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Creating the right Culture for implementing Lean in Service Industries

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What this document is about

This is a discussion document exploring the idea of Lean in business, in addition to how to best implement it in order to ensure sustainability.

Lean Solutions have been widely used but have not always been sustained

We compare two methods of lean rollout, hierachal and self governing

Alignment with a self governing model leads to the best opportunity for sustainability



Lean solutions have become embedded as a method of operational excellence, but they have not been successful everywhere

- **Lean Solutions have been used as a tool in many organisations**
 - Most large Manufacturing organisations, such as Nike, Ford, Toyota, and Boeing, use Lean Solutions as a foundation for operational excellence.
 - Lean is now being taken up extensively in service and government organisations, being tailored to suit the variety of products and complexity in service delivery.
- **The success of Lean is mixed**
 - 90% of Lean Initiatives stall within 3 years.¹
 - Companies pursuing Lean as a long term methodology (over 5 years) see the real effects of benefits paying off.²

Lean is not a philosophy, but the way its applied through the whole organisation



Recap: Lean is a methodology that focuses on specifications as defined by the customer, with a focus on reducing waste

- **There is a focus on value from a client's point of view in every step of the process**
- **There is an obsession with removing waste within the whole system**
 - A bottom up approach is used to identify wastes
 - It assumes that much of the waste/value is hidden
- **A true lean system would 'flow' and need little command and control**

“All we are doing is looking at the time line, from the moment the customer gives us an order to the point when we collect the cash. And we are reducing the time line by reducing the non-value adding wastes.”

Taichi Ohno (Toyotas founder of Lean)





Why has Lean only worked in some organisations?

- **The size of its implementation is often misjudged**
 - Lean is not just a quick-fix involving senior management and education, but instead a long-term commitment due to the implementation of new way of working.
- **The structural aspects of Lean often go unsupported**
 - Support from other functions is necessary to ensure that Lean moves onto the next level.
 - Lean does not work in isolation, but must be integrated throughout the company's systems and/or processes.
- **The organisation culture that embraces Lean is not established**
 - Lean is not just a set of tools for material/information flow or problem solving, but a management philosophy.
 - Management should focus on long-term changes that include sustained benefits for employees and clients rather than short-term financial results.



There are two common ways in which organisations implement lean culturally

	Hierarchical	Self-Governing structure
Senior engagement	<ul style="list-style-type: none"> • Work solely on data driven change • Change driven by management targets 	<ul style="list-style-type: none"> • Focus on the 'Hearts and Minds' • Demonstrate change by the delivery of change and its benefit
Getting the 'coal face' engaged	<ul style="list-style-type: none"> • Drip feed of Improvement Events • Creating project driven leaders • Assume that few people understand or 'get-it' and need education • It's about the right external support 	<ul style="list-style-type: none"> • Engage with the people and create change leaders • Assume people intrinsically have the knowledge of Lean, it just needs to be codified • It's about the people and change leaders
Getting champions/change agents	<ul style="list-style-type: none"> • Learn from the experts 	<ul style="list-style-type: none"> • Use rollout of change projects to gain knowledge • 'Learning by doing' methodology
Delivery of Project Approach	<ul style="list-style-type: none"> • Start with the big complex difficult ones along with the use of experts • Fix to a single non-adaptable methodology 	<ul style="list-style-type: none"> • Start with medium/smaller projects • Tackle complex projects once capability is in place • Learn and adapt methodology from experience
Change management	<ul style="list-style-type: none"> • 'Learn from us' • Single approach to meet goals 	<ul style="list-style-type: none"> • 'Learn from each other' • Multiple interventions to meet the goal

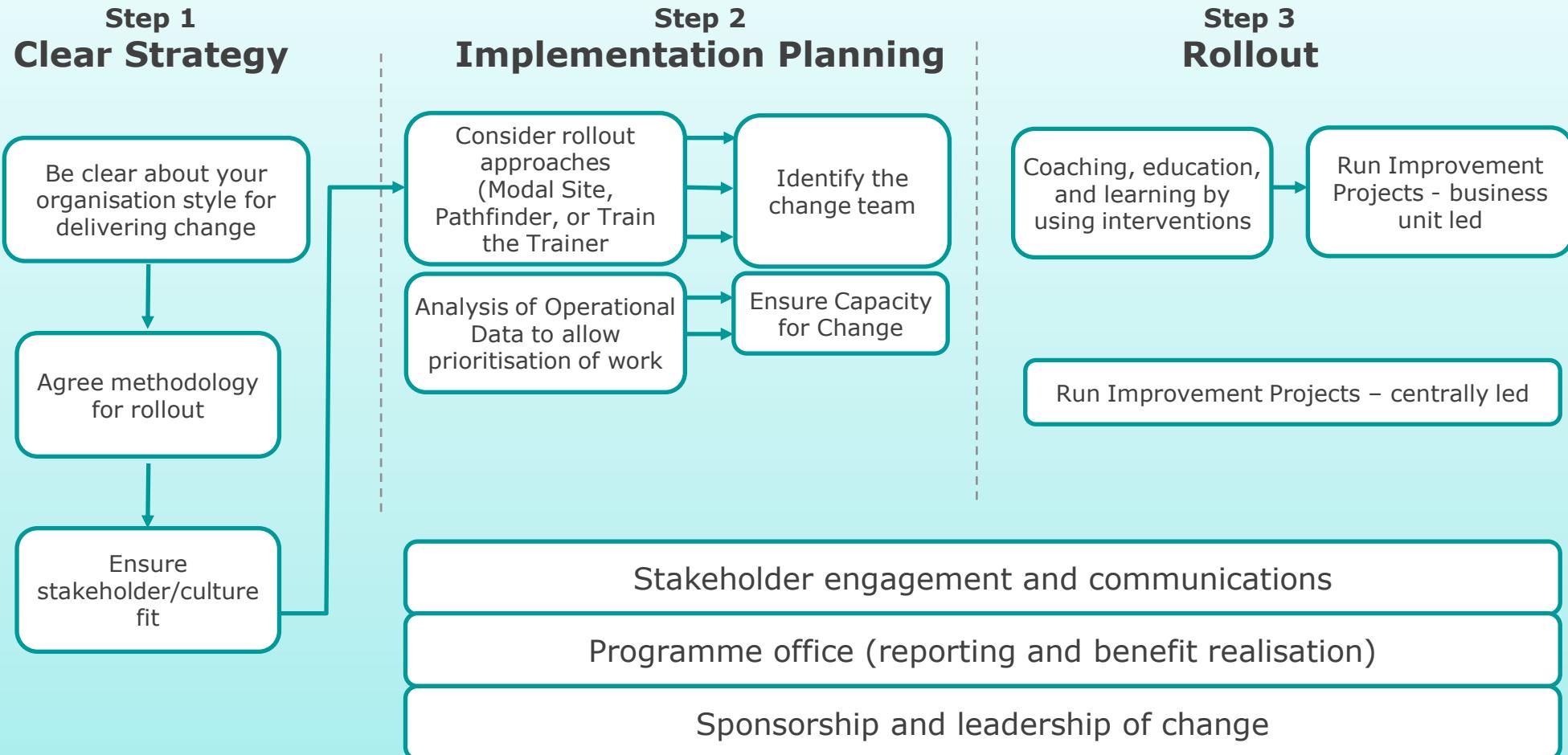


The Self-Governing method is the right approach for sustainability

- **Our table illustrates two approaches of implementing Lean**
 - Hierarchical or Self-Governing approaches stem from the company's culture.
 - The method which suits your company structure must be clear before you start.
- **Our experience tells us that the Self-Governing method has greater sustainability**
 - Employee engagement on all levels is sought, helping to ease the pressure of change management.
 - It focuses on a 'learning by doing' methodology for sustainability rather than short-term project success.
 - It focuses on building internal capability rapidly in order to drive change.
- **For organisations that have a strong sense of a top down way of working, the hierachal approach can work**
 - You need to ensure that there is full alignment of all employees in vision and that leadership messages are fully aligned with all staff.



Implementation plan for Lean using the Self-Governing approach



kinetik solutions

agility to sustain change



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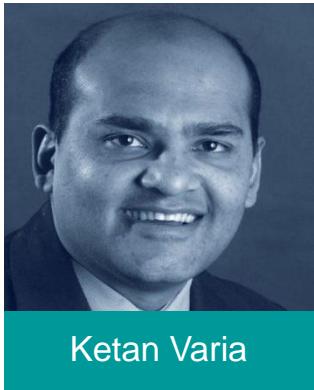
Consultancy profile

- Established in 2007, kinetik solutions delivers complex change for large organisations in the public and private sectors
- Our team consists of highly experienced consultants each with over 10 years change management experience in blue-chip organisations or a ‘Big 4’ management consultancy
- We continually invest in learning to offer the latest thinking in transformational change to our clients. We run regular public events on Lean learning for our NHS clients and are members of:
 - Lean Enterprise Group
 - Deming Alliance
 - Operational Excellence Group
 - Enterprise Thinking Group

Our solution areas

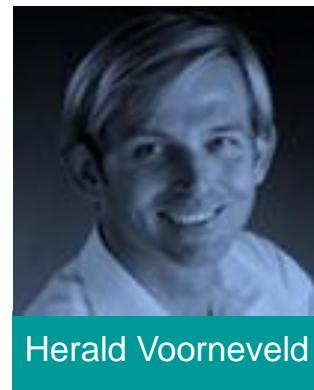
- **Complex Transformation Programmes**
We make change happen in a sustainable way
 - **Operational Design and Improvement**
Strategic design for complex processes and their implementation
 - **Systems Implementation**
Integrating process and IT change to achieve operational effectiveness
 - **Facilitated Workshops**
Fast, informed decision making, from strategy to continuous improvement
 - **Digital Content Collaboration**
Creating structures for rapid delivery in digital supply chains
- 

The Team



Ketan Varia

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Herald Voorneveld

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Sigma



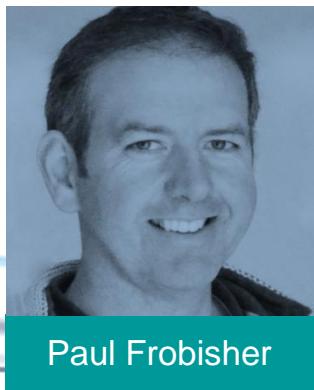
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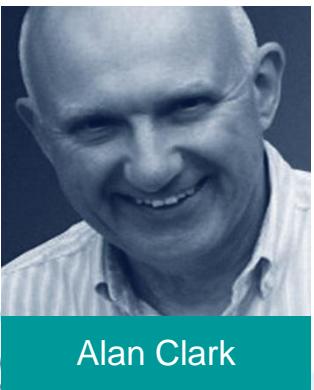
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Chain, Lean

We work with a range of clients in a variety of sectors



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