

Don't Lean Against the Silo

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Lean Enterprise is fast becoming a valuable concept for service and corporate improvement, as well as for traditional manufacturing. This is good. I am delighted to see organizations focus on prevention of waste, cycle-time reduction, effectiveness measures, etc.

What I see, however, is another phenomenon associated with the Lean Enterprise insurgency. We are using short-term Lean benefits for fast and visible results; forgetting that is only half the picture. Middle managers hear executives say “get the costs down” and start looking for pennies to save within their own departments. This knee-jerk response usually results in disruption of processes and cash flows that move horizontally across the organization. When we get out of step across functions, we inevitably reinforce our old departmental silos. Unless we communicate our cost reduction ideas with the rest of the organizational Value Stream, we will create further process disruption and increase our losses, not reduce them.

We cannot afford to go backwards. Lean and Lean Six Sigma are strong organizational excellence models. Six Sigma has always stressed a balanced approach to customer-focused long-term planning, with the process-focused shorter-term reduction of variation. The true definition of Lean addresses the customer-focused and driven approach to products and services created and delivered “in the right amounts, to the right location, at the right time, and in the right condition.”ⁱ Unfortunately, the title “Lean” implies reduction, which inevitably draws us toward the expense side of the business. Once we start counting pennies in our own pockets, we start rebuilding the silos.

There is nothing wrong with reducing expenses. Eliminating any cost that does not add value to a product or service is ante into the competitive game. Any organization that leaks money or people off the side of the ship is not going to be competitive in the long term. We cannot stop there, however.

Lean teaches tools such as 5S, Batch Size Reduction, Standardized Work, Quick Changeover, Teams, TPM, and Kanban. Each of these tools is effective when used appropriately. I suggest however, that we remember to keep our heads up above the dust clouds and use these tools as part of a systematic approach to overall organizational success. Open disclosure of our cost reduction opportunities across the total production or service creation and delivery process is required to experience the most effective use of resources. Unless we are in contact with our customers before, during and after Lean activities, we cannot ensure that we have retained or increased customer value while reducing cost.

George Alukal and Tony Manos, the founding leaders of ASQ's new Lean Enterprise Division, wrote in 2003:

“Proper planning and implementation management is the key in obtaining enduring success with lean deployment. Lean is not a quick fix; we are kidding ourselves if we think that lean

implementation is easy. Success requires not only good change management practices, but also the integration of lean into the overall business strategy.”ⁱⁱ

Keep the customer in your Lean Enterprise activities. Communicate across the organization about intended impact of waste reduction efforts at the department, product or service level. We have come too far in integrating system level improvement strategies to fall back into our silos of individual budget tightening. Use the tools of Lean as they were intended; Release every bit of non-value added expense back into the business to meet new market and customer needs.

Grace Duffy is a Six Sigma Master Black Belt, specializing in organizational excellence, leadership, strategic planning and quality improvement. She retired from IBM in 1993 as Manager of Corporate Technical Education. She served as Department Head for Business and Dean of Economic Development with Trident Technical College, Charleston, SC for 10 years. Grace is an ASQ Fellow, past Chair of the ASQ Quality Management Division and co-Chair of the ASQ Summit Outcomes Activity Results Committee.

ⁱ GOAL/QPC; The Lean Enterprise Memory Jogger, 2002, p.1

ⁱⁱ Beecroft, G. Dennis, Duffy, Grace L., Moran, John W.; The Executive Guide to Improvement and Change, Quality Press, 2003. p. 138.