Back to Work

Jim Womack

As I said last month: Toyota will be fine. I believe that around the turn of this century the company made a very human error by deciding it wanted to become the biggest auto maker quickly, a goal of no interest to any customer. Then it worked backward to do what it took to rapidly become the biggest, surpassing the "do not exceed" speed that every organization has on its instrument panel.

By stomping on the gas Toyota briefly lost touch with the core values and rigorous methods that had worked brilliantly for solving customer problems over the preceding 50 years while permitting Toyota to prosper. The result has been some bumps in the road to the future. And there are likely to be further jolts in the near term as every journalist, regulator, legislative committee, and trial lawyer in every country pores over Toyota's product safety performance.

There's not much to be done about that. But what Toyota can and will do is hansei (critical self reflection) and organizational rework to get back to basics and move on. This requires root cause analysis and testing of countermeasures that will seem agonizingly slow to outside observers. But surely we have learned that quick fixes based on incomplete knowledge with no rigorous testing aren't durable. So let's all be patient. (And, let's hope that government regulation becomes a robust, consistent process as well.)

o *Emotional heijunka is really useful in a crisis.* It's amazing how the media oscillate effortlessly between over-the-top-praise and outlandish criticism of companies. Toyota wasn't quite as good as many thought and it isn't nearly as bad as some now believe. But within the Lean Community emotional gyrations of this sort are as distracting as the failure to level demand (that is, to practice heijunka) while managing any process. So let's all calm down and get back to work on our own problems in creating lean enterprises while Toyota deals with its problems.

There. I feel better. Now I can talk about something more important. This is your responses to my challenge last month to share your concerns about where we go from here in the Lean Community. I received more than 300 thoughtful replies, totaling more than 300 written pages, from respondents working on the shop floor to the executive suite in a wide range of industries across the world. I'm deeply touched and deeply grateful.

We will soon find a way to make many of these responses available at lean.org (while guarding the privacy of the respondents.) But the volume and length of the responses has caused me to miss my deadline for getting this done before this month's e-letter. So as a short-term countermeasure I would like to summarize the important themes I heard from you about the most important challenges for us to tackle together:

Theme Number One: Not one of you thought that what we need is more tools or new technical knowledge in order to move ahead. And no one suggested experiments in this area, even though I'm sure we will discover and need to test at least a few new tools over time.

Theme Number Two: Many of you identified confusion about the meaning of lean as a barrier to progress in your organization. (I confess that I was surprised.) And you tied this in part to the endless stream of strange words - all Japanese except takt, which is German - that have become "lean speak". (Again I was surprised, but for different reasons that I will explain below.)

Theme Number Three: Most of you suggested failures of management at the top, middle, and bottom of your organization as the most important challenge you face in creating a sustainable lean enterprise.

Theme Number Four: Many of you argued that teaching methods employed in most firms don't effectively teach either lean thinking or the proper use of lean tools.

Theme Number Five: A number of readers pointed to the disconnect between lean thinking and the incentives used in many firms (for employees and suppliers) to judge and motivate behavior.

I also asked you to suggest experiments we might try and then share the findings to discover a way beyond these challenges. As it turned out, you were better at identifying challenges than proposing experiments, but I actually expected that. Let me therefore suggest a series of experiments that address the challenges listed above.

Experiment Number One: Let's declare a moratorium on new tools unless and until we can develop a management context for sustaining each tool. That's an easy experiment!

Experiment Number Two: Every organization needs to agree on standard terms that express its key methods and management principles for creating ever more value for customers with ever fewer resources. ("Creating ever more value for customers with ever fewer resources" is, by the way, all I have ever meant by "lean".) And it is not at all clear that these need to be standard across the Lean Community. Can we do some research on what language the most successful organizations have utilized and think further about whether standardization on language across the Lean Community is a useful path?

As for strange, Japanese words: I have used them precisely because they have <u>no</u> meaning in other languages. I helped choose "lean" as an overarching term 23 years ago and soon discovered that the many pre-existing meanings of this word in English created endless confusion. So when I discovered that there were Japanese technical terms available with no existing meanings in English or other languages I jumped at the chance to use them. Maybe I should have chosen a term for lean from Esperanto instead! But what is done is done, so a more practical task is to research how organizations can reach agreement on their own lean language and use it consistently.

Experiment Number Three: Let's focus on improving the methods for teaching senior managers how to set clear, stable priorities that guide lean implementation. Many organizations have tried hoshin kanri (strategy deployment) but few have made it work. Why? And what can be done to improve results?

Let's also do research on methods that can help middle managers deploy strategic initiatives and solve problems that arise every day in every organization. We are already embarked on a vast collective experiment on doing this with A3 analysis, but as advocates of the method rather than observers of what actually happens. So let's do some C and A together to complete the Plan-Do-Check-Act cycle, so our movement won't always be long on exhortation and short on analysis of results.

Our experiments should also extend to finding ways for front-line managers to create stable, robust processes that can reduce the management overburden (muri) of constant chaos. Everyone knows about the concepts of standardized work, process capability, equipment availability, and flexibility to deal with demand variation. But hardly anyone seems to be able to apply these concepts sustainably. Why is this? What can be done?

Experiment Number Four: How can we apply lean methods to the teaching of lean itself? One of Toyota's recent problems has been training thousands of new employees each year in a way of thinking and acting that is very different from what they learned in school or in previous jobs. And many firms face crises when they try to spread lean concepts from their initial points of

success to the whole organization or try to merge with or acquire other firms. What have we learned about the best ways to teach lean and about inherent limits on the rate of learning? (Knowing these would set a natural limit on the rate of expansion and provide guidance on whether proposed mergers and acquisitions are practical.)

Experiment Number Five: One of the most difficult challenges for lean practitioners is reconciling the logic of lean with reward structures, for individuals as well as departments and for other businesses along shared fulfillment streams. Failure to address this problem usually leads to zero- or negative-sum point optimization, yet few organizations seem to have found a way to eliminate this problem. What is the root cause? And what experiments can be tried to show convincingly that there is a better way?

I will try to refine and prioritize these ideas for research, again with your feedback. And I will try to find ways we can jointly conduct experiments to clear the barriers in our path to creating lean enterprises in every industry in every country. This may be a lot work before we are through, but surely it will yield significant value for the lean movement.

Author

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