

# The Hitchhiker's Guide to Lean

## Lessons from the Road

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with Foreword by Dennis Pawley



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*This book is dedicated to all the hard working men and women who do whatever it takes to move their organization along on the road to the ideal state.*

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# Foreword

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This book will help you learn lean, taking you through everything from lean principles to pitfalls to avoid. As someone responsible for leading lean, I will share some of my thoughts of what it takes to be successful on this journey.

What is the primary role of a lean leader? This question is asked far too infrequently, and when it is asked, the answers are predictable—and plain wrong. But it is a vital question, as without leadership, lean will never get off the ground. Common replies include setting the vision, establishing priorities, and providing motivation. Wrong, wrong, and wrong. These are important responsibilities, but the essential purpose of a leader is to do one thing: *create change*.

You don't believe me? Imagine if you had a customer or a shareholder attached at your hip for a day or a week. (For a real test, try actually bringing in a customer or shareholder for a true waste walk.) Whether you sell cars, toasters, or financial services, a percentage of the fees you charge covers your salary. The more senior your position—the more leadership you provide—the higher the percentage. Imagine asking your customer or shareholder to identify which of your activities they would be willing to approve. What do you think they would say? Certainly they would toss out all the time you spend reading emails or sitting in meetings. But, just as certainly, they would value one thing: the change you create to make your products or services faster, cheaper, higher-quality or, in some other way, better. Creating change is the only value-added activity a leader provides.

Some of the other activities leaders perform are necessary, and perhaps no leader creates change all of the time. But what percent of your time are you leading versus managing? To be clear about the difference, *managing* maintains the status quo

and keeps current reality going. That's important, but it's not leadership. *Leaders* change things, move them forward, and produce different results than they achieved the day before.

To create a lean change, you need to pay attention to where you are and where you are going. Imagine you are driving a racecar. You focus ahead so that you can gage the turns (otherwise you will run into the wall). But you also look behind you, in the rear-view mirror, to see who might be trying to pass you. The drivers in back of you could be more dangerous than those ahead. You also look left-to-right to see who is alongside of you. As a leader, you need to do the same thing for your organization. You must look ahead, anticipate what's coming, and figure out the changes you need to make to succeed there. You must also look in your rear-view mirror and see who is coming after you, because those in the back of the pack are often willing to take greater risks than you. And you must pay attention to those alongside you who may be trying to squeeze by or pass you. A leader is not responsible for the past; a leader bears responsibility for the future, whether it is a day or a decade away.

As part of looking ahead, many companies write a vision statement. Often, this is a new leader's first task. Yet when I ask people to tell me their vision statement, few are able to do it. Some say they have it jotted on a card in their pocket. Because it does not drive action, however, it is not a vision statement. Vision statements created to go on plaques, annual reports, and marketing materials are not living, breathing things. Leaders must embody vision statements, because the statements ultimately do not matter—it is the *change* they bring that truly matters.

When we began Chrysler's transformation in the early 1990s, we created a vision statement that read, "To become the premier automaker in North America by 1996 and in the world by 2000." I stood up in town hall meetings at our plants and delivered the statement to our employees. To my surprise, I got standing ovations. That vision meant something; it created an image that sharply contrasted with the current reality. But as they were leaving, the employees' blank stares communicated a key

question: How would we accomplish this? This illustrates another responsibility of a leader. Beyond creating the vision, a leader must also develop the vehicle that will deliver it. That vehicle was lean.

To effectively chart the course, a leader must have a clear grasp of current reality. This means going beyond the numbers. A leader must be able to understand the good, the bad, and the ugly. Let me share a formula I did not create but have used for many years:

$$H \times V \times F > R$$

*H* = Hatred of the current reality (This first factor used to be *D* = dissatisfaction, but I believe people have to really hate their current situation. If they did not, why would they take risks?)

*V* = Vision of the ideal state—organizations need a compelling place to move toward

*F* = the courage to take the necessary First steps to close the gap, which is often the most difficult step, because it requires commitment to close the gap and bold, powerful actions to make the necessary change.

*R* = the Resistance to change that exists within an organization

If any factor is missing, organizations will not be able to move forward. And all of the factors are the responsibility of leaders who, again, must add value to their organizations by creating change.

Creating change, particularly the kind discussed in this book, is a war. It is a war to win the minds and hearts of people and lead them where you want them to go. In the war, there are two types of people: those capable of learning and those who are incapable. Those who cannot, or who refuse to learn, have to go. It is the leader's job to make the call. Remember, all wars have casualties.

While change is a leader's primary role, it is also his or her responsibility to teach. Teaching is the pathway to change.

People who cannot teach, cannot lead. The lean leader must be able to change the way people think through education, coaching, and example. The lean leader must become the walking, talking embodiment of what is being taught.

Without a good leader, nothing changes. If a lean program, or any other program for that matter, is failing, it is probably not the fault of the tools. It is failing because of lousy leadership. As you embark on your lean journey, learn all you can about the concepts, practices, principles, and tools of lean. But remember, above all, the goal of lean is change—and change hinges on your ability to lead. So get out there and lead!

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Partner, Lean Learning Center (Novi, MI)

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# Introduction

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Let us start with a promise: this book is not a repeat of the same lean concepts you have read a dozen times before. It adds to the discussion and knowledge of lean; it does not imitate it. The concepts shared in this book are based on real application, not theory, and if applied, will accelerate and sustain your lean transformation.

As if writing a book was not difficult enough, picking a useful and original title has proven to be equally daunting. We are happy with the result, but given its unusual nature, an explanation is in order. *The Hitchhiker's Guide to Lean* reflects the authors' travels as well as the journeys upon which lean learners embark. By providing pragmatic and significant guideposts, we convey the lessons learned to help you strengthen your lean transformation.

Too many lean travelers get stuck in ruts, in which they remain, or end up abandoning their vehicles and returning to their old ways. They take the lessons learned from their first application, develop a model, and hang onto it, whether it is achieving results or not. The authors have experienced and witnessed many ruts and it is the speed at which you learn and change based on those lessons that counts in the long run. In this book you will read many stories of success and defeat, which we have experienced first-hand.

Successful lean programs incorporate past lessons, but also look forward for direction and progress. What would have happened if Toyota Production System greats Taiichi Ohno and Shigeo Shingo had solely looked back at what Henry Ford had accomplished? We all owe a debt to their forward thinking. The authors try to emulate the behaviors and attitudes of these masters by charting new territory and asking difficult questions. Like hitchhikers, lean practitioners sometimes do not know where the journey will lead, but the lessons of lean are

incorporated each year, month, day, and moment. Imagine what it would be like if hitchhikers left each other a guide. This is what we have done, so you do not have to hit the road ignorant of the right path and the wrong turns.

In presenting the material in this book, the authors do not mean to imply they have reached some destination on the journey. Quite the contrary, the process of writing the book has taught us more and taken us down some roads that might have not otherwise been traveled. *The Hitchhiker's Guide to Lean* reflects what they consider to be the most critical lessons learned over their combined thirty-plus years of exploring the lean highways. The lean journey is never-ending. It will continue. And this book will help guide you as you hitchhike along your lean journey. We can not drop you off at the destination, but we can get you on the right road. If you follow it, you will achieve great gains.

The book's structure is unique. It does not focus on anything that has already been covered dozens of times in existing books. Readers will not see chapters devoted to work cells, value stream mapping, kaizen (a process of continuous improvement, often taking place in a team setting), Five S, or any other tools. Instead, *The Hitchhiker's Guide to Lean* shines a light on the areas where most lean efforts fail. Many companies attempt lean transformation, but far too few achieve success.

Whenever a speech is delivered by one of the authors, it has been a practice to poll the audience to find out who is familiar with lean. Nearly everyone has some knowledge, although it is generally specific to some tool set. Audience members are also asked whether their companies have begun lean transformations. The average hovers around 60%. They are then asked how many would consider their lean efforts to be outrageously successful . . . and the number drops to a small handful of companies. Any organization can achieve some performance gains by employing kaizen efforts, work cells, value stream mapping, or other tools. The authors' intent with this book is to help lean implementers move beyond the tools and take lean to a self-sustaining and continuously improving level. We want you to be among the audience members to raise your hand and say

with confidence that your lean transformation is wildly successful. We want your program to accelerate with such momentum that it would be harder to stop than to keep going. By following the “hitchhiker” lessons, your organization will continue on into the stratosphere rather than plateau or fall back. This is why the authors consider this book to be a guide and not simply a how-to manual.

To make the lessons provided in this book simple for readers to remember, each topic is broken into five parts. Chapter One focuses on what is considered to be the most important lesson of all: Lean is not born from what you see, but from how you think. Five key principles are provided to guide lean behaviors from the top executives to the front-line personnel and throughout the company.

Chapter Two examines the five phases of the roadmap for lean transformation. There are no easy, standardized steps all organizations can follow to become lean—despite what some consultants and books profess. Each organization has its own unique set of business conditions and variables, including culture, issues, economics, resources, current state, and objectives. Each must craft its own unique lean journey. Unlike a simple recipe, the roadmap provides a lay of the land. You will not find a starting or end point (and all lean journeys truly have no end, they continue on a never-ending path towards improvement), but you will find a guide to help you develop your own journey.

The authors explore some common pitfalls of lean journeys in Chapter Three. These are the potholes that the roadmap might not warn against. Avoiding wrong turns is just as critical as following a lean journey’s right path. This chapter provides advice to help you steer clear of the potholes.

In Chapter Four, the essential, and often misunderstood, topic of leadership is examined. Highlighted are five moves you can leverage as a leader to help drive your organization toward the ideal state. Leadership is about more than making a commitment and providing resources. It is more than providing a vision or being inspirational. Primarily, leadership is about

creating change and moving an organization toward the ideal state. The skills today's leaders need to succeed are explored.

Chapter Five focuses on building an organization's operating system and its five dimensions: thinking, systems, tools, evaluation, and consistency. When used properly, an operating system can unite and expand an organization's improvement initiatives into an effective business model. It provides a litmus test to ensure every activity or decision remains consistent with where the organization is heading.

The first five chapters apply to lean at any stage of transformation and to any industry or function. The second section of the book explores more specific topics. Chapter Six, for example, focuses on the complex topic of lean accounting. It looks at how an organization can apply lean to accounting processes and activities and how accounting serves the rest of the organization. Material management, the subject of Chapter Seven, has typically focused on just-in-time. A fresh spin is given from a lean perspective. Chapter Eight highlights the different ways service organizations apply lean.

Most of the book focuses on organizational change, but Chapter Nine examines how individuals within an organization can apply lean. The authors frankly expect that this chapter will prove the most challenging for readers. It is about what you can do to improve yourself. We hope you are willing to join us for this leg of the journey.

The final section of the book includes interviews with five lean leaders. These champions are or have been on the frontlines of change at organizations of varying sizes and complexities. These leaders are the cast of characters the authors have met while hitchhiking along their journey.

Enough rambling. It's time to start hitchhiking. Stick out your thumb and hitch a ride on the lean journey. Remember, hitchhikers don't travel a fixed path. They intentionally wander so they can learn and change along the way. Eventually, you may want to pick up the next hitchhiker and offer your guidance. If you see someone looking for a lift, please slow down.

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