Hosted by CIRAS: The Iowa Lean Consortium

The Role of Leadership in creating a Lean Culture

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Ice Breaker Exercise

• X-Y Exercise
Typical Approaches to Lean

Tools Focus

5S  Kaizens  Heijunka  TPM  Cells  Teams

“System” Focus

Production System  Lean Six Sigma  Subjective Assessments, Complicated Graphics, Corporate Staff Driven
Why do We Need the Tools?

Lean tools were invented to help people analyze their own work processes, to help them learn how to see the waste (Muda) themselves so they can improve their work.

Lean tools on their own don’t create lean culture!
If Lean Tools don’t Create the Lean Culture...

...What does?
Three Levels of Culture

What we see, what a newcomer, visitor or consultant would notice (e.g., dress, organization charts, physical layout, degree and formality, logos, and mission statement.

What they say, What we would be told is the reason things are the way they are and should be. Company philosophy, norms and justifications.

What they deeply believe in & act on Unconscious, taken for granted beliefs about the organization and its work/purpose, about people, rewards etc.

Lean Transformation

- Not Lean Implementation with tool focus
- System focused journey across the enterprise
- Develops all employees as problem solvers
- Competitive advantage
- Bottom line profits
- Mutual long term prosperity for all stakeholders
“These *(concepts)* are things *(companies (people))* do not normally do. It’s difficult to live the Toyota way of production.”

Fujio Cho, Chairman of Toyota
Broader Definition of Lean

- Way of **thinking**
- Systematic—“**Systems Thinking**”
  - Connecting...
    - the **Production System** with...
    - the **Human System** creates...
  ...a **Total Business System**
**Purpose**
- Vision/Values
- True North
- (Employee) Line of Sight
  - Strategy Formulation & deployment

**People**
- Putting people before products
- Engaging, Involving
- Challenging & Coaching
- Teamwork

**Process**
- Horizontal flow of value at the pull of the customer
- Workplace Management through standardization & Visualization
- Relentless elimination of waste, overburden and unevenness

**Capability to ID & Solve Problems**
- PDCA Thinking

**Lean Tools**
How do we Think as a Company?

- Problem solving should be an essential part of an organization’s culture, from plant presidents to office work to manufacturing floor team members.

- Members should be aligning their daily work with the indicators of the Organization, those are: Quality, Safety, Productivity, Cost, and HR-T&D

- "Tell me and I will forget, show me and I might remember, involve me and I will understand." - Confucius
Defining the Purpose

PURPOSE

Vision/Values
True North
(Employee) Line of Sight
Strategy Formulation & deployment

Engaging, Involving
Challenging & Coaching
Teamwork

PDCA Thinking
Putting people before products
Engaging, Involving
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Horizontal flow of value at the pull of the customer
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Lean Tools

PURPOSE
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True North
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Strategy Formulation & deployment
Horizontal Versus Vertical

• Lean management places the horizontal flow of value in the foreground:
  ✓ Lean managers think horizontally, with the help of value stream leaders. However...
  ✓ Functions are still strong (or even stronger):
    – Repositories of deep technical knowledge
    – Home base for employees
    – Guardians of career paths
Value and work flows across functions

Growing the Business
Selling, market building
Ideation, product development and launch
Business development and alliances

Fulfilling Customer Orders
Order to delivery
Buy – make – ship
Procurement and supplier development

Growing and Developing People, Leaders
Human resources management
Training and development
Learning and problem solving

Most important problems are cross-functional
Customer Focus

• Value added is always determined from the customer’s perspective - *Who is the customer?*

• Every process should be *focusing on adding value to the customer*

• Anything that does not add value is *waste*

• Some non-value added activity is *necessary waste*
Which one describes your Company?

**Vertical**
- Focus - Production
- Budgets, SOP’s
- Make the numbers
- Leaders separated from the work
- People’s ingenuity used to “beat the system”
- Supervisors “manage” people

**Horizontal**
- Focus - Process
- Purpose
- Make problems visible
- Leaders focusing on the work
- People’s ingenuity used to “improve the system”
- Supervisors work with the people to solve problems
True North

• Purpose, Philosophy and Beliefs
• Values
• Vision
• Big Picture Goals
Purpose

Company Goals
- Profit
- Long Term Success
- Contribute to Economy
- Contribute to Society
- Good Quality

Employee Goals
- A Paycheck
- Growth
- Good Benefits
- A Safe Workplace
- Meaningful Work

Long Term Mutual Prosperity

Mutual Trust
A Partnership between an Organization & its Employees

Organization provides Stable Employment & Sustains or Improves Working Conditions

Organizational
Prosperity is achieved through Continuous Improvement

Respect Partnership Mutual Trust Continuous Improvement

Employees Contribute Efforts to Realize Company Objectives

Employees Satisfaction is experienced through the Continuous Improvement Process
Intention of Customer First / Quality First

**Quality to Who?**

- This process is good. Because defect ratio is about 0.01%…
- Achievement of defect ratio equals good quality?

Thinking just from Company Perspective.

**Quality is to Customers**

It’s necessary to consider/judge from Customer perspective.

- Customer Expectation = always moving, variation.
- Quality ≠ Toyota STD  Quality = Customer Expectation
- Cost & Productivity is for Company.
## Quality vs. Cost/Productivity

<table>
<thead>
<tr>
<th>Quality</th>
<th>Cost</th>
<th>Productivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality</td>
<td>Lowest Cost</td>
<td>Highest Productivity</td>
</tr>
<tr>
<td>Good</td>
<td>High Quality</td>
<td>Low Amount</td>
</tr>
<tr>
<td>Bad</td>
<td>High Cost</td>
<td>Highest Productivity</td>
</tr>
</tbody>
</table>

### Strong Point of Toyota:

Able to produce **Best Quality Vehicle**, at lower Cost, in **Timely manner**.

**Assure Quality First,**

**Carry out the Lowest Cost/Highest Productivity**
Alignment of Values

Society
Economy
Company
Group
Self
Applicability of Values to Key Stakeholders

- Customer
- Employee
- Owners/Investors
- Suppliers
- Community
- Competitors
The Toyota Way 2001 is an ideal, a standard and a guiding beacon for the people of the global Toyota organization. It expresses the beliefs and values shared by all of us.
It Starts with

Values
Beliefs
Thoughts
Actions
Habits
Character
Culture

Toyota Way
TBP 8 Steps
Goals for the company
Servant Leadership

Leadership develops the capacity that allows team members to improve what needs to be done

Suppliers – Team Members - Customers

Team Members
Group Leaders
Asst. Manager/Manager
Asst/General Manager
Vice President
President
Building the Lean Process

Process

- Horizontal flow of value at the pull of the customer
- Workplace Management through standardization & Visualization
- Relentless elimination of waste, overburden and unevenness
- Lean Tools

Purpose

Vision/Values

True North

(Employee) Line of Sight

Strategy Formulation & deployment

People

Putting people before products

Engaging, Involving, Challenging & Coaching

Teamwork

Building the Lean Process

Horizontal flow of value at the pull of the customer
Workplace Management through standardization & Visualization
Relentless elimination of waste, overburden and unevenness
Lean Tools
Make problems & opportunities for kaizen visible.

<table>
<thead>
<tr>
<th>Safety</th>
<th>Quality</th>
<th>Productivity</th>
<th>Cost</th>
<th>HR</th>
</tr>
</thead>
</table>

TPS

Set up
Standard

Check
Abnormality

PDCA

Kaizen

Problem Solving

Standardized Work, 5-S

Visual Control & Management

PDCA
Lean Management
Hoshin Thinking Process

True North

Purpose of plan (start of year)

Grasp the situation

Plan

Check

Do

Adjust

External and Internal environment at year-end SWOT

Company business priorities (measures)

Department goals for coming year

New needs and expectations of team

Manager grasps situation and prioritizes needs of team

Goals and strategy for coming year

Plan: Goals, strategies, and activities

Reflection: What actually happened?

Shortfalls in previous outcomes and activities

Manager "Crunching"

Data

"Crunching"

"Getting the right things done" Pascal Dennis

Adapted from "Getting the right things done" Pascal Dennis

Storytelling
Hoshin Kanri Process

PLAN
- Standardize to Daily Mgmt
- Reflect to next Hoshin

CHECK
- Hoshin Development
- PDCA of Hoshin Kanri
- Hoshin Implementation

ACTION
- Hoshin Evaluation

DO
- Start Preparing For Next Year
Roadmap — Start by knowing the destination

Hoshin Kanri

2010 Manager Annual Plans

2010 Plant Annual Plan

2010 Annual Policy & Objectives

Mid-Range Plan

True North: Ideal

Everyone knows the destination!!
## Comparison between MBO and Hoshin Kanri

<table>
<thead>
<tr>
<th>Management by Objectives</th>
<th>Hoshin Kanri</th>
</tr>
</thead>
<tbody>
<tr>
<td>Results Oriented</td>
<td>Concerned with both Results and Process of getting those Results</td>
</tr>
<tr>
<td>Evaluation of Effort</td>
<td>Top down Direction Setting and Bottom-up flow of Information and means</td>
</tr>
<tr>
<td>Top down Communication</td>
<td>Top down Direction Setting and Bottom-up flow of Information and means</td>
</tr>
<tr>
<td>Directive</td>
<td>Participative</td>
</tr>
<tr>
<td>Primarily Authority</td>
<td>Primarily Responsibility Oriented</td>
</tr>
<tr>
<td>Oriented</td>
<td></td>
</tr>
</tbody>
</table>
The Strategic Plan is the “Road” to a Desired Future State of the Organization

Use Hoshin to remove the Big Boulders, one at a Time

Use Continuous Improvement to remove small obstacles on an ongoing basis

Later

Destination (Vision)

Starting Point (Current Condition)
Hoshin Kanri = Direction Management

- Company Hoshin
- Function Hoshin
- Division Hoshin
- Department Hoshin
- Individual Priority Themes

Horizontal Alignment

Vertical Alignment

Breakdown of Hoshin

Contribution to Upper Hoshin

OJD

P/S
Lean Leader Model

Based on Liker, The Toyota Way

Bottom-Up Development

Group Facilitator

“You’re empowered”

Bureaucratic Manager

“Follow the Rules”

Builder of Learning Organizations

“Here is our purpose and direction. I will guide and coach”

Task Master

“Here is what to do and how—do it”

Top-Down Directive

General Management Expertise

In-Depth Understanding of Work
Principal Roles – For ALL
“The Lean Management System”

1. **Go and See:**
   Understand the real situation, the real process, from the real people who work it, at the real place of action.

2. **Define Normal Conditions**
   Is the Current Condition (ab)Normal? Prove it.
   Can you define (ab)Normal? Write it.
   Can you SEE (ab)Normal? Visual Management
   When is it (ab)Normal? Tracking Metrics

3. **Solve a Problem**
   Teach the METHOD for Problem Solving – get involvement.
   Implement Solutions / Permanent counter measures.

4. **Sustain and Nurture the Processes/People**
Role of HR
“The keeper of the values”

❤ Determine organizational competencies

❤ Use demonstration of competencies to link hiring, training, evaluation, promotion, recognition and promotion

❤ Ensure fair and consistent policies

❤ System of “checks and balances”

❤ System of “CA-PDCA” culture
Identifying Lean Core Competencies

Thinking and Operational Abilities

- Grasp the Situation
- Problem Solving
- Process Management
- Company Business Perspective
- Development
- Operational and Technical Skills
Identifying Lean Core Competencies

Leadership & Teamwork Abilities

- Coordinate and Communicate
- Collaborate and Cooperate
- Initiate and Influence
- Build and Maintain Relationships
Hiring Flowchart

EZ App® Recruiting

On-Site Testing

Behavioral Interviewing

Job Offer

Health Screen

Background Check
Sample TMMK New Hire Training Program

Overview:

Skills/Pay

2008

PHASE I: New Hire or Temporary

Each Step:

Plan = Classroom Training

Action = Extend Assignment

Check = Assess./Evaluation

Do = OJT/Homework

2010

PHASE II: TMMK New Hire

2013

Each Step:

Plan = Classroom Training

Action = Extend Assignment

Check = Assess./Evaluation

Do = OJT/Homework

$ Safety
*Values
*TPS

*Teamwork
*STW
*QC Tools

*PDCA
*A-3
*Problem Solving

*Meeting Facilitation
*STW

***$ External Hire
*Catch-up

*Final Problem Solving Demonstration
*Business Direction
*STW III

*Process Diagnostics
*Conflict Resolution
*Ergonomics
*Two Way Communication

*$STW H
*KPI
*Visual. Control

**$ External Hire
*Catch-up

*PDCA
*A-3
*Problem Solving

*Meeting Facilitation
*STW

Ready to Hire

Grow-in Complete

OJT/Production Experience

2 years

5 years


2008

2010

2013

2013

2013

2013

2013
Step-by-Step Progression to Stable Job Performance

- ID Fundamental Skills for a Class of jobs
- Train in Fundamental Skills off of Line (GPC)
- Job Breakdown to Work Elements for Specific Job
- Use Toyota Job Instruction (TJI) to Train Associate
- Follow-up & Support until Master Job

Off-Line Skills Training

Continuous Improvement of Job & Job Instruction

On-Job Development
Example Video Manual
Example Simulated Jobs
Learning Example:
Look at each list the same amount of time

- ocean/breeze
- leaf/tree
- sweet/sour
- movie/actress
- gasoline/engine
- high school/college
- turkey/stuffing
- fruit/vegetable
- chair couch

- bread/b_itter
- music/l_rics
- sh_e/sock
- phone/bo_k
- chi_s/salsa
- pen_il/paper
- river/b_at
- be_r/wine
- l_nch/dinner
In order to practice, we need to know what to practice and this is why Lean Leaders must specify the pattern that they want practiced.

<table>
<thead>
<tr>
<th>Lean’s Management System</th>
<th>Solution</th>
<th>How to Develop Solution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Leaves up to the team member</td>
<td>Specifies</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Traditional Management System</th>
<th>Solution</th>
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<tr>
<td></td>
<td>Specifies</td>
<td>Leaves up to the member</td>
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</table>
THE OBJECTIVES OF STANDARDIZATION

- Reduce variability, increase predictability
- Enhance repeatability, confidence, consistency
- Clarify procedures
- Enhance communication
- Improve Problem Solving
- Set good discipline
- Develop awareness
- Establish “Problem Consciousness”
- Establish a basis for education and training
- Establish a baseline for performance
- Improve Quality, Safety, Delivery, Cost
- Provide the basis for Improvement
How to Implement Standardization

1. Clarify Job Expectations / Goals (Clarify customer expectations)
2. Visualize and break down Standardized work into Major steps (Visualize process into manageable steps)
3. Verify necessary conditions (Inputs, tools, parts, capability for each work element)
4. Clarify process criteria (clear specifications for each work element)
5. Implement and Monitor (Confirm major steps meet process criteria)
6. Document and Share (Supervisor, staff and Related divisions)

Process Improvement / Standardization

Environment Change
Problem Occurrence
Toyota Continuous Improvement Culture

Underlying Assumption: Human and Technical Processes are interrelated and dynamic so initial designs are only a rough starting point which must be continuously improved by every team member.

Results: High levels of engagement at all levels in the actual process leads to continuous strengthening of the system and high congruence between expectations and reality.
The Four Steps of JI

Step 1: PREPARE WORKER

Step 2: PRESENT OPERATION

Step 3: TRY OUT PERFORMANCE

Step 4: FOLLOW UP
# Typical Flexibility Chart

**Author:** J. Smith

**Section Number:** 10 A

**Team Number:** 1

**Date:** 6/98

### Name & Position

<table>
<thead>
<tr>
<th>Name &amp; Position</th>
<th>Plan</th>
<th>Act</th>
<th>%1M2J</th>
</tr>
</thead>
<tbody>
<tr>
<td>John Jones</td>
<td>3</td>
<td>2</td>
<td>50%</td>
</tr>
<tr>
<td>Joe Bates</td>
<td>3</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Wendy Smith</td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Geoff Smith</td>
<td>2</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Tom King</td>
<td>3</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>George Whiteside</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Danny Nelson</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Tony Abila</td>
<td>1</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Ken Anderson</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>John Smith (TL)</td>
<td>9</td>
<td>6</td>
<td></td>
</tr>
</tbody>
</table>

**Number of Jobs per Person vs. Actual**

<table>
<thead>
<tr>
<th>Process</th>
<th>Plan</th>
<th>Act</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assembly Inspection</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Toe In Adjustment</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Headlight Adjustment</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Roll Test</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Brake Test</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Emission Test</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Final Dress Check Test</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Water Leak Test</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>DVT</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

**Target (Job/Man) 1J2M**

**Target % 1J2M**

<table>
<thead>
<tr>
<th>Process</th>
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<th>Act</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>3</td>
<td>3</td>
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<tr>
<td></td>
<td>3</td>
<td>4</td>
</tr>
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<td>2</td>
</tr>
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<td>1</td>
<td>0</td>
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<td>0</td>
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<tr>
<td></td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

**Group leader**

**Department manager**

**Section manager**

**GMIO Standard Form (flexchar.xls)**

---

**Jobs**

**Plan vs. Actual**

**Monthly Evaluation**
Toyot

Manager Level
Focus on Shop Floor and Systems Improvement.
Tools: Visual Factory & TBP

Team Leader and Group Leader
Manage Standardized Work, Process Improvement and Develop Problem Solving Skills. Tools: FMDS, TBP & OJD

Team Member
Focus on Fundamental Skills & Standardized Work
Tools: Skills Training, Job Instruction Standardized Work and 5-S

General Manager and VP Level
Business Planning and Policy Deployment Tools: Hoshin Planning & Toyota Business Practices (TBP)
PDCA in our Daily Work

Business Planning

Project Management

Problem Solving/Kaizen

A-3 Report

A-3 Action Plans-Master Schedule

Hoshin Kanri
Problem Solving at all Levels

- Policies
- Annual Objectives
- Improvement Plans

Supervisors & Team Leaders

Cross Organizational Problem Solving
Process Improvement

Operators

Top Management

Objectives & Budget Management
Management Directed Kaizen

Plant Manager & Manager

Daily Problem Solving
Standardized Work
Kaizen
5S
Three Stages of Problem Solving

- **Goal**
  - Problem Solving that results in getting to the goal.

- **“Reaching”**
  - Problem Solving that focuses on maintaining the goal.

- **“Maintaining”**
  - Problem Solving that focuses on increasing capability beyond the goal - “Kaizen”.

- **“Raising”**
  - Problem Solving that focuses on achieving a new goal.

*Maintenance Kaizen*
Linking the 8 Steps with Drive & Dedication and PDCA

Concrete Actions and Processes

1. Clarify the Problem
2. Break Down the Problem
3. Target Setting
4. Root Cause Analysis
5. Develop Countermeasures
6. See Countermeasure Through
7. Monitor Both Results and Process
8. Standardize Successful Processes

Drive and Dedication

- Customer First
- Always Confirm the Purpose of Your Work
- Ownership and Responsibility
- Visualization (MIERUKA)
- Judgment Based on Facts
- Think and Act Persistently
- Speedy Action in a Timely Manner
- Follow Each Process with Sincerity and Commitment
- Thorough Communication
- Involve All Stakeholders
What is an A3?

- Core Communication Tool at Toyota

Consulting

Reporting

Informing

- 11 x 17
A3’s for:
• Solving problems
• Deploying strategies
• Making improvements
• Managing projects

Establish clarity and alignment to purpose-A3 thinking and management

Keys to effective A3:
1. Does the A3 tell a problem solving story, using both words and visuals?
2. Is the importance to the business and/or customer evident?
3. Has the current condition been observed directly and understood?
4. Is the A3 being discussed with colleagues, stakeholders, people involved in the process?
5. Has the problem been broken-down and analyzed to root causes using facts and data?
6. Do the countermeasures and actions address the identified root causes?
7. Have success measures been established?

A3 Thinking and Management

Understanding Agreement Alignment

Fostering effective dialogue
Encouraging initiative
Developing problem solvers
Enabling effective execution

Marketing Project Spend as % of Sales

Net Sales ($MM)

Marketing Project Spend ($MM)

Marketing Project Spend as % of Sales

Portfolio Payback

Metrics with targets: $X.XMM EBIT ($XXk in AOP)

Metrics with targets: $X.XMM Rev. ($XMM in AOP)

Marketing Project Spend as % of Sales

Marketing Project Spend ($MM)

Net Sales ($MM)

Net Sales has declined at a CAGR of -X.X% over the past 5 years - $XX.XMM in last 12 months

We will fund our initiatives from the revenue that we bring in

When

We will focus on delivering our 2009 objective, but will have a longer term line of sight

In 2009, we will find $X.XMM in incremental EBIT to reinvest in our business growth initiatives and an incremental $X.XMM in revenue by

Existing assets not

500 550 600

700

20

25

5.

4.

3.

2.

1.9%

2005 2006 2007 2008 2009 AOP

Marketing Project Spend as % of Sales

Marketing Project Spend ($MM)

Marketing Project Spend as % of Sales

Net Sales ($MM)

Net Sales has declined at a CAGR of -X.X% over the past 5 years - $XX.XMM in last 12 months

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Existing assets not
Family and Community Focus
Relationship with Members & The Company

• A Caring Company
  ✓ Flower Fund
  ✓ Grief Committee
  ✓ Birthday Cards
Family and Community Focus
Relationship with Members & The Company

• Eliminating Social Distinctions
  ✓ Same Dress Code (Uniforms)
  ✓ Same Parking Lot
  ✓ Same Restrooms
  ✓ Same Lunch Room
  ✓ Open Offices
Teams and Work Groups are Basic Units of Toyota Organization

Inputs

Safety
HR
Quality
TPS
Maintenance
Engineering

SUPPORT SYSTEMS

Customer Value

Ideal Span of Support 1:5
Employee Involvement Teams

Team Development Model

<table>
<thead>
<tr>
<th>Stage 1</th>
<th>Stage 2</th>
<th>Stage 3</th>
<th>Stage 4</th>
<th>Stage 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orientation</td>
<td>Dissatisfaction</td>
<td>Resolution</td>
<td>Production</td>
<td>Termination</td>
</tr>
</tbody>
</table>

Adapted from R. B. Lacoursiere, The Life Cycle of Groups

Productivity

Morale

Adapted from R. B. Lacoursiere, The Life Cycle of Groups
Situation or Task

Action

Result

Yesterday...
(describe situation you observed or the task that was assigned)

When you...
(describe the actions taken)

Because of this...
(describe the results of the action)
ESI PROGRAM
Early Symptom Intervention

T/M must go to IHS

- ESI stage
  - Injury
  - Pain
  - Discomfort
  - Difficulty on Process

First Prevention, then ID abnormality at first opportunity
Two Way Communication

- Company Communicating to Members
- Members Communicating with the Company
- Members Communicating with each other
# Types of Meetings and Standard Frequency and Length

<table>
<thead>
<tr>
<th>Management Level</th>
<th>Meeting Type</th>
<th>Frequency/Length</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>TL</td>
<td>KYK</td>
<td>Daily/5 minutes</td>
<td>Safety</td>
</tr>
<tr>
<td>GL</td>
<td>Huddle</td>
<td>Daily/5 minutes</td>
<td>KPI/Q &amp; discussion</td>
</tr>
<tr>
<td>GL</td>
<td>Lunch Box</td>
<td>Monthly/1 hour</td>
<td>Identification and PDCA of group issues with assignment and tracking</td>
</tr>
<tr>
<td>Asst. Manager and Plant Manager</td>
<td>Town Hall</td>
<td>Monthly/1 hour</td>
<td>State of the Department and open discussion, with tracking the countermeasures of identified issues</td>
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<tr>
<td>Asst General Manager and General Manager</td>
<td>Lunch Box</td>
<td>Monthly/45 mins</td>
<td>A random selection of 5-6 team members at a time to build relationships and ID and resolve issues.</td>
</tr>
<tr>
<td>VP and President</td>
<td>Roundtable</td>
<td>Quarterly/90 minutes</td>
<td>A random selection of all team members, with 25-30 members at a time, meeting with the President for sharing of company information and open discussion to ID member issues</td>
</tr>
</tbody>
</table>
Model of Effective Two-Way Communication

- Continuous Improvement
- Respect for People

1. Goals and Gaps
2. Cultivate Ideas
3. Monitor and Measure
4. Reflect, Review And Revisit Plan
Types of Conflict

There are three common types of conflict.

1. **Intrapersonal conflict**: you vs. you
2. **Interpersonal conflict**: you vs. me
3. **Team conflicts**: others vs. others
Conflict Handling Modes Definitions

• **Competing** – Pursues one’s own concerns at the other person’s expense

• **Accommodating** – Neglects self to satisfy others

• **Avoiding** – Does not pursue one’s own or the concerns of others

• **Collaborating** – Involves self in working with others to reach a satisfied solution for both parties

• **Compromising** – Finds a mutually acceptable solution which partially satisfies both parties

Adapted from “Conflict and Conflict Management” by Kenneth Thomas in *The Handbook of Industrial and Organizational Psychology*
Toyota Way Leadership

- Servant Leadership
- System of Checks and Balances
- Values Report Card
- Peer Review Process
Workforce Mgt Philosophy

The purpose of Human Resources is to *embody* management, that respects people creating continuous prosperity, for the company.
Role of HR
Fair & Consistent Policies and Practices

• Ensure no favoritism
• Maintain work discipline
• Consistent and Fair discipline
• Controlled attendance
• Check Action – Trust Audit
Recognition & Corrective Action

• Company and supervisor recognizing quality work
• Trust economy vs. Entitlement Economy
• Company recognizing sub standard work or unfair work practices and addressing it
• Members having the ability to recognize sub standard performance and unfair work practices and getting it addressed (checks and balances)
Wage & Benefit Philosophy

- Support employment security
- Stable pay program – avoid fluctuations
- Remain competitive within the industry
- Reflect overall company performance
- Promote & reward continuous improvement
Compensation Graph

- Base: 83%
- Bonus: 5%
- Performance Award: 12%

Legend:
- □ Base
- □ Bonus
- □ Performance Award
Visual Management System

• A comprehensive system that aligns floor management and development activities to achieve company targets by:
  ■ Aligning Hoshin shop floor activities with Hoshin goals/objectives
  ■ Visually demonstrating:
    ✷ The management condition of the shop.
    ✷ Alignment of daily activities to Hoshin targets.
  ■ Promoting two-way communication, creating the environment to:
    ✷ Address abnormal conditions through targeted problem solving.
    ✷ Determine needed support and resources.
    ✷ Develop team members.
Floor Management System Components

Effective Shop Floor Management
Focuses on building an effective visual management system to help the group achieve Hoshin targets.

Team Member Skill Development
Activities and tools to help develop team members capabilities to perform Standardized Work and achieve daily production goals with safety and quality.
Team Board-Floor Management Development System
Quality Section of Team Board for Floor Management Development System
Hoshin Review - PDCA Cycle

**Result Check**
- Intervals
- Entire Company
- Individual

**Process Check**

Grasping the gap between the daily plan and actual performance

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<tr>
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Fujio Cho, Chairman, Toyota Motor
Former President, Toyota Motor Manufacturing, Kentucky:

3 Keys to Lean Leadership:

1. **Go See.**
   - “Sr. Mgmt. must spend plant floor.”

2. **Ask Why.**
   - “Use the ‘Why?’ technique daily.”

3. **Show Respect.**
   - “Respect your people.”
Summary

Connecting the “Product and the People” Value Streams

• Lean can only be effective with both.
• Lean implementation is accelerated with simultaneous development of both, saving cost.
• Lean is sustained and continuously improved with both, increasing the payback on investment.