safety and its unique design. Under new ownership and leadership, the organization was at the start of an exciting phase of their development. Their vision was to become the world's most progressive and desired luxury car brand.

Our client, the manufacturing group, had set clear and ambitious targets in its 2020 strategy: to double vehicle production volumes, to achieve industry benchmark levels of quality (i.e. best-in-class, First Time Through (FTT) of 85% in Final Assembly) and to deliver a range of new models, quickly and effectively.

They had been successfully implementing Lean manufacturing for many years and, as a result, had seen steady levels of improvement across the organization. Yet there were signs that in some areas the level of improvement was slowing down. The manufacturing leadership team decided it was time to step back and consider how to approach the next phase of its Lean journey.

As part of a companywide initiative an organizational health survey had been initiated. The results highlighted key areas of improvement that were largely consistent across the organization. As a result, a company wide senior leadership program was created to support senior leaders in demonstrating the refined core values and principles.

Hitachi Consulting was asked to support Manufacturing in conducting a review of its Operational Strategy and defining the next phase of Operational Excellence through Lean and Lean Leadership, in order to meet its ambitious targets whilst still delivering year-on-year productivity improvements.

This initial 13-week assessment phase covered three dimensions:

- **Top-down:** Working with the senior leadership team through a series of workshops to understand industry benchmarks, align on the strategy and operating model scenarios and jointly develop an operational roadmap to deliver the business objectives.
- **Bottom-up:** Across all levels of the organization in all locations, understanding how people perceive Lean and leadership. Observing people in their daily work to uncover the barriers to delivering the breakthrough performance required and the potential benefits when those barriers are overcome.
- **End-to-end:** Reviewing the Lean system itself, the supporting processes, the organization and management systems to identify whether the critical enablers are in place to support sustainable continuous improvement, and the development of a Lean thinking organization.

Overview

Customer Challenge
The primary objective of the client engagement was to help the car manufacturing division to review its Operational Strategy and define the next phase of Operational Excellence through Lean and Lean Leadership

Location
Sweden, Belgium

Sector
Automotive (Industrials)

Function
Manufacturing, HR

Service Lines
Operational Strategy & Transformation

Capabilities
Operational Excellence, Lean Leadership

"It was the combination of the Manufacturing System and Lean Leadership that made the difference."

- Plant Director and Lean Leadership Ambassador



The next step change in Operational Excellence

Following this assessment, Hitachi Consulting was asked to support the organization across multiple areas in its operational roadmap focusing on delivering the next step change in Operational Excellence through Lean Leadership. The Lean Leadership had to be capable of impacting over 12,000 employees within the manufacturing organization, from vice president to team leader and team members alike.

Approach

By working with the senior leadership team and engaging leaders and employees across the organization the team set out to develop the next generation of Operational Excellence. The project included:

- **The simplification of the manufacturing system:** Defining key principles that everybody could understand and a hierarchy of methods and tools which would provide a logical sequence of implementation and an understanding of 'why' Lean principles, methods and tools are applied to particular operational challenges.

- **A refocus of roles and responsibilities throughout the hierarchy:** Ensuring that spending time coaching teams and individuals and delivering continuous improvement became the priority. Time at 'Genba' (where the work happens) was to become sacred, and for most leaders, greatly increased.

- **Adjusting the standard agenda and meeting schedule** to facilitate this change of priorities. The fixed meeting overhead and administration time was significantly reduced and as many activities as possible moved to 'Genba'. The concept of 'span of control' was replaced with 'span of support' and then balanced accordingly to ensure that leaders could spend enough time with each of their team members whilst delivering their own operational activities.

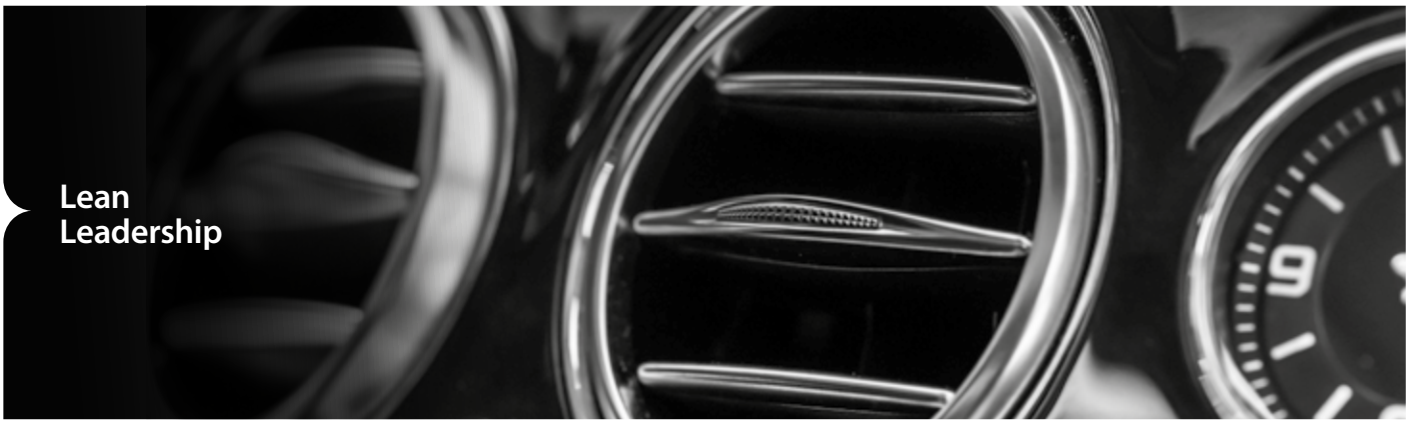
- **Defining the experience and leadership behaviors linked to the manufacturing system:** Before defining leadership behaviors, both leaders and teams at different levels in the organization agreed on the working 'experience' that they wanted to create together, one that would create an environment for people to thrive. Then the program's core values and principles were connected to Lean principles and methods, moving toward the 'guiding coach' style of leadership, defining the behaviors to directly support the implementation of Lean.

- **Building the Lean leadership coaching capability to complement the Lean technical coaches:** Identifying respected individuals, at different levels, within the operational organization who had a natural ability to engage others. In addition, upskilling them with new competencies, tools and techniques to coach the required behaviors, in real life situations, 'on-the-job', to create a Lean thinking, learning organization. These coaches were referred to as 'implementation coaches'. It was important that everybody understood that their role was to implement real change.

- **Developing a standardized deployment approach:** Creating transparency of the value stream and performance, providing training and individual education, practicing 'go to Genba', running Kaizen (improvement) workshops, delivering tangible improvements and receiving behavioral coaching within a 13-week 'boost' period. Each leader would go through a 'boost' phase consisting of four weeks of intense activity and nine weeks of on-the-job coaching with their dedicated coach.

- **Embedding the manufacturing system and Lean Leadership into business as usual:** Ensuring that Lean is not seen as a project but the way to deliver results. Keeping the governance light and integrating it wherever possible into the management systems of the operational organization.

- **Integrating Lean Leadership into core HR processes:** New competencies and behaviors to be integrated into recruitment, learning and development, appraisal and performance management processes across the organization. Time spent as a Lean Leadership coach will be become an essential step for high performers as they progress within the organization. This sucession planning secures the required competences and behaviours into the organization for the long term.



Lean Leadership

This period of development carried out with the organization created a deep understanding of what would happen and how, enabling senior leaders to role model change, not just sponsor it. Every senior leader had become capable of coaching teams and other leaders on Lean principles and Lean Leadership behaviors.

Once developed it was critical to move to deployment quickly and visibility. A global senior management forum was the perfect place, brining together the top 100 leaders of the organization in one place. During this session Lean Leadership was not only communicated but demonstrated.

The manufacturing senior leadership team themselves led games and role plays to demonstrate to their organization what these new behaviors look and feel like. The feedback was excellent and the organization was now committed. The following week, the pilots started.

Hitachi Consulting supported the delivery of two initial Lean Leadership pilots in both Sweden and Belgium. The pilot ran an initial 'boost' phase in each plant, the attendees consisted of all levels from plant director to team leader in one specific area of the plant. This 'deep and narrow' pilot ensured that the impact on leadership behaviours at all levels could be understood and coached effectively. Only when there is consistency in leadership behaviors can you truly create the required experience.

Within the first week of the pilot, leaders had been trained on Lean principles, Lean Leadership behaviours, coaching, performance management and personal effectiveness. They had mapped their own value stream, and performed 'Genba' activities with coaching. By week three, they ran run a Kaizen workshop and where possible implemented a small improvement somewhere in their organization.

Coaching made personal, with time taken to build the coach and coachee relationship so that feedback was received appropriately. Coaches were able to help leaders understand the impact on their behaviors on others and prioritize practical improvement actions that would be demonstrated the very next day, followed by more feedback based on real time observation. This instense period of coaching accelerated the phase of self realization so that real change could take place in a short period of time.

Hitachi Consulting continued to support the global manufacturing group for an additional three months. By this time support was very light touch, providing coaching only to the client implementation coaches as they gained confidence and experience. After this period they were ready to continue with a multi-year deployment program without the need for external support.



Results

Eighteen months into the program, Lean Leadership has been going strong and the client's ambitious targets are well on their way to being delivered. In particular the progress on quality both from an operational 'First Time Through' and customer warranty perspective has been faster and more successful than originally estimated.

A recent refresh of the Organizational Health Survey shown a positive response to the Lean Leadership program. Our client has managed to ensure sustainable delivery of performance improvements whilst creating a more inspiring, motivating place to work.

Leaders encourage people to improve and try new things within the principles of Lean and operational stability, with the right level of focus on standardization so as not to stifle creativity.

The Lean Leadership program has created an environment where ambition and challenge is matched with the required coaching and support from leaders for people to be successful. Accountability is matched with authority and, as a result, empowerment is a reality. Everybody sees problems as theirs to resolve, not somebody else's. New changes are absorbed easily and escalations are minimized.

The Lean Leadership program has demonstrated that the next generation of Operational Excellence is created not by adding more tools and techniques, but by simplifying what you have, ensuring everybody understands why and coaching the behaviors at all levels to reinforce the system.

With this pull effect in place our client is continuing to roll out Lean Leadership across the value chain with the same level enthusiasm as seen on the first day. This investment in people helped them weather a challenging period of financial performance, coming out the other side as a healthier, stronger organization.

"This has helped us drive accountability within our teams, giving us more time to focus on improvement activities."

"Giving the team members the opportunity and freedom to think has made all of us problem solvers."

- Supervisor

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