

Transformance Communiqué

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A. Lean Leadership

I've just started reading another book on lean and have gotten to the routine section where all authors stress the importance of leadership for any organization attempting a lean transformation. And, as usual, I see no details on what is meant by lean leadership. This lack of specifics in most lean books has always puzzled me. I've seen many successful lean initiatives and many that have not lived up to expectations. What is the difference between success and failure?

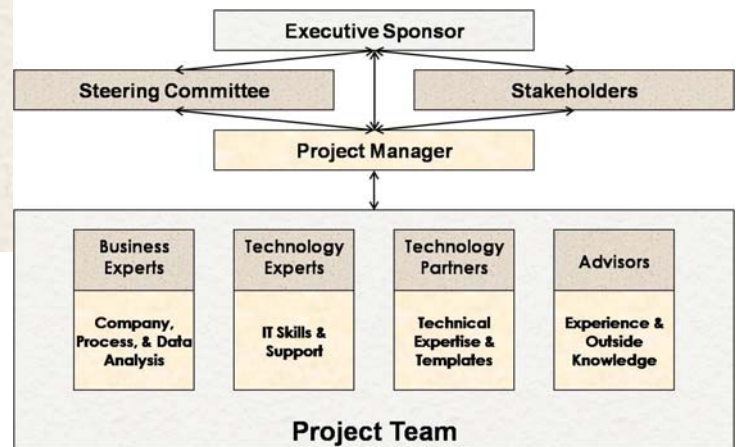
To guarantee success, we need to articulate those things that an executive must do so they are not doomed to failure. It's not good enough to be a big talker or a half-hearted cheerleader; it takes someone willing and able to walk the talk and fulfill their role as the executive sponsor.

Leveraging what I have experienced and seen with successful lean transformations, a number of specific elements appear to be associated lean leadership. I believe four specific elements zero in on what an executive sponsor must do to provide lean leadership.

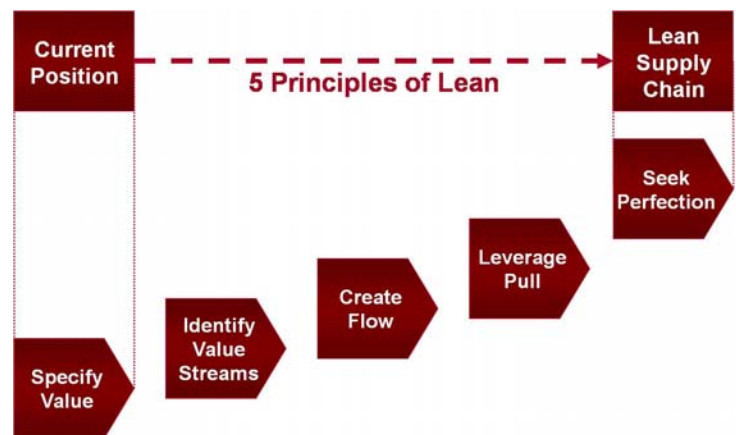
These four elements are:

1. **Organize for Success:** Get the right people on the bus. Every lean initiative should have a qualified project manager supported by a cross functional team, a steering committee, and all affected stakeholders. The executive sponsor is the only one that can effectively pull together the right people and get their commitment for the role they

need to perform. Anything worthwhile should have active participation from the suppliers and customers of the process that is being improved.



2. **Promote Education:** Get everyone on the same page and using the same cookbook. While there is flexibility in defining a strategy for creating a lean supply chain, an organization must follow the five principles of lean, focus on the elimination of waste, and define organizational standards for common activities such as value stream mapping. The executive sponsor should get educated on lean leadership and begin changing the conversation to defining value, eliminating waste, employee



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empowerment, and other lean concepts. The project manager must obtain extensive training on using lean tools, managing a lean project, and then develop an education plan for everyone in the organization.

3. **Demonstrate Support:** Remove roadblocks and show you care. A good project manager will bring obstacles to an executive sponsor and will also bring the solution. As they say in Maine - let's get the moose on the table; with lean transformations, most obstacles are people who don't want to change. The executive sponsor can keep a project moving and avoid future catastrophe by clearing small obstacles early and quickly. Many times, clearing these obstacles will involve a short and precise telephone call to someone not yet with the program. This conversation does not need to be a big confrontational meeting. Another means to demonstrate support is to be visible and engaged with all employees working on lean improvement activities. An executive sponsor should attend some of the training courses and many presentations from kaizen blitz events. One example of lean leadership is an executive who attended training for warehouse personnel on the 5S System and then committed to implement the concepts to clean up and organize her own office.
4. **Track Accomplishments:** Leverage that steering committee and standard methodology. The standard methodology used for managing your lean transformation will provide ideal points for updating the steering committee. The executive sponsor must own the schedule of steering committee meetings and set expectations with the project manager on the accomplishments to be discussed at each meeting. One standard methodology recommends the following steering committee meetings for a targeted lean project:
 - a. **Confirmation of the Business Case:** The steering committee approves the overall scope of the project after discussion of the benefits, costs, and other relevant information. The executive sponsor must invest time in the details of the business case paying close attention to the scope of the project. An effective outline for the business case is:

- Current Situation
- Trends and Best Practices
- Statement of Need
- Scope
- Benefits and Objectives
- Costs and Resources
- Justification
- Organize for Success

- b. **Define Value:** The project team presents the information obtained from the customers of a value stream or a segment of value stream. For a complete value stream, external customers will have provided their feedback on what they value in your products and/or services. When the scope is the segment of a value stream, the feedback will generally be from internal customers. The executive sponsor must ensure that external or internal customers have been contacted and that the correct conclusions have been drawn from their responses.
- c. **Current State Value Stream Map:** The project team will present the current state value stream map and identify the waste they have found. There may also be a number of quick wins that have been implemented. It is very important for the steering committee to see the actual map and understand where the opportunities exist. The executive sponsor must look closely at the current state value stream map and agree that it covers the scope of the project and that it provides the level of detail required to identify waste.
- d. **Future State Value Stream Map:** The project team will present a proposal for the future state value stream map where much of the waste has been eliminated and a number of new best practices are adopted. It is very important for the steering committee to see the actual map and understand how the future state will be an improvement from the current state. As with

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the prior meeting, there should be a number of quick wins that have been identified and implemented. The executive sponsor must evaluate the proposed future state map and ensure that best practices have been incorporated into the design.

- e. **Implementation Plan for Future State:** The project team lays out a plan that will create flow, leverage pull, and then stabilize the value stream in a mode of continuous improvement. This will also include a discussion of costs. The executive sponsor must ensure the implementation plan is balanced in terms of technology, people, processes, customers, and suppliers; it should have milestones and deliverables that will help in tracking progress.
- f. **Implementation:** Depending on the scope of the improvement, there may be multiple updates to the steering committee as the future state is implemented. The executive sponsor must remain engaged during the implementation and keep the steering committee active as each major milestone is achieved. At some point, the performance measurement system will require adjustment and the executive sponsor will need to craft a strategy to address this area which is typically out of scope for the lean project at hand.

To summarize the elements of lean leadership is to acknowledge that the executive sponsor must do the things that the lean project manager cannot do effectively. First, the executive sponsor must put together the infrastructure of a project team and steering committee. This ensures that the right people are engaged and the executive sponsor stands ready to make that short telephone call required to get someone with the program. Second, the executive sponsor must walk the talk by supporting education for everyone in the organization, taking an intense interest in the progress of kaizen blitz events, and helping the project team meet the deliverables outlined above in the schedule of steering committee meetings.

We define lean as ***the systematic elimination of waste***. While leadership involves soft skills that

successful executives develop during their careers, I believe that lean leadership requires us to leverage the "systematic" component of our lean definition.

Lean leadership is the systematic application of executive sponsorship techniques as outlined in this article:

1. Organize for Success
2. Promote Education
3. Demonstrate Support
4. Track Accomplishments

Doing the above four elements will lead to success in crafting a lean supply chain.

To learn more about lean leadership, contact Mike Loughrin at: mloughrin@emailta.com.

Free CLM Webinars

You are invited to participate in a free webinar on how the Certified Lean Master program can help you craft a lean supply chain for your organization. This program provides a complete package of education, application, and coaching.

Visit www.transformanceadvisors.com for the schedule and registration information for these 60 minute webinars.

B. Program for Unemployed SCM Professionals

Transformance Advisors has partnered with other organizations to provide a special program whereby unemployed supply chain management (SCM) professionals can demonstrate their expertise and earn a professional certification for the nominal fee of \$50. Through generous contributions from the International Supply Chain Education Alliance (ISCEA), Supply Chain Digest, APICS Northern Colorado, the Valley Industrial Association, Xilinx, and Transformance Advisors, unemployed SCM professionals can attend an educational review session and take the exam required to earn the Certified Supply Chain Analyst (CSCA) designation.

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This \$250 program is being provided at the nominal charge of \$50 as a helping hand for those impacted by our current economic challenges. The CSCA program covers important supply chain management topics such as Demand Management, Supply Management, Planning Techniques, Manufacturing, Logistics, and Improvement Programs.



Commenting on the program, Mike Loughrin, CEO of Transformance Advisors, said *"Professional certifications provide evidence of expertise and demonstrate an individual's commitment to their career. This review and exam course is ideal for unemployed SCM professionals that desire to prove their expertise by earning a professional certification for their resume."*

So far, more than 30 unemployed professionals have taken advantage of the program. Additional events are scheduled for:

Longmont, CO on June 12, 2009

Aurora, IL on June 16, 2009

Details will soon be available for Cleveland, Dallas, Detroit, Los Angeles, and New Jersey.

Waiting lists have been established for additional locations.

Additional information on this special program for unemployed SCM professionals is available at www.transformanceadvisors.com.

C. Lean Six Sigma Talent Demand

The fifth annual study by executive search firm **The Avery Point Group** finds lean talent demand continuing to surpass six sigma as companies grapple with today's bleak economic environment.

The recession and rapidly slumping sales are forcing many companies to reevaluate their priorities with regard to their continuous improvement initiatives. As a result, demand for lean talent is showing signs that it is accelerating its edge over six sigma as the more desired skill set, according to the 2009 study.

"As an executive recruiting firm, we have a unique vantage point from which to observe the latest trends taking place in industry," explains Tim Noble, managing principal of The Avery Point Group. *"Trends in industry are often telegraphed into candidate requirements in job postings, and they can serve as a window into the latest corporate initiatives. Our annual study continues to serve as an industry benchmark that offers useful insight into the latest trends taking place in the area of corporate continuous improvement."*

Based on its fifth annual study of internet job postings, The Avery Point Group found that demand for lean talent continues to gain ground over six sigma as the more desired skill set, reinforcing last year's study that signaled an ongoing shift in focus toward lean. This year's study showed that lean talent demand exceeded six sigma by almost 11 percent, further widening its lead over last year's results that showed only a slight edge for lean over six sigma.

This year's study also found, for those companies seeking lean talent, only 44 percent are requiring candidates to possess six sigma knowledge as well. On the other hand, for those companies seeking six sigma talent, fully 49 percent of the roles also require candidates to possess lean knowledge. *"Reflecting the broader job market, demand for lean and six sigma talent is down versus 2008 and 2007 peak levels,"* states Noble. *"However, on a relative basis for the hiring that is taking place, companies are starting to shift more and more of their focus toward lean. This is perhaps an indication that they see lean as a better and more practical hedge against today's tough economic challenges."*

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The Avery Point Group fully expects this shift toward lean to accelerate further as the recession grinds on through 2009. *"We have had a situation in the past couple of months where companies have had to take unprecedented and drastic actions, shedding large amounts of labor to bring their cost structure and inventories in line with plummeting sales,"* comments Noble. *"As the dust settles, and as companies regain their footing, some may find that their remaining operations aren't as flexible or as effective at servicing their market's new realities. For some companies this situation can be a transformational opportunity to leverage lean, while for others it could spell further disaster."*

The Avery Point Group is already seeing a few forward thinking companies seizing on lean as a competitive and strategic opportunity to transform their businesses amid the recession. These companies see lean as a key to reducing waste, improving cash flow, and improving operational flexibility, thus enabling them to adjust more quickly to the new realities of today's economic climate. As the nation exits the recession, these forward thinking companies may be well positioned to leverage huge productivity gains as volume returns, outpacing their competitors by achieving higher inventory turns, greater operational flexibility, and lower operating costs.

Could the recession and the growing shift in talent demand toward Lean be signaling the beginning of the end for six sigma? *"Certainly not,"* concludes Noble. *"The overall foundation of continuous improvement should be viewed as a collection of tool sets that includes both lean and six sigma, which are applied when and where appropriate. Overall, there are certainly benefits to integrating both methodologies, but the steep challenges of today's recession may be better served by lean's more immediate and practical focus on waste, flow, and flexibility."*

Contact Tim Noble at linkedin@averypointgroup.com for more information on this study and The Avery Point Group, a global executive recruiting firm specializing in lean and six sigma talent.

D. New Lean Six Sigma Introduction

We are very pleased to announce our new Lean Six Sigma Introduction seminar. To celebrate, we are offering exceptional pricing of \$75 for the debut of this new event to be held in Aurora, IL on June 16, 2009.

This 1 day program has been designed for:

1. All employees in an organization that is launching a lean six sigma initiative.
2. All new hires for an organization that is leveraging lean six sigma concepts.
3. All project team members and executives from organizations that have stalled lean six sigma initiatives.

This 1-day training event will:

1. Teach you how lean concepts apply to your organization.
2. Show you how lean concepts can transform your supply chain.
3. Teach you how six sigma concepts apply to your organization.
4. Show you how six sigma concepts can be applied to your supply chain challenges.

"This is a fantastic opportunity to network with other professionals and discuss your potential for leveraging lean six sigma concepts."

Additional information on the Lean Six Sigma Introduction is available at www.transformanceadvisors.com.

To subscribe to the Transformance Communiqué, send an email to newsletter@emailta.com.

For other assistance, send an email to info@emailta.com or visit us at www.transformanceadvisors.com.