

Lean Principles

*Universal truths that inform the **behaviors** we practice, the **systems** we develop, and the **tools** we use.*

- **Respect for people**
Empower the people who do the work to improve the work.
- **Lead with humility**
Leaders are coaches who serve their people.
- **Learn continuously**
Share and celebrate learning.

ENGAGE

- **Create value for the customer**
Focus on customer needs.
- **Systems thinking**
End-to-end value streams, not silos.
- **Constancy of purpose**
Craft a vision, align the work to achieving it.

ALIGN

- **Embrace standardization**
Articulate and adhere to the best known way.
- **Solve problems scientifically**
Use deliberate problem-solving methods.
- **Always improve**
Create flow and pull
Quality at the source
Visual controls
Proximity & colocation
Reliable, tested technology
Level the workload

IMPROVE

Here are some key points about these guiding principles:

1. **Principles are not the same as “values.”** Every individual develops their values early on in life. They are personal, subjective and govern the individual’s behavior.
2. **Principles are universal truths** that govern everyone and govern consequences.
3. **Not understanding or ignoring these guiding principles** will put a company out of business (some faster than others).
4. **Understanding these principles will help** to identify ideal behaviors or key behavior indicators (KBI’s).
5. **Understanding these principles** guides the adjustment of systems and selection appropriate tools, which **helps to deliver better results** (key performance indicators – KPI’s).
6. **Learning these principles** (and unlearning existing beliefs and principles) **is a challenging and life-long task.** Understanding how our minds work, including our mental maps, and the distinction between hard-wire and working memory will be critical.

The following pages contain a summary and suggestions of key behaviors associated with each of the principles. This is just a start as the principles are deep, and learning them is not a one-and-done activity.

RESPECT FOR PEOPLE (Engage)

Respecting every individual is more than “being nice to people.” This principle asks us to see every person as a human being who has a unique viewpoint that deserves to be heard and understood. It also means helping every person achieve their full potential. Respecting people means listening to them, understanding the real nature of their problems along with them; understanding what may be causing the problems, and allowing people to reveal and test countermeasures.

Every human seeks recognition and their importance in the enterprise deserves to be clearly acknowledged through actions by management.

“A manager of people understands that people are different from each other. [They try] to create for everybody interest and challenge, and joy in the work. [They try] to optimize the family background, education, skills, hopes, and abilities of everyone.”

- Dr. W. Edwards Deming

The prevailing style of management seems to view people as an expense, a commodity, a resource to be used (and often discarded).

“At Toyota, respect for humanity is a matter of allying human energy with meaningful, effective operations by abolishing wasteful operations. If a worker feels that [their] job is important and [their] work significant, [their] morale will be high; if [they see] that [their] time is wasted on insignificant jobs, [their] morale will suffer as well as [their] work.”

- Professor Yasuhiro Monden

Continuous improvement efforts often fail when there isn’t a deep commitment by leaders and managers to the principle of respect for every individual.

Ideal Behaviors Based on Respect for People		
<p>Leaders:</p> <ul style="list-style-type: none"> • Routinely provide employees with opportunities to grow in their jobs • Proactively resolve issues that affect health, safety and the environment • Encourage and reward safety issues (including psychological safety) that are brought forward • When in the gemba, leaders seek to understand patterns of barriers and problems that impede achieving the goals of the organization 	<p>Managers:</p> <ul style="list-style-type: none"> • Involve front-line staff in improving the work in their area. • Provide coaching for problem solving, by first listening to understand. • Proactively identify and resolve issues that affect health, safety and the environment. • Encourage and reward safety issues (including psychological safety) that are brought forward 	<p>Front Line:</p> <ul style="list-style-type: none"> • Proactively identify and resolve issues that affect health, safety and the environment. • Engage in active listening to better understand and show respect. • Help develop and document current best processes (standards) that represent the agreement about the current best way to do the work today, and use this as a basis for improvement.

Gemba is a Japanese word meaning “The place where value creating work happens.”

Reflection questions on this principle:

- What is my motivation when I am in a conversation with someone? Is it to get my point across to them? Is it to really understand where they are coming from? What could I do to truly listen?
- What percent of my time is spent for the specific purpose of helping another person reach their full potential? What will I do today to help others unleash their untapped potential?
- When did I last complement someone for the unique contribution that they make?
- Where do we have “cat jobs” or “dog jobs” (work that robs people of dignity)?

LEAD WITH HUMILITY (Engage)

The prevailing view of nearly every organization is illustrated in a hierarchical org chart.

This view sends several messages:

- 1) There are a few people at the top of the organization, and many at the bottom
- 2) The people at the top are different from – even better than – the people at the bottom
- 3) The people at the top do the thinking (and have the answers), the people at the bottom do the work (and do as they are told)
- 4) The primary purpose of the structure is “command and control”
- 5) When asked “who is your customer?” any person in the structure would logically answer “my boss”

This view of the organization is not based on the principle of “lead with humility” but rather “lead with arrogance.” How can misunderstanding (or ignoring) this principle put your company out of business? The answer to this can be found in the 2009 book How The Mighty Fall written by Jim Collins as a sequel to his best-selling 2001 book From Good To Great. In the original book, Collins researched eleven companies that demonstrated the ability to move from merely good to great (as defined primarily by financial performance in the stock market). Collins (and the rest of the world) noticed that all eleven of these “great” companies plummeted from their previous stellar performance starting in 2008.

Several factors for this dramatic change were identified. The number one cause was “arrogance” – the belief that they had all the answers and that past success meant continued success in the future.

In a 2013 Harvard Business Review blog post, John Dame and Jeffrey Gedmin point out that “We have scores of books, articles, and studies that warn us of the perils of hubrisyet the attribute of humility seems to be neglected in leadership development programs.” They identified six principles for developing humility as a leader:

- 1) Know what you don’t know
- 2) Resist falling for your own publicity
- 3) Never underestimate the competition
- 4) Embrace and promote a spirit of service
- 5) Listen, even (no especially) to the weird ideas
- 6) Be passionately curious

Ideal Behaviors Based on Lead With Humility		
<p>Leaders:</p> <ul style="list-style-type: none"> • Maintain open and honest two-way communication with everyone throughout the organization • Treat all ideas as equal in value, no matter whose idea it is • Ask supportive questions rather than giving answers or solutions • Actively seek input from everyone to encourage solutions that are built by collaboration 	<p>Managers:</p> <ul style="list-style-type: none"> • Maintain open and honest two-way communication with everyone throughout the organization • Treat all ideas as equal in value, no matter whose idea it is • Ask supportive questions rather than giving answers or solutions • Identify and communicate trends about what is working and what is not 	<p>Front Line:</p> <ul style="list-style-type: none"> • Listen to and communicate feedback from the customers, fellow staff members, and stakeholders that may impede the value-creation process

Reflection questions

- Am I in the position of “command and control” or “align and coach?” What could I do to minimize “command and control” behaviors?
- What is my motivation when I am asking questions of others?
- When have I missed an opportunity to admit a weakness or mistake I have made?

LEARN CONTINUOUSLY (Engage)

We tend to view our lives as a series of three phases: “getting an education” followed by (and separate from) making a living (the world of work) and finally the world of retirement (play).

During the time devoted to ‘getting an education,’ it is expected that the major portion of our time will be devoted to learning: grade school, high school, and college.

While we are in the second phase, however, the cultural expectation is that only a relatively small proportion of our time will be devoted to formal education, mostly to upgrade our work skills or to prepare us for a change in career.

This view may have worked in the industrial age but it will not serve us in the age we find ourselves in now. Most of what we have been taught in school is outdated (or now incorrect), and the rate of change required to understand and work in the world today is accelerating every day.

Learning – continuously – is not something that can be isolated to the first phase of life and it is not a luxury that we devote time and resources to when we have some extra time. Learning needs to be a principle embraced by every person in the organization if nothing than purely for survival. Learning is the work. Dr. W. Edwards Deming understood this when he often stated, “Survival is not compulsory. Improvement is not compulsory, but improvement is necessary for survival.”

Ideal Behaviors Based on Learn Continuously		
<p>Leaders:</p> <ul style="list-style-type: none"> • Ask “what did you learn?” when interacting with colleagues, managers and front line staff • Embrace continuous learning by asking questions and listening emphatically to understand • Learn and then teach managers and supervisors on how to better engage and support their areas of responsibility in achieving the goals of the organization 	<p>Managers:</p> <ul style="list-style-type: none"> • Emphasize what they and others are learning on a daily basis, especially learning about experiments that failed • Identify learning as ongoing and actively seek ways to help the front-line staff develop their talents and skills 	<p>Front Line:</p> <ul style="list-style-type: none"> • Discuss what they learn in their experiments for testing ideas for improvement • Engage in peer to peer idea sharing on a routine basis

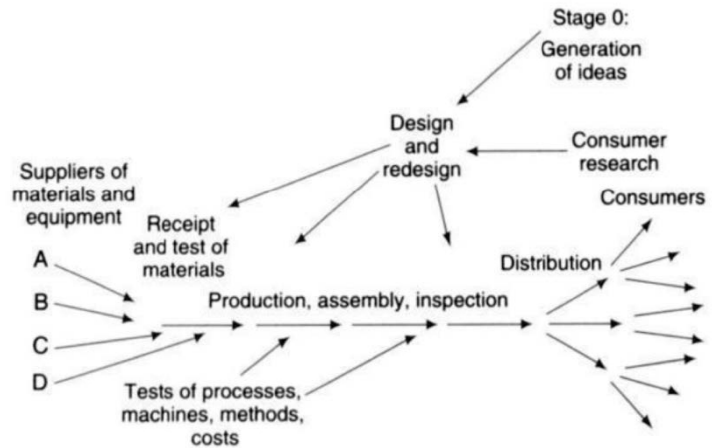
Reflection questions

- What are things that stop our learning?
- How strong of a priority is learning for me?
- What is an example of something that you thought was true, but discovered it was not true?

CREATE VALUE FOR THE CUSTOMER (Align)

One of the contributions that Dr. W. Edwards Deming gave to the world is the view of the organization as a system as shown (right, from The New Economics). Dr. Deming taught us that the customer is the most important part of the system, and that quality should be aimed at the needs of the customer, both present and future. Without customers, you do not have a company.

The customer defines value, but they often do not know how to articulate what that is. We need systems and processes that notice what the customers might need, what would help them, both now and in the future.



The impact of poor quality (not providing value to the customer) is described as follows by Dr. Deming:

“Poor quality begets poor quality and lowers productivity all along the line, and some of the faulty product goes out the door, into the hands of the customer. An unhappy customer tells [their] friends. The multiplying effect of an unhappy customer is one of those unknown and unknowable figures, and likewise for the multiplying effect of a happy customer, who brings in business.”

This principle applies not only to the ultimate customers of a company, but to internal supplier-customer relationships as well. When we understand the organization as a system, we will understand that the same attention to the needs of the ultimate customer must also be the focus of our internal customer-supplier relationships.

Ideal Behaviors Based on Create Value for the Customer		
<p>Leaders:</p> <ul style="list-style-type: none"> Continuously listen to and translate the “voice of the customer” so that it is clearly understood Facilitate dialogue and interactions within the organization to create positive internal customer-supplier relationships 	<p>Managers:</p> <ul style="list-style-type: none"> Collaborate with other managers to design systems that foster up-stream and down-stream customer-supplier relationships. Coach front line employees to build “voice of the customer” processes into daily systems 	<p>Front Line:</p> <ul style="list-style-type: none"> Discuss and surface “voice of the customer” (both internal and external) issues and ideas in daily improvement work

Reflection Questions

- What have we made too complicated in the customer experience? How might we prevent this?
- What is making our customer walk away thinking that was an amazing experience? How do our processes and systems hinder this experience?
- How are we helping our employees at all levels unleash their initiative, imagination and passion toward discovering better ways to deliver value for the customer?

SYSTEMS THINKING (Align)

If we are to provide value to the customer (both internal and external) and maintain a sustainable business over the long term, it is imperative that we understand how systems work. Systems thinking is not something that we were taught in school nor on the job, but it is critical for success.

Systems thinkers understand the idea of optimization of the system, which by definition, requires that the parts of a system will be sub optimized in order for the system to work well as a whole. If the parts of an organization think only of themselves, the result is a system that is destroyed. Here's how Dr. Deming describes the phenomenon:

“Suppose that we take the flow diagram and break it up into competitive components: consumer research for one, design of product another, redesign another, each supplier for [them]self, etc. Every component now becomes competitive with the others. Each one now does his best, by some competitive measure, to make a mark for [them]self. Can anyone blame [them]? This is [their] only hope of survival.”

You will find this in most any organization that is managed by the prevailing style of management. The supposition is that the organization is a set of parts, and if each part does its best, then the organization as a whole will do its best. In reality, we see the exact opposite. The typical approach for managing productivity is a good example. Every department is given their productivity target. Their job is to hit that number. By doing so, they are less likely to cooperate and collaborate with other departments. Why would they? Such efforts would cause them to miss their productivity goals. In the end, everyone loses (including those who meet their productivity numbers) because the system as a whole is sub optimized. Ironically, the end result makes the organization less productive.

Ideal Behaviors Based on Systems Thinking		
Leaders: <ul style="list-style-type: none"> • Work to eliminate barriers that prevent flow of ideas, communication, and collaboration 	Managers: <ul style="list-style-type: none"> • Involve both upstream and downstream areas in the design and redesign of systems for improvement 	Individuals: <ul style="list-style-type: none"> • Include other staff when identifying causal factors for problems, and for ideas for improvement

Reflection questions

- Are we involving the right people in the decision making?
- Do we create systems or processes that drive conflicting behavior?
- How does our current structure promote silo thinking?

CONSTANCY OF PURPOSE (Align)

For any business (or any system) to be successful, there needs to be a common aim. This is the organization’s purpose. The statement of purpose answers these questions:

- 1) What needs exist in society that we are trying to meet?
- 2) What are the current needs and the future needs?
- 3) What business are we in?
- 4) What business ought we be in?

A useful statement of purpose is more than a mission, vision or values statement that is merely “bolted on” to the organization. A simple, succinct statement of purpose helps pull everyone in the organization into the future as they meet the needs of customers.

These statements of purpose can happen at multiple levels throughout the enterprise – from the CEO, but also down to the departments, functions with the company, and each of the schools, as long as they all align up to the ultimate common aim of the organization; every leader is in a position to (and has a responsibility to) create clarity and constancy of purpose.

Maintaining constancy of this purpose is difficult. Lack of constancy of purpose has been described as one of the “seven deadly diseases” of Western management, and this one in particular has been called “the crippling disease.” The temptations to focus on the short-term or the distractions of the day are difficult to resist.

Ideal Behaviors Based on Constancy of Purpose		
Leaders: <ul style="list-style-type: none"> • Establish and communicate a simple, succinct statement of purpose that drives a compelling direction for everyone in the organization 	Managers: <ul style="list-style-type: none"> • Work with leaders, fellow managers and front-line staff to set meaningful goals that will help achieve the organization’s purpose 	Front Line: <ul style="list-style-type: none"> • Work with colleagues to set meaningful goals that connect the work of the department to the organization’s purpose

Reflection questions

- What do we miss when our focus is only on performance results?
- What makes my work meaningful? How much of my day is this?
- How does a constancy of purpose enable our people?
- How strong is our purpose statement, and how does it guide decisions?