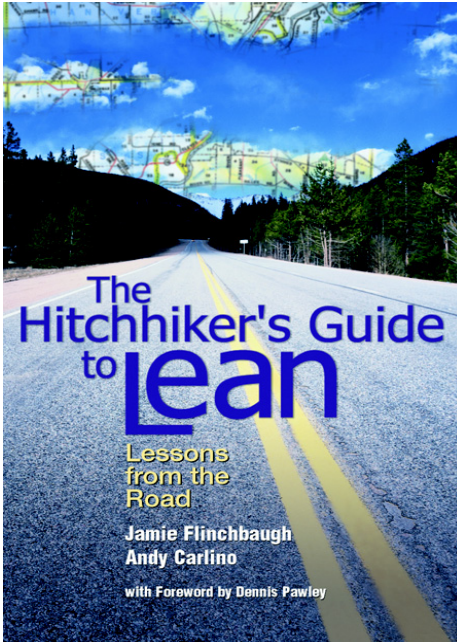


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The Hitchhiker's Guide to Lean

People Need Leadership, Not Management: Five Leadership Moves for Lean

Why is leadership such an important topic in lean transformation? Because lean is not something you can engineer, implement through policy, or manage like a product launch. Lean changes everything when done right. It changes the way you think, talk, see, act, and react. It is a battle for people's minds and hearts, and such battles require leadership.

“Leadership” has become such a cliché, it has nearly lost all meaning. The word has almost become synonymous with “executive” and “management.” Companies have built it into job titles—even ultra-lean Toyota. However, leadership is not a title or job; it is an *act*. *Leadership* is an act that anyone can conduct at any level in an organization. Including the word “leadership” in a job title or being known as an executive does not give a person the exclusive right to perform leadership acts (sometimes it may even make it more difficult to conduct acts of leadership).

To help define leadership, it is helpful to distinguish it from management. Managers maintain the status quo, or current reality. An organization's current reality does not plod along on its own. It takes a significant amount of effort and attention—from management—to keep the cogs spinning in place. Leadership, in contrast, moves a company and its component parts

toward the ideal state. Any behavior that moves an organization one step closer to its never-achievable ideal state is an act of leadership. This is true regardless of an individual's position, regardless of whether anyone notices the act, and regardless of how the act fits into any leadership framework.

Many classic traits, such as motivation, communication, coaching, vision, and calmness, often characterize leadership. But traits alone do not constitute leadership. If actions do not move things forward toward the ideal state, there is no leadership. By its very definition, leadership requires leading people somewhere. Leaders cannot lead people if people remain fixed in place.

There are five leadership moves—five essential actions a leader can perform to help provide leadership on the lean journey.

LEADERSHIP MOVE ONE: LEADERS MUST BE TEACHERS

“Teaching” does not necessarily mean standing in front of a classroom and delivering a lecture. Teachers need to be able to transfer ideas, skill, and understanding to others. Teaching might involve many tasks, but it is best exemplified when a student can declare that he or she is more capable today because of what a teacher did yesterday. In a lean organization, learning is critical. It is not a task for human resources to perform with skills assessments and in-company universities. It is line management's direct responsibility. Skills and knowledge are too important to ignore on a daily basis. Rather than focusing exclusively on the crises of the day, managers should take time to teach and provide leadership.

Why not delegate teaching to an external or internal training department? Because lean is based on how people think, not on just a set of tools or skills. Simply defined, *lean* is shared thinking. Those in the organization must share a common philosophy, a common set of ideas, and a common set of principles. This does not imply brainwashing or call for the elimination of diversity. It does speak, however, to how companies *apply* diversity. If everyone applies decisions and solutions based on different sets of ideas, the solutions often work against each other.

Individually, the solutions may all be “right,” but collectively they can become counterproductive and destructive. Leaders cannot merely put people into situations and hope they learn the right things. Leaders must take responsibility for the message and for what is being learned. This is best accomplished when students can combine real-life experience with direct coaching from leaders.

An organization’s principles should become guideposts and help people make tough decisions. When Enron collapsed, people often talked about its corporate values, or principles: integrity, respect, business excellence, and communication. Studies indicate that in past years almost half of large corporations in the U.S. include respect and integrity among their corporate values. These are not useful or effective principles—not because they are not followed, but because they do not help people make tough decisions. No one goes to work thinking, “I was going to forget about integrity today, but since I see that it is a corporate principle, I will act with integrity.”

LEADERSHIP MOVE TWO: BUILD TENSION, NOT STRESS

A lean leader must provide the source of energy that will compel the organization toward action. Without this energy, no amount of skill or knowledge will lead to success. Many leaders push their organizations but do not generate a corresponding sense of urgency. They create stress, but not tension. To distinguish the two, people feel stress when conditions are nearly impossible, pressures are immense, and the path forward is shrouded in fog. On the other hand, people experience tension when they sense a gap between the current reality and the ideal state (see Figure 2-1). The difference is they are offered resources and support from leadership to help them succeed. They can see a clear path to help them move forward.

Unproductive pushing leads to stress, whereas productive pushing paves the way for tension. Without any kind of a push, organizations remain stagnant. A company needs three elements to turn stress into tension: a vision of the ideal state, a clear grasp and hatred of the current reality, and the right skills,

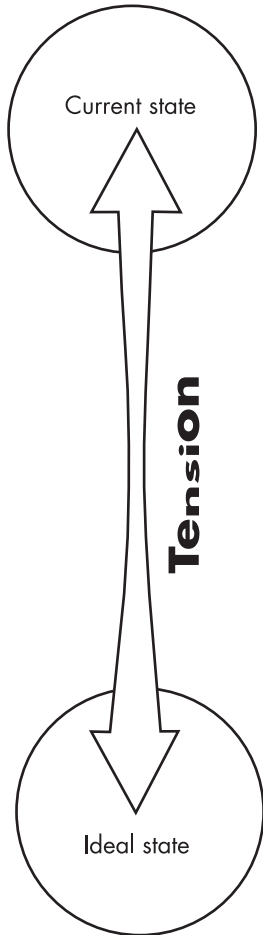


Figure 2-1. To create tension a leader must have a vision of the ideal state, a clear grasp and hatred of the current reality, and the right skills, capability, and actions to close the gap between the two.

capability, and actions to close the gap between the two. The leader is responsible to provide all three elements. If any of them are missing, no matter how powerful the remaining forces, productive tension will not be created.

Being visionary is different than creating a vision of the ideal state. Most visions have two major faults. For one, they are often directed to the wrong audience. Most leaders can not recite their company's vision. When they are asked about the company's vision, they commonly steer persons to the lobby wall. Those visions are for customers, not the company. They provide a comforting feeling for customers, containing good marketing jargon like "committed to our customers" and "world-class quality." The second flaw with most visions is that they simply state the outcome. Anyone can create an ideal state that includes perfect quality, perfect delivery, or increased market share and profits. This is not an ideal state, it is simply "good stuff." An ideal state should provide an image of how the organization should function.

It should not be easy to reach consensus about a company's ideal state; a vision should challenge people to see a different potential, to choose a different path, or to develop a clear path.

An ideal state provides a direction. The ideal state does not need to be pared down into a single paragraph that fits on a poster. It should live in employees' hearts and minds, and pepper their everyday conversations. Here is a snippet of a good example of one company's ideal state: "We strive to provide ease of ownership—easy to buy, easy to own, easy to maintain, easy to use."

Ideal states are not necessarily the same for everyone within an organization. The ideal state for a customer service representative should relate to his or her work. The same goes for a salesperson, a machine operator, an accountant, and so on. Every person, function, and process should have an ideal state. This is not to suggest that companies create a dozen three-ring binders filled with ideal state documents. Ideal states are not pieces of paper, but ongoing dialogues that take place as leaders teach, coach, and encourage workers every day.

To provide a compass for the journey, the participants in a lean transformation must have a clear sense of where they are currently as well the ideal state to which they are heading. Lean leaders need to help everyone understand the current reality and instill a hatred of the condition. They must articulate the current problems, gaps, and opportunities. They must understand their relevance to the big picture and long-term success, and determine the root causes of the conditions. Most leaders have great difficulty dealing with current reality. They convince themselves that they fully understand the issue and develop a false sense of security. For example, knowing current numbers is important, but it does not indicate a grasp of the current state.

While some people believe it is difficult to develop a hatred for the current state, it is really not that hard. Take a group of people on a waste walk, and they will begin to see opportunities. Have employees focus on what leaves them frustrated at the end of the day, and they will see opportunities. Even the most financially successful companies are filled with people who

are disgusted with the current condition. But, they believe that have no control over the current condition. This brings to light the third element of creating tension: presenting a clear path forward.

After they create clear pictures of the ideal and current states, leaders cannot passively hope that people are compelled to act. The leader must choose the path that will lead from here to there and create a vehicle to drive change. This includes giving people the right skills and knowledge to close the gap and making some tough decisions about things like organizational structure. Leaders do not need to give people a minute-by-minute script. But if they do not provide any direction, everyone will look at the chasm that needs to be crossed and at each other to see who is going to take action. Everyone might have his or her own idea about how to cross the chasm, but nobody will take a running leap if he or she does not believe that everyone else is following. The leader must pull people together (through consensus or dictatorship) and provide the means to cross the chasm.

LEADERSHIP MOVE THREE: ELIMINATE FEAR AND COMFORT

A lean culture requires action, experimentation, and new thinking. For many organizations, these activities involve risk. Most organizations, even those known to be innovators and risk-takers in the marketplace, are typically risk-averse internally. A lean leader must create the right environment to encourage and force experimentation. Leaders need to eliminate the fear associated with such activities and likewise the comfort that exists in maintaining the status quo.

Individual and collective learning only occurs when people step out of their comfort zones—the set of conditions and activities with which they are familiar and under which they know how to operate (see Figure 2-2). Comfort zones provide people with safe havens from all of the changes about which they think they have no control. They know what needs to be done and what results they are going to get because they have done the task many times before. A lean leader must eliminate the com-

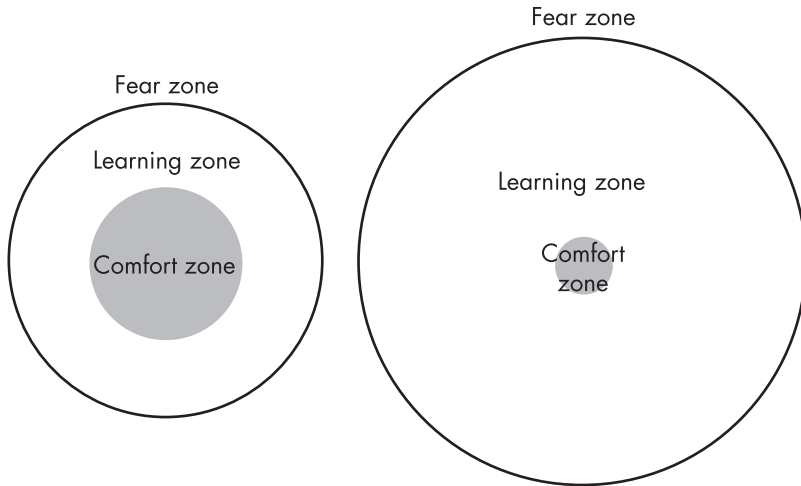


Figure 2-2. Learning only occurs when people step out of their comfort zones.

fort zone and direct people to the learning zone. For people to learn, they must step outside the bounds of what they currently know. They must change the conditions and rules under which they operate. This does not mean chaos and unorganized change. Stepping out of the comfort zone should be purposeful, continuous, and multi-dimensional. The leader must force people out of the comfort zone by setting clear goals and providing mechanisms. It is not simply about setting higher targets. It is requiring individuals and organizations to experiment purposefully. A leader should not reward those who hit the numbers by merely repeating everything they did the year before.

Leaders can use every operational review, coaching session, and conversation to coax, prod, and push people out of their comfort zones. If a leader asks a worker every day about the experiments he or she has performed toward improvement, the worker will eventually have to conduct some experiments to answer the questions.

In addition to eliminating the comfort zone, the lean leader must eliminate fear. If people step too far outside of their comfort zones, they enter fear zones. To eliminate fear, leaders must provide safety in three distinct forms: physical safety, emotional safety, and professional safety. Physical safety may seem like an obvious necessity, but leaders must ensure that people and the environment in which they work are physically safe before asking them to try new things.

A person who brings forward a new idea in a staff meeting, and is immediately ridiculed, will think twice before speaking out again. A lean leader must squelch such criticism and provide emotional safety. Attacks often come in subtle, passive-aggressive forms, but the leader must address them head-on. If an individual is punished for trying something new that fails, whether it be by something as innocuous as receiving a bad review or as serious as getting fired, everyone will get the message that failure should be avoided at all costs—even at the expense of not improving. While someone who repeats the same mistakes should be disciplined, the person who takes risks and learns from them should be rewarded.

Another way a lean leader can eliminate fear and move people out of their comfort zones is to model the proper behavior. Many leaders model “knower” behavior instead of “learner” behavior. They create false impressions that they know nearly everything. Knower leaders hide gaps in their knowledge as they consider them signs of weakness. People see through this. They have much greater respect for a leader with integrity, someone who knows his or her limits and is willing to become vulnerable by moving out of the comfort zone. When a leader demonstrates the “knower” persona, everyone copies that behavior as a path for promotion. Learner leaders, on the other hand, acknowledge their failures and publicly learn from them. This often throws people off the first time it happens, because most people do not expose their failures (and instead hope nobody notices).

Building creative tension is not a one-time, organizational-wide event. It is an everyday behavior. It is not based on slo-

gans or posters, but on dialogue and coaching. It is not featured in brochures, but in actions. Leadership has the responsibility to build genuine tension, not to fake crises or impart veiled threats.

LEADERSHIP MOVE FOUR: LEAD THROUGH VISIBLE PARTICIPATION, NOT PROCLAMATION

Perhaps the greatest falsehood in change management is the myth of “management buy-in.” When different levels of a company are asked if they have management’s commitment, they inevitably respond, “Oh yeah, we have their buy-in. They are 100% behind this.” Being “behind” an initiative is quite different than being in front of it, however. A major element of a lean manufacturing process is pulling product through the process, not pushing it through. Change management is the same. The leader must be pulling the organization through the change process, not pushing it through. When a leader is pushing, the organization’s people do not know if they are being pushed toward something better or off a cliff—they do not have this concern if leaders are out in front and pulling.

Too many leaders think that by allocating resources, attending some reporting sessions, and writing a few company-wide e-mails, they have done their part in leading lean. That may be enough for a new product launch, a fundraising campaign, or a new computer system, but it is not enough for cultural and operational transformation. A leader can not write a proclamation that the organization will become lean and expect people to automatically adopt new practices and different ways of thinking. Management buy-in must eventually turn into leadership commitment or the organization will never reach its full potential.

What does commitment look like? Think: active engagement. Are leaders participating in activities that transform the organization or are they watching from the sidelines? Leaders often believe they do not have the time to commit to active participation. They think it is sufficient to proclaim the importance of lean. As the adage goes, “Actions speak louder than words.” The ways leaders spend their time influence the organization’s

priorities. People watch, some purposefully, others unconsciously, the everyday actions of leaders. If an organization's leaders spend their time on financial reviews, presentations, status reports, and decision-making, its people will mimic those priorities. If leaders participate in (or ideally lead) kaizens, waste walks, and five why problem-solving coaching, then people within the organization will understand that lean warrants priority status. If "not enough time" is the leader's excuse for not participating in lean, then everyone at the company will cite a lack of time as well. If in reading this you think that you really will not have time, participation in lean does *not* mean micro-management. It does mean coaching, side-by-side engagement, encouragement, and support.

Setting a good example is not the only reason to actively participate in lean. By participating, leaders directly observe how lean is being understood (or not understood) and applied. Seeing people solving problems, identifying and eliminating waste, and working with teams tells a leader more about the lean transformation's current state than reports, walk-throughs, and secondhand stories.

LEADERSHIP MOVE FIVE: BUILD LEAN INTO PERSONAL PRACTICE

Most people, particularly leaders, view lean as something that applies to others, not something that can help them become better managers and leaders. This is a critical mistake. Instead, leaders need to take a good look at their own practices, starting with standardization. They should develop clearly structured processes for how they perform certain activities, and design a structured flow for how they spend their time during the week. They need to make improvements and use them to become more predictable, while eliminating waste and surfacing problems or gaps as they occur. For example, if there is a structure for your week, does it go out the window on Monday because of something unforeseen? Why does the issue (or issues) that pops up interfere with your process? Should someone else handle the problem? Can you eliminate the problem?

Do you have an unrealistic schedule? Standardization, despite its sound, is not static. It is dynamic and changes based on conditions, needs, and improvements.

Leaders should build on standardization with learning, or the scientific method. They need to make decisions, solve problems, and deliver improvements with a more deliberate sense of what they hope to accomplish. Suppose there is an improvement idea to reallocate some resources out of quality and back into line management. The scientific method would begin with a hypothesis, which is a critical link and the lynchpin for learning. The hypothesis in this case might be: by making line management more responsible for quality, 50% more defects will be found in-process versus inspection. The hypothesis can be tested as the plan is developed and executed. In testing the result, the valuable information gained helps learning. Was the hypothesis correct? If 50% is exceeded, what was missed in the observation? The scientific method and process improvement are at the heart of a lean culture.

A leader must also commit time to reflection. Reflection should not just be for the sake of looking back, but looking back to learn what was most effective and then looking forward to decide what should be done. The organization should take time to work on improving itself, and the leader must improve himself or herself as well.

Leaders and managers will become more effective by aggressively applying lean to their job functions. If the scientific method is used to help make improvements, vital tasks will be performed more effectively. There will be a learning curve for leaders, but also for those they are trying to lead. Applying lean to the leaders' and managers' job functions conveys legitimacy upon lean efforts, methods, and principles. It is a more powerful vote of confidence in lean than simply writing an endorsement letter. It is important for leaders to broadcast their incorporation of lean to those around them. Leaders should do the five whys on a whiteboard, not 3×5 cards, for example.

CONCLUSION

To teach, a leader has to learn, and learning lean is more than a cerebral exercise. Concepts need to be applied. Otherwise, a leader might be able to read a few slides on lean, but he or she will not be able to coach people on how to apply lean thinking on a daily basis. Leaders must be teachers. By applying lean to everything (including coaching efforts), a leader will become a more effective teacher.

Remember what leadership is really about: it is not a job; it is an act. Anyone can be a leader. But in assuming this role, a person has to learn how to teach, to build creative tension, and to eliminate fear and comfort. He or she must actively participate in the transformation of the business and apply lean to his or her own job. A lean leader needs to carefully consider these leadership attributes and responsibilities. As a leader, imagine you have a customer attached to your hip all day. What would that customer say about how much value you provide to them? Customers only value a leader's ability to bring about change, to bring the organization forward toward the ideal state. What would your customer say? Reflect upon these questions as you plan your lean journey.

Five Leadership Moves for Lean

1. Leaders must be teachers
2. Build tension, not stress
3. Eliminate fear and comfort
4. Lead through visible participation, not proclamation
5. Build lean into personal practice