

The 'l' in lean



In 2010 LMJ held two highly successful seminars dedicated to the discussion of lean leadership roles and the importance of leadership in lean success. In this comment business and supply chain improvement specialist at EPG Solutions, Sigi Osagie, gives his views on the theme.

Before the millennium I read somewhere that lean would become the predominant business philosophy globally. And now it does indeed seem as if everyone, from all kinds of private enterprise and through to public sector, is donning the lean hat.

For me this is an interesting trend, considering that most lean implementations fail to deliver the expected benefits – a fact even lean practitioners openly admit. Estimates of failure rates range up to 50% and higher, depending on which survey you read. As a lean six sigma black belt myself, with experience across several sectors, I have had blessings and misfortunes in several initiatives, some of which I would prefer to erase from my memory.

The uptake of lean, despite the less-than-stellar success rates, suggests 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 ad infinitum.

Well, we have been here before haven't we? Remember, 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. And many organisations jumped on the bandwagon. Yet, it is interesting that these days we no longer hear of any companies loudly proclaiming the benefits of their TQM implementation. In my opinion that's because TQM rarely delivers the all-encompassing performance that is promised and neither does any other methodology.

Valuable business tools or philosophies, like TQM or lean, demand certain prerequisites for sustainable success. Trying to implement lean on poorly-defined or uncontrollable processes is a non-starter, as is taking an ill-defined implementation approach. Successful lean can deliver benefits that transcribe to advantages in strategic, financial and human capital terms. But those benefits can only really be sustainably attained when lean is properly applied by

which I mean; the implementation should include a pre-assessment of the suitability of lean principles to the particular situation at-hand.

This is where many businesses fail – they forget that lean is a tool, albeit a potent one, and that it was never developed to be a business cure-all. The disjointed thought process that leads to adopting lean inappropriately is a direct manifestation of ineffective leadership. Unless the decision-making process for the adoption of lean and, crucially, *how* it will be implemented, is robust, you simply end up with another ‘me too’ lean programme. This typically results in operational efficiency, but not in effectiveness.

Sustainable performance is never achieved via one route alone. Companies must consider the various dimensions of performance: processes – both production and transactional, people - including the organisational structures and culture in which they work, enablers, e.g., IT systems and performance management systems, strategy – everything else *must* be aligned to this and leadership – the key ingredient..

Organisational benefits are unlikely without consideration of all these factors and the most crucial of all of them is leadership. This is the single most important factor that predetermines success or failure. If ‘lean’ was an acronym, the ‘l’ would stand for ‘leadership’ within which we need to understand leadership at executive level and leadership of the lean activities themselves.

While many global multinationals (Danaher, Deere and Toyota) have implemented lean with very visible benefits, there are also many high-performing companies, large and small, who have not adopted lean. What one finds in such businesses instead is a collective mindset of effectiveness and efficiency, driven by sound leadership capable of orchestrating the various dimensions of performance.

Lean on its own cannot be a competitive differentiator. You or I can pick up any kitchen tool or utensil – potato masher, serving spoon, 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, in the corporate landscape a company’s leadership capabilities determine successful, sustainable outcomes. **END**

Sigi is keen to take this discussion further – if you would like to take up any points with him one-to-one he is happy to be contacted at sigi.osagie@epgsolutions.co.uk.