

## Engaging People in the Journey

The two articles below highlight the importance of leaders engaging people in delivering the business strategy and goals. Good organisations have good people relationships but so few actually engage their people in the business – there is a huge difference between a good culture and an engaged culture.

A 2004 Gallup Australia study found 20 per cent of employees were "actively disengaged" at work, costing Australia's economy about \$31.5 billion a year.

Only 18 per cent of Australians are engaged at work, giving their employers a competitive advantage with productivity, profitability and customer service.

Employees who are actively disengaged are less productive, profitable, loyal, less likely to provide excellent customer service and are often disruptive. They often reveal their negative attitudes.

Gallup Australia managing consultant Anita Pugliese said the onus rested with each manager to create engagement at work.

"We have consistently found people tend to join organisations but they leave poor managers," Dr Pugliese said.

"Great managers are those with the highest performing work groups, address employees' core needs, select for talent rather than skills or experience and focus on employee strengths."

It is therefore management that creates the culture of an organisation. It is their values, behaviour, and engagement and performance recognition that delivers the message "this is the way we do things around here".

People don't watch a manager's mouth, they watch their feet – it's the way managers behave, every time, which determines the culture.

Brining people together to focus on the elimination of non-value adding activity and waste is a proven way to engage staff and stakeholders in realising new levels of potential in profitable growth.

If these articles strike a note with you and you wish to discuss how you may engage your people and increase your profitable growth potential contact me.

Kind Regards

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## Letter from Jim Womack – co-author of the book "Lean Thinking"

Dear Andrew,

For years I've visited companies where "respect for people" is a core element of the corporate philosophy. So I've asked managers in many companies a simple question. "How do you show respect?" I have usually heard that employees should be treated fairly, given clear goals, trusted to achieve them in the best way, and held to account for results. For example, "We hire smart people, we give them great latitude in how they do their work because we trust them, and we hold them to objective measures of performance. That's respect for people."

When in recent years Toyota made respect for people one of the pillars of the Toyota Way I decided I should ask the best Toyota managers how they show respect for people. The answer I have heard is a good bit different from what I've heard at many other companies and goes as follows:

Managers begin by asking employees what the problem is with the way their work is currently being done. Next they challenge the employees' answer and enter into a dialogue about what the real problem is. (It's rarely the problem showing on the surface.)

Then they ask what is causing this problem and enter into another dialogue about its root causes. (True dialogue requires the employees to gather evidence on the gemba – the place where value is being created -- for joint evaluation.)

Then they ask what should be done about the problem and ask employees why they have proposed one solution instead of another. (This generally requires considering a range of solutions and collecting more evidence.)

Then they ask how they – manager and employees – will know when the problem has been solved, and engage one more time in dialogue on the best indicator.

Finally, after agreement is reached on the most appropriate measure of success, the employees set out to implement the solution.

For many of us that doesn't sound much like respect for people. The manager after all doesn't just say "I trust you to solve the problem because I respect you. Do it your way and get on with it." And the manager isn't a morale booster, always saying, "Great job!" Instead the manager challenges the employees every step of the way, asking for more thought, more facts, and more discussion, when the employees just want to implement their favored solution.

Over time I've come to realize that this problem solving process is actually the highest form of respect. The manager is saying to the employees that the manager can't solve the problem alone, because the manager isn't close enough to the problem to know the facts. He or she truly respects the employees' knowledge and their dedication to finding the best answer. But the employees can't solve the problem alone either because they are often too close to the problem to see its context and they may refrain from asking tough questions about their own work. Only by showing *mutual* respect – each for the other and for each other's role – is it possible to solve problems, make work more satisfying, and move organizational performance to an ever higher level.

Recently I walked through two distribution centers in the same city providing the same type of service for their customers. As I walked I found a wonderfully clear example of the difference that mutual respect for people makes.

In the first facility management was focused on controlling the workforce through individual metrics. Employees were told to get a given amount of work done but given considerable latitude on just how to do it. They were judged at the end of the day, week, month, and quarter on whether they achieved the desired results, using data collected by a computerized tracking system. Front-line managers were busily engaged in working around current problems but none was systematically engaged in actually solving these problems at the root cause in collaboration with the employees. This was a task for higher-level managers and staff experts as time permitted, usually without the involvement of the production associates.

In the second facility, the management had worked with employees to create standard work for every task and had introduced visual control with status boards so everyone could see how everyone else was proceeding with their work. Because the condition of the entire process was instantly visible to everyone, employees could help each other with any problems which emerged. And because the work process was very stable due to strict adherence to standardized work, line managers could devote most of their energy to problem solving by engaging production associates in dialogues to get to root causes and implement sustainable solutions. Indeed, every associate spent *four hours every week* on improvement activities.

What is the result? Both facilities are in the same city, have employees with the same educational level, and pay roughly the same wage. Yet annual turnover of associates in the first facility is 70 percent (which seems to be typical in distribution centers) and there is significant management turnover as well. Meanwhile, in the second facility, associate turnover is 1 percent and practically no managers leave. When I asked managers and associates in the second center why this should be, the answer was simple: "The work here is always challenging because we are always solving problems using a method we all understand. And we all respect each other's contribution."

The differences continue: In my rough estimate labor productivity in the second facility is about twice that of the first even with less automation. This is partly because the first facility is constantly hiring and training new employees while the second distribution center spends practically no time on this task. In addition, all employees in the second facility are experienced and working at the top of their learning curve. Large amounts of confusion about what to do next and larger amounts of rework are eliminated.

Finally, in the second facility, quality as experienced by customers is higher as well even though there is less internal rework. And the total amount of inventory on hand to provide the next-day service that both facilities promise their customers is also much lower in the second distribution center.

I trust you can guess which facility is a Toyota parts distribution center and which facility belongs to a distribution firm stuck (like most) in the age of mass production with command-and-control management methods but little discussion of how employees can best do their jobs.

I also trust that all of us want to show respect for people. The challenge for those of us in the Lean Community is to embrace and explain the true nature of mutual respect for people – managers and associates – so all organizations can move toward a new and better way of solving their problems.

Best regards,

Jim

Jim Womack  
Founder and Chairman  
Lean Enterprise Institute

# 10 Rules to Guide Lean Transformation

by [Alan Alper](#), MA Editorial Staff

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**To really understand lean manufacturing, you need to have Eastern mysticism in your heart -- and a Japanese dictionary by your side.**

The reason: The underlying concepts were developed, honed and mastered over the last half century by Japan's Toyota Motor Corp., whose much-emulated, never-duplicated production system has lately helped it easily outdistance U.S. car makers in the all-important measures of revenue growth and profitability.

Lean followers are well aware of the concepts of *Kanbans* (demand signal visibility) and *Kaizen* (continuous business process improvement). What's next? Try *Kaikaku*, or radical improvement of any activity by removing waste, a term evangelized by lean manufacturing consultant and author Norman Bodek in his latest book, "Kaikaku The Power and Magic of Lean" (PCS Press, 2004).

Bodek, a consultant with Lean Affiliates of Dallas, convincingly presented his "10 Commandments of Kaikaku" at the APICS conference recently held in Kansas City, MO, arguing that manufacturers seeking leaner pastures should use *Kaikaku* to inform *Kaizen's* continuous improvements.

Bodek's philosophy reeks of common sense, and has been well received, in this case by thunderous applause from attendees. "Throw out the traditional concepts of manufacturing methods," Bodek told his operations-minded audience, reciting the first of *Kaikaku's* 10 Commandments. "Correct mistakes the moment they are found" (number five); "Problems give you a chance to use your brains" (number seven); "Ten person's ideas are better than one person's knowledge" (number nine).

Bodek borrows heavily from Toyota's "Thinking Production System," whose continuous improvement pillars are supported by just-in-time and waste-reduction manufacturing principles as well as respect for people (*Jidoka*), teamwork and "Quick and Easy *Kaizen*," the essence of his message.

Taking a consultative tone, Bodek says Quick and Easy *Kaizen* requires companies to seriously engage employees in continuous improvement endeavors. This starts with asking them to submit two ideas a month in writing focused on making their work easier and/or improving their skills as well as their work environment. The ultimate aim: To enable cost reductions as well as quality, safety and customer service enhancements.

One company profiting from Quick and Easy *Kaizen* is Technicolor, whose CD and DVD packaging business is already seeing significant process improvements to the tune of \$8 million in annual cost savings. When the program began in 2001, 1,800 employees submitted 250 ideas, 113 of which were implemented. Last year, the same headcount turned in 26,000 ideas, of which 16,000 were followed. "All this, without hiring one extra person," Bodek exclaimed.

No idea is too small, he said. Take a recommendation put forth by a Technicolor shipping clerk to improve the pick, pack and ship process. By moving huge bubble wrap rolls from the floor to an eye-level dispenser, unnecessary bending and a potentially unsafe work condition were eliminated, Bodek noted. The employee then had a major revelation: Replace costly bubble wrap with less expensive, industrial strength plastic wrap. These two ideas alone saved the company in excess of \$100,000 annually, Bodek revealed.

It's this type of employee empowerment, complemented with team thinking that has generated 1.5 million ideas that save Toyota \$300 million annually, Bodek writes in a newsletter. Employee-guided plant floor innovation combined with savvy design and packaging, just-in-time inventory management and excellence of execution powers Toyota's ability to deliver price-competitive, quality vehicles, even while the company shifts more and more of its production to the cost-disadvantaged U.S.

One irony in all this: When Toyota's cars made their U.S. debut in 1957, General Motors' chairman disparaged them as "junk," Bodek recalled. "There's nothing to worry about with Japan," Bodek quoted the then-chairman as saying. Boy, have times changed, thanks to Easy Kaizen guided by *Kaikaku!*

*This article was repurposed from the December 2005 issue of Managing Automation magazine.*

At Intelog we assist well led organisations redefine their value proposition and bring together stakeholders to realise new levels of potential in achieving profitable growth.

The Intelog value proposition to its customers is based on our stakeholders' practical experience, knowledge and expertise plus our association with some of the world leading thought leaders, such as –

- Professor Peter Hines, Director of the Lean Enterprise Research Centre, Cardiff Business School and Chairman and founder of SA Partners, UK's leading Lean consulting and training group.
- Cindy Jimmerson, President and founder of Lean Healthcare West, Montana, USA – an ex-nurse who has researched and applied the Toyota management system to healthcare and developed a patient care improvement methodology used throughout the world.

For further details on how to realise new levels of potential using value stream management principles and practical change management skills

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