

The Preparation Guide for Implementing Lean in your organization

*An introductory guide to prepare for a Lean implementation
and how to succeed at it.*

A Publication of

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EFFECTIVE SOLUTIONS. LASTING RESULTS.

About the Author

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As President of Alphanova Consulting, Dan helps middle market organizations improve their operations to become more efficient and profitable. While also focusing on developing a culture of continuous improvement.

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Introduction

Why we wrote this e-book

During our visits to clients we see Manufacturers, Distributors, Service Providers, Construction Sub-contractors, Banks, and Hospitals, among others pursuing operational excellence. When asking leaders about lessons learned, an answer that stands out is: “We wish we had prepared better”.

In many cases organizations don't accomplish the results they seek on the timeline they expected because of a lack of understanding of what is entailed. For these reasons, and many others, we felt it would be beneficial for leaders to learn everything they need to know in preparation for launching a Lean initiative.

In this e-book we expect you to learn several things you weren't aware that come with the decision to implement Lean in your business, such as: Expectations for leaders and challenges you may have not foreseen. After reading this e-book we expect you to know what actions you need to take to prepare your business.





CHAPTER ONE

*Lean
Implementation
Scenarios*



1. Lean Implementation Scenarios

The STARS Framework

When an organization embarks on a Lean initiative, typically the business falls within one of the following scenarios.

Start-Up: Assembling or integrating the resources and capabilities (people, financing, and technology) to get a new business or initiative (e.g. joint venture, business relocation, etc.) off the ground.

Turnaround: Saving a business widely acknowledged to be financially and/or operationally distressed.

Accelerated Growth: Managing a rapidly expanding business.

Realignment/Restructuring: Reenergizing a previously successful organization that now faces performance problems.

Sustained Success: Coming in on the heels of a highly regarded leader/team with a stellar record of accomplishments



1. Lean Implementation Scenarios

The Start-Up



Challenges:

- Building all the operations management systems from scratch
- Recruiting and building a high-performance team
- Making do with limited resources

Opportunities:

- There hasn't been a failed initiative
- Things can be done right from the beginning
- Rigid pre-conceptions do not exist
- All parties involved are typically positive and excited about change
- May or may not have a strong or desired culture



1. Lean Implementation Scenarios

The Turnaround



Challenges:

- Re-energizing demoralized employees and other stakeholders
- Making effective changes under time pressure
- Making difficult personnel choices
- Making changes that are positive for the business but painful for stakeholders
- Significant work on the cultural side needed
- Helping management rebuild credibility with employees

Opportunities:

- Everyone recognizing change is necessary
- Affected constituents offer significant external support
- A little success goes a long way



1. Lean Implementation Scenarios

Accelerated Growth



Challenges:

- Putting in place structures and systems to permit scaling
- Integrating many new employees
- Maintaining the desired culture
- Building a culture in the midst of significant change
- Keeping the leadership focused and not chasing every opportunity

Opportunities:

- The growth potential motivates people
- People will be inclined to stretch themselves and those who work for them
- Enjoyable as this scenario offers a very positive outlook



1. Lean Implementation Scenarios

Realignment/Restructuring



Challenges:

- Convincing employees that change is necessary
- Carefully restructuring the leadership team and refocusing the organization
- Creating a strategy deployment process to reengage the organization
- Helping the leadership team maintain employee's credibility

Opportunities:

- The organization has significant pockets of strength
- People want to continue to see themselves as successful
- Resources available that need to be redirected



1. Lean Implementation Scenarios

Sustained Success



Challenges:

- Working with the team that was created by the previous leader
- Finding ways to continue to improve performance
- Keeping the leadership team motivated in the face of past success
- Preventing groupthink or hubris from developing within the leadership team
- Convincing employees that continuous improvement never stops

Opportunities:

- A strong leadership team may be already in place
- People are motivated to continue their history of success
- A foundation for continued success may be in place



CHAPTER TWO

Lean as a business management philosophy



2. Lean as a business management philosophy

The intent

Often Lean is seen as a set of tools or a project with a begin and end date. What is often overlooked, is that Lean is not something you achieve. Lean is a management philosophy leaders utilize to maximize the performance of their business.

Unfortunately, most organizations are enamored by the application of the Lean tools. I say unfortunately, because they fail to make the connections that the Japanese pioneers made: That Lean is much more than the elimination of waste; it is a business management philosophy that is not only applied in some areas of the business but in all of them. Lean has many elements

When we ask people about what Lean means to them, we often hear: “efficiency, waste elimination, less defects, etc.” Yes, those are all elements of the application of the concepts. The real intent is that people adopt it to manage the business.



2. Lean as a business management philosophy

The intent

Furthermore, that people are encouraged to finding ways to make their jobs better and help the company be successful. What people need to realize is that as the organization blossoms, so will their jobs and careers in the form of benefits, salaries, and bonuses, among others. This is the essence of creating a culture of continuous improvement.

Throughout history, especially in the automotive industry, it has been proven that organizations that have adopted the Lean principles have experienced significant success.

These organizations did not have a focus on solely waste elimination; but on using operational excellence as a competitive advantage. Take a look at the graphic in the next page:



2. Lean as a business management philosophy

The automotive industry

Top 10 Auto Companies (Sales)

1950	1970	1994	2006
GM	GM	GM	GM
Ford	Ford	Ford	Toyota
Chrysler	Chrysler	Toyota	Ford
Studebaker	Volkswagen	Volkswagen	Volkswagen
Nash	Fiat	Nissan	Honda
Kaiser-Frraze	Toyota	Chrysler	PSA
Morris	Nissan	Fiat	Nissan
Hudson	Renault	Peugeot	Chrysler
Austin	Brittish Leyland	Mitsubishi	Renault
Renault	Peugeot	Renault	Hyundai
		Honda	Fiat
		Mazda	Suzuki

2. Lean as a business management philosophy

Business Management Elements

The Lean philosophy is customer centered and has several elements that pertain to the business management discipline:

Strategic Planning

- Hoshin Kanri is Lean's version of strategic planning and deployment. The main characteristic is that it cascades priorities and establishes a robust measurement process for monitoring progress and reacting to obstacles.

Operations & Supply Chain Management

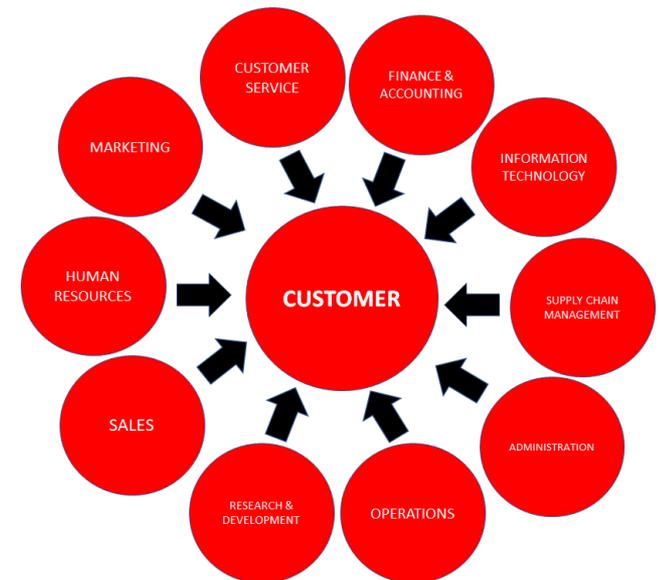
- Lean advocates for organizations to become customer centric. In a Lean organization the establishment of value stream teams is common to own the entire process.

Sales & Marketing

- Lean seeks to establish robust and predictable processes. Lean suggests that this discipline establishes the structure to create a consistent process that applies the Lean principles. In this, and any other area, Lean strives to create process managers.

Finance & Accounting

- Lean advocates for alignment between financial metrics and operational metrics. Traditional financial metrics encourage non-Lean behavior that leads to waste. Lean These two set of metrics need to be modified to support strategic objectives and motivate Lean behaviors.



2. Lean as a business management philosophy

Business Management Elements (Continued)

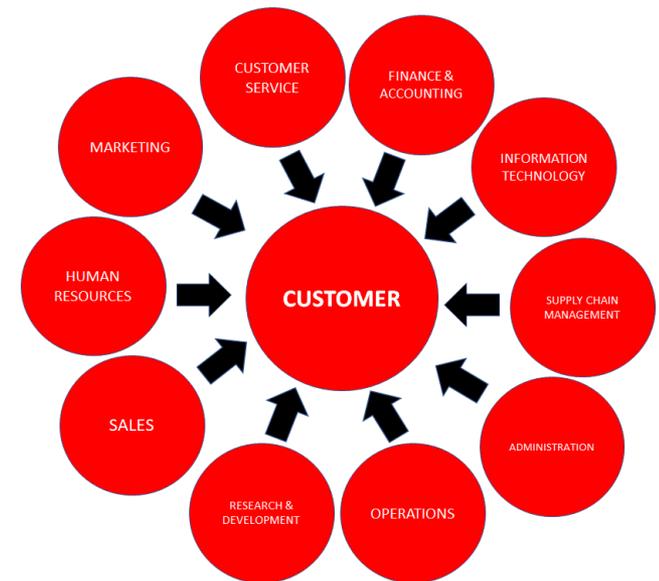
The Lean philosophy is customer centered and has several elements that pertain to the business management discipline:

Human Resource Management

- Human Resources in a Lean environment play an intricate role in the functioning of the business. Human Resources is focused on helping the organization create the desired culture. Their contribution comes from: Hiring the right candidates, developing, engaging and retaining them. These important processes feed and support the strategic objectives of the business.

Research & Development

- Lean utilizes a process called 3P (production preparation process). This process is also applied to development of new services. This approach seeks to eliminate waste from the product/service development process and the impact (low quality, confusion, design modifications, etc.) it has on the downstream processes (operations, quality, etc.). Some of its tenets are cross-functional involvement early during development process.





CHAPTER THREE

Management's Roles



3. Management's Roles

Management's Roles

The number one reason most Lean initiatives fail is because the Sr. Leadership of the business does not play their role.

Often senior leaders are unaware or do not understand their role in a Lean initiative. Here are the most important roles, in no specific order, that senior leaders need to provide for their workforce:

- **Provide Direction:** This involves providing the what's - meaning strategy, and priorities. In other words where are we taking the business and what is most important now.
- **Set Expectations:** Ensure everyone understands their role and what is expected of them. Help them understand is not optional, we need to improve in order to stay competitive
- **Answer What's in it for me (WIIFM):** Ensure employees understand this is not about cost reduction. Is about enabling business growth. As the business becomes more profitable, we all benefit with higher wages, better benefits, more perks, etc.



3. Management's Roles

Management's Roles

- **Provide Support:** Support can be showed in many ways, such as: Listening, coaching, removing obstacles, mentoring, celebrating, and recognizing.
- **Empower Employees:** Allowing employees to decide the how's to the what's you provided, even when they don't match yours.
- **Involve Employees:** Task them with resolving their problems. Give them a role in the implementation.
- **Accountability:** Make sure you hold employees to their word to show that you are paying attention and that this is important to you.
- **Display Consistency:** The leadership team needs to be very well aligned in the importance of the initiative. Each level from front line to executive level (supervise, enforce, monitor, etc.)



3. Management's Roles

Management's Roles

- **Lead by Example:** Displaying leadership behaviors that foster collaboration (transparency, being approachable, honesty, and showing that you care.)
- **Manage Resistance:** Engage early adopters but don't neglect resisters and deal with the laggards. Don't allow negative employees to linger. Give them every opportunity to come around but eventually re-assign or manage them out of organization if they don't fit your new culture.





CHAPTER FOUR

Leader Behavior Needed



4. Leader Behavior Needed

Leader Behavior in a Lean Environment and a Healthy Culture

For a Lean initiative to be successful business leaders need to surround themselves with strong leaders that have the right behaviors, which we'll expand on. I look at it from the perspectives of effective management and leadership behaviors:

Management Behaviors:

- **Measure performance:** Understanding the principles of the Plan, Do, Check, Act cycle; that Measuring performance is a constant necessity to understand where we need to get better.
- **Challenging the status quo:** A natural change agent that wants to challenge your current methods and is not content with subpar performance.



4. Leader Behavior Needed

Leader Behavior in a Lean Environment and a Healthy Culture

Management Behaviors (Continued):

- **Problem solver:** Has the energy to solve problems at the root cause as opposed to placing band aids that prevent the elimination of the problem
- **Uses structured approach for improvement:** Understands the value of having the discipline to investigate problems as opposed to using opinions or rushing to solutions.
- **Understanding of Lean Tools:** Has a solid understanding of the principles, and how to apply the tools to the business' benefit.
- **Recognizes need and makes time for improving:** Does not see improvement activity as an additional burden. Recognizes that improving is part of their responsibility and prioritizes it accordingly by making time often to make improvements



4. Leader Behavior Needed

Leader Behavior in a Lean Environment and a Healthy Culture

Leadership Behaviors:

- **Authentic:** People appreciate a leader that states the facts as he/she sees them. No one wants to be presented with a diverted version of reality. (Be who they really are without holding back). Able to accept blame and their mistakes.
- **Coach:** A leader that devotes time to coaching their team to impact their thinking in a positive way to nurture the desired culture.
- **Care for employees:** their development, teaches the tools. Sees employees as people and creates relationships to foster loyalty.
- **Respect employees** – Humble enough to be transparent, engages them, shares information, and wants to hear their ideas



4. Leader Behavior Needed

Leader Behavior in a Lean Environment and a Healthy Culture

Leadership Behaviors (Continued):

- **Accountability** – Has the courage to hold others to their commitments and embraces being held accountable to his.
- **Adjustable leadership style** – Recognizes that for each situation a leader's style needs to adjust. There are times to be: Democratic, Collaborative, etc.
- **Leads by example and avoids Negative behaviors** – Displays a consistent leadership style. The actions follow the words. Does not display an ego and avoids negative behaviors (micro-managing, authoritarian, bully, arrogant, etc.)
- **Emotional Intelligence** – Is connected with and understands their emotions and others' and knows how to manage relationships.



CHAPTER FIVE

Engaging your team in the process



5. Engaging your team in the process

Ways to Engage your Team

Engaging your workforce can be a challenge at times. Their participation in adopting the Lean principles cannot be overstated. Without the team's engagement, the initiative will not survive. Here are some ways that you can engage your team:

- **Create clarity for your workforce:** Your workforce wants to be a part of something. Creating clarity is about developing an identity for the culture you want to create. An identity that your employees can identify with.
- **Making them part of the solution:** Talk to your employees and understand their problems and frustrations. They want to do better. Make sure you give them a role; doesn't matter if active or passive, make them feel like their contributing to the solution.



5. Engaging your team in the process

Ways to Engage your Team

- **Reinforcing WIIFM:** This is an ongoing process. Employees need to understand why we are pursuing Lean and that the benefits reach the business as well as all of us. Help them collect the dots between solving problems, satisfied customers and company stability.
- **Give them a voice:** Do this by delegating decisions over to them. Once you set the direction, allow them the liberty to decide collectively how they want to accomplish your goals.
- **Teach them to be problem solvers:** Have employees participate in training, coaching, improvement activities or workshops. Make sure they understand how to use the tools to solve their problems.





CHAPTER SIX

Using outside resources



6. Using outside resources

Educational Learning

Considering all the free content provided in the internet, you have many resources to educate yourself and your team. There are also other options that don't come free of cost. I have broken them down below:

1. Educational Learning: These are resources that will give you a basic understanding of the theoretical concepts.

- Free content (Webinars, e-books, infographics, etc.): This is a good way to get your feet wet and get very useful information in a short period of time.
- Training workshops: Attend these if you can. Good way to learn the basics.



6. Using outside resources

Benchmarking Learning

2. Benchmarking Learning: These are resources that will allow you to learn from other's experiences.

- Professional associations – These have peer groups, workshops, presentations, and some will include certifications. I'll say these are good resources but can be an endless expense of training. Tread lightly and evaluate the value received.
- Industry groups – These are good to network with others that are trying to implement Lean. You will be able to see what has worked for others and what hasn't.



6. Using outside resources

Experiential Learning

3. Experiential Learning: These are resources that allow you to gain experiences and promote learning by doing.

- Consultants – I understand this is coming from a consultant. Of all these resources, this will be the most effective. If you can find a consultant that is a good fit for you, you will get very good results in much less time. This resource needs to be a coach, developer, challenger, and understand your needs. The cost can be high, at the same time, try to quantify all the time and mistakes a consultant can save you. Typically, the returns a good consultant can deliver are ten-fold when compared to the fees. There is nothing more valuable than having the experience of application which none of the other resources provide.



CHAPTER SEVEN

Expanding to entire organization



7. Expanding to entire organization

Areas where the principles can be applied

There are no limits as to where Lean principles should be applied. Most areas of a business have opportunity to be managed better and to reduce waste. Consider the following areas:

- **Human Resources**
 - Would you benefit from having a swift hiring process? Or
 - A solid onboarding experience for new hires?
- **Accounting**
 - How long does it take to close the books on each cycle?
 - How long does it take to process invoices?
- **Customer Service**
 - How long does it take to enter an order?



7. Expanding to entire organization

Areas where the principles can be applied

- **Sales & Marketing**
 - Are your processes repeatable and reliable?
 - Do your processes deliver the desired results?
- **Design Engineering**
 - How long does it take to roll out a new product?
 - How well do these roll outs go?

If you neglect these areas, your organization will end up with pockets of improvement and will fail to reach its potential.





Conclusion



Conclusion

Conclusions to Draw from this E-book

These are some of the takeaways we want you to remember:

- There are several scenarios in which businesses can benefit from adopting Lean. Each has their own challenges and opportunities
- Lean is not a program but a business management philosophy
- Senior leaders have a critical role they must play for the initiative to be successful.
- The initiative should cover every aspect of your business, otherwise you will not reach your full potential
- Engage your team in the process. Otherwise, you jeopardize the success of the initiative.
- Certain behaviors are needed from your leaders in order to be successful



Sources

Picking the right transition – Watkins, Michael D.

Lean Production Simplified - Pascal

FREE CONSULTATION

Reach out to us

Send us a message and let's schedule a free consultation. In this conversation we will discuss your challenges and strategies to overcome them.

This is a commitment free call.

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