Volume 3   **December 2008**

Lean Insights… *Lessons from George K.*

Building the Lean Culture

Culture—What is it?

An easy way to think about culture is to think of it as the accumulation of leadership behaviors. It is the "how we do things around here."

The Simpler Tree (Figure 1) is a visual depiction of our **ideal state culture**. It is based on an extensive A3 assessment that included a significant benchmarking of leadership behaviors at Toyota. In the Simpler Tree, we identify the principles/values/ behaviors that characterize a lean culture. Any organization that is serious about "becoming lean" will need to identify their cultural model and figure out how to close the gap from the current cultural state to the ideal future cultural state. It is the culture that determines the ultimate success of any lean transformation.

Behavior—What does a leadership "behavior" look like?

A great example of a lean behavior is **mentoring**. At Toyota, there is an expectation that every manager will be both a mentor and a student at the same time. In the role of mentor, the manager will be expected to act as a role model of lean behaviors. If you recall that the number one True North metric is Human Development, then it stands to reason that mentoring would be considered vital. Toyota believes that mentoring is the #1 skill required to be a leader in Toyota.

As an interesting contrast, at Toyota it is not really acceptable to highlight mentoring skills (no comments about great mentoring skills in an annual personal performance review, etc.) —the only way to measure good mentoring is by identifying the successes of those whom a person has mentored, based on their ability to solve problems and improve business performance.
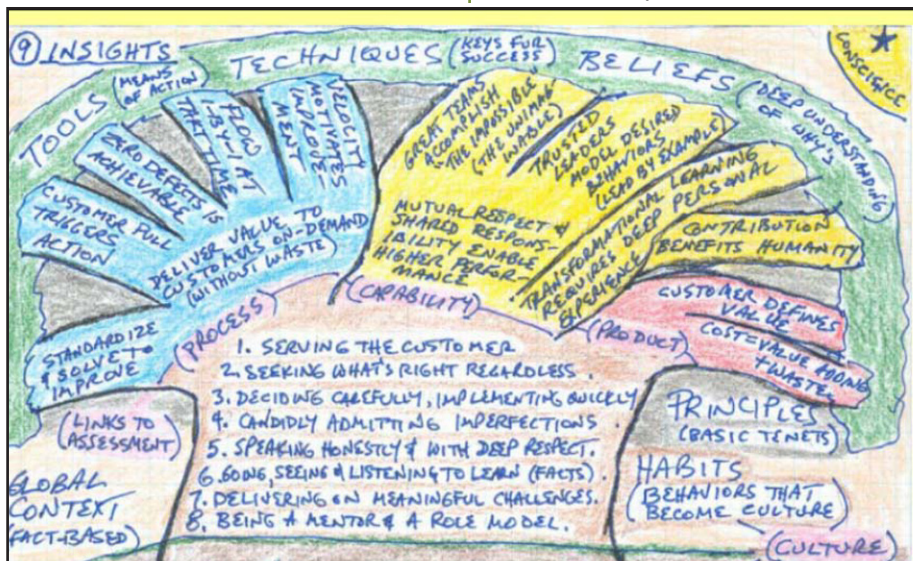

Figure 1 - Simpler Tree

In the West we might want to take credit for work done by those who report to us—at Toyota the only "credit" that accrues to you is based on the successes of those whom you coach/mentor. If you think about this, it is a fundamental change in organizational dynamic. And at Toyota you cannot be promoted until you have demonstrated that you are a good mentor.

Culture— How do you build it?

Toyota believes that we in the West generally make a mistake in the way we try to change our organizational culture. We tend to focus on training people in order to change the culture. The Toyota practice focuses on changing "what we do" (behaviors)
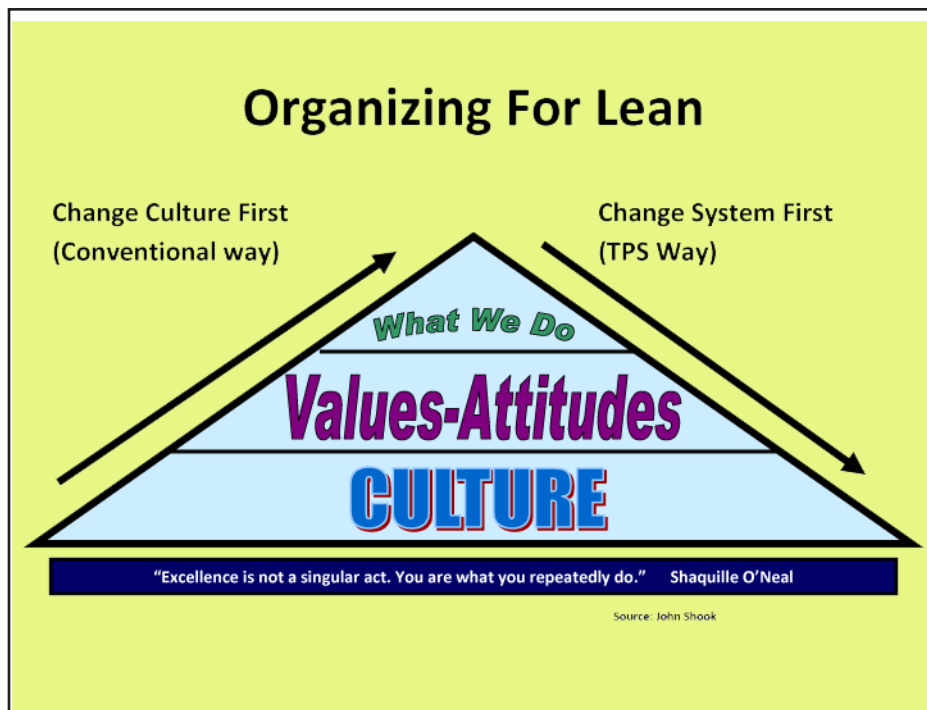

Figure 2 -Culture Graphic

first—this will lead to changes in values and attitudes—and this will, in turn, result in a transformed culture.

As Thomas Aquinas said, *"You are what you repeatedly do".*

Practicing lean behaviors results in people gradually internalizing the new way of doing things.

Culture—What does an organization need to do to build a lean culture?

There are 3 major steps that have been demonstrated to be effective in building a lean culture.

First Step: An organization starts with RCI events as a way to improve work and **provide learning about new ways to organize work.** This creates the building blocks of new behaviors.

There is some "magic" in the struggle of trying to apply new principles, use new tools and create a dramatically improved work area in just one week. RCI events provide "deep learning" that seemingly cannot be replicated in either class room training or shorter events.

For future sensei, it is important to get in the 60-100 event experience range. For senior leaders it is important to get into the 8-12 event range (they need to learn to see waste and to be motivated to drive lean, but don't have to become experts at actually removing waste), and for the full population of an organization—at least two events for everyone. Post-event assessments demonstrate that the first event experience is somewhat confusing

and does not actually improve buy-in, but personal commitment to the transformation grows significantly with each additional event experience (up to about 8 experiences).   For it to become "culture," everyone has to gain personal buy in…or personally engage in at least two events. It takes a long time to broadly impact the culture.

Second Step: After a solid base of understanding of the new principles and tools has been built, it is time to establish **Daily Improvement** (DI). The most important reason for doing this is not actually the specific improvements, however important they may be, but the ability of well-implemented DI to broaden the cultural buy-in.

Basic building blocks for establishing Daily Improvement include:
    1. At least a single day training for everyone in the most basic lean concepts and problem solving tools (6S, 5 why's, fishbone, etc.)
    2. A thorough 6S effort across the whole organization
    3. Establishment of visual management boards in all work areas—with an emphasis on capturing all problems (highlighting "abnormalities")
    4. Standard work around problem solving
    5. Recognition for problem solving success

(Toyota uses the "Teian" style of improvement recognition—with a principal goal of changing behavior to make improvement a positive part of each person's personal behavior. Simpler's UK team is performing data gathering for a possible writing cell on Teian systems.)

There are a couple of cautions with Daily Improvement:
    1. Do not start it until there is some positive improvement momentum established through your event practice.
    The worst thing that can happen is to build excitement for improvement but fail to have the support in place to sustain the effort.

2. If senior leadership has incomplete information about DI, there is a tendancy to think that it will be easy to "become lean" just by giving everyone a little training and then asking them to improve every day. It doesn't work that way.

Third Step: After a base of improvement action has begun to build new principles, values and behaviors into the organization, it becomes time to define the **"ideal state"** culture that you aspire to and begin to work on organized progress toward that ideal state.

A good example of this effort is embodied at Watlow. The senior leadership team, led by the CEO, with mentoring from Simpler, developed an A3 describing why Watlow needed to change its culture, and determining what that culture should be. The result was a set of principles, values and behaviors (PVB) that supported the future state lean culture that Watlow aspired to.

This effort involved 50 Watlow members getting together for 2 days each month for 6 months to build the A3. The result was then rolled out to every location worldwide. Part of the rollout included each manager at each level teaching one key PVB each month. It also involved each team member reviewing at monthly management meetings, both how they applied one of the PVB's during that month and how they fell short of living one of the PVB's.

And now Watlow has developed assessment tools and behavior-based interviewing practices to assure that new members fit well with the desired ideal state culture. All of this is a significant amount of work, and it is usually
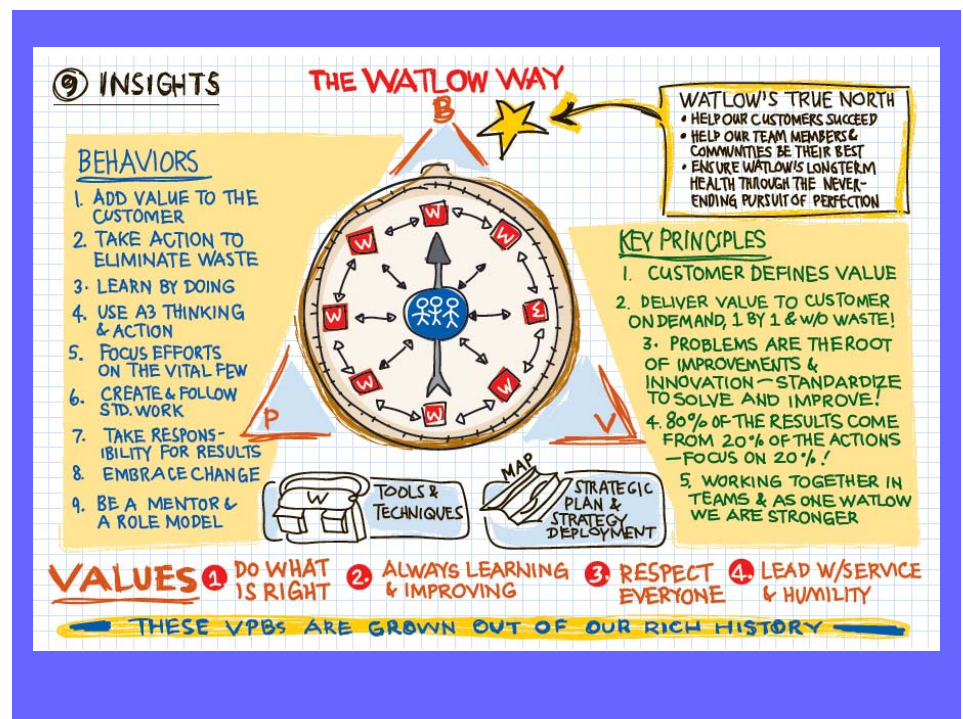

Figure 3 -Watlow Chart

not until the super-majority of the organization has seen enough progress on the lean transformation that they are willing to do the hard work to assure its long term sustainment—which requires building the lean culture.

Culture—The goal

The goal of building a lean culture is to create an organization that "organically" drives improvement at a faster and faster pace.

One way of thinking about this is to think of the goal as building a culture that continuously accelerates the spiral of problem identification and problem resolution (at the root cause level).

As Toyota describes it "there must be hitozukuri before there can be monozukuri"—roughly translated as "we build people before we build cars."

"The goal of building a lean culture is to create an organization that "organically" drives improvement at a faster and faster pace."

How do I get this organized?

A key part of building a Transformation Plan of Care℠ (TPOC) for an organization is to guide the evolution of the organization's culture along the path described above.

The TPOC provides a way to develop a regular assessment of the progress of an organization on the path of lean transformation and a place to establish plans for implementing "next steps" at regular intervals on the journey.

Best,

gk

George Koenigsaecker is Executive Vice President, Global Business Development, Simpler Consulting, L.P.