

66 MANUFACTURING LEAN

It is hard to talk to manufacturers without getting embroiled in a discussion on lean techniques. As **Sigi Osagie** explains, lean is not a panacea, but one of a suite of tools that companies can use to improve performance



Toyota has driven the Lean agenda in manufacturing

lean everywhere

SOMETHING IS afoot in the business world. Over the last year or so I have noticed an ever-increasing number of companies claiming to operate 'Lean'. Some even have 'Lean implementation' as one of their key strategic objectives.

This trend can be seen even in the jobs pages – check the jobs section of any decent newspaper or industry magazine, or jobs website, and it's almost certain you will find one or two job

advert with the word 'Lean'.

It seems as if everyone is donning the lean hat. And it's not just private enterprise; I have even seen articles and job adverts with public sector organisations boasting about their lean credentials. Basically, everybody is now doing lean.

It seems to me that we may be falling into the same delusions that have beset organisations for ages: that there really is a magic bullet, some sort of business

panacea, that can eliminate all challenges and give companies key advantages over their competitors.

We have been here before haven't we? Remember MRP, MRPII, ERP, OPT, Just-in-Time, TQM, Six Sigma *et al*? At one time or another in recent history, many of these tools and methodologies were hailed as the key ingredient for business success, or the key factor that differentiated the top

performers from others. And many organisations jumped on the bandwagon.

Yet it is quite interesting that we no longer hear of any companies loudly proclaiming the benefits of their TQM implementation, for example. That's because TQM rarely delivers the all-encompassing performance and success that is usually associated with such tools, neither does any other methodology for that matter.

'The disjointed thought process that sees companies adopting lean is, of course, promoted by the ever-growing industry of consultants'

MANAGEMENT PHILOSOPHY

Another reason is because almost everyone now has TQM, or some other similar quality management capability or philosophy, so there is nothing special about it; it is no longer a distinguishing factor that gives competitive advantage – it is no longer possible that company A outperforms company B because A has TQM, since company B now also has TQM, or something similar. So, just as we have seen with TQM, ERP, Just-in-Time and the rest, when everyone has implemented lean what will subsequently distinguish the high-performance businesses from the laggards? Certainly, it won't be lean itself!

I have no objections to lean and other similar tools or methodologies. In fact, I am a trained Six Sigma Black Belt and have extensive experience of many such approaches. Lean, like other approaches, does have its benefits. But those benefits can only really be sustainably attained when lean is properly applied. Proper implementation includes a pre-assessment of the suitability of lean principles to the particular situation at hand. And this is where many businesses falter – they forget that these tools are simply that: tools. They are not some sort of business cure-all, and were never developed as such.

The disjointed thought process that sees companies adopting lean, sometimes inappropriately, is, of course, promoted by the ever-growing industry of consultants and software houses whose products and services are inevitably "required for successful implementation". We end up with Acme Defence Systems plc adopting lean simply because they have seen Joe Bloggs Aerospace Inc. do so.

When properly applied to the appropriate business environment, lean can deliver tremendous efficiency improvements that translate directly to the bottom-line. But unless the decision-making process that instigates the adoption of lean (and, crucially, how it will be



John Deere has enjoyed success with Lean implementations

implemented) is robust, you simply end up with another 'me too' lean programme.

This typically results in business processes or activities that may be very efficient, but still not effective. Organisations that fall into this trap forget that sustainable performance is never achieved via one route alone. Instead, success is multi-faceted and companies must consider the various dimensions of performance: processes – both transactional and otherwise; people, including organisation structures, culture and competency; tools and enablers, eg IT systems and methodologies such as TQM; strategy – everything else must be aligned to the business strategy; and leadership – the key ingredient, the glue that holds it all together.

Unless companies consider lean adoption *vis-à-vis* these key factors, they are unlikely to enjoy the true benefits of lean. This highlights two pertinent issues: Firstly, that lean is really just another tool.

It is true that many of the top, large multinationals, such as Danaher, Deere and Toyota have implemented lean. And in many such companies the benefits can be very visible. But, it is also true that there are many high-performing companies, large and small, who have not adopted lean.

What one finds in such companies instead is a collective mindset of effectiveness and efficiency, usually driven by sound leadership. It takes effective leadership to orchestrate the various dimensions of performance into a robust and cohesive force that delivers sustainable results.

SUCCESSFULLY ADOPTING LEAN PRINCIPLES

The second issue highlighted relates to the question posed earlier in this article: irrespective of whether companies imbibe the above performance dimensions in their lean implementations or not, if all companies adopt lean principles, what will be the key factor that separates those that succeed from those that don't?

The reality is that lean on its own cannot be a competitive differentiator, though it seems many organisations forget this. Instead, organisations jump on the bandwagon of lean just like most follow any new business or management fad.

It reminds me of the days of "excellence" as promulgated by that great management guru, Tom Peters. Poignantly, many of Peters' 'excellent companies' did not stay excellent for long – IBM, for example, nearly went into extinction and was only really

put back on the corporate map years later by Louis V Gerstner Jr. People Express airline, another erstwhile 'excellent company', went bust not long afterwards.

In reality, lean, like Peters' 'excellence' or 'operational excellence', TQM, ERP, Six Sigma, *et al* is simply a tool (or methodology). You or I can pick up any kitchen tool or utensil – potato masher, serving spoon and chopping board, but using the tool doesn't necessarily guarantee that our cooking will come out like Gordon Ramsay's or Nigella Lawson's.

In the same way, any company can implement lean, but that doesn't mean they will become high performers. Just as the key cooking factor in the kitchen is the chef's culinary skill, so too is the key factor in the corporate landscape a company's leadership capabilities.

And that, really, is what separates lean companies with sustainable success from those with average or sub-optimal performance. ■

Further information

- 👉 www.lean.org
- 👉 www.manufacturinginstitute.co.uk/
- 👉 www.tompeters.com
- 👉 www.goldratt.com
- 👉 www.thecqi.org
- 👉 www.glossaryofmanufacturing.com