

The Second Wave of Lean

Roger Burlton and Peter Matthijssen

Introduction

Organizations everywhere want to perform better! Increasing customer demands, regulation and pressure on costs make organizations strive to work smarter. And if it is about working smarter, Lean is often THE hype they jump on. Who can resist the Lean promises of lower costs and higher quality? So it's logical that more and more organizations are starting Lean initiatives. And these are not only industry organizations; hospitals, financial service companies and government organizations are all starting their own Lean programs.

Unfortunately, starting up a Lean program is no guarantee of success. We all have heard success stories about Lean, but if we look more closely we see few organizations that are continuously successful with Lean. Turnaround times may be decreased, but they tend to gradually increase again when the Lean project has been finished. Cost cuts are celebrated, but no real money is saved since problems just show up somewhere else. We think we focus on value, but customers still complain. One organization even reported that they did AS-IS analysis and TO-BE design but then gradually devolved back to the AS-WAS state.

Unfortunately many will say "We tried Lean, but it didn't work for us. Now we need something else. Is there anything new we can try?"

So the question remains: Is there anything wrong with Lean or can we improve it?

What is Lean?

Many people will know about Lean and its roots. Lean thinking and techniques originated in Japan in the fifties. In difficult economic times Toyota tried to survive. With limited means they developed the Toyota Production System (TPS): a way of thinking and a set of techniques and best practices, enabling them to work smarter than the competition. This played a crucial role in making Toyota one of the most successful car manufacturers in the world. It was James Womack who researched Toyota's success and came up with the name Lean. But as we will see many Lean implementations seem to have ignored key aspects of the TPS philosophy such as respect for the individual worker, which is the heart of its success.

Lean focuses on doing the work a little bit better every day. The promise is that many small improvement steps will eventually lead to strategic improvement and better performance for organizations.

Some Important principles of Lean are:

Customer value and quality

It turns out that organizations do many things that don't create value for the customer. Lean helps us to define customer value and focus on activities that add value.

Remove waste

Our processes and organizations are full of 'waste'. Lean helps us to see standard types of waste and offers best practices to eliminate or reduce waste.

Improve flow

When things are in motion, value can be added. If static it cannot. So we need flow (continuous movement) in our processes. Lean techniques help us to reduce inventory and waiting times and improve flow in our processes.

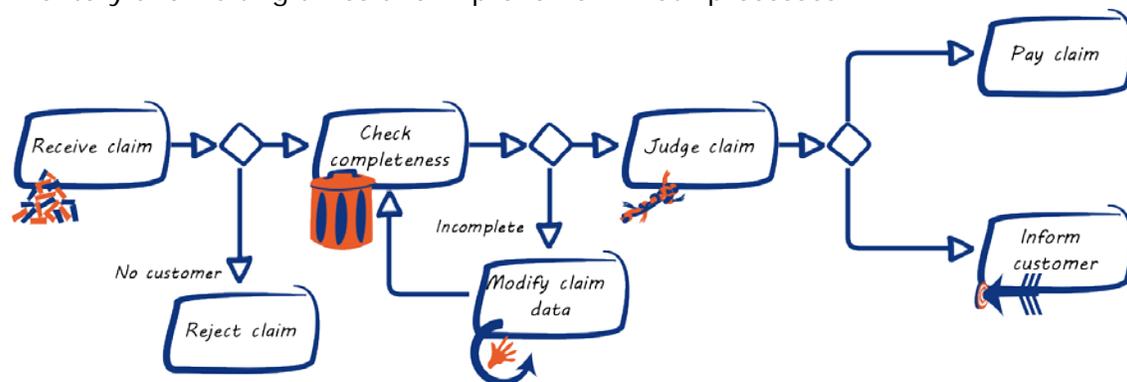


Figure: Process waste scan

Lean offers a large and powerful toolbox, full of diagnostic instruments and best practices to improve our processes. But that is not all. In successful Lean organizations, Lean is embedded in the organizational culture and can be witnessed in thinking and behavior of the workers and management. Lean is not a program or a project, but is based on respect for people and is part of the organization's DNA. Everybody is committed to Lean, from top to shop floor. Lean helps them every day in 'doing the right thing', 'doing things right' and 'confidently using common sense'.

Misuse of Lean

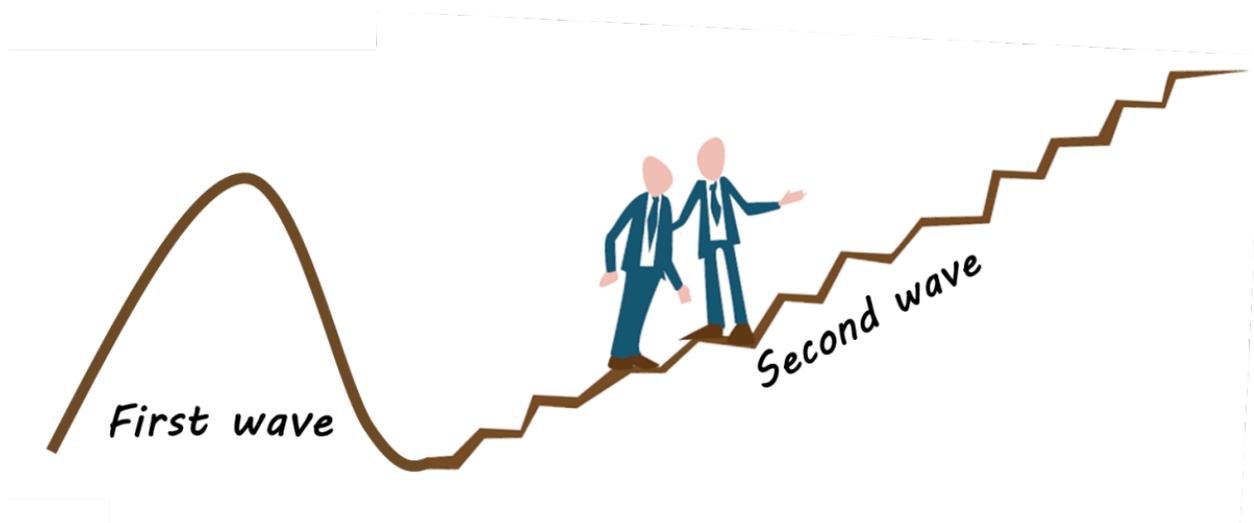
Triggered by the challenging economic times, today many organizations have chosen to adopt Lean. But did they opt for the 'full journey' of Lean, with total outside-in customer focus and full commitment? Or did they just go for a 'quick fix'? Unfortunately, we see many organizations focusing on achieving fast, financial cost reduction results. They start up Lean projects with departmental processes 'being leaned'. Often this is without regard to downstream processes in other areas of the value stream and it is not cognizant of the ultimate customer value drivers. All of their focus is on applying the techniques for a near term win.

In the short term, these organizations might achieve some (financial) benefits. However, usually these don't last. Cost cuts ignore the effectiveness or adaptability point of view and can lead to poor quality or higher risk. Symptoms, instead of root causes of problems, are tackled and the real issues are not uncovered. These Lean 'implementations' almost invariably lead to negative perceptions and sentiments about Lean. Consequently Lean is often seen as an efficiency and savings instrument. Naturally, people distrust management's intentions and are afraid of losing their jobs. A new culture is created but it is not a true Lean one. In many ways it is just the opposite of what a Lean culture could have been. After the enthusiasm at the beginning, the Lean 'wave' came crashing down on everyone.

We hear people say: "Lean doesn't work for us...". But is that the case? Obviously these organizations didn't really apply the full set of practices and thinking intended in the TPS; they just (mis)used some Lean techniques. Lean techniques alone won't do the trick. If you really want to benefit from Lean, you should be prepared for a more comprehensive point of view and real changes in your organization. We would like to encourage organizations to step up their commitment and practices and adopt a 'second wave of Lean'.

The second wave of Lean

In our opinion, there is nothing wrong with the philosophy and approaches of Lean. All organizations can benefit from Lean principles and thinking. However as we have seen, sometimes they can be used in the wrong way. In Lean there is no quick fix. It requires a commitment to a long journey with many steps along the way. Even organizations like Toyota say that they are still getting better every day. Introducing Lean the way that TPS envisions will have impact on people and organizational culture which will not change by accident or neglect. As we all know, you cannot implement a culture like you would implement a software product. It will take time, observation, coaching and persistence!



Four important success factors for Lean are:

1. Management commitment

Management should be committed to adopt Lean and stay the journey. Commitment means willingness to really change, especially on the management level. Lean requires management to visibly act in a strong supporting role. It also requires managers to be stellar examples of the needed behaviors: sharing and collaboration as well as focus on overall business outcomes. This could result in shifts in structure and power so can be resisted by those in control. Many Lean adoptions fail because management is focused on their local priorities, instead of being really committed to end to end change for the better. This may require a refocusing of incentive plans towards end results, away from functional goals and measures.

2. Focus on customer value and quality

We need to get to know our customers really well. What are their true needs and expectations that when satisfied define value for them? Effectiveness and quality are always in the lead in front of costs. With an outcome focus, we can save money by doing the right things. It is the cost of poor quality that is expensive (rework, complaints resolution, lost business from damaged company image).

3. Involve people who do the real work

The real work in organizations is done on the shop floor and at the front lines. This is where value is added and where customer relationships are established and grown. This is also the place where we can find profound knowledge about what is valuable in our processes. If we want to improve, we must not impose uninformed changes on the people who do the real work, but instead involve, support and appreciate them.

4. Thinking in processes

Especially in service organizations, business process workflows are often 'invisible'. To optimally use Lean techniques, we need to 'see the process. Business Process Management techniques help us to visualize and analyze processes. Lean improvements should always be considered value chain wide. Part of thinking in processes is having a consistent set of semantics regarding processes and improvement. Establishing this foundation ensures a common meaning in the organization. Leveraging existing references such as the 'Business Process Manifesto' and the 'House of Lean' are good places to start.

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The 'House of Lean' illustrates some important requirements for Lean. First we need a solid foundation to utilize the Lean techniques and embed Lean in our organization for the long term. Removing waste and improving flow are important requirements for Lean, but there are many more techniques. For example, there are techniques to visualize processes and assess quality, to measure performance and to maintain a continuous dialog on improvements. These techniques help us to achieve real improvements, from a customer-value perspective of course.

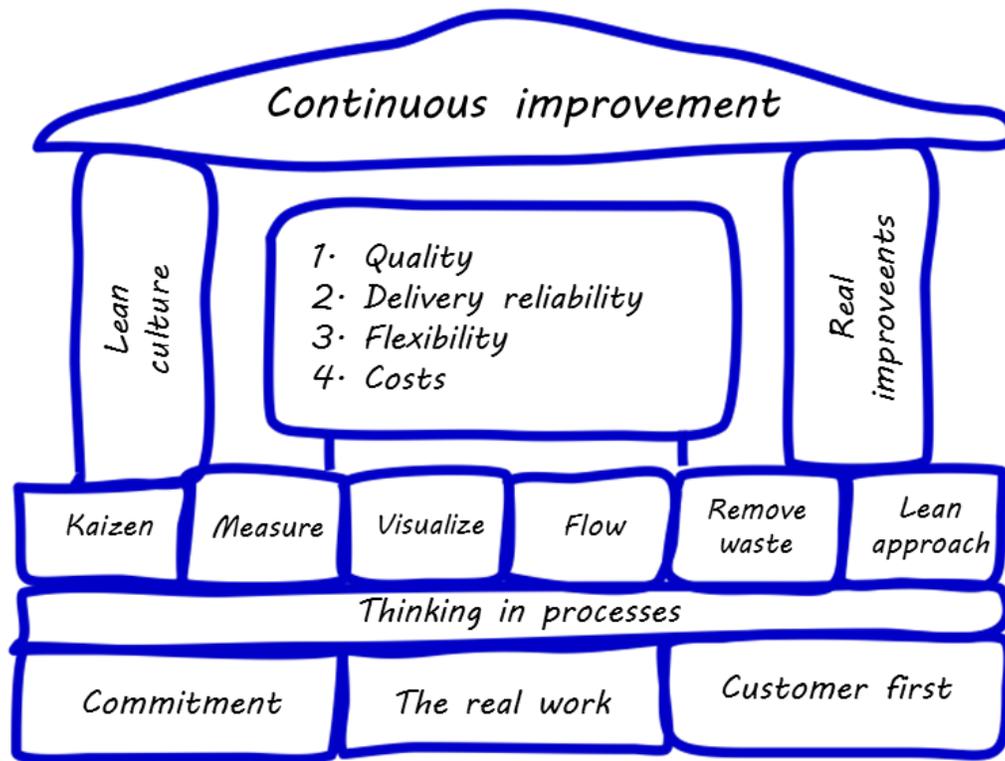


Figure: House of Lean

By daily applying the techniques with a solid basis, eventually a Lean culture will arise. Only when we fulfill all above requirements, the house of Lean will carry the roof of 'Continuous improvement'. We can start our Lean journey and become a little bit leaner every day.

So the second wave of Lean is about choosing a richer set of approaches, thinking and tools and adopting Lean with an eye on the long term. But it is also about being really prepared to change organizational structures, choices and habits. For the good of the customer (and therefore the organization) no opportunities for improvements can be ignored. Working on both project oriented efforts and continuous improvement requires instruments to find root causes of our problems and fix them.

Working on continuous improvement

Lean helps us in taking small improvement steps, which together help deliver results that contribute towards strategic improvements. Daily problems that people faces are defined, measured, analyzed, improved and controlled (DMAIC). Lean offers many techniques in support of these cyclic activities. It is always a challenge to go 'deep enough' and to find root causes. Many times when problems occur, blaming process design flaws and gaps in IT support are a common reflex. Of course there are opportunities for improvement with these 'usual suspects', but are they the root causes of our problems or just symptoms caused by deeper issues?



Figure: DMAIC improvement cycle

It turns out that many problems in organizations don't have their source in process configuration or IT, but in the 'surroundings' of the process. If we really want to improve at the source of problems, we might need to discuss subjects like 'organizational structure', 'business rules' and 'employee motivation'. If we want a better 'second wave of Lean' these subjects must be on the table and cannot be taboo! A powerful instrument to explore the full context of process improvement is the 'Burlton hexagon'.

The Burlton hexagon

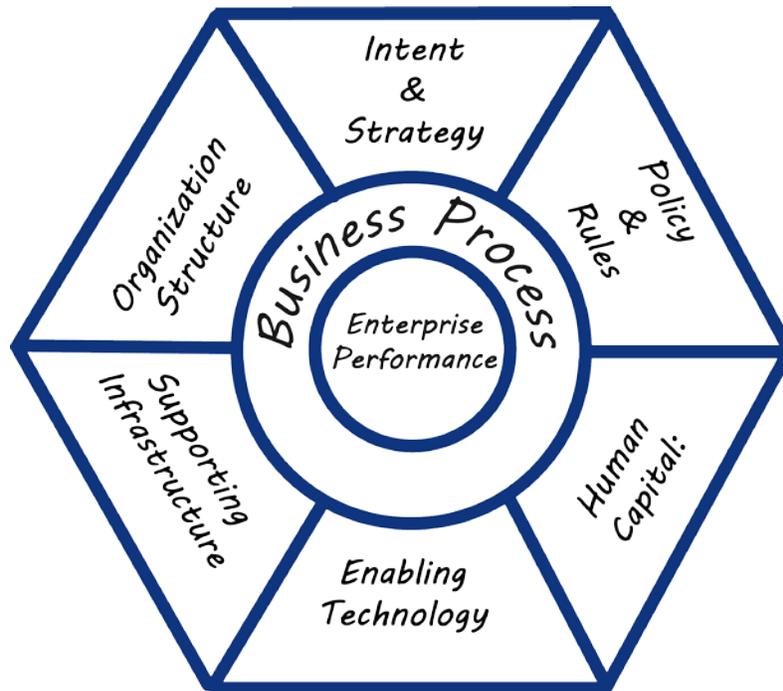


Figure: Burlton hexagon

Business processes play a crucial role in delivering organizational performance. When done right these processes perform transformations and create value for our customers. Surrounding the process there is a context that structures, guides and enables the process. The Burlton hexagon visually shows how the context supports the process, for optimal enterprise performance.

Business processes are often 'invisible', while the context is much more tangible. This is why many improvement initiatives directly focus on parts of the context, without having the complete picture. We all know examples of IT-focused, organization structure-focused or policy-focused projects that ignore the other factors. We feel that this is short-sighted and does not solve problems. Important elements that need to work together for optimal organizational performance include:

- Strategies
- Performance
- Technologies
- Business Rules
- Information
- Knowledge
- Facilities, Equipment and work locations
- Organization
- Human Resources

Leading Lean organizations use business processes as the vehicle to optimize, integrate and align the context. By approaching elements from the perspective of the

value added in the process in question, customer focus is guaranteed and waste is prevented in process design.

The Burlton hexagon is a powerful aid to see and analyze the context, from the perspective of the business process. It enables you to improve customer focus, tackle waste and find root causes of your problems.

Conclusions

Lean is all about using common sense with an outcome perspective. It is about doing the work a little bit better every day. The second wave of Lean is about involving the workers, using creativity, learning and having fun! We know that many first wave Lean 'implementations' have not met these requirements, focusing on quick fixes and cost reductions. These 'first wave' activities alone eventually don't and won't last.

Organizations prepared to give full commitment to Lean and to embed Lean in their culture will eventually outperform competition by:

1. Delivering better quality and value to their customers.
2. Being faster and more reliable.
3. Being adaptive and flexible to (environmental) changes.
4. Reducing costs and waste.

As you move to the second wave there are a few things to keep in mind:

- Use business processes as the starting point for optimization.
- Make sure to also include the process context in your analysis.
- Focus on quality and customer value before cost.
- Involve workers from the shop floor, who do 'the real work'.
- Use a cyclic improvement approach and take small steps.
- Involve management and constantly work on management commitment.
- Quantify, communicate and celebrate Lean results!
- If you are already a Lean practitioner, then upgrade to Lean 2. If Lean is new to your organization, skip the first wave and do it right the first time!
- Good luck working with Lean in your organization.

About the authors:

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Roger is a founder of BPTrends Associates; the professional services firm of the industry-leading BPTrends.com, the world's largest Business Process Management(BPM) knowledge portal. He started the pioneering Process Renewal Group (PRG) in 1993. He is regarded globally as a top thought leader and dynamic practitioner who can bring reason, clarity, and practicality to ways of managing complex BPM challenges. Roger's insights can be found in his acclaimed book: [Business Process Management: Profiting from Process](#), the recently published [Business Process Manifesto](#) and other publications including his Articles in BPTrends.com.

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Peter is managing consultant and trainer at BiZZdesign. As a Lean Six Sigma black belt and Business Process Management expert, he helps organizations to get better results from their processes. In his work he aims at making organizations stronger, as well as developing its employees. Peter is the author of several books and other publications on BPM and Lean management, for example [Thinking in processes \[2011\]](#), [Working with Lean \[2013\]](#) and blog series on www.BiZZdesign.com. He speaks frequently at international conferences like IRM and Building Business Capabilities.

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