

What Makes Some Companies So Successful With Lean?

Podcast #18 Transcript

By Phyllis Mikolaitis

Hi, it's Phyllis Mikolaitis, welcome back to our bi-monthly podcast. We had a bit of a break as we worked on a major project and enhanced our skills and knowledge in several areas. Today I am excited to talk to you about how a Lean strategy and People-Centered Leadership can create an environment where your business and your employees flourish and your customers are delighted.

My Lean journey began over 20 years ago with Leadership Through Quality and then Six Sigma at Xerox. It has continued through my work with the American Manufacturers for Excellence and now with Continuous Improvement at Konica Minolta.

I want to help you find your path through the thousands of books, articles, conferences, webinars, and podcasts about Lean. There are so many options; you can easily become overwhelmed and wonder where to begin. So I am delivering podcasts and writing articles to help you see the big picture, get some background, and begin taking your first steps into the creation of a successful Lean culture. We'll help you create a culture that has everyone on the organization chart invested in a successful outcome. On the first and third Thursday of the month, I will upload a podcast to our website and Tweet notification. On the second and fourth Tuesday, I'll post an article on our website, LinkedIn, and send an email blast to my followers. Each podcast or article will address one of what I currently consider the three major elements for successful implementation of a Lean culture of Continuous Improvement. I do not want to overwhelm you with information, so I am spacing it out to give you time to digest it and think about it in terms of your company.

As I mentioned, I've read a long list of books, attended multiple seminars, and interviewed a number of People-Centered Leadership and Continuous Improvement Executives. In these podcasts and articles, I'll share what I've learned from those who have changed their workplaces from unhappy and under-producing to joyful, productive, and profitable organizations. I'll discuss some case studies of successes and failures to help you succeed and avoid the pitfalls others have experienced. It wasn't a smooth road for any of those who have succeeded, but the rewards were tremendous in not only growth and company profits, but in employee self actualization.

Let's start today by defining and explaining Lean and some of its tools, and then discuss its value to your company. In the second part of today's broadcast I'll focus on creating a culture that facilitates a successful implementation of Lean.



What is Lean? It's a system for minimizing waste without eliminating productivity or employees. It streamlines processes and increases profits.

There are three Japanese words that describe the Lean process. The first word is **Muda** – This word means uselessness, wastefulness, or futility. Muda can include the waste of employee talent or a waste of space, money, and other resources based on overproduction. It refers to any element in your workflow that uses more resources than needed and causes waste.

The second word is **Muri** – This word means waste created through overburden. It refers to unreasonable work. When a company is poorly organized it creates several types of Muri waste. For example, it imposes unreasonable workloads on employees. With this approach, a company can push its employees and machines beyond their natural limits. This can have a variety of negative consequences such as errors, accidents, and lost or disgruntled employees.

The third word is **Mura** – This word refers to the waste caused by unevenness or inconsistency. A good example of Mura is the typical end of the month rush to fill and ship orders, while the beginning of the month is slow due to a lack of parts or a lack of focus on the month-end target.

Before I go further, let's take a minute to clarify what **Lean is not**.

Many people incorrectly believe that implementation of Lean means elimination of jobs and employees. This is definitely **NOT** the case. Lean is the elimination of waste and the improvement of workflow. Just the opposite is true of companies that have successfully created and implemented a Lean culture. Their companies have grown, they have added employees, and their employees are flourishing.

Many others incorrectly believe that Lean is just the set of the tools that assist in the identification and elimination of waste. But tools alone don't solve the problems and eliminate waste. As I mentioned, Lean is a strategy, a culture, and the tools to help you eliminate waste and grow.

Our discussion of Lean will not only include the tools, but also ensure you understand the definitions in Lean and what you need to do to develop a successful culture.

In our podcasts and articles, we'll consistently give you examples of one of the tools and their value. You may have heard of 5S but may not be familiar with the definitions and the value. The 5S system is one of the tools to help you improve efficiency, safety, and grow your business.

Here are the 5Ss:



The number one S is **Sort**. It means to separate your needed tools, parts, and instructions from unneeded materials, and to remove the unneeded items.

The second S is **Set-in-order**. It means to neatly arrange and identify your parts and tools so they are handy and easy to use. They should be in the order used and those used together should be stored together. A key component here is labeling so resources can be easily located and identified.

The third S is **Shine**. It means to have everyone engage in a clean-up campaign. You need a deep cleaning to ensure everything is free from clutter. When you shine your environment, it makes it safer and it makes it a nice environment for your employees. It also increases productivity, reduces breakdowns, and lowers costs.

The fourth S is **Standardize**. We all have our way of doing things but the lack of standardization in the workplace is unproductive and it allows for errors and uncertainty. Establishing step-by-step processes, setting schedules, and creating checklists ensures productivity, uniformity, and raises quality.

The fifth and final S is **Sustain**. It means to form the habit of following the other four steps. It is easy to slip back into old habits. Just think of a time you made a New Year's resolution to exercise more, to diet, or to start saving more money. It may have gone well at first, but most people go back to old habits. Sustainability requires everyone from the CEO down to be committed and involved. You need a reward system and you need to allow time to perform the first four steps. Finally, you need constant reminders like posters, company meetings, and a newsletter that include discussions of the successes and how the process contributes to everyone's growth and achievement of goals.

In the weeks to come we will discuss many more Lean topics such as Kaizen, Identifying the Seven Waste, Taking effective Gemba Walks, and Value Stream Mapping.

In this podcast, I feel it is very important to introduce you to one of the key elements to a successful implementation of Lean.

Around the globe, companies have found that the most difficult challenge of all is changing the company to a Lean culture that values the employee and their contribution. Lean can fail to deliver results if the company does not educate, include, and value its employees.

A Gallup survey found that 87% of C-suite executives recognize that disengaged employees are a threat to the success of their business. Gallup also found that only 30% of the population is inspired and engaged in the workplace. 50% are not engaged,



and the other 20% are actively disengaged. This disengagement costs the US alone \$450K to \$550K annually.

Conversely, companies with engaged teams have higher productivity, profitability, and customer satisfaction scores. They also have fewer accidents, quality defects, less turnover, less absenteeism, and lower healthcare costs.

These inspired and engaged employees come up with the most innovative ideas and help acquire most of the company's new customers.

Before you invest any money, it is important to get the entire executive suite onboard with a commitment to Lean and to a People-Centered Leadership style. Not only must they be committed, but they must also remain committed, and they must actively exhibit the characteristics and use processes associated with Lean. This cannot be the new thing of the week, but a solid commitment to establishing a Lean culture and to the successful implementation of Lean.

Only when there is a solid senior level commitment can you take the next step of convincing the employees that Lean will not only be a value to the company and the customer, but to them as well. The senior staff must earn their trust. The employees must be convinced that they will have the opportunity to participate in the process changes, submit ideas, and learn new skills. They must also feel they can earn more money and grow in roles and responsibilities.

As proof of the value of engaged employees let me provide some examples of real companies that succeeded and are not only successful, but they also have happy, engaged employees.

Mike Sheridan of Menlo Innovations, a software company in Ann Arbor Michigan, was unhappy with his experiences in the software industry. For many, work in that industry meant long hours, mismanaged projects, and low quality results. Mike knew there had to be a better way. He established his own company and purposely created a joyful culture for his employees. These employees continue to develop innovative products that delight their customers and have profits soaring. Mike has been so successful that people come from around the world to discover their business style and insights.

Another example is Mike Wilz of SurSeal in Cincinnati, Ohio. Sur-Seal was a family company that was transferred from the founding father to his three sons Mick, Marty, and Jim in the 1980s. In 2007, the company developed a new plan that included engaging the employees and making the company into a world-class manufacturing plant.



Mick used Legos to create a simulation of the current state and the vision for the future of the plant and its processes. At first, the employees thought Mike had lost it playing with the Legos. But, they soon found that they could make recommendations and be involved in moving the Legos around and creating a better process.

All of the employees at SurSeal love their job and feel they are contributing to improved processes, great products, and great customer service. SurSeal and its employees won the 2012 American Manufacturers for Excellence Award, and people come from all over the globe to visit. They get to see their processes in operation and experience the enthusiasm and joy of the employees first hand.

You can join these great companies and many others by creating a culture that is people-centered and empowers everyone in every role to participate in your implementation of Lean. As a result, you, your employees, and your business will flourish. Your customers will be delighted and will willingly spread the word.

Well, that wraps up our podcast for today. Thanks to my producer and audio engineer John Switzer, for his great work with me on today's podcast. Join me next time when we'll dig deeper into Lean and People-Centered Leadership. I appreciate your feedback, so please send your questions, comments or topic suggestions to me at Phyllis@salestraining.com.

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