The Role of Leadership in a Lean Transformation

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Outline

• Overview of Lean Origins and Principles
• Transformation Models
• Role of Leadership in Lean Transformation, with examples.
  • Learning Phase
  • Spreading Phase
  • Enduring Phase
• Lessons learned and ongoing efforts

“Your system is perfectly designed to give you the results you’re getting.” Deming
Who is Michigan State University?

- 50,000+ Students
- 9,500+ Faculty/Staff
- Founded 1855
- 5200 acres
- +20,000 acres Ag Ext property

LIPS Doha Workshop

Residential and Hospitality Services at MSU

- Campus provider of high quality support and auxiliary services
- Largest housing system in US – Over 15,000 Students.
- Provide an outstanding, integrated food experience for the campus community – 50,000 meals per day
Customer / Provider Relation

Customer/Client/Student/Citizen
- Cost
- Quality
- Availability
- Experience

Purpose!!

Value Promise !!

Organization/Company
- Profit
- Repeat Business
- Growth
- Reputation

Organization Success

For any organization to survive, let alone prosper, it must do a better job addressing the purpose its customers seek.
Value Promise Delivery Basics

- **A process** is a sequence of actions that must be executed correctly in the right time and order to create value for a customer – or simply a way of getting things done.
**Value Promise Delivery Basics**

Value = Results – Expectations

**Lean**

Creating more value (as defined by the customer, stakeholder, client, guest, student, constituent, etc) with less capital expenditure, human effort, time, and space, by removing waste from the work that generates that value.

**What did people hear?**
Lean Thinking

- Lean Thinking: Altering the way we identify and solve problems, learn from mistakes, and improve work processes over time

- Impacted by culture
Lean Thinking Facilitates Culture Change

Impact of Lean Principles in Industry

<table>
<thead>
<tr>
<th>Performance Metrics</th>
<th>Results*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct labor / Productivity Improved</td>
<td>45 – 75%</td>
</tr>
<tr>
<td>Cost reduced</td>
<td>25 – 55%</td>
</tr>
<tr>
<td>Throughput / Flow Increased</td>
<td>60 – 90%</td>
</tr>
<tr>
<td>Quality (Defects/Scrap) Reduced</td>
<td>50 – 90%</td>
</tr>
<tr>
<td>Inventory Reduced</td>
<td>60 – 90%</td>
</tr>
<tr>
<td>Space Reduced</td>
<td>35 – 50%</td>
</tr>
<tr>
<td>Lead Time Reduced</td>
<td>50 – 90%</td>
</tr>
</tbody>
</table>

*Summarized results, subsequent to a five-year evaluation, from numerous companies. Companies ranged from 2 to >7 years in lean principles application/execution.

Source: Virginia Mason Medical Center

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Lean has been adopted in many different environments since its creation.

**Toyota Production System aka Lean Production aka Thinking Production System**

Where and how to start?

TPS = Organizational Culture of Solving Problems to Drive Performance.

(high quality, low cost and short lead time)
Organizational Transformations

Why Lean Fails?
**Lean Thinking**

- Motivate and develop people to surface and solve problems
- Build a culture of continuous improvement

- Customer First
- People most valuable asset
- Process Improvement
- Site and Shop Floor Focus

**Leadership Role in Lean Transformation**

- Learning
- Spreading
- Enduring
Leadership Role in Lean Transformation

**WHAT**

- Strong, Visible Lean Commitment
- Understand Lean Correctly (Principles and Details)
- Encourage Exposing Problems
- Go and See for Yourself

**HOW**

- Understand Main Problem
- Diagnose Problem Solving Effectiveness
- Problem Solve Yourself *
- Lean Self-Development

*Safety, Quality, Cost, Delivery, People

Adapted from © TSSC
**Process Improvement Approach**

*Process = A Service or Production Process

**Rethink – Radical**

**Or**

**Redesign – Rapid**

**IPO Studies**

**Future State Example**

**Stage One – Future State**
Future State Example

Process* Improvement Approach

Rethink – Radical
Or
Redesign – Rapid

*Process = A Service or Production Process

Adapted from Mike Rother – 2010 & Langley et al 2009
Leadership Role in Lean Transformation

- Challenge Organization for Improvement
- Develop the culture and capability

Enduring

Create Improvement Need

- Form Problem Solving Teams
- Teams Lead to More Teams (Cascade Learning)
- Support Front Line
- Design Structure to Support Improvement

Respond to the Need

Adapted from © TSSC
Lessons Learned

Lean Leadership

“The trouble with coercive power is that it only strengthens resistance. And, if successful, its controlling effect lasts only as long as the force is strong. It is not organic. Only persuasion and the consequent voluntary acceptance are organic.”

Robert K. Greenleaf

Adapted from Paul Reiser

Lessons Learned

Lean Leadership

"... I told everyone that they weren't earning their pay if they left the standardized work unchanged for a whole month. The idea was to let people know that they were responsible for making continual improvements in the work procedures and for incorporating those improvements in the standardized work. Standardized work ... is a framework for kaizen improvements...”

Taicchi Ohno

Adapted from Paul Reiser
Lessons Learned

Lean Thinking

Getting these levers right, will get the financials right!!

Adapted from Mary Poppendieck 2014

Lessons Learned

![Diagram showing the relationship between Competency, Learning, Implementation, Status Quo, and Time.](image-url)