

- Lean Strategy Explained.
- The 3D business thieves: Delays, Defects, Deviations.
- The 5 Lean Principles.



The Lean Strategy Explained

The current macroeconomic forces may continue imposing businesses to push for lower costs, improve quality of products and services, find new opportunities for growth, and increase drastically its productivity. In too many situations, the improvements are disappointing, with wasted resources and frustrated employees. John Kotter, in his book “Leading Change” states the most common errors in transforming organizations and why they fail:

1. Allowing too much complacency
2. Failing to create a sufficiently powerful guiding coalition.
3. Underestimating the power of the business vision.
4. Under communicating the vision.
5. Permitting obstacles to block the new vision.
6. Failing to create short-term wins.
7. Declaring victory too soon.
8. Neglecting to anchor changes firmly in the corporate culture.

The consequences of these common eight mistakes are that a Lean transformation or any business strategy won't be implemented well, lean implementations will take too long, cost more than expected and quality programs won't deliver the expected results.

According to Kotter's experience, the following eight-stage process summarizes the steps needed to produce a successful change in an organization. The first four steps focus on defrosting the status-quo and should not be skipped and followed in sequence. Stages five to seven introduce the new practices. Here is where Kaizen and continuous training falls in. It is paramount to provide solid training to all levels, not just middle management, supervision, or line operators. Directors and even the CEO should be involved and take part. Also, in these stages, the search for the “low-hanging fruit” begins, and the “experiments” to encourage ideas, activities, and “hands-on”

action. The last stage grounds the changes in the corporate culture and helps make them stick.

1	Establish a sense of urgency	<ul style="list-style-type: none"> • Examine market and competitive realities • Discuss crises, opportunities
2	Create a guiding coalition	<ul style="list-style-type: none"> • Putting a group together with power to lead the change • Must work as solid team
3	Develop Vision and Strategy	<ul style="list-style-type: none"> • Revise or create Lean vision • Develop the strategies
4	Communicate the change Vision	<ul style="list-style-type: none"> • Use every vehicle available to communicate • Use the team as role model, create curiosity
5	Empower action	<ul style="list-style-type: none"> • Remove roadblocks, change systems • Encourage ideas, activities and action
6	Generate Quick Wins	<ul style="list-style-type: none"> • Kaizen, “mini-projects”, experiments, always “low-hanging fruit” first • Visibly recognize and reward teams involved
7	Consolidate gains	<ul style="list-style-type: none"> • Use the Control phase always • Involve the curious people. Create change agents
8	Anchor change in company culture	<ul style="list-style-type: none"> • Involve leadership level, develop it. Follow the KPI's. • Articulate the connection “before vs now”

Stages to build solid Lean transformation.

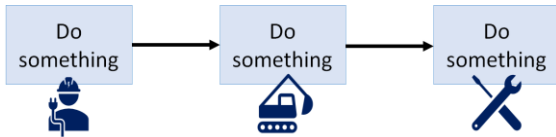
Delays, Defects and Deviations

Businesses must learn how to eliminate the thieves of productivity and profitability: **delays**, **defects** and **deviations**, and look for processes that can be measurable, repeatable and predictable.

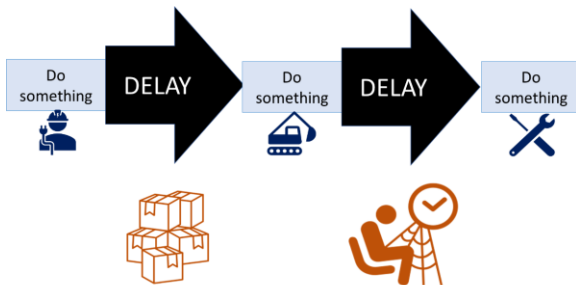


When we eliminate delays, it makes a product or service now. When we eliminate defects and deviation, products and services become perfect and reduces costs so that products and services become more affordable, sometimes even free.

Businesses need to stop managing activities (number of teams started) and start managing for outcomes. When we look at a process flow, we see a flowchart that looks like this:



When we give a closer a closer look, there are delays, piles of products, work in process, inventories, people wondering around in between processes:



To maximize returns and minimize costs, we should target the few crucial areas that are inducing most of the defects, delays, and deviations that lead to the **loss of profit and productivity**.

In Lean, continuous improvement is like a religion. Although it seems like a simple thing to achieve, leaders and teams who are not familiar with process improvement techniques are having a hard time sustaining it.

To implement this mindset, we need to understand clearly what exactly the Lean principles are, what methods we need to follow, and check some of the best practices.

In the Lean methodology, continuous improvement seeks to improve every process in a business by focusing on enhancing the activities that generate the most value for the customer while removing as many waste activities as possible.

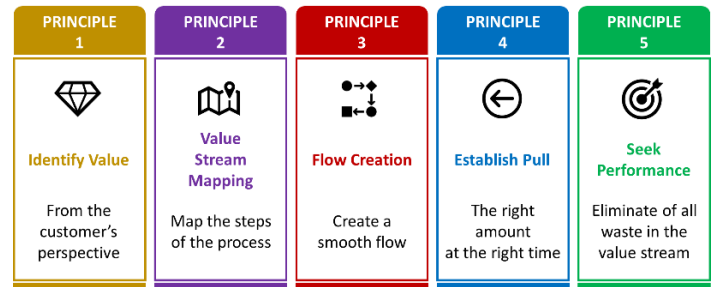
There are three definitions of waste in Lean:

- Muda** – The eight wastes
- Mura** – The waste of unevenness
- Muri** – The waste of overburden

The 5 Lean Principles

Toyota initially proposed the lean manufacturing principles (also known as Lean Cycle) to improve the overall productivity of manufacturing while reducing cost. The strategy is based on 5 key principles:

- **Identify value:** Define what the value to the end customer is.
- **Map the value stream:** Identify all steps in the process and eliminate those that do not create value.
- **Create flow:** Make the value steps occur in a tight sequence to provide as much value to the customer as quickly as possible.
- **Establish pull:** Make it so that customers are demanding or seeking the product rather than us having to push it on them.
- **Seek performance:** Strive for perfection by using continuous improvement, eliminating waste, making reliable processes, and following the principles.



What is Next?

Boasting over forty years of accrued experience, the PSG Team have come from the battlefield, and have experienced first-hand the challenges of manufacturing and services industry. We are not a conventional consulting firm that recruits inexperienced university graduates and relies on highly priced mentors. We are battlefield consultants, hands-on and deployers of robust solutions for business competitiveness. More than consultants, we are **"Resultants"**.

Let's Work Together

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"We are what we repeatedly do. Excellence, then, is not an act, but a habit."

Aristotle.

