



Lean Management

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Ladies and gentlemen, let's get Lean

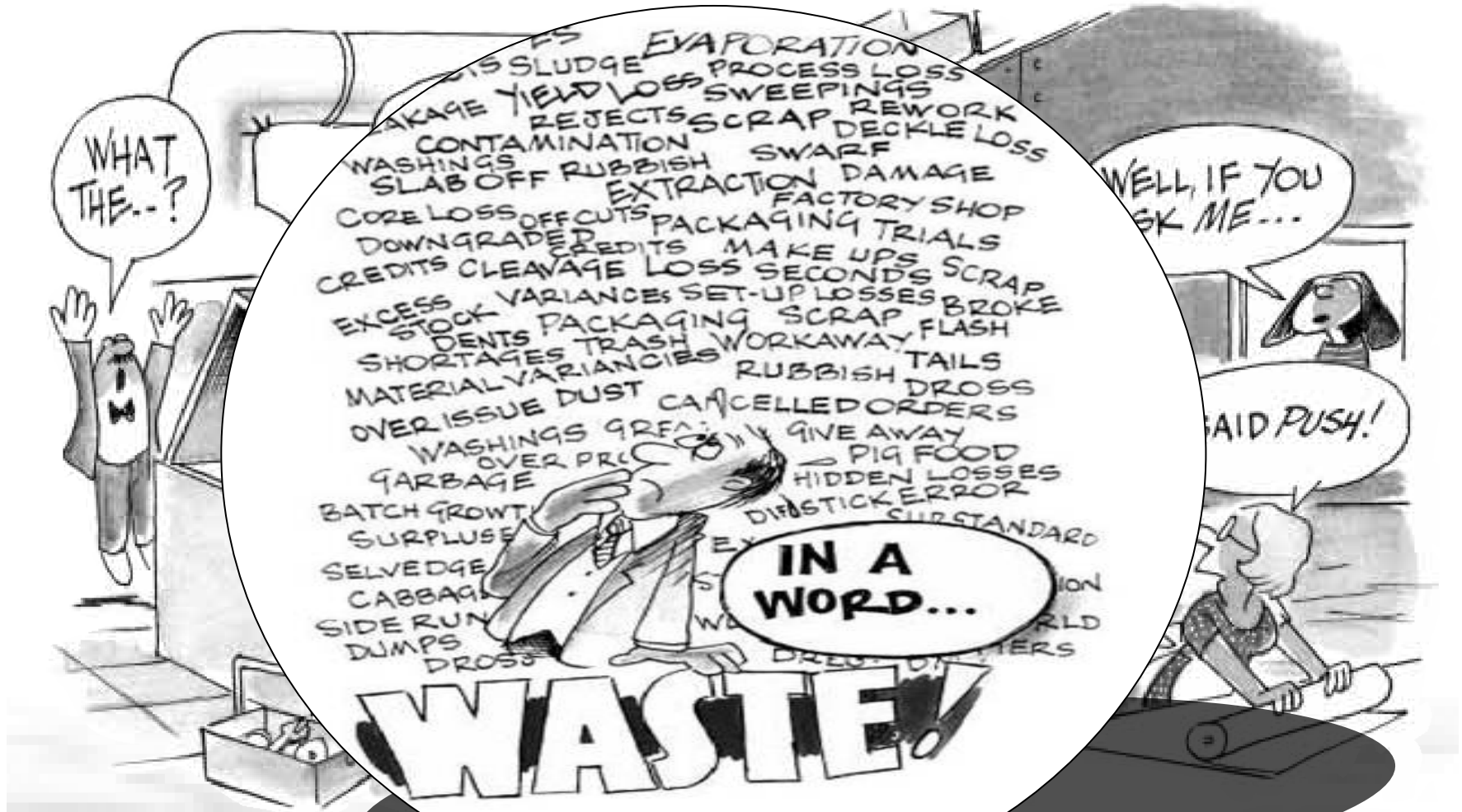
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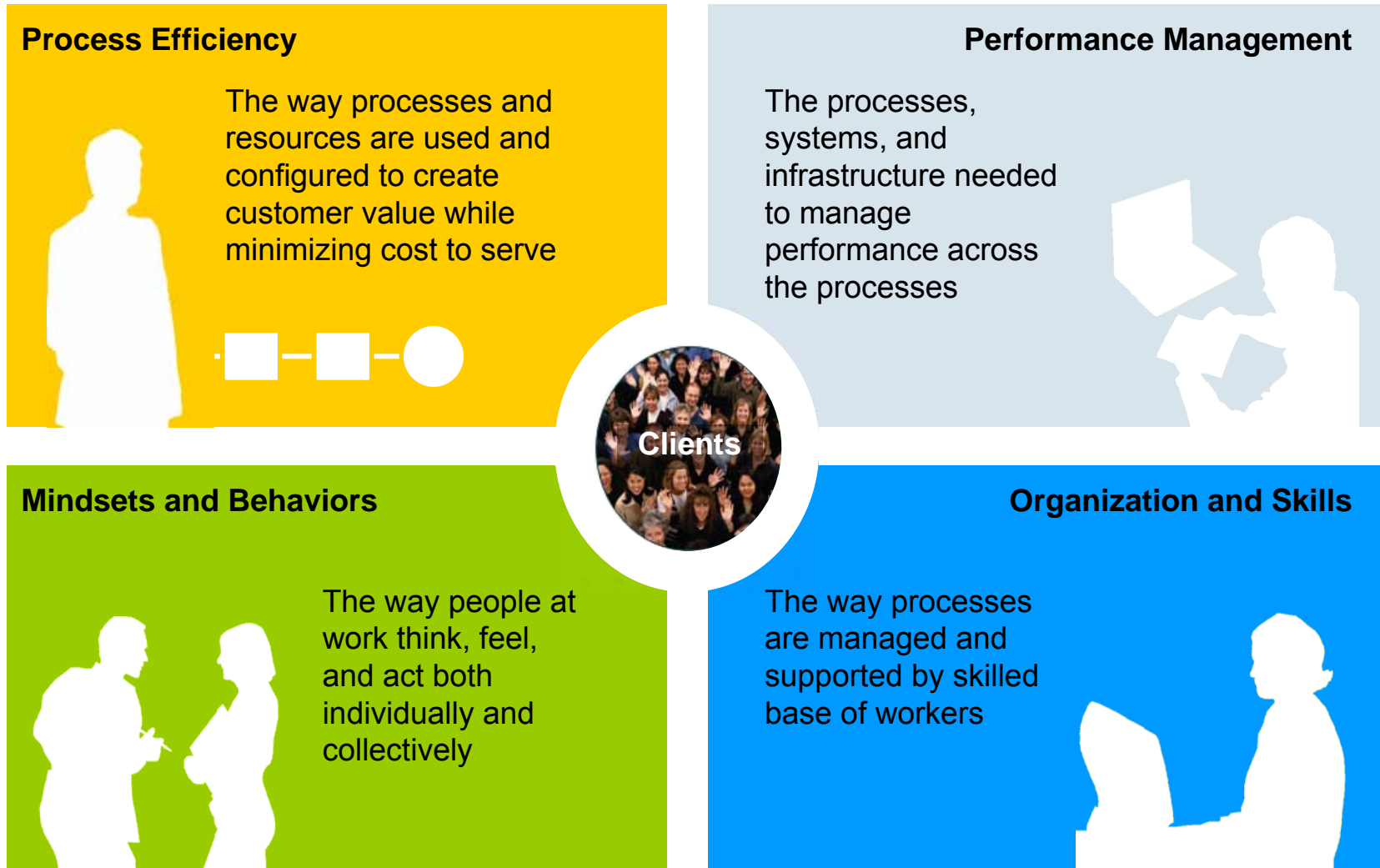
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What do we try to resolve ?

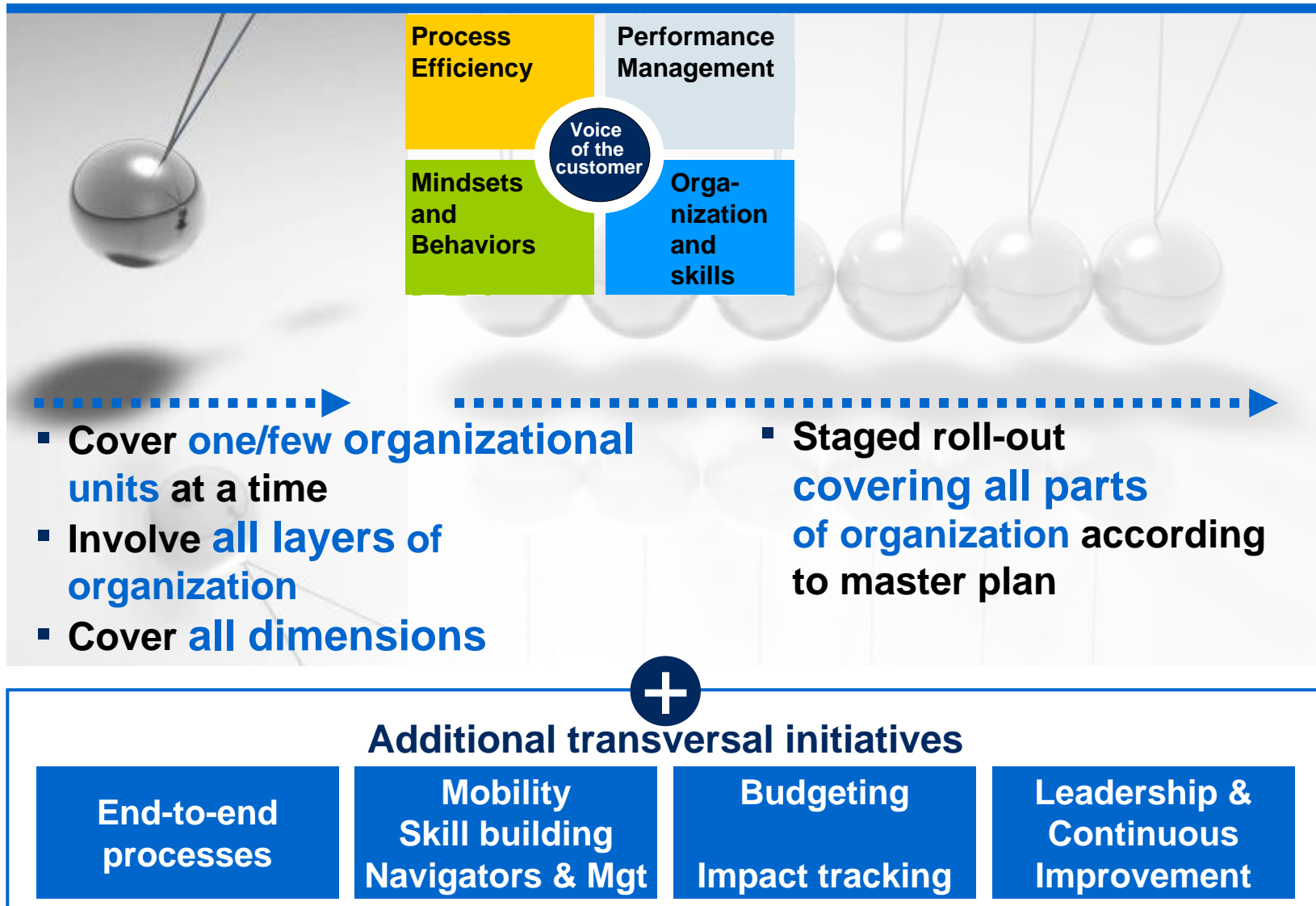


Too complex...

Lean focuses on 4 elements, putting the customer at centre

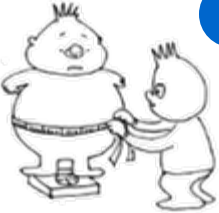


Components of a Lean Management transformation




75% of the time investment on implementation, to work on mindsets and develop capabilities at all levels


Think 25%



Align on issues

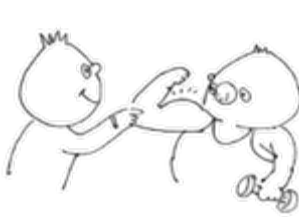


Align on vision

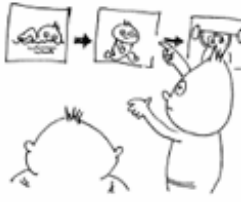


Agree on target and actions


Act/Implement




Process optimized to focus on what customer truly wants




Employees define best practices



Track every deviation to best practices



Make manager challenge/coach their employees



Empower employee to eliminate root-causes

75%

Detailed program per phase

LOCAL WAVES OF 3-MONTH ARE APPLIED TO EACH PROCESS WITH WELL-STRUCTURED MODULES

	1. Prepare, Define and Train	2. Diagnose and analyze Current State	3. Develop Future and Medium State Vision	4. Implement and demonstrate Impact	5. Sustain and Control
1. Process efficiency and end-to-end flow	1.0 Understand key business issues and 5-year strategy	2.1 Map the end-to-end process from customer de-mand, process efficiency	3.1 Design LT and MT optimal process	4.0 Plan detailed implementation for	5.0 Establish control plan and follow up on LT plan
2. Performance management				4.1 Dedicate and synchronize flows and standardize activities	5.1 Capture remaining potential
3. Organization & skills	2.0 Define pre-ise scope, Communicate project to business line and key stakeholders	2.2 Analyze current organization, skills and skill development system	3.2 Define skill building requirements and targeted organization	4.2 Align on target and transform process	5.2 Run skill dev. cycle, coach, define road-map to target organization
4. Mindsets & behavior	1.1 Run boot camp just before launch of the 3-month module	2.3 Identify level of ambition & assess resistance to change	3.4 Define targeted mindsets and behaviors	4.3 Run workshop & be present daily on the floor to demonstrate new behavior	5.3 Run workshop & be present daily on the floor to demonstrate new behavior

12-16 weeks

Source: McKinsey Service Operations practice

Key success factors to get lean right

1

- A holistic approach encompassing all management layers, functions and geographies

2

- Using a standardized methodology for change

3

- Deployment/roll-out that balances speed with careful execution

4

- Investing in creating a mindset of continuous improvements

5

- Public commitment from top managers: it should be the key operational priority for the long-term

6

- Investment in high caliber change leaders (“navigators”)

7

- Planning HR consequences (incentive systems, consequence management, resource reallocation)

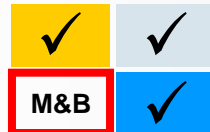
1 A holistic approach that targets all elements



"Highly motivated, but no impact"



"Missing steering wheel"



"Good theory, lack of execution"



"No sustainability"



"Impact happening"

2 A standardized methodology and common way of working hard-wired in a “future state” operating system for the company

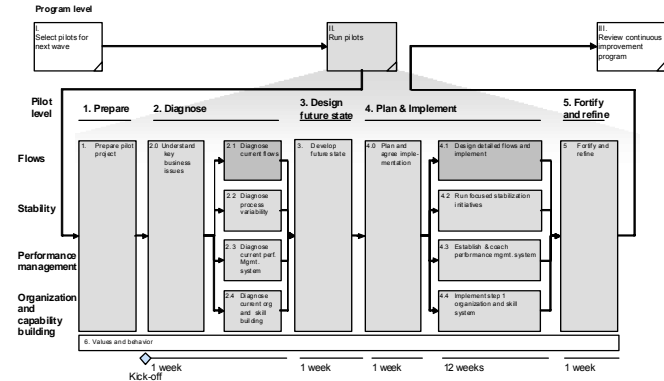
EXAMPLES

Detailed description of the target system and ways of working

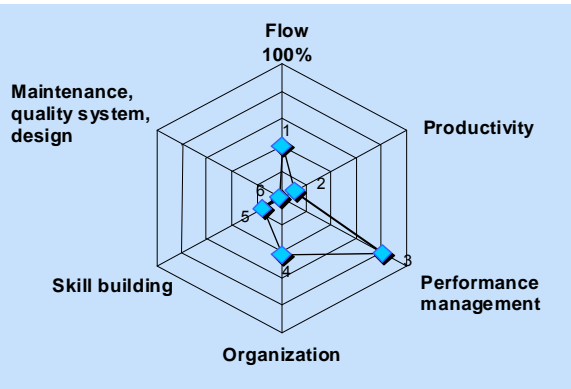
4. Organization: First line manager (managing app. 30 operators) Rating / 18

- Has a clear picture on his priorities and spend more than 80% of his time on them
- Always shows up on time
- Sets extremely ambitious targets with ability to understand the levers to achieve them and get buy-in from his team
- Knows what are the key drivers of the value delivered to the internal/external customer
- Demonstrate constant dedication to ensure customer delivery
- Help the operators to solve production issues
- Systematically create SOPs with operators to prevent from backsliding
- When validated, new SOP is applied on all shifts in less than one week
- Continuously coach the flow team to develop maintenance or quality skills
- Regularly give feedback to operators
- Ask for support of technical team or area manager on deep technical issues
- Control respect of SOPs for all shifts
- Measure flow performance through KPIs
- Run daily performance reviews
- Take immediate corrective action in case of deviation to targets or SOPs
- Assess and coach operators to develop skills
- Reduce the lead time along with a more stable and flexible flow
- The flow manager is spending 10% of his time on administration, 10% of fire-fighting, and 80% on driving continuous improvement through the flow team

Tools and methodologies codified into a handbook



System audits to follow up on how well the system implemented



Skill/will criteria and evaluation of managers and front-line

Skill assessment for navigators - lead time productivity							
Name:	Projects as trainee		Projects as leader				
Role in project:							
Time spent:							
Date of agreement:							
Rating description - Skill							
Component	1. Introduction	2. Trainee	3. Navigator	4. Senior navigator	Current	Target	Required action
Functional skills - Flow							
Information flow design	Has enough knowledge to develop a new information flow, including customer needs, order intake, central planning, material planning, information flows in production	Has proven expertise on designing complex information flows with several order intake points, on all the steps of the flow design process	Has proven expertise on designing complex information flows with several order intake points, on all the steps of the flow design process	Has proven expertise on designing very complex information flows, including fast time, lead optimization, synchronization of sequence, minimum batch sizes.			
Information flow implementation	Understands how to and has, with assistance, implemented one information flow	Has implemented all possible refinements of the information flow in one specific flow	Has implemented all possible refinements of the information flow in one specific flow	Has implemented all possible refinements of the information flow across several supply chains, in marketing, planning and production.			
Material flow design	Understands the material flow design and the main current issues	Has enough knowledge to develop a new material flow in production	Has designed several material flows, but not more than one very complex flow	Has designed very complex material flows across several examples			
Material flow implementation	Understands how to and has, with assistance, improved one material flow	Has several times refined the material flow, but is not able to reach full refinement without assistance	Has implemented all possible refinements of the material flow in one specific setting	Has implemented all possible refinements of the material flow - Expert on Kanban, line supply, workstation organization			
Logistics	Understands different material flows on the P/A level, but lacks the suboptimal perspective	Understands the different material flows on the P/A level, and has done improvements in internal material logistic within one value chain	Has an integrated perspective on all material flows at site (P/A level), including distribution. Has implemented improvements in internal and external logistics within one value chain	Has an integrated perspective on all material flows at site (P/A level), including distribution. Has implemented all possible improvements in internal and external logistics			
Functional skills - TAK							
Measure TAK and define limit	Measures the limit on TAK for one simple machine and identify the key issues	Defines the limit on simple equipment for TAK, headcount, costs and management structure	Defines the limit on complex equipment for TAK, headcount, costs and management structure	Is able to push the limit on complex equipment for TAK, headcount, costs and management structure			
Availability	Measures and identifies the key issues on utilization, headcount, change over. Has taken part in workshops	Knows the key improvement levers on TAK improvement workshop on utilization, headcount or adjustment of number of shifts	Has demonstrated breakthrough reduction of losses due to lack of demand, breakdowns and changeovers	Has demonstrated breakthrough reduction of losses due to lack of demand, breakdowns and changeovers			

3 Creating the mindset and engine for continuous improvement

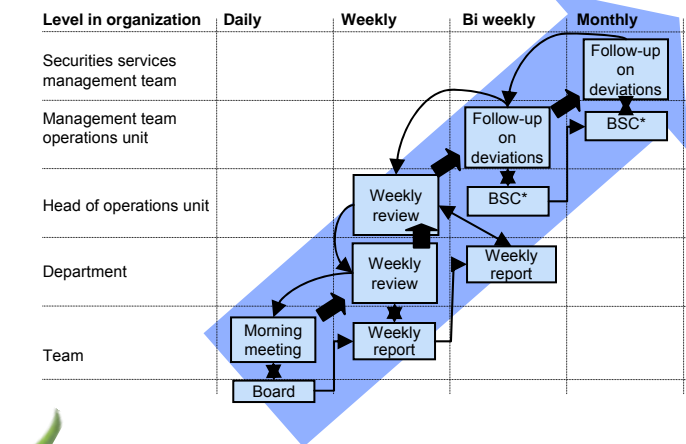
Skill matrix (based on work instructions)



Daily 15-minute morning meetings and weekly performance reviews



Key Performance Indicators and performance reviews on all levels



Work instructions

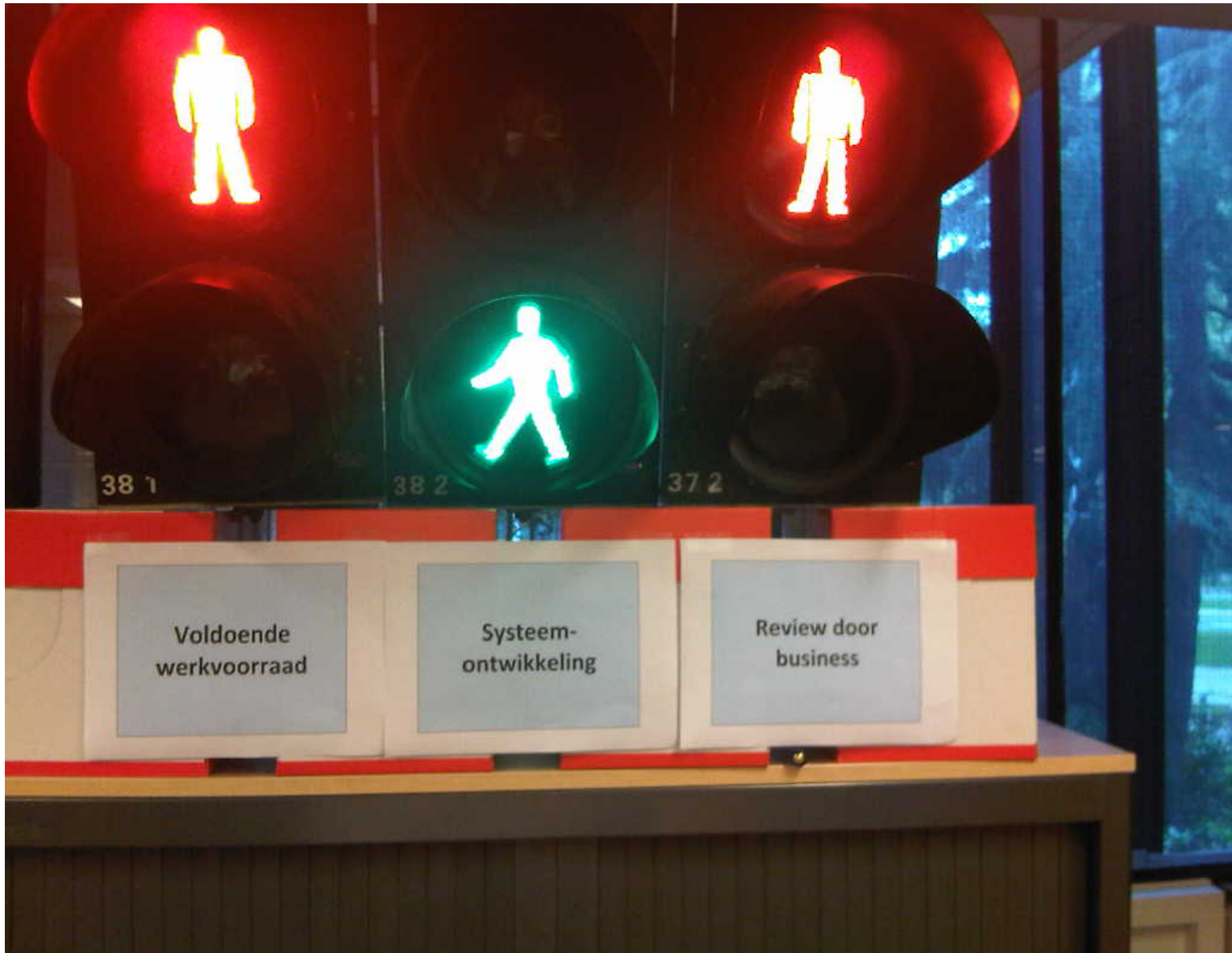
Work instructions for handling "not sent list" | Department: VPP-VPC | Page: 1 (1)

Process steps	Main activity	Tips
① Do not remove sent list from the printer		1. Default setting of printer is printer number 123
② Check that VPC status is "NS" in FANSY		2. NS = not sent
③ Try to revive transaction		3. Y = yes
④ If revival attempt gives "holdings missing" go into SENIOR and check holding in depository		4. Open twin dialog by pressing F9. You can omit 0100 in the beginning of the depository number
⑤ If holding is there with right settlement date, force the transaction		5. Current security is obtained from the list, field "FANSY VP-ID"
⑥ If holding is not there find out why, contact officer/customer if necessary		6. VP = name of security Relevant image is VP:RORURV You can see cancellation by minus sign in "modify field" after name of security
⑦ Await assignment/information from customer		

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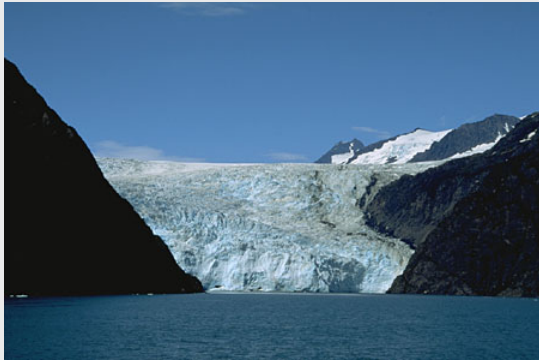
3 Visual management is key to change culture



4

Deployment/roll-out that balances speed with careful execution

Powerful, but very slow



Standard approach (example)

- 5,000 back-office employees
- 200 transformations for 25 FTEs
- 3 transformation waves per year per team of two Lean experts

Full impact achieved, but takes 7+ years with a team of 20 experts

Fast, but not sustainable



Temptations to accelerate

- Reduce length of wave
- Put one Lean expert on several projects
- Train managers with one Lean module
- Impose solutions (no self discovery)

Noticeable impact in year two, but fall back to starting point by year

5 Public commitment from top managers

CEO commitment and personal change stories



Newsletters, presentations



“A day in the life of ...”



Metaphors/pictures



News story

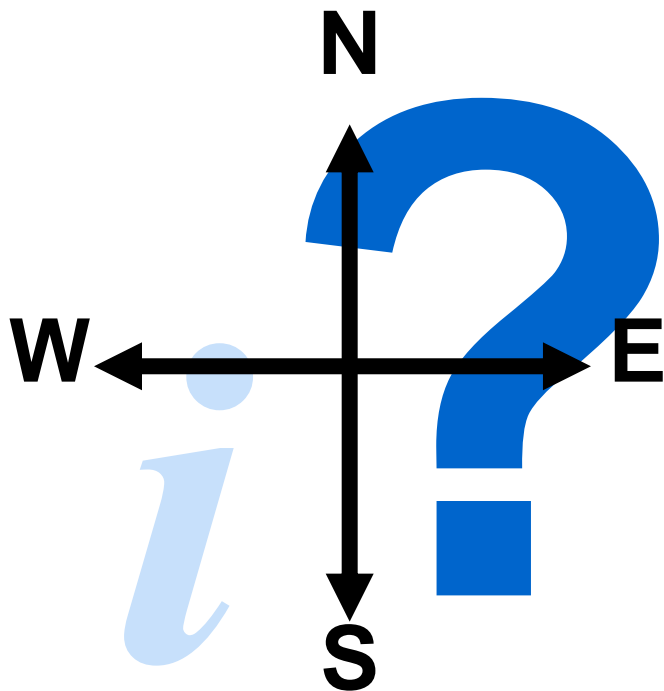


6 Investment in high caliber change leaders: “navigators”



- A navigator works as a **full time coach** to the manager and employees
- A navigator becomes an **internal knowledge expert** on techniques of operational excellence
- A navigator receives **initial training**
- A navigator receives **on-the-job training** and experience by walking next to an experienced lean navigator
- A navigator is expected to be **able to train** new navigators in the near future

What would be the implications for an operational excellence transformation for you?



- **Is there an opportunity for operational improvements?**
- **What challenges do you see in applying lean in your role?**
- **How will your customer/boss react?**
- **Which areas / processes would be candidates as pilot areas?**
- **How to best prioritize between the targets quality, cost, and lead time?**