



Leaders on Lean

Perspectives from the Operational Excellence and
Business Transformation Leadership Summit



On March 3rd-4th 2010, Capgemini Consulting hosted 175 senior executives at the *Operational Excellence and Business Transformation Leadership Summit* in Les Fontaines, France. The executives in attendance came from a variety of industries across the manufacturing, services, public and healthcare sectors and were typically senior executives responsible for leading continuous improvement programs within their respective organizations. Consequently the perspectives provided by the summit attendees provide a valuable insight into both the challenges organizations are currently facing in deploying lean programs and the successful strategies leading organizations are using to overcome these challenges. This document provides a summary of these challenges and strategies.

Today's Biggest Challenge: Sustainability

As one speaker at the event noted, organizations currently find themselves at an interesting crossroads with respect to lean initiatives: while adoption rates of lean programs are high, overall satisfaction levels with lean programs are less than satisfactory. Exploring the reasons behind this phenomenon was a major objective of the summit. Based on the inputs of the executives in attendance at the summit, the overarching cause of much of this dissatisfaction stems from the challenges in ensuring that lean programs are sustained once the enthusiasm and successes often associated with the initial launch of a lean program start to fade. The insights shared during the conference revealed that the challenge of how to sustain lean initiatives is closely tied into the tendency of many organizations to initially focus on deploying lean tools and techniques at the expense of focusing right from the outset on the change management dimension of deploying lean. More specifically, while many organizations do a good job using lean tools and techniques to quickly generate some initial lean successes, they do not take the parallel

steps needed to instill the required behavioral change at all levels in the organization. This behavioral dimension is essential in ensuring that people **think and work** differently and continue to focus on lean in the long term. Experience has shown that without this behavioral change, lean programs cannot flourish and prosper in the long run.

The debate led to a consensus that part of the issue of sustaining lean programs lies in the challenge of “managing the right way”. Too many programs miss or undervalue the need to change, improve or radically re-design, deploy and implement a new management system that connects strategy to operational execution and drives daily, weekly and monthly review cycles utilizing the full PDCA cycle – Plan, Do, Check, Act. Without this process and discipline, lean programs can become disconnected and end up relying more on fate than fact to obtain the ongoing results.

Strategies for Sustainability

The need for organizations to bring about behavioral change in order to ensure the long term sustainability of their lean program raises the obvious question of what strategies can organizations deploy to achieve this goal. The discussions at the Operational Excellence Summit provided valuable insight into this question and in summary, five strategies were repeatedly identified during the event as forming the key underpinnings of sustainable lean programs:

1. *Leaders in the organization have to lead lean initiatives by example.* Naturally, this may require



behavioral changes for both top executives and, equally importantly, for middle managers. For senior leaders in an organization this behavioral change will include setting guiding principles that establish ideal behaviors and then ensuring that these guiding principles are reinforced and ingrained throughout the organization over time. For middle managers the behavioral change may entail a new focus on ensuring that management systems are driving the right behaviors amongst their reports.

2. *Promotion and retention of those associates who possess deep lean expertise is critical.* This will ensure the lean DNA of the organization is preserved and send the right message about the importance of the lean program to the organization. Related to this, when selecting change agents to drive lean projects in the organization, top caliber high performers should be the ones chosen and cycled every 18-24 months through strategically positioned roles.

3. *A lean program must be driven by a compelling burning platform that will resonate throughout the entire organization.* This burning platform needs to be clearly linked to overall strategy and should also clearly reflect the future intent of the organization. Consequently burning platforms that focus solely on cost should be avoided, as these are difficult to mobilize the organization around in the long term and often taint the program as a “headcount only” exercise.

4. *Technology must be agile and responsive enough to support an organization’s lean agenda.* For this reason lean innovators have incorporated concepts such as Lean IT and Service Oriented Architectures into their IT strategy. As an illustration, Capgemini showcased the potential for lean in its own Outsourcing and Technology Services businesses – for example through improving the design and launch cycle for ERP solutions like SAP by eliminating interface delays – as a rich and new environment for improvements in efficiency and effectiveness.

5. *A lean management system should be a fundamental component of any lean initiative.* As discussed below, such a system will provide the glue that is required to pull the process and people improvement aspects of a lean initiative together.

Ensuring Sustainability with Lean Management Systems

The final strategy mentioned above for fostering sustainability in lean programs relates to employing a lean management system, such as Capgemini Consulting’s BeLean® Management System (BLMS), as a key component of any lean program. Since Lean Management Systems represent an innovation in the lean portfolio it is worthwhile to briefly elaborate on what is embodied in this concept. As was discussed at the Operational Excellence Summit, a lean management system such as BLMS enables continuous improvement through a constant, disciplined process that entails planning, monitoring and measuring events or processes. It is about constantly reviewing those KPIs



that define the success or failure of achieving business plans or objectives and then taking action accordingly. This requires the use of such techniques as Integrated Operations Planning, Short Interval Control and Escalation and Visual Management through an Information Center. Benefits are typically achieved through the following:

- Closed loop planning and execution – to ensure plans are delivered
- Full KPI cascade from management to operations – driving ownership down at the operational level (where the value is created)
- Root Cause Analysis (RCA) and Plan Do Check Act (PDCA) are integral at all levels of the business
- Using management information effectively to control the business at all levels

Conclusion

At the conference kick-off, the keynote speaker, Rene Carayol, challenged the executives in attendance with the thought-provoking rhetorical question “Why would anyone want to be led by you?”. This question proved to be prescient as the subsequent discussions, presentations and dialogues repeatedly came to the same conclusion: successful lean is about sustainable lean and sustainable lean can only come through effective leadership. Specifically, this manifests itself as leadership that leads by example, sets a burning platform that the organization can rally around, allows lean leaders to emerge at all levels of the organization and ensures that the right tools, technologies, and management systems are put in place to enable the success of the lean program.

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