

The Culture of Continuous Improvement

HRQMC Workshop VII

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Personal Introduction

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 - Director of Education, Southside
 - Certified Instructor – *Lean Enterprise Workshop Series*
 - *HRQMC*
 - Leadership Team Member
 - Presented at HRQMC Workshop V, VI
 - Production Manager, *Lifetouch NSS*
 - Founding Member & Co-chair CI Steering Committee
 - TOC & Synchronous Manufacturing
 - 3 major implementations
 - 13 years experience with sustained operations
 - Lean / Six Sigma
 - Master Certificate in Six Sigma Black Belt
 - LSSS / LSSBB (CSSBB)

Presentation Overview

- **CULTURE**
 - Culture is ?, Defining Culture
- **CONTINUOUS IMPROVEMENT**
 - TOC, LEAN, 6σ – Focus on “LEAN”
- **CULTURE OF CONTINUOUS IMPROVEMENT**
 - LEAN Culture – Reference Toyota
- **CREATING A CULTURE OF CONTINUOUS IMPROVEMENT**

CULTURE

Culture is . . . ?

- The behaviors of an organization's members
 - What members do and do not do
 - What happens and how people act when the 'boss' is and is not around
- The behaviors of an organization's leaders
 - What leaders do and do not do
 - How the 'boss' interacts with employees
 - The leadership style
 - The attention given to manage the culture

Culture Formally Defined

A pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.

Reference: Schein's Organizational Culture and Leadership, www.tnellen.com/ted/tc/schein.html

Determinants of Culture

- Organizational Vision, Values, Mission

- 3P's

- Where are we going?
 - Preferred ***Picture*** of the Future
 - What do we believe in?
 - ***Principles*** and values
 - Why do we exist?
 - Our ***Purpose*** or niche

Reference: Jim Clemmer, www.managerwise.com/article.phtml?id=207

- Organizational contradictions to above

Determinants of Culture

- Norms, values, behavior patterns, rituals, traditions
- Shared learnings
- Leader's (Leaders') influence; values, relationships, management style, expectations, policies, etc.
- What the leader does, as well as does not do

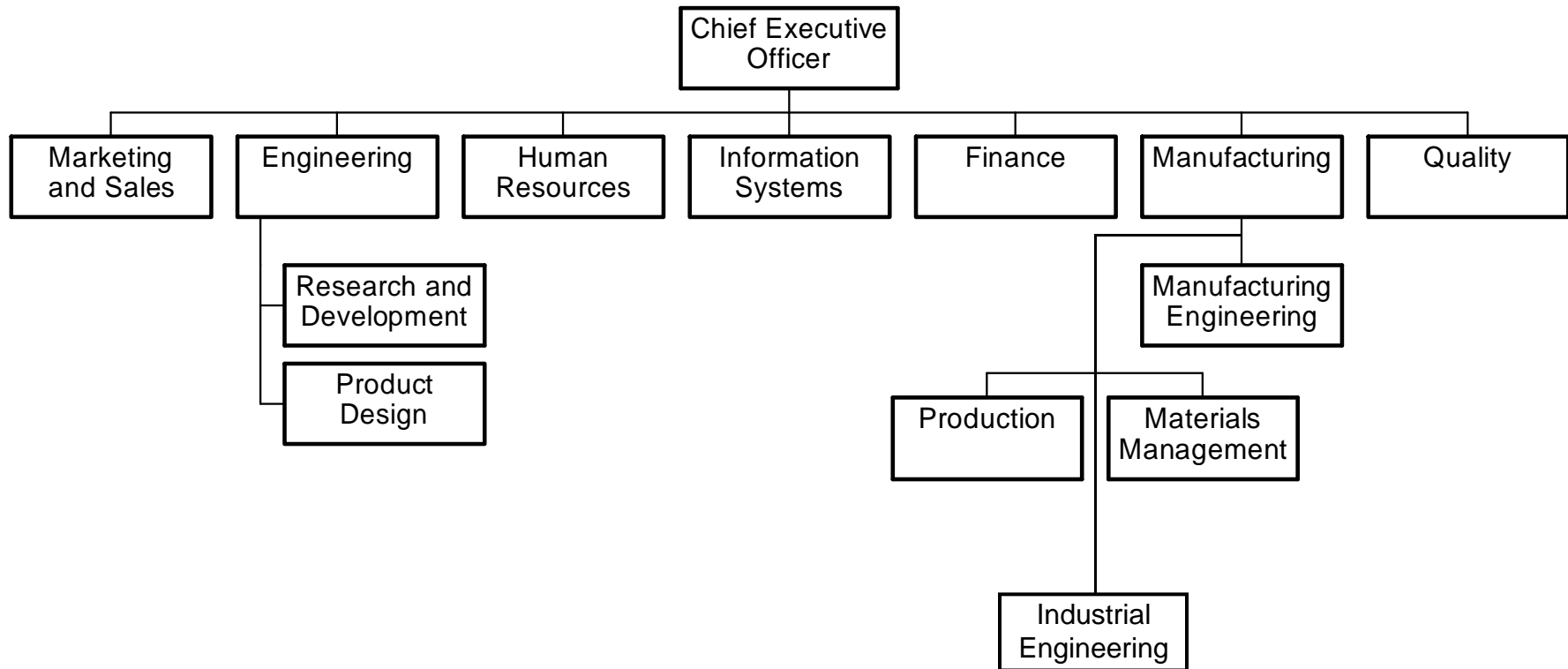
True Drivers of Culture (?)

- Cultures are dynamic
- Are not accurately represented by and may contradict
 - The organizational chart (hierarchy)
 - Company policies and guidelines
 - Company statements about its Vision, Values, Mission
 - The leaders' statements, programs, and general pontifications . . .

Cultures are . . .

- Not linear
- Not two dimensional

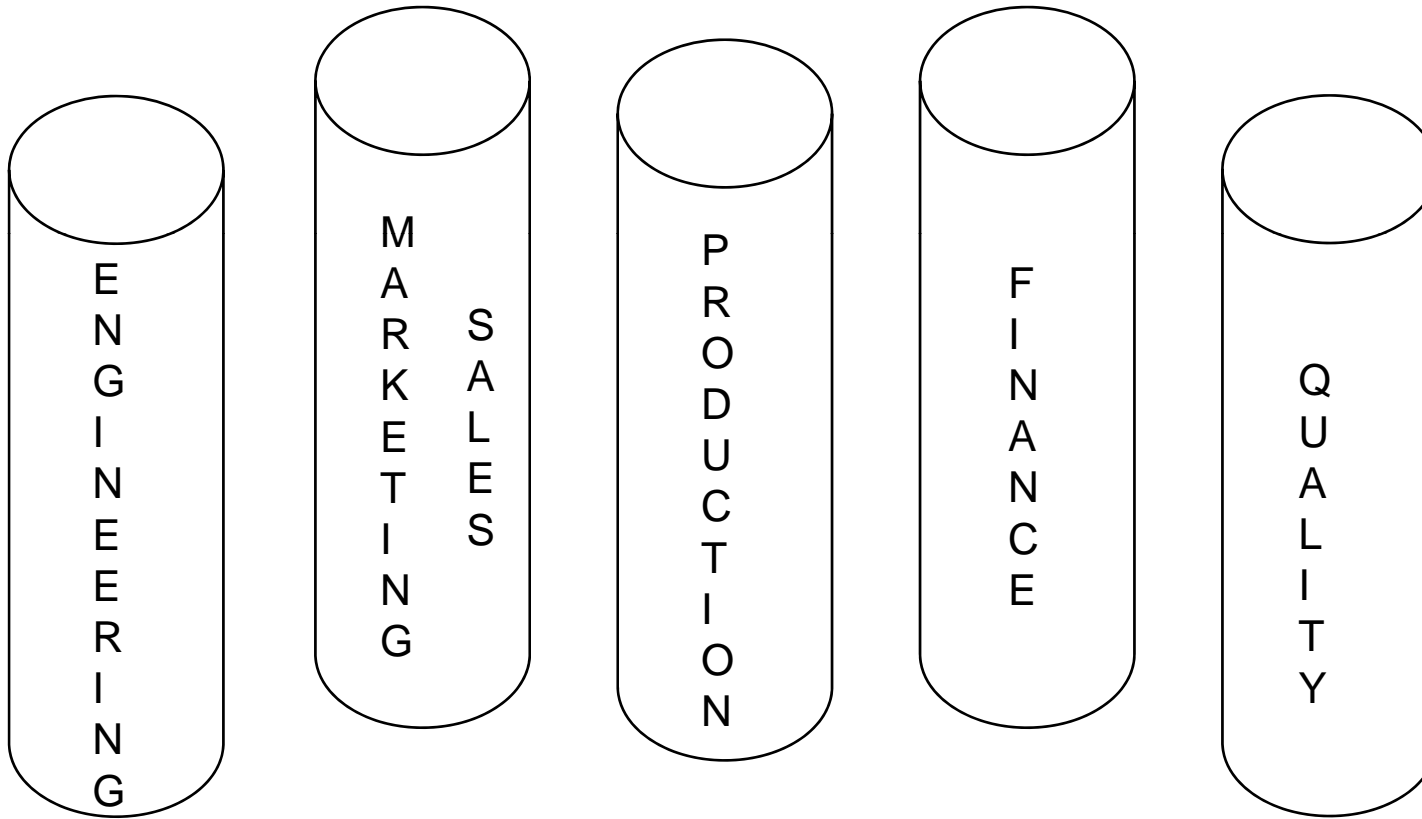
A Typical Manufacturing Organization



Cultures are . . .

- Siloed and Stratified
 - Silo deals with functional operations or business units
 - Stratification
 - Layers of leadership
 - Layers of Process
 - Problem solving and decision making

Traditional “Silo” Organizations



Stratification

- The “gap” between organizational leaders and front line employees, as it relates to:
 - Behaviors
 - Employee alignment to organizational goals and objects
 - At ALL levels!!
 - Employee engagement

Stratification

- The different processes within the organization
 - Product
 - Service
 - Procedural
 - Managerial
- Decision making and problem solving approaches

Organizational Stratification

Leadership

Executive Leadership

- Strategy

Middle Management (multiple layers)

- Operational

Front-Line Leadership

- Tactical

Organizational Stratification

Execution:

Process, Decision-Making, Problem Solving

Process A

- Cross-Functional (or) Independent

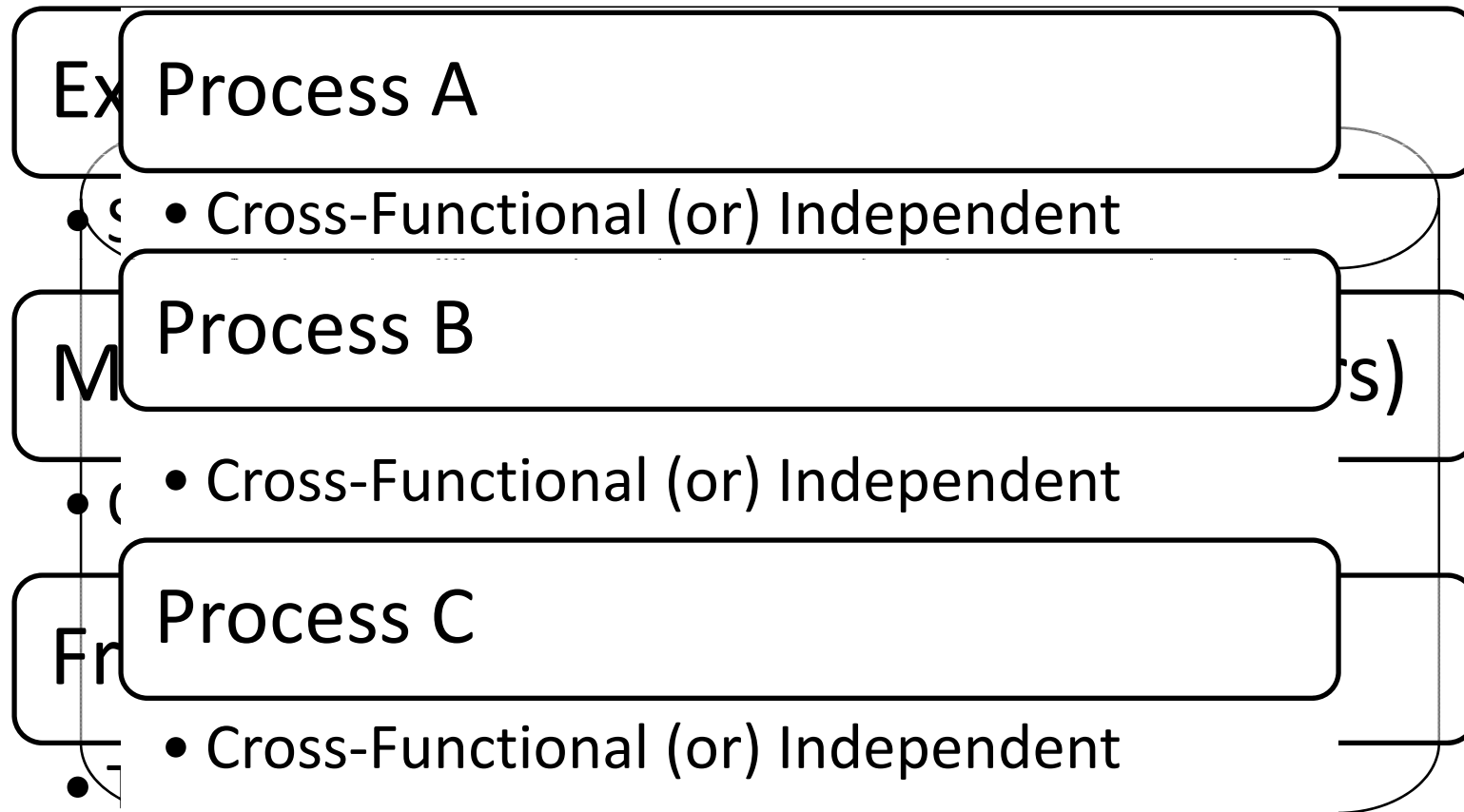
Process B

- Cross-Functional (or) Independent

Process C

- Cross-Functional (or) Independent

Silos and Stratification Complexity



Even More Cultural Complexity!

- Organizational Culture
- Sub Cultures
- Micro Cultures
 - Cliques, groups, etc.
- Dynamics
- Organics

Why is Understanding Culture so Important?

Organizational Beliefs

Consistency

Fairness

Communication

Team Involvement

Goals

1. Productivity

2. Quality

3. Group Morale

4. Individual Satisfaction

BEHAVIORS

Additional Thoughts

- How would you describe aspects of your organization's culture?
- Where does that description apply?
 - Silo
 - Stratification
 - Leadership
 - Execution
 - Process
 - Problem Solving
 - Decision Making

CONTINUOUS IMPROVEMENT

REFERENCING “LEAN”

The Continuous Improvement Zone

- Theory of Constraints
 - managing flow, managing bottlenecks, eliminating constraints
 - Synchronous Manufacturing
- LEAN
 - reducing and eliminating waste
- 6σ
 - identifying and reducing variation

LEAN

- What is LEAN?

LEAN is a systematic approach to identify and eliminate waste through continuous improvement by flowing the product or service at the pull of the customer in pursuit of perfection.

– *Manufacturing Extension Partnership of National Institute of Standards and Technology – U.S. Department of Commerce*

What is LEAN?

- LEAN focuses on the *value-added* expenditure of resources from the customers' perspective

What is LEAN?

- Value
 - Anything the customer is willing to pay for
 - Value-added:
 - It changes the shape or form of the process or product
 - The customer cares about it
 - It's done right the first time

What is LEAN?

- IOW; LEAN gives customers . . .
 - What they want
 - When they want it
 - Where they want it
 - At a competitive price
 - In the quantities and varieties they want
 - Always at the expected quality

Why is LEAN Important?

- Reasons LEAN is important today
 - To compete globally
 - Customer pressure for price reductions
 - Fast-paced changes in technology
 - Marketplace focus on quality, cost, and on-time delivery
 - Quality standards such as ISO 9001, etc.
 - OEM vendor requirements
 - Higher and higher customer expectations
 - Standardized process requirements

What is LEAN?

- Jones and Womack
 - Value
 - Value Stream
 - Flow
 - Pull
 - Perfection
- Once started, lean is a never-ending journey of ever-improving
 - Processes
 - Services
 - Products

What is LEAN?

- A planned systematic implementation of LEAN leads to . . .
 - Improved quality
 - Better cash flow
 - Increased sales
 - Greater productivity and throughput
 - Improved morale
 - Higher profits

The WASTES of LEAN

- “Eight Deadly Wastes”

D – defects

O – overproduction

W – waiting

N – non-utilized talent

T – transportation (travel)

I – inventory (WIP)

M – motion

E – extra processing

Causes of Waste

- Poor layout
- Long setup time
- Poor workplace organization
- Poor equipment maintenance
- Inadequate training
- Use of improper methods
- Statistically incapable processes
- Not following procedures
- Instructions/information not clear
- Poor planning
- Supplier quality problems
- Inaccurate gauges
- Poor work environment

Reference: *Lean Kaizen*, Alukal, ASQ

Building Blocks of LEAN

- 4S, 5S, 5S+1, 6S
- Visual controls
- Streamlined layout
- Standard work
- Batch-size reduction
- Teams
- Quality at the source
- Point-of-use storage
- Quick changeover
- Pull/kanban systems
- Cellular/flow
- Total Productive Maintenance

Reference: *Lean Kaizen*, Alukal, ASQ

How to start the LEAN journey

- Value stream mapping
- Lean baseline assessment
- Provide lean training – ‘learn-do’
- Implement basic building blocks first
- Pilot project
- Change management
- Analyze OEE to find starting point

Reference: *Lean Kaizen*, Alukal, ASQ

Core concepts of LEAN

- Creativity before capital
- Implement not-so-perfect solutions now
- Inventory is a cost (waste), not an asset
- Use PDCA method to deploy improvements
- Once started – LEAN is a never-ending journey
- 95% of lead-time is non-value added waste – squeeze it out!!

Reference: *Lean Kaizen*, Alukal, ASQ

Why LEAN?

- Results of LEAN (CI)

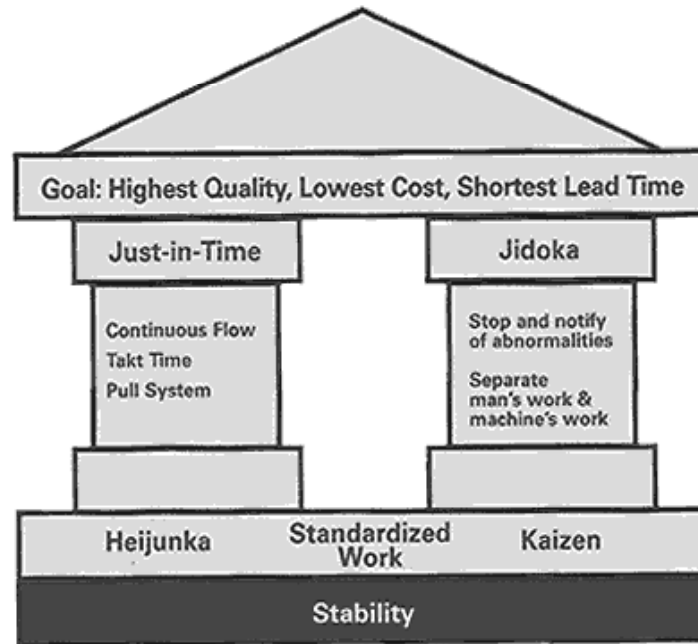
THE CULTURE OF
CONTINUOUS
IMPROVEMENT
REFERENCING TOYOTA

Toyota's Performance

- Results:
 - Outperforms all western automobile manufactures in every category
 - Toyota is second behind GM in units sold yet exceed 6.78MM units versus 8.59MM respectively, yet:
 - Has market capitalism of 136.4 versus GM's 23.3
 - Capitalism of 20,118 per unit sold versus GM's 2,712
 - Revenues grew 11% in 2004 while share values grew 47.2% that same year
 - Repeatedly outperforms all quality comparisons on average versus the competition

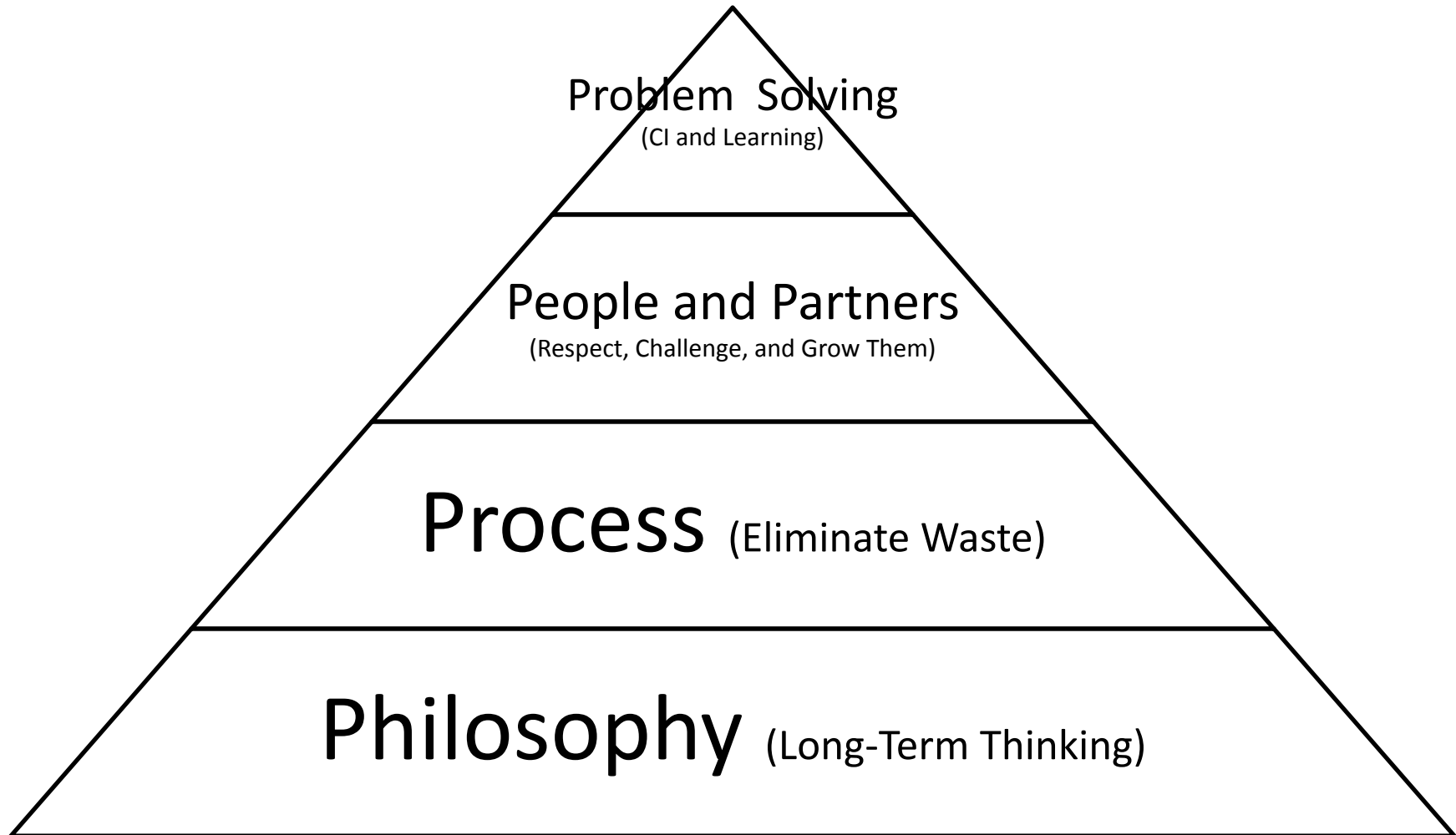
Toyota's Example - TPS

- The Toyota Production System



Toyota Production System "House"

“The Toyota Way” – 4P Culture



Reference: *The Toyota Way*, Liker, McGraw Hill

The 14 Toyota Way Principles

- **Long-Term Philosophy**

Principle 1: Base your management decisions on a long-term philosophy, even at the expense of short-term gains

The 14 Toyota Way Principles

- **The Right Processes Produce the Right Results**

Principle 2: Create continuous process flow to bring problems to the surface

Principle 3: Use “pull” systems to avoid overproduction

Principle 4: Level out the workload

The 14 Toyota Way Principles

- **The Right Processes Produce the Right Results**

Principle 5: Build a culture of stopping to fix problems, to get quality right the first time

Principle 6: Standardized tasks are the foundation for continuous improvement and employee empowerment

The 14 Toyota Way Principles

- **The Right Processes Produce the Right Results**

Principle 7: Use visual controls so no problems are hidden

Principle 8: Use only reliable, thoroughly tested technology that serves your people and processes

The 14 Toyota Way Principles

- **Add Value to the Organization by Developing Your People and Partners**

Principle 9: Grow leaders who thoroughly understand the work, live the philosophy, and teach it to others

Principle 10: Develop exceptional people and teams who follow your company's philosophy

The 14 Toyota Way Principles

- **Add Value to the Organization by Developing Your People and Partners**

Principle 11: Respect your extended network of partners and suppliers by challenging them and helping them improve

The 14 Toyota Way Principles

- **Continuously Solving Root Problems Drive Organizational Learning**

Principle 12: Go and see for yourself to thoroughly understand the situation

Principle 13: Make decisions slowly by consensus, thoroughly considering all options; implement decisions quickly

The 14 Toyota Way Principles

- **Continuously Solving Root Problems Drive Organizational Learning**

Principle 14: Become a learning organization through relentless reflection and continuous improvement (*kaizen*)

Toyota's Example: *"The Toyota Way"*

- Liker's 4P's
- Cultural Aspects of Lean – 14 Points
- Every Person Eliminates Waste
 - Examples – Honsha www.honsha.org
 - Data Entry
 - Mosquitoes

CREATING A CULTURE OF CONTINUOUS IMPROVEMENT

Do We Have a Culture of CI?

- What does it mean to be 'LEAN'?
- What are the results of our implementations?

Why Aren't We LEAN?

- If we know about the necessity of CI
- If we are using CI tools
- If we are running CI projects
- Why do our implementations fail . . . ?
- Is there a difference between
 - ‘Doing LEAN’, and ‘Being LEAN’

LEAN

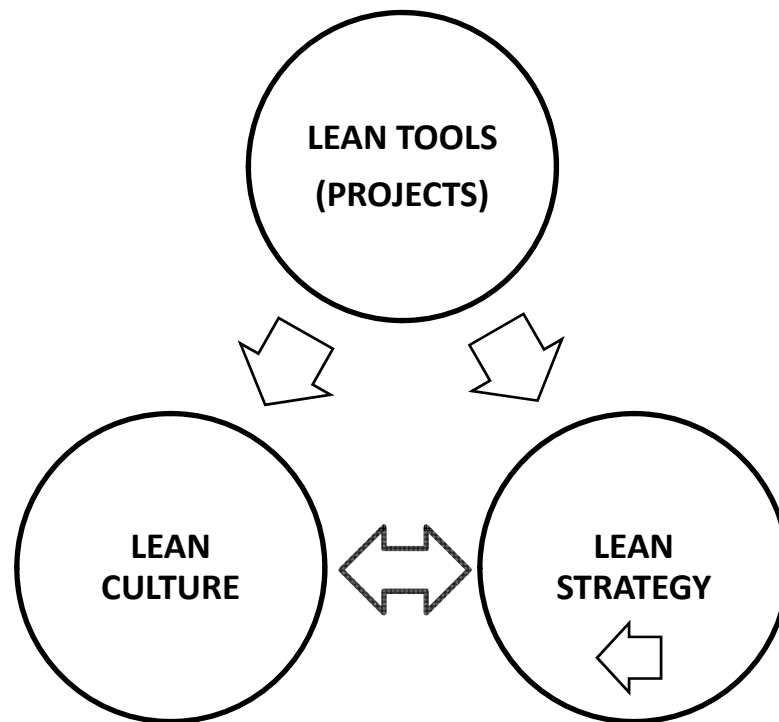
- Do we have the right definition?

LEAN is a systematic approach to identify and eliminate waste through continuous improvement by flowing the product or service at the pull of the customer in pursuit of perfection.

– *Manufacturing Extension Partnership of National Institute of Standards and Technology – U.S. Department of Commerce*

Tools = Strategy + Culture?

- Focus on Tools to drive culture and strategy?



Using Tools is Not Lean

- Are we using the right tools for the job, or the wrong tools?
- If we are using the right tools are we using them the right way?
- If we are using the right tools in the correct way are we tackling the right problem?
- If so, are we getting the right results?

Lean Implementation Success Rates

- Many Fail
- Return of the Status Quo
 - “We liked LEAN so much that we implemented it twice”
- What’s the difference between our results with LEAN implementations and what we see at Toyota?
 - Define the ‘GAP’
 - Is it “The Toyota Way”?

Toyota – Born Lean (DNA)

- Our Cultures were Not
 - If you have a Cow – Can't Become a Cheetah
 - Even if you paint cheetah-like spots on the cow, you still have a cow!
- Must overcome 'cultural inertia'
 - Force field analysis
- Must steer, guide, and nurture culture for effective change
- Should we expect our cultures to be Toyota's?

Strategy – Operations – Tactics

Attempts to develop a LEAN Culture

Strategy

Policy Deployment
Employee Engagement
Employee Alignment

Operations

Projects
Kaizen
RIE
JDI

Tactics

Lean Tools
5S
Pull / Flow



Strategy – Operations – Tactics

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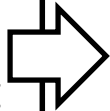


Strategy – Operations – Tactics

Attempts to develop a LEAN Culture

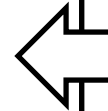
Strategy

Policy Deployment
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Employee Alignment



Operations

Projects
Kaizen
RIE
JDI



Tactics

Lean Tools
5S
Pull / Flow

IDEAL



Strategy

CULTURE

Tactics

Operations

Strategy

- The strategy of implementation alone is not the answer . . .

BECAUSE

“Culture eats strategy for breakfast”

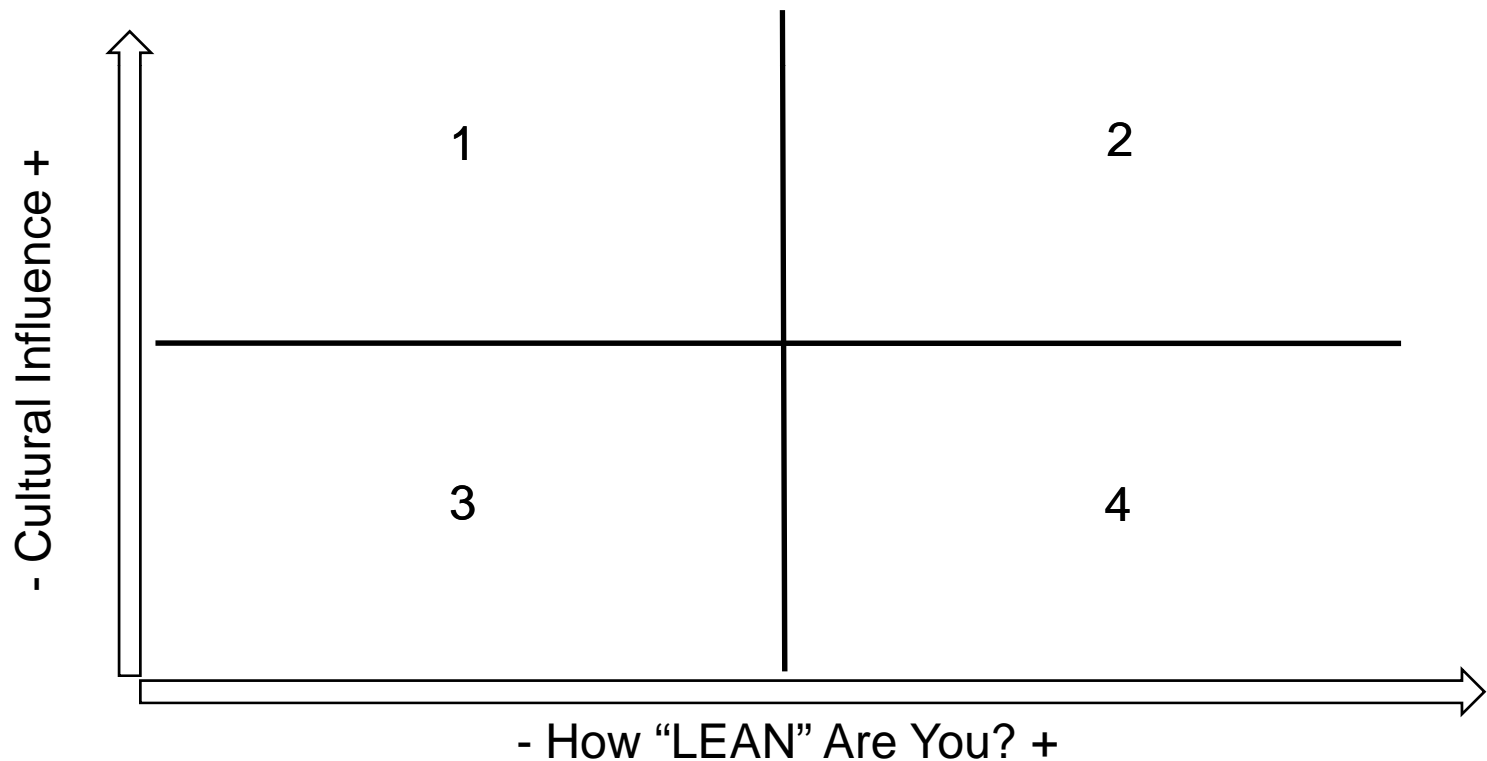
- Your implementation must focus on changing the organizational culture and not on ‘forcing’ an implementation on the existing culture

LEAN Culture

- Creating a Lean Culture requires a strategic deployment approach – an implementation process
- You must understand your role in Lean implementation
- Everything is a process – changing the culture is too . . .

Your Role and Impact on Culture

- What is your role in implementing/sustaining LEAN?



Creating a Culture for Continuous Improvement

1. Utilize organizational assessments
2. Develop a LEAN Strategy
3. Create organizational alignment
4. Develop employee (stakeholder) engagement
5. LEAN training for all functional levels
6. Train & Develop lean leadership dimensions
7. Develop leader standard work processes
8. Establish LEAN support group
9. Manage the change

1. Organizational Assessments

- Organizational capacity for change
- Lean Management System (multi-level)
- Employee alignment
- Employee engagement
- $Q \times A = E$

1. Organizational Assessments

- Lean Management System Assessment
 - Leader standard work
 - Visuals – production (etc.)
 - Visuals – support
 - Daily accountability process
 - Process definition
 - Disciplined adherence to process
 - Root cause / problem solving
 - Process improvement

Reference: *Creating a Lean Culture*, David Mann, Productivity Press

1. Organizational Assessments

- Lean Management System Assessment, cont.

A 'Five Level' assessment tool:

- Level 1: Pre-implementation
- Level 2: Beginning implementation
- Level 3: First recognizable state
- Level 4: System stabilizing
- Level 5: Sustainable system

Reference: *Creating a Lean Culture*, David Mann, Productivity Press

2. Develop a LEAN Strategy

- Start at the top – top leadership must be knowledgeable, involved, and drive accountability – may need coaching
- Define objectives and desired results for implementation
- Define organizational 3P's (4P's – Toyota)
 - Or the 3/4P's of the implementation
- Determine educational processes for all levels

2. Develop a LEAN Strategy

- Create an implementation *Wow!* factor
 - Marketing and branding . . .
 - Communicate, communicate, communicate!
- Chose your lean approach
 - Define the process
 - Focus on toolsets
 - Establish milestones and deliverables
 - Benchmark LEAN / CI (Toyota?)

2. Develop a LEAN Strategy

- Identify resources and support mechanisms
 - Training materials
 - College, professional organizations, consultants
 - Identify support – experts, trainers, sponsors, coaches
 - Human capital/employee engagement
 - Organizational alignment / policy deployment
 - Continuous improvement implementations

3. Create Organizational Alignment

- Establish a “Burning Platform”
 - Make a case for change
 - Make it personal – WIIFM (them)
- Establish strategic imperatives – CSF’s
- Link individual performance to organizational objectives through progressive balanced-scorecard systems
 - Productivity, Quality, Cost, Delivery Time, Safety and Environment, and Morale

3. Create Organizational Alignment

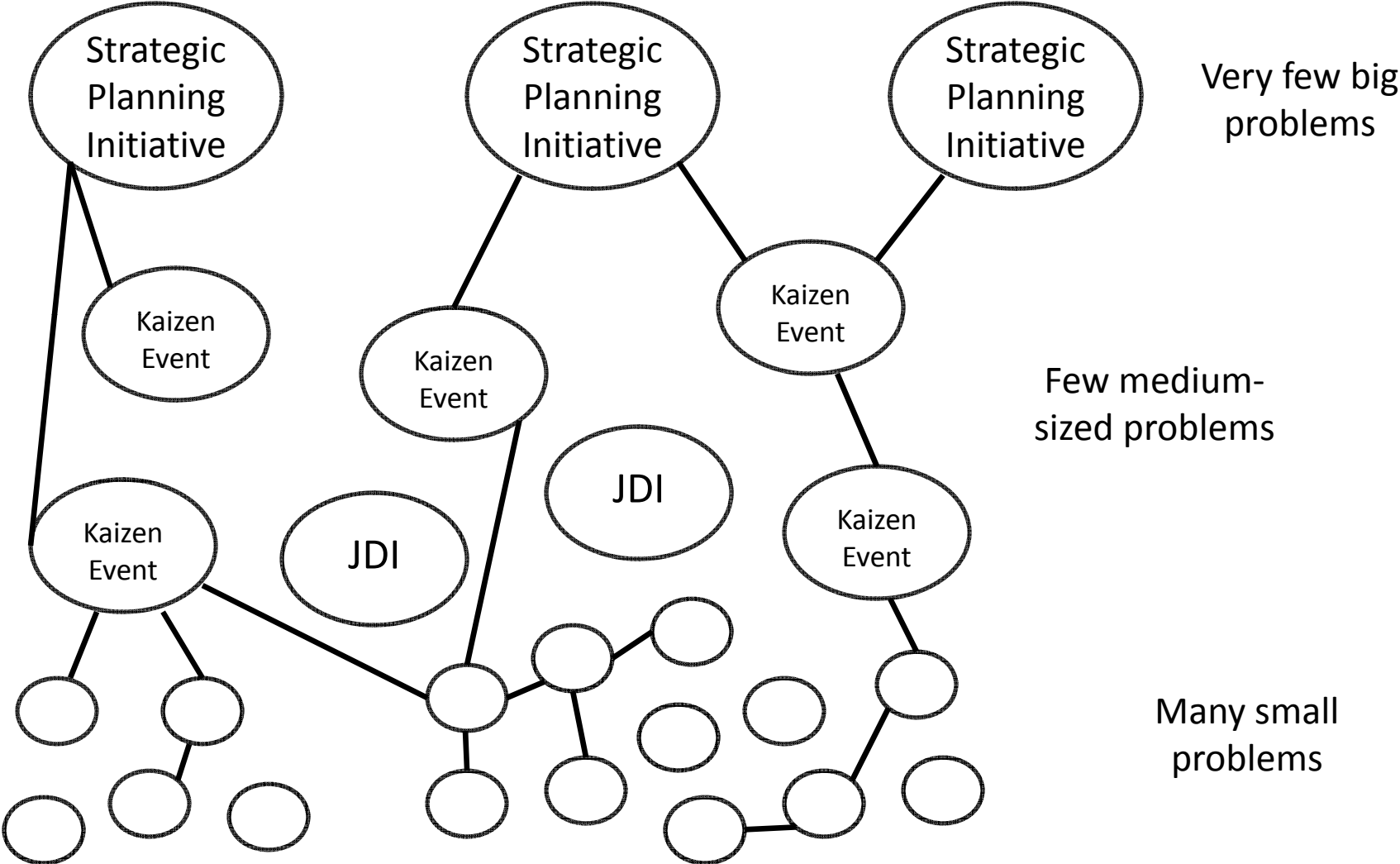
- Use Policy Deployment methodology (Hoshin Kanri)
 1. Identify the business issues facing the organization
 2. Establish measurable business objectives that address these issues
 3. Define overall vision and goals
 4. Develop supporting strategies for pursuing goals using LEAN methodologies

3. Create Organizational Alignment

- Use Policy Deployment methodology, cont.
 5. Determine the tactics and objectives that facilitate each strategy
 6. Implement performance measures for every business process
 7. Measure business fundamentals

Reference: *Lean For Dummies*, Sayer

Focus & Alignment through Policy Deployment



Reference: *Lean Production Simplified*, Dennis, Productivity Press

4. Develop Employee Engagement

- Become familiar with employee engagement theory and practice
 - Such as Gallup Organization/March Buckingham's – *"First Break All The Rules"*
- Utilize engagement-based employee surveys to identify opportunities for strategic initiatives
 - Use to foster trust, buy-in, and understanding between leadership and employees
- Utilize subject matter experts to develop, facilitate, educate, and coordinate these efforts
 - USE CAUTION!! – expertise and competency in this area is required

5. LEAN Training at All Functional Levels

- Train all functional level on the purpose, processes, and expected outcomes of CI activities
- Provide appropriate, strategically chosen
 - Training curriculum
 - Training providers
- Teach theory, concepts, tools and practical application
- Create “learning by doing” opportunities
- Develop internal trainers and subject matter experts

6. Train & Develop Lean Leadership Dimensions

- Passion for Lean
- Disciplined adherence to process – accountability
- Project management orientation
- Lean Thinking
- Ownership
- Tension between applied and technical
- Balanced commitment to production management systems
- Effective relations with support groups

Reference: *Creating a Lean Culture*, David Mann, Productivity Press

7. Develop Leaders Standard Work

- Develop interlocking leader standard work for all leadership layers
 - Team leaders
 - Supervisors
 - Value Stream Managers
 - Plant Managers (execs, etc.)
- Leader standard work should be tied to personal performance measures
- Must be process based and sustainable

Reference: *Creating a Lean Culture*, David Mann, Productivity Press

8. Establish a CI Support Group

- Books and publications
- Online sites and blogs
- Professional societies and associations
- Conferences and symposiums
- Consultants, facilitators, and trainers
- Periodicals
- Software
- Practitioners
- Related genres

Reference: *Lean For Dummies*, Sayer

9. Managing the change

- Employees fears
- Balance between asking and telling
- Fast-tracking
- Change agents
- Issues of Talents, Skills, and Knowledge
 - (*FBATR* – Buckingham)
 - Not just getting the right people on the bus;
getting the right people in the right seats on the
bus

9. Managing the change

- Limited capacity for change
 - Can only support so much change; can only manage so much change effectively
- Creating the “burning platform”
- Permanently implementing process changes that cannot be reversed – “burn the ships”
(Cortes – Spring 1519)

Conclusion

- The term “culture” means many things
- Organizational cultures are multi-faceted, multi-dimensional and dynamic
 - Not accurately represented by the org chart
 - Impacted by Silos and Stratification and complexity
 - Are not clearly understood by leaders
- Leaders have significant impact on, and responsibility for understanding their organization’s culture(s) in order to impact it for continuous improvement

Conclusion, cont.

- It is a much what leader does and does not do that defines the organizations culture
- Leaders at all organizational levels affect the culture – thus, organizational leaders must be aligned and engaged in creating the continuous improvement culture

Conclusion, cont.

- Creating an organizational culture of continuous improvement requires a strategic implementation process tied to organizational objectives that is progressive and self-sustaining
- Human capital management, and employee alignment and engagement are critical requirements for a successful culture of CI
- Ultimately, front-line employees produce the product or service