Lean Leadership

John Shook

Change – the leader's role…

"John, I can't get my people to do this…"

How can you get others to "do this"…?

→ Only one way…

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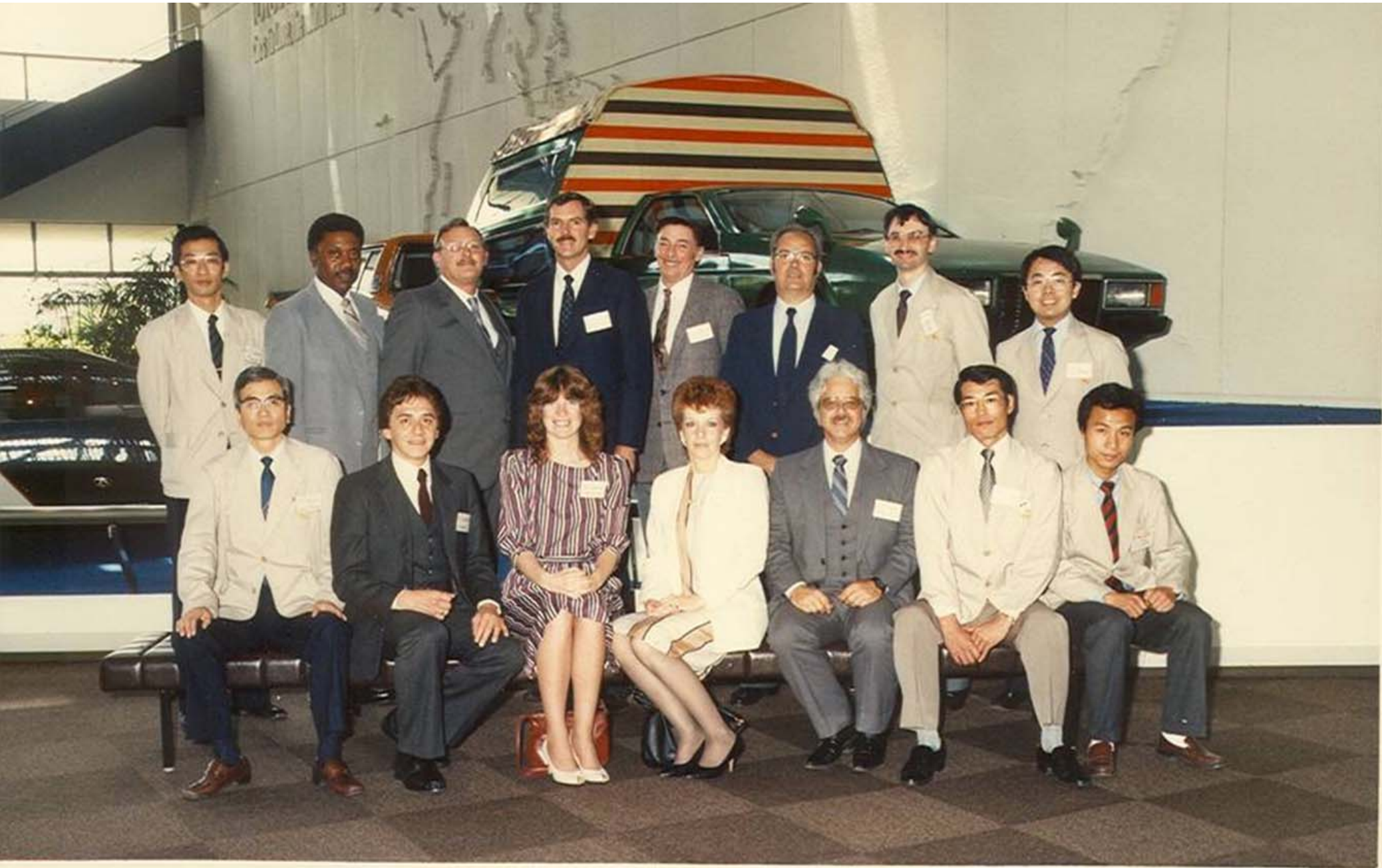
June 4, 1984

Toyota Motor Corporation

3

What is the Role of Leadership?

April 30, 1984   Toyota Motor Corporation

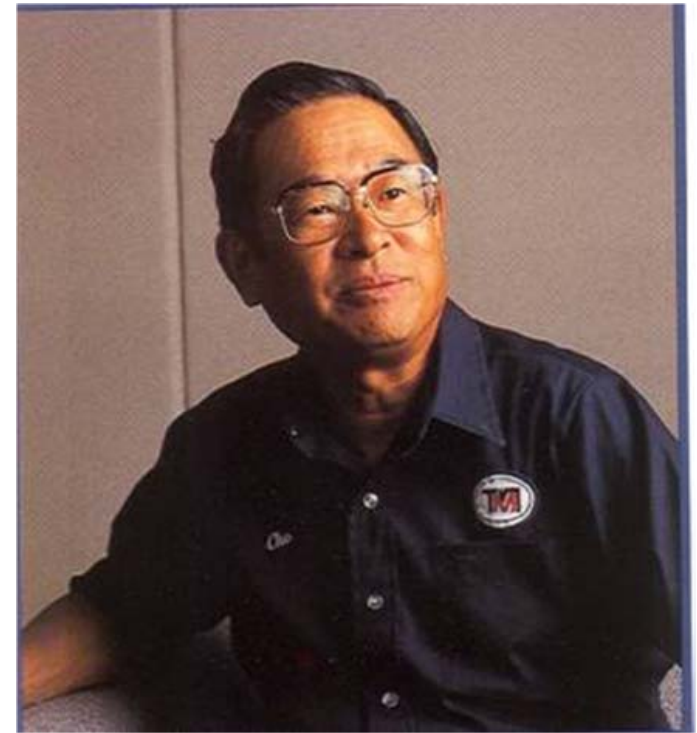# Mr. Cho of Toyota: Three Keys to Lean Leadership

Go See.

- "Sr. Mgmt. must spend time on the plant floor."

Ask Why.

- "Use the "Why?" technique daily."

Show Respect.

- "Respect your people."

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Leadership: Three Models

- **Old "Dictator" Style:**   **"Do it my way…"**

- **1970s "Empowerment" Style:**   **"Do it your way... "**

- **Lean Style:**   **"Follow me… and we'll figure this out together "**

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Kan Higashi to Gary Convis…
(NUMMI's senior Japanese and American leaders)

"Lead the organization as if you have no power."

April 30, 1984 — Toyota Motor Corporation

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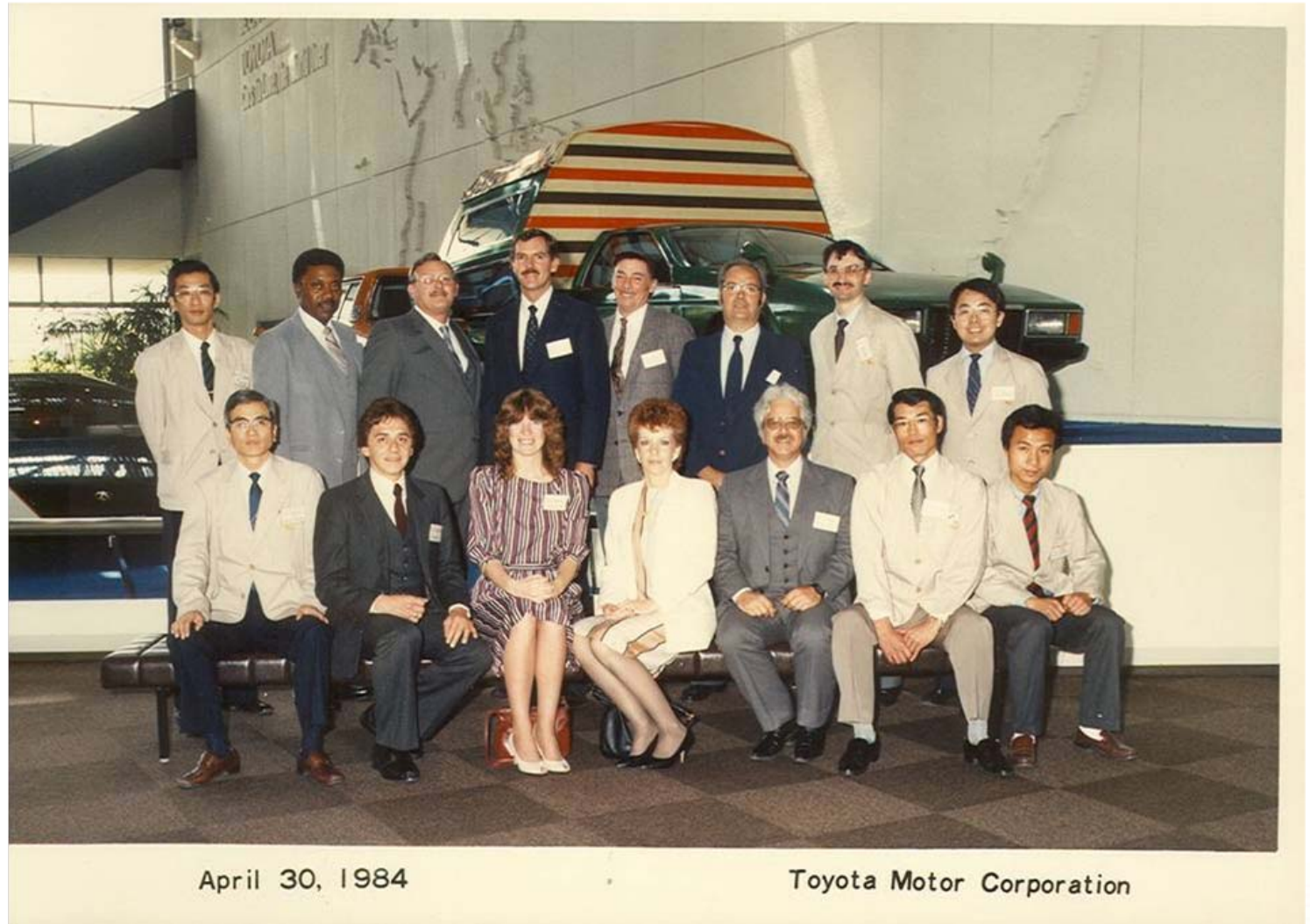
Toyota Way of Management

From managing numbers to managing the process

- Leaders at Toyota, like leaders anywhere, want to see measurable results.

- But they know that the financial result is a *result* of a *process*.

- They also realize that the financial result is the result of the *past* performance of that process.

- Far better is to create a process that can be managed right NOW.

Toyota Way of Management

From the Five Who's to the Five Whys

- Good Toyota leaders don't jump to conclusions or solutions – they try to first size up the situation and then ask "Why?"

- This focuses on the work and problem at hand, avoiding the finger-pointing search for where to place the blame.

- It also keeps responsibility (ownership, accountability, authority-as-needed) with the person who is doing the work.

- This is what truly engages and empowers the workforce.

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Toyota Way of Management
The "Why? Technique

The "Why Technique" is key to management at Toyota. Not only is it used to solve problems ("*Why did the machine break down*?") but to dialogue to reach mutual understanding ("*Why do you say that?")* and agreement, and also to mentor others ("*Why do you think that?*").

The usual "Five Why's" can be reversed:

1. "Why did things go wrong; what is the root cause?"

2. "Why do you propose that?"

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Toyota Way of Management
From Problem-hiding to Problem-solving

- All actions at Toyota revolve around planning and problem-solving.

- It is assumed that there will be problems, that everything will not go according to plan.

- "No problem is problem."

- For the system to work, problems must be exposed and dealt with forthrightly.

- Hiding problems will undermine the system.

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Toyota Way of Management
Control with Flexibility

- Toyota's way of managing provides extraordinary focus, direction, "control."

- While at the same time providing maximum flexibility.

- This way of working can resolve the age-old dilemma that encumbers all large organizations: control vs. flexibility, or direction vs. adaptability.

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Innovation and Ownership, Responsibility and Authority

- In my five years in Toyota City, almost never was I told exactly what to do or how to do it.

- Yet, I was not free to just do what I wanted.

- I was given clear responsibility to propose solutions to problems I owned.
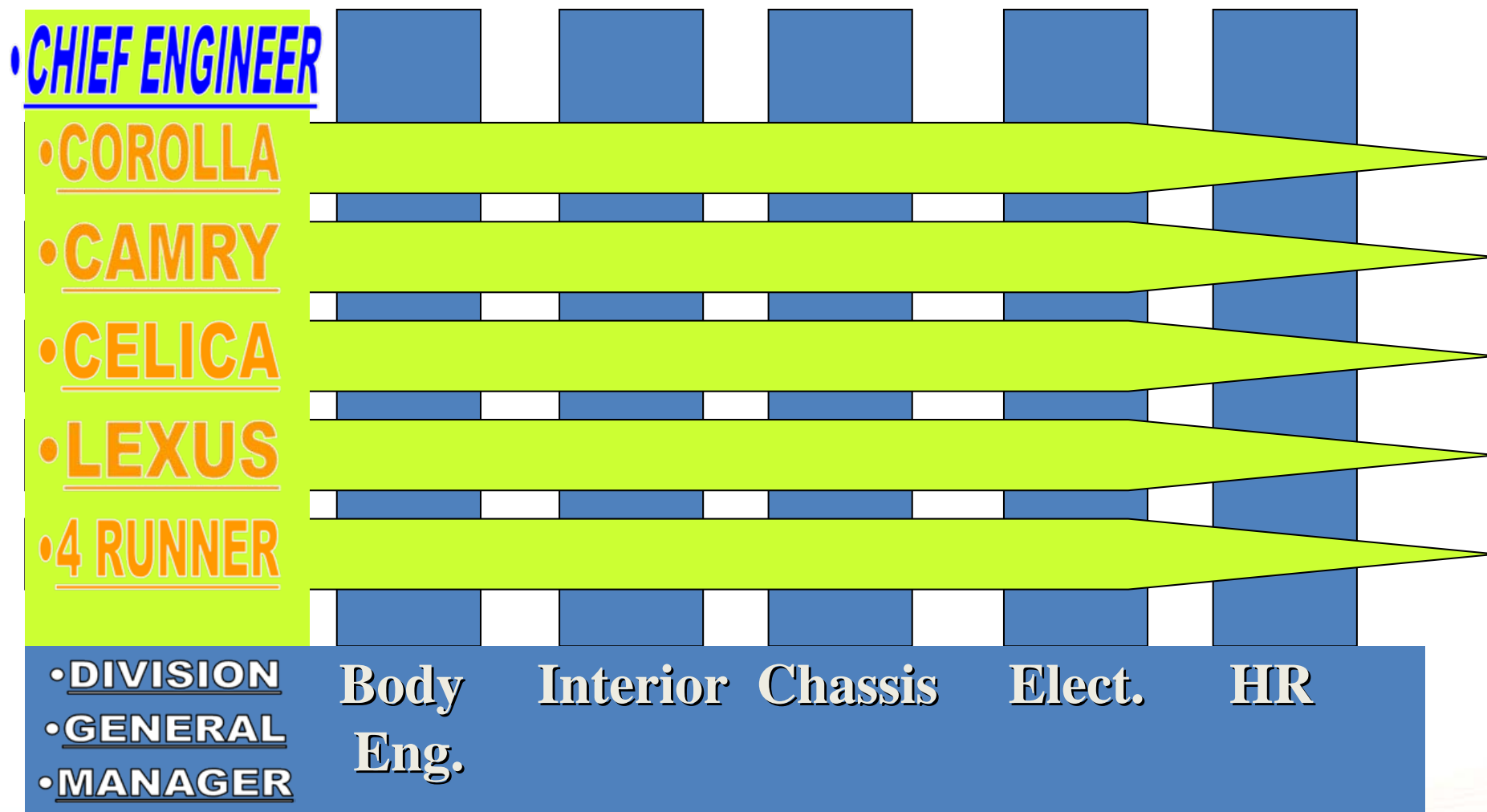
Leadership at Toyota Responsibility ≠ Authority

- Not "bottom-up" or "top-down".

- Processes well-defined and responsibility clear.

- From debate about "authority" (territory) to dialogue around "doing the right thing".

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Innovation and Ownership, Responsibility and Authority

- *In a traditional hierarchical organization:*

- **Position establishes (or seems to) *authority to make* decisions.**

- **-> In cross-functional organizations, this causes confusion, frustration, and breakdown of the decision-making process.**

- *In a Lean Learning Organization:*

- **Position establishes *responsibility* to *get decisions made.***

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Chief Engineer or "Shusa" System

- CHIEF ENGINEER
- COROLLA
- CAMRY
- CELICA
- LEXUS
- 4 RUNNER

- DIVISION
- GENERAL
- MANAGER

| Body Eng. | Interior | Chassis | Elect. | HR |

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Toyota Way of Management
From p-D-p-D to P-D-C-A

- Toyota would say this is essentially the P-D-C-A management cycle they learned from Dr. Deming.

- Probably. Yet this is precisely the thing that most companies can't seem to do.

- Why?

- Surely one major reason for this is the way we lead and manage.

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From p-D-p-D Fire-fighting to P-D-C-A Management Cycle
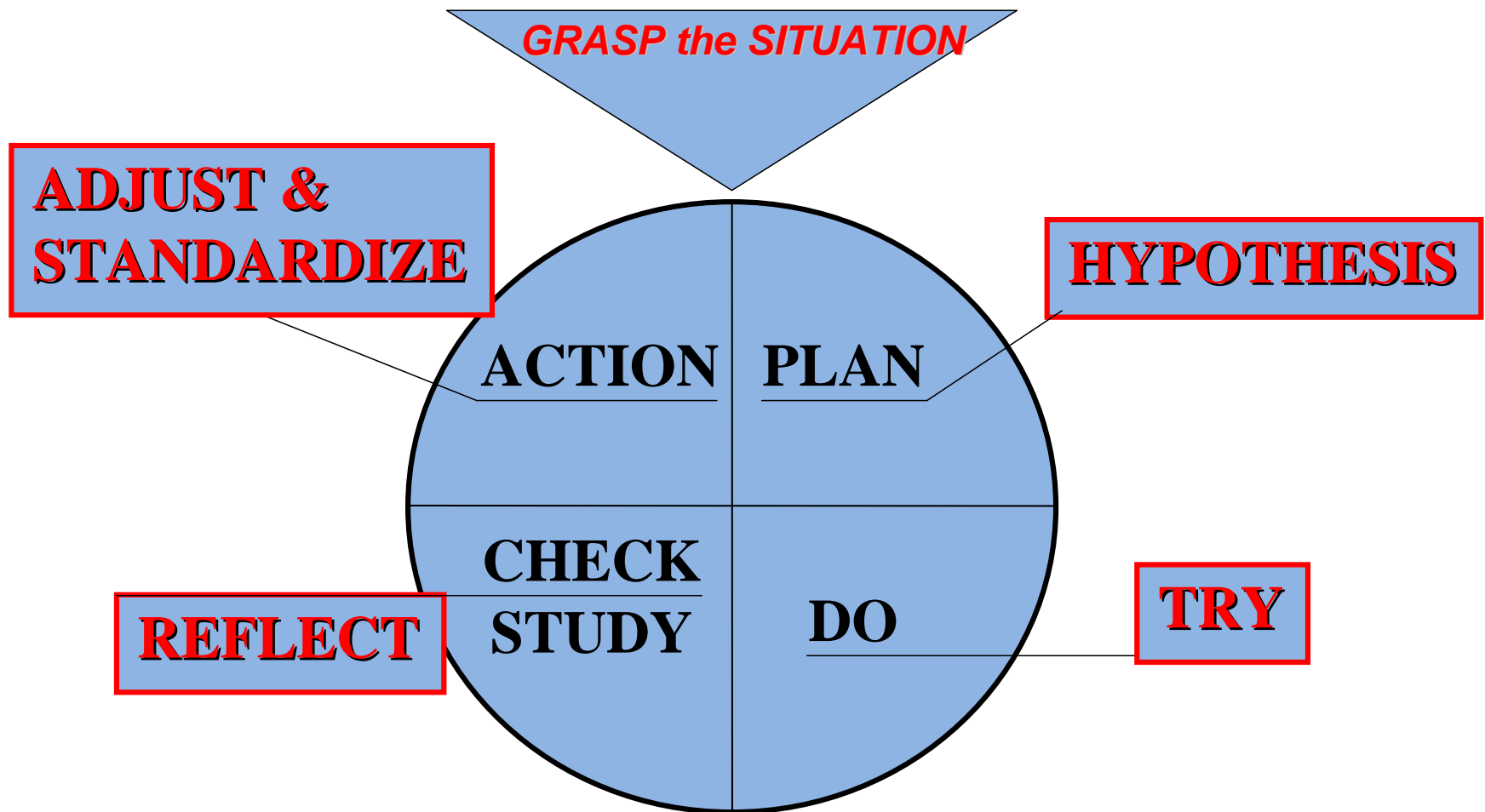
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The "Leader as Dictator" of the old days tried to tell everyone what to do.

- **No transfer, or Cascade of Responsibility**

The "Leader as Back-Slapper" of the 80s and 90s just set "goals" (MBO) and let everyone do as they pleased.

- **Loss of focus, direction, control**

Lean Leadership

- The Lean Leader leads a very different way:

    ▶…as <u>different from</u> the commonly accepted notion of the "<u>enlightened modern manager</u>" as it is the old command and control dictator.
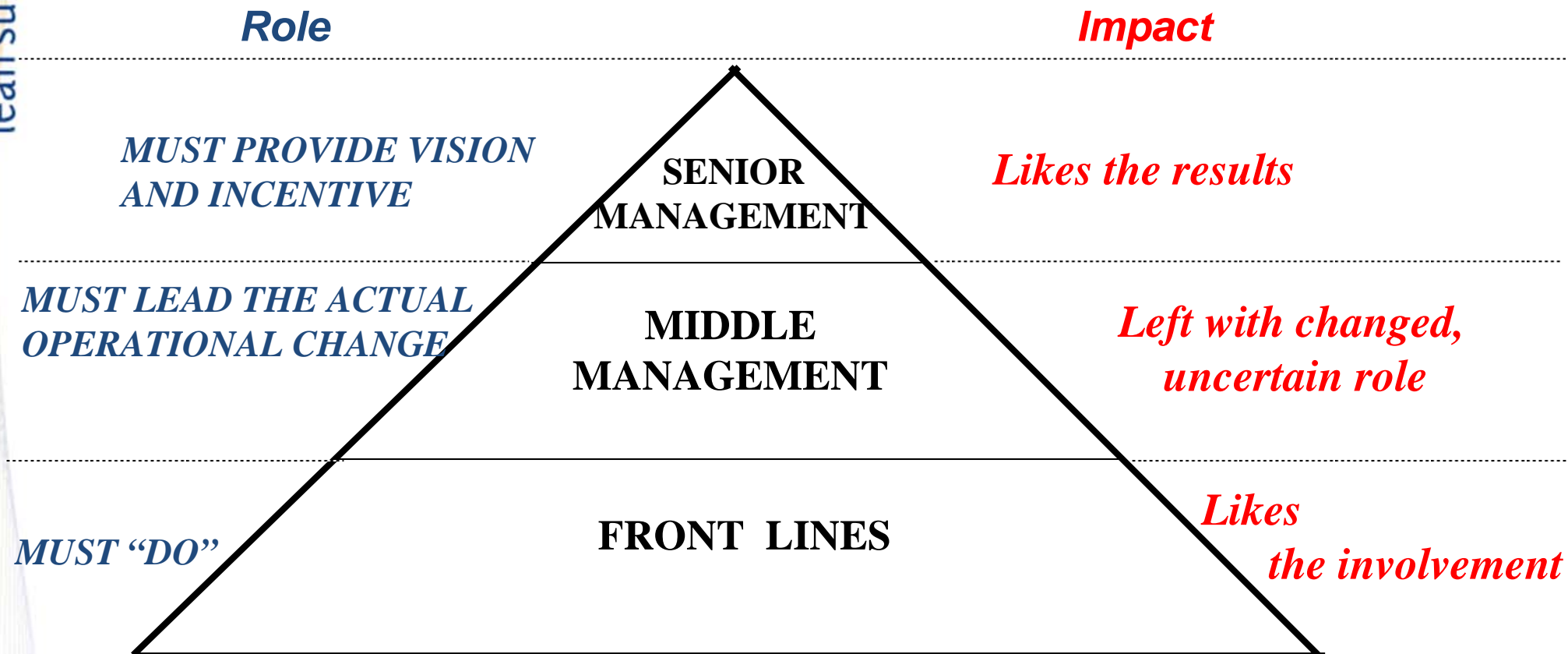
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What can we do??

Toyota is Toyota.

We can learn from them, but we can't copy them exactly.

How can we operationalize the same principles in our own companies?

Impact of Lean Transformation at different organizational levels

Role		Impact

MUST PROVIDE VISION AND INCENTIVE — **SENIOR MANAGEMENT** — *Likes the results*

MUST LEAD THE ACTUAL OPERATIONAL CHANGE — **MIDDLE MANAGEMENT** — *Left with changed, uncertain role*

MUST "DO" — **FRONT LINES** — *Likes the involvement*

A Difficult Struggle at the Mid-management and First Line Supervisory Level

Muri:	overburden
Mura:	variation
Muda:	waste

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System Design to Control the 3 M's

- Muri – **Overburden** or unreasonableness to a person or a machine

> Too much overtime!
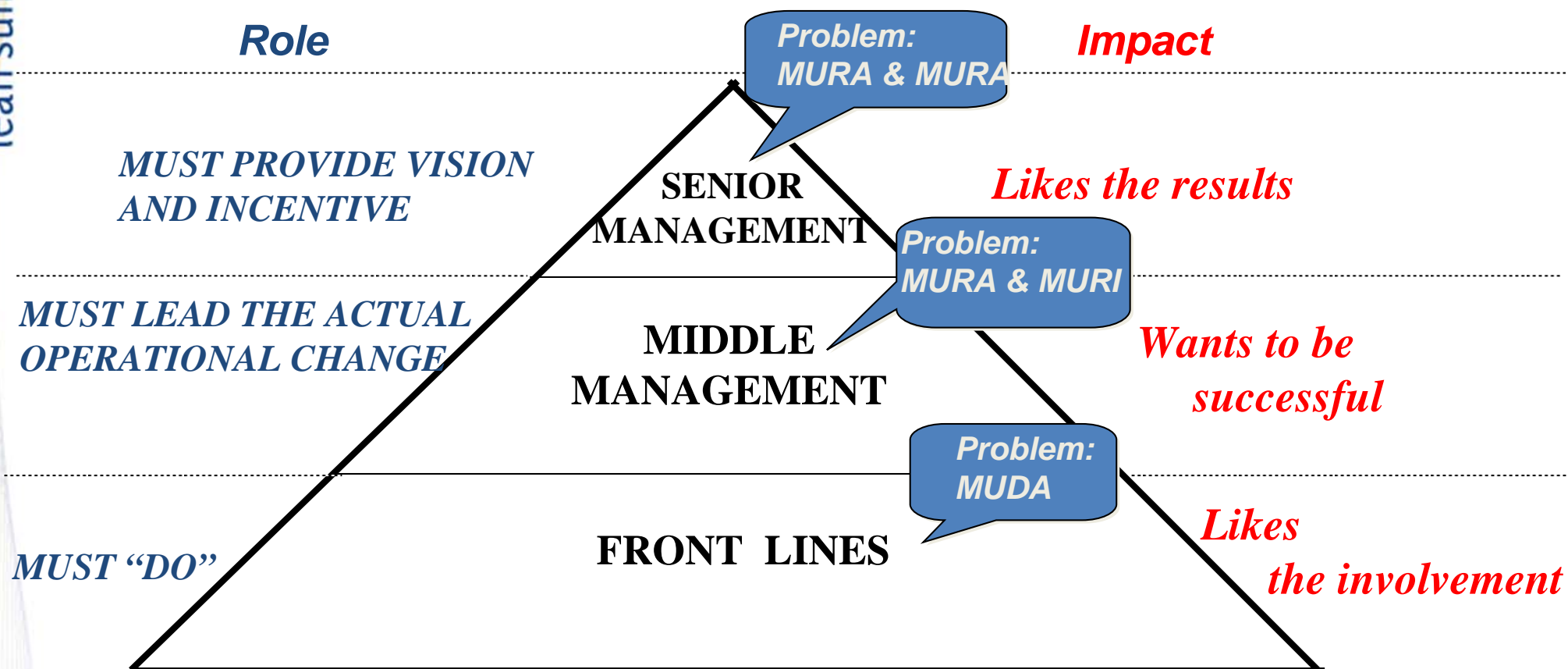> Stress!
> Not enough resources!

- Mura – **Instability**; Unevenness; Variability; Inconsistency

> - End of month deadlines with much overtime followed by periods of not enough work!
> - All projects scheduled in 1Q with none in 2Q!
> - Extensive IT everywhere yet not enough copy machines!

- Muda – **Waste**

> The Seven Types of Waste

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Basic problem to solve at different levels of the enterprise

PDCA Tools for different levels
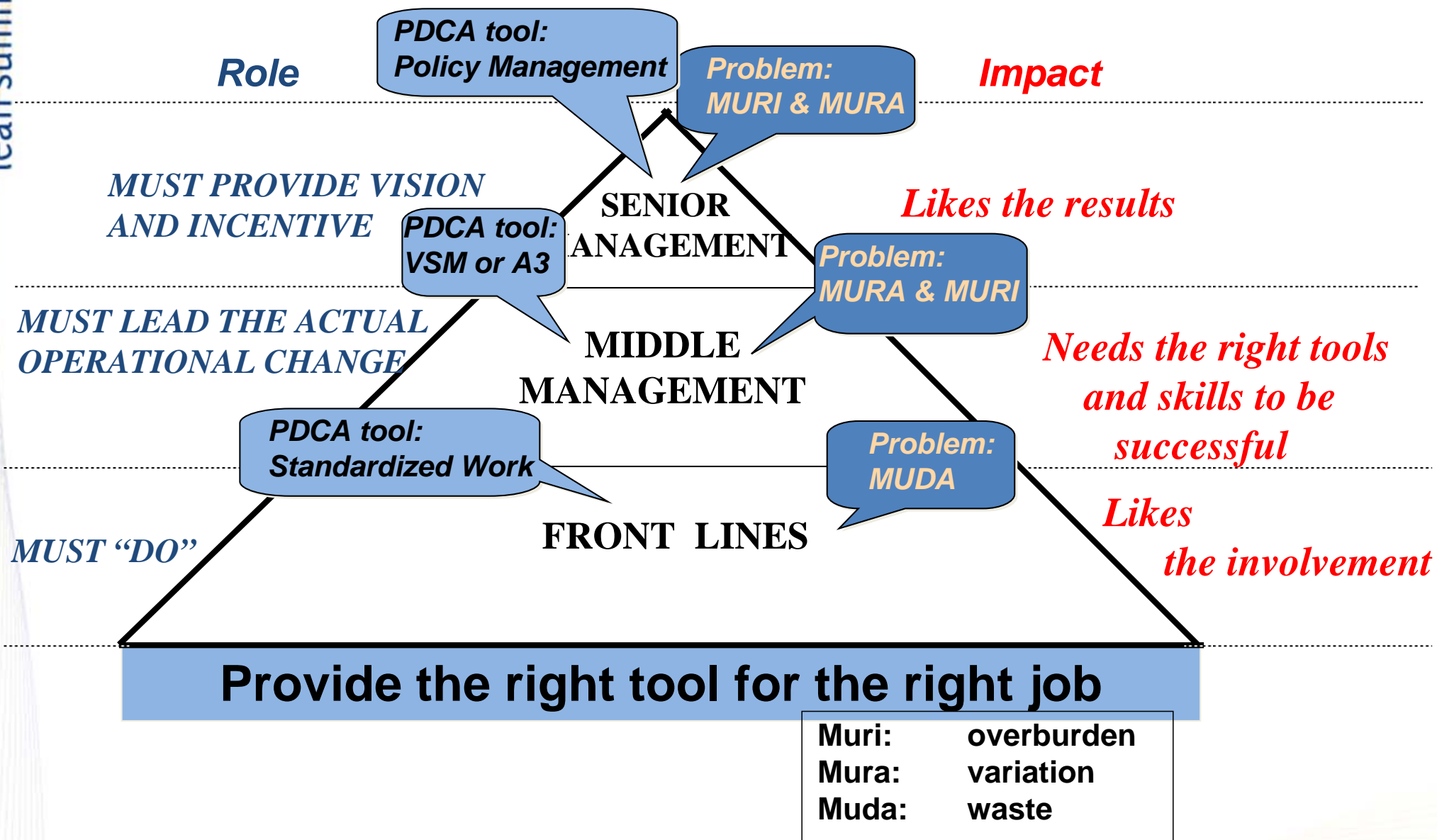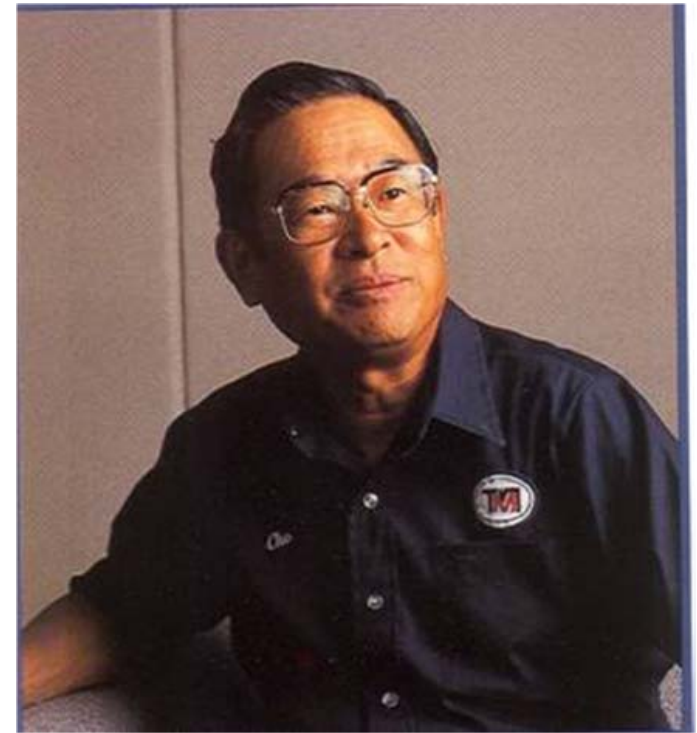
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Go See.

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Ask Why.

- "Use the "Why?" technique daily."

Show Respect.

- "Respect your people."

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"Go see"

"Data is of course important,

but I place greater emphasis on facts."

-Taiichi Ohno

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Core Toyota View:

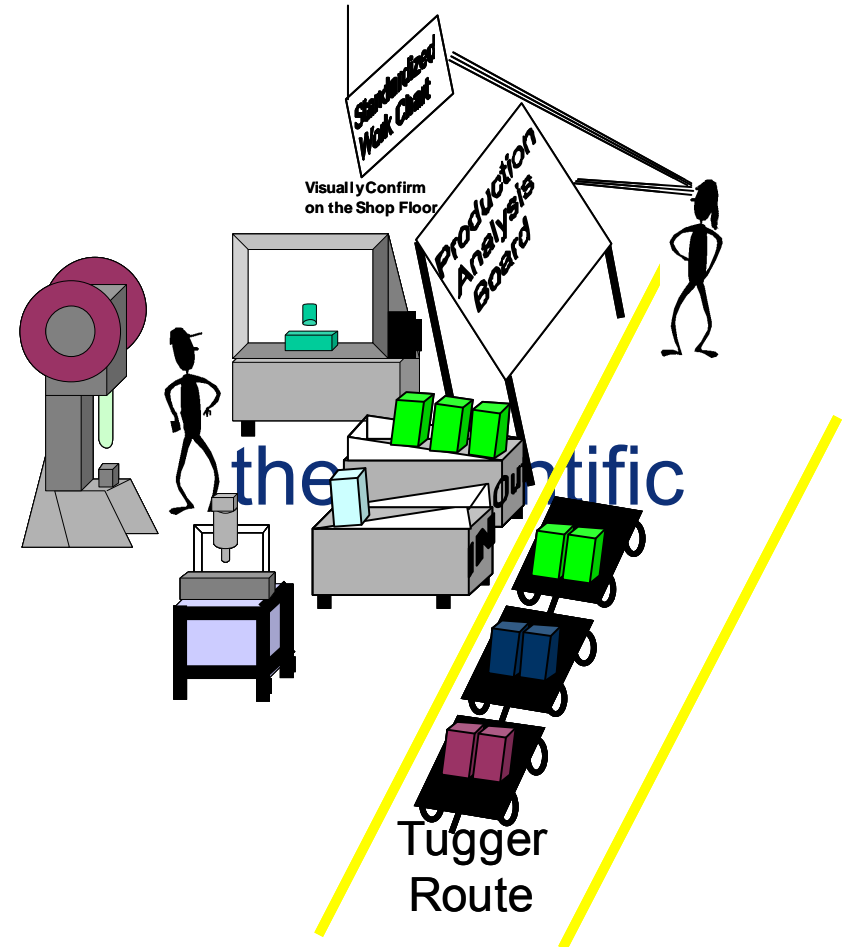- "You can understand everything that is really important about a company by observing from a good spot on the plant floor."
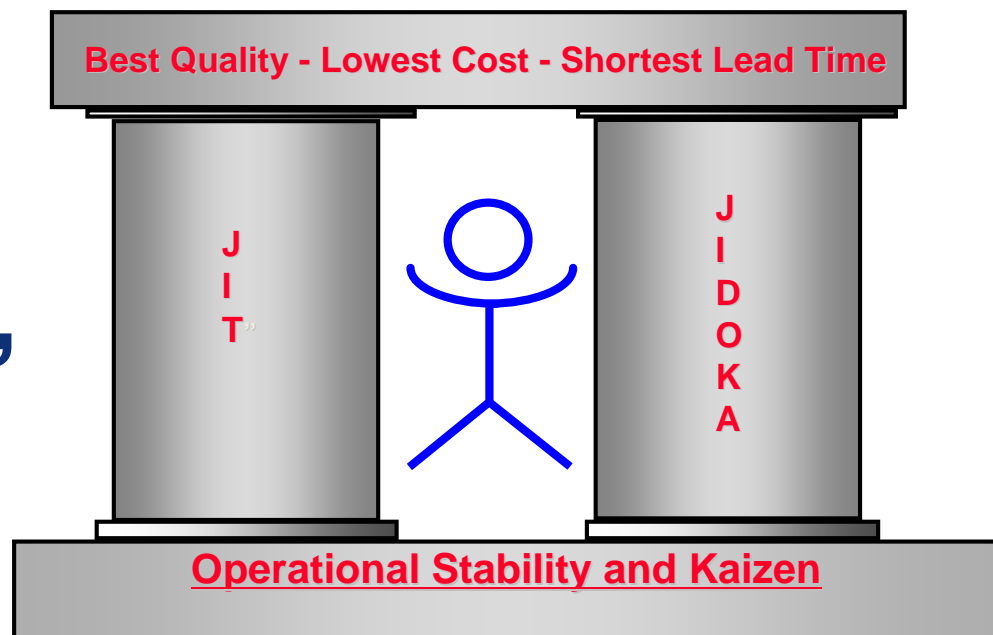
What to look for
- let's make it easy for ourselves…

- Plan vs. Actual
- Standardized Work
- PDCA – the scientific method

Standardized Work Chart

Visually Confirm on the Shop Floor

Production Analysis Board

Tugger Route

Mr. Cho

"Know normal from abnormal…

…right now!"

Best Quality - Lowest Cost - Shortest Lead Time
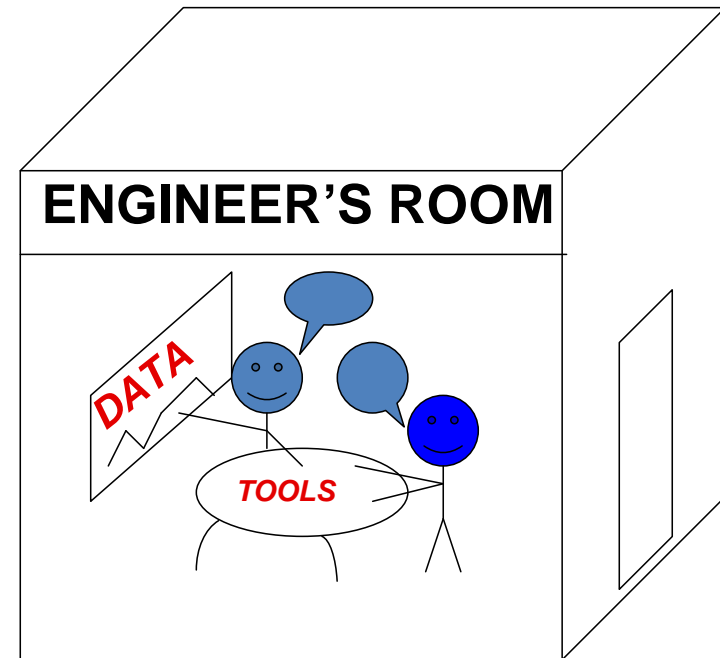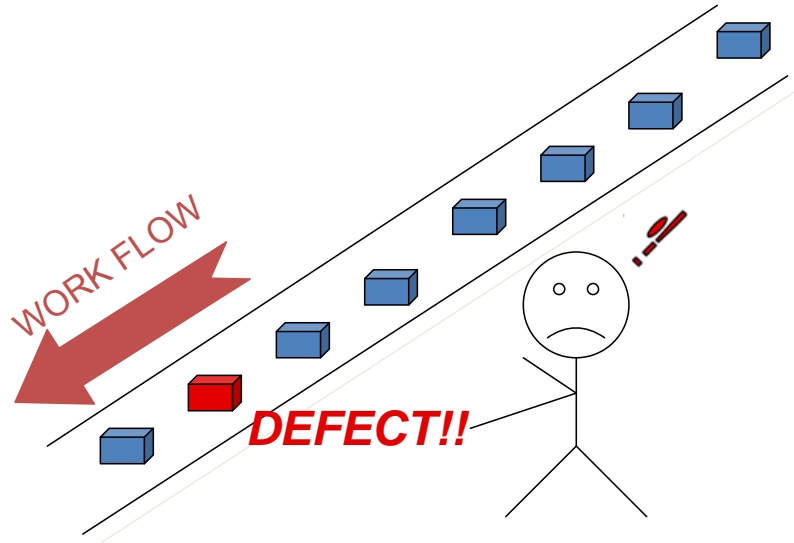
J I T

J I D O K A

Operational Stability and Kaizen

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Lean Problem Solving

- at the gemba
- five whys

Respect for People

Focus on the front line worker

▶ Enable the worker

- To work safely
- To know his/her customer
- To be involved, engaged
- To be successful

▶ *Worker-out* or the *Front Lines-back* principle

- Build your operating system from the operator out
- Remove wasteful steps from his work,
- Giving it to support people: *isolate the waste!*
- Until nothing is left but value-creating steps.
  - → *Don't waste the operator's time and effort!*

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Lean Leadership

- The Lean Leader leads a very different way:
  - ▶ It is as different from the commonly accepted notion of the "enlightened modern manager" as it is the old command and control dictator.

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And what IS "Leadership" anyway??

"The greatest leaders of the 20th century were Hitler, Stalin and Mao: If that is "leadership", I want nothing to do with it."

- Peter Drucker

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Lean Leadership

Practice of Leadership

vs

Exercise of Power

"I could put a loaded gun to your head…"

True leadership exists when people follow when they don't have to…"

(James MacGregor Burns)

Eiji Toyoda on Leadership

"The people at the top are just flag-wavers. It is pure MUDA to wave your flag and have no one follow you. Waving that flag in a way that makes people fall in line behind you is what is important."

→The Waste of Empty Flag-Waving

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The leader's job at Toyota…

- **First**, get each person to take initiative to solve problems and improve his or her job.

- **Second**, ensure that each persons' job is aligned to provide value for the customer and prosperity for the company.
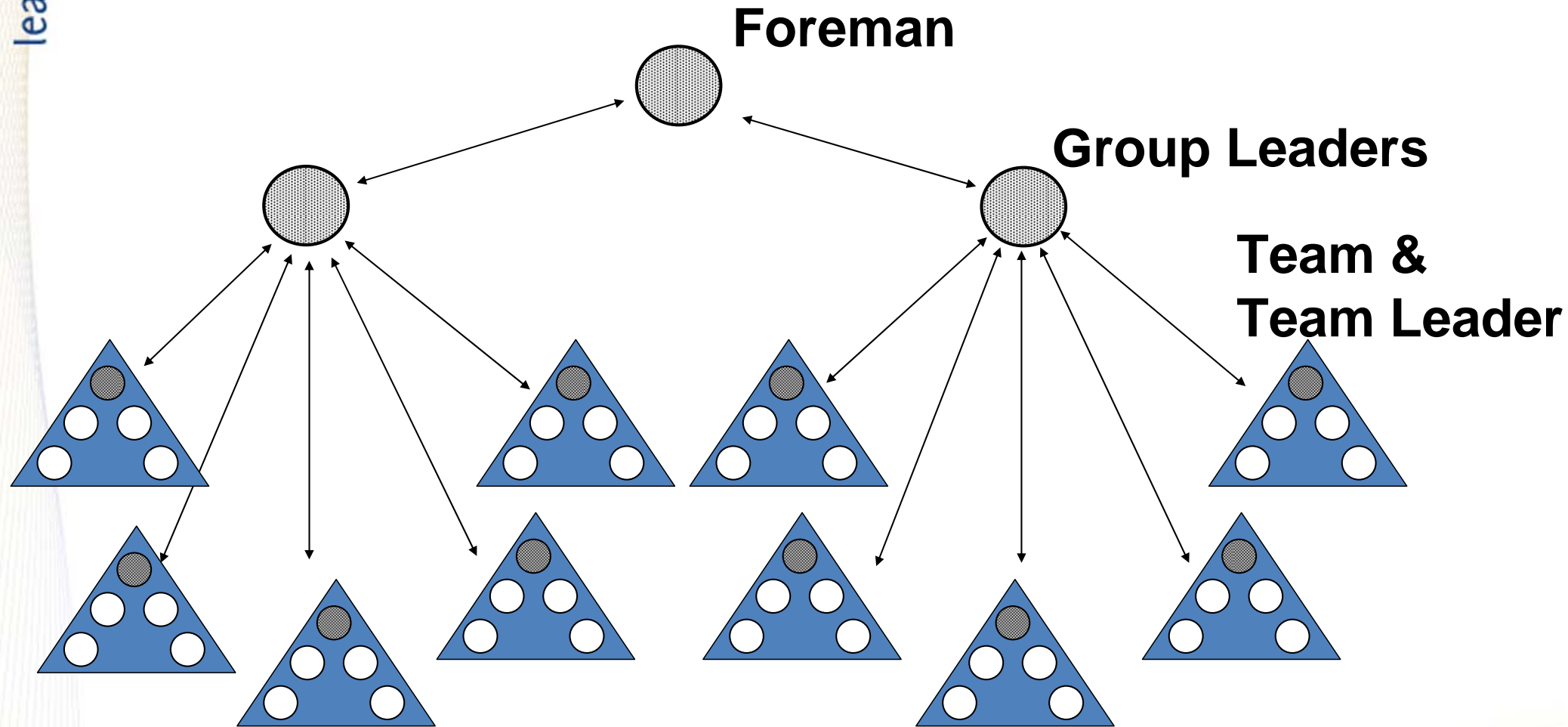
The Leader's job is to develop his or her people

SPIRIT of Lean Mentorship:
"If the learner hasn't learned, the teacher hasn't taught"

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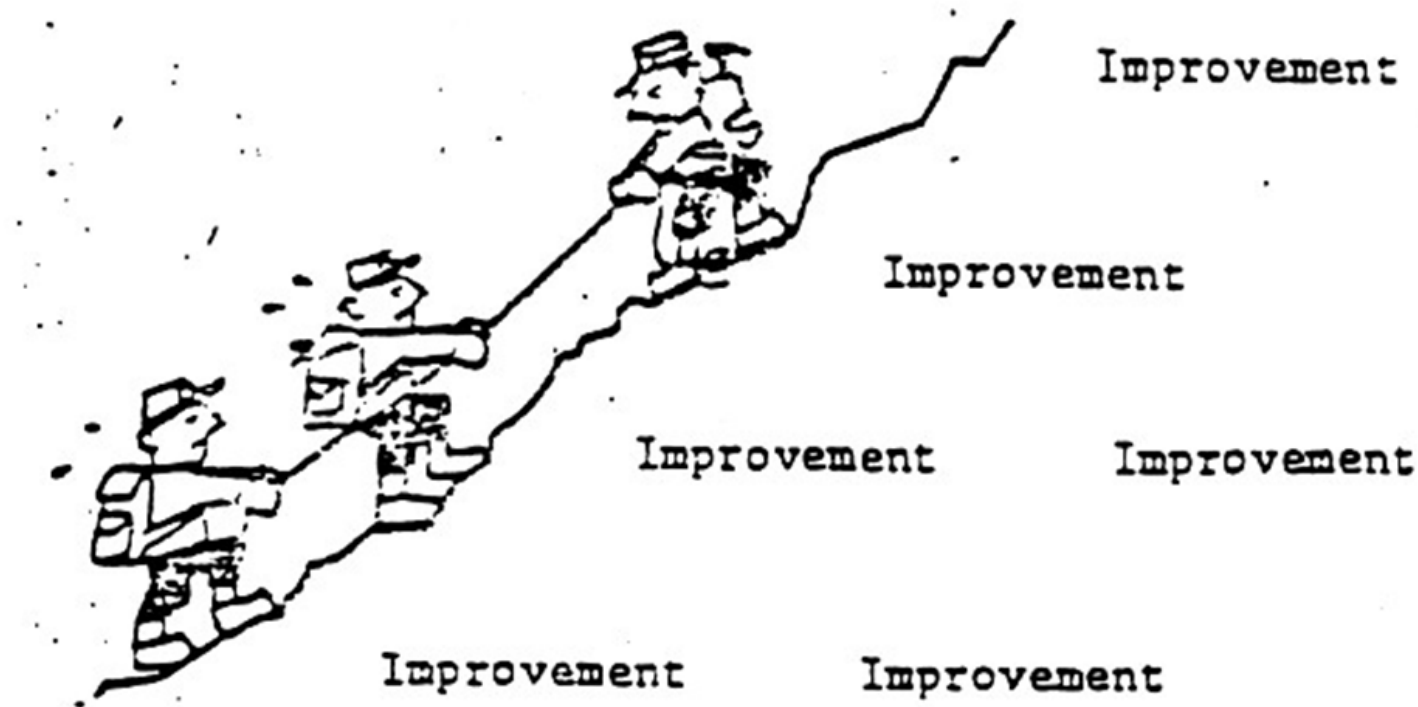
Extensive Support and Coaching at the Front Lines of the Organization

Foreman

Group Leaders

Team & Team Leader

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Lean Leadership

- The Lean Leader leads a very different way:

  ▶ By *setting the vision* (more *why* than *how*)
    - with nemawashi dialogue, HK planning
    - and setting challenging expectations
      – at the organizational level
      – at the individual level

  ▶ By *building systems* and *processes* that cascade responsibility
    - SW, KB, Stop-the-Line as tools that truly empower
    - HR and HK as broader empowering systems

  ▶ By *influence and persuasion*
    - by *example*
    - by *being knowledgeable*
    - by *getting into the messy details*
    - by *coaching* and *teaching*
      – through *PDCA learning cycles*
      – through *questioning*

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If "managing" is about thinking...

"leading" is about getting other people to think.

-- David Verble

If improvement is about taking responsibility and initiative

Leading is about getting other people to take initiative

How do you get other people to think ?

and take initiative?

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Ask them Questions!

What Questions?

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PDCA Questions

What barriers discourage people from thinking and taking responsibility?
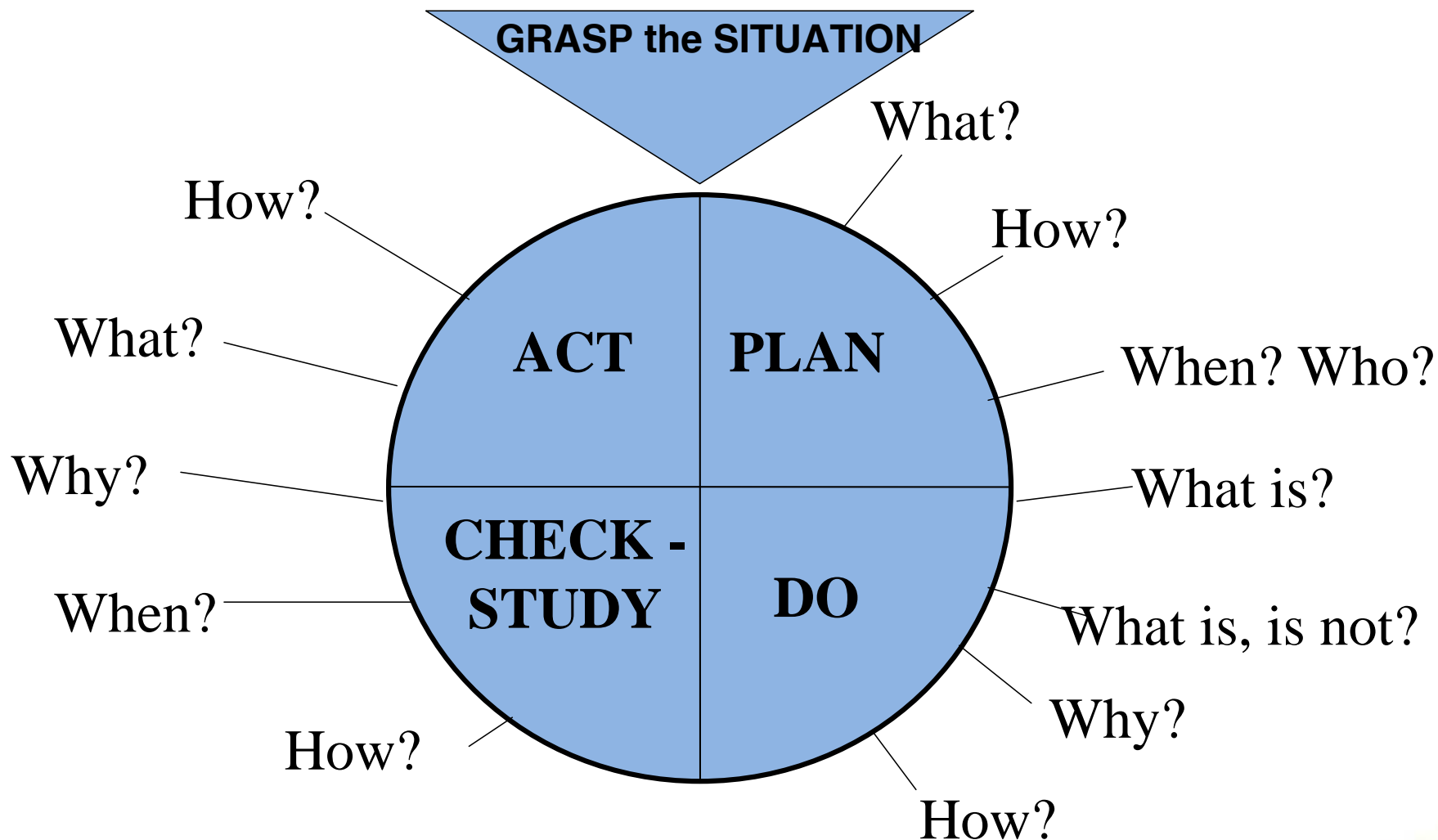
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What barriers discourage people from thinking and taking responsibility?

- You, me or somebody rushes in to give them the answer.

- It is more important to give them the right question than the right answer.

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The A3 Thinking Steps

- What is the problem?
- Who owns the problem?
- What is the root cause of the problem?
- What are some possible countermeasures?
- How will you choose which countermeasure to propose?
- How will you get agreement among everyone concerned?
- What is your implementation plan? What timetable?
- How will you know if your countermeasure works?
- What follow-up issues can you anticipate? What problems may occur during?
- How will ensure learning and continuous improvement?

Title: What you are talking about

Background

Why you are talking about it.

Current Conditions

Where things stand today.

Show visually – pareto charts, graphs, drawings, maps, etc.

Target/Goal(s)

The specific outcome required for the business.

Analysis

The root cause(s) of the problem.

Choose the simplest problem-solving tool for this issue

Proposed Countermeasure(s)

Your proposal to reach the future state, the target condition.

How your recommended countermeasures will impact the root cause to change the current situation and achieve the target.

Plan

A Gantt chart or facsimile that shows actions/outcomes, timeline and responsibilities. May include details on the specific means of implementation.

Indicators of performance, of progress.

Followup

Remaining issues that can be anticipated.

Ensure ongoing P-D-C-A. Yokoten as needed.

Verble/Shook

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Title: Create robust process for translating documents

Background

New domestic plant has massive technical requirements that must be translated from Japanese documents. The size and complexity of the project are creating errors and delays.

Current Conditions

Cost overruns. Delays. Errors. Complexity.

Goal

Reduce errors to manageable rate and simplify processes.
Reduce cost by 10%.

Analysis

Challenge of translating from Japanese to English. Complexity and size and amount of documents. Problems stemming from multiple vendors.

Recommendations

Simplify and improve process performance by choosing one vendor based on competitive bid process.

Plan

Evaluate current vendor. Identify new vendor candidates. Develop bid package, distribute, and choose winning bid.

Followup

Monitor cost to proposal. Review performance at end of one-year contract. Put contract up for bid again if performance goals are not met.

Title: Create robust process for translating documents

DP

Background

New domestic plant has massive technical requirements that must be translated from Japanese documents. The size and complexity of the project are creating errors and delays.

"Massive"?? How big Or important is this problem?

Current Conditions

Cost overruns. Delays. Errors. Complexity.

How much?

How many?

???

How long?

Goal

Reduce errors to manageable rate and simplify processes.
Reduce cost by 10%.

Why 10?

???

Analysis

Challenge of translating from Japanese to English. Complexity and size and amount of documents. Problems stemming from multiple vendors.

What do "challenge and "complexity" mean? What "problems?" What CAUSE??

Recommendations

Simplify and improve process performance by choosing one vendor based on competitive bid process.

What does number of vendors have to do with the problem??

Plan

Evaluate current vendor. Identify new vendor candidates. Develop bid package, distribute, and choose winning bid.

How can we know any of this will work when We don't even know the problem or root cause?

Followup

Monitor cost to proposal. Review performance at end of one-year contract. Put contract up for bid again if performance goals are not met.

lean summit 2008

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PDCA Questions

- **Plan (hypothesis):** *What and why?*
  No: "What can be done?"
  Yes: "What needs to be done?"
- **Plan - Do:** *When?*
  No: "How fast can we do it?"
  Yes: "When does it need to be done?"
- **Check, Reflect**: *who, why?*
  No: "What did you do?"
  Yes: "Why did you choose to do what you did?"
- **Check – Act (Adjust):** *what, why?*
  Not just: "Did you get the results?"
  But: "What did you learn?"

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Lean Leadership

- **Traditional**
  - ▶ **"Leadership" as noun: "leaders are born"**
- **Lean**
  - ▶**"Leadership" as verb: "take leadership"**

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Lean Leadership

- **How do you "Take leadership"?**
  - ▶ **Build systems and processes, look for system/process solutions when things go wrong**
  - ▶ **Teach, or "Facilitate learning"**
  - ▶ **Influence right thinking and action**

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Lean Leadership

- ## How do you "Take leadership"?

  ▶ **Build systems and processes, look for system/process solutions when things go wrong**

    - **No: "My employee did the wrong thing"**
    - **Yes: "What went wrong with my process?"**

  ▶ **Teach, or "Facilitate learning"**

  ▶ **Influence right thinking and action**

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Lean Leadership

- ## How do you "Take leadership"?

  ▶ **Build systems and processes, look for system/process solutions when things go wrong**

  ▶ **Teach, or "Facilitate learning"**

    ▪ If the learner hasn't learned, the teacher hasn't taught

    ▪ Operations are a reflection of management

  ▶ **Influence right thinking and action**

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Lean Leadership

- ## How do you "Take leadership"?

  ▶ **Build systems and processes, look for system/process solutions when things go wrong**

  ▶ **Teach, or "Facilitate learning"**

  ▶ **Aim to influence right actions and thinking**

    ▪ **Model the behavior (right actions)**

    ▪ **Look for the thinking behind the actions**

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The <u>Thinking</u> Production System

Best Quality - Lowest Cost - Shorte...

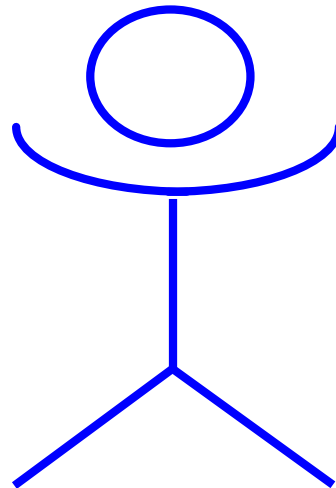**Through Shortening the Production Flow B...**

Getting people to think and take initiative is the key!

Just in Time

"The right part at the right time in the right amount"

- Continuous Flow
- Pull System
- Takt Time

Leveled Production

- A...
- Fixed Position Line Stop
- Error Proofing
- Visual Control
- Labor-Machine Efficiency

Production Lines That Stop for Abnormalities

Operational Stability and Kaizen

Standardized Work
Preventative Maintenance; 4S

Robust Products and Processes
Supplier Involvement

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Change – the leader's role…
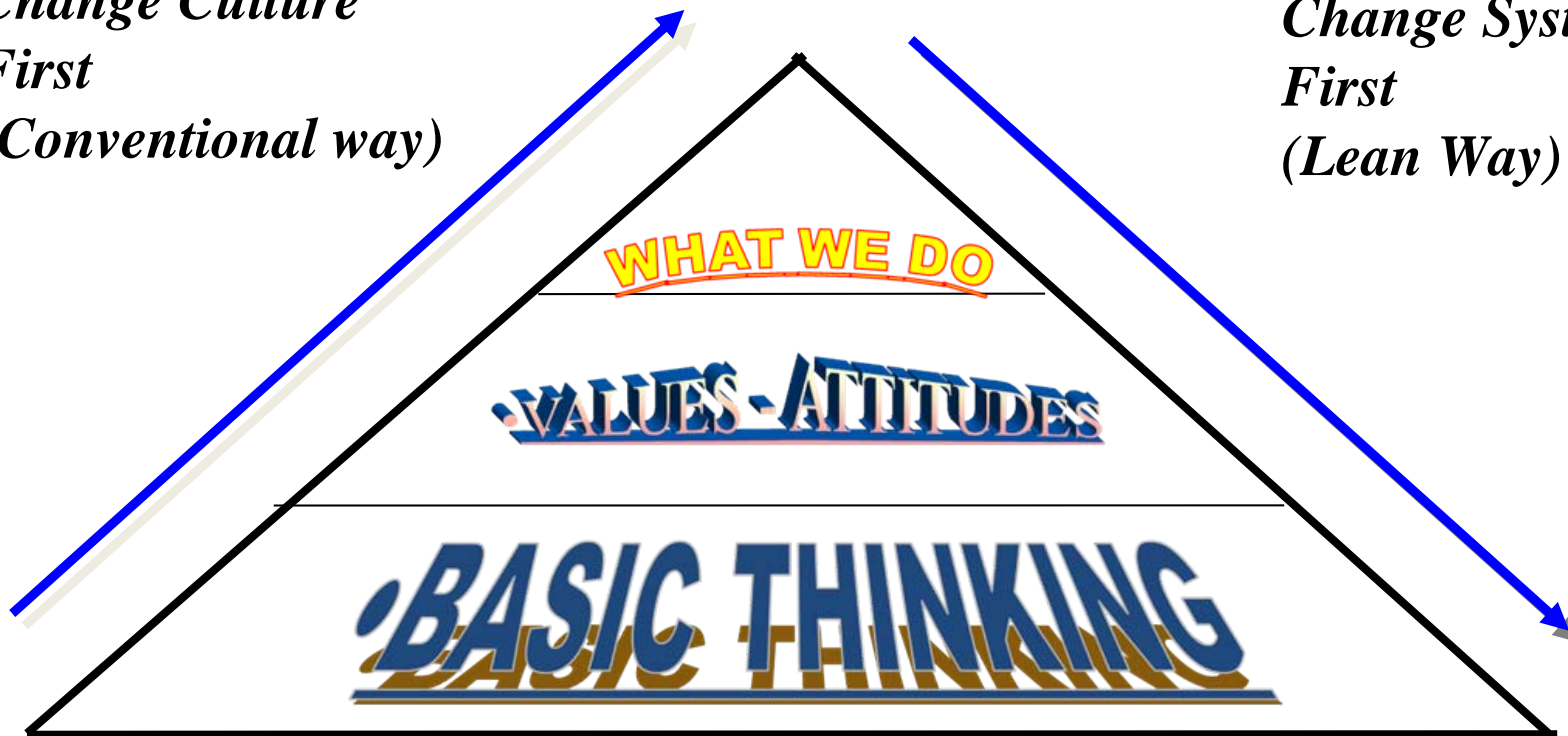
"John, I can't get my people to do this…"

How can you get others to "do this"…?

→ Only one way…

Lean Enterprise Transformation

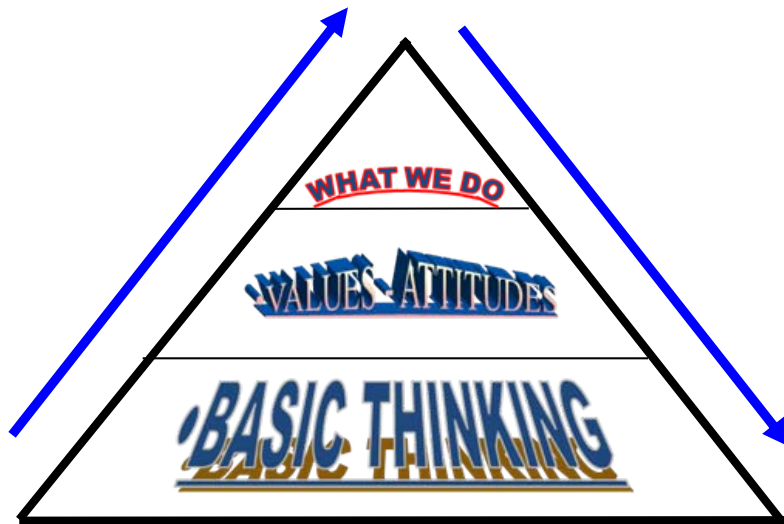*Change Culture*
First
(Conventional way)

Change System
First
(Lean Way)

WHAT WE DO

VALUES - ATTITUDES

BASIC THINKING

Where Do You Start - From Top or Bottom?

Lean Enterprise Transformation

WHAT WE DO
VALUES · ATTITUDES
BASIC THINKING

It's easier to act your way to a new way of thinking than to think your way to a new way of acting.