



**AS APPEARED IN
The Manufacturer of Michigan Journal
October, 2001**

IS LEAN A FAD?

*Lean is about a learning and
development process that
integrates into everything you do.*

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Lean manufacturing has been discussed for about a decade now. You might think that we'd have it right by now. But that is quite contrary to reality. Due to poor teaching, misunderstanding, poor application, and a lack of commitment, there have been many false starts and a highly level of dissatisfaction about lean transformation efforts. "Why?" many ask.

We will explore the myths of lean that have many trapped and then explore what lean transformation is really all about including how to get started. But first, we should answer the question "why do lean at all?"

There are many reasons. Far too often, lean teachers give the answer "because Toyota does it and because it is the best way." That may be true, but for the manufacturing executive or business owner who faces pricing pressure, workforce turnover, or quality and technology problems, that isn't a very compelling reason. We must connect lean transformation to both the long-term and immediate needs of managers today. When my co-founder Dennis Pawley, former DaimlerChrysler manufacturing executive, started transforming Chrysler through the Chrysler Operating System, it wasn't just "because," it was linked to critical business issues and opportunities.

First, competitive pressures have been increasing for some time. What might have once been a regional business is now even subject to international competition because of easier access to information and decreasing transportation costs. That means there is pricing pressure, along with delivery and quality pressure, that is beyond anything we've ever seen. And for these reasons it will only get tougher. Price is not tied to costs, but the ability to continually reduce price while remaining profitable is tied to your ability to continually drive waste out of your processes.

Second, consolidation is a growing force in many markets, including utilities, automotive suppliers and even hospitals. This is eat or be eaten time.

The competitive performance and skill based of your organization will allow you to control your own destiny – stand alone or buy and improve someone else. If you haven't grown your organization's skill base, you will either sell your business at rock bottom prices or fade into the sunset.

Third, there is good reason to engage in lean transformation efforts not just because of what it does to your performance but what it does for your people. There is a war for talent, and a knowledgeable workforce is critical in even the oldest industries. More and more evidence suggests that people choose their job and employer primarily on what their opportunity and experiences will be, not just on wages. That being said, developing a culture that engages the entire workforce and drives continuous improvement, one of the central principles of lean, will help you recruit and retain the best and brightest. So that is the good side. This may all seem obvious, so why don't more people head down this path? There are many myths out there that prevent people from exploring their opportunities, so before we go any further, we should explore the validity of those myths.

The first myth, still quite alive, is that lean is really about Japanese culture and so it only works in Japan. Let's look at one side of this coin: Japan Inc. is lean. That couldn't be further from the truth. Let's just look as far as Nissan (although insert Mazda or Mitsubishi here for the same effect). Nissan is a Japanese automotive company, but it had so much trouble regarding quality defects, rising costs, delivery problems and so on that it had to be rescued from the brink of bankruptcy by Renault. Obviously being a Japanese company does not automatically constitute some mystical advantage. The other side of the same coin is the idea that these "Japanese" concepts won't work in America. Toyota's Georgetown, Ky. Plant is one of the most efficient and best quality plants in the world, as is their NUMMI plant in California, and NUMMI is even a union plant with a previously General Motors workforce.

That brings us to our next myth: lean won't work in a union environment. Instead, some would even argue that it is easier because you already have a structure in place to communicate with the workforce. Many companies have misunderstood lean to equate with "less people and less inventory." This is not what lean is. If lean transformation is done well, you may not have as many people touching the product in order to get it out the door, but your costs will be cheaper, and you can capture more market share allowing you to actually create jobs. There is also no company out there that is doing everything it should do for the long term outside the basic production process. Things like training and technical skill development, getting production people involved in product development, and attacking quality problems on a daily basis, are all a productive use of resources. One company I know developed a special team of shop-floor workers who, on a full-time basis, attack cycle time and quality issues that other workers don't have time to focus on. Lean is not "less people." Lean means smarter use of people.

Finally, the biggest myth is that lean is just for automotive companies or perhaps just for discrete manufacturing companies. This is not true. If lean was all about less inventory, then it would obviously only apply to industries with inventory.

But instead, if we learn that lean is about the development of people systems, where there is a shared way of thinking and shared vision that all people can engage in, that aligns problem solving and improvement activities, and that gives people a framework for observing, discussing and changing the way work is done. Under those conditions, we can see that lean can apply just as well to a hospital, a car dealership, a utility, an oil refinery, a distribution company or even government. If lean were a tangible thing, like a pen you can hold in your hand and describe, then in describing the automotive version of lean (the Toyota Production System) we might see too many limitations and barriers

to get started. But lean instead is about a learning and development process that integrates into everything you do.

Your lean journey will change everything from what is done on the front line to what is done in the executive suite. There is no final product, no end game, it is a journey that starts strong and never ends. The only real question worth exploring is how to get started, build in some way to learn from what you do, make sure you have a coach and never ever stop.

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