

CASE STUDY

Re-energising Lean in Industrial Manufacturing

Business Challenge: Our client is a global manufacturer of furniture. Working in a highly competitive industry they face the relentless challenge of reducing manufacturing costs each year. They are also under increasing pressure to improve manufacturing flexibility and responsiveness due to greater online competition and changes in consumer preferences.

A central improvement team had previously developed a production system based on lean principles, incorporating a variety of common methods and tools for continuous improvement. With the support of internal lean navigators, each site had completed a transformation project to train local managers and implement new tools.

Having completed the initial roll-out, the sites had settled into a pattern of annual compliance audits. Concerned with how they ranked against other sites, “window dressing” was common. Some managers focused on compliance rather than using the lean production system to drive continuous improvement and were “going through the motions” of updating visual-management boards, holding daily team meetings, and doing root-cause analysis. As a consequence, the rate of improvement declined after the initial “low hanging fruit” had been picked and subsequent improvements became more difficult.

Objective and Approach: We visited a selection of sites to go-see and understand first-hand why they were struggling to improve. While each site was different, some common themes emerged:

- *Compliance vs. usage.* Annual audits had unintentionally created a compliance culture where success was measured in terms of the

audit result rather than improvements in performance or customer value;

- *Learning culture.* Managers in some regions defaulted to a traditional command-and-control leadership style. By giving instructions rather than asking questions, they denied team members the opportunity to learn for themselves. When reviewing problems, they assigned blame rather than seeking to understand root-causes, discouraging honest feedback and reflection;
- *Lack of focus.* Sites were free to pick and choose from a wide variety of lean methods and tools, often based on ease of use rather than relevance. Others tried to implement more advanced approaches without first establishing standards or ensuring the stability of the manufacturing process;
- *Lack of customisation.* The sites varied in terms of size and complexity. Most sites were discrete manufacturing, but some were highly automated or continuous flow. However, the production system was configured with discrete manufacturing in mind and did not always meet the specific needs of each site;
- *Lack of support.* With limited resources, the sites lacked the time or the technical capabilities to focus on recurring problems or breakthrough improvements. Meanwhile, the lean navigators had been re-deployed to work with external suppliers and supply-chain partners rather than helping the sites improve performance.

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Working with teams from multiple sites in a series of path-finder projects, we developed foundational routines incorporating process-specific dialects:

1. *Autonomous Teams.* Organisation structure guidelines, clarification of ownership and authority, definition of leader standard work, and a custom expansion model describing how teams should adapt to temporarily incorporate other roles and skills to solve problems;
2. *Problem Solving.* Standardised tools and practical training on how to identify deviations to standard, define root-cause issues, and follow-up to verify and measure improvements;
3. *Goal & Action Alignment.* Methodology for cascading goals and breaking-down KPIs to each level, and for defining and reviewing progress against improvement targets;
4. *Performance Management.* Operating standards, visual controls, performance boards, and team meetings to identify and correct deviations to standard.

We then established a process with the lean navigators to ensure these foundational routines were implemented consistently across all sites. Annual audits were eliminated and replaced with an ongoing process for the sites to receive external support – either from the lean navigator or a technical expert – to boost performance, based on their specific goals and business needs.

Results and Value: The approach was successful in re-energising the lean approach and helping the sites accelerate continuous improvement. A benchmark defining high-performance was developed for each site which local managers have the goal of achieving over the next 2-years. It is expected that improved usage of the lean production system will make a significant contribution towards achieving ambitious performance breakthroughs in quality, operating cost, and material cost reduction.