



## Lean for the Long-Haul:

Why behavior is key for sustaining success



Over the last two years, leading organizations all over the world have had to become agile and resilient in order to effectively weather the severe economic downturn and, more recently, to be ready to capitalize on the apparent economic recovery. In conjunction with these market dynamics, businesses everywhere have turned to lean as a key enabler of their survival and resurgence. As a global leader in lean deployment, Capgemini Consulting recently set out to acquire a deeper understanding about the primary objectives of a diverse group of lean programs, gain insight into the key challenges organizations face in implementing lean, and better identify how overall satisfaction levels with lean programs may change over time. To accomplish this, input was gathered via a series of survey questions during the first quarter of 2010 from over 150 senior executives who have responsibility for leading lean initiatives in their respective organizations. Conclusions were used to inform Capgemini Consulting's own BeLean® approach about the best way to approach lean projects going forward.

### **Lean, why now?**

When looking at the results of the global survey, which included both private (83%) and public (17%) sector participants, the reason for lean's current popularity is not difficult to understand. As results from the Capgemini Consulting survey show, many of the primary business challenges that senior executives in operational roles face are challenges that lean programs can directly address.



## Key Business Challenges Identified by Lean Implementers



Note: Multiple answers permitted

This focus on cost reduction, increased operational efficiency and improved customer service has led to an increased focus on lean, a greater allocation of resources to lean initiatives and more aggressive plans for lean success in organizations that have previously established lean programs. It has also translated into many organizations recently deciding to implement a lean program for the first time. However, while it is encouraging to see many organizations turning to lean to address these pressing business challenges, it is also important to bear in mind that for both seasoned lean veterans and first time lean implementers alike, there exist a common set of pitfalls that can undermine the success of even the best intentioned lean program. Clearly there are some lessons that can be gleaned from looking at lean implementation efforts to date in order to get a better understanding of why some lean programs have been more successful than others. The Capgemini Consulting survey explored this question in order to understand some of the elements that characterize success and failure in the belief that addressing these elements in lean, and BeLean®, initiatives going forward will ensure future success.

## Challenges and Strategies for Lean Success

The results of the survey suggest that the top challenge in implementing a successful lean program is ensuring that it is sustainable over the long run. The survey results reflect this by showing that for many organizations, dissatisfaction with lean programs is highest one to two years after the initial launch of the lean initiative.

## Lean in the First Person

**Thoughts from senior executives responsible for lean implementations about the biggest challenges they face today relative to lean:**

“Managing the amount of change while making a step change to deliver the target state and meeting short term operational targets all within a balanced scorecard”  
- Financial Services

“Rewarding the job people do and ensuring it gets proper visibility”  
- Pharmaceuticals

“Making operational excellence a part of daily activities rather than a special program” - Chemicals

“Continuous and sustainable cost-out without reducing future business opportunities” - Oil and Gas

“Driving even more synergies into the organization to avoid falling back into pre-crisis behavior”  
- Banking

“Doing better for less” - Public Sector

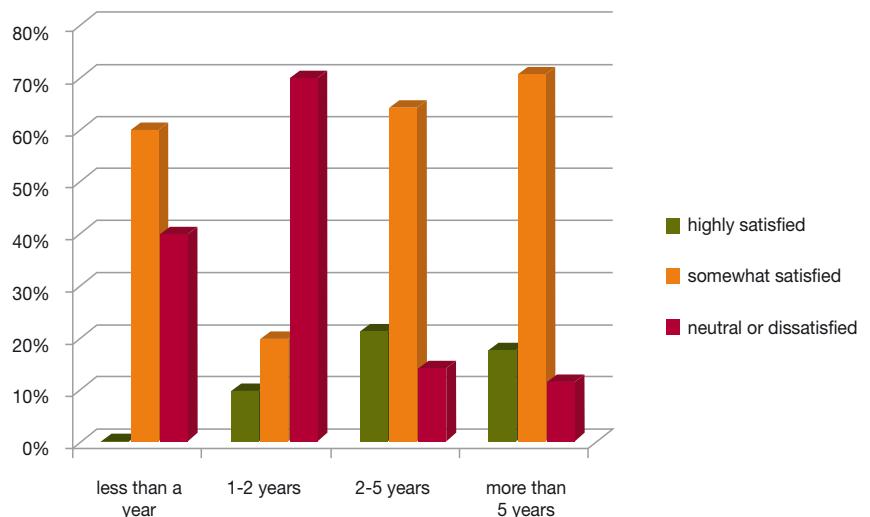
“Demonstrating supply chain sustainability credentials to the marketplace” - Manufacturing

“Building a culture of sustained and maintained business excellence in all functional roles” - Automotive

“Combining the highly diverse but universally demanding needs of our customers with the idiosyncrasies of our large and complex global organization in a cost effective way” - Consumer Packaged Goods

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### Level of Satisfaction with Lean Program Relative to Duration of Current Program

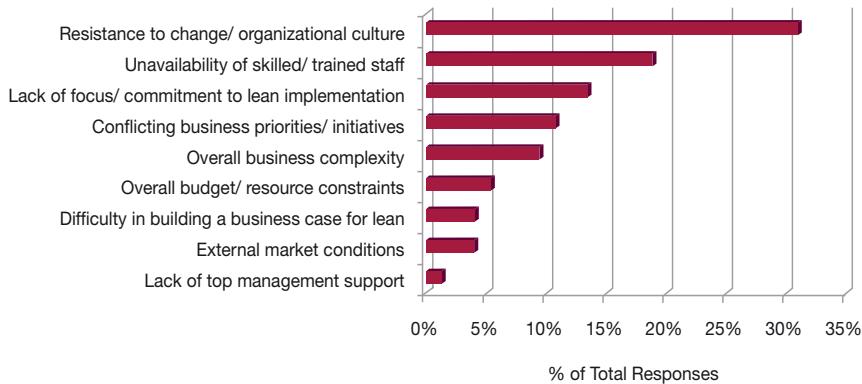


These results are not unexpected. What the results point to is a familiar pattern whereby many organizations initially deploy a lean program that places a strong emphasis on using lean tools and methods to achieve quick wins. These quick wins are able to generate a wave of optimism for the lean program but this soon changes to pessimism if corresponding behavioral changes are not embedded throughout the organization. As the survey results show, the 12 to 24 month period after a lean program is initially launched thus comes to represent a critical window. This is the time during which an organization either embeds the requisite behavioural change and sees satisfaction with their lean program increase in subsequent years, or fails to achieve this and sees their lean initiative fall victim to other initiatives that might come along.

As might be expected, bringing about the required behavioral changes needed to sustain the program is not easy and often takes longer to implement than the other aspects of a typical lean implementation, such as deploying standard tools and methodologies. However, the behavioral change component is, nevertheless, a critical element of any lean program. When asked about the specific challenges in implementing lean, the senior operational executives surveyed placed behavioural challenges well ahead of those challenges that dealt with deploying the lean toolset or even with those that dealt with having enough of the right resources available to maintain a lean program. More specifically, nearly half of survey participants listed “resistance to change/organizational culture” or “lack of focus/commitment for operational excellence” as key barriers in their lean journeys.



## Key Issues Preventing or Slowing Your Progression to Lean Sustainability



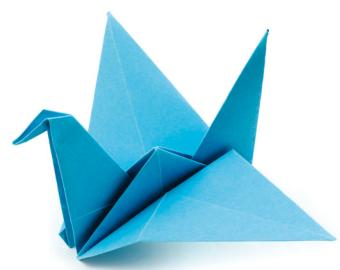
Note: Multiple answers permitted

With this in mind, the logical follow-on question is what can organizations do to bring about the needed behavioral change to ensure that their lean programs will be successful and sustainable for the long run. A look at the characteristics of existing lean programs that have exhibited long term durability reveals they usually include the following features:

- **Leadership:** In successful lean organizations, leaders at all levels in the organization lead lean initiatives by example. For senior leaders in an organization this includes setting guiding principles that establish ideal behaviours and then challenging themselves and their reports to display behaviours that reinforce the guiding principles. For middle managers, the leadership behaviours associated with lean often entail a new focus on ensuring that management systems are driving the right behaviours amongst their reports.

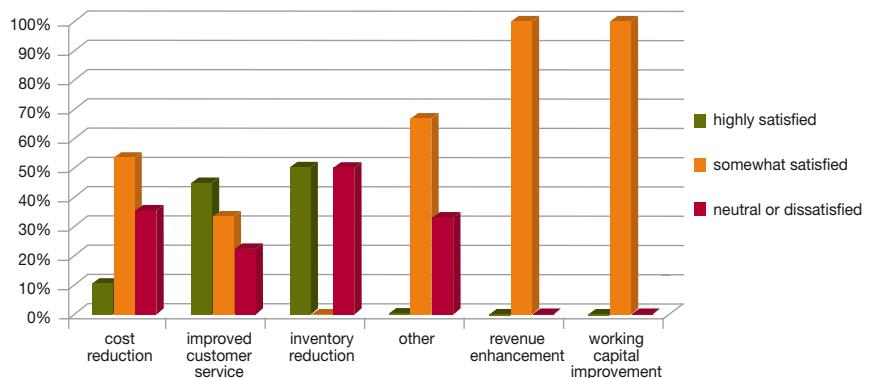
- **Recognition:** Promotion and retention of those associates who possess deep lean expertise is critical to lean success. This ensures the lean DNA of the organization is preserved and sends the right message about the importance of the lean program to the organization. To support this, top calibre high performers are the ones chosen as change agents to drive lean projects in the organization, via strategically positioned roles that are cycled every 18-24 months.

- **Strategic Alignment:** A successful lean program must be driven by a compelling burning platform that resonates throughout the entire organization. This burning platform is clearly linked to overall strategy and also clearly reflects the future intent of the organization. Burning platforms that focus solely on cost are best avoided, as these are difficult to mobilize the organization around in the long term and often taint the program as a "headcount only" exercise. This is borne out by the survey data which showed that those organizations who identify their primary objective of their lean program as either "cost reduction" or "inventory reduction" (which if not communicated properly can often be interpreted as being synonymous with scaling back operations) have the highest degrees of dissatisfaction with their lean programs.



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### Level of Satisfaction with Lean Program relative to Primary Program Objective



- **Performance Management:** Organizations that have been successful in sustaining their lean initiatives include a lean management system as a fundamental component of their lean program. While it is often pointed out that management is not a proxy for leadership, this does not mean that there is not a role for management in successful lean programs. On the contrary, sustainable lean programs are often oriented around a lean management system that will provide the glue that is required to pull the process and people improvement aspects of a lean initiative together.

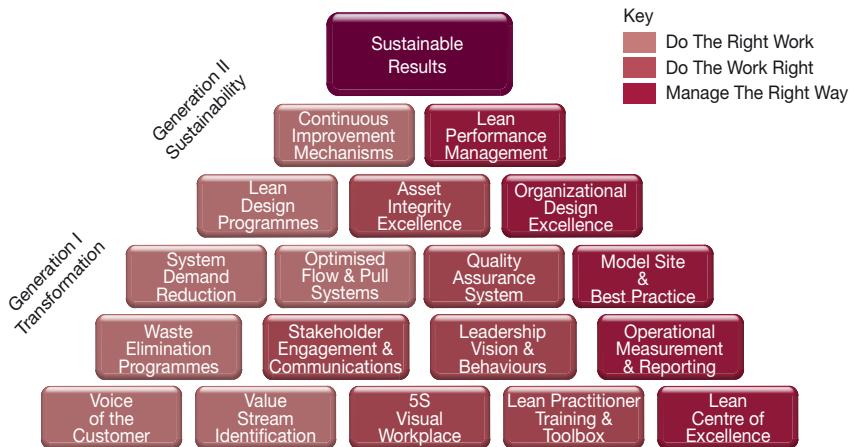
### A new approach to successful lean transformation

In light of the research findings, it would appear that traditional lean programs with their strong emphasis on lean tools and techniques and much less focus on implementing sustainable behavioral change need to be rethought. The solution requires a new approach to lean, such as Capgemini Consulting's BeLean® methodology, which includes a heavy emphasis on behavioral change as part of the lean deployment approach. This type of approach advocates three primary tenets in order to drive successful lean transformation:

1. Do the right work: Meeting customer needs at lowest cost by focusing only on value adding activities and ensuring no waste in the value stream.
2. Do the work right: Active and visible leadership at all levels ensures everyone knows their roles and what is expected of them.
3. Manage the right way: Ensuring the whole organization aligns and supports the effort to deliver the customer needs.



## Capgemini Consulting's BeLean® Methodology



Underpinning these three basic tenets is not just the traditional set of lean tools and techniques, such as value stream mapping and waste elimination programs, but also a set of methods that address the need for behavioral change such as stakeholder engagement and communication and quality assurance systems. To pull this all together, this new approach to lean also embodies the BeLean® Management System, that leverages techniques like operational measurement and reporting and lean performance measurement to properly manage all the aspects of the lean program, from strategy through to operational and day-to-day activities, in a sustainable manner.

## Conclusion

Lean can be a powerful ally for organizations seeking to address some of today's most pressing business challenges such as reducing costs and increasing operating efficiency. But lean initiatives that focus only on tools and techniques can quickly stumble as excitement from the initial successes diminishes and the lean journey becomes more difficult. A year into their lean implementations many organizations start to experience 'lean fatigue' which cannot be overcome through the application of tools and techniques alone: a fundamental change in behavior must also occur in order for the lean program to prosper. While traditional lean programs may not have placed a strong enough emphasis on addressing these behavioral dimensions, a new approach to lean is emerging which recognizes the importance of elements such as leadership, recognition, strategic alignment and performance management systems and embeds these elements as fundamental tenets of the lean approach. By adopting a new approach that addresses these elements, organizations can avoid mistakes of the past and ensure that their lean journey is both sustainable and successful.





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