

Some Thoughts About Lean in the Extended Enterprise

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The Competitive Advantage in Toyota, Japan vs. the UK Automotive Industry

	Japan Value Added	Competitive Gap	UK Value Added	Indexed Competitive Gap Apportionment
Assemble	22.2	1.82	40.4	18.0%
1st Tier	22.1	2.84	62.8	40.2%
2nd Tier	9.6	4.35	41.8	31.8%
3rd Tier	2.8	4.35	12.2	9.3%
4th Tier	0.2	4.35	0.9	0.7%
Raw Materials	43.1	1.00	43.1	0.0%
Total	100%	2.01	201.2%	100%

Toyota's Primary Source of Competitive Advantage is in its ability to manage & develop its Supply Chain

How we see Lean Implementation...

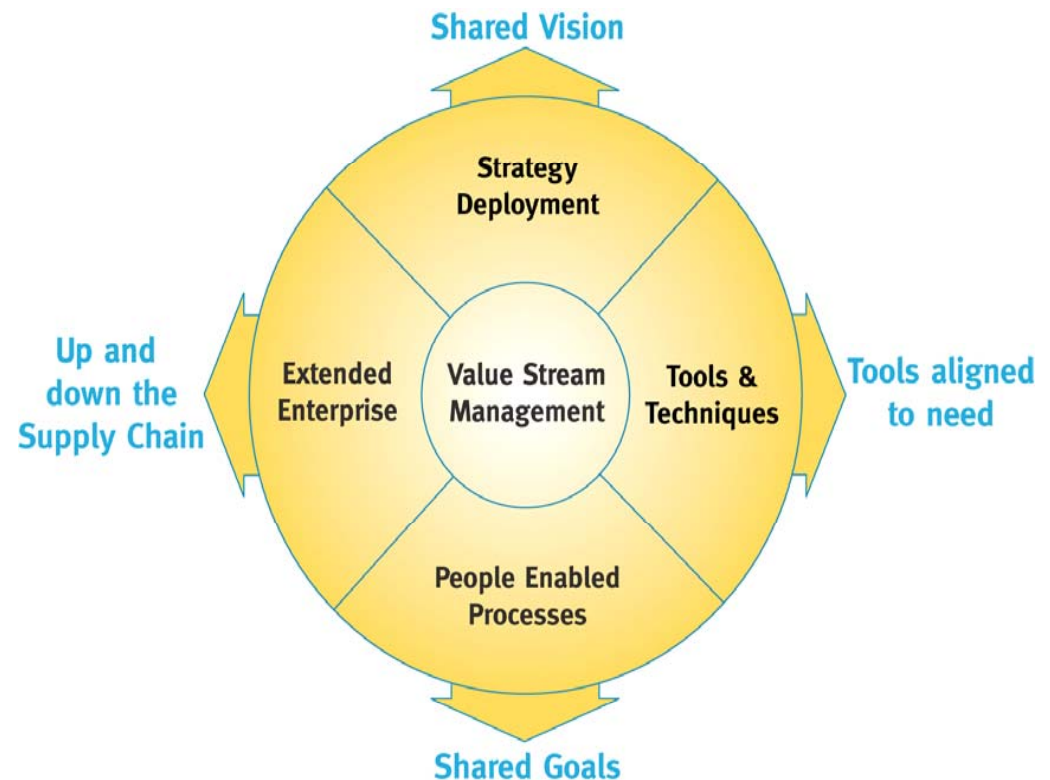
- ★ Research conducted by Professor Peter Hines and the Lean Enterprise research centre identified 5 key elements of success:-

- Focus on customer value through policy deployment
- Deploying through cross functional processes
- Value stream management aligned to business goals
- Lean tools and techniques aligned to need
- Application in the extended enterprise

- ★ S A Partners has learned, adapted, recognised a blind spot about people and created:

The Lean Business Model

The Lean Business Model®



Extended Enterprise

The organisation develops integrated strategies & trusting relationships with the best external partners to deliver customer value and eliminate waste across the boundaries between organisations

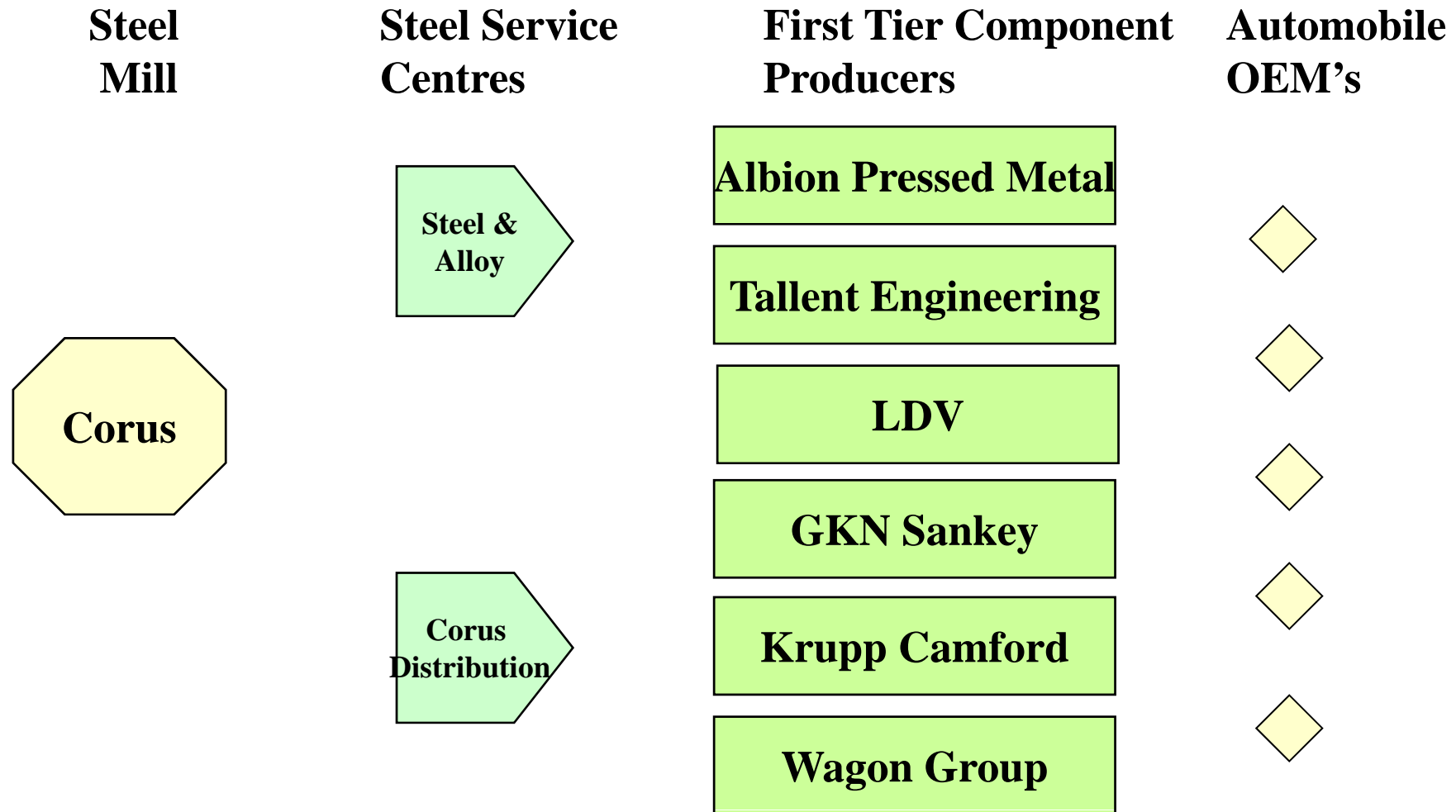
**End to End
Supply Chain
Strategy**

**Supply Chain
Deployment**

**Collaborative
Development**



Car Industry Supply Chain



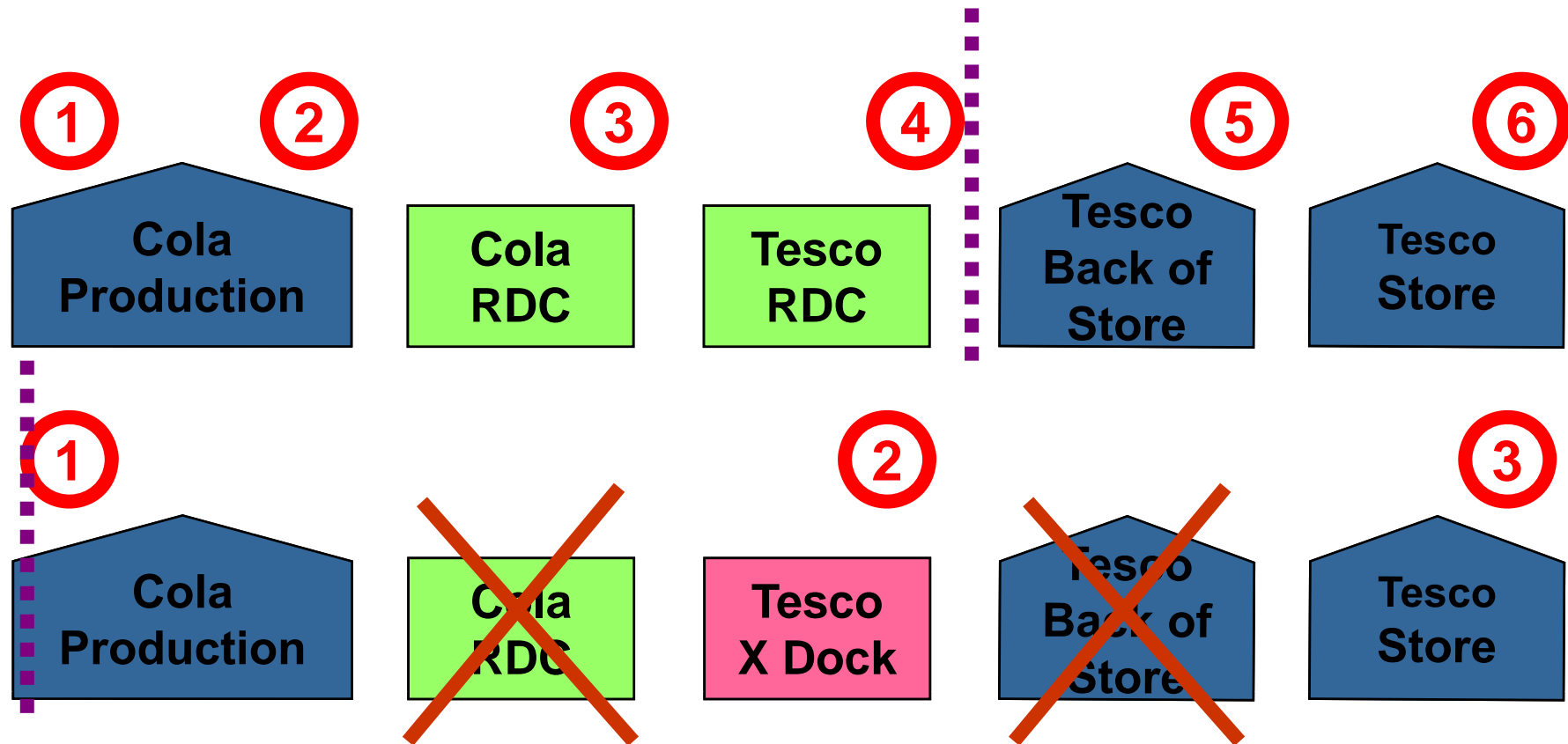
Specific Improvement Targets

Improvement Area	British Steel Strip Products	Steel Service Centres	Metal Processing Customers	Total for the Three Tiers
1. Lead Time Reduction	40%	40%	40%	40%
2. Time to Market Reduction	30%	30%	30%	30%
3. Stock Reduction	10%	20%	20%	15%
4. Quality Improvement	50%	20%	50%	45%
5. Productivity Improvement	5% per annum	5% per annum	5% per annum	15% over 3 years
6. Increased Mutual Business	30%	30%	30%	30%

Targets & Results

Area	Target	Results
Lead Time	40% ▼	20-90% ▼
Stock Reduction	15% ▼	20-75% ▼
Quality	50% ▲	50 ppm
Productivity	15% ▲	8-33% ▲
Increased Business	30% ▲	40-50% ▲
Design Time	30% ▼	30% ▼

Tesco One Touch Replenishment

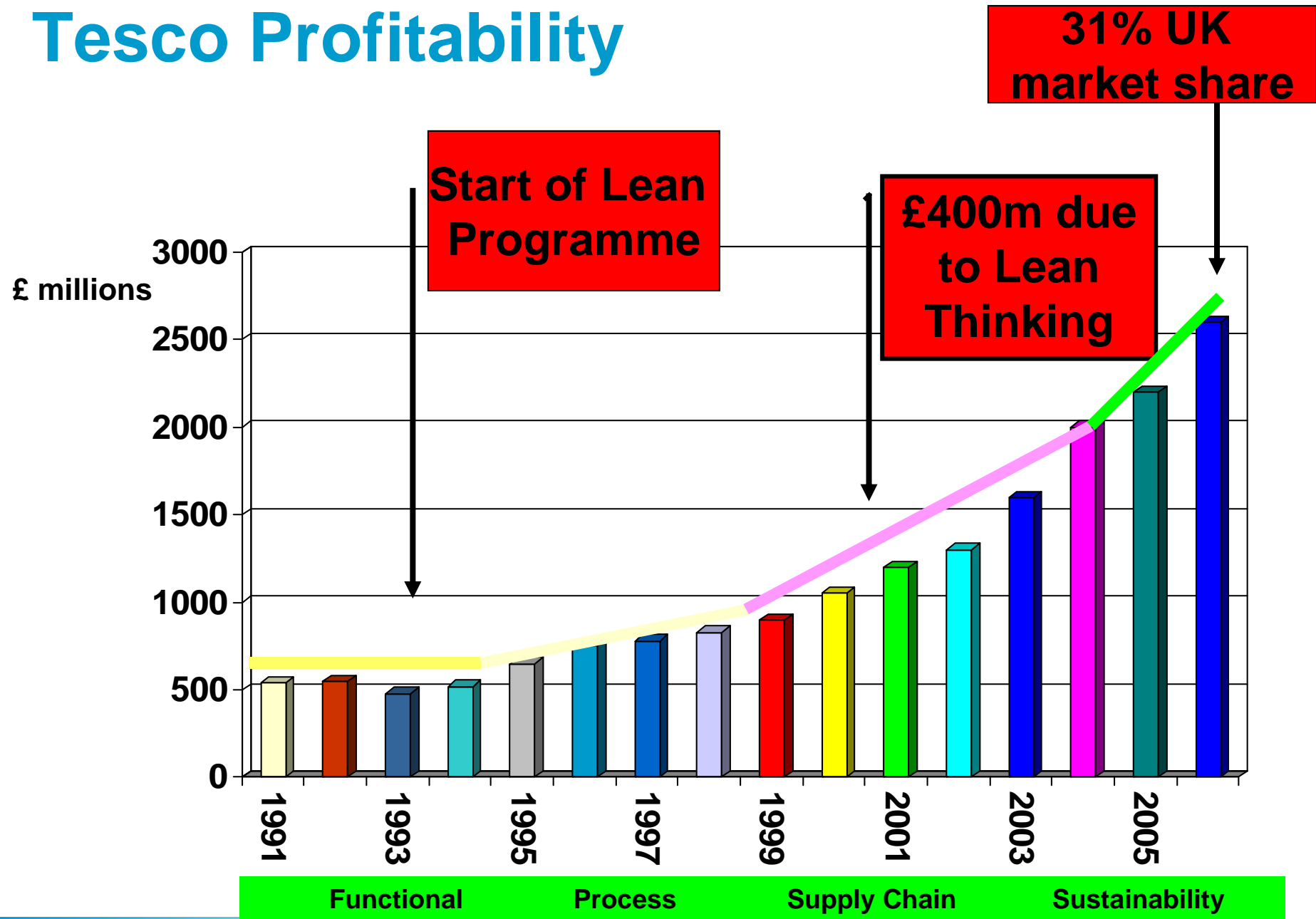


30% Lower Logistics Costs

Tesco One Touch Replenishment



Tesco Profitability



Further Information

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- <http://uk.linkedin.com/in/profpeterhines>

★ Please feel free to join me at one (or more!) of my LinkedIn groups:

- Lean Business System Canada:
<http://www.linkedin.com/e/-i2iwie-gcesfv0v-3s/vgh/3273240/>
- Lean Business System Retail:
<http://www.linkedin.com/groups?gid=1836660>
- Lean Business System Food & Drink group:
<http://www.linkedin.com/groups?gid=1836371>

Successfully Applying Six Sigma and Lean in Agri-Food Businesses

***Professor Peter Hines
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ARE YOU SERIOUS?

The Supply Chain



CRF Group Ltd



Value Chain Management

How we see Lean Implementation...

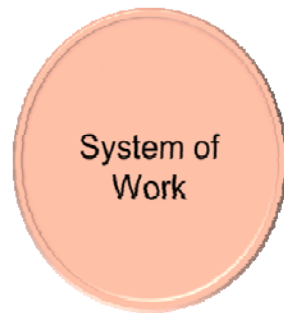
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The '3 Systems' Model – *Overview of the Systems*



- The way the workplace is structured, organised & orientated to satisfy customer requirements at the best value.
“How the work actually works!”

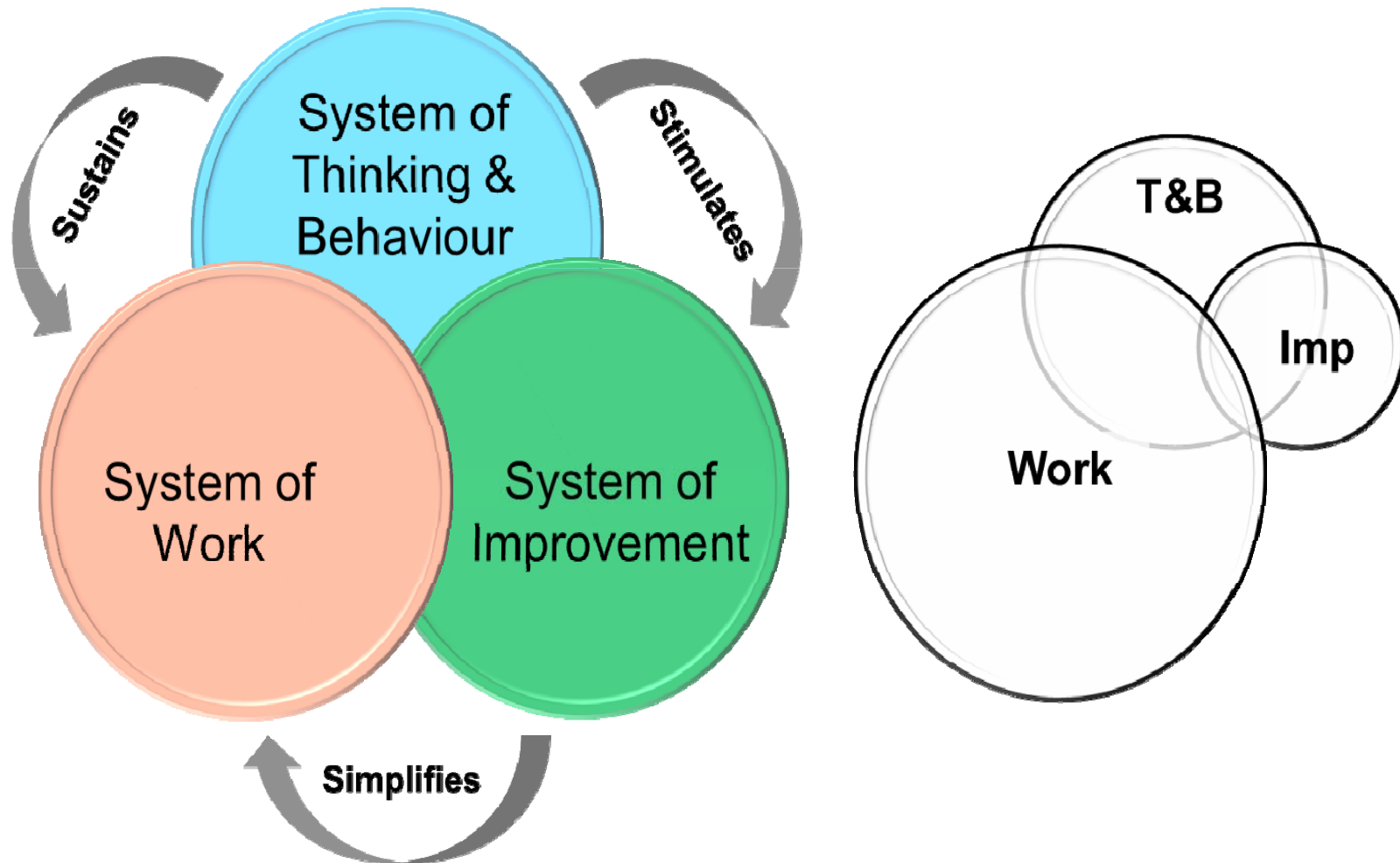


- How issues & opportunities are surfaced & resolved & the way in which appropriate metrics drive the right improvement behaviour at the right level & pace



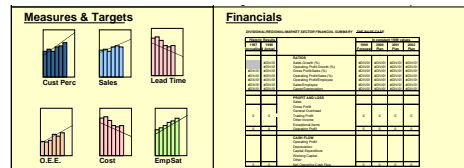
- The way in which leaders at all levels engage & coach stakeholders to maintain standards whilst continually trying to develop individuals & improve team performance

The '3 Systems' Model - Concept

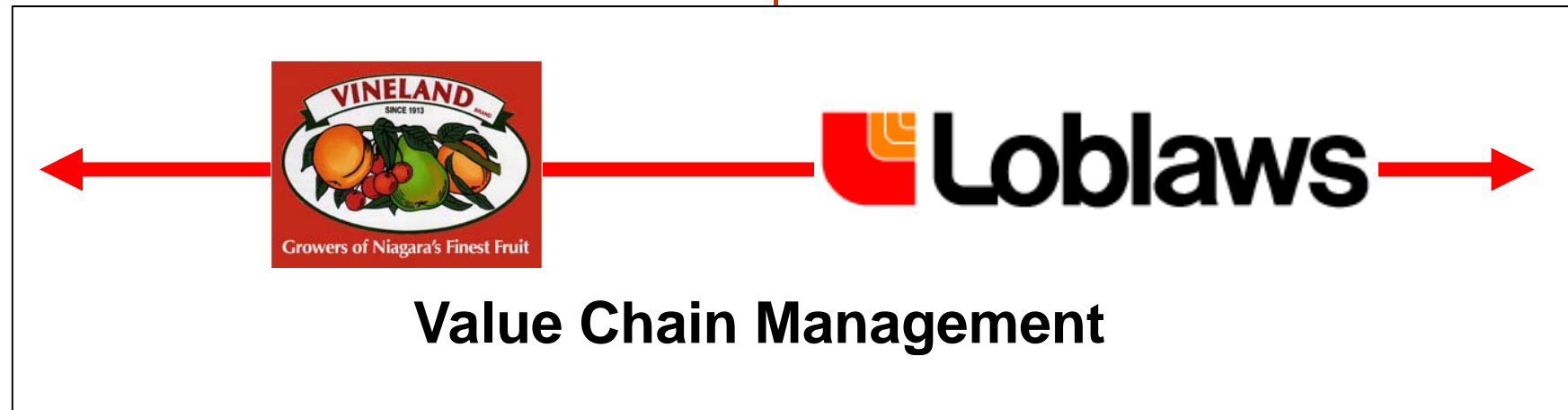


Cascading the strategy & problem solving

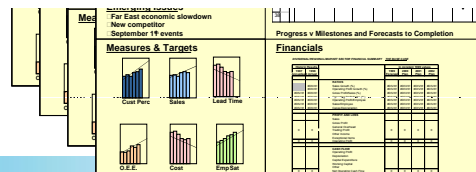
DISCONTINUOUS IMPROVEMENT OR DI



Business Level Cockpit



CONTINUOUS IMPROVEMENT OR CI



sapartners

[18]

A few things that might be missing....at individual firm and supply chain level?

- ★ **System of Thinking & Behaviour**
- ★ **System of Improvement**
 - Discontinuous Improvement
 - Continuous Improvement
- ★ **Standardised System of Work**
- ★ **Roadmaps for Implementation**
- ★ **Mentoring of how to do it**
- ★ **Learning for Leaders**
- ★ **Learning for Change Agents (Lean Coach)**
- ★ **.....**

A Guide to Success: How to Apply Lean Techniques to you Business

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What is Lean About?



Muda (Waste)



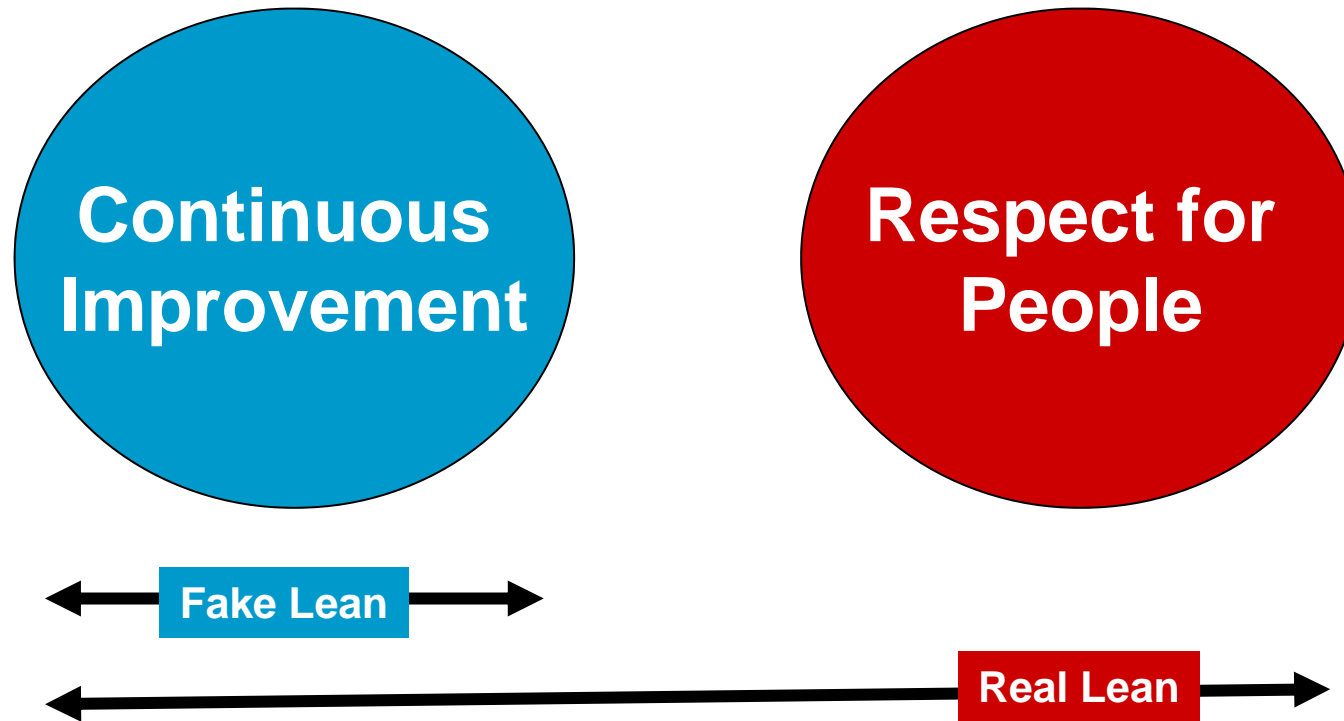
Mura (Unevenness)



Muri (Burden)

What is Real Lean?

Fake Lean and Real Lean: Learning from The Toyota Way



90% of problems in business are caused by management, 10% by the workman.
F. W. Taylor, 1912

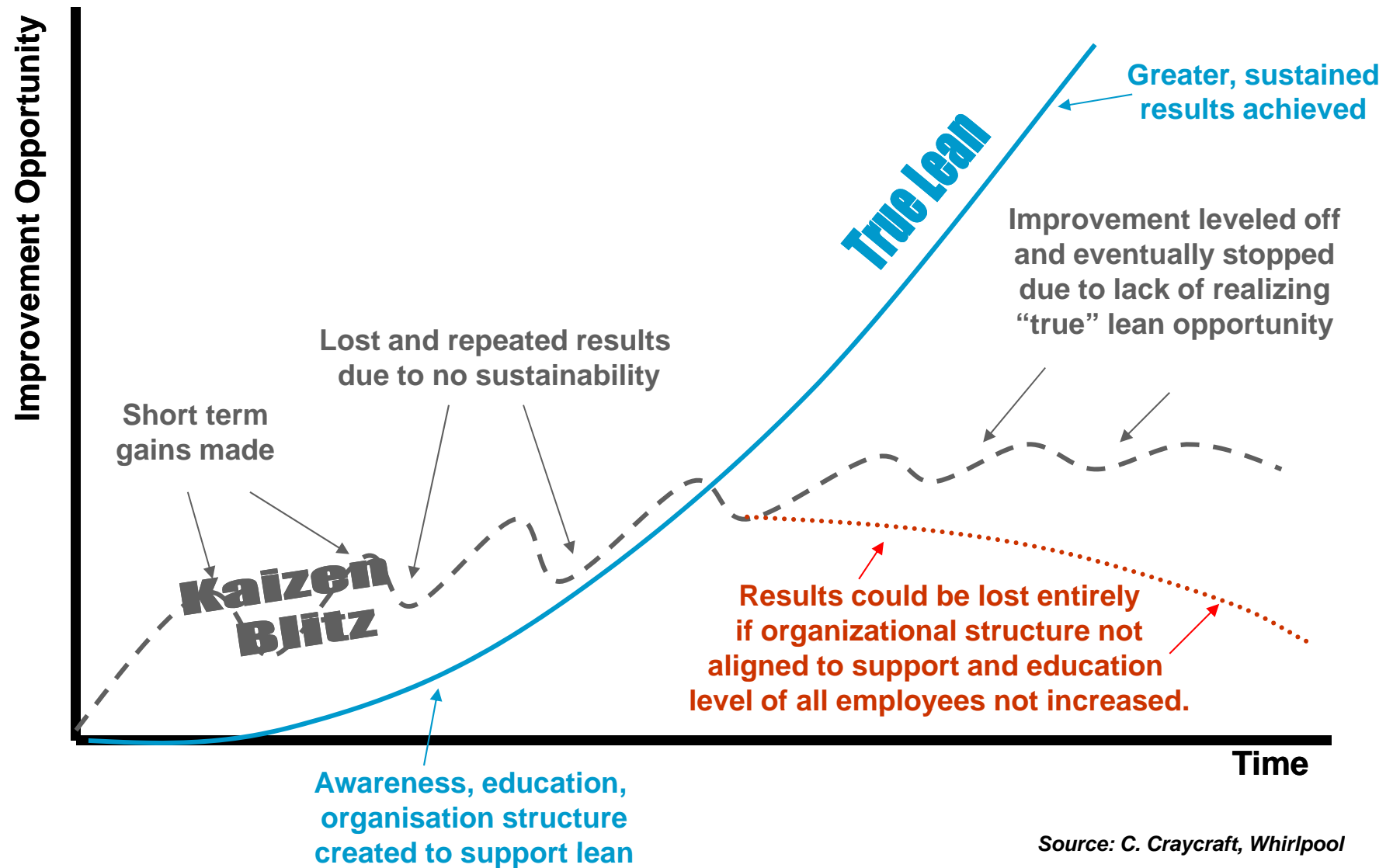
Why Change Can Fail

Top 10 Reasons for Failure

1. **Lack of a clear executive vision.**
2. **Lack of an effective communication strategy.**
3. **Failure to create and communicate a real sense of urgency.**
4. **Poor consultation with stakeholders.**
5. **Lack of structured methodology and project management.**
6. **Failure to monitor and evaluate the outcome.**
7. **Failure to mobilise change champions.**
8. **Failure to engage employees.**
9. **Absence of a dedicated and fully resourced implementation team.**
10. **Lack of sympathetic and supportive Human Resources policies.**

Source: Lucey, Bateman & Hines, 2005

Kaizen Blitz vs. Lean Management



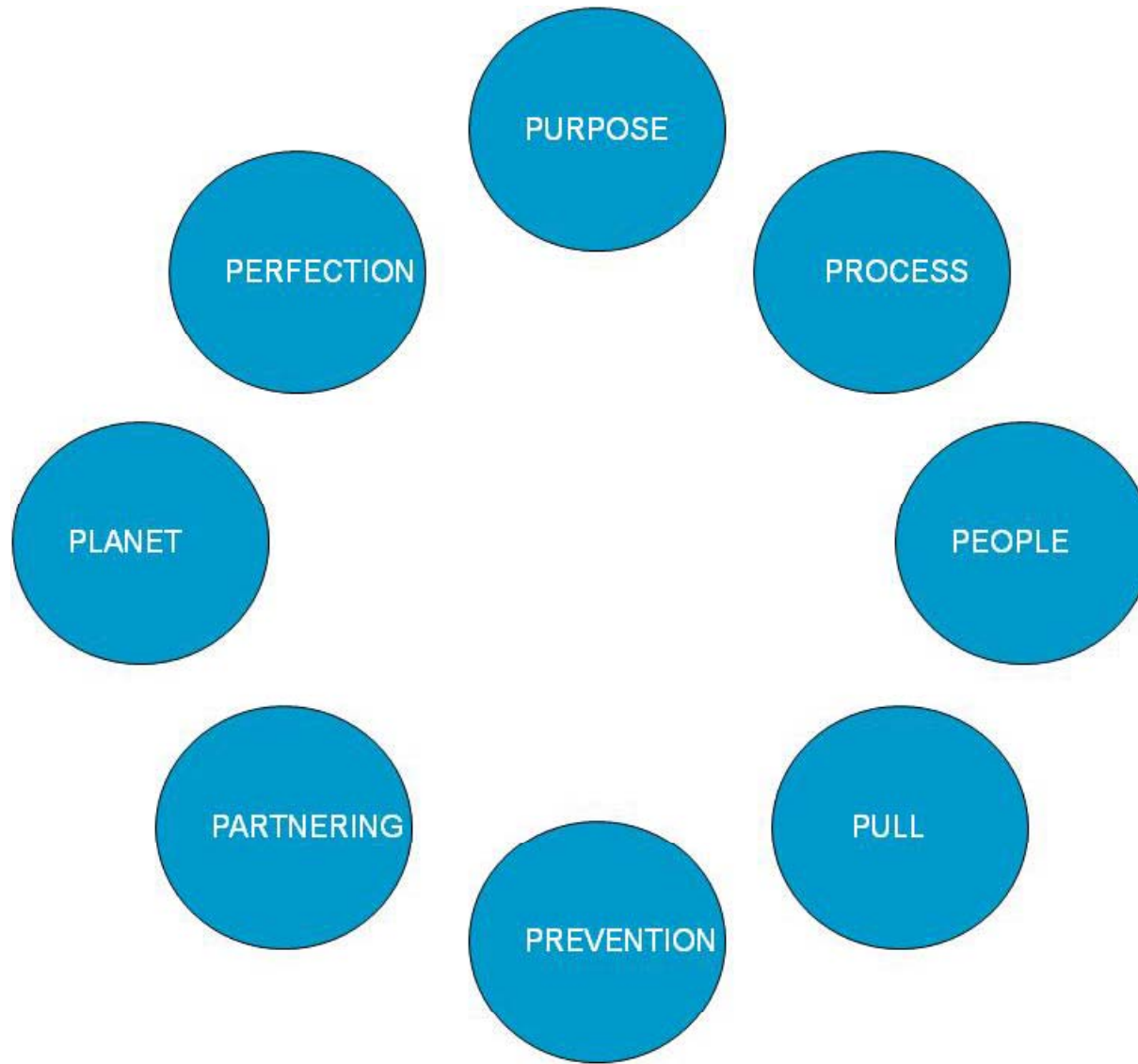
Sustainable Lean Management



Source: P. Hines, P. Found, G. Griffiths & R. Harrison, *Staying Lean*, 2008

Lean Principles

The Redefined Principle Set: The 8Ps



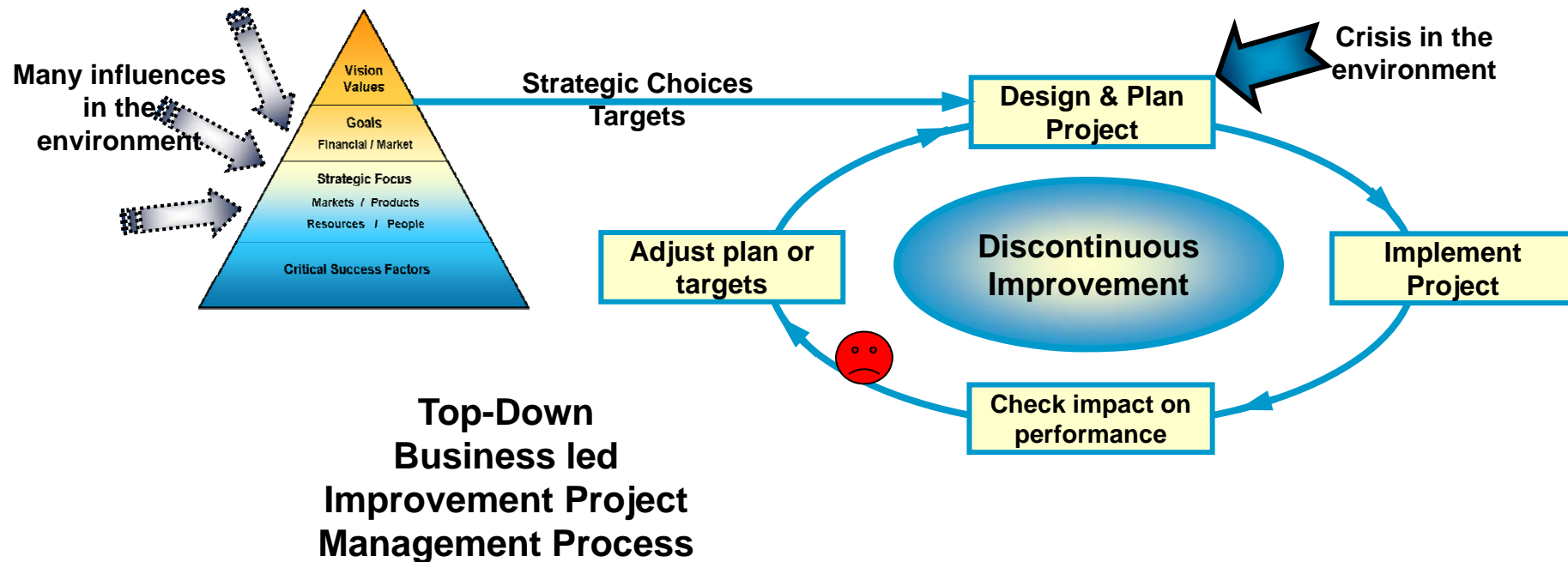
Principle #1: PURPOSE

- ★ **How many people in your organisation:**
 - **Really understand what they are supposed to achieve?**
 - **Feel they have an appropriate set of KPIs?**
 - **Are working on too many things at once?**
 - **Can point to how they are making tomorrow better than today?**

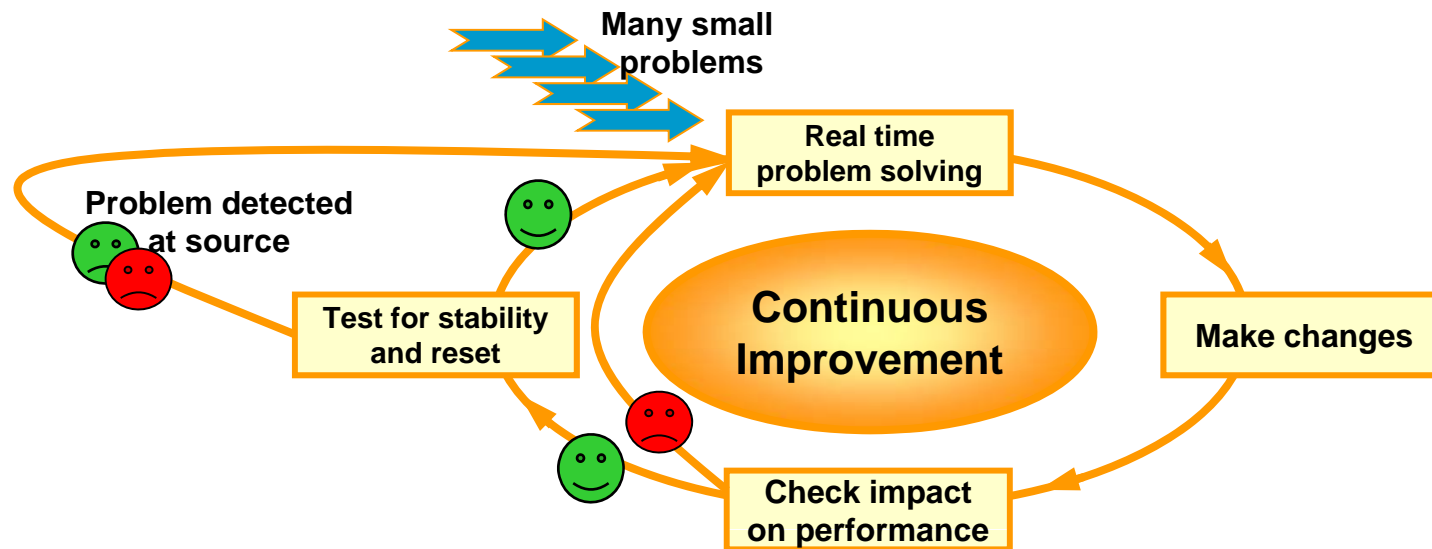
Principles #4: PULL

- ★ **Pull-based Delivery**
- ★ **Pull-based Improvement**
- ★ **Pull-based Training & Learning**

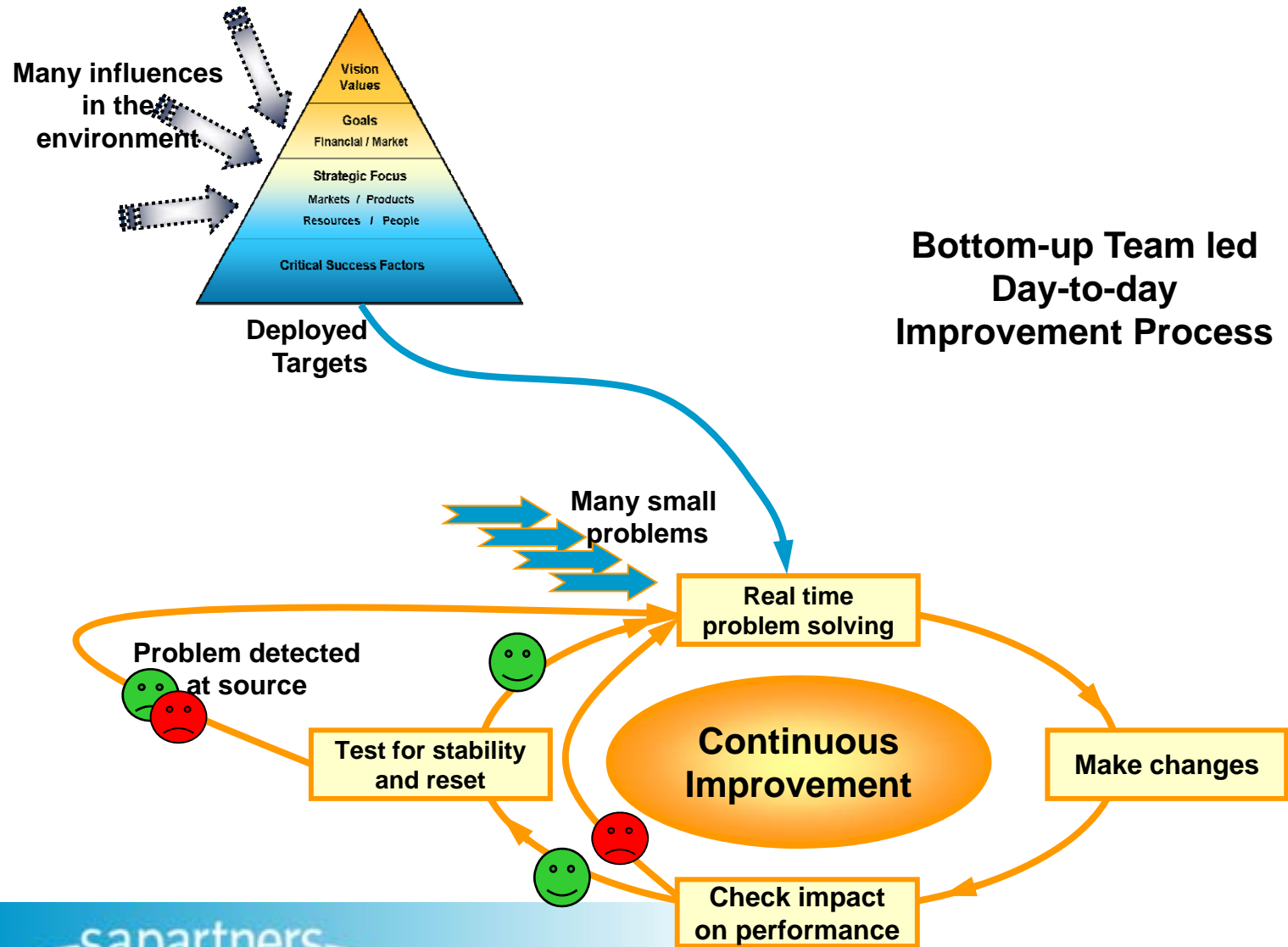
Management Process for Business Improvement



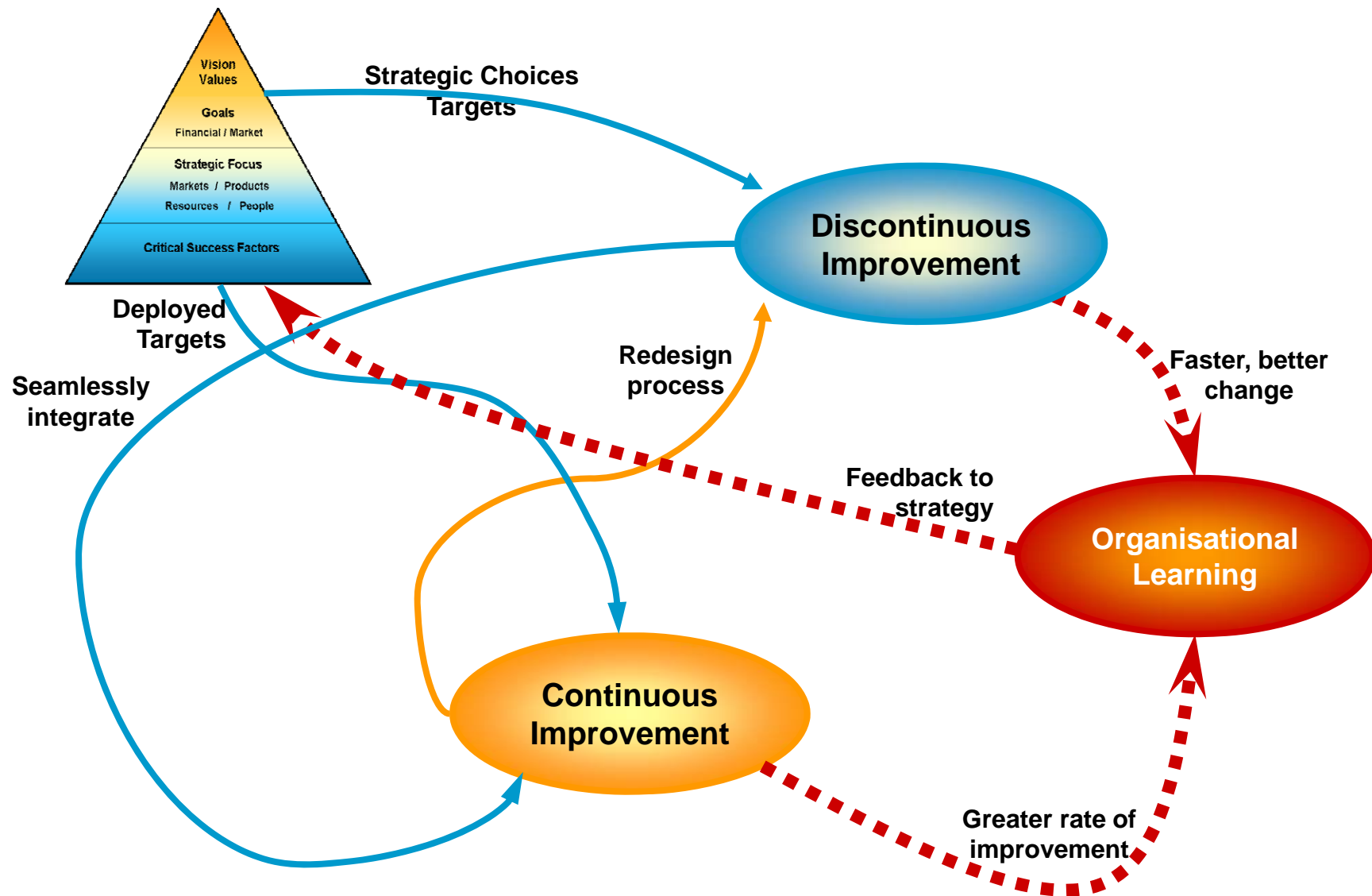
Continuous Improvement – Stability



Management Process for Business Improvement

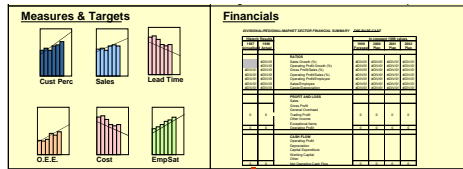


The CI Learning System



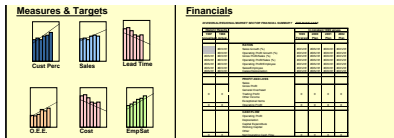
Cascading the strategy & problem solving

DISCONTINUOUS IMPROVEMENT OR DI



Business Level Cockpit

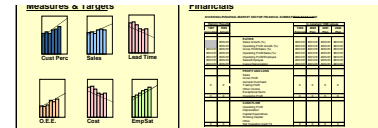
PROCESS IMPROVEMENT OR PI



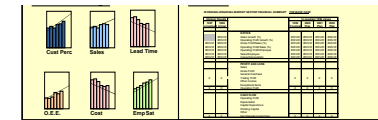
Operations Cockpit



Sales Cockpit

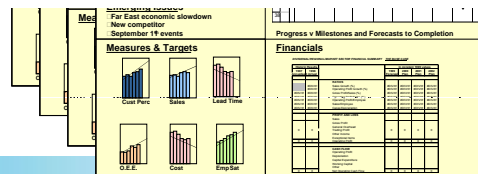


Product Development
Cockpit



HRM Cockpit

CONTINUOUS IMPROVEMENT OR CI



Customer Service Cockpit

Applying Lean

How we see Lean Implementation...

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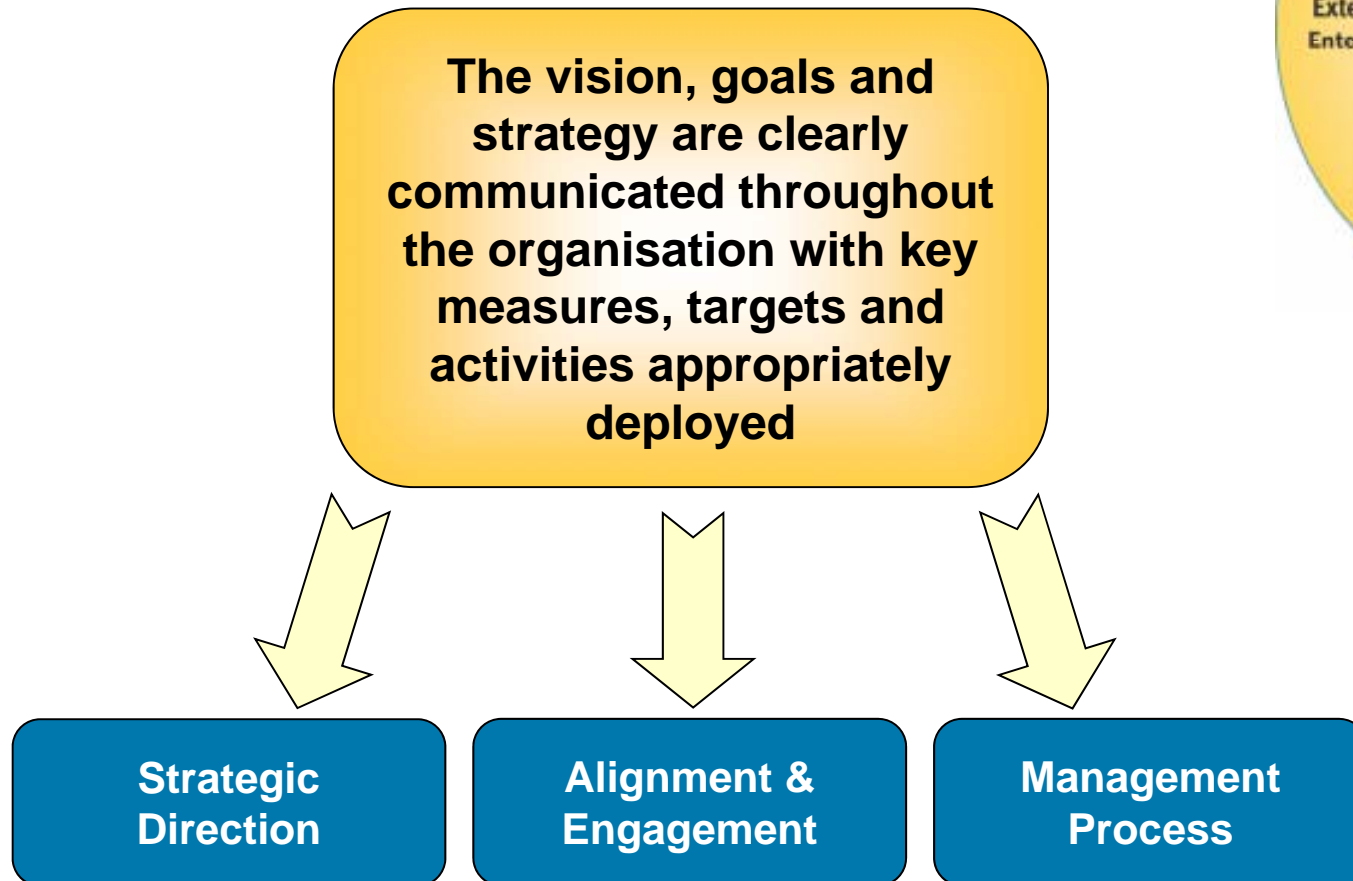
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Strategy Deployment



Strategy Deployment - The Acid Test

In any function, at the lowest level....

...could we get answers to the following questions?

- *What is the plan for this business over the next few years?*
- *What are you doing that is different to contribute to this plan?*

If not, then how do we expect our people to help?

Cascading the strategy into the business



Sustaining the Improvement Drive



CI FOCUS

Weekly Audit
Audit Trend

KPI Targets
KPI Project Status

Housekeeping
Standards

Re-layout Plan

Process Level KPI Monitoring

HR Dept



Toolroom



Press Shop



Sales Dept



Quality Dept



People Enabled Processes



Inspiring success through pioneering, process-based solutions

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People Enabled Processes

Accountabilities are clear at all levels and leaders motivate and develop their team in an environment where they can realise people potential

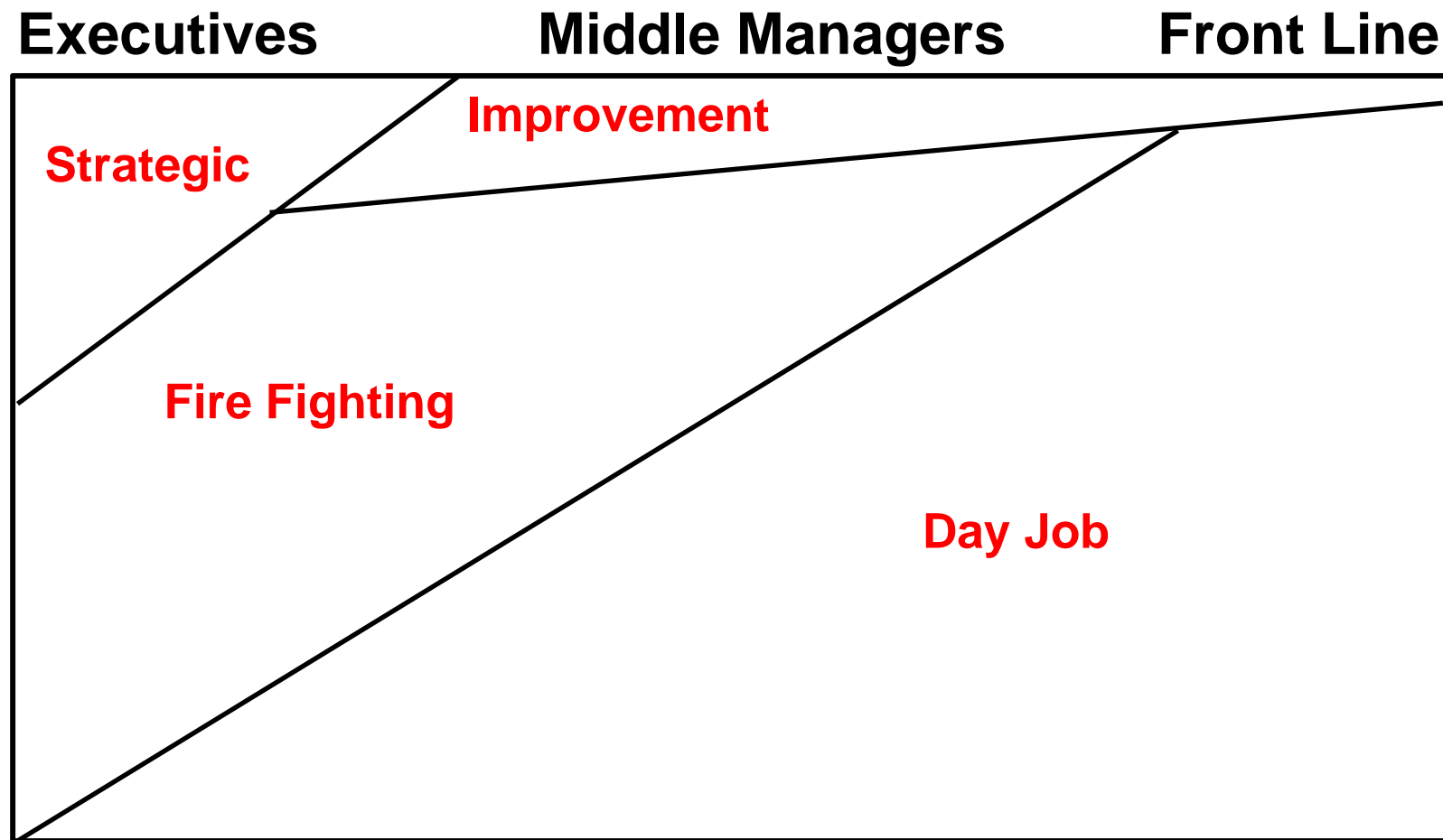
**Clear
Accountabilities**

**Leading in a Lean
context**

**Realising People
Potential**



Typical Current Activity State

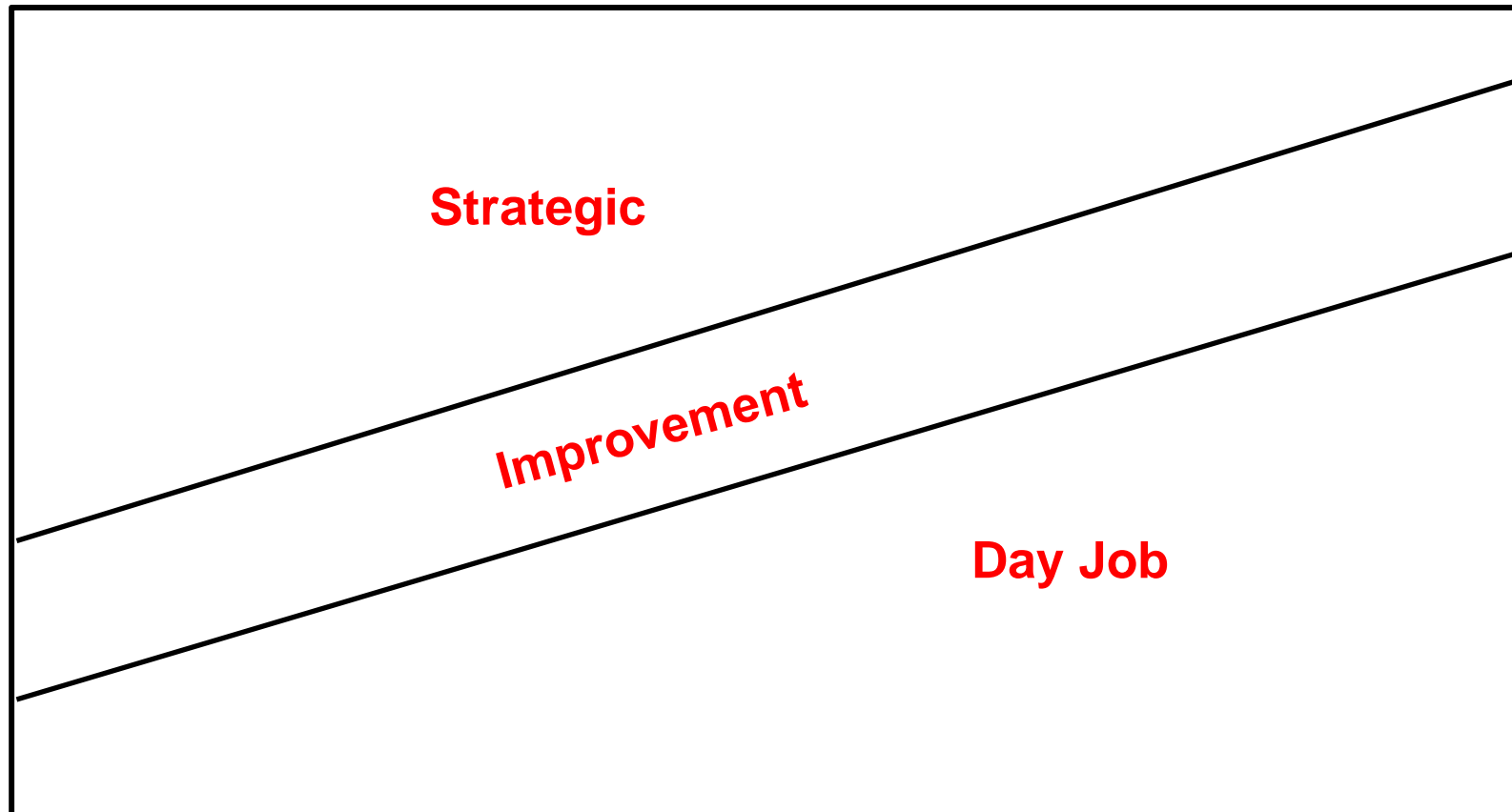


Ideal State

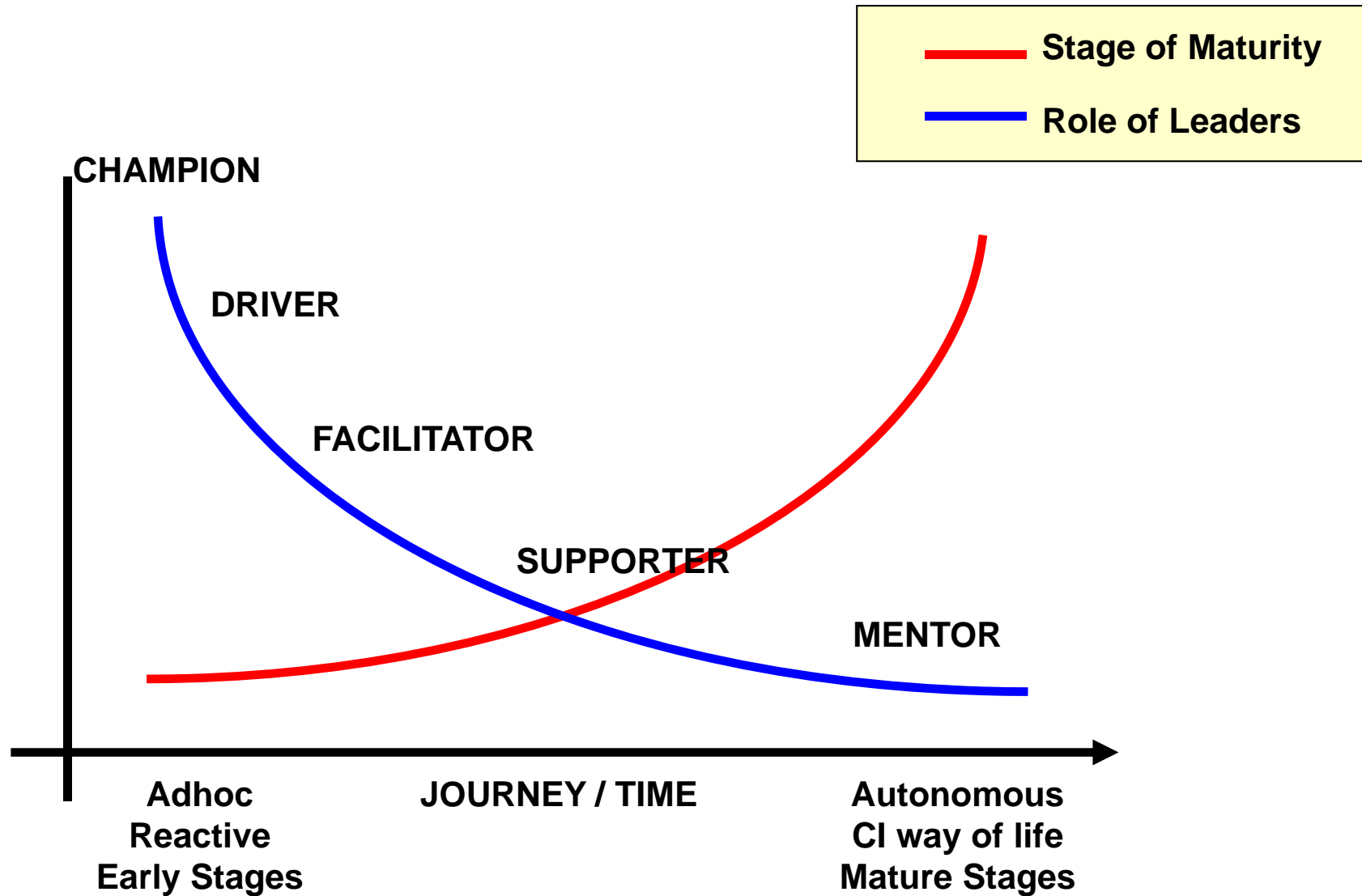
Executives

Middle Managers

Front Line



The Evolving Role of Lean Leaders



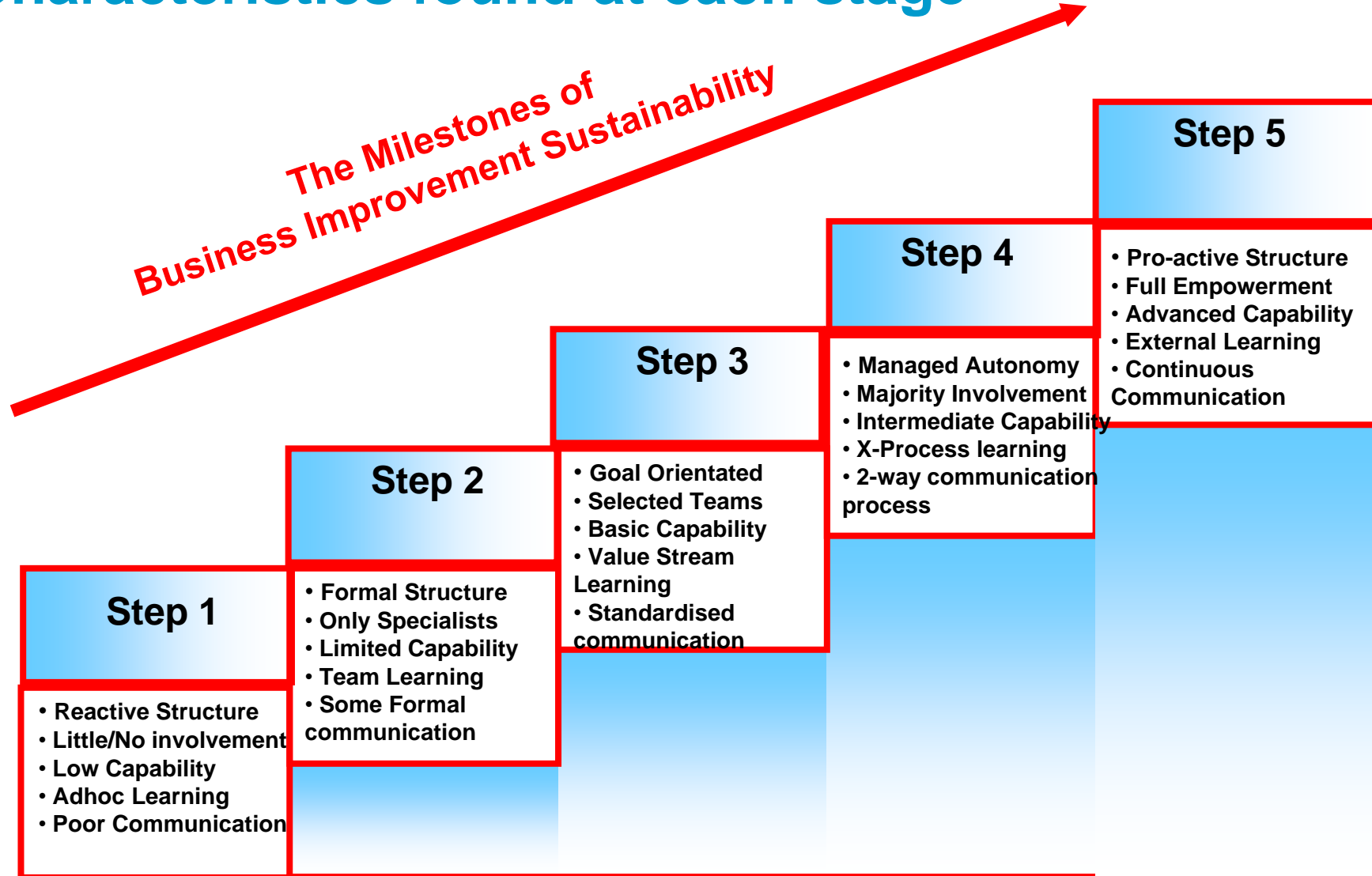
Creating a Lean Roadmap

The Lean Business Model


















Original source: Professor Peter Hines
Benchmarking Toyota's Supply Chain: Japan vs U.K.
Long Range Planning, February, Volume 31, Number 6, pp. 911-918, 1998, ISSN 0024-6301

Characteristics found at each stage



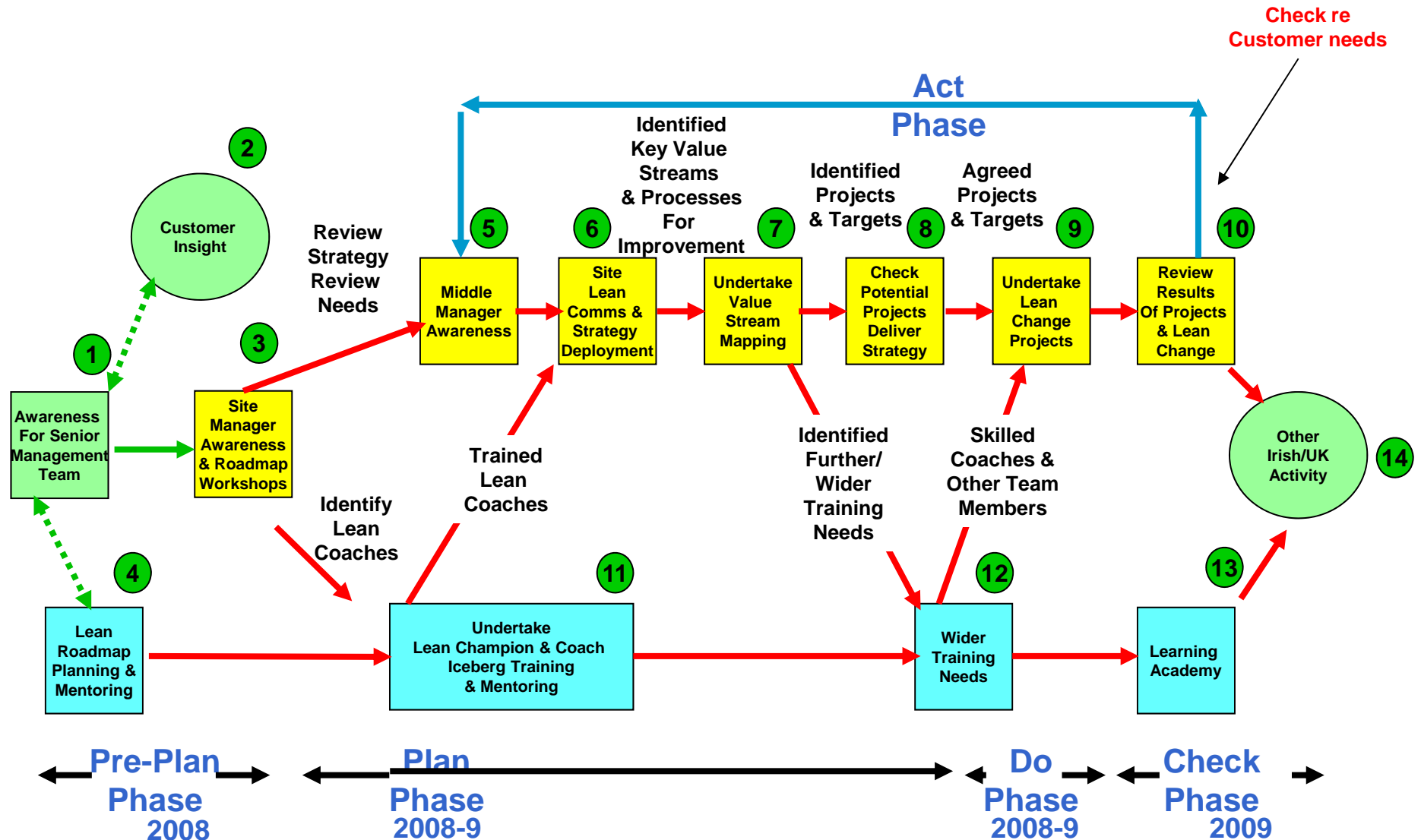
Lean Maturity Assessment: An Example

Where are we now, where will we be in 3 Years time and after the 1st Roadmap?

Milestone Attribute	Maturity Level Index				
	Reactive	Formal	Deployed	Autonomous	Way of Life
1 Ways of Working 2 Associate Autonomy 3 Share Best Practice	1 Reactive approach 2 Little / No involvement 3 Adhoc Learning	1 Formal Structure 2 Only Specialists 3 Team Learning	1 Goal Oriented 2 Selected Teams 3 Value Stream Learning	1 Managed Autonomy 2 Majority Involvement 3 X-Process Learning	1 Daily habit of CI 2 Full Empowerment 3 External Learning
Strategy Deployment					
Value Stream					
People					
Tools & Techniques					
Extended Enterprise					

 Current: Own team
  Current: External view
  1st Roadmap: April 2011
  Future State: November 2012

Example Top Level Plan: Multi-Site Food Firm



 Site level	 Learning Academy level	Key
 Business level	1 Key for Detailed Input	

Further Information

★ For further information please contact:

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