

Lean Without Leaders Does Not Work

After starting work with an IT department of a multinational insurance group, we heard the suggestion, “Please do not mention the word ‘lean.’”

“Why?” was our natural response.

“For two years, we worked on it very hard and gave it up because of the lack of results,” someone in the department replied.

The department had spent a lot of money on training and invested in additional people to drive the change and develop the knowledge. And of course, the department absorbed everybody’s time. The department ended up getting almost no results, and it gave up.

Take another example of an operations department at a big bank. Again, there had been much investment in training and tools, building a structure to support the effort, and knowledge management and “cook-books” telling people how to do things in a lean way. At first, productivity went up. It became a showcase for the entire organization, but performance numbers later dropped again. “You better not get associated with lean,” is what we heard again. “The lean team is getting dismantled, associates will fear for their jobs and managers will think you’re coming to monitor them.”

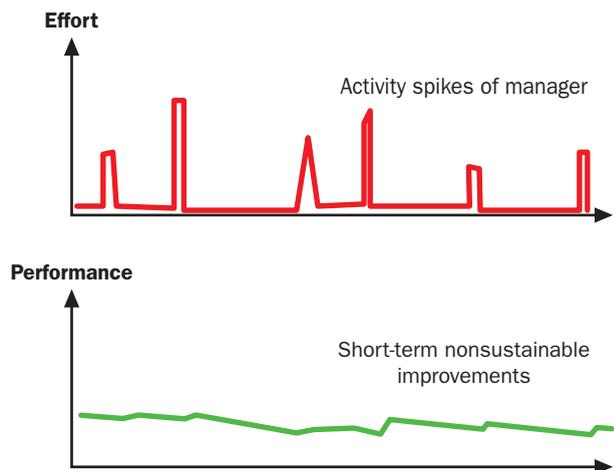


By *Friedemann Lutz, Valeocon Management Consulting*

Lean has come with the great promise to transform your organization and take it to the next level, right? But how much has really changed? Why did the transformation work for a few organizations? Why did it deliver only 20 to 30% of the potential results for most other organizations? Why did it not deliver anything in some other organizations?

Most lean practitioners have focused far too much on the mechanics, and paid too little attention to the people and the overall context in which lean was being applied. But it is not too late

Figure 1. **The improvement trap: Isolated activities and no sustainable improvements**



to change this, even if the word “lean” has been already banned from your organization’s official vocabulary.

Ambitious goals and the improvement activity trap

Admittedly, the cases described earlier are extreme, but they are not all that rare. There are many more less-extreme ones in which lean has achieved something—but only something—and not the big change that was promised. What has gone wrong?

The reason is as simple to identify as it is difficult to change. In the case of the IT department, the lack of goals and ambition clearly led to the missed opportunity. If you don’t know where you want to go, (or even worse, if you don’t see the need to get moving) lean is not going to take you there. See Figure 1.

In the second case, although equipped with ambitious goals, leaders were still caught in the improvement trap. They were firefighting problems, and they thought they knew better, prescribing the solutions to their employees and micromanaging in a traditional management style.

In many other cases, the reason also lies in an obvious lack of respect for people. Lean was used as yet another

pretext for downsizing and eliminating costs. Nobody will support nor engage in an effort that has destroyed their job security and development perspective. You can use people's ideas to eliminate their work once, but you will never get them again. So, what do you need to successfully transform an organization into a lean organization?

Key elements of lean leadership

Based on experience, here are three key elements of lean leadership:

1. **Goals:** Everybody should know where they are headed, how far and how fast. All leadership levels need ambitious goals to achieve. If one level in one area is missing, it will go wrong precisely in this area.
2. **Empowerment:** This is the core of lean leadership. Lean builds on people's ideas. Lean is not about telling your employees how to do things better. It is about supporting them to develop better ways of doing things.
3. **Knowledge and tools:** Of course, it is helpful to have lean knowledge about proven solutions and tools, such as how to run *kaizen* workshops.

Just as important is the sequence of those elements. First goals, next empowerment, then knowledge and tools—not the other way around.

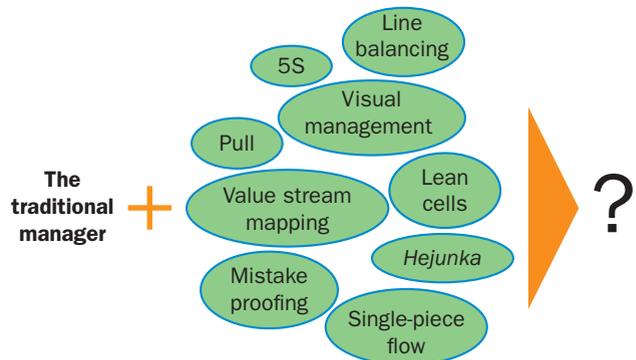
1. **Goals:** When working with middle managers on lean leadership, we frequently run into discussions around the questions: "But you should finally be happy with our achievements," "We need to rest from time to time," or even, "We have improved so much, now it should be the others' turn."

Of course, you get those discussions less frequently in industries that have had a constant pressure on margins over the last decades. The issue virtually does not exist in the automotive industry where it is crystal clear: improve or you're out.

If there is no motivation to improve, no continuously increasing goals and no stretch target to meet, why bother? So, the basis is really the question of what we want to achieve with lean and the reasons why. Far too often, lean is done for the sake of doing lean. Except for the 10 to 30% of people who have a sportive and curious approach to their work and to results, there will be little sense in giving them just lean tools and knowledge without having ambitious goals to achieve.

2. **Empowerment:** Traditionally, managers react with some nervous activity if something goes wrong; although this is not even always the case. We have come across many situations in organizations without systematic process management in which back orders were piling up and everybody in operations was doing business as usual, and scheduled maintenance was carried

Figure 2. **Are lean tools going to make a difference to performance?**



5S = sort, set in order, shine, standardize and sustain

out as if nothing had happened. Most people were not even aware that they were behind production schedule.

Consider a pharmaceutical manufacturing site in which the line regularly went down, which led to production plans not being met and line managers shouting at people (maintenance staff and line operators), and telling them what they should do to catch up. Of course, this led to some increase in productivity, but neither was this higher throughput stable nor were the causes of the breakdown addressed.

Again, the concept of putting lean leadership into practice is simple to describe but difficult to implement:

- **Make performance transparent:** Everybody should be able to say: "The process has performed well (or not well) today," or "I have done a good job today," which is very much according to the old wisdom that "what you don't measure you cannot improve."
- **Communicate and agree on on-target expectations** (build on point one).
- **Make performance a daily issue:** Discuss what kept us from doing better. Collect issues.
- **Collect ideas on ways to resolve the issues.**

Unfortunately, many managers stop at this point. They do standups (the lean-speak term sometimes used to refer to such meetings), but they forget about the most important aspects:

- **Actively support** employees in **implementing the improvements.**
- **Follow-up** on implementation and make sure **nothing gets forgotten** in the daily routine.
- **Continue to review performance** and honor improvement.

Actively supporting means giving people the time and knowledge to develop and pilot solutions, money (usually it is not much) and your active, visible, personal support, such as getting help from other departments. If things do not work out the first time, persist until they do. When they do, recognize the achievement and how

it was accomplished.

Not being the one to provide the answer is perhaps the biggest challenge for most leaders. After all, they got promoted to positions of authority by knowing what to do. What is required is a shift in mindset from providing answers to facilitating the process by which others discover, develop and implement their answers. By asking the

right questions, lean leaders get more out of their organizations while at the same time helping their people learn new ways of looking at day-to-day business. For example:

- What were we aiming to achieve? That is, how will we know “good” when we see it?
- Why did we perform well or poorly today?
- What problems did we encounter?
- What is the root cause of the problem?
- What are your ideas for solutions?
- Which solutions will have the biggest impact?
- What do you need to implement this solution?
- When can you make it happen?
- What is keeping you from doing it?

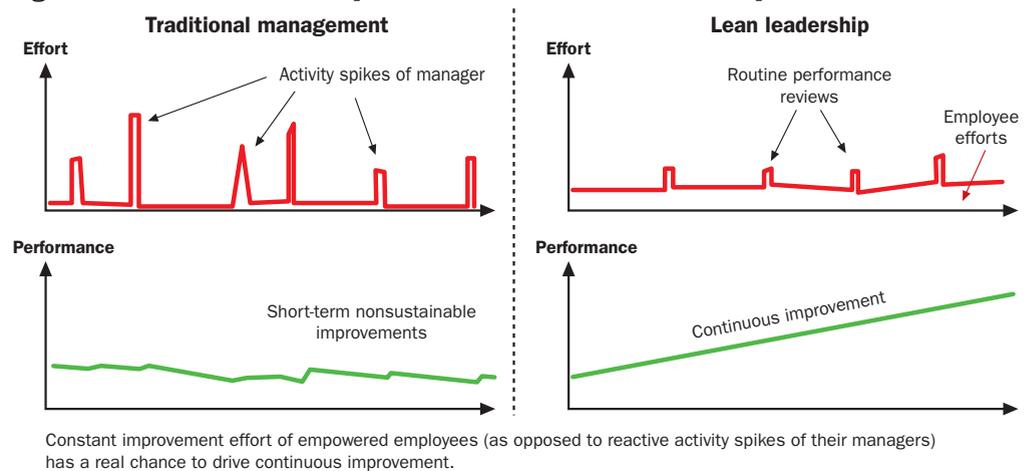
See Figure 3 for a comparison of traditional management and lean leadership.

A good lean leader understands the details of the process. This is not for giving the answers, but to be able to challenge the performance. A great lean leader should know the process from an operator’s perspective. “Walking the process” should be a regular exercise. It is always interesting how many managers on all levels let their subordinates get away with simplistic answers.

The most rewarding experience, however, is seeing your employees’ creativity at work. When we ask people on all levels what percentage of people’s creativity is left unused, people usually say more than 80%. This is certainly a conservative estimate. Lean leaders know how to transform this enormous potential into continuous improvement. Step by step, day by day, week by week.

3. Knowledge and tools: If the people and processes have goals and are empowered by their lean leader to improve, the lean knowledge and tools will flourish. In

Figure 3. **Lean leadership: continuous drive toward perfection**



addition to helping solve chronic problems by getting to root causes and introducing proven improvement methods, there are two additional benefits.

First, lean tools provide a common language to help the organization facilitate communication and decision making. Second, the application of the tools brings managers closer to operators and vice versa. It provides visibility to working processes, the heart of the business, in a way that helps managers help operators.

Sustaining new levels of performance

Leadership is about achieving the best performance possible. Lean concepts and tools broaden the repertoire that managers have available to achieve the dramatic improvements that are possible. It facilitates the setting of ambitious goals and empowerment while building know-how and the capability of those involved.

Putting lean into practice requires making performance transparent, agreeing on target performance expectations, reviewing actual performance daily, and soliciting ideas from those closest to the performance barriers on how to overcome them.

Most importantly, lean is about actively supporting employees in the development of possible solutions and the implementation of new ways of working. Acting as role models of lean, leadership establishes new habits and norms, which is key to not only achieving, but also sustaining new levels of performance. 

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