

**MEMO: THE IMPACT OF INTRODUCING LEAN MANUFACTURING AND  
MANAGEMENT PRINCIPLES INTO A COMPANY**  
**DATE: 1<sup>ST</sup> OCTOBER 2013**  
**FROM: QCD SYSTEMS LTD.**  
**TO: FULLER BEAUTY PRODUCTS**

---

## **INTRODUCTION**

When a company embarks on the Lean journey, the most important question that they need to continually ask themselves is, "What will we be doing to succeed with this implementation?"

It is to assist you in answering this question that I offer these thoughts as you travel on this journey. They are by no means comprehensive.

## **THE PRESENT STATE**

Introducing LEAN into a company focuses on two important principles. The first is to examine the performance of the whole company identifying items of waste and where continuous improvement can take place. This is normally done on an administrative level and is important to the success of the implementation.

The second actually overrides the first because it is to ensure the involvement of the people of the company in directly managing their departments and areas of responsibility. The only way administrative goals can be achieved if it is done through those who perform the tasks. The people must be given the opportunity of focusing on their own jobs and how they can improve their productivity and efficiencies.

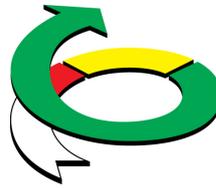
Many companies embarking on this journey seem to overlook this most vital second principle and focus on the administrative side believing that this will control the continuous improvement required.. This is a true statement but is must be understood in its correct context in whatever company it is being implemented.

The intention of this document is to underline that unless the company implements a process which enables the people to become directly involved in their department and their own work, focusing on the Customer Supplier relationship within the supply chain of the company and therefore working towards the goal of continuous customer value, the process will falter.

There is also no contest in stating that a company does not need Lean principles to understand the importance of employees doing the work they are hired to do, measuring their outputs and continually improving these outputs based on the results of the KPI's that are required.

## **THE LEAN STATE**

A company can be compared to a well-oiled machine. Every part, large or small, needs to work in harmony in order for the overall result to be achieved. It is the operation of this machine that needs to be looked at to ensure that it is producing the optimum results, not



only what it was designed to achieve (its reason for being in business) but more importantly, to ensure that it is operating at its optimum efficiency.

We are aware that a motorcar, a machine, can perform its fundamental task of transporting people/goods from point A to B safely and reliably. However, we all know that in many instances, because of a lack of maintenance, worn tires, not being tuned regularly, that different cars perform differently depending on the above factors and many others. While maintenance is performed by the owners, there comes a time when expert attention is required.

In a company, the most important measure of efficiency and productivity is how well the **supply chain** within the company is operating. But, more importantly, how well that supply chain is fulfilling the needs of service, quality and reliability to its customer base.

Companies cannot provide the service/product they are founded to provide unless they can also measure how well the supply chain is providing the desired results.

Enter Lean principles! These principles do not, in any way, decry what a company is doing to be successful. The Fuller company is a successful company! But upon self-reflection and in the light of outside influences such as the present world financial situation, increased competition, revealed difficulties in its overall performance etc., Fuller has now decided to go a step further. The want to begin the process of re-examining the way in which they do business, their methods and protocols in order to determine if they are performing to the level that they need to in order to remain competitive and increase their profitability.

### **THE IMPORTANCE OF LEAN PRINCIPLES**

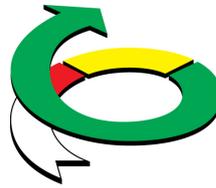
The Lean principles of manufacturing and management are simple tools to provide this measurement. While companies are expert in measuring their performance and examining their operations, there are certain measurements provided through the Lean principles that companies are not only not measuring **but are also perhaps unaware that there are other important metrics that need to be measured.**

***The most important measurement that Lean offers a company is measuring the relationship between internal and external customers and internal and external suppliers – the Supply Chain.***

This is a measurement that needs to be known by everybody in every department.

Why is this the most important measurement?

As with a motorcar, its performance depends on the synergy that exists between its various parts. Another analogy is that a chain is as strong as its weakest link. Nowadays these analogies bring the answer into sharp focus. The smooth operation of the supply chain is what enables the company to obtain its desired outputs, to maintain and increase its customer base, to ensure the reliability of its suppliers and manage a well-oiled process of maintaining a smooth operation – the way in which they do business leading to the targeted profits.



## **CUSTOMER CONCERNS, DEFECTS RECEIVED, DEFECTS PRODUCED**

The introduction of the above charts (measures) for each department is the tool whereby each department measures their effect on their customers whether internal or external and the effect of their suppliers whether internal or external on their performance. While departments are aware of shortcomings when they occur and try to fix the issues as they arise, the lack of measurement of these occurrences and the lack of embedding the solutions to the issues in processes (DPSSs) so that they do not re-occur, is what is missing in most companies. The result is that the same issues are dealt with over and over again impinging on the efficiency and productivity of their departments and in many cases, their individual outputs.

The ability of a company to manage this inter-relationship between customers and suppliers both internal and external is a fundamental way to improve their productivity and efficiency.

The difficulty with the above tool is that in many respects it requires a cultural change within the company. The obstacles that can be encountered are as follows:

1. There could be a tendency to see the negative data on the charts as a blame process;
2. To misunderstand the intent and regard the display of the data as questioning the ability or integrity of the person/s involved;
3. Even more serious could be the misunderstanding that this is a way to eventually gather evidence to remove a person/s from their position;
4. It also is misunderstood as a negative reflection on the way in which managers performs their duties.

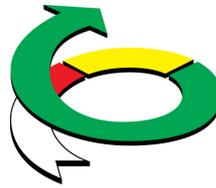
## **THE TRUE PURPOSE**

Notwithstanding the reality that the above concerns need to be addressed and dealt with when implementing Lean principles, the only purpose for introducing the measurement of the relationship between customer and supplier is to determine what is going right, what is going wrong and if so, what the people producing this data can do to fix it.

If a customer is unhappy with what they are being presented with, the unhappiness is not to be taken as a negative criticism of the person/s providing the service or product. Rather the issue becomes the opportunity of ensuring that the customer is not expecting something that was never intended to be delivered and/or to ensure that the person/s did actually provide what they said they would provide.

The charts/measurements simply present a snapshot of what is actually taking place. The way in which the data is dealt with depends on the people who are viewing the data with the understanding that the data is designed to help continuously improve the outputs by resolving the issues.

The discussion of the use of Cost, Delivery, and Safety charts follows the same principles but is not the subject of this paper.



## THE INTENDED OUTCOME – IDEAS AND SUGGESTIONS, THE LIFEBLOOD OF LEAN

Mixed in with these measurements, of course, is the opportunity provided for the people observing the data to ask some simple questions: 'Is this the most efficient way to do this?' 'Can we improve on our outputs?' Et alia.

The most important benefit resulting from the introduction of these measurements is the opportunity that is now provided to the people of the area to offer **ideas and suggestions** on how to improve, change, eliminate etc. what they are viewing. This is a very practical way of involving the people in taking responsibility for the efficiency and productivity of their areas. The removal of bottlenecks, of stress points, while ensuring proper safety and understanding their responsibilities towards their customers is how Lean principles are institutionalised in the company.

This is the meaning of employee involvement.

Ideas and suggestions are the lifeblood of Lean principles and become **THE** measure for a company on how well its principles are operating.

## MEASURING THE MEASUREMENTS

Let us return now to the original question: "What are we doing to succeed in this implementation?"

The tool that QCD Systems LTD has given you is the structure of the different levels of meetings. All the above initially takes place in the **1st level Green Room meetings**.

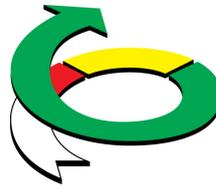
However, the success of the 1st level meetings can only be assured if the leaders of those meetings representing the people of that area have a method of escalating what they find to be their concerns, which they cannot resolve.

This is dealt with in the **2nd level meeting**. This meeting is critical to the success of the 1st Level simply because it controls three important and critical factors. Firstly, it manages the performance of the 1st Level and secondly; it monitors and coaches the 1<sup>st</sup> Level so that it is performing as it should be performing. The third factor is that it acts as the go-between between the 3rd Level and 1<sup>st</sup> Level meetings.

The 1st Level leaders and eventually their people need to know that the work they are doing is not only appreciated but that they have a forum in which to escalate their concerns and their problems which they know will be dealt with, if necessary, at the very top of the organisation. Without that assurance, the process will fail.

Added to this, is the **3rd Level meeting**. The same principles apply with this meeting but the greatest benefit is that in both the 2<sup>nd</sup> Level and 3rd Level meetings, the leaders of these meetings are freed up from the details so that they can attend to their own KPIs and those of their departments. They are able to do this because as a result of their meeting they will know that their departments etc. are being managed accordingly.

This structure and the templates for the agendas of all these meetings that we provided, is the backbone of the Lean process. If this structure is not in place and operating efficiently and regularly, the 1st Levels will eventually collapse. As the level of meetings increase, so



the details that used to be part of their meetings are diminished. The whole purpose of Lean is to push the responsibilities down to the level that must deal with the issue. The upper levels are then freed up to focus on overall policy, protocols, major decision-making issues and priorities.

#### **A FINAL COMMENT AND SUGGESTION**

In over 30 years of implementing these Lean principles in many different companies and countries throughout the world, when asked what is the best way to get this done, our answer is very simple. **'Just do it as designed, then customise!'**

Against your instincts, at times, against your present method of management, etc., just follow the structure that is recommended and after you have done it for a while with the understanding that customisations of the agendas and charts etc. will inevitably occur, the company will have a structure in place that will enable it to reach the productivity and efficiency goals that its KPIs are designed to achieve. Each manager will have done this by marshaling the remarkable expertise and enthusiasm of the people that make up the company. Each manager will have the confidence in knowing that whatever policy changes, process changes, business decisions that need to be taken that he/she will now have a structure in place which will ensure that the issues will be uniformly explained and implemented.

**As learned in the Try Z Seminar, the linkage between the measurements and the development of procedures to incorporate the solutions arrived at as a result of interpreting the measurements is the driver of continuous improvement. The Detailed Process Sheet is the kernel of the Lean process.**