

Lean beyond the low hanging fruit

How to achieve continuous improvement



Does your organization experience difficulties achieving continuous improvement through lean transformation? You're certainly not the only one. BearingPoint encountered many cases where the lean tools were implemented, but success was a onetime only improvement. BearingPoint consultants can help you to achieve continuous improvement.

In this White Paper:

- Why lean transformations do not achieve continuous improvement
- A typical lean story
- How to reach beyond the low hanging fruit
- Four aspects of continuous improvement

A major pitfall is to use lean principles for a onetime only cost reduction.

According to BearingPoint lean practitioners, transitioning to a lean organization will only produce the desired results — which is continuous improvement — if all managerial aims are consistent with the lean principles. The primary aim is to fully utilize people's capabilities and motivation. That is very different than a onetime cost reduction by applying lean tools.

The Toyota Production System

Toyota and the Toyota Production System need no introduction. Toyota has been an industry leader since the 1960s and has consistently been more productive than its competitors. The company has been widely recognized for the quality of its products and production systems.

Much of the remarkable success of Toyota is attributed to its fabled Toyota Production System, also known as lean manufacturing (or simply, lean). Indeed, lean is now being applied across broad sectors of the economy, from logistics to healthcare to building construction to services.

Successes are Rare

Lean literature is abundant, the concepts are easy to grasp. Accurate descriptions of lean tools and how to apply them can be found all over the internet. It sounds as if, all that needs to be done, is to instruct employees about behavior that is desired (perform 5S, create flow, continuously improve, etc.), and what is not desired (create waste).

What's curious is that only few manufacturers have managed to imitate Toyota successfully - even though the company has been extraordinarily open about its practices.

Meanwhile, several reasons are brought forward to explain

difficulties in implementing lean in western companies.

1. The Japanese culture. At first, cultural differences between Japan and western countries were believed to be the cause for disappointing implementations. Toyota crushed this argument by successfully setting up lean production facilities in Europe and the US with local workers.

2. Lack of lean leadership. After the global success of lean, lack of leadership became the central argument of lean critics. But meanwhile many companies invested heavily in lean. American automotive companies have created lean-VP's, invested in lean offices with lean officers and were dedicated to make lean a success. Despite of their efforts in lean leadership they still aren't able to equal Toyota's success.

A typical lean story

A manager is trained and dedicated to implement lean. She successfully arranged production into cells to create flow. Kanban controls were added to pace production work. Finally, after applying 5S these cells really looked like a Toyota plant. Yet, over time these pet-projects revert to operating like they did before.

What went wrong? Probably, parts of this organization lacked deep understanding of lean methods and forced the cell to fall back into old habits. It should be the people — inside and outside the cell — who bring the system to life: working, communicating, resolving issues, and growing together.

Beyond the low hanging fruit

BearingPoint believes that implementing lean tools and providing leadership with lean focus is not enough to go beyond the low hanging fruit. To create an

About Toyota's success:

In 2006 and 2007 Toyota was the world's largest car manufacturer in terms of sales, revenue, and profits. In May 2009, Toyota reported an annual net loss, making it the latest automobile maker to be severely affected by the financial crisis. In the third quarter of 2009 they were able show recovery by reporting profits.

environment that continuously improves, lean understanding must be developed on all levels in the organization. Especially employees following standardized work cycles must be able to understand lean methods and be supported to change their own daily work.

Focus on standardized processes.

In lean organizations everybody is convinced that the right process brings the right results; a blind belief that standardized work brings good products at the right time. This leads to operators and managers who focus on the process and improving standardized work cycles instead of focus on particular orders. Be aware that this mindset is opposite from focusing on a rush-order that needs to be finished yesterday.

Make it easy to improve. Lean tools are designed to support employees in being creative about their daily work. Of course, lean methods can be used for a onetime redesign of processes. But if continuous improvement is your goal, then employees must be able to improve their own process using their understanding of lean methods.

For example, producing with a minimum of inventory is a very demanding process that quickly surfaces problems that demand fast solutions, or production will stop. In many companies lean tools are implemented which surface such issues. BearingPoint trains both management and operators on how to react on those triggers to solve problems quickly. Toyota management illustrates this by claiming that they build people, not just cars.

Develop organizational learning.

Just like other organizations, problems in lean organizations are solved through analysis, reflection and communication of best-known practices. The key question is how to prevent problems from

reoccurring. The standardized processes and the ability of people to solve problems form a closed loop, to never fall back in old habits. New ways of working are secured by the focus on standardized work. When a problem is solved the standard of working must be updated that prevents the issue from reoccurring.

Be serious about the long-term.

To really benefit from lean, organizations must be serious about long-term lean thinking.

Building excellent people who understand lean and support your company's motivation for a lean transition is not a matter of implementing tools. We have explained that standardized processes and efficient problem-solving behavior can provoke an organization to improve. However, the company needs a social system and a culture of striving for perfection to maintain this behavior.

Unfortunately, you cannot copy a ready-made lean culture out of a textbook. Building a culture takes years of applying a consistent approach with consistent principles.

Why BearingPoint

BearingPoint is able to combine fast results with building a lasting improvement drive. According to our clients we spark creativity, and work together with them to get the job done.

Whether it is creating production cells, setting-up visual management according to our rules of success, or making sure a lean transformation half-way through realization will achieve all the benefits, we know what to do.

“The biggest benefit that BearingPoint brought was their expertise on the program and the amount of work that they could put in to speed-up the change process in the company. Everything we do is measured on bottom-line result and the whole project, also during the project, was cash flow positive, so... why not do it?”

– Managing Director,
aluminium industry

Checklist for your next quick plant tour:

- Standardized processes
- Ease to improve
- Organizational learning
- Long-term lean thinking

Helping our clients get sustainable, measurable results

BearingPoint is a leading European management and technology consulting company serving commercial, financial and public services clients. Our more than 3,250 passionate, experienced consultants help organizations solve their most pressing challenges, day in and day out.

Through our collaborative and flexible approach, we help our clients get practical, sustainable, measurable results, make the right strategic decisions and implement the right solutions.

We are BearingPoint, management and technology consultants.

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