

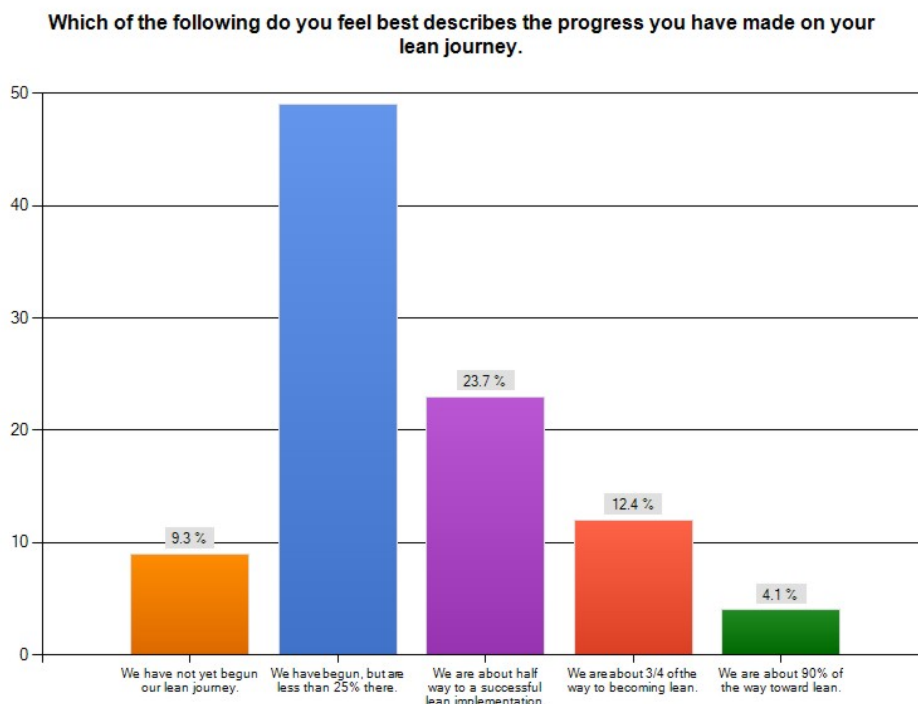
Lean Culture and Leadership Factors

A Survey of Lean Implementers' Perceptions of *Execution* and *Importance*

I recently solicited the opinions of lean implementers regarding the progress they have made and the importance of what I felt were key factors when implementing lean culture or management. The individuals who responded were either those who read my own blog, those who participate on the NWLean Yahoo discussion forum, or members of the Lean/Six Sigma LinkedIn forum. It is safe to say that all of these individuals are engaged in the process of implementing lean, either as an internal change agent or an external consultant. A total of 80 individuals completed the survey.

How can you use this data? All of those who implement lean practices are in the business of influencing, convincing or changing the behavior of both managers and employees. I think this data can be helpful in making the case for changes in behavior and practices that are essential to lean implementation.

About “validity:” All surveys contain some element of bias, either in the choice and phrasing of questions or on the part of the participants. The sample size of this survey is admittedly limited and since it is on the stated subject, it is likely that those self-selected participants have some bias towards the importance of this subject. In order to keep it



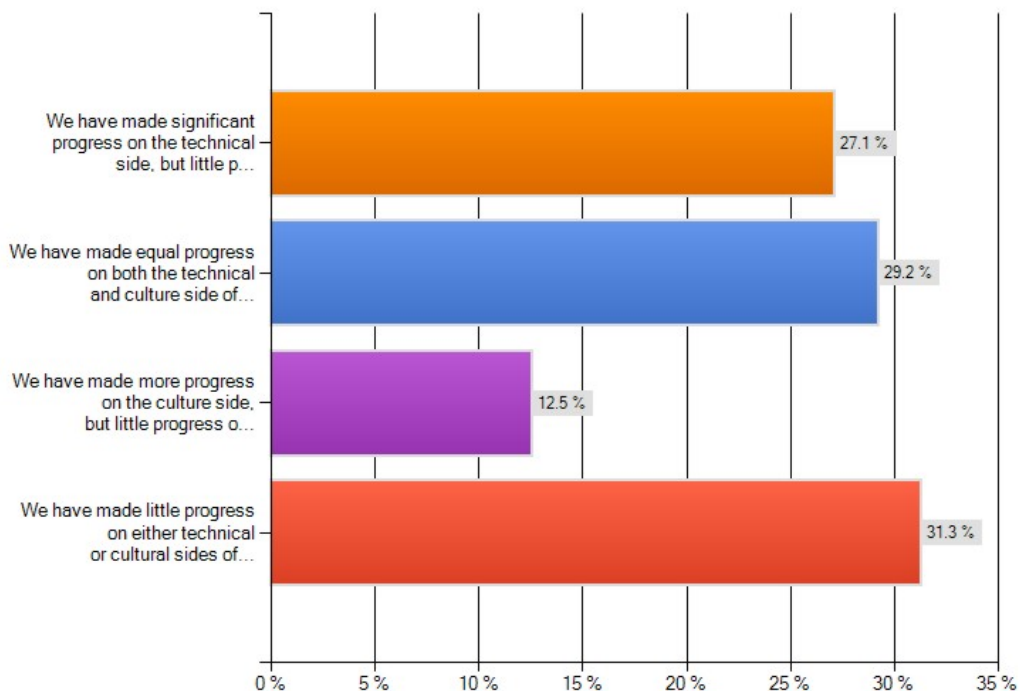
reasonably short, the nature of questions, in some cases, contain wording that is somewhat general rather than precise. I am not going to make any great claim to validity for this survey and I will provide the complete questions and responses for those who wish to do their own analysis of the data. I do feel, however, that it reflects some worthwhile wisdom from a fairly good sample of lean practitioners. It does point to specific concerns and needs as perceived by those implementing lean management.

Who are the participants in the survey? 63% work in the manufacture of “things”; while 9.3% are in chemical or liquid manufacturing. Only 2 were in healthcare and only one was in sales or marketing. 25% were in service organizations.

All surveys simply report the perceptions of those taking the survey, rather than some absolute measure. The pursuit of “lean” is often described as a journey. I felt it was worthwhile to ask where these practitioners perceived their organizations to be on their journey. It turns out that they have a fairly humble view of their progress. About sixty percent felt that they were no more than 25% of the way on that journey.

One of my own biases is to view the lean journey as containing two parallel tracks: the *technical track* of modifying factory layout, inventory processes, and other technical aspects of the work; and, the *social track* – all of the issues around the engagement, motivation and management of people. I asked the participants whether they felt they had

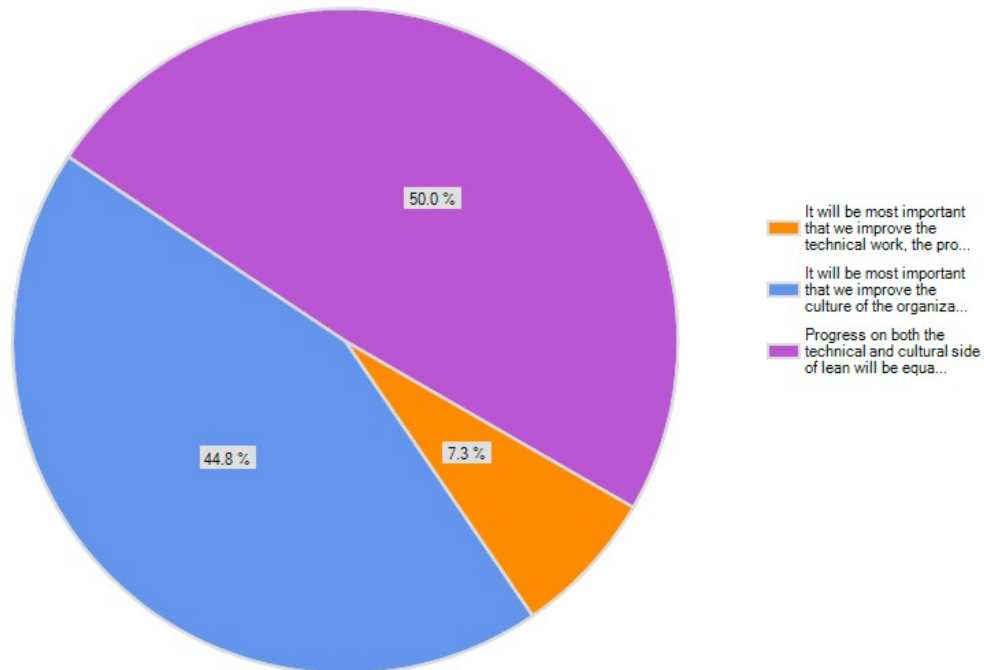
Becoming a "lean organization" generally involves significant improvement in the technical side of the work (processes, equipment, inventory, etc.); and, it involves changing human behavior, management practices, or culture. Which of the following is most true for your organization?



made more progress on the technical or social aspects of lean implementation. Thirty one percent reported that they “have made little progress on either.” Twenty seven percent said they had made significant progress on the technical side, but little progress on the culture, while only 12.5% felt that the reverse was true. Almost thirty percent felt that they had made equal progress on both the technical and social sides of lean.

I then asked which would be most important in the coming year or two. Only 7.3% felt that progress on the technical side would be most important. 45% felt that progress on the social side would be most important and 50% said they would be equally important. (Note: I do realize that those percentages don’t exactly add up! But that is the way SurveyMonkey reported them.)

In the coming year or two, which of the following will be most important to your organization's success as a business and in serving its customers.



Presentation of Data:

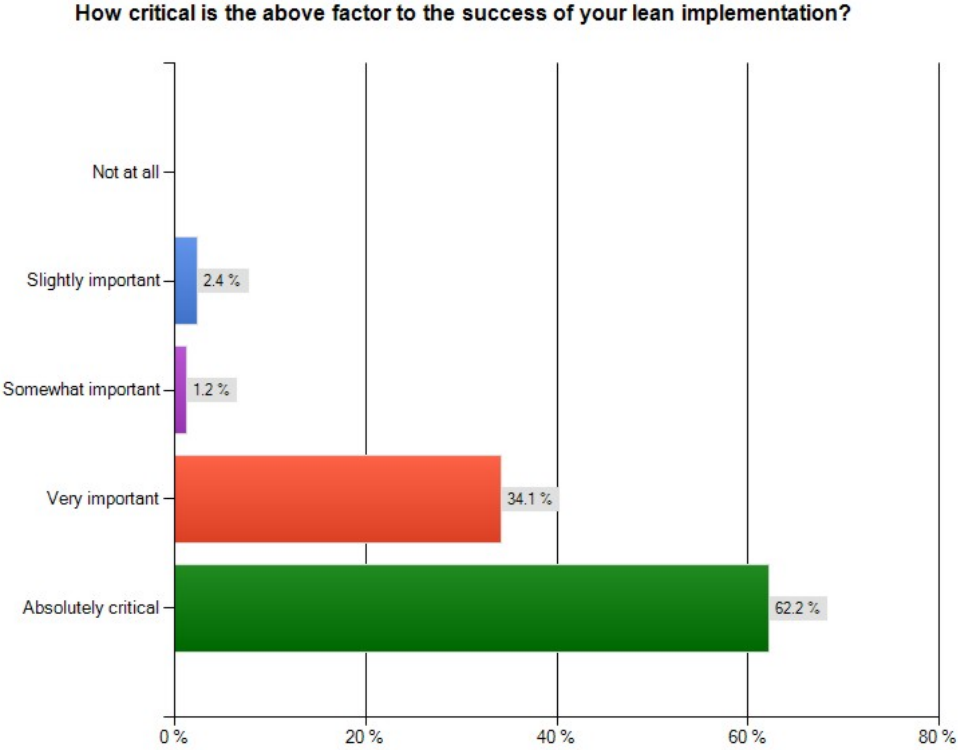
In structuring the questions I wanted to know both how the participants rated progress or performance on a factor of lean management and culture in their organization and how important they felt this factor was to their success.

On the following pages you will see an Excel spreadsheet that has a shorthand summary of each question, how the group rated their company's performance on that factor, how important they felt it was, and what I have termed the "rating to performance gap." In other words, the worse they felt they were performing on a factor and the more important they felt that factor was to their success, the greater would be that gap. For example, you will see that on question #5, the first question to rate the different factors in lean culture, the participants rated their performance at 53.4 % of potential. Each question could be answered with a "Strongly Disagree" to "Strongly Agree." For each response that was Strongly Disagree I assigned zero percentage. To each "Somewhat Agree" fifty percent, "Agree" seventy five percent, etc. In other words, if all respondents had strongly agreed with the statement "Leaders in this organization create a strong sense of purpose or mission," that would earn a 100% for performance in that factor.



I also wanted to know how important lean practitioners felt this factor was to their success. Therefore the next question, question #6, asked "How critical is the above factor to the success of your lean implementation? This same question was asked following each question that asked them to rate a factor. This is why the below spreadsheet has the numbered questions that rate the factor (all odd numbers), while the subsequent question reflects the importance rating.

You can see in these two charts that this first question on creating a strong sense of purpose or mission is considered very important, sixty two percent rating it as “Absolutely Critical.” You can see from these two charts that there is a considerable gap between performance and importance. The overall importance rating was 89% (again “Absolutely Critical” was given 100%, etc.), while the performance rating was 53.4. This results in a rating to performance gap of -35.7, one of the highest on the survey.



All of this is simply a way of concluding that this factor is both something that organizations on their lean journey have a lot of work to do to improve and experienced lean practitioners think this factor is pretty darn important!

Survey Questions: Ratings and Gap of Importance to Execution

#	Questions	Average Rating	Rating to Importance Gap	Variance above or below mean	Overall Importance
5	Leaders create a strong sense of purpose	53.4	-35.7	6.0	89.0
7	Leaders promote strong value systems	54.0	-29.9	0.2	83.8
9	Leaders Act with Urgency	52.2	-30.6	0.9	82.7
11	Most managers engaged in disciplined problem solving	36.6	-36.0	6.3	72.6
13	Leaders are effective at engaging team members in problem solving	49.4	-31.8	2.1	81.2
15	Leaders have created empowerment among employees	45.7	-37.8	8.1	83.5
17	There is high trust between employees and managers	44.8	-38.4	8.7	83.2
19	Managers are highly competent in the technical work for which they are responsible	63.1	-1.3	-28.4	64.4
21	Managers are well trained and competent at motivating and developing employees	41.8	-37.9	8.2	79.7
23	Managers have defined their own customers and seek to meet their needs	55.6	-18.2	-11.5	73.7
25	Management provides feedback from customers to 1st level employees	43.4	-26.9	-2.8	70.4
27	Each team of employees has defined their customers and seeks feedback.	44.1	-27.5	-2.2	71.6
29	Managers are actively engaged in process improvement for the process for which they are responsible.	55.4	-24.4	-5.3	79.8
31	Managers focus on improving the process rather than blaming people.	47.2	-33.4	3.7	80.6
33	Managers in this organization work to eliminate waste from their own processes	45.3	-34.1	4.4	79.4

35	Managers can show visual maps of their processes	40.0	-26.6	-3.1	66.6
37	Managers have visual display boards or graphs of their area's performance	47.2	-22.2	-7.5	69.3
39	In most work areas employees have a visual display or graphs of their team's performance.	45.3	-27.8	-1.9	73.1
41	Scorekeeping provides employees with accurate and timely feedback on their performance.	45.6	-28.8	-0.9	74.4
43	Managers do their best to recognize accomplishments more than focusing on the negative.	51.3	-24.4	-5.3	75.6
45	Managers are open to learning from the knowledge of team members who are engaged in the work.	51.3	-25.9	-3.8	77.2
47	Managers are generally good at motivating their employees,	44.9	-32.9	3.2	77.8
49	Employees are comfortable coming to managers to point out problems or concerns in the work place.	50.9	-28.2	-1.5	79.1
51	Managers interactions are more positive than negative.	50.3	-27.5	-2.2	77.8
53	Managers have instilled a spirit of teamwork and cooperation.	50.0	-34.4	4.7	84.4
55	1st level teams have regular team meetings to review performance and solve problems.	49.4	-27.3	-2.4	76.6
57	Every employee is a member of a team that owns and improves a work process.	39.9	-35.7	6.0	75.6
59	Managers are competent at facilitating team meetings.	43.5	-30.2	0.5	73.7
61	Managers are able to facilitate team meetings to follow a disciplined problem solving model.	38.3	-38.3	8.6	76.6
63	Managers have defined leader standard work that supports the work of employees	30.8	-37.0	7.3	67.9

Which Factors Are Most Important?

A good place to start your analysis of this data is simply to ask, which factors do lean implementers feel are most important? If you look at the right hand column in the chart above you can see the answers.

Let's arbitrary take 80 as a cutoff point and list the factors rated above this level in importance and compare that to their rating for execution.

<i>Factor</i>	<i>Importance</i>	<i>Execution</i>
• Creating a sense of purpose (5)	89	53.4
• Managers have instilled a spirit of teamwork (53)	84.4	50
• Promoting strong values (7)	83.8	54
• Leaders are effective at engaging team members (13)	83.5	49.4
• Leaders have created employee empowerment (15)	83.5	47.2
• High trust between employees and managers (17)	83.2	44.8
• Leaders act with urgency (9)	82.7	52.2
• Managers focus on improving the process (31)	80.6	47.2

Which Factors Are Most Deficient in Execution?

Now let's look at the items that got the lowest scores for how well they were executed or performed in the organization. Again, this is entirely arbitrary, but we will take scores below 45 as a cutoff.

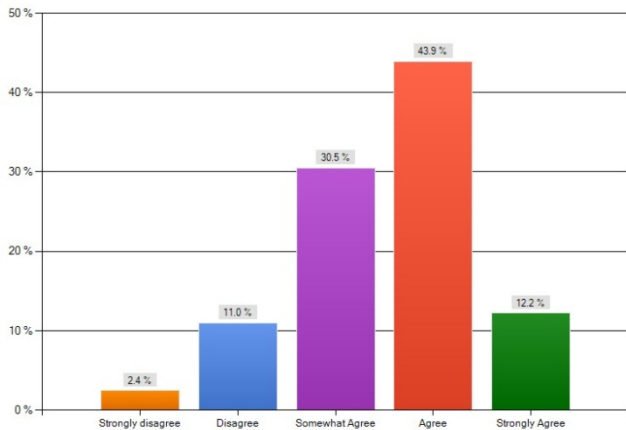
<i>Factor</i>	<i>Execution</i>	<i>Importance</i>
• Managers have defined leader standard work (63)	30.8	67.9
• Most manager engage in disciplined problem solving (11)	36.6	72.6
• Managers are able to follow a disciplined PS model (61)	38.3	76.6
• Every employee is a member of a team (57)	39.9	75.6
• Managers can show a visual map of their processes (35)	40	66.6
• Managers are competent at motivating employees (21)	41.8	79.7
• Feedback from customers to employees (25)	43.4	70.4
• Managers are competent at facilitating meetings (59)	43.5	73.7
• Each team has defined their customers (27)	44.1	71.6
• There is high trust between employees and managers (17)	44.8	83.2
• Managers are good at motivating employees (47)	44.9	77.8

You might think that the items that appear on the list of most deficient would automatically be those that had the most significant gap rating. However, that is not true because some items that scored low on performance were not as highly valued by lean practitioners. For example, leader standard work received the absolute lowest score for its performance in organizations. However, it was not rated as among the most important items, receiving only a 67.9 rating in importance, one of the lowest. Therefore the gap isn't that high.

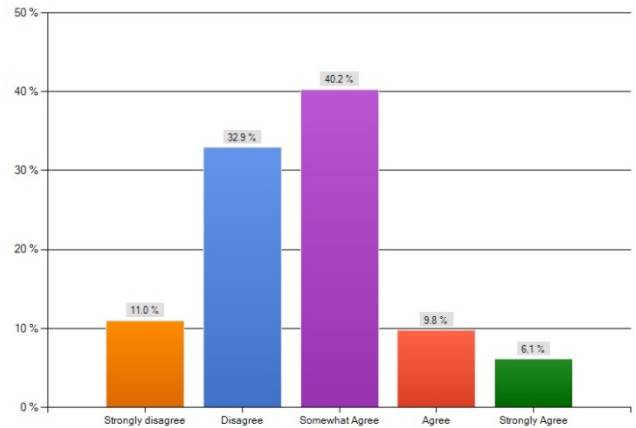
The scoring of leader standard work is one of the areas in which I happen to disagree with majority of the participants. I think it is much more important to achieving a lean culture than others apparently do.

One of the more interesting set of factors, in my opinion were the comparison between performance and importance for the two items (19) "Managers are highly competent in the technical work for which they are responsible;" and (21) "Managers are well trained and competent at motivating and developing employees."

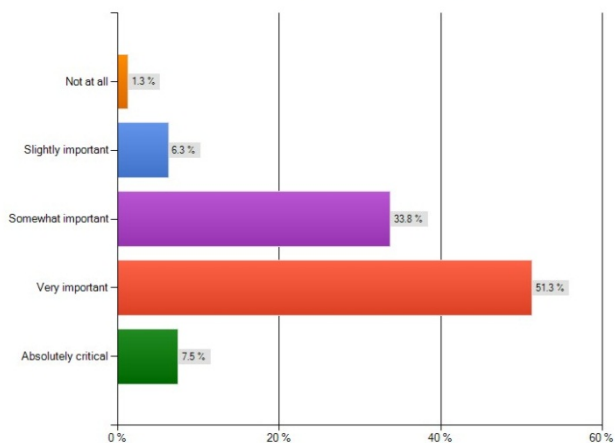
Managers in this organization are highly competent in the technical work for which they are responsible.



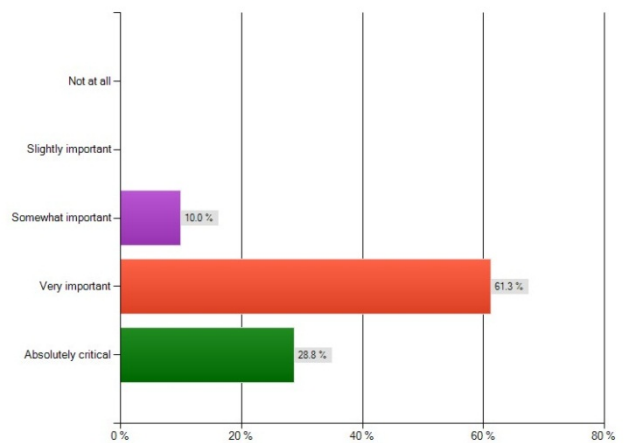
Managers in this organization are well trained and competent in motivating and developing their employees.



How critical is the above factor to the success of your lean implementation?



How critical is the above factor to the success of your lean implementation?



You can see clearly that lean implementers feel that the managers in their organizations are considerably more competent in the technical work than they are at motivating and developing employees. You can also clearly see that while the technical work is considered important, far fewer felt that it was “Absolutely critical” to the success of their lean effort. This is clearly an area that needs more focus and attention.

A Clear Need: Modeling the Desired Behavior

Reading through the data, including the comments attached to the survey, it is clear to me that there is a significant failure to understand the importance of modeling the desired behavior. In other words, if managers do not map their processes, listen to their customers, or engage in disciplined problem solving, why do they expect their employees to engage in this behavior that is so obviously at the heart of lean culture? It appears that in too many cases managers are once again viewing lean as a “program” that they will assign people to, hire consultants for, but fail to genuinely engage in personally. This is a simple failure of leadership and lean culture absolutely requires this leadership. No manager can think that he or she understands Toyota Production System if they think it is simply something done by others.

One of the lowest scoring items was “Most managers engage in disciplined problem solving.” It scored only 36.6. The importance rating was 72.6, which I personally feel is far too low. Item # 61 said “Managers are able to facilitate team meetings to follow a disciplined problem solving process.” This was rated even lower at 30.8. This was rated in importance at 76.6 and therefore had a variance of performance to importance of -38.3, the second greatest of all items.

I think my fellow change agents seriously underestimate the importance of managers being trained in and practicing disciplined problem solving methods. If senior managers making strategic plans do not know how to brainstorm or reach consensus, the failure of that decision making process is one thousand times more costly and wasteful than the failure of a team on the shop floor to use similar methods. Yet, there is more training and better execution on the shop floor.

More importantly, no cultural practices will be sustained unless they are modeled. Just as no parent will succeed in teaching their children to love learning if they simply watch TV every night. Parents must model the behavior they desire if they expect it from their children. This is a fundamental principle of social learning.

Which Factors of Lean Culture Are We Doing Well In?

We should look to the positives in the survey as well. I have explained the rating of each factor and how it was rated for importance. These two figures created the “Rating to Importance Gap.” The mean gap for all items was -29.7. The column “Variance above or below mean” indicates how each item varies from this mean. The positive numbers indicate the greatest gap between performance and importance while the most negative numbers indicate the least gap between performance and importance.

Here are the five items with the least gap between performance and importance.

- Managers are highly competent in the technical work. (19) -28.4
- Managers have defined their own customers... (23) -11.5
- Managers have visual display boards...(37) -7.5
- Managers are actively engaged in process improvement...(29) -5.3
- Managers do their best to recognize accomplishments...(43) -5.3

Which Factors Represent the Greatest Variance?

The following five items are those for which the participants observed the most severe gap between how this factor was being executed and how important it was to their success.

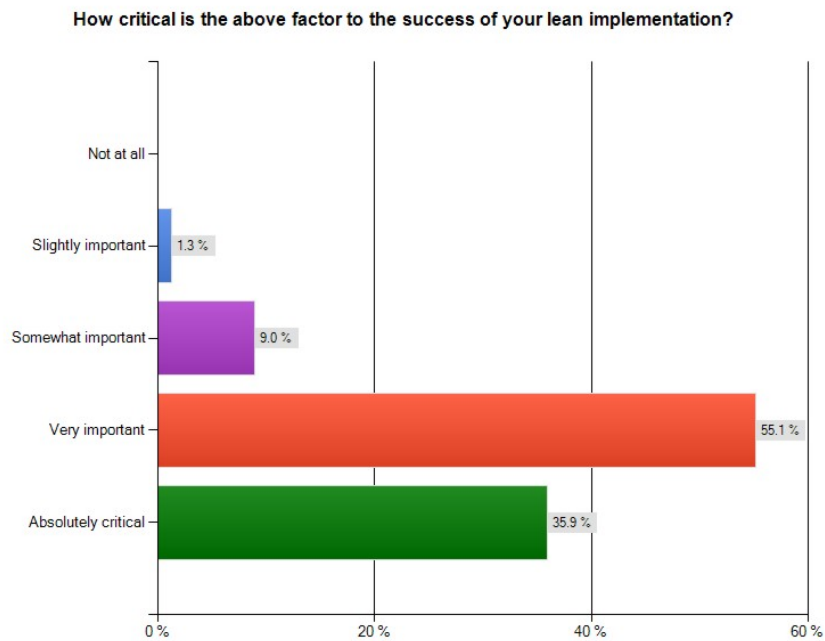
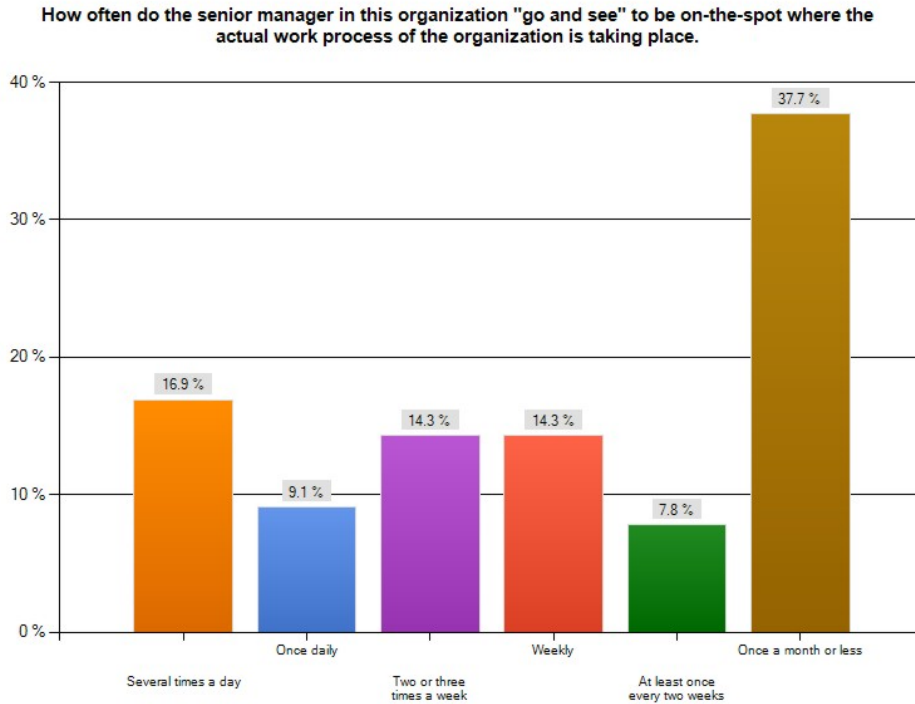
- There is high trust between employees and managers(17) 8.7
- Managers are able to facilitate team meetings...(61) 8.6
- Managers are competent at motivating employees (21) 8.2
- Leaders have created empowerment (15) 8.1
- Managers have defined leader standard work (63) 7.3

Do Managers “Go and See” to be “On-the-Spot?”

Since my involvement with Honda many years ago I have been impressed by the importance of managers doing the Gemba walk, or being on-the-spot where the work gets done to know and to learn firsthand. The way I structured the question on this item does not lend itself to comparison with the other factors. I asked specifically how often managers “go and see”, rather than ask for agreement to a statement.

The results, unfortunately, leave a great deal to be desired. 37.7% said that managers were on-the-spot once a month or less! At the same time 90% of the respondents

felt that this factor was either “very important” or “absolutely critical.” Obviously, lean implementers are having trouble getting their managers out of the office or meetings to see what is really going on where the work gets done.



Responses to Open-Ended Questions

I wanted to give the participants the opportunity to give their opinions without any bias of the question. I presented three questions to which they could offer comments. The full text of these comments is more than I want to include in this report. You can see the entire set of responses in the PDF file of the full data posted on my website.

The following is a sample of the responses to each question and the “Cloud Text Analysis” which simply identifies the words most frequently used in response and presents them in relative size.

Question # 67. What do you believe to be the one area in which the culture of your organization most needs to improve?

- Engaging first level employees in problem solving and performance improvement.
- management accountability
- Clear accountability and follow up
- communication
- True leadership engagement. That of a PIG who commits itself to put bacon on your breakfast plate, NOT that of a chicken who lays the egg and walks away.
- A Value system. Employee empowerment.
True customer focus.
- Leadership behavior to emphasize what is important and how to resolve process problems rather than simply firefighting
- A CEO driven holistic approach not just a manufacturing focus that excludes new product introductions
- Global approach across the entire organization not just North America.
- Leadership, ownership, team spirit.
- We vs them - trust & open communications
- leadership and team work
- Accountability
- leadership commitment
- trust
- Eliminate the entitlement culture where no one has any real accountability
- recognition of personal responsibility
- urgency for change

Cloud Text Analysis of “What do you believe to be the one area in which the culture of your organization most needs to improve?”

Accepting Accountability Approach Communication
Continuous Improvement Drive Employees Floor Focus
Follow Front Line Leadership Lean Making Management
Problem Solving Process Responsibility Strategic Trust Value
Stream

Question # 68. What is the one improvement in the culture of your organization that you feel has had the most positive impact on performance?

- More salaried involvement on the teams
- getting in the middle management to be believe in "lean philosophy"
- Respect for people as defined by John Shook
- Giving them the ability or empowerment to change the way things have been done. Working together to come up with a solution.
- Addition of new facility infrastructure and move into new ship building
- Investment in capacity & efficiency improvement - technology
- Implementing a Performance Management Program,
- feeling safe to speak in meetings
- Not been with the organization long enough to say
- Developing work and management teams.
- Introduction of company values
- Visual performance measurement and reporting
- Formation and training of management/salaried teams.
- Training of Associates on Problem Solving
- Real-time metrics in the work areas
- Firing several VPs
- recognizing innovative ideas
- The culture hasn't improved; actually regressing.
- Owner Commitment

Cloud Text Analysis of "What is the one improvement in the culture of your organization that you feel has had the most positive impact on performance?"

Acting Approach Attitude Board Communication Company Culture
Employee Improvement Lean Measurement Organization Owner
Performance Problem Solving Process Shop Floor
Taking Teams

Question # 69. If you had a magic wand and you could change the behavior of the leaders of your organization, what are the one or two things you would have them do differently?

- Give credit for a job well done. Apply the same rules to ALL employees regarding attendance, sick days, and office hours. Instead of "not wanting to be bothered" by serious situations that are happening, to address the problems, not tell you "not to make trouble" or that "they don't want to hear it".
- "Go and See more often
- Promote teamwork as a competitive advantage not just something nice to do."
- make them "true lea champions"
- Gemba Walks, engage people, practice the "want to be" behavior, and fix something for someone each time they're at the Gemba
- Incorporate Lean / process improvements into the organization. Create a Lean Team to work on improvements. They agree with Lean & process improvement but it's all talk. They need to take action and show that they buy into it.
- Manage the organization as a team where there are internal customers working together to satisfy the external customers.
- "1. More strategic planning and management
- 2. Develop better internal collaborative processes"

- Observe and discuss conditions with teammates ... become zealots for continuous improvement.
- define and simplify training
- Train managers to see waste in the system and empower them to work to remove it.
- Act with urgency to solve problems.
- focus on important things and better people management
- "Strategy deployment
- Insisting on constant improvements"
- Get out of their office
- Have all the leaders spend at least one year in a company such as Toyota. Simple "appearing" concepts of Lean and easy and abundant access to Lean information makes everybody feel they are experts on Lean, without real understanding of the core principles.
- Show respect to everyone irrespective of his level in the organization. Kaizen.
- "Develop operational metrics that are tracked and displayed daily / regularly
- Perform multiple gemba walks during the day"
- Walk the talk not just preach a philosophy they evidently don't understand
- More involvement in the tactical and technical side of the Lean projects vs. just participating in the report outs and quarterly meetings with our senior management organization.

Cloud Text Analysis of "If you had a magic wand and you could change the behavior of the leaders of your organization, what are the one or two things you would have them do differently?"

<p><u>Communicate</u> <small>Decisions</small> <u>Employees</u> <small>Floor</small> <u>Gemba Walks</u> <small>Hold</small></p> <p><u>Improvement</u> <small>Lead</small> <u>Leadership</u> <small>Level</small></p> <p><u>Management</u> <small>Organisation</small> <u>Organization</u> <small>Path</small> <u>Problems</u></p> <p><small>Promote</small> <u>Strategic Initiatives</u> <u>Team</u> <u>Training</u> <u>Understand</u></p>
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Conclusions:

I am sure that the reader can examine the data and draw his or her own conclusions. For myself, it reinforces the need for managers to “be the change” by practicing the methods of lean culture personally. It also points to serious training needs in regard to problem solving and motivating employees. One of the greatest concerns in this data is the poor rating of trust between managers and employees. However, this may be explained by the other data. If managers are not practicing what they preach, this alone will lead to low trust.

I welcome any different interpretations or suggestions for future surveys of lean practitioners.