Current State of Lean

Summary of a 2016-2017 Lean Community Delphi Study

About This Report

Purpose

Over the past decade Lean Frontiers has been a part of many conversations with lean practitioners and coaches about "the state of Lean" and its future. We know that even more of these conversations take place when we're not involved. This "current state" review and "future state" projection is comprised of not just a few opinions, but also the consensus of the lean community's top thought leaders. The current state assessment of lean implementation and transformation serves as the basis for forecasting the future development and impact of lean on business and operational practice. The forecast explores lean today, its challenges, and its future direction to success.

In early 2016, Lean Frontiers set out to collect and consolidate thoughts from a group of well-known and widely respected lean thought-leaders and practitioners using a prescribed methodology called the **Delphi Method**. Delphi is based on the principle that forecasts (or observations and interpretations) from a structured group of individuals are more accurate than those from unstructured groups.

Lean Frontiers coordinated an anonymous investigation, which was conducted by two experienced Delphi facilitators. The survey had multiple rounds in which responses were submitted, grouped, and fed back to participants for reflection and reaction. In the end, the Delphi facilitators and Lean Frontiers prepared a consensus report on the current state of lean and the future challenges and developments with direct input from an anonymous expert panel, for the lean community to absorb and hopefully respond to.

About Lean Frontiers

Since 2005 Lean Frontiers has focused on addressing the lack of enterprise-wide adoption of lean principles and practices as well as missing foundational skills important to sustaining an improvement culture. Equally important is that Lean Frontiers is not a consulting firm. The company's sole focus is on providing learning opportunities to address…

- **Enterprise-wide Adoption of Lean:** Lean is a business model and must therefore include every part of the business, including those in Executive Leadership, Accounting, HR, Sales, Product Development, Supply Chain, and IT.
- **Foundational Skills:** There are gaps in foundational skills in most lean organizations including Improvement Kata/Coaching Kata, TWI Job Instruction, TWI Job Methods, TWI Job Relations, Leadership Development, and Lean Coaching.

Lean Frontiers offers a set of learning opportunities such as:

- **Annual Summits:** Large, dynamic events with dozens of top thought leaders and practitioners with 100 or more attendees.
- **SkillPoint Workshops:** Smaller, hands-on, intensive workshops with an experienced coach/facilitator over the course of one, two, or more days.
- **Online Events:** Includes free webinars, fee-based on-demand courses, and live streaming events mimicking an in-person Summit.

Current State of Lean: Summary of 2016-2017 Lean Community Delphi Study

It has been about one year since we first engaged you, leaders in the Lean community, to answer questions about the state of Lean and asked for your recommendations on how to advance Lean into the future. We used the Delphi Process, which was designed to collect your thoughts and consolidate them into collective views of the state of Lean. We collected your statements, sorted and analyzed them to represent your responses, and formed some conclusions about your Lean experiences.

The questions we asked were designed to help formulate the current state of Lean, the problems you see with your efforts, and some possible recommendations for the future. The questions are listed below:

1. To what extent have we been able to show the value of lean/CI to senior leaders?
2. How much longer will companies and organizations continue to "experiment" with lean/CI if we are not able to better demonstrate its business value?
3. What is working/not working about the approach to transform organizations to lean/CI?
4. What are the underlying assumptions in the lean/CI community? What are ours?
5. What are the questions the lean/CI community needs to be addressing?
6a. What are we providing the lean/CI community?
6b. What should we be providing?
7. What needs to be done or done more of to demonstrate the value of lean/CI as a way of doing business to senior leaders?

To present the findings, we have grouped your responses into the following three categories:

1. Is Lean a management fad, like Six Sigma, Business Process Reengineering, or In Search of Excellence? Will Lean have a longer life with real benefits? How long will Lean last?
2. What problems are seen by the Lean/CI community in:
   - delivering the rationale to Senior Leaders for Lean and,
   - describing the role Senior Leaders should play to reinforce the efforts of their organizations in becoming lean? What are the recommendations for improving the messaging and engaging Senior Leaders?
3. What problems are seen by the Lean/CI community in our approach to transforming organizations to Lean/CI cultures? What are the recommendations for how to provide value to these organizations?

Structure

This paper is arranged to cover each of the three categories separately. Each category has a brief overview of the category, your top responses to the questions that relate to the category, and then a brief synopsis of:

1. current state,
2. problem analysis, and
3. potential countermeasures.

The questions you received and your responses are in the boxes below. An overall summary at the end covers the high level learnings from this Delphi process.

Is Lean a management fad?

Overview Based on Responses

Management fads all share some basic assumptions that give them a finite timeframe. One of these assumptions is a command and control mindset: "We need to deploy this fad, and then make sure everybody is following the procedure." It is assumed that a fad is good for everybody - a blanket solution - and that leaders need to deploy the fad and be the champion of it. Nearly all fads have an expectation of developing a group of internal experts to "help" the employees comply with the principles of the fad.

Whether Lean is a management fad can be addressed by examining your response to Question 2 which addresses the current state and problem analysis.

> *Question 2: "How much longer will companies and organizations continue to "experiment" with lean/CI if we are not able to better demonstrate its business value?"*
>
> *47% believe Lean is short term, 1 to 2 years.*
> - "This is because the mindset of leaders is still anchored in financial control, and they are searching for an ROI."
> - "Many leaders also believe that Lean is a short-term effort because the change approach and process are not well organized."
>
> *32% believe that the length of the Lean program is determined by external issues.*
> - "Examples include reorganization, new leadership, financial conditions of the company, etc."
>
> *20% are true believers that Lean is a long-term effort.*
> - "They see the effort as a way to change the fundamental management principle from command and control to an engagement model of building basic problem solving capabilities throughout the organization."

Current State

- Based on your responses, 80% believe that Lean/CI is currently perceived as a program, and there is an expectation of short term financial benefits.
- Many Lean/CI initiatives have similar characteristics to management fad programs that have a history of high percentage of failures and finite timeframes.

Problem Analysis

- The mindset of command and control, and belief that the Lean program needs to be deployed throughout the organization and then measured, is a problem. This concept is supported by Lean assessment tools that measure the adoption of Lean.
- Leadership continues to look for the next silver bullet. What new fad can help us achieve short term financial gains?
- Large internal organizations of Lean experts to "help" the organization become Lean are consistent with management fad programs and can limit line workers and managers from accepting the responsibility to become Lean.

Countermeasures

- We need to create awareness in our Lean/CI community about an approach of making change that is fundamentally different from management fad approaches.
- What we deliver to senior leaders needs to be more robust in messaging the value of lean and the differences between lean and other management fads
- We need to engage senior leaders in changing their role from command and control leaders to engagement leaders.
- We need to adopt the recommendations that you suggested in your answers to Question 7, which are covered in the next section.

What are the problems and countermeasures of our delivery to senior leaders?

Overview Based on Responses

The ideas and messaging that we communicate and the way in which we engage senior leaders is an important point of delivery to the Lean/CI community. As indicated in the previous section, leadership can model the Lean mindset to create a culture of problem solvers. If they do not demonstrate Lean leadership behaviors, the culture will fall back to the status quo. The role of the senior leader needs to change from monitoring results (technical), to interacting with their organization to develop problem solving capabilities (social). Senior Leaders need to model communications skills that build respect and trust so that the organization can deliver the results expected. And instead of looking at results only, leaders need to develop the means to achieve results by engaging with the people who are delivering value to the customer.

Question 1 addresses the current state and problems associated with our delivery to senior leaders.

Question 1: "To What extent have we been able to show the value of Lean/CI to senior leaders?"
44% responses were pessimistic and had a high level of agreement to the following responses: (top 5 responses) • "Most senior managers continue to see Lean as a physical operational change that will reduce cost and maybe improve quality. The benefits of developing a workforce to use the system for ongoing improvements have been realized by few…" • "There has been a systematic failure among internal lean leaders to engage senior leaders in ways that are meaningful to them…we have failed to offer value in their terms." • "Many senior leaders do not see the value of lean/CI because they are given methods to copy and not principles to understand. … Because they do not understand the principles, they believe it does not pertain to them and as a result do not change their behavior."

- "I think that we have not done a good job of getting the lean message to senior leaders and that is why the level of lean success examples is so small. I think most leaders have heard of lean but have a very misguided view of it."
- "The deep philosophical and behavior shifts necessary for progress on the human side of a company are far from recognized. It may even be regressing, as companies keep regarding people as expenses to minimize, not possibilities to develop."

28% responses were somewhat positive…but this group suggested that leaders are not willing to get personally engaged in the Lean/CI change with the following statements: (top 3 responses)

- "But even where they see the value they do not see that they need to change their leadership to help the lean/CI to have a larger impact."
- "Unfortunately, many leaders want results but not willing to make effort."
- "Our ability depends on the willingness of the Senior leader to learn. Nothing can be done if someone has no interest. If there is interest, we can expose them, but they must take action to really understand."

28% responses were positive with the caveat that leaders who are engaged provide better results: (top response)

- "Results have been mixed. The best results in companies happen where the top leaders are personally invested in learning and applying."

Question 7 looks at possible countermeasures for engaging with senior leaders to address the two problem gaps and move the effort from a management fad to a cultural transformation.

Question 7: "What needs to be done or done more of to demonstrate the value of Lean/CI as a way of doing business to senior leaders?" (top 5 responses)
"We MUST shift our way of thinking about Lean from a project or initiative to a way of being."   "We MUST expand our focus from tools and systems to Principles, Systems and Tools - with Principles being the driver."   "We MUST help leaders to see their primary role of building cultures of excellence."   "We MUST teach senior management how to take responsibility for culture and help them to see the cause and effect relationship between results and behavior."   "Better explain the long-term values of CI values and behaviors."

Current State

- Senior leaders are looking for short term financial results.
- They currently do not see that they need to change what they do and they are expecting the internal Lean/CI group to make Lean happen.
- We in the Lean/CI community have not been able to demonstrate the benefits of lean to senior leaders.
- We have not been able to engage leaders to understand and develop a new leadership role to support the transformation.

Problem analysis

- Senior leaders do not understand and believe in the value of benefits that can come from Lean. They do not seem to realize that, if practiced as Toyota does it, Lean can be about both short-term results and building performance capability for sustainable and growing long-term results.
- Senior leaders do not understand their role in creating a culture of problem solvers and have not been coached in how to interact with their organization and model the behaviors that build trust and respect.

Countermeasures

- Develop a robust presentation that clearly explains the benefits of lean over the long term. It needs to include examples of performance improvements, the underlying principles of lean thinking, and the implication of the changing role they need to experience. The presentation needs to expose the problems with short term financial focus and how Lean can overcome these deficiencies. The focus on culture change needs to be included to create awareness of the importance of the role leaders have in creating the environment for change. Test the delivery of this message with various senior leader groups and then make improvements per their responses.
- Develop a senior level engagement process that is oriented to building problem solving capabilities for leaders. Included in this engagement process is selecting practice areas for leaders to recognize the impact of their existing habits and assumptions and to learn how to model a communication practice that builds trust and respect.

What are the problems and countermeasures of our methods for transforming organizations to Lean/CI cultures?

Overview Based on Responses

Our customers range across three primary value streams, from operations, to product development, to acquiring new customers. We support the Lean/CI efforts from senior leaders to value creators. We also serve all the functions in the organization that support the primary value streams. Many organizations have internal Lean/CI groups who have been charged with changing the rest of the organization. All these groups are considered in this section when we ask about our delivery of Lean/CI with the purpose of transformation.

The current state is examined through Question 6 below:

Question 6a. What are we providing the lean/CI community? (top 7 responses)
• "As consultants, too often we provide solutions when we should be providing a path that   teaches the organization how to create solutions". • "Networking is available." • "We are providing good training opportunities and conferences for sharing best practice. We are engaging many good people and providing an opportunity to improve what they do and the way they do it." • "The production world is going to change for technical reasons. So will a lot of business models in service industries." • "We are providing workshops that prescribe solutions and we should be providing workshops that create learning experiences." • "We provide short term training events and conferences." • "We are providing a bunch of tools."

Question 3, below, looks at Problem Analysis; what is working, what is not working, what is missing.

Question 3: "What is working/not working about the approach to transforming organizations to Lean/CI?"

What is working? (top 3 responses)

- "a tool based approach that becomes program of the month."
- "It is easy to see that when there are the right leaders in place things work. If not then they don't."
- "The marketing seems to be working to a great extent since many people are at least aware of lean/CI."

What is missing? (top 3 responses)

- "Very few people have built the process into the core culture of the organization and
- "Management taking responsibility for their business, developing purpose, the processes and their people and integrating learning into their line roles."
- "Leaders are not focusing on teaching and reinforcing the fundamental principles as the core beliefs of the organization and managers are not aligning the key management systems of their businesses to be certain they are driving ideal, principle based behaviors."

What is not working? (top 3 responses)

- "For the most part it (lean/CI) has been approached as a project, or initiative. Something outside of the normal work that must happen in an organization to deliver results."
- "Too much focus on projects."
- "Unable to shake the focus on Lean tools. The initial focus on Lean tools in the 1990s remained in place until at least 2007 and has left a lasting impression."

Some potential countermeasures are covered by Question 5 and Question 6b.

> **Question 5. "What are the questions the Lean/CI community needs to be addressing?" (top 3 responses)**
>
> - "How do we shift the focus from primarily on results to a focus on both results and behavior?"
> - "Why do we have a low rate of sustainability of lean?"
> - "How do we get senior leaders truly interested in leading the lean work?"

> **Question 6b. "What should we be providing?" (top 5 responses)**
>
> - "People must be taught how to question, analyze, listen, problem solve and communicate."
> - "We need to make people understand that if you want to get the strategic advantages of being lean that everything you do must change, e.g. sales, accounting, HR, product development, computer systems etc."
>
> **Question 6b. "What should we be proving?" (top 5 responses continued)**
>
> - "We need to provide learning communities that allow for long term shared experiences and growth. A framework and model for understanding what executives value in ANY organizational intervention they have endorsed."
> - "People need the basics and to realize that they need to keep practicing the basics in order to get better and to have insights into the next things they need to learn."
> - "We need to provide the understanding that you don't just want to do lean you want to be lean."

Current State

- We are currently offering Lean solutions to our customers in training sessions.
- We provide opportunities for networking and copying best practices.
- We are focused on operations with the expectations that the learning will be adopted by other non-operations functions. We are still providing Lean tools.
- Senior leaders have been sold programs that assume the lean experts, internally or externally, will engage operators and staff in waste elimination, problem solving and continuous improvement to improve KPI results and reduce costs.

Problem Analysis

- Providing training in Lean tools and Principles is not developing the basic skills of a Lean/CI.
- A project-oriented mindset limits our ability to develop problem solving and communications skills.
- We have not adequately engaged the leaders to:
  - define and deploy responsibility to solve performance problems and
  - engage the organization to solve those problems at the process level
- We have not approached Lean from the perspective of changing to a trusting and respectful culture.
- Using lean experts directly with the staff has led to overlooking the role of middle level managers in learning how to achieve performance improvements through the engagement of their organizations in problem solving and continuous improvement.

Countermeasures

We have all been trained in lean, but our personal development needs to be around how we question, analyze, listen, problem solve, and communicate. We need to learn the skills ourselves so we can model these behaviors with our customers.

Senior leaders should make their direct reports and middle-managers responsible for leading CI/Problem Solving by their employees. They need to recognize that this is a process of developing new capabilities to achieve measurable and sustainable performance and results.

We should emphasize our ability to network the Lean community to grow the learning. And use the community to identify and address our shared needs to change from Lean solutions to practices of problem solving and communication.

We need to emphasize the best approaches to culture change as transformation models. Becoming Lean should be an internal social movement, not just an application of practices and tools.

We need to model how to build trust and show respect through our interactions with our customers.

Summary: What do we believe we have learned?

There have been some improvements made from our efforts to create Lean/CI Organizations but there are some large gaps we need to close. These are our thoughts based on your ideas and responses for ways we can contribute to taking Lean to the next level.

1. Although there is great variation in our approaches, too many efforts are consistent with the characteristics of management fad programs. The merging of Lean and Six Sigma is an example of falling into the trap of Lean becoming a fad based on certifying specialists. As leaders in Lean, we need to change our mindset from being the experts of Lean to being problem solving coaches. We do not own the problems, but we can work with our customers so that they understand their problems, where the problems exist, and who needs to be solving the problems. We need to model communications that build trust and respect and encourage our customers to begin building problem solving and effective communications skills.
2. We need to work with both Senior Leaders and Value Stream Leaders to clarify the value of Lean and why and how it is different from what they have been doing. We need to provide the leaders with a framework for identifying system-level problems that can be deployed to the right person at the right place at the right time. We need to coach them on how to interact with the teams in ways that build respect and trust.
3. We need to guide our customers in how to embed the discipline of PDCA learning at all levels through value stream improvement initiatives. These initiatives need to follow an organic growth model for change and should be selected and endorsed by senior leaders. Leaders and Managers can reinforce the change model through active participation in reflection sessions during which they model effective problem solving and communication skills. Through continued practice of PDCA and reflection, the culture of the organization will develop into a trusting and respectful problem solving mode of operation.

As Lean/CI professionals, we first need to work on our own skills. We need more practice in seeing the world through the lens of problems, not solutions. We need to learn how to do effective problem solving so that we can model this for our customers. We need to learn how to communicate with the intention of respecting other people's capabilities to think and solve their own problems.