



Greening by Leaning the Organization

THE INSIDE-OUT OF SUSTAINABILITY

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By re-inventing ourselves...and our companies...regularly...we will better serve our customers...prosper...and preserve our planet for future generations.

Fujio Cho, CEO (Retired) Toyota

GREENING BY LEANING THE ORGANIZATION

There is a tremendous amount of energy and interest in the press and throughout industry over the Green and Sustainability movement. This movement is not only good for our environment and future generations; it is good for the organization itself. For an organization's green efforts to be sustained and credible, it must be green in its approach to running the business itself. It must be green on the inside.

Some companies leading the green movement are GE, Dell, HP, Continental Airlines, GM, Toyota, Ford, Honda, Home Depot, Wal-Mart, IBM, Goldman Sachs, SC Johnson, Alcan, Suncor, Herman Miller, Johnson & Johnson, Best Buy, and Wells Fargo. These companies represent a cross-section of industry sectors; retail, investment, industrial, household products, and transportation companies.

The green movement was born simultaneously in Australia in 1972 by the United Tasmania Group and in Canada by the Small Party. Since then numerous organizations have 'gone green' around the globe. There are over 100 registered green organizations in the US and more than 300 world-wide. Essentially the goal of these organizations is to take actions today to protect the environment for future generations.

True practitioners of continuous improvement do not see the green/sustainability movement as anything different from what they have been practicing and preaching for years. What has changed is public awareness and government intervention, in part due to climate change and the politics of global warming. This has made it increasingly important for organizations to embrace sustainability in their products, services, branding and marketing. The integrity with which a company's internal sustainability practices are aligned with external sustainability practices will determine which organizations ultimately succeed in going green.

Lean manufacturing has been embraced by many organizations as a key enabler of continuous improvement. Lean manufacturing principles are a tried and true



means of eliminating waste, and have been most robustly applied to the production environment. Although lean principles have historically been embraced by manufacturing organizations many service organizations have recently embraced lean principles and are achieving significant improvements. Two of these service industries are health care and insurance. For example, hospitals have used lean principles to reduce the time a patient is in intensive care (extremely expensive), or the time required to admit a patient. Insurance companies have used lean principles to reduce the time to process both new policies and claims, freeing up significant amounts of cash.

EXTENDING LEAN PRINCIPLES TO OTHER AREAS

Lean principles applied to every type of organization will ensure waste is driven out continually. Without an organization's commitment to be green from the inside-out, its products and services will not remain green. If lean principles can be applied to both service and manufacturing processes, they can be applied to other areas in organizations. A principle, if applied properly, should provide benefit wherever it is applied. For example, the Golden Rule can be successfully applied to personal, organizational, social, economic, and spiritual situations. It enjoys 'universality.' In the same way, the application of lean principles to the whole organization will enable it to be green as an organization now and into the future.

Given that lean manufacturing principles have been around for over 20 years, why haven't organizations embraced the application of lean principles more broadly? This is an important new opportunity for the future. One powerful example is Toyota.

Toyota is the true pioneer of lean principles. Actually Toyota did not label these practices "lean"; to Toyota this was simply the best way to run its business. Toyota started producing automobiles in 1936. Initially, these were generally regarded as poor quality products. The Post WWII American War Department industrial training program and coaching from Henry Ford and W. Edwards Deming were taken to heart by Taiichi Ohno, Toyota's legendary CEO. Ohno is credited with the main transformation of Toyota into a quality giant. This education and coaching inspired Ohno to develop a new philosophy for operating the entire business, not just its production process. Toyota did not brand its operating method the Toyota Production System or Lean. These terms were coined after the historic five-year work by Womak and Jones, which resulted in the book: *The Machine That Changed The World*.

Toyota has applied lean principles to all aspect of its business and has been improving on these principles unwaveringly for 60 years. Over the past 20 years



Toyota has allowed numerous groups to study its processes, including its competitors from Detroit. Famously, Toyota and General Motors joint ventured in an abandoned GM facility called NUMMI (New United Motor Manufacturing, Inc) in Fremont, CA, using an American workforce to produce unprecedented quality products. Toyota opened its first North America plant in Georgetown, KY in 1994 and has added 12 more U.S. facilities since then, the most recent in San Antonio, Texas. All have been staffed by American workers. The principles of lean and continual improvement enjoy universality. They will work anywhere. Toyota has proven this time and time again.

WHY TOYOTA AND NOT OTHERS?

How is it that Toyota's extraordinary success and continual improvement methods have been studied for over two decades, and are today being applied by over 30,000 American workers, yet its business practices cannot be replicated by other companies?

The answer: The Toyota Way

Our Western culture just does not get it. We (Western culture) feel if we can replicate what we see, it will work. We do not appreciate what we do not see; the deep underlying fundamentals of Toyota's corporate culture, which it terms *The Toyota Way*:

- respect for people
- rigid adherence to standardized work
- continuous improvement mindset by everyone

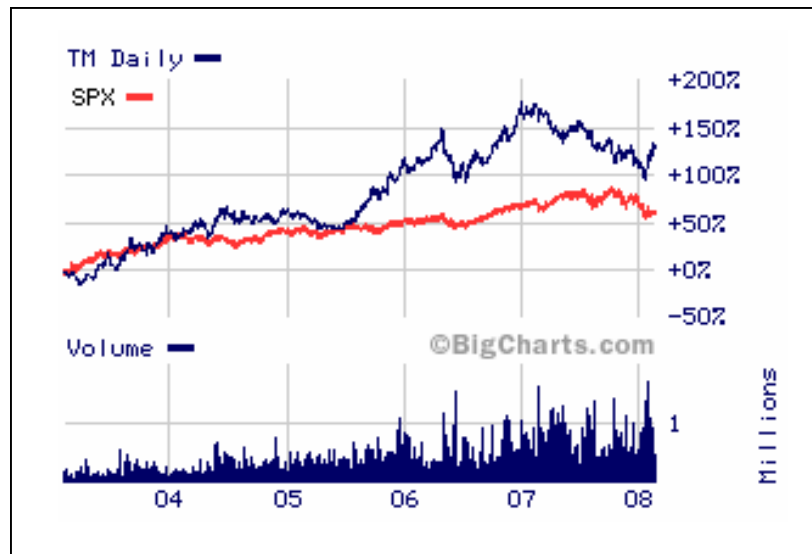
Many of the activities that occur in Toyota (value stream mapping, standardized work, objective planning, for example) are performed manually with paper and pencil—with the aim to not only deliver results but to engage people and create ownership. We look at these processes, wonder why they are performed by hand and attempt to replicate them by computer automation—typically delegating them to people who are not process owners. This computer automation misses half of the purpose, engagement and ownership by the user. Unfortunately, we do not seem to understand this.

Many Americans have been very successful working in the Toyota organization--only to be bitterly disappointed in attempts to transfer Toyota methods to Western organizations. It is one thing to work in the highly tuned Toyota environment with the right systems and culture. It is quite another to transform a psychologically entrenched Western organization with mechanistic systems and culture.



Toyota is a Superperforming organization, it has in its DNA the Superperformance essentials of amplified Process and Culture.

Superperformance = Process x Culture



Interestingly, Toyota North America is beginning to see some major quality and productivity issues. Perhaps this may be due to the “westernizing” of the Toyota culture and significant recent turnover in Toyota’s North American leadership. Toyota has recently taken actions to begin to correct this trend. Even a Superperformer will not remain super without a persistent attention to its process and culture. Superperformance is perishable.

Toyota understands what it is to be green on the inside. This year *Fortune* named Toyota as one of the three most admired corporations in the world, as well as an early leader embracing the Green and Sustainability movement.

So, what should other companies do to achieve their green and sustainability ambitions? One way to go green from the inside-out is to apply lean principles to the larger organization. Applying lean principles to an organization is applying sustainability principles. It is not just window dressing.

There have been many organizations over the years that have attempted to implement lean principles. Most organizations have seen improvement, but few have been able to maintain those gains, let alone continually improve. In most of



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these companies there have been pockets of excellence where teams have truly embraced lean principles and produced dramatic outcomes, often outpacing the organization itself. These teams did not need the rest of the organization to be successful. They solved their own problems', helped their resource functions solve theirs, they truly enjoyed their work. (I have had the privilege to be associated with some of these efforts, and have been coached and mentored by many fine people; George W, Tony K, Eddie G to name a few.)

These pockets of excellence exist in every organization. Organizations can go green from the inside-out by drawing on these pockets of excellence to apply the principles of lean to the whole organization.

BEGIN THE JOURNEY

So, how can an organization appreciate and apply lean principles to the organization as a whole? As with the birth of what has become today's Green and Sustainability movement, it must begin with a grassroots effort by people who not only see the value, but are equipped with the tools to implement.

Some actions enlightened leaders can take are:

1. Embrace and live the lean principles and apply them to other aspects of every job:
 - Apply the 5S to all jobs
 - Add a simple lean teaching point to the bottom of company emails
 - Teach lean and inside-out green principles throughout
 - Instead of just e-mailing information, balance it with direct dialogue with process owners
2. Engage other parts of the organization in very simple ways. Some examples:
 - Accounting: elimination of waste in the month/quarter close
 - HR: elimination of waste in the internal job posting process
 - Cafeteria: Assist the cafeteria/food service in work place organization and replenishment of napkins, condiments, silverware. EVERYONE will benefit
3. Heighten awareness and importance of going green from the inside-out:
 - Promote team members to key leadership, let them explain how they drive waste out of their work and home lives
 - Value Stream Map (high level) any of the non-production functions, share it with process owners for their input.



After achieving some early wins, demonstrate a real interest in these heroes and syndicate their stories.

It will take only a few wins to get the attention of others in the larger organization. Once a key decision maker or two understands the value of this work, it is most likely additional support will be provided.

Taking these simple actions supports another key Superperformance principle:

Manage Process, Lead People

An important distinction that is simple but profound is the distinction between management and leadership. The task of management is process (its control and predictability) and the task of leadership is culture (its liberation and engagement.) This astonishingly simple understanding of organizations and pattern of how they are optimized can be witnessed in a careful study of every Superperforming organization, like Toyota.

Companies can truly be green for all the right reasons and do it in a sustainable way if lean principles are embraced by the whole organization.



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ABOUT CRAIG BOEWE

Craig Boewe is a Lean Six Sigma and manufacturing engineering expert and partner with Corpus Optima. Craig is a results driven consultant with a nineteen year history in the automobile, pipeline and components manufacturing industries. His work has been focused on developing and launching new products and on the continuous improvement of existing products and processes. Skilled at improvement methodologies, plant management, and leading multicultural teams in multi-site locations on the ground in Europe and North America, he is deeply experienced applying Lean Principles, APQP, Structured Problem Solving (8D), FMEA, QS/ISO9000, TS16949 Standards, ISO14001, Ergonomic tools and Six Sigma methodologies.

While widely recognized for passionate commitment to precise data analysis and interpretation as well as strategic business plan development and implementation, Craig is equally committed to coaching people, operating and project teams for their personal development and the achievement of strategic business results.

He is broadly experienced in industrial manufacturing engineering and the application of improvement methodologies, having served in a broad variety of Manufacturing Executive and Global Lean and Six Sigma Directorship roles in CRC-Evans Pipeline, NACCO Materials Handling Group, Tenneco and Ford Motor Company.

Craig is a Lean Six Sigma Master Blackbelt and Champion, is a graduate of the Center for Creative Leadership's Leadership Development Program, and was the first graduate of the Ford Motor Company Manufacturing Leadership Program. He was nominated for the Ford Motor Company NAAO Quality Improvement Award twice, in 1998, and 1996.

He is an active member of the Society of Manufacturing Engineers, a member of the SAE J14000 Lean Manufacturing Standard Development Team, as well as a member of the recently established J14000 Automotive Lean Manufacturing Standards Committee. He is an active member of the American Foundry Society, Society of Automotive Engineers, a charter member of the Lean Consortium, and leads the SME Human Side of Lean Technical Team Discussion Group. He has been session chair for the Eastec Technology Summit, and served as the Society of Manufacturing Engineers Coastal Region President in 2007.

He is a member of the advisory board of East Carolina University, and is Adjunct Instructor, East Carolina University, in Industrial Engineering Technology.

Craig received a Master of Science in Electrical Engineering from the University of Michigan in 1995 and an undergraduate degree in Electrical Engineering from the University of Missouri in 1987.

Craig is involved in numerous faith-based community projects. He is also a church planter, Sunday school teacher, and Men's Development and Leadership Retreat facilitator.



ABOUT CORPUS OPTIMA

Corpus Optima is a management and leadership coaching, consulting and education company specializing in organizational Superperformance. Corpus Optima leverages the best of improvement and complexity science to amplify process and culture together. These concepts are based on the book *Superperformance: New Profound Knowledge for Corporate Leaders*, by Dave Guerra, co-founder and managing partner. Corpus Optima, founded in 1996, serves a growing list of Fortune 500, prominent healthcare, and nonprofit community organizations. For more information, contact us at 281-893-1845 or email info@copusoptima.com.

