

LEAN LEADER SHIP

LEADING THE WAY TO TOP PERFORMANCE

A Staufen AG white paper

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Introduction

It has been a few years since the first projects to introduce Shop Floor Management were implemented, and over the course of these years we have executed numerous successful implementation projects with our customers and BestPractice partners. As a result of introducing Shop Floor Management, many managers have come a long way. Daily Shop Floor Management is now being actively implemented by these managers, who lead in accordance with the defined tools: they ask open-ended questions, enable employees and offer them support. This means on-site leadership is apparent on a daily basis and resonates directly with employees. More importantly: by performing the role of mentor, managers transfer this mode of operation on to their employees. Over time, this evolves into a culture that exhibits noticeable change – one that consists not only individual of protagonists, but one in which increasingly more people are moving in the same direction.

As coaches, guides and observers of this change process, various things have become apparent to us. “Go & See”, the way in which escalations are dealt with, or the regular approval of standards are visible indicators of change. On the other hand, there are other things that we can only assume. The inner attitude of managers and employees towards Shop Floor Management becomes apparent when the exhibited behavior is not ideal. It would be naive to assume that all managers readily jump aboard “the boat of change”. It is completely normal that there might be reservations and even resistance. The need to understand the reasons for resistance and figure out how to deal with this professionally was the driving force behind our decision to address lean leadership. The frequent rallying cry of “You need lean culture!” falls short here. It is more about acquiring a basic understanding of how consistent, continuous values and attitudes can allow genuine behaviour to emerge. Consistency is of particular importance, as there is nothing more damaging than inauthentic managers that feel as though they have to play along and only pretend to play the role of lean leader.

A second driving force behind our lean leadership initiative was the issue of integrity. Are managers who practise Shop Floor Management automatically lean leaders? Put succinctly, Shop Floor Management in the morning and Go & See, and in the afternoon...? In our view, a lean leader is someone who successfully and sustainably shapes a lean transformation and who leads a team or even an entire organization to excellence. In other words, someone leads the way to top performance. Given this, you will likely agree that Shop Floor Management is a good foundation, but does not complete the picture. The picture can only be completed through the practice of lean leadership; however, this also increases demands on leadership.

Lean transformation: Process and leadership excellence

Lean is still often compared to the process optimization methods that everyone is familiar with. From our perspective, this is too one-dimensional. On the one hand, the methods are less important than the underlying principles. On the other hand, it's all about the fundamental mindset and course of action and how leadership performs. In other words, lean transformation will only work if the principles of process excellence and leadership excellence collaborate through lean leadership. However, there are some barriers to sustainable lean transformation:

6 barriers to lean transformation



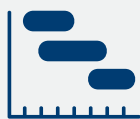
1. Reliance on individual stakeholders

Not everyone is pulling together, but rather, the change is only driven by a few individuals. As soon as these individuals leave this area of responsibility, the project or the organization, the house of cards collapses.



2. The department is responsible for lean programs

Employees feel that they shouldn't promote lean, but that rather, it should be their colleagues in the lean department. True to the motto of "They'll get to it."



3. Lean is only seen as a project

Projects have a beginning and an end. In this sense, lean is not a "project", but rather, a perpetual, never-ending process of permanent optimization. In this respect, all those who are of the mindset that: "This too shall pass," are wrong.



4. The only focus is the bottom-up approach

Management is of the opinion that lean is only intended for "the employees down there", and makes no effort to integrate a top-down approach.



5. Lean is only for production

Lean is an integrated approach, one that might start at the production level, but that in the end, has to include the entire value chain, from development to distribution.



6. The change is only superficial

At first glance, one gets the impression that a new lean culture prevails in the organization. However, a glance behind the scenes reveals a different picture, because behavior at the management level continues to follow the old patterns.



Principles of process excellence

At the risk of repetition: processes that are low waste, highly productive and as disruption-free as possible are based on four principles.

Disturbance-free: all processes are free of disturbances. If an error arises, the causes are sought immediately, and solutions are developed to avoid this error in the future.

Flow: A lean organization strives for an uninterrupted value chain, in order to enable flow.

Rhythm: All work contents are aligned with each other based on their duration, allowing for rhythmic collaboration.

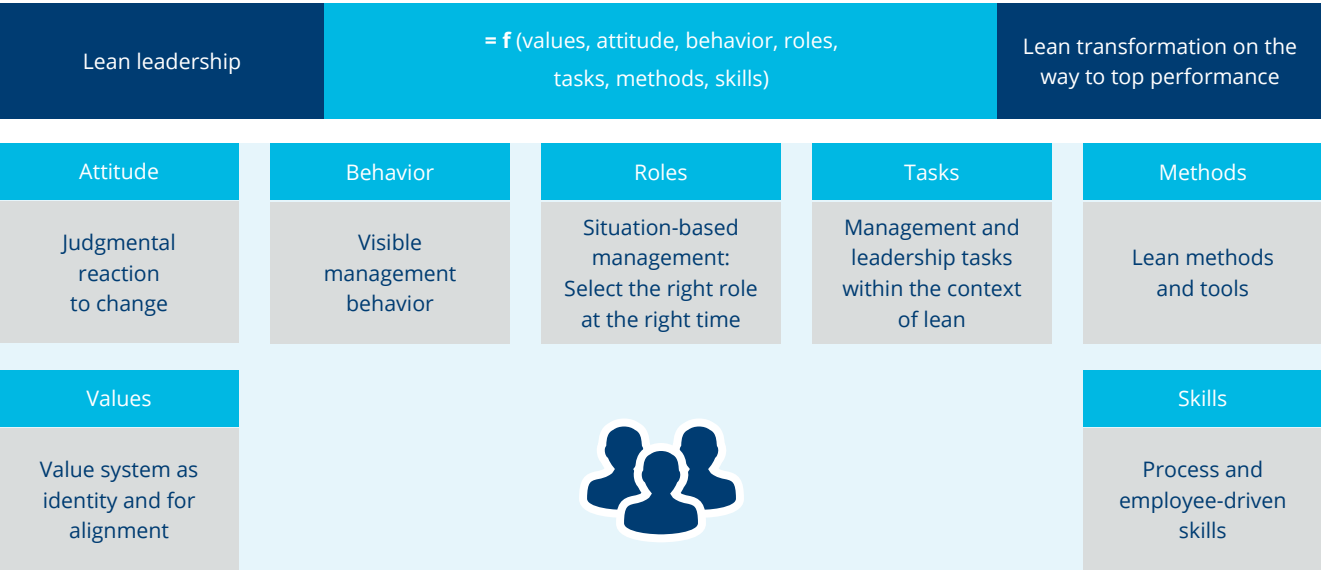
Pull: Only those things are produced that are really needed, and only as needed. In addition to these obvious process design principles, there are a number of principles for structuring leadership.

Management excellence through Lean Leadership

The goal is to enable employees to learn independently, thereby initiating a continuous improvement process (CIP). This is why managers should spend more time supporting their employees on-site, rather than managing from their desks. In our “25 Years of Lean Management” study, Professor Daniel T. Jones captures this in a nutshell: “They have to provide their employees with the tools they need to improve their work and the processes on an ongoing basis. This will change the way in which managers work at least as much as it will change the work methods of the employee. However, many German managers still feel more at ease in the office, evaluating data, than they do on site.”

Lean leadership as the formula for success

A lean leader is characterized by a series of factors that contribute towards accompanying and structuring the transformation to a lean organization. To put it figuratively, management’s playing field includes consistency between values, attitudes and behaviors, as well as the implementation of roles, tasks, methods and skills. The seven contributing factors can be represented simply using a mathematical formula:







The emotional foundation: values, attitudes and behavior

Values such as commitment, transparency, honesty and consistent conduct describe the identity and paint a picture of an organization. They provide direction and moral footing to an organization's "lean journey". As a manager and employee, what are my views on, for example, transparency? How do I feel about transparency on the shop floor through daily target and actual comparisons using key indicators? This attitude can only be positive and open when transparency is dealt with objectively and there is no finger-pointing. A top executive who does not have the right attitude towards lean and lean values will exhibit inconsistent leadership behavior and will lose credibility. However, what should be done if there is no experience on which to base the early phases of a lean transformation? It must be remembered that attitudes are based on past experiences. Leadership has to fill this void through, for example, best practice visits, practice-oriented simulations and lighthouse projects. This will create an environment in which an appropriate, open outlook will flourish, even among those whose outlook is more critical.

The behavior of management, both as it is experienced and observed, is a direct indicator of the change process. Through interventions such as regular coaching and feedback, it is possible to bring an end to prior daily practices and old patterns in management behavior.

Comparing lean leadership to daily practices

Daily practices		Lean leadership
■ Monthly reporting	 Transparency	■ Daily key performance indicators ideas and solutions
■ Solutions are provided	 Employee development	■ Inquiries made about ideas and solutions
■ PowerPoint	 Go & See	■ Reality on the shop floor
■ Errors – who is responsible?	 Accusations	■ Errors – how can the process be improved?



The link: Leadership roles

In many cases, the lean leader's role is reduced to that of mentor. This definition, however, falls short, because the lean leader must play a variety of roles, depending on the organization's current situation. If there is pending change, the lean leader will take on the role of change agent, formulating a mission statement and then steering the organization in the right direction as quickly as possible by changing strategies. To do so, the lean leader must provide concrete instructions in the manner of a traditional manager. The organization then moves into a phase of continuous improvement. Now the lean leader must play the role of mentor to his/her employees and shift the focus onto further development and enablement. Depending on how far-reaching the decisions to be implemented during the change phase are, the gap between the role of change agent and mentor can be a large one. In cases such as these, much consideration must be given to staffing and the allocation of roles.

Separate from the organization's existing situation, it is important to lead employees depending on the situation, in other words: leadership through questions or perhaps, leadership by proclamation. What would be most expedient given the current situation and the current employees? Situational leadership is easier said than done. Based on our experience, management requires time for reflection, but also coaching, in order to best harness of the diversity of roles in a manner that feels authentic.

Rational implementation: tasks, methods and skills

The challenge "Now just try to behave differently..." will not work. Changing the behavior of a lean leader necessitates regular management and leadership tasks that are logically intertwined and a part of routine practices. Through daily tasks such as Shop Floor Management, leadership situations arise that allow management to have an impact. However, the tasks of a manager depend on where the manager is in the hierarchy – for example, a team leader has an agenda that is different from that of a plant manager.

In order to successfully fill responsibilities, the personal skillset of a lean leader serves to round out his/her profile. This means being able to ask questions, listen in an engaged manner, prioritize, delegate, reflect and provide feedback. As a rule, managers, who typically have a background in technical engineering, might often find all these soft-skills difficult to master. This is because now, processes and technical procedures are not in the foreground, but rather, people and organizing their collaboration. A lean leader is in the position to unite the world of process excellence with the world of leadership excellence. Learning and further development often take place under situations that are outside of the comfort zone. A lean leader offers the team learning situations such as these, and then provides support through regular feedback. In addition, a lean leader develops the ability to reflect or, in other words, to conduct a self-analysis and to then selectively determine the necessary actions based on this.

Additional Shop Floor Management roles

In this section, we will discuss the selected management and leadership roles that a lean leader associates with Shop Floor Management and structured problem resolution: Hoshin Kanri, Hanchō und Kata.

1

Lay the foundations



Hoshin Kanri

Define and agree on goals



Hanchō

Create structures with a small manager to staff ratio

2

Develop competencies and reach objectives



Problem resolution

To restore the current standard



Shop Floor Management

Daily management routine



Kata

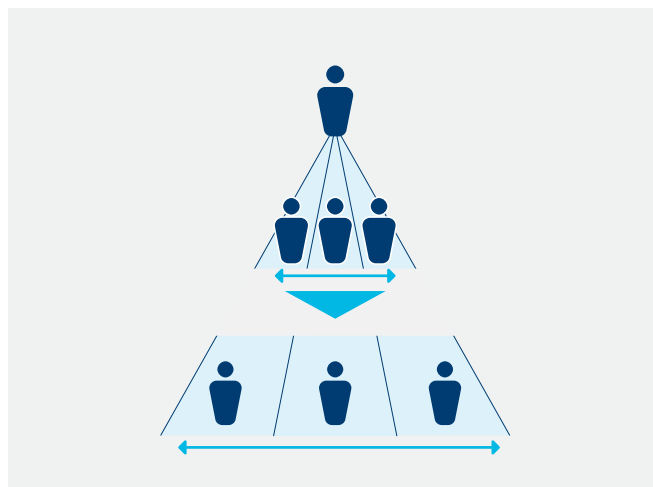
To improve the current standard

Define and agree on goals – Hoshin Kanri

For lean transformation to be successful and sustainable, a connection has to be “organized” the top-down and bottom-up approach. This solution approach is called Hoshin Kanri. It refers to the consistent cascading alignment of goals that are derived from the corporate vision. Hoshin Kanri can be described as a type of navigation system or compass that guides the development of the organization. At its core, it is an evaluated unfolding of the strategy, whereby “evaluated” means that the crucial drivers behind development – and their effect – are analyzed systematically.

The scale of the evaluation starts with the creation of an organization-wide vision and spans everything from the development of breakthrough and annual goals, an analysis of the drivers, the planning and implementation of actions to the evaluation, which is conducted as a part of regular reviews.

Before the objectives are developed vertically across the organization, horizontal alignment takes place at the top management level. This cross-functional view improves the understanding that all levels have of the improvement of the value stream.



Hoshin Kanri significantly differs from the (general) management philosophies of the past years, which place less value on subject content and social interests and more value on setting and reaching goals in accordance with the “Management by Objectives” (MBO) technique.

This differentiation is also indicative of a type of paradigm shift: if leadership – even in the context of lean – was construed in the past years as being mostly a field of application for various methods, lean leadership is also and especially about leadership and behavioral excellence.

Creating structures – the Hanchō

In looking at an organization's leadership performance, the following rule of thumb might apply: the smaller the manager-to-staff ratio, the better the leadership performance. In actual fact, in the past years, organizations did the opposite and supposedly made their hierarchies "leaner" by eliminating management levels. This often led to managers being responsible for 40 employees or more. Structures such as these are supposedly "lean", but from a lean leadership standpoint, they are counterproductive, as they block continuous improvement. Small manager-to-staff ratios that operate under the team leader, "Hanchō" in Japanese, ensure that structured problem resolution and continuous improvement can truly become a part of daily operations.

The Hanchō is a professional leader and monitors a portion of the process chain that typically consists of five to seven employees. It could be said that the Hanchō works "on the system", but switches over to working "in the system" when support is needed. The responsibilities of the Hanchō include:

- Guaranteeing production capacity
- Promoting standardized work
- Supporting continuous process improvement
- Reacting to deviations

The Hanchō guarantees production capacity by conducting short-cycle evaluations and visualizations. By recording the output quantity and comparing this to the production plan, deviations are immediately apparent. Countermeasures are taken before the deviation becomes a problem. If a standard is not adhered to, the Hanchō trains the corresponding employee and requests that the standard be adhered to. If the standard cannot be adhered to, the Hanchō will start a structured problem resolution process to identify the root cause. The Hanchō could be designated as the "guardian of the standard", in that she / he automatically sets in the place the requirements for continuous improvement. In actual fact, the Hanchō is constantly in the process of identifying improvement potentials and of implementing the improvements. All these steps are part of working "on the system".

The tasks that arise "in the system" serve to restore the target state when deviations have been identified. For example, the Hanchō helps employees maintain the tact, eliminates minor disruptions or steps in for an employee if there is an unplanned absence.

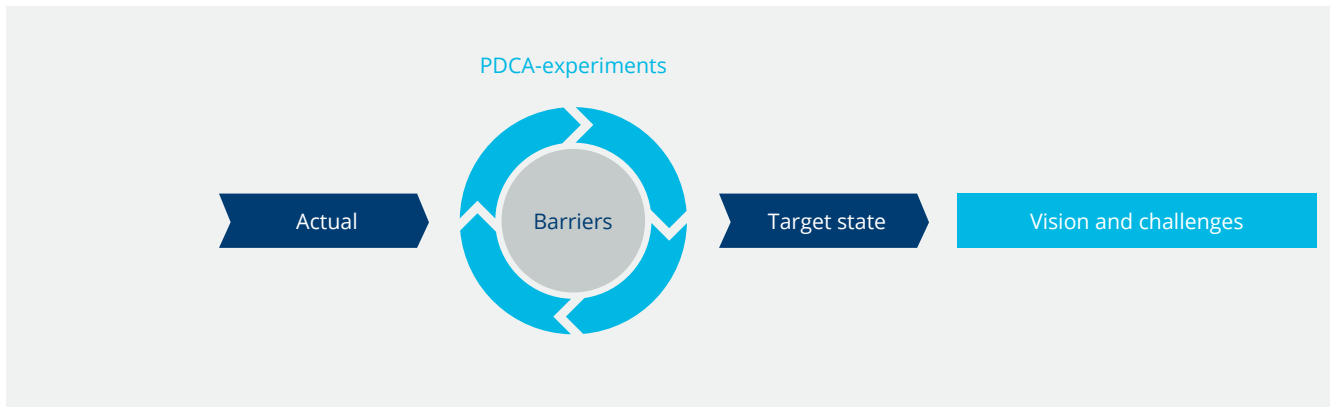
The Hanchō's work only adds value under exceptional circumstances and could be designated as "waste" – which is what led to the fallacy behind the notion that hierarchies needed to be thinned out, resulting in the large manager-to-staff ratio. However, the practice of having an established Hanchō system shows that the negative effects were easily offset by the extensive improvements. Very little waste is accepted at the hierarchical level, so that lots of waste can be sustainably eliminated at the process level. The nice thing is that, as is shown in practice, very few operations need to build up resources in order to introduce this operational hierarchy. These people are often already available within the work system, because it doesn't operate within the possible degree of adaptation.

Improvement as part of the leadership routine – Kata

Hoshin Kanri, Shop Floor Management, Hanco structures – are these all the pieces of the puzzle? Unfortunately, they are not. There is still one important leadership piece missing. This is why, in the last few years, we frequently set in place the Kata leadership routine. This augments error elimination and structured problem resolution through a short-cycle, continuous improvement process(CIP).


The story behind faltering or even failed lean transformations is a long one. Among the numerous attributed causes, one shortcoming stands out: lean did not become second nature to the managers or their employees. The employees kept their distance. A desire for perfection and continuous improvement did not become routine.

Mike Rother seized this observation and developed it into his hypothesis of improvement Kata (Rother 2013. Kata is a mindset whereby the pursuit of goals and continuous improvement is effectively internalized by leadership and employees. Sports are proof of the fact that this can work: certain complex patterns are imprinted into the physical and mental memory of the athlete through numerous repetitive exercises.



The improvement Kata also works in accordance with this fundamental principle, as it builds upon repeated experiments using the PDCA cycle in order to continuously reach new, improved target states. Through regular practice, this results in a continuous development towards the defined challenges and aspired vision.

Using sports as an analogy, consider targeted performance improvement through daily practice, with the long-term goal of an Olympic win. As a matter of fact, an Olympian who does not make (frequent) training a part of his / her daily routine can hardly be considered a serious medal contender. The difference between an athlete and an industrial operation is that the athlete makes it a priority to push beyond his or her physical limits, whereas managers and employees push beyond the limits of their knowledge and abilities. This does not happen on its own, but must be cyclically supported by management and practised by the employees. The interplay or pattern of these bilateral practices is what Rother calls “Kata”. Whether you call it Kata or not, routines such as these affect mental attitudes, both those of management and employees.



Lean leader qualifications

How can we start to further develop leadership excellence? Managers must be willing to learn and to work. Based on our experience, this works most effectively when they are supported in their organization by an external coach over a defined period of time. Only through a combination of training, implementation and coaching can sustainable behavioral change be achieved at all levels of management.

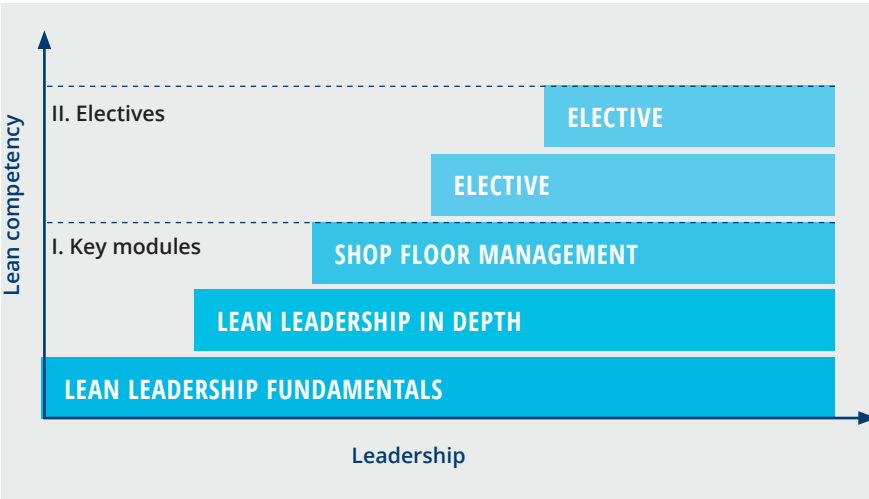
To ensure that the qualification process is effective and, especially, practice-oriented, Staufen Academy offers a modular “Certified Lean Leader” training program. The goal of the training is to increase leadership performance and to develop the corresponding lean competencies required to lead the lean transformation to success.

“Certified Lean Leader” training

I. KEY MODULES	II. ELECTIVES	III. TEST & EXPERIENCE REPORT
Lean Leadership Fundamentals 2× 2 days, 4 credits	Dig deeper based on your requirements: We offer various leadership and lean training programs. You can also opt for 2 days of individual coaching to anchor what you’ve learned through your training.	Towards the end of training, there will be a test. In addition, at some point during the training, every participant must write and submit a progress report on his / her working environment.
Lean Leadership in Depth 2× 2 days, 4 credits		
Shop Floor Management 1-2 days, 1-2 credits		

For successful completion, 13 credits are required (corresponds to 13 days of training), to be completed within 24 months. This includes 3 mandatory core modules and combinable electives. Furthermore, a written progress report is to be submitted towards the end of training and you must pass a test.

Increasing competency over the course of training



Facts

A lean leader initiates the sustainable implementation of a lean transformation based on excellent leadership, thereby becoming the leader for top performance in his or her field of responsibility. Resistance and barriers to this change process are identified, addressed, and tackled together with the employees.

A lean leader operates:

- ... By conveying and exemplifying values.
- ... Having an open and positive attitude towards the change process.
- ... Through his / her leadership behavior and interactions with employees.
- ... Implementing the right roles at the right time.
- ... Implementing management and lean tasks within the context of lean.
- ... Through a targeted deployment of the right leadership tools and methods.
- ... By further developing his / her skills and those of his / her employees as needed.

As a part of Staufen AG consulting projects, coaching modules are designed based on detailed analyses and then agreed upon with management, in order to provide management with practical support and to aid in further development. "Certified Lean Leader" training expands upon this, providing practice-oriented qualifications in order to increase leadership and lean competencies. For it is only when an organization follows lean principles not only at the process level, but also at the management level, through lean leadership, that the transformation's sustainability can be ensured.

Links

- 2017 Academy program "Certified Lean Leader"
<http://www.staufen.ag/academy>
- "25 Years of Lean Management" study
<http://www.staufen.ag/studies>

Company profile

Staufen AG is one of the leading lean management consultancies in Germany. As your “partner on the way to top performance”, our internationally operating consultancy helps companies optimize their value chain and management processes and to make their innovation and product development processes efficient. In addition, our consultants, in the role of turnaround or interim managers, develop concepts to help companies tackle crisis situations. The Staufen Academy also offers certified, practice-oriented training. More than 260 employees serve customers in Germany, Switzerland, Italy, Poland, the Czech Republic, Slovakia, Hungary, China, Mexico and Brazil. In 2016, Staufen AG was awarded two prestigious awards, which meant that it could count itself among the winners of the “Best Consultant” (Brand eins Wissen) and “Best of Consulting” (Wirtschaftswoche) competitions.



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Remco Peters studied business management at the University of Groningen (Netherlands). He has been active as a trainer, consultant and coach for well-known international industrial businesses for 18 years. Some of the key areas he has worked in include supporting organizations and management through the change process of lean transformation. Remco Peters has been a partner of Staufen AG since 2013. His area of expertise is Lean Leadership and Shop Floor Management.

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