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Lean That Lasts

Field Guide preview

Chapter One: Aim Before You Improve

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Chapter 1

Aim Before You Improve

Chapter 1 of the book. Aim the program with 80/20 before you improve anything, so the first gains land on the work that makes the money and no waste is ever made efficient. Instruments: worksheets 1, 2 and 3.

Ask a plant that tried Lean and quit where its first event went, and you will nearly always hear about a corner nobody would miss. The area whose foreman volunteered. The line that was easy to schedule that month. The work itself was usually good. It just landed somewhere that couldn't move a number anyone at the top was watching, and the people who did it noticed that before anybody else did.

These three pages exist so that doesn't happen to you. The first sets where the work goes, Quad by Quad, beside where the money comes from, which is the only sound basis I know for choosing where to start. The second reads what the last program left on your floor, because those layers record four choices somebody made, and you will make the same four unless you name them. The third ties the program to one line, four numbers and one promise, in writing, before the first kaizen.

What does skipping them cost? More than a wasted quarter. It costs you the next attempt, because everyone who watched the last one fade will sit out the sequel with their arms folded, and they will be right to.

WHAT IT LOOKS LIKE WHEN IT IS MISSING

- The year's first kaizen is booked in whichever area volunteered, and nobody can tell you that area's share of revenue.
- Floor tape has worn away at the forklift turns, and the lanes it marks moved years ago.
- An old action list hangs beside a machine, most items still open, its last entry older than the current plant manager's time in the job.
- The monthly improvement report counts events, ideas, people trained and audit scores, and on-time delivery isn't on it.
- The engineering queue and the changeover log are crowded with orders from customers nobody in sales would call important.
- Every supervisor wants the new tools in his own area the moment they work anywhere, and by the second month the program is in six places and finished in none.
- Ask an operator what happens to a job that a better way makes unnecessary, and you get silence or a joke.

The tell is a plant that knows which customers bring in the revenue and has never counted which ones use up the changeovers.

IN THE BOOK

Chapter 1 argues that Lean programs fade for four reasons, each a choice with an opposite: aimed at everything instead of with 80/20, run as events instead of every day, owned by a department instead of the line, counted in activity instead of results. Its first instrument is the Quad of the work, the 80/20 map of A and B customers against A and B products, with each Quad's share of revenue set against its share of the hard work, the changeovers, the engineering hours, the rework and the expedited shipments. Its rule is aim before you improve. Quad 4 gets its decision, exit, reprice or starve, before a single kaizen goes near it, Quads 2 and 3 get streamlined, Quad 1 gets everything, and nobody makes waste efficient. From there the program starts on one model line in Quad 1 that passes five tests, writes four results down with today's numbers, and makes one promise in public, that an improvement will never be the reason anyone loses a job. At Brennick the Quad of the work showed Quad 4, 7 percent of revenue, using 36 percent of the brake changeovers and 38 percent of the detailing hours, and the program went to Cell 1 instead. Its Do This list, as a checklist:

Walk the plant and list every trace of the last program (tape, boards, binders, banners), with the newest date on each.

Draw the Quad from twelve months of invoice lines, then count the hard work by Quad and tie each count to where it came from.

Put each Quad 4 value stream on the simplify list with a name and a deadline, and book no kaizen there until it has its decision.

Pick a single Quad 1 model line that passes the five tests, led by someone who asked when you'd start.

Post the four results, each with today's number, where the model line will see them every day.

Put the commitment on paper, say it to everyone in person, and honor it the first time somebody tests it.

WORKED EXAMPLE

Carol Abernathy and her analyst had the Quad drawn by Day 9. Forty-six of the roughly 238 distributors made the A line, and so did 1,410 of about 7,800 active configurations. The boxes held $63.4 million (Quad 1), $19.8 million (Quad 2), $13.5 million (Quad 3) and $7.3 million (Quad 4), which adds to the $104.0 million in the P&L and puts 61 percent of the revenue in Quad 1 and 7 percent in Quad 4.

Then four people counted the work. Ruth Treadwell pulled each brake's changeover log, all six, Raj Mehta his department's detailing hours by order, Naomi Takeda a year of rework tickets, and Carol the bills for expedited freight. Quad 4's shares came back as brake changeovers 36 percent, detailing hours 38, rework tickets 31, expedited shipments 35. Divide each by its 7 percent of revenue and the tail was consuming between 4.4 and 5.4 times its share, 31 over 7 at the low end and 38 over 7 at the high. In units, 36 percent of the year's 5,200 brake changeovers is about 1,870 setups, and 31 percent of 36,400 rework tickets is about 11,300. Quad 1 ran the other way: 61 percent of the money, and never more than 31 percent of any count.

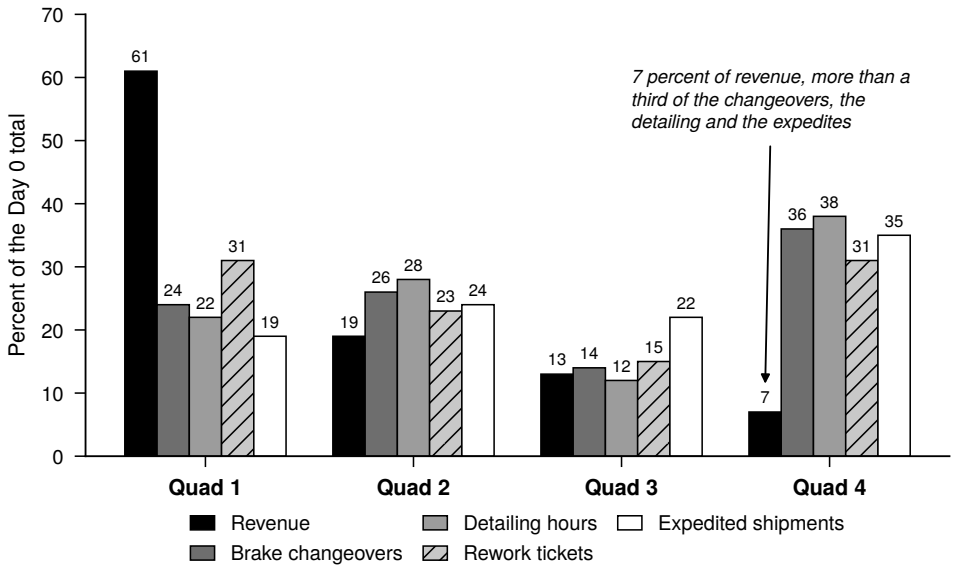


Fig. 01-02: The Quad of the work at Brennick, Day 0: Quad 4 brings in 7 percent of the revenue and consumes between 31 and 38 percent of every kind of hard work the plant counts.

Ruth had already shown me why the last program died, on my first morning. Tape in Cell 1 faded to concrete gray. The kaizen newspaper by the number-three brake, untouched for twenty-six months. A 5S clipboard reading 3.4 out of 5 under a date nobody could account for. The Lean Room, holding sixty boxes of old travelers. Joanne Yates's binder did the rest: fourteen events in eighteen months, 380 ideas, 212 people trained, the 5S average up from 2.1 to 3.4, while on-time delivery slid from 71 percent the month she started to 68 the month she left. Her first event went where a foreman volunteered, the bullet-resistant door area, 1.4 percent of revenue. One binder, all four fades, and none of it Joanne's fault.

Reuben Kendrick read the Quad of the work twice and reminded me those were customers. They were, and the page showed who was paying for them: the A distributors, in late frames. Quad 4 went to Reuben's own simplify

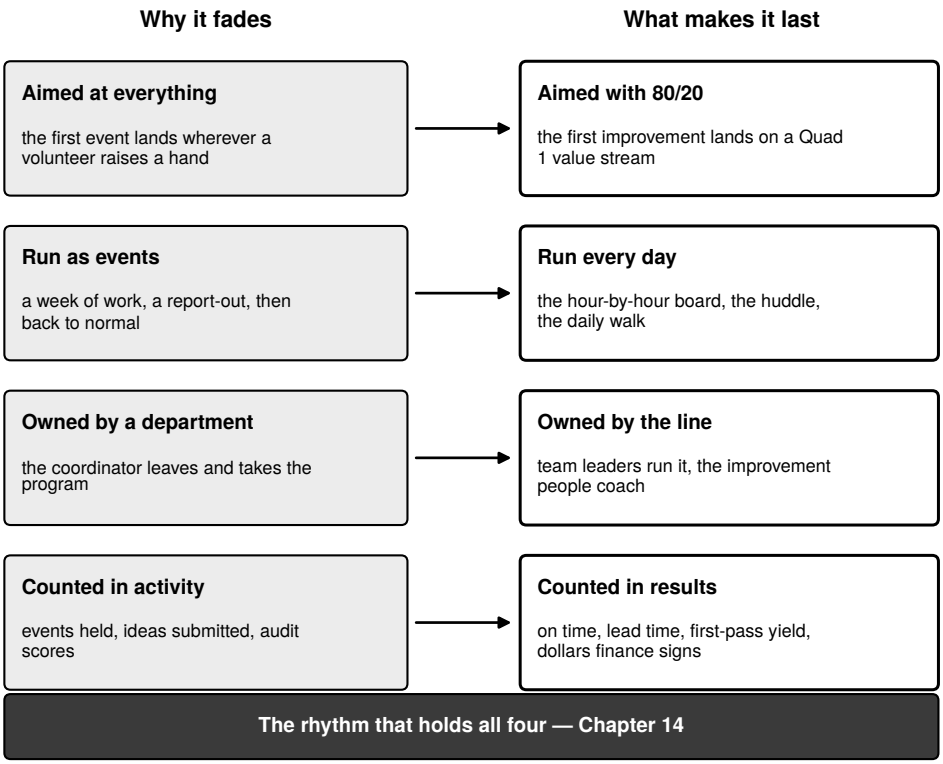


Fig. 01-01: Why Lean fades, and what makes it last: four mistakes, four antidotes, and the rhythm that holds them.

track, and by Day 180 it had retired 1,240 of the 7,800 configurations. Cell 1 was the obvious model line, and on Day 15 the four results went up on a whiteboard in front of both shifts. When Emmett Whitford asked at the Day 30 board meeting what it would cost and when the board would see it, I said under $1 million of capital in Year 1, mostly tooling, the model line's on-time number by Day 100 and the company's by Day 365, with the dollars on Carol's signature, not mine.

WORKSHEETS

Three worksheets carry this chapter: where the work goes, why the last program faded, and the line, the count and the promise you start with.

Worksheet 1

The Quad of the work

Sets each Quad's share of the hard work beside its share of revenue, so the first improvement goes where it pays. The finance analyst builds the Quad, each count's owner brings it, and the leadership team reads the page together.

The Quad. Every invoice line from the last twelve months. Draw the A line at 80 percent of cumulative revenue, once for customers and once for products, and check that the four Quads add to the P&L.

Twelve months covered, from and to

A customers, of how many in all

A products, of how many active

The counts. Four things your people call the hard part of their day. Count by hand or with whatever tools you have, then tie the totals to the books.

What makes the work hard	Where the count comes from	Who pulls it	Twelve-month total, tied

The shares, in percent, counts in the order listed above, each column adding to 100.

Quad	Revenue	Count 1	Count 2	Count 3	Count 4

Where work runs far ahead of revenue

Where the two run close (improve here first)

Quad 4 simplify list: owner and date

Brennick's version

Carol Abernathy and her analyst had it by Day 9: forty-six A distributors of about 238, 1,410 A configurations of about 7,800, and $104.0 million split $63.4 million, $19.8 million, $13.5 million and $7.3 million across Quads 1 to 4. The counts were Ruth Treadwell's brake changeover log, Raj Mehta's detailing hours, Naomi Takeda's rework tickets and Carol's expedited freight bills. Quad 4 ran at 4.4 to 5.4 times its revenue share (31 over 7, up to 38 over 7) and went to Reuben Kendrick's simplify track, closed to Lean work until each stream had its decision.

Quad	Revenue	Changeovers	Detailing	Rework	Expedites
1	61	24	22	31	19
2	19	26	28	23	24
3	13	14	12	15	22
4	7	36	38	31	35

WORKSHEET 2

The four fades — where the last program faded

Reads what the last program left behind and names the fades that ended it, before the next one starts. The plant manager walks the chief executive through the layers, and no one is blamed by name.

The layers. Walk the floor and the offices, one row for each trace of the last program.

What it is	Where	Newest date on it	What it was meant to show

The record, from whatever the last program kept.

Who ran it, and when they left

What it counted every month

Where its first event went, and why there

That area's share of revenue

On time when it began, and when it ended

How long it outlived its owner

The four fades. The evidence for each, in a line.

Aim: was it pointed at everything?

Ownership: was it one department's?

Rhythm: did it come in bursts?

Count: did it count activity, not results?

Each fade is written as a choice to reverse, not as anyone's fault

> **Brennick's version**
> Day 0: a sun-faded banner over the cafeteria microwaves, then, with Ruth Treadwell, tape in Cell 1 the color of the concrete, the kaizen newspaper by the number-three brake untouched for twenty-six months, a 5S clipboard at 3.4 out of 5 under an unexplained date, and the Lean Room full of old travelers. Joanne Yates's binder counted fourteen events in eighteen months, 380 ideas, 212 people trained and a 5S average up from 2.1 to 3.4, while on time fell from 71 percent to 68. Her first event went to the bullet-resistant door area, 1.4 percent of revenue, because its foreman volunteered. Events stopped within a quarter of her leaving, the boards within two. All four fades, and I told Ruth I didn't blame Joanne, who had done the job she was hired to do.

WORKSHEET 3

The model line, the four results and the commitment

Ties the program to one line, four numbers and one promise before the first kaizen. The chief executive fills it in with the plant manager and the chief financial officer, then reads the last part aloud to everyone.

The model line. It passes all five, or it isn't the one.

The line or cell

Quad 1: an A product, bought by A customers
Seen: people pass it daily and will notice the change
Wanted: its leader asked when, not why
Measurable: a before-and-after result inside a hundred days
Contained: one value stream, starting and finishing within it

Owner, leader, and a coach who owns nothing

Day 100 falls on

The four results, today's number beside each, before anything changes.

On time and complete, to the promise

Lead time, working days, release to ship

First-pass yield

Dollars: EBITDA, and the lines it will move

Signed by the chief financial officer, date

The commitment. Written once, read by you, the same words every time.

The words

Read to whom, where, on what day

What it does not promise was said as well

> **Brennick's version**
> Cell 1: stock welded frames, mostly for the A distributors, 240 a day on two shifts, on the main aisle to the cafeteria. Ruth Treadwell was its owner and Luz Avila its leader, and Tunde Adeyemi, hired on Day 20 into Joanne's old budget line, coached it and owned nothing on the floor. The results went on a whiteboard in the warehouse on Day 15, both shifts there: 68 percent on time and complete, 42 working days for a welded frame from release to ship, 86 percent first-pass yield, and EBITDA of $10.0 million with $13.7 million tied up in inventory. I read the commitment off the page so the words would never drift: no one at Brennick would lose a job to an improvement, and a person a better way freed would get better work. Vern Rourke kept his arms folded and stayed for the questions.

RUNNING IT WITH THE TEAM

The three pages come out of three sittings, and the first isn't a meeting at all. It's a week at a desk for the chief financial officer's analyst, drawing the Quad from the invoice lines and tying it to the P&L. Nobody else needs to see a draft until it foots.

The second sitting is two hours around the Quad of the work: you, the plant manager, the chief financial officer, and the heads of sales, engineering and quality, each of the last three carrying a count and the source it came from. Open by saying what the page is for, which is aim and not blame, and that no customer is being fired today. Put the counts up one at a time and let each owner say where the number came from. Then set share of work beside share

of revenue and stop talking while the room reads it. Close by naming two things, the owner and the dates for the Quad 4 simplify list, and the model line, chosen on the five tests. If you already have a coach, the coach keeps the clock and the pen. Brennick drew its page before its coach arrived on Day 20, which is fine. The page doesn't need a coach. It needs counts that tie.

The layers are a morning on foot, the plant manager and you, with a notepad. Write down the newest date on everything. Read the old binder afterward, sitting down. Say early and out loud that the person who ran the last program did the job they were given, because some of the people you'll need liked that person, and the rest are waiting to see whom you blame.

The third sitting is the whole company, and it's yours. Both shifts, in a space big enough to stand in, the off shift brought in early and paid for it. Write the four results by hand with today's numbers. Then read the commitment from the page, not from memory, because people will repeat it to each other for years and you want them repeating your words. Say what it doesn't promise, too, a recession being a separate conversation. Take every question. You won't win the skeptics that day. You win them the first time an improvement frees somebody and they watch where that person goes.

What goes wrong the first time. Sales reads Quad 4 as a hit list, and the meeting turns into a defense of customers instead of a reading of work, so say again that the tail has its own track and its own owner, and Lean simply waits for its decision. Somebody proposes starting in Quad 4 because the pain is worst there, and the answer is no, because that is exactly where you would be making waste efficient. A count shows up that nobody can tie to its source, and it waits until it can. And the model line gets picked by seniority instead of the five tests. A leader who asks when is worth more than one who outranks him.

THREE QUESTIONS FOR MONDAY

1. What did your last improvement program count every month, and what did on-time delivery do while it was counting?

2. Which of your customers do you suspect use the most changeovers and engineering hours for each dollar they spend, and how soon could you know for certain?

3. If a better way made a job on your floor unnecessary next month, where would that person go, and could you say so in one sentence in front of both shifts?

BEFORE YOU MOVE ON

You should now have, on paper:

- Worksheet 1 — the Quad of the work on one page, every count tied to its source
- A Quad 4 simplify list, every stream on it with an owner and a deadline, and no kaizen booked there
- Worksheet 2 — the layers of the last program, each dated, and the fades they show
- Worksheet 3 — one Quad 1 model line that passes all five tests, with its owner, leader and coach named
- The four results with today's numbers, posted where the model line can see them
- The commitment in writing, read aloud to both shifts, with the date you read it