

LEAN worked for the Venetians, Toyota and Frank Woollard. What's the best way to make it work for you?

L EAN has always been good for business, says Simon Elias from the LEAN Enterprise Research Centre, but it delivers the greatest benefits when it's a complete business philosophy.

Is LEAN constantly evolving?

The ideas that underpin LEAN have been around for years. Some commentators believe that Venetian ship builders were using LEAN in the 15th Century. Of course, they didn't use the word LEAN, but the point is whenever man has looked at the task of making something better, simply by applying common sense you can end up with what we now label LEAN.

Bob Emiliani, a contact I have in the States, came across a man called Frank Woollard who worked in the British automotive industry in the 1920s and he wrote a book called 'Principles of Mass and Flow Production' which was somehow lost until Bob discovered it a few years ago. When you read it, it predates the whole Toyota Production System. It absolutely is LEAN. And yet no one has heard of him. That's an important message about LEAN. It's not a new kid on the block, it's just that we're very good at rediscovering it.

How has it changed since the 90s?

In the past LEAN was primarily used to improve one specific area of a business, but to really make it work you've got to deploy it right across a business. That's the message that LERC has been putting out for some time. We produced a paper a few years ago called 'Learning to Evolve: A review of contemporary LEAN thinking' and that was one of our keys messages: LEAN isn't a series of quick fix tools, it's a complete business philosophy.

In the 90's LEAN had a manufacturing, shop floor orientation. Companies focused on tools and techniques and the logic was 'Let's apply what worked for Toyota.' The evolution since is that LEAN has moved into other sectors and there you need to take a much broader view of what's going to work - what works in a manufacturing sector is not necessarily going to work in a services

The LEAN Enterprise Research Centre is one of Cardiff Business School's major research centres, with a track record of innovative Research, Executive Education and Engagement activities. Its mission is to research, apply and communicate LEAN thinking and it's one of the largest centres of its kind in the world.

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environment. We see LEAN now as a business philosophy, a business system, rather than just an occasional set of projects based on the shop floor. This evolution positions LEAN as a business solution where the focus is on creating value for customers, rather than manufacturing or operational service delivery. Most organisations still have a long way to go to use LEAN like this, but that's where it's going.

Do you think the word LEAN itself is a problem?

That label was first popularised in the book 'The Machine That Changed The World,' which described the successful Toyota Production System, but it stuck for better or worse. Our view is that it doesn't matter what you call it. It's best not to get bogged down with the word LEAN, particularly as it has some negative connotations about cutting things. The other problem of course is that LEAN is often used to reduce head count and once it's positioned as a negative cutting tool, it gets a bad reputation and that leads to problems when you try to implement it in a positive, sustainable way. It's difficult to change a culture when people perceive LEAN negatively, so the first thing you have to do is change perceptions. LEAN needs to be positioned as part of the value system. You have to move beyond tools and techniques to a complete business philosophy.

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Change is the constant, the signal for rebirth, the egg of the phoenix.

Do most companies really understand LEAN, or have they just got some idea about it?

Many companies still define LEAN the way it was defined in the 1990s, a tool based approach for improving operations. Everyone's got some idea of what LEAN is, but it's pretty broad. So one of our challenges is to communicate a modern definition. It's not just about cutting waste. It can be positioned as a growth strategy, a means to create capacity, enhance value and develop new opportunities. Very few organisations have that focus though. They still think we've got to take out waste and LEAN's the way to do it, whereas we see waste reduction as the means for creating capacity, to let you focus on value and growth.

What are the big challenges to implementing Lean?

The first one is understanding exactly what LEAN is because if you just see it as a series of tools for cutting waste that's how you'll use it and you won't get the bigger benefits. You really have to appreciate LEAN's bigger impact on the whole business system. You have to take a systemic approach and not simply use it for the quick fix.

Once you define LEAN as a philosophy, a business system, you realise that it actually has a cultural change dimension and that's what really underpins its successful implementation - changing people's behaviours. The human element is absolutely critical, you have to get all your soft factors in place. You have to carefully manage these processes because they're the principal enablers for successful LEAN change. It's not easy to change people's attitudes and behaviours, so you have to be in it for the long haul and it's got to have top management and middle management support. That's another big challenge.

Companies also have to understand that there's no prescriptive solution for LEAN application.

Every company has its own circumstances and its own needs, so they must come up with their own solution because they know their circumstances best. We call it developing a contingent approach. You've really got to work out a solution that's right for you. I often use an analogy that likens a LEAN journey to getting fit. If you tell 2 or 3 people to get fit they will all come up with different programmes. That illustrates our point about developing a contingent approach, because you can't just go and borrow someone else's programme and expect it to work for you.

So planning your LEAN approach is the critical first step?

It's absolutely key and this is where Policy Deployment and strategic alignment is so important. You've got to ensure that everything you do links with the overall company strategy, making sure there's a logic to what you do and that it fits into the overall objectives of the organisation. The human dimension and the strategic dimension have to be brought together so that the things you do first have the most impact for the organisation.

How do you balance the need for quick wins against LEAN being a business philosophy?

It's not easy, especially in an environment where shareholders demand a quick return on their investment. You can't say 'You'll see the benefits in 5 years,' you've got to demonstrate short term benefits as well. From the human point of view too, you've got to show that change is happening, things are getting better. There's often a lot of low hanging fruit you can attack first. It may not be part of the systemic solution, so you've got to have

a 2 pronged approach, attacking the low hanging fruit and attacking the systemic issues. The first gets you the quick wins and builds up people's confidence and the second puts the longer term changes in place to start altering behaviours and influencing the culture to create one of Continuous Improvement. You need to do both simultaneously.

Now LEAN has moved outside manufacturing where can it be most impactful?

In most western economies around 80% of people work in the services sector, so that's where the real opportunity lies. There's already been a shift into the big transactional services sectors like financial services and insurance processing. It's at an early stage, but it is happening and a recent study that LERC conducted showed that the improvement opportunities there are often greater than they are in manufacturing.

The public sector has its own challenges. The NHS has been looking at LEAN from the bottom up perspective and there are an awful lot of NHS trusts, like Bolton for example, that are doing a lot of good work with LEAN. There's still much creation of islands of excellence rather than systemic change, but that's the reality of how big, complex organisations apply LEAN. HMRC and the Dept of Work & Pensions have been on LEAN journeys for a few years now, but they're clearly not businesses that can grow, so it's been about cost cutting. That's one of the real challenges for the future, how does LEAN apply in the public sector if one of its main tenets is about creating a capacity to grow? So there are many challenges going forward. ■



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